



中國恒大集團

CHINA EVERGRANDE GROUP

China Evergrande Group

中國恒大集團

(incorporated in the Cayman Islands with limited liability)

Stock Code: 3333

INTERIM

REPORT

2018





NEW EVERGRANDE

NEW STRATEGIES

NEW BLUEPRINT





CONTENTS

Board of Directors and Committees	2
Corporate and Shareholder Information	3
Chairman's Statement	4
Management Discussion and Analysis	9
Corporate Governance and Other Information	41
Condensed Consolidated Balance Sheet	48
Condensed Consolidated Statement of Comprehensive Income	50
Condensed Consolidated Statement of Changes in Equity	52
Condensed Consolidated Statement of Cash Flows	54
Notes to the Condensed Consolidated Interim Financial Information	56

BOARD OF DIRECTORS AND COMMITTEES

Chairman of the Board of Directors

Professor Hui Ka Yan

Executive Directors

Professor Hui Ka Yan

Dr. Xia Haijun

Ms. He Miaoling

Mr. Shi Junping

Mr. Pan Darong

Mr. Huang Xiangui

Independent Non-Executive Directors

Mr. Chau Shing Yim, David

Mr. He Qi

Ms. Xie Hongxi

Audit Committee

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

Mr. He Qi

Ms. Xie Hongxi

Remuneration Committee

Mr. He Qi (*Chairman*)

Professor Hui Ka Yan

Ms. Xie Hongxi

Nomination Committee

Professor Hui Ka Yan (*Chairman*)

Mr. He Qi

Mr. Chau Shing Yim, David

Authorised Representatives

Professor Hui Ka Yan

Mr. Fong Kar Chun, Jimmy

CORPORATE AND SHAREHOLDER INFORMATION

Head Office

No.1126 Haide 3rd Road
Nanshan District, Shenzhen
Guangdong Province
The PRC
Postal code: 518054

Place of Business in Hong Kong

23rd Floor
China Evergrande Centre
38 Gloucester Road
Wanchai, Hong Kong

Website

www.evergrande.com

Company Secretary

Mr. Fong Kar Chun, Jimmy
Hong Kong solicitor

Auditor

PricewaterhouseCoopers

Principal Bankers

China CITIC Bank Corporation Limited
China Minsheng Banking Corp., Ltd.
China Merchants Bank Co., Ltd.
China Everbright Bank Company Limited
China Bohai Bank Co., Ltd.
Industrial and Commercial Bank of China Limited
China Zheshang Bank Co., Ltd.
Agricultural Bank of China Limited
Bank of Beijing Co., Ltd.
Huishang Bank Corporation Limited
Hua Xia Bank Company Limited
Industrial Bank Co., Ltd.
Shanghai Pudong Development Bank Co., Ltd.
China Development Bank Corporation
Bank of Tianjin Co., Ltd.
Bank of Jiujiang Co., Ltd.
Guangdong Nanyue Bank Co., Ltd.
Bank of Shanghai Co., Ltd.
Bank of Nanjing Co., Ltd.
Zigong Commercial Bank

Shareholder Information

Listing Information

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

Securities Codes

Stock

HKEX: 3333

Bonds

US\$500,000,000 7.00% Senior Notes due 2020
Common Code: 158043068
ISIN: XS1580430681

US\$598,181,000 6.25% Senior Notes due 2021
Common Code: 162759914
ISIN: XS1627599142

US\$1,000,000,000 8.25% Senior Notes due 2022
Common Code: 158043114
ISIN: XS1580431143

US\$1,344,921,000 7.50% Senior Notes due 2023
Common Code: 162759949
ISIN: XS1627599498

US\$1,000,000,000 9.50% Senior Notes due 2024
Common Code: 158786753
ISIN: XS1587867539

US\$4,680,476,000 8.75% Senior Notes due 2025
Common Code: 162759965
ISIN: XS1627599654

HK\$18,000,000,000 4.25% Convertible Bonds due 2023
Common Code: 176780096
ISIN: XS 1767800961

Investor Relations

For enquiries, please contact:
Investor Relations Department
Email: evergrandelR@evergrande.com
Telephone: (852)2287 9229

Financial Calendar

Announcement of interim results: 28 August 2018

CHAIRMAN'S STATEMENT

Business Review

The Chinese economy maintained its momentum of steady and sound development in the first half of 2018, and supply-side reforms such as leverage stabilization were solidly advanced. Faced with the Sino-US trade dispute and the domestic financial environment of leverage stabilization, the GDP growth rate for the first half of 2018 still reached 6.8%, which was equal to that of the whole year of 2017. With the gradual shift to new economic growth drivers, the favorable conditions which supported the national economy to move toward high-quality development accumulated and the real estate market continued to operate steadily.

In the first half of 2018, the overall environment of the national real estate market continued to tighten, with regulatory policies curbing irrational demands, long-term mechanism being firmly promoted, and housing system reform making new progress. In respect of market performance, transaction volume of new houses in key cities continued to shrink. First-tier cities experienced fluctuations at a high volume level and third-tier and fourth-tier cities saw declines in volume, however overall transaction value remained at record levels. In the first half of the year, contracted sales of commodity housing was RMB7.7 trillion with a year-on-year increase of 3.3%, and contracted sales of commercial residential housing was RMB6.7 trillion with a year-on-year increase of 3.2%. Inventory levels and inventory period of residential properties continued to decline. The area available for sale at the end of the period was 550 million square meters with a year-on-year decrease of 14.7%. The area of commercial residential housing available for sale was 270 million square meters, which was 38.8% lower compared to the high level as at the end of 2015. Meanwhile market share of the top 100 real estate enterprises was 69.3%, which increased by 12.5 percentage points compared to last year¹.

Faced with an extremely complex environment both at home and abroad as well as industry competition, the Board put forward the strategic concept of “New Evergrande, New Strategy, New Blueprint” at the beginning of this year. The Group steadfastly transformed its development model from “large scale” to “scale + profitability”; and shifted its operating model from “three-high, one-low”, namely high debt, high leverage, high turnover and low cost, to “three-low, one-high”, namely low debt, low leverage, low cost and high turnover, achieving remarkable results. In the first half of the year, the Group's operating scale grew moderately, while profits increased significantly and total debt levels and gearing ratio continued to decline. The Group was ranked 230th in the Fortune Global 500 in 2018, improving 108 positions from last year.

¹ Sources: CRIC China Real Estate Decision-making Consultation System





Emphasis on growth efficiency and quality and moderate replenishment of high quality land reserves

During the Reporting Period, the Group adhered to the development model of “scale + profitability” and leverage reduction, and acquired new land reserves in a more prudent and pragmatic manner. In the first half of 2018, the Group acquired 68 new pieces of land and further acquired land surrounding 19 existing projects. New land reserves acquired are evenly distributed among first-tier, second-tier and third-tier cities, such as Chengdu, Hangzhou, Xi’an, Chongqing, Wuxi, Foshan and Yantai. The newly acquired land reserves had a total GFA of 30.86 million square meters at an average cost of RMB1,446 per square meter.

As at 30 June 2018, the Group’s total land reserves comprised of 822 projects located in 228 cities across China, covering almost all first-tier cities, municipalities and provincial capitals, as well as a majority of economically developed prefecture-level cities with high growth potential. Such land reserves had a total planned GFA of 305 million square meters with an original value of RMB513.0 billion. The original value of land reserves in first-tier and second-tier cities amounted to RMB346.4 billion, representing approximately 68% of the total value with an average land cost of RMB2,092 per square meter. The original value of land reserves in third-tier cities amounted to RMB 166.6 billion, representing approximately 32% of the total value with an average cost of RMB1,196 per square meter.

Among the abovementioned original value for the land reserves, RMB107.8 billion remained outstanding, of which RMB39.8 billion, RMB32.2 billion and RMB35.8 billion were due and payable in the second half of 2018, in 2019, and in 2020 and beyond respectively.

Contracted sales increased in terms of both price and volume, hitting record highs for the Group

During the Reporting Period, the Group achieved accumulated contracted sales of RMB304.18 billion, a year-on-year increase of 24.6%, and completed 55.3% of its annual sales target of RMB550 billion. The contracted sales GFA was 29.059 million square meters, a year-on-year increase of 17.4 %; and the average selling price of contracted sales was RMB10,468 per square meter, a year-on-year increase of 6.1%. In the first half of 2018, the Group launched 79 new projects for sale in cities including Shenzhen, Chongqing, Chengdu, Hefei, Tianjin, Changsha, Kunming, Guiyang, Shijiazhuang, Shenyang, Foshan, Wuxi and Dongguan; and had a total of 735 projects for sale located in 216 cities. The strong contracted sales performance was mainly attributable to the significant increase in the added value of products under the development model of “scale + profitability”, the large number of projects available for sale, as well as close alignment with a pragmatic sales strategy and marketing execution. The steady increase in the average selling price also laid a solid foundation for the Group to maintain a stable profit margin.

Significant reduction in total debt levels and gearing ratio, and optimization of debt structure through comprehensive measures

The Group fully implemented the operating model of “three-low, one-high” and achieved a significant reduction in total debt levels and gearing ratio primarily through controlling new land reserves purchase, controlling costs, increasing equity, expanding profitability and using its own funds to pay off some high interest loans earlier.

As at the end of the Reporting Period, the Group's net assets increased to RMB324.5 billion, representing an increase of 34.0% as compared to the end of 2017; the net gearing ratio decreased to 127.3%, which was 56.4 percentage points lower as compared to the end of 2017; and total debt levels decreased by RMB61.5 billion or 8.4% from the end of 2017. The above achievements enabled the Group to fulfill its stage by stage goal of reducing the gearing ratio proposed in mid-2017 and its solemn commitment to capital markets.

Smooth progress in business diversification with outstanding performance

Evergrande Tourism Group, with Evergrande Fairyland as its flagship product, integrates the essence of Chinese culture and world civilization using top entertainment equipment and technology, and develops large-scale cultural tourism complexes. At present, Evergrande Tourism Group has a total of 13 cultural tourism projects situated in Ocean Flower Island, Qidong, Changsha, Guiyang, Kaifeng, Zhenjiang, Suzhou, Cangzhou, Yantai, Ezhou, Wuhan, Meishan and Xi'an. The total area of the land reserves for tourism projects was 47.14 million square meters, with a total area under construction of 12.85 million square meters. In the first half of 2018, the Group achieved contracted sales of RMB19.55 billion.

Evergrande Health Industry Group Limited (“Evergrande Health”), a subsidiary of the Group, focuses on two major business segments, namely the health management segment and the new energy vehicle segment. It proactively implements the national strategy of “Healthy China” by creating the brand new concept of “Evergrande Elderly Care Valley” and offering all-rounded and all-age healthcare services. Evergrande Health through its associate also focuses on establishing an environment-friendly, internet-based smart transportation ecosystem, with an objective of bringing the world's cutting edge new energy automotive technology to take root in the PRC, and contributing to the transformation of the PRC from a large automotive nation into a strong automotive nation.

Evergrande Elderly Care Valley promotes the innovative idea of integrating disease prevention, treatment, health management and medical insurance services. It has established a membership platform and integrated world's top resources in senior care, health management, medical and commercial insurance. Through providing “five major innovations”, “four major services” and 852 facilities and equipment, Evergrande Elderly Care Valley offers members 867 all-rounded and all-age healthcare services. At present, Evergrande Elderly Care Valley has taken root in nine locations including Sanya, Ocean Flower Island, Xi'an, Zhengzhou, Zhenjiang, Xiangtan, Yuntaishan, Nanjing and Chongqing.

Evergrande International Hospital provides medical and healthcare management services for Evergrande Elderly Care Valley using international standards and cutting-edge technologies. Boao Evergrande International Hospital, the first implemented project, positions itself as a full service US standard oncology hospital. It is the only overseas affiliated hospital of Brigham and Women's Hospital (“BWH”) a major teaching hospital of Harvard Medical School. Boao Evergrande International Hospital was officially opened in February 2018, with gross floor area of 110,000 square meters for phase I and equipped with 223 medical beds and 424 healthcare beds.

Based on the 2018 business plan of Evergrande Health, Evergrande Health targets to achieve membership spending amount of RMB5.0 billion.

In June 2018, Evergrande Health acquired the entire issued share capital of Season Smart Limited, the sole asset of which is 45% equity interest (on a fully diluted basis) in Smart King Ltd., which in turn owns the business of Smart Technology Holdings Ltd. ("Faraday Future"). Given that Smart King Ltd. will be treated as an associate of the Group under Hong Kong Financial Reporting Standards, the Group will use equity accounting method to account for Smart King Ltd. In August 2018, Evergrande FF Intelligent Automotive (China) Group was officially established with registered capital of US\$2.0 billion. It becomes the operating headquarters of Faraday Future in the PRC, and will be responsible for the technology research and development as well as all of the production, operation and management of Faraday Future in the PRC.

Faraday Future has over 1,000 leading technology professionals and has been granted more than 380 patents in the United States and the PRC. Its first high-end vehicle, the FF 91, has a designed 0-96 kph acceleration of 2.39 seconds, a maximum cruising range of 700 kilometers and has numerous smart sensors and smart retractable 3D light detection and ranging radar enabling advanced technological features such as autonomous parking, facial recognition technology and seamless entry system.

In the coming decade, Faraday Future plans to establish five major research and development production bases in Eastern China, Western China, Southern China, Northern China and Central China. Its goal is to reach the planned annual production capacity of 5 million vehicles after ten years, and launch different series and types of vehicles, including the FF 91 Series and FF 81 Series, in global markets.

Diversification into the high-tech industry is a major strategic decision for Evergrande to establish its long-term growth. Through cooperation with domestic and international leading institutions, the Group aims to develop world's cutting-edge technology and implement scientific research results application, thus building this business into a leading industry with a huge market. With an investment target of RMB100 billion in the coming ten years, the Group will explore investments in key areas such as life sciences, aerospace, integrated circuits, quantum technology, new energy, artificial intelligence, robotics and modern technology agriculture in cooperation with Chinese Academy of Sciences (CAS). It will establish "three major bases" with leading technology, namely the Scientific Research Base, the Scientific Research Incubation Base and the Scientific Research Result Commercialization Base.

At present, Evergrande and CAS have reached agreements for the first six cooperative projects, with total investment of RMB1.647 billion. These investments are made in fields including "CAS-Evergrande" supercomputer, artificial intelligence, graphene, unmanned aerial vehicle, surgery robot and "comprehensive healthcare cloud project", with total valuation of approximately RMB4.6 billion.

Business Outlook

Looking forward, the Board believes that the current complicated world political and economic landscape, and increasing "anti-globalization" and trade protectionism will heighten global economic risks and uncertainties. China will usher in its 40th anniversary of economic reform and opening up in the second half of the year and supply-side reform has and will continue to be the mainstream. Comprehensive deepening of the reform will form the cornerstone of China's new economic resilience. Further opening up will ensure that the economy strengthens its foundation and pioneers a new way forward amid a shift from old economic growth drivers to new drivers. The Board believes that, with the concerted effort of both central fiscal and financial policies in the second half of the year, China will further promote the new pattern of comprehensive reform and the next round of reform in a broader context will create benefits both at home and globally.

The Chinese government is expected to continue to differentiate policy measures to promote the steady and sound development of the real estate sector. It emphasizes the nature of residence for housing, and accelerates the establishment and improvement of robust long-term mechanism for the industry. It is anticipated that the stringent regulations will remain in place to achieve the continuity and stability of the real estate market, preventing and mitigating risks in the market.

CHAIRMAN'S STATEMENT



Based on the profound analysis and keen judgment of the trends of the global economy, the Chinese economy and the real estate industry, the Board systematically proposed the Group's overall strategy for the next stage: continue to unwaveringly implement the development model of "scale + profitability" and the operating model of "three-low, one-high", solidify the real estate business foundation, accelerate the business expansion and growth of Evergrande Tourism Group and Evergrande Health, as well as accelerate the landing of major high-tech projects.

Unswervingly implement the development model of "scale + profitability"

The Board believes that the pursuit of profitability is the basic attribute of a company and comprehensive measures including improving profits, reducing costs and controlling expenses will be taken in this regard to focus on the quality of growth while maintaining moderate scale growth. The Group will control land costs at the land procurement stage, and conduct strict cost control to ensure gross margin levels. The Group will also continue to conduct in-depth study of practical and effective project marketing methods, improve management efficiency using information technology, study macroeconomic and real estate industry trends systematically to improve the Group's overall capital planning and operation, leverage the brand advantages and credit advantages of Evergrande to further control financing costs to ensure a steady core business profit margin can be maintained.

Unswervingly implement the operating model of "three-low, one-high"

The Group will continue to promote the three-year plan proposed in mid-2017 for reducing its gearing ratio to fulfill its commitment to capital markets. The Group will aim to achieve a stable mid- to long-term gearing ratio through prudent land procurement, vigorous sales and fund collection improvement, increased profitability and costs and expenses control.

Acknowledgement

The steady development of the Group is owed to the trust and support of its shareholders, investors and business partners as well as the loyalty of our staff members. On behalf of the Board, I hereby express my heartfelt gratitude towards them.

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

MANAGEMENT DISCUSSION AND ANALYSIS

Overall Performance

The Group recorded revenue of RMB300.35 billion for the Reporting Period (2017H1: RMB187.98 billion), representing a year-on-year growth of 59.8%. Gross profit amounted to RMB108.86 billion (2017H1: RMB67.30 billion), representing a year-on-year growth of 61.8%.

Core business profit of the Group was RMB55.01 billion for the Reporting Period, which is calculated based on net profit excluding fair value gains on investment properties, exchange gains or losses, fair value gains on derivative financial liabilities losses on financial assets at fair value through profit or loss, gains on disposal of financial assets at fair value through other comprehensive income and one-off donations. The core business profit margin was 18.3% for the Reporting Period, an increase of 3.8 percentage points from 14.5% of the corresponding period of 2017.

Revenue

During the Reporting Period, the revenue was RMB300.35 billion. A growth rate of 59.8% in revenue was recorded compared with the six months ended 30 June 2017. Revenue generated from the property development segment increased by 60.8% to RMB294.76 billion. The increase was mainly due to the property area of recognized sales increased by 61.8% as compared with the corresponding period of 2017 and the average selling price of the properties dropped by 0.6% as compared with the first half of 2017. Revenue generated from property management amounted to RMB1.87 billion, an increase of 43.7% from the first half of 2017. Revenue generated from investment properties amounted to RMB465 million, up by 41.8%, which was mainly from rental income from the properties.

Gross Profit

Gross profit of the Group was RMB108.86 billion for the Reporting Period, representing a 61.8% growth as compared with the corresponding period of 2017. Increase in gross profit was mainly attributable to 61.8% of growth in the delivered property area, compared with the corresponding period of 2017. Gross profit rate was 36.2%, up by 0.4 percentage points compared to the same period of 2017.

Fair Value Gain on Investment Properties

Fair value gain on investment properties of the Group for the Reporting Period was RMB1.35 billion, representing a decrease of 77.6% as compared with the first half of 2017. It is mainly because the incremental area of investment properties was less than that of the same period in 2017. Investment properties of the Group mainly include commercial podiums in living communities, office buildings with gross floor area of about 8.43 million square meters and approximately 408,000 car parking spaces.



MANAGEMENT DISCUSSION AND ANALYSIS

Other Gains, Net

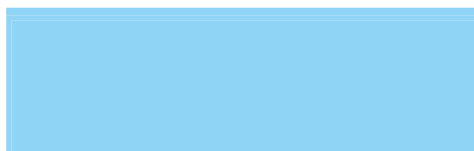
Other net gains were RMB2.47 billion for the Reporting Period. It mainly represents gains from disposal of a subsidiary company. Other losses of the first half of 2017 are mainly comprised of the disposal loss of Vanke A shares, amounting to RMB7.18 billion.

Selling and Marketing Costs

During the Reporting Period, selling and marketing costs of the Group increased from RMB7.82 billion for the corresponding period of 2017 to RMB9.33 billion, which was mainly attributable to more sales commission incurred in the first half of 2018 than that of the corresponding period of 2017. However, the 3.1% ratio of selling and marketing expenses to contracted sales is similar compared with that of the first half of 2017. The main reason was that, a series of cost-controlling measures were kept on being monitored during the Reporting Period to ensure that the Group did not overrun budgets on basis of contract sales amount. In addition, in order to save costs, we made full use of our in-house developed mobile phone application, named “Hengfangtong” or “恒房通”, to promote property sales.

Administrative Expenses

During the Reporting Period, administrative expenses of the Group increased to RMB6.59 billion from RMB5.43 billion for the corresponding period of 2017, which was mainly attributable to the continuous expansion of the Group’s nation-wide business and significant growth in contracted sales for the Reporting Period. The level of staff remuneration also increased.



Borrowings

As at 30 June 2018, the borrowings of the Group amounted to RMB671.13 billion, with the following maturities:

	30 June 2018 (RMB billion)	As percentage of total borrowings	31 December 2017 (RMB billion)	As percentage of total borrowings
Less than 1 year	298.5	44.5%	356.4	48.6%
1–2 years	180.7	26.9%	184.8	25.2%
2–5 years	154.9	23.1%	145.5	19.9%
More than 5 years	37.0	5.5%	45.9	6.3%
	671.1	100.0%	732.6	100.0%

A portion of the borrowings were secured by pledge of the property and equipment, land use rights, investment properties, properties under development, completed properties held for sale, cash at bank and the equity interests of certain subsidiaries of the Group. The average effective interest rate of borrowings was 7.92% per annum (first half of 2017: 8.30%).

Foreign Exchange Exposure

The Group's business is principally conducted in Renminbi. A significant portion of residential and investment properties are located in Mainland China. However, there are approximately 17.1% of borrowings denominated in US\$ and HK\$.

We estimate the Renminbi exchange rate to continue its two-way volatility as the Renminbi exchange mechanism becomes more market-oriented. We incurred more exchange losses in the Reporting Period. However, there is still uncertainty on the actual exchange losses or gains relating to borrowings in foreign currencies, when they were repaid on due dates.

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

Liquidity

As at 30 June 2018, the total amount of cash and cash equivalents and restricted cash of the Group was RMB257.94 billion. The abundant working capital provided opportunities for the Group to seek the best business opportunities and provided adequate financial support to its rapid development.



MANAGEMENT DISCUSSION AND ANALYSIS

Land Reserves

During the Reporting Period, the Group newly acquired 68 pieces of land as reserves, which were mainly distributed in 67 cities such as Chengdu, Hangzhou, Xi'an, Chongqing, Wuxi, Foshan and Yantai. The newly acquired land reserves/planned GFA was approximately 30.86 million square meters at an average cost of RMB1,446 per square meter.

Distribution of newly acquired land reserves of the Group in the first half of 2018

No.	Province/City	Name of Project	Land reserve original value (RMB100 million)	Land reserve area ('000 m ²)	Price of floor area (RMB/m ²)	Shareholding Percentage (Note 1)
1	Shenzhen	Evergrande Palace Huizhou	3.13	132.65	2,360	100%
2		Evergrande Emerald Court Huizhou	3.50	84.00	4,167	100%
3	Chengdu	Evergrande Cloud Court Chengdu	14.38	364.68	3,943	100%
4		Evergrande Pasture Peak Chengdu	20.01	808.51	2,474	100%
5		Evergrande Fairyland Meishan	17.03	1,472.21	1,161	100%
6		Evergrande Cloud Court Dujiangyan	4.29	168.32	2,550	100%
7	Hangzhou	Evergrande Forest creek County Jiande	10.49	280.79	3,736	100%
8	Xi'an	Evergrande Fairyland Xi'an	9.08	900.07	1,008	100%
9	Shenyang	Evergrande Green Village Shenyang	6.44	487.44	1,322	100%
10	Shijiazhuang	Evergrande Yue Long Mansion Shijiazhuang	2.31	79.45	2,904	52%
11	Lanzhou	Evergrande Future City Lanzhou	2.56	469.44	545	100%
12	Urumchi	Evergrande Jewelry Palace Urumchi	8.86	248.49	3,567	100%
13	Chongqing	Evergrande Tixiang Village Chongqing	5.61	473.84	1,183	100%
14		Evergrande Zhongxian Project Chongqing	4.07	506.96	802	100%
15		Evergrande Metropolis Qianjiang	2.84	363.50	782	100%
16		Evergrande Century Dreamlike City Chongqing	8.72	1,128.37	772	100%
17	Wuxi	Evergrande Flower Creek Town Yixing	17.71	925.25	1,914	100%
18	Foshan	Evergrande Leping Project Foshan	16.60	284.91	5,826	100%
19	Yantai	Evergrande Royal Scenic Peninsula Yantai	4.44	337.20	1,316	100%
20	Guangdong Province	Evergrande Lantong Project Yunfu	3.24	419.50	771	100%
21		Evergrande Metropolis Zhaoqing	7.65	361.48	2,117	100%
22		Evergrande Royal Lake City Maoming	6.80	555.20	1,225	100%
23	Zhejiang Province	Plot	5.75	119.94	4,794	100%
24	Jiangsu Province	Evergrande Jintan River Project Changzhou	9.72	190.90	5,091	100%
25		Evergrande Guanlan Palace Liyang	15.29	252.00	6,067	100%
26		Evergrande Yue Long Bay Yangzhou	2.84	95.21	2,984	100%
27	Henan Province	Evergrande Cloud Villa Luoyang	3.06	454.84	674	100%
28		Evergrande Top Mansion Luohe	2.02	207.96	971	100%
29		Evergrande Jewelry Palace Puyang	2.70	346.70	780	80%
30	Hunan Province	Evergrande Regency Zhuzhou	2.05	88.20	2,322	100%
31		Evergrande The Coronation Xiangxi	1.37	228.47	600	100%
32		Evergrande Royal Palace Hanshou	1.23	170.10	720	72%
33	Hubei Province	Evergrande Metropolis Xianning	1.02	271.23	375	100%
34		Evergrande Metropolis Qianjiang	3.32	213.99	1,551	100%

Note 1: Representing the shareholding percentage which is held by immediate holding company over each project company.

MANAGEMENT DISCUSSION AND ANALYSIS

No.	Province/City	Name of Project	Land reserve original value (RMB100 million)	Land reserve area ('000 m ²)	Price of floor area (RMB/m ²)	Shareholding Percentage (Note 1)
35	Sichuan Province	Evergrande Emerald Bay Luzhou	2.40	242.87	990	100%
36		Evergrande The Coronation Nanchong	2.05	105.58	1,938	100%
37		Evergrande Left Bank Riverfront Nanchong	3.72	480.09	775	100%
38		Evergrande Royal Summit Nanchong	4.12	209.06	1,969	100%
39		Evergrande Royal Lake Manor Nanchong	1.92	307.32	624	100%
40		Evergrande Jincheng Neijiang	5.66	337.07	1,680	100%
41		Evergrande Metropolis Yibin	2.00	167.06	1,200	100%
42	Shandong Province	Evergrande Metropolis Laiwu	5.51	310.39	1,775	100%
43		Evergrande Ocean Peninsula Weihai	3.43	469.51	730	100%
44		Evergrande Royal Summit Heze	1.12	126.48	886	100%
45	Shanxi Province	Evergrande Palace Xinzhou	5.42	326.10	1,662	51%
46	Shaanxi Province	Evergrande Chenggu Royal Scenic Bay Hanzhong	1.54	322.10	480	100%
47		Evergrande Yue Long Mansion Hanzhong	2.11	248.33	850	100%
48		Evergrande Royal Scenic Peninsula Hancheng	2.02	335.02	603	100%
49	Anhui Province	Evergrande Royal Lake Manor Liuan	4.03	351.48	1,148	100%
50	Fujian Province	Evergrande Future City Longyan	6.92	210.49	3,288	100%
51		Expansion Land of Evergrande Royal Scenic Peninsula Dongshan (Phase II)	4.47	324.76	1,376	100%
52		Evergrande Billow Bay Liancheng	1.17	132.76	883	100%
53		Evergrande Royal Scenic Bay Nan'an	8.96	251.30	3,566	100%
54		Evergrande Metropolis Shaowu	2.29	191.94	1,190	100%
55		Evergrande Baolong Forest River Town Yongchun	5.07	221.33	2,291	100%
56		Evergrande Emerald Court Yongan	1.92	147.61	1,303	100%
57		Evergrande Creek Mansion Jianou	0.46	63.23	727	100%
58	Guangxi Zhuang Autonomous Region	Evergrande Royal Scenic Peninsula Fangchenggang	12.58	390.56	3,221	100%
59		Evergrande Jewelry Palace Liuzhou	17.02	193.31	8,806	100%
60	Guizhou Province	Evergrande Left Bank Riverfront Xingyi	5.45	571.50	953	100%
61		Evergrande Yuelan Mountain Xingyi	9.05	1,064.81	850	100%
62		Dujung Mountain City Shantytown Project	1.34	132.10	1,015	70%
63	Jilin Province	Jidong Wood Industry Project	3.55	362.00	982	100%
64	Liaoning Province	Evergrande Royal Sea Yingkou	16.52	1,931.04	856	100%
65		Evergrande Creek Mansion Tieling	2.33	246.25	946	100%
66	Gansu Province	Evergrande Shandan Road Project Zhangye	0.57	138.71	413	100%
67	Inner Mongolia Autonomous Region	Evergrande Top Mansion Tongliao	0.08	212.86	36	70%
68		Evergrande Metropolis Ulanqab	1.12	126.72	885	100%

Note 1: Representing the shareholding percentage which is held by immediate holding company over each project company.

MANAGEMENT DISCUSSION AND ANALYSIS

No.	Province/City	Name of Project	Land reserve original value (RMB100 million)	Land reserve area ('000 m ²)	Price of floor area (RMB/m ²)	Shareholding Percentage (Note 1)
Surrounding land expanded for current projects						
1	Beijing	Evergrande Culture Tourist City Beijing (ancillary commercial land)	0.85	95.74	886	100%
2		Expansion Land of Evergrande the Great Wall Village	14.04	605.23	2,320	100%
3	Shanghai	Evergrande Fairyland Suzhou	13.45	883.88	1,522	100%
4	Hangzhou	G&F Plots of Jiande Spring Town	0.85	114.97	743	100%
5	Yantai	Evergrande Fairyland Yantai	1.63	559.39	308	100%
6	Tangshan	Expansion Land of Evergrande Royal Sea Tangshan	0.57	110.00	521	100%
7		Evergrande Peach Blossom Spring Town Tangshan (Phase I Batch II)	0.12	34.13	340	100%
8	Guangdong Province	Expansion Land of Evergrande Spring City Jiangmen	3.63	1,100.99	330	100%
9		Expansion Land of Evergrande Metropolis Heyuan	3.04	63.13	4,819	100%
10	Zhejiang Province	Expansion Land of Ningbo Fenghua Xikou Ecotourism Town (Phase I)	1.13	50.10	2,251	100%
11		Expansion Land of Evergrande An Ji Town Huzhou (Phase I)	3.36	91.20	3,682	100%
12	Jiangsu Province	Evergrande Royal Lake Xuzhou	1.63	197.40	825	51%
13	Henan Province	Expansion Land of Evergrande Emerald Court Shangqiu (Phase II)	5.27	249.56	2,111	100%
14	Hebei Province	Ancillary Expansion Land of Evergrande Royal Scenic Peninsula Handan	0.17	12.16	1,426	100%
15		Evergrande Fairyland Changzhou	3.92	1,232.67	318	100%
16	Shandong Province	Evergrande Central Square Linyi (Phase II)	3.20	171.29	1,869	100%
17	Shanxi Province	Evergrande Royal View Garden Yangquan (Phase II)	1.62	217.77	743	75%
18	Jiangxi Province	Evergrande Royal Scenic Bay Jingdezhen (Phase II)	5.92	167.33	3,540	100%
19	Fujian Province	Evergrande Oasis Longyan (Phase II)	3.88	158.08	2,454	100%
Total			446.34	30,858.54	1,446	

Note 1: Representing the shareholding percentage which is held by immediate holding company over each project company.

Total Land Reserve of the Group

The total land reserve of the Group was 305 million square meters with original value of RMB513.0 billion with average land cost of RMB1,683 per square meter.

The land reserve original value of projects in first-tier and second-tier cities was RMB346.4 billion, accounting for 68% with average land cost of RMB2,092 per square meter;

The land reserve original value of projects in third-tier cities was RMB166.6 billion, accounting for 32% with average land cost of RMB1,196 per square meter;

For projects such as urban redevelopments and others which were not included in the current land reserve, the total planned GFA was 72.85 million square meters, of which 42 projects were in Shenzhen with the planned GFA amounting to 24.32 million square meters; and additional payment of RMB16.10 billion was made during the first half of 2018.

The following table sets out the total land reserve of the Group as at 30 June 2018.

No.	Province/City	Name of Project	Land reserve original value (RMB100 million)	Land reserve area ('000 m ²)	Price of floor area (RMB/m ²)	Shareholding Percentage (Note 1)
1	Beijing	Evergrande Palace Beijing	46.80	298.23	15,693	100%
2		Evergrande Metropolis Beijing	18.25	156.47	11,664	100%
3		Evergrande Emerald Court Beijing	33.93	203.81	16,650	100%
4		Evergrande Left Riverbank Beijing	16.44	317.57	5,177	100%
5		Evergrande Palace Beijing	34.04	151.94	22,404	100%
6		Evergrande International Hotspring Tourist City	8.55	4,357.35	196	100%
7		Evergrande Royal Scenic Peninsula Beijing	3.35	337.80	992	65%
8		Evergrande Culture Tourist City Beijing	6.32	1,560.43	405	100%
9		Evergrande the Great Wall Village Chengde	16.86	727.46	2,318	100%
10	Shanghai	Evergrande Palace Shanghai	17.33	143.47	12,081	100%
11		Evergrande Royal Scenic Bay Shanghai	7.35	70.16	10,474	100%
12		Evergrande Capital Palace Sheshan Shanghai	1.38	15.24	9,028	100%
13		Evergrande Royal View Garden Shanghai	3.36	36.20	9,295	100%
14		Evergrande Metropolis Shanghai	2.69	41.93	6,420	100%
15		Evergrande Royal Seaview Garden Qingpu	10.12	129.95	7,785	100%
16		Evergrande Bay Palace Shanghai	11.07	35.09	31,556	100%
17		Evergrande Venezia Delmare Qidong	10.15	4,818.35	212	100%
18	Guangzhou	Evergrande Wonderland Taicang	31.12	2,101.99	1,481	100%
19		The Third Jinbi Garden Guangzhou	0.74	79.55	926	100%
20		Evergrande Royal Palace Guangzhou	15.86	151.14	10,494	100%
21		Evergrande Scenic Garden Zengcheng	3.48	175.11	1,987	100%
22		Evergrande Royal Scenic Peninsula Foshan	0.18	40.09	441	100%
23		Evergrande Royal Scenic Bay Foshan	0.61	11.06	5,513	100%
24		Evergrande Metropolis Foshan	2.90	235.97	1,228	100%
25		Evergrande Top Mansion Foshan	22.49	309.11	7,275	100%
26		Evergrande Splendor Qingyuan	2.81	2,868.64	98	100%

Note 1: Representing the shareholding percentage which is held by immediate holding company over each project company.

MANAGEMENT DISCUSSION AND ANALYSIS

No.	Province/City	Name of Project	Land reserve original value (RMB100 million)	Land reserve area ('000 m ²)	Price of floor area (RMB/m ²)	Shareholding Percentage (Note 1)
27		Evergrande Silverlake City Qingyuan	5.13	858.03	597	100%
28		Evergrande Royal Creek Valley Qingyuan	7.37	188.05	3,917	100%
29	Shenzhen	Caiwuwei Project Shenzhen	3.25	33.68	9,652	100%
30		Evergrande Gentleman Hill Shenzhen	4.03	20.69	19,490	98%
31		Huaqiangbei Project Shenzhen	14.58	86.53	16,845	51%
32		Evergrande Sky Tower Shenzhen	33.49	151.02	22,175	51%
33		Evergrande City Shenzhen	25.17	300.06	8,387	65%
34		Evergrande Fashion Withub Shenzhen	33.50	498.64	6,718	100%
35		Evergrande City Lights Shenzhen	25.93	204.36	12,687	100%
36		Evergrande Metropolis Square Shenzhen	56.84	338.08	16,813	100%
37		Evergrande Royal Scenic Peninsula Dongguan	0.89	68.32	1,308	100%
38		Evergrande Oasis Dongguan	0.04	2.06	2,179	100%
39		Evergrande Xiaogui Bay Shenzhen	15.04	395.87	3,800	100%
40		Evergrande Palm Islands Huiyang	2.85	307.78	927	100%
41		Evergrande Yi Shan Hai Wan Huizhou	3.88	139.37	2,787	100%
42		Evergrande Emerald Court Huizhou	7.90	325.36	2,427	100%
43		Evergrande Yue Long Mansion Huizhou	21.56	374.53	5,756	100%
44		Evergrande Shuangyuewan Huizhou	4.50	113.02	3,982	100%
45		Evergrande Yu Long Bay Huizhou	16.60	439.56	3,775	100%
46		Evergrande Lake of General Huizhou	13.57	403.44	3,362	100%
47		Evergrande Royal Lake County Huizhou	3.69	127.91	2,885	100%
48		Evergrande Royal Palace Huizhou	4.72	261.82	1,805	100%
49		Evergrande Palace Huizhou	3.13	132.65	2,360	100%
50		Evergrande Emerald Court Huizhou	3.50	84.00	4,167	100%
51	Wuhan	Evergrande City Wuhan	1.66	203.96	812	100%
52		Evergrande Metropolis Wuhan	0.82	98.44	828	100%
53		Evergrande Royal Scenic Bay Wuhan	1.75	78.68	2,220	60%
54		Evergrande Royal Palace Wuhan	2.83	83.82	3,379	51%
55		Evergrande Capital Palace Wuhan	5.99	102.53	5,840	100%
56		Evergrande Rainbow Town Wuhan	—	269.61	—	100%
57		Evergrande Dragon City Wuhan	—	529.56	—	100%
58		Evergrande Evergreen Garden Wuhan	32.15	1,099.73	2,923	60%
59		Evergrande Emerald Court Wuhan	7.10	212.19	3,346	100%
60		Evergrande Splendor Ezhou	2.74	826.67	331	100%
61		Evergrande Tourism Tech City Wuhan	70.72	2,100.07	3,367	100%
62	Changsha	Evergrande City Changsha	0.31	29.36	1,050	100%
63		Evergrande Oasis Changsha	3.73	271.21	1,375	100%
64		Evergrande Atrium Changsha	5.49	454.00	1,209	100%
65		Evergrande Bay Changsha	7.36	230.53	3,191	100%
66		Evergrande Royal Scenic Peninsula Changsha	6.60	522.57	1,263	51%
67		Evergrande Emerald Court Changsha	1.59	161.87	983	100%
68		Evergrande Royal Scenic Bay Changsha	1.05	55.82	1,885	100%

Note 1: Representing the shareholding percentage which is held by immediate holding company over each project company.

MANAGEMENT DISCUSSION AND ANALYSIS

No.	Province/City	Name of Project	Land reserve original value (RMB100 million)	Land reserve area ('000 m ²)	Price of floor area (RMB/m ²)	Shareholding Percentage (Note 1)
69		Evergrande Royal View Splendor Changsha	2.66	273.73	973	51%
70		Evergrande Financial Plaza Changsha	3.74	199.81	1,871	100%
71		Changsha Huangxing Road North Project	1.99	153.99	1,289	51%
72		Evergrande Forest Creek County Changsha	17.32	969.13	1,787	Phase I: 73% Expansion Land: 90%
73		Evergrande Palace Liuyang	1.22	216.47	565	100%
74		Evergrande Jade Palace Changsha	7.06	166.76	4,232	100%
75		Evergrande Shanglin Garden Changsha	3.47	128.85	2,697	100%
76		Evergrande Palace of Glory Changsha	9.15	178.03	5,139	90%
77		Evergrande Royal View Splendor Ningxiang	42.98	1,594.00	2,696	100%
78		Evergrande Fairy Tale World Changsha	29.36	2,255.17	1,302	100%
79	Nanjing	Evergrande Splendor Nanjing	0.48	171.01	280	100%
80		Evergrande Palace Nanjing	11.00	108.25	10,165	100%
81		Evergrande Emerald Court Nanjing	16.09	159.20	10,107	100%
82		Evergrande Riverside Nanjing	25.55	342.90	7,452	100%
83		Evergrande Dragon Garden Nanjing	13.06	153.28	8,522	100%
84		Evergrande Khe Sanh Residence Nanjing	16.60	114.68	14,475	100%
85		Evergrande Forest Creek County Nanjing	8.05	88.47	9,099	100%
86		Evergrande Riverside Mansion Nanjing	1.42	15.90	8,958	100%
87		Evergrande Wonderland Jurong	26.12	2,321.30	1,125	100%
88	Chengdu	Evergrande Oasis Chengdu	0.94	200.89	467	100%
89		Evergrande Scenic Garden Chengdu	1.73	43.78	3,955	100%
90		Evergrande Royal Scenic Peninsula Chengdu	10.04	1,676.73	599	100%
91		Evergrande Royal View Garden Chengdu	1.61	157.91	1,021	100%
92		Evergrande New City Chengdu	2.12	203.89	1,040	100%
93		Evergrande Caojiaxiang Plaza Chengdu	9.53	496.57	1,919	81%
94		Evergrande Central Square Chengdu	19.41	438.19	4,430	Phase I: 62.96%; Phase II: 100%
95		Evergrande Metropolis Court Chengdu	0.30	10.10	2,924	100%
96		Evergrande Plaza Chengdu	3.09	150.88	2,048	100%
97		Evergrande Royal Peninsula Chengdu	20.77	1,940.55	1,070	100%
98		Evergrande Metropolis Chengdu	1.65	165.76	995	100%
99		Evergrande Central Plaza Chengdu	2.40	588.88	407	100%
100		Evergrande Jincheng Chengdu	4.75	164.52	2,884	100%
101		Evergrande Cloud Court Chengdu	14.38	364.68	3,943	100%
102		Evergrande Wangjiang Palace Chengdu	3.59	64.22	5,587	100%
103		Evergrande Shanglinyuan Atrium Chengdu	1.10	104.34	1,055	65%
104		Evergrande Future City Chengdu	9.57	417.64	2,293	100%
105		Evergrande The Coronation Chengdu	18.00	1,811.26	994	100%
106		Evergrande Royal Palace Chengdu	1.44	126.14	1,140	100%
107		Evergrande Royal Scenic Chengdu	6.09	623.47	977	Phase I: 90.24%; Phase II: 55.56%

Note 1: Representing the shareholding percentage which is held by immediate holding company over each project company.

MANAGEMENT DISCUSSION AND ANALYSIS

No.	Province/City	Name of Project	Land reserve original value (RMB100 million)	Land reserve area ('000 m ²)	Price of floor area (RMB/m ²)	Shareholding Percentage (Note 1)
108		Evergrande Emerald Court Qionglai	0.11	78.18	135	100%
109		Evergrande Jade Pavilion Chengdu	3.70	65.95	5,605	91%
110		Evergrande Forest Creek County Chengdu	7.22	529.27	1,364	100%
111		Evergrande Xichen Oasis Chengdu	5.42	721.49	751	100%
112		Evergrande Left Riverside Chengdu	12.73	223.12	5,704	100%
113		Evergrande Splendor Pengshan	3.23	1,424.44	227	100%
114		Evergrande Pasture Peak Chengdu	20.01	808.51	2,474	100%
115		Evergrande Splendo Emei	56.85	1,687.20	3,369	100%
116		Evergrande Fairyland Meishan	17.03	1,472.21	1,161	100%
117		Evergrande Cloud Court Dujiangyan	4.29	168.32	2,550	100%
118	Hangzhou	Evergrande Royal View Garden Hangzhou	7.83	105.22	7,439	100%
119		Evergrande Crystal International Plaza Hangzhou	30.07	588.97	5,106	100%
120		Evergrande Yue Long Mansion Hangzhou	37.43	184.63	20,270	100%
121		Evergrande Forest Creek County Jiande	10.49	280.79	3,736	100%
122	Xi'an	Evergrande Royal Scenic Xi'an	0.99	86.73	1,142	100%
123		Evergrande Royal View Garden Xi'an	2.74	137.98	1,983	100%
124		Evergrande Bay Xi'an	0.80	53.85	1,487	100%
125		Evergrande Emerald Court Xi'an	0.44	32.95	1,321	100%
126		Evergrande Royal Dragon Bay Xi'an	5.33	238.39	2,235	100%
127		Evergrande Emerald Dragon Court Xi'an	0.97	74.80	1,292	100%
128		Evergrande City Plaza Xi'an	2.23	209.11	1,066	100%
129		Evergrande International City Xi'an	3.78	202.39	1,866	100%
130		Evergrande Atrium Gaoling	2.88	640.30	450	100%
131		Evergrande Yue Long Mansion Xi'an	7.97	185.84	4,286	100%
132		Evergrande Fairyland Xi'an	9.08	900.07	1,008	100%
133	Jinan	Evergrande Metropolis Jinan	0.22	27.54	814	100%
134		Evergrande Oasis Jinan	3.53	629.59	560	100%
135		Evergrande City Jinan	4.56	349.14	1,306	100%
136		Evergrande Atrium Jinan	2.38	149.39	1,591	60%
137		Evergrande Royal View Garden Jinan	2.77	75.36	3,679	100%
138		Evergrande Emerald Court Jinan	5.38	286.91	1,876	100%
139		Evergrande Longao Regency Jinan	6.18	122.06	5,066	100%
140		Evergrande Longao East New Metropolis Jinan	1.42	66.72	2,129	100%
141		Evergrande City Jinan	1.84	94.91	1,943	100%
142		Evergrande Left Bank Riverfront Jinan	11.48	763.17	1,505	100%
143		Evergrande Century Plaza Jinan	0.50	25.42	1,960	100%
144		Evergrande Palace Jinan	1.05	52.09	2,007	100%
145		Evergrande Jinbi New Town Jinan	2.65	115.16	2,304	100%
146		Evergrande Royal Summit Jinan	2.05	96.46	2,122	100%
147		Evergrande Fortune Center Jinan	1.78	126.91	1,404	100%
148	Taiyuan	Evergrande Oasis Taiyuan	1.15	116.88	985	100%

Note 1: Representing the shareholding percentage which is held by immediate holding company over each project company.

MANAGEMENT DISCUSSION AND ANALYSIS

No.	Province/City	Name of Project	Land reserve original value (RMB100 million)	Land reserve area ('000 m ²)	Price of floor area (RMB/m ²)	Shareholding Percentage (Note 1)
149		Evergrande Metropolis Taiyuan	0.43	44.68	965	100%
150		Evergrande Scenic Garden Taiyuan	2.59	282.06	917	100%
151		Evergrande Palace Taiyuan	0.55	39.96	1,370	66%
152		Evergrande Royal Scenic Bay Taiyuan	10.70	660.14	1,620	100%
153		Evergrande Emerald Court Taiyuan	1.18	37.84	3,108	70%
154		Evergrande Left Bank Riverfront Taiyuan	5.57	222.94	2,500	100%
155		Evergrande Atrium Taiyuan	0.31	16.65	1,845	100%
156		Evergrande Future City Taiyuan	2.90	131.95	2,197	100%
157		Evergrande City Taiyuan	9.51	260.50	3,650	82%
158		Evergrande Bay Taiyuan	2.96	109.55	2,697	100%
159		Evergrande Forest County Taiyuan	2.69	260.52	1,032	100%
160		Evergrande Royal Palace Taiyuan	4.60	153.88	2,992	100%
161		Evergrande Tian Chen Taiyuan	41.00	499.70	8,205	100%
162	Hefei	Evergrande City Hefei	0.36	46.20	778	100%
163		Evergrande Royal View Garden Hefei	1.03	188.11	546	100%
164		Evergrande International Center Hefei	3.73	592.94	629	100%
165		Evergrande Plaza Hefei	14.39	483.87	2,973	100%
166		Evergrande Crystal International Plaza Hefei	9.32	322.21	2,893	56%
167		Evergrande Yue Long Mansion Hefei	6.17	263.08	2,344	100%
168		Evergrande Royal View Garden Chaohu	0.60	62.91	959	100%
169		Evergrande Oasis Feidong	0.71	65.17	1,096	65%
170	Nanchang	Evergrande City Nanchang	1.91	483.24	396	100%
171		Evergrande Oasis Nanchang	0.17	28.66	608	100%
172		Evergrande Metropolis Nanchang	1.20	112.65	1,068	100%
173		Evergrande Royal View Garden Nanchang	1.21	26.84	4,505	100%
174		Evergrande Emerald Court Nanchang	1.10	117.62	939	100%
175		Evergrande Palace Nanchang	7.57	122.51	6,180	100%
176		Evergrande Emerald Imperial Court Nanchang	5.83	111.85	5,211	100%
177		Evergrande Emerald Garden Nanchang	8.02	148.04	5,415	100%
178		Evergrande Creek Mansion Nanchang	19.47	430.47	4,522	100%
179		Evergrande Grande Palace Nanchang	6.93	116.39	5,951	100%
180		Evergrande Light of Times Nanchang	11.98	198.40	6,038	100%
181		Evergrande Yue Long Mansion Nanchang	60.03	660.21	9,092	100%
182		Evergrande Jiangxiang Project Nanchang	7.80	223.14	3,496	50%
183	Fuzhou	Evergrande Scenic Garden Fuzhou	0.80	80.03	995	100%
184		Evergrande City Fuqing	2.56	140.93	1,817	100%
185	Harbin	Evergrande Oasis Harbin	2.23	178.61	1,250	100%
186		Evergrande Metropolis Harbin	0.75	47.66	1,567	100%
187		Evergrande City Harbin	0.69	250.90	276	100%
188		Evergrande Royal View Garden Harbin	0.73	48.35	1,516	100%
189		Evergrande Royal Scenic Bay Harbin	1.26	99.92	1,259	100%
190		Evergrande Emerald Court Harbin	0.46	20.59	2,247	100%

Note 1: Representing the shareholding percentage which is held by immediate holding company over each project company.

MANAGEMENT DISCUSSION AND ANALYSIS

No.	Province/City	Name of Project	Land reserve original value (RMB100 million)	Land reserve area ('000 m ²)	Price of floor area (RMB/m ²)	Shareholding Percentage (Note 1)
191		Evergrande Royal Garden Harbin	12.74	307.96	4,135	100%
192		Evergrande Atrium Harbin	0.20	21.35	944	Phase I: 95%; Phase II: 100%
193		Evergrande International Center Harbin	—	47.97	—	100%
194		Evergrande Jinyuan Harbin	1.00	167.36	600	100%
195		Evergrande Clover County Harbin	1.52	151.26	1,003	100%
196		Evergrande Royal Summit Harbin	0.38	30.03	1,269	100%
197		Evergrande Royal Palace Harbin	2.39	58.93	4,063	100%
198		Evergrande Central Plaza Harbin	9.79	425.77	2,299	100%
199		Evergrande Times Square Harbin	43.67	1,168.91	3,736	100%
200		Evergrande Jincheng Harbin	2.46	161.29	1,522	100%
201	Changchun	Evergrande Oasis Changchun	0.43	52.27	815	100%
202		Evergrande City Changchun	0.78	91.88	849	100%
203		Evergrande International Center Changchun	0.74	305.64	242	100%
204		Evergrande Royal Scenic Changchun	0.06	3.88	1,483	100%
205		Evergrande Metropolis Changchun	4.31	310.91	1,387	100%
206		Evergrande City Plaza Changchun	2.90	185.10	1,566	100%
207		Evergrande Royal Summit Changchun	1.61	83.18	1,941	100%
208		Evergrande Atrium Changchun	0.72	48.69	1,479	100%
209		Evergrande Royal View Garden Changchun	4.32	171.22	2,522	100%
210		Evergrande Bay Changchun	3.10	240.48	1,289	100%
211		Evergrande Moon Residence Changchun	0.49	27.95	1,747	80%
212		Evergrande Royal Palace Changchun	11.48	306.15	3,749	100%
213		Evergrande Sandal River Changchun	1.84	115.84	1,585	75%
214		Evergrande North Lake Plaza Changchun	4.28	207.72	2,061	100%
215		Evergrande Aquatic Manor Changchun	3.67	165.47	2,219	62%
216	Shenyang	Evergrande Oasis Shenyang	3.02	612.16	493	100%
217		Evergrande Metropolis Shenyang	0.92	233.26	396	60%
218		Evergrande Atrium Shenyang	3.75	293.65	1,278	100%
219		Evergrande Emerald Court Shenyang	1.63	90.42	1,805	100%
220		Evergrande Royal Scenic Bay Shenyang	0.44	27.22	1,599	100%
221		Evergrande Left Bank Riverfront Shenyang	5.31	320.10	1,660	100%
222		Evergrande Royal Summit Shenyang	4.56	285.37	1,598	100%
223		Evergrande Shengjing Plaza Shenyang	2.69	191.32	1,407	100%
224		Evergrande Central Plaza Shenyang	12.44	1,472.04	845	100%
225		Evergrande Yue Long Mansion Shenyang	2.96	126.61	2,334	100%
226		Evergrande Yihe & Shengjing Family	5.10	526.57	969	70%
227		Evergrande Shengjing Jade Garden Shenyang	4.16	260.22	1,600	100%
228		Evergrande Royal View Garden Shenyang	32.24	494.75	6,516	90%
229		Evergrande Green Village Shenyang	6.44	487.44	1,322	100%
230	Hohhot	Evergrande Atrium Hohhot	0.28	46.19	605	74%
231		Evergrande Palace Hohhot	1.05	46.09	2,280	100%

Note 1: Representing the shareholding percentage which is held by immediate holding company over each project company.

MANAGEMENT DISCUSSION AND ANALYSIS

No.	Province/City	Name of Project	Land reserve original value (RMB100 million)	Land reserve area ('000 m ²)	Price of floor area (RMB/m ²)	Shareholding Percentage (Note 1)
232		Evergrande Oasis Hohhot	6.22	523.66	1,189	51%
233		Evergrande Emerald Court Hohhot	2.30	315.45	731	51%
234	Shijiazhuang	Evergrande Royal Scenic Peninsula Shijiazhuang	7.92	899.47	881	70%
235		Evergrande Splendor Shijiazhuang	2.00	133.47	1,497	100%
236		Evergrande Forest Creek County Shijiazhuang	1.02	91.00	1,122	63%
237		Evergrande Central Plaza Shijiazhuang	18.60	184.59	10,079	100%
238		Evergrande Ten Miles Pond Shijiazhuang	5.91	521.68	1,132	80%
239		Evergrande Yue Long Mansion Shijiazhuang	2.31	79.45	2,904	52%
240	Lanzhou	Evergrande Oasis Lanzhou	11.70	1,120.19	1,045	100%
241		Evergrande City Plaza Lanzhou	1.63	86.05	1,894	100%
242		Evergrande Scenic Garden Lanzhou	1.48	182.37	813	100%
243		Evergrande Emerald Court Lanzhou	3.99	252.98	1,578	100%
244		Evergrande Royal View Garden Lanzhou	6.72	355.13	1,893	100%
245		Evergrande Future City Lanzhou	2.56	469.44	545	100%
246	Xining	Evergrande Metropolis Xining	0.45	68.18	664	100%
247	Yinchuan	Evergrande Royal Scenic Yinchuan	0.63	78.00	807	100%
248		Evergrande Royal View Garden Yinchuan	0.74	124.00	596	100%
249		Evergrande Royal Scenic Peninsula Yinchuan	2.41	173.57	1,388	80%
250	Zhengzhou	Evergrande Oasis Zhengzhou	3.01	323.75	931	100%
251		Evergrande Metropolis Zhengzhou	10.95	591.21	1,853	100%
252		Evergrande Scenic Garden Zhengzhou	2.62	301.99	868	51%
253		Evergrande Emerald Court Zhengzhou	1.45	61.40	2,359	100%
254		Evergrande Mansion Zhengzhou	7.12	80.92	8,795	100%
255		Evergrande Atrium Zhengzhou	1.84	170.21	1,079	100%
256		Evergrande City Zhengzhou	22.60	771.05	2,931	51%
257		Evergrande Yue Long Mansion Zhengzhou	8.58	414.42	2,070	64%
258		Evergrande Future City Zhengkai	26.97	1,638.38	1,646	100%
259		Evergrande Splendor Xinxiang	5.87	699.55	839	100%
260		Evergrande Royal Scenic Bay Xinxiang	1.21	188.68	641	100%
261		Evergrande Wonderland Kaifeng	18.37	2,759.89	666	100%
262	Guiyang	Evergrande City Guiyang	0.75	188.64	399	100%
263		Evergrande Atrium Guiyang	0.96	93.17	1,033	100%
264		Evergrande Emerald Court Guiyang	0.65	81.63	801	100%
265		Evergrande Royal View Garden Guiyang	3.44	234.31	1,466	100%
266		Evergrande Golden Sun City Guiyang	20.63	1,931.67	1,068	100%
267		Evergrande Central Park Guiyang	21.88	820.80	2,666	100%
268		Evergrande Central Square Guiyang	8.15	680.58	1,197	100%
269		Evergrande Metropolis Square Guiyang	3.54	295.46	1,197	100%
270		Evergrande Left Riverfront Guiyang	4.80	377.10	1,274	93%
271		Evergrande Future City Guiyang	10.15	441.31	2,301	100%
272		Evergrande Royal Palace Guiyang	7.00	270.55	2,587	100%

Note 1: Representing the shareholding percentage which is held by immediate holding company over each project company.

MANAGEMENT DISCUSSION AND ANALYSIS

No.	Province/City	Name of Project	Land reserve original value (RMB100 million)	Land reserve area ('000 m ²)	Price of floor area (RMB/m ²)	Shareholding Percentage (Note 1)
273		Evergrande Huaxi Children's City Guiyang	49.18	4,507.13	1,091	100%
274	Kunming	Evergrande Splendor Kunming	1.48	520.32	284	100%
275		Evergrande Cloud Palace Kunming	14.39	655.43	2,196	51%
276		Evergrande Metropolis Kunming	6.73	360.27	1,867	100%
277		Evergrande Jiu Long Bay Kunming	21.45	644.16	3,331	100%
278		Evergrande Emerald Court Kunming	3.85	248.85	1,546	100%
279	Nanning	Evergrande Oasis Nanning	2.46	131.52	1,872	100%
280		Evergrande International Center Nanning	2.56	209.69	1,223	100%
281		Evergrande Metropolis Nanning	3.30	185.99	1,774	100%
282		Evergrande Royal View Garden Nanning	0.96	52.71	1,818	100%
283		Evergrande Metropolis Nanning	0.47	25.88	1,813	100%
284		Evergrande Palace Nanning	10.33	397.63	2,598	100%
285		Evergrande Atrium Nanning	0.72	56.12	1,289	100%
286		Evergrande Scenic View Garden Nanning	0.96	86.89	1,104	100%
287	Haikou	Evergrande Culture Tourist City Haikou	3.22	882.89	365	100%
288		Evergrande Bay Haikou	2.06	44.69	4,599	100%
289		Evergrande Bund Haikou	7.82	265.91	2,940	100%
290		Evergrande Royal Scenic Bay Hainan	0.31	36.37	851	100%
291		Evergrande Royal Sea Hainan	10.40	1,004.94	1,035	100%
292		Evergrande Dingan Royal Lake Manor Haikou	1.14	120.26	946	75%
293		Evergrande Yue Long Bay Wanning	5.77	195.61	2,952	100%
294	Urumchi	Evergrande Oasis Urumchi	10.66	317.98	3,353	100%
295		Evergrande Green City Urumchi	12.71	423.91	2,998	100%
296		Evergrande Splendor Urumchi	5.27	1,735.49	303	100%
297		Evergrande City Lights Urumchi	3.40	207.74	1,637	100%
298		Evergrande Jewelry Palace Urumchi	8.86	248.49	3,567	100%
299	Chongqing	Evergrande Tixiang Village Chongqing	5.61	473.84	1,183	100%
300		Evergrande Metropolis Chongqing	2.68	136.10	1,971	100%
301		Evergrande Atrium Chongqing	1.93	220.12	878	100%
302		Evergrande Splendor Chongqing	6.46	994.55	649	100%
303		Evergrande Emerald Court Chongqing	4.87	35.40	13,747	100%
304		Evergrande Royal Scenic Peninsula Chongqing	7.57	234.04	3,234	100%
305		Evergrande Scenic Garden Chongqing	12.78	395.30	3,234	100%
306		Evergrande Scenic Garden Fuling	0.72	178.51	401	100%
307		Evergrande Royal Scenic Bay Chongqing	1.05	61.23	1,716	100%
308		Evergrande Royal Palace Chongqing	10.10	254.54	3,968	100%
309		Evergrande Century City Chongqing	10.00	365.03	2,738	100%
310		Evergrande C C Land Plaza	13.76	523.04	2,630	100%
311		Evergrande The Coronation Chongqing	29.33	750.64	3,908	69%
312		Evergrande Central Square Chongqing	28.51	709.29	4,019	100%
313		Evergrande Emerald Bay Chongqing	5.30	323.99	1,637	100%
314		Evergrande Gentleman Hill Palace Chongqing	3.63	356.44	1,017	90%

Note 1: Representing the shareholding percentage which is held by immediate holding company over each project company.

MANAGEMENT DISCUSSION AND ANALYSIS

No.	Province/City	Name of Project	Land reserve original value (RMB100 million)	Land reserve area ('000 m ²)	Price of floor area (RMB/m ²)	Shareholding Percentage (Note 1)
315		Evergrande New City Chongqing	9.01	632.68	1,425	100%
316		Evergrande Lushan Lake Chongqing	8.34	246.01	3,388	100%
317		Evergrande Future City Chongqing	9.62	334.90	2,873	100%
318		Evergrande Excellent Live City Chongqing	8.37	554.40	1,509	100%
319		Evergrande Verakin New Park City Chongqing	7.37	425.00	1,735	100%
320		Evergrande Smart Eco-city Chongqing	3.23	112.24	2,873	100%
321		Evergrande Green Island Chongqing	26.94	370.66	7,267	100%
322		Evergrande Left Lakefront Chongqing	1.53	143.66	1,067	100%
323		Evergrande Top Mansion Chongqing	5.29	389.06	1,359	100%
324		Evergrande Zhongxian Project Chongqing	4.07	506.96	802	100%
325		Evergrande Metropolis Qianjiang	2.84	363.50	782	100%
326		Evergrande Century Dreamlike City Chongqing	8.72	1,128.37	772	100%
327	Tianjin	Evergrande Oasis Tianjin	2.09	132.04	1,584	100%
328		Evergrande Scenic Garden Tianjin	9.17	337.43	2,717	100%
329		Evergrande Splendor Tianjin	5.36	846.04	633	100%
330		Evergrande Metropolis Tianjin	0.06	1.40	4,610	100%
331		Evergrande Royal Scenic Peninsula Tianjin	0.96	85.11	1,129	100%
332		Evergrande Royal View Garden Tianjin	18.69	184.21	10,148	100%
333		Evergrande Royal Scenic Bay Tianjin	4.02	75.17	5,352	100%
334		Evergrande Top Mansion Tianjin	42.60	433.70	9,823	100%
335		Evergrande Flower Creek Town Tianjin	5.93	539.66	1,100	100%
336		Evergrande Phoenix Manor Tianjin	2.60	175.68	1,480	100%
337		Evergrande Royal Palace Tianjin	8.72	83.65	10,425	100%
338	Dalian	Evergrande Sandal River Dalian	1.08	25.71	4,219	100%
339		Evergrande Royal View Garden Dalian	5.62	102.58	5,475	100%
340		Evergrande Royal Scenic Bay Dalian	0.24	5.29	4,550	100%
341		Evergrande Harbor City Dalian	10.66	376.02	2,835	100%
342		Evergrande City Lights Dalian	8.20	129.99	6,304	100%
343		Evergrande Four Seasons Dalian	10.45	119.68	8,730	100%
344		Evergrande Atrium Dalian	5.92	315.00	1,880	51%
345		Evergrande Park Avenue Dalian	1.24	91.82	1,350	100%
346	Qingdao	Evergrande Golden Beach Qingdao	5.22	231.04	2,260	100%
347		Evergrande Yue Long Mansion Qingdao	8.51	547.23	1,555	100%
348		Evergrande Royal Dragon Bay Qingdao	18.15	625.64	2,901	100%
349		Evergrande Royal Billow International Qingdao	4.53	358.82	1,263	100%
350	Ningbo	Evergrande City Lights Ningbo	19.27	354.35	5,437	100%
351		Evergrande Scenic Garden Ningbo	6.41	350.20	1,831	100%
352		Evergrande Peninsula On The Sea Xiangshan	14.26	713.42	1,998	100%
353		Evergrande Guanlan Palace Yuyao	2.06	66.25	3,113	100%
354		Fenghua Xikou Project	4.77	308.13	1,548	100%
355		Evergrande Royal Scenic Ningbo	12.18	361.01	3,375	66%
356		Evergrande Harbour Town Ningbo	5.80	1,415.84	409	100%

Note 1: Representing the shareholding percentage which is held by immediate holding company over each project company.

MANAGEMENT DISCUSSION AND ANALYSIS

No.	Province/City	Name of Project	Land reserve original value (RMB100 million)	Land reserve area ('000 m ²)	Price of floor area (RMB/m ²)	Shareholding Percentage (Note 1)
357	Xiamen	Evergrande Royal View Garden Xiamen	6.38	56.18	11,357	100%
358	Suzhou	Evergrande Jewelry Suzhou	67.32	379.16	17,754	100%
359		Evergrande Yue Long Bay Suzhou	29.53	247.62	11,924	100%
360		Evergrande Atrium Zhangjiagang	1.50	107.59	1,390	90%
361	Wuxi	Evergrande Oasis Wuxi	8.53	407.46	2,094	100%
362		Evergrande Royal Seaview Bay Wuxi	4.44	175.35	2,531	100%
363		Evergrande Yue Long Bay Wuxi	28.11	316.57	8,879	100%
364		Evergrande Royal View Garden Jiangyin	4.09	174.03	2,349	100%
365		Evergrande Royal Scenic Jiangyin	2.59	121.69	2,125	51%
366		Evergrande Paradise Palace Wuxi	18.81	231.27	8,132	100%
367		Evergrande Billow Palace Wuxi	29.13	355.08	8,204	100%
368		Evergrande Qizi Bay Jiangyin	0.72	36.97	1,947	100%
369		Evergrande Royal View Splendor Wuxi	6.89	244.85	2,814	100%
370		Evergrande Yue Long Mansion Wuxi	5.57	108.38	5,135	100%
371		Evergrande Royal Seaview Garden Wuxi	9.22	150.49	6,124	100%
372		Evergrande Royal Lake Yixing	6.39	180.32	3,545	100%
373		Evergrande Scenic Garden Yixing	2.32	142.36	1,632	100%
374		Evergrande Dongjiu Court Yixing	1.26	53.52	2,350	100%
375		Evergrande Flower Creek Town Yixing	17.71	925.25	1,914	100%
376	Foshan	Evergrande Royal Scenic Bay Foshan	0.73	33.26	2,195	100%
377		Evergrande Royal Garden Shunde	1.30	34.76	3,731	100%
378		Evergrande Emerald Court Foshan	0.10	2.71	3,522	100%
379		Evergrande City Foshan	—	68.63	—	100%
380		Evergrande Royal Lake Bay Foshan	3.40	164.12	2,071	100%
381		Evergrande Royal Lake County Foshan	0.74	54.99	1,340	100%
382		Evergrande Li Lake City Foshan	10.73	900.22	1,192	100%
383		Evergrande Longjiang Emerald Shunde	1.38	61.16	2,256	100%
384		Evergrande Scenic Palace Foshan	15.80	520.67	3,034	100%
385		Evergrande Royal Riverfront Palace Foshan	1.82	99.19	1,836	100%
386		Evergrande Lake County Foshan	3.22	397.79	810	100%
387		Evergrande Yundonghai Project Foshan	22.26	485.31	4,587	100%
388		Evergrande Royal Seaview Garden Foshan	9.56	305.98	3,126	100%
389		Evergrande Bay Foshan	15.15	207.91	7,285	100%
390		Evergrande Atrium Foshan	2.20	113.50	1,940	100%
391		Evergrande Left Riverside Foshan	3.08	99.96	3,084	100%
392		Evergrande Leping Project Foshan	16.60	284.91	5,826	100%
393	Yantai	Evergrande Royal Scenic Peninsula Yantai	4.44	337.20	1,316	100%
394		Evergrande Fairyland Yantai	13.38	7,861.57	171	100%
395	Dongguan	Evergrande Royal Scenic Dongguan	1.33	43.79	3,046	100%
396		Evergrande Emerald Court Dongguan	2.65	57.46	4,607	100%
397		Evergrande Bay Dongguan	1.10	86.47	1,268	100%
398		Evergrande Left Riverside Dongguan	1.83	58.68	3,111	100%

Note 1: Representing the shareholding percentage which is held by immediate holding company over each project company.

MANAGEMENT DISCUSSION AND ANALYSIS

No.	Province/City	Name of Project	Land reserve original value (RMB100 million)	Land reserve area ('000 m ²)	Price of floor area (RMB/m ²)	Shareholding Percentage (Note 1)
399		Evergrande Royal Garden Dongguan	2.02	27.76	7,262	100%
400	Wenzhou	Evergrande Billow Bay Wenzhou	12.73	276.68	4,602	100%
401		Evergrande Top Mansion Wenzhou	13.00	187.36	6,939	100%
402		Evergrande Yue Long Mansion Wenzhou	42.92	1,130.00	3,798	100%
403	Quanzhou	Evergrande Royal Scenic Bay Quanzhou	0.49	18.60	2,650	100%
404		Evergrande Emerald Dragon Court Quanzhou	0.65	28.97	2,256	100%
405		Evergrande City Plaza Quanzhou	2.68	150.13	1,785	100%
406		Evergrande Metropolis Shishi	3.21	161.72	1,983	100%, Expansion Land 98.25%
407		Evergrande Royal Scenic Bay Anxi	1.99	168.13	1,185	100%
408		Evergrande Atrium Quanzhou	0.28	56.99	493	100%
409		Evergrande New Town Quanzhou	2.47	250.25	985	100%
410	Nantong	Evergrande Royal Seaview Garden Nantong	6.24	135.33	4,614	100%
411		Evergrande Yue Long Bay Nantong	1.29	98.12	1,311	100%
412	Tangshan	Evergrande Palace Tangshan	1.16	117.31	989	60%
413		Evergrande Royal Sea Tangshan	4.95	671.71	737	100%
414		Evergrande Peach Blossom Spring Town Tangshan	0.40	117.13	340	100%
415	Weifang	Evergrande Metropolis Weifang	1.13	176.24	643	100%
416		Evergrande Emerald Court Weifang	0.31	75.64	411	100%
417	Xuzhou	Evergrande Left Bank Riverfront Xuzhou	2.83	267.02	1,061	95%
418		Evergrande Forest Creek County Xuzhou	1.01	322.30	312	100%
419		Evergrande Pan Lake Town Xuzhou	25.56	3,632.46	704	51%
420	Zhongshan	Evergrande Oasis Zhongshan	3.52	239.25	1,472	100%
421		Evergrande Royal Palace Zhongshan	10.47	274.41	3,817	100%
422		Evergrande Royal Scenic Zhongshan	5.86	237.31	2,469	100%
423	Shantou	Evergrande Royal Scenic Bay Shantou	0.77	85.64	895	100%
424		Evergrande Bund Shantou	13.48	386.59	3,488	100%
425		Evergrande Jinbi Bay Shantou	3.63	765.28	475	65%
426	Zhuhai	Evergrande Ocean Spring Zhuhai	2.84	225.66	1,258	51%
427		Evergrande Emerald Court Zhuhai	2.90	66.63	4,352	100%
428		Zhuhai Zhuofu Project	21.00	98.62	21,294	100%
429	Sanya	Evergrande Royal Ocean View Garden Sanya	1.78	89.65	1,985	100%
430		Evergrande Royal Palace Sanya	11.86	214.87	5,519	100%
431	Guangdong Province	Evergrande Lantang Project Yunfu	3.24	419.50	771	100%
432		Evergrande City Yunfu	0.86	308.75	277	100%
433		Evergrande City Shaoguan	1.48	407.40	364	100%
434		Evergrande City Chaozhou	4.38	912.80	480	100%
435		Evergrande Scenic Garden Chaozhou	3.30	388.03	851	57%
436		Evergrande Metropolis Chaozhou	2.56	222.27	1,152	100%
437		Evergrande Metropolis Heyuan	2.14	177.82	1,201	100%

Note 1: Representing the shareholding percentage which is held by immediate holding company over each project company.

MANAGEMENT DISCUSSION AND ANALYSIS

No.	Province/City	Name of Project	Land reserve original value (RMB100 million)	Land reserve area ('000 m ²)	Price of floor area (RMB/m ²)	Shareholding Percentage (Note 1)
438		Evergrande Left Riverfront Heyuan	8.89	300.00	2,962	100%
439		Evergrande Royal Scenic Peninsula Jiangmen	2.44	148.68	1,644	100%
440		Evergrande Spring City Enping	8.00	2,766.02	289	100%
441		Evergrande Yue Long Bay Kaiping	41.95	870.00	4,822	100%
442		Evergrande Oasis Jieyang	4.88	419.96	1,163	100%
443		Evergrande Emerald Court Jieyang	1.97	187.43	1,051	100%
444		Evergrande Palace Jieyang	1.90	206.85	917	100%
445		Evergrande Royal Scenic Peninsula Meizhou	15.32	1,528.48	1,003	100%
446		Evergrande Hawaii on the Sea Yangjiang	2.11	449.62	470	100%
447		Evergrande Metropolis Yangjiang	0.43	67.40	637	100%
448		Evergrande Royal View Garden Yangjiang	0.56	90.01	622	100%
449		Evergrande Yue Long Mansion Yangjiang	3.68	146.88	2,508	100%
450		Evergrande Oasis Zhanjiang	0.76	97.88	777	100%
451		Evergrande Royal View Garden Zhanjiang	4.64	319.47	1,454	60%
452		Evergrande Atrium Huizhou	1.55	239.95	648	100%
/		Evergrande Atrium Huizhou	1.61	250.72	640	100%
453		Evergrande Century Dreamlike City Zhaoqing	16.71	2,024.35	826	88%
454		Evergrande Royal Lake City Zhaoqing	2.11	274.02	771	100%
455		Evergrande Emerald Court Zhaoqing	1.58	110.32	1,429	100%
456		Evergrande Royal Lake Zhaoqing	7.66	743.75	1,030	肇慶市團星房地產開發有限公司 (Zhaoqing Tuanxing Real Estate Development Company Limited) 100%, 肇慶鼎湖團星房地產開發有限公司 (Zhaoqing Dinghu Tuanxing Real Estate Development Company Limited) 90% and 肇慶鼎湖團星置業投資有限公司 (Zhaoqing Dinghu Tuanxian Real Estate Investment Company Limited) 100%

Note 1: Representing the shareholding percentage which is held by immediate holding company over each project company.

MANAGEMENT DISCUSSION AND ANALYSIS

No.	Province/City	Name of Project	Land reserve original value (RMB100 million)	Land reserve area ('000 m ²)	Price of floor area (RMB/m ²)	Shareholding Percentage (Note 1)
457		Evergrande City Zhaoqing	11.35	505.82	2,244	100%
458		Evergrande Oasis Zhaoqing	16.44	810.47	2,029	100%
						(secondhand); 90% (firsthand)
459		Evergrande Metropolis Zhaoqing	7.65	361.48	2,117	100%
460		Evergrande Royal Lake City Maoming	6.80	555.20	1,225	100%
461	Zhejiang Province	Evergrande Yue Long Bay Huzhou	8.92	238.45	3,739	51%
462		Evergrande Yue Long Mansion Huzhou	7.10	243.22	2,917	100%
463		Evergrande Royal Garden Huzhou	4.05	69.86	5,800	100%
464		Evergrande Royal Summit Huzhou	6.87	192.05	3,579	100%
465		Evergrande An Ji Town Huzhou	10.79	277.70	3,884	51%
466		Evergrande Changxi Project	5.75	119.94	4,794	100%
467		Evergrande Royal Lakeside Mano Jiande	3.53	438.11	807	100%
468		Evergrande Left Xianghu Jiaying	7.50	229.17	3,273	100%
469		Evergrande Royal Scenic Bay Jiaying	17.12	273.39	6,263	51%
470		Evergrande Royal Scenic Peninsula Quzhou	0.92	76.67	1,205	100%
471		Evergrande Jewelry Palace Shaoxing	15.02	309.08	4,860	100%
472		Oi Hu Tao Project Shengzhou	2.94	171.09	1,716	100%
473		Evergrande Royal Seaview Garden Shaoxing	5.76	195.41	2,948	100%
474		Evergrande Future City Shaoxing	14.41	554.50	2,599	100%
475		Evergrande Yue Long Mansion Shaoxing	5.07	118.14	4,291	100%
476		Evergrande River Royal Palace Shaoxing	4.31	127.45	3,385	100%
477		Evergrande Royal Palace Shaoxing	5.93	199.80	2,967	100%
478		Evergrande Royal Scenic Bay Shaoxing	13.10	147.07	8,907	100%
479		Evergrande City Galaxy Project Taizhou	6.06	421.08	1,439	100%
480		Evergrande Royal Scenic Peninsula Taizhou	20.29	420.00	4,831	100%
481		Evergrande Royal Scenic Bay Zhoushan	1.10	44.54	2,459	100%
482	Jiangsu Province	Evergrande Scenic View Garden Changzhou	3.40	170.78	1,993	100%
483		Evergrande Jintan District Golden Bay Changzhou Project	1.11	265.18	417	60%
484		Evergrande Jintan River Project Changzhou	9.72	190.90	5,091	100%
485		Evergrande Billow Palace Liyang	15.29	252.00	6,067	100%
486		Evergrande Metropolis Huai'an	1.17	198.94	589	100%
487		Evergrande City Lianyungang	2.88	822.28	350	100%
488		Evergrande Forest Creek County Lianyungang	1.29	124.68	1,033	100%
489		Evergrande Royal Peak Lianyungang	0.41	54.35	760	100%
490		Evergrande Royal Scenic Peninsula Jingjiang	8.68	587.87	1,477	100%
491		Evergrande Palace Taizhou	21.48	506.93	4,237	100%
492		Evergrande Top Mansion Taizhou	11.96	267.22	4,476	100%
493		Evergrande Palace Suqian	1.36	211.05	643	100%
494		Evergrande Emerald Court Suqian	1.98	274.65	722	100%
495		Evergrande Metropolis Yancheng	1.78	229.98	776	100%

Note 1: Representing the shareholding percentage which is held by immediate holding company over each project company.

MANAGEMENT DISCUSSION AND ANALYSIS

No.	Province/City	Name of Project	Land reserve original value (RMB100 million)	Land reserve area ('000 m ²)	Price of floor area (RMB/m ²)	Shareholding Percentage (Note 1)
496		Evergrande Royal View Garden Yancheng	2.86	250.49	1,143	100%
497		Evergrande Emerald County Yancheng	0.32	37.53	859	100%
498		Evergrande Billow Bay Yancheng	11.50	295.69	3,890	100%
499		Evergrande Left Riverfront Yizheng	2.22	174.82	1,269	100%
500		Evergrande Yue Long Mansion Yangzhou	8.62	163.33	5,278	100%
501		Evergrande Emerald Court Yangzhou	11.72	273.29	4,290	100%
502		Evergrande Palace Yangzhou	16.57	257.16	6,445	100%
503		Evergrande Yue Long Bay Yangzhou	2.84	95.21	2,984	100%
504		Evergrande Arium Zhenjiang	3.42	290.65	1,177	100%
505		Evergrande Oasis Zhenjiang	0.49	73.50	670	100%
506		Evergrande Metropolis Danyang	1.58	177.99	890	100%
507		Evergrande City Danyang	0.96	88.13	1,094	100%
508		Evergrande Royal Palace Zhenjiang	0.90	103.28	871	100%
509		Evergrande Palace Zhenjiang	23.99	275.50	8,708	100%
510	Henan Province	Evergrande Oasis Anyang	3.82	606.51	630	100%
511		Evergrande Metropolis Hebi	0.68	109.96	614	100%
512		Evergrande City Jiaozuo	3.40	183.96	1,851	100%
513		Evergrande Royal View Garden Kaifeng	0.38	49.60	762	53%
514		Evergrande Royal View Garden Lankao	1.13	408.89	277	100%
515		Evergrande Oasis Luoyang	2.53	1,392.98	182	100%
516		Evergrande Cloud Villa Luoyang	3.06	454.84	674	100%
517		Evergrande Metropolis Luohe	4.43	408.44	1,084	100%
518		Evergrande Royal Scenic Luohe	0.70	81.75	856	100%
519		Evergrande Top Mansion Luohe	2.02	207.96	971	100%
520		Evergrande Royal View Garden Nanyang	1.48	168.36	882	100%
521		Evergrande Royal Scenic Bay Nanyang	0.46	49.43	940	55%
522		Evergrande Emerald Court Nanyang	1.86	136.47	1,364	60%
523		Evergrande Metropolis Pingdingshan	0.12	32.89	376	57%
524		Evergrande Royal Scenic Peninsula Pingdingshan	0.59	49.76	1,179	64%
525		Evergrande Jewelry Palace Pingdingshan	13.56	307.72	4,407	67%
526		Evergrande Yue Long Mansion Puyang	0.86	125.34	686	100%
527		Evergrande Yue Long Bay Puyang	2.26	233.61	968	100%
528		Evergrande Jewelry Palace Puyang	2.70	346.70	780	80%
529		Evergrande Metropolis Shangqiu	4.43	691.86	640	100%
530		Evergrande Emerald Court Shangqiu	4.01	266.69	1,503	Phase I: 60%; Phase II: 100%
531		Evergrande Shangtong Road Shangqiu	4.44	291.67	1,521	50%
532		Evergrande Jewelry Palace Xinxiang	13.34	677.56	1,969	100%
533		Evergrande Metropolis Xinyang	0.62	152.29	405	100%
534		Evergrande Emerald Court Xinyang	0.58	81.62	706	55%
535		Evergrande Royal Scenic Bay Xinyang	2.73	457.24	598	58%

Note 1: Representing the shareholding percentage which is held by immediate holding company over each project company.

MANAGEMENT DISCUSSION AND ANALYSIS

No.	Province/City	Name of Project	Land reserve original value (RMB100 million)	Land reserve area ('000 m ²)	Price of floor area (RMB/m ²)	Shareholding Percentage (Note 1)
536		Evergrande Oasis Xuchang	0.21	49.75	426	93%
537		Evergrande Emerald Court Xuchang	0.66	66.68	997	76%
538		Evergrande Top Mansion Xuchang	1.38	174.72	789	51%
539		Evergrande Yue Long Mansion Xuchang	19.80	950.00	2,084	75%
540		Evergrande Metropolis Zhoukou	0.44	242.00	181	70%
541		Evergrande Royal View Garden Taikang	0.19	34.22	569	100%
542		Evergrande Metropolis Zhumadian	0.76	161.16	470	100%
543	Hebei Province	Evergrande City Cangzhou	0.41	73.86	556	100%
544		Evergrande Top Mansion Cangzhou	11.44	198.17	5,772	100%
545		International Cultural Tourism City, Nanda Bay Cangzhou	14.05	5,692.80	247	100%
546		Evergrande Metropolis Handan	3.96	597.95	662	100%
547		Evergrande Emerald Court Handan	3.51	261.42	1,342	52%
548		Evergrande Beihai Manor Handan	41.53	761.00	5,457	51%
549		Evergrande Oasis Handan	7.50	337.00	2,227	51%
550		Evergrande Seine River Handan	5.24	235.52	2,227	51%
551		Taihongsen Mall Project (P.1)	2.69	121.00	2,227	51%
/		Evergrande Dragon Court (P.2)	2.44	109.77	2,227	51%
/		Evergrande Blooming Garden Handan	—	—	2,227	51%
/		Evergrande Rainbow Town Handan	0.21	9.60	2,227	51%
552		Evergrande Splendid Mansion Handan	9.13	430.18	2,121	100%
553		Evergrande Royal Scenic Peninsula Handan	0.79	99.81	787	100%
554		Evergrande City Hengshui	1.30	137.17	945	75%
555		Evergrande Oasis Hengshui	1.47	178.80	820	60%
556		Evergrande Metropolis Langfang	0.57	64.32	879	100%
557		Langfang Zhongding Project Langfang	3.30	53.50	6,168	100%
558		Evergrande Emerald Court Langfang	0.97	94.29	1,028	100%
559		Evergrande City Qinhuangdao	8.50	2,435.92	349	100%
560		Evergrande City Xingtai	1.03	97.00	1,059	72%
561		Evergrande Royal View Garden Xingtai	0.05	8.42	551	72%
562		Evergrande Metropolis Xingtai	1.20	120.46	996	100%
563		Evergrande Scenic Garden Xingtai	0.35	41.68	829	58%
564		Evergrande Top Mansion Xingtai	8.17	231.20	3,532	100%
565	Hunan Province	Evergrande Palace Changde	2.25	266.58	845	60%
566		Evergrande Royal Scenic Bay Changde	0.51	161.77	316	65%
567		Evergrande Coronation Changde	11.93	284.88	4,188	100%
568		Evergrande Oasis Changde	15.46	441.77	3,500	100%
569		Evergrande Palace Chenzhou	0.58	138.27	422	100%
570		Evergrande Royal View Garden Chenzhou	1.09	139.93	778	65%
571		Evergrande Oasis Hengyang	0.75	127.20	593	70%
572		Evergrande Royal View Garden Huaihua	0.47	180.12	260	60%
573		Evergrande Royal Scenic Bay Huaihua	0.49	86.90	566	60%

Note 1: Representing the shareholding percentage which is held by immediate holding company over each project company.

MANAGEMENT DISCUSSION AND ANALYSIS

No.	Province/City	Name of Project	Land reserve original value (RMB100 million)	Land reserve area ('000 m ²)	Price of floor area (RMB/m ²)	Shareholding Percentage (Note 1)
574		Evergrande Palace Shaoyang	1.13	472.99	238	60%
575		Evergrande Future City Shaoyang	6.61	481.08	1,375	64%
576		Evergrande Emerald Court Xiangtan	1.97	282.29	698	60%
577		Evergrande Royal Scenic Peninsula Xiangtan	2.74	722.03	379	60%
578		Evergrande Literary Xiangtan	1.58	391.31	405	60%
579		Evergrande Palace Xiangtan	8.32	522.49	1,592	100%
580		Evergrande Oasis Yiyang	0.73	116.74	622	100%
581		Evergrande Nanhu Peninsula Yueyang	2.81	217.01	1,297	64%
582		Evergrande Oasis Yueyang	1.88	212.53	883	65%
583		Evergrande Royal Scenic Bay Yueyang	0.58	94.15	613	65%
584		Evergrande Future City Yueyang	15.71	492.64	3,190	100%
585		Evergrande Metropolis Zhuzhou	0.40	51.34	785	100%
586		Evergrande Palace Zhuzhou	1.80	184.12	980	60%
587		Evergrand Royal Scenic Bay Zhuzhou	0.13	44.50	291	62%
588		Evergrande Forest Creek County Zhuzhou	2.47	171.35	1,440	100%
589		Evergrande Yu Jing Garden Zhuzhou	12.41	879.70	1,411	57%
590		Evergrande Yue Long Mansion Zhuzhou	10.93	333.54	3,276	100%
591		Evergrande Longao Regency Zhuzhou	2.05	88.20	2,322	100%
592		Evergrande Coronation Xiangxizhou	1.37	228.47	600	100%
593		Evergrande Royal Palace Hanshou	1.23	170.10	720	72%
594	Hubei Province	Evergrande Capital Palace Ezhou	1.82	695.39	262	100%
595		Evergrande Fairyland Ezhou	0.90	78.97	1,136	100%
596		Evergrande Royal Seaview Garden Enshi	2.04	287.82	709	100%
597		Evergrande Royal View Garden Huangshi	0.99	71.48	1,379	100%
598		Evergrande Metropolis Huangshi	1.76	212.88	825	100%
599		Evergrande Royal View Garden Jingmen	0.85	155.81	543	100%
600		Evergrande Metropolis Jingzhou	1.81	170.06	1,064	100%
601		Evergrande Golden Metropolis Jingzhou	2.05	178.24	1,148	100%
602		Evergrande Emerald Court Jingzhou	0.71	55.13	1,279	51%
603		Evergrande Royal Scenic Valley Jinzhou	2.83	256.94	1,100	100%
604		Evergrande City Shiyan	18.98	1,478.53	1,284	100%
605		Evergrande Metropolis Suizhou	0.72	97.86	740	60%
606		Evergrande Golden Metropolis Suizhou	1.74	128.63	1,354	100%
607		Evergrande Yue Long Mansion Suizhou	2.89	198.83	1,456	100%
608		Evergrande Metropolis Xiangyang	1.43	169.85	843	100%
609		Evergrande Emerald Court Xiangyang	2.44	202.66	1,205	70%
610		Evergrande Royal Scenic Xiangyang	1.46	94.56	1,545	55%
611		Evergrande Royal Palace Xiangyang	11.21	395.53	2,833	100%
612		Evergrande Oasis Yichang	0.87	185.28	470	100%
613		Evergrande Royal View Garden Yichang	1.62	102.02	1,588	60%
614		Evergrande Scenic Garden Yichang	1.20	152.96	784	60%
615		Evergrande Metropolis Yichang	7.51	629.81	1,192	70%

Note 1: Representing the shareholding percentage which is held by immediate holding company over each project company.

MANAGEMENT DISCUSSION AND ANALYSIS

No.	Province/City	Name of Project	Land reserve original value (RMB100 million)	Land reserve area ('000 m ²)	Price of floor area (RMB/m ²)	Shareholding Percentage (Note 1)
616		Evergrande Forest Creek County Yichang	7.19	216.30	3,325	70%
617		Evergrande Metropolis Xianning	1.02	271.23	375	100%
618		Evergrande Metropolis Qianjiang	3.32	213.99	1,551	100%
619	Sichuan Province	Evergrande Yonghe Bay Dazhou	0.14	22.47	620	100%
620		Evergrande Royal Scenic Bay Luzhou	0.56	32.94	1,699	100%
621		Evergrande Palace Luzhou	5.23	278.33	1,877	100%
622		Evergrande Bay Luzhou	5.20	393.93	1,320	100%
623		Evergrande City Luzhou	7.53	443.18	1,700	100%
624		Evergrande Emerald Bay Luzhou	2.40	242.87	990	100%
625		Evergrande Top Mansion Meishan	4.40	167.69	2,624	100%
626		Evergrande Emerald Court Mianyang	5.28	97.44	5,420	Phase I: 52.64%; Phase II: 100%
627		Evergrande Emerald Bay Mianyang	6.40	212.96	3,007	100%
628		Evergrande City Nanchong	0.54	44.73	1,207	100%
629		Evergrande Yue Long Mansion Nanchong	4.36	384.54	1,135	100%
630		Evergrande Fengya Court Nanchong	2.03	208.05	977	100%
631		Evergrande Coronation Nanchong	2.05	105.58	1,938	100%
632		Evergrande Left Riverfront Nanchong	3.72	480.09	775	100%
633		Evergrande Royal Summit Nanchong	4.12	209.06	1,969	100%
634		Evergrande City Panzhihua	1.57	345.85	454	100%
635		Evergrande City Ziyang	0.93	109.66	849	100%
636		Evergrande Metropolis Ziyang	1.21	149.03	810	100%
637		Evergrande Oasis Zigong	0.96	168.83	570	100%
638		Evergrande Metropolis Zigong	0.65	97.94	664	100%
639		Evergrande Future City Zigong	4.45	353.17	1,260	100%
640		Evergrande Royal Lake Manor Xichong	1.92	307.32	624	100%
641		Evergrande Jincheng Neijiang	5.66	337.07	1,680	100%
642		Evergrande Metropolis Yibin	2.00	167.06	1,200	100%
643	Shandong Province	Evergrande Yellow River Ecological City Dongying	2.42	309.19	784	100%
644		Evergrande Palm Islands Dongying	3.57	225.58	1,584	100%
645		Evergrande Metropolis Jining	1.43	131.78	1,088	100%
646		Evergrande Splendor Laiwu	3.29	815.06	403	100%
647		Evergrande Metropolis Laiwu	5.51	310.39	1,775	100%
648		Evergrande Palace Linyi	0.83	257.58	323	100%
649		Evergrande Oasis Linyi	1.58	521.00	303	51%
650		Evergrande Emerald Court Linyi	2.08	208.08	1,000	60%
651		Evergrande Central Square Linyi	7.28	410.67	1,772	100%
652		Evergrande City Tai'an	0.26	50.09	515	100%
653		Evergrande Royal Seaview Garden Weihai	15.52	522.06	2,972	100%
654		Evergrande Royal Seaview Garden Weihai	3.33	217.89	1,529	100%
655		Evergrande Ocean Peninsula Weihai	3.43	469.51	730	100%

Note 1: Representing the shareholding percentage which is held by immediate holding company over each project company.

MANAGEMENT DISCUSSION AND ANALYSIS

No.	Province/City	Name of Project	Land reserve original value (RMB100 million)	Land reserve area ('000 m ²)	Price of floor area (RMB/m ²)	Shareholding Percentage (Note 1)
656		Laiyang Dingzi Bay Project	28.91	12,329.42	234	90%
657		Evergrande Royal View Garden Zibo	5.12	275.48	1,857	100%
658		Evergrande Emerald Court Zibo	2.08	216.80	961	55%
659		Evergrande ZhengCheng Family Project Zibo	10.22	550.26	1,858	60%
660		Evergrande Royal Summit Heze	1.12	126.48	886	100%
661	Shanxi Province	Evergrande Oasis Datong	0.49	115.52	420	100%
662		Evergrande Top Mansion Datong	13.21	371.87	3,552	100%
663		Evergrande Emerald Court Datong	8.40	185.00	4,541	100%
664		Evergrande Palace Jinzhong	7.82	354.89	2,203	100%
665		Evergrande Palace Linfen	0.22	27.02	830	100%
666		Evergrande Yue Long Mansion Linfen	4.04	337.64	1,198	55%
667		Evergrande Royal Scenic Lvliang	0.03	4.27	688	100%
668		Evergrande Royal Palace Lvliang	2.15	263.50	816	80%
669		Evergrande Royal View Garden Yangquan	3.68	462.78	795	Phase I: 64%; Phase II: 75%
670		Evergrande Oasis Yuncheng	0.46	81.20	561	100%
671		Evergrande Metropolis Yuncheng	0.87	231.60	376	100%
672		Evergrande Palace Xinzhou	5.42	326.10	1,662	51%
673	Shaanxi Province	Evergrande Royal Scenic Peninsula Ankang	4.38	514.74	851	100%
674		Evergrande Future City Ankang	4.44	429.87	1,032	100%
675		Evergrande Royal Scenic Bay Baoji	1.06	226.17	469	100%
676		Evergrande City Hanzhong	0.08	18.72	431	100%
677		Evergrande Royal View Garden Hanzhong	0.62	98.29	634	100%
678		Evergrande Royal Scenic Bay Hanzhong	1.54	322.10	480	100%
679		Evergrande Yue Long Bay Hanzhong	2.11	248.33	850	100%
680		Evergrande Jewelry Palace Weinan	1.97	364.62	540	100%
681		Evergrande City Yangling	0.42	104.31	407	100%
682		Evergrande Royal View Garden Xianyang	2.71	281.69	962	100%
683		Evergrande Royal Scenic Peninsula Hancheng	2.02	335.02	603	100%
684	Jiangxi Province	Evergrande Emerald Court Ganzhou	1.74	68.35	2,553	100%
685		Evergrande Metropolis Ganzhou	0.89	117.88	759	51%
686		Evergrande Royal Garden Ganzhou	2.31	75.78	3,051	100%
687		Evergrande Royal Palace Ganzhou	1.88	45.61	4,117	100%
688		Evergrande Top Mansion Ganzhou	2.39	152.12	1,571	100%
689		Evergrande Yue Long Mansion Ganzhou	7.82	298.24	2,623	100%
690		Evergrande Bay Ganzhou	11.69	323.46	3,613	100%
691		Evergrande Royal Scenic Ganzhou	4.75	274.92	1,727	51%
692		Evergrande City Ganzhou	12.21	369.30	3,306	69%
693		Evergrande Royal View Garden Ji'an	3.41	286.56	1,192	100%
694		Evergrande Royal Scenic Peninsula Ji'an	4.71	250.22	1,881	100%
695		Evergrande Royal Scenic Bay Jingdezhen	2.29	134.07	1,706	100%
696		Evergrande Royal Scenic Jiujiang	0.60	56.76	1,059	100%

Note 1: Representing the shareholding percentage which is held by immediate holding company over each project company.

MANAGEMENT DISCUSSION AND ANALYSIS

No.	Province/City	Name of Project	Land reserve original value (RMB100 million)	Land reserve area ('000 m ²)	Price of floor area (RMB/m ²)	Shareholding Percentage (Note 1)
697		Evergrande Bay Jiujiang	3.08	231.10	1,333	60%
698		Evergrande Royal Palace Pingxiang	2.37	214.38	1,105	100%
699		Evergrande Metropolis Shangrao	4.57	205.01	2,229	100%
700		Evergrande Atrium Xinyu	0.72	301.89	239	100%
701		Evergrande City Xinyu	0.13	27.69	459	100%
702		Evergrande Oasis Yichun	2.28	402.27	567	100%
703		Evergrande Royal Scenic Yichun	3.80	289.24	1,315	70%
704		Evergrande Oasis Yingtan	0.96	156.50	612	100%
705		Evergrande Royal Scenic Yingtan	0.38	69.24	549	100%
706	Anhui Province	Evergrande Oasis Anqing	1.74	209.73	831	100%
707		Evergrande Unique One Project Anqing	7.93	271.69	2,918	100%
708		Evergrande Emerald Court Bengbu	0.15	10.28	1,507	100%
709		Evergrande Left Bank Riverfront Bengbu	2.03	260.97	777	100%
710		Evergrande City Bozhou	0.83	134.54	618	100%
711		Evergrande Emerald Court Bozhou	1.19	141.89	837	100%
712		Evergrande Royal Scenic Bozhou	1.27	219.74	580	70%
713		Evergrande Royal View Garden Chuzhou	1.08	223.81	483	88%
714		Evergrande Oasis Fuyang	1.57	133.09	1,178	70%
715		Evergrande Royal Scenic Fuyang	2.98	183.40	1,626	60%
716		Evergrande Forest Creek County Fuyang	6.24	277.77	2,246	100%
717		Evergrande Metropolis Huaibei	0.08	24.00	322	100%
718		Evergrande Atrium Huaibei	0.37	41.24	897	100%
719		Evergrande Royal Scenic Bay Huaibei	0.90	138.81	650	100%
720		Evergrande Oasis Huainan	0.26	29.32	877	60%
721		Evergrande Left Riverside Huangshan	0.58	56.25	1,039	100%
722		Evergrande Top Mansion Huangshan	2.96	295.70	1,002	100%
723		Evergrande Royal Scenic Bay Liuan	2.78	317.55	876	100%
724		Evergrande Royal Lake Manor Liuan	4.03	351.48	1,148	63%
725		Evergrande Oasis Maanshan	0.60	66.51	906	100%
726		Evergrande Oasis Tongling	1.98	308.51	641	100%
727		Evergrande Royal Palace Wuhu	2.98	313.47	950	100%
728		Evergrande Royal Scenic Bay Suzhou	1.24	157.64	787	100%
729		Evergrande Metropolis Suzhou	1.56	249.02	626	65%
730		Evergrande Royal City Project Xuancheng	2.91	202.70	1,437	100%
731	Fujian Province	Evergrande Oasis Longyan	3.08	178.46	1,726	100%
732		Evergrande Future City Longyan	6.92	210.49	3,288	100%
733		Evergrande Royal Scenic Nanping	1.53	96.97	1,578	100%
734		Evergrande Scenic Garden Wuyishan	0.27	12.48	2,162	100%
735		Evergrande Royal Scenic Peninsula Ningde	0.86	34.36	2,516	100%
736		Evergrande Future City Fuding	5.20	468.12	1,110	100%
737		Evergrande Royal Scenic Peninsula Putian	13.01	284.87	4,567	100%
738		Evergrande Royal Palace Sanming	4.11	264.34	1,556	51%

Note 1: Representing the shareholding percentage which is held by immediate holding company over each project company.

MANAGEMENT DISCUSSION AND ANALYSIS

No.	Province/City	Name of Project	Land reserve original value (RMB100 million)	Land reserve area ('000 m ²)	Price of floor area (RMB/m ²)	Shareholding Percentage (Note 1)
739		Evergrande Royal Scenic Peninsula Zhangzhou	6.66	128.62	5,178	100%
740		Evergrande Royal View Garden Zhangzhou	13.65	167.59	8,142	100%
741		Evergrande Royal Scenic Peninsula Dongshan P.2.	4.47	324.76	1,376	100%
742		Evergrande Billow Bay Liancheng	1.17	132.76	883	100%
743		Evergrande Royal Scenic Bay Nan'an	8.96	251.30	3,566	100%
744		Evergrande Metropolis Shaowu	2.29	191.94	1,190	100%
745		Evergrande Forest Creek County Yongchun	5.07	221.33	2,291	100%
746		Evergrande Emerald Court Yongan	1.92	147.61	1,303	100%
747		Evergrande Creek Mansion Jianou	0.46	63.23	727	100%
748	Guangxi Zhuang Autonomous Region	Evergrande Royal Scenic Peninsula Beihai	6.96	358.15	1,945	100%
749		Evergrande Metropolis Beihai	0.73	97.33	746	100%
750		Evergrande Royal Seaview Garden Beihai	3.86	188.38	2,048	100%
751		Evergrande Atrium Beihai	1.55	155.29	1,000	100%
752		Evergrande Royal Scenic Bay Fangchenggang	0.42	59.67	697	100%
753		Evergrande City Fangchenggang	1.64	236.95	691	100%
754		Evergrande Royal Scenic Peninsula Fangchenggang	12.58	390.56	3,221	100%
755		Evergrande City Guigang	1.81	175.13	1,031	55%
756		Evergrande Plaza Guilin	2.05	105.72	1,943	51%
757		Evergrande Bay Guilin	0.74	43.52	1,700	100%
758		Evergrande City Guilin	3.61	397.05	909	100%
759		Evergrande Emerald Court Liuzhou	1.60	66.83	2,389	100%
760		Evergrande City Liuzhou	2.22	187.14	1,188	100%
761		Evergrande Palace Liuzhou	8.86	217.35	4,076	100%
762		Evergrande Palace Liuzhou	11.75	479.94	2,449	100%
763		Evergrande Atrium Liuzhou	4.89	563.05	869	100%
764		Evergrande Royal Scenic Bay Liuzhou	2.66	197.72	1,347	85%
765		Evergrande Jewelry Palace Liuzhou	17.02	193.31	8,806	100%
766		Evergrande Oasis Qinzhou	0.81	187.69	429	100%
767		Evergrande Royal Scenic Peninsula Qinzhou	0.76	259.94	291	55%
768		Evergrande Scholastic Mansion Qinzhou	1.46	180.53	810	100%
769		Evergrande Scenic Garden Wuzhou	0.82	78.73	1,046	60%
770		Evergrande Oasis Wuzhou	4.91	531.80	924	100%
771		Evergrande City Yulin	1.26	278.62	451	60%
772		Evergrande Royal Scenic Yulin	1.90	217.43	874	100%
773		Evergrande Yue Long Tai Yulin	4.48	359.64	1,245	99%
774	Guizhou Province	Evergrande City Kaili	3.29	567.78	580	100%
775		Evergrande City Zunyi	3.03	662.48	458	100%
776		Evergrande Emerald Court Zunyi	1.85	408.26	453	70%

Note 1: Representing the shareholding percentage which is held by immediate holding company over each project company.

MANAGEMENT DISCUSSION AND ANALYSIS

No.	Province/City	Name of Project	Land reserve original value (RMB100 million)	Land reserve area ('000 m ²)	Price of floor area (RMB/m ²)	Shareholding Percentage (Note 1)
777		Evergrande Left Riverfront Xingyi	5.45	571.50	953	100%
778		Evergrande Yuelan Mountain Xingyi	9.05	1,064.81	850	100%
779		Dujung Mountain City Shantytown Project	1.34	132.10	1,015	70%
780	Jilin Province	Evergrande Palace Jilin	0.63	87.91	712	100%
781		Evergrande Left Riverside Jilin	1.74	82.54	2,106	100%
782		Evergrande Wooden project Jilin	3.55	362.00	982	100%
783		Evergrand Capital Palace Siping	2.18	235.20	925	100%
784		Evergrande Royal Scenic Bay Songyuan	1.43	189.81	753	100%
785	Liaoning Province	Evergrande Oasis Benxi	0.22	46.17	467	100%
786		Evergrande Oasis Anshan	4.99	1,078.79	463	53%
787		Evergrande Metropolis Anshan	2.46	425.99	577	100%
788		Evergrande Palace Fushun	1.59	274.58	579	100%
789		Evergrande Plaza Fushun	0.86	554.35	154	100%
790		Evergrande Royal Scenic Bay Huludao	1.71	298.83	573	100%
791		Evergrande Oasis Liaoyang	1.14	422.12	270	100%
792		Evergrande Palace Panjin	4.79	603.75	793	100%
793		Evergrande Riverside Panjin	6.28	885.36	709	100%
794		Evergrande Oasis Yingkou	2.03	442.97	457	100%
795		Evergrande City Yingkou	1.13	265.76	426	100%
796		Evergrande Bay Yingkou	4.97	1,241.48	400	100%
797		Evergrande Royal Sea Yingkou	16.52	1,931.04	856	100%
798		Evergrande Creek Mansion Tieling	2.33	246.25	946	100%
799	Heilongjiang Province	Evergrande Royal Lakeside Manor Daqing	4.90	296.70	1,652	100%
800		Evergrande Oasis Mudanjiang	0.78	185.99	420	58%
801		Evergrande Emerald Court Tsitsihar	1.51	121.44	1,248	100%
802		Evergrande Metropolis Tsitsihar	0.43	39.29	1,103	100%
803		Evergrande Royal Scenic Tsitsihar	0.23	17.15	1,355	100%
804	Hainan Province	Evergrande Qizi Bay Changjiang	0.91	88.82	1,026	100%
805		Evergrande Splendor Danzhou	0.43	84.09	509	100%
806		Hainan Ocean Flower Island	64.02	10,265.71	624	100%
807	Gansu Province	Evergrande Oasis Wuwei	0.88	127.53	689	100%
808		Evergrande Shandan Road Project Zhangye	0.57	138.71	413	100%
809	Yunnan Province	Evergrande Metropolis Qujing	0.20	30.79	665	100%
810		Evergrande Oasis Qujing	1.74	395.59	439	100%
811	Inner Mongolia Autonomous Region	Evergrande Palace Baotou	3.27	249.33	1,310	100%
812		Evergrande Metropolis Baotou	1.19	138.05	858	100%
813		Evergrande Emerald Court Baotou	2.21	147.09	1,505	55%
814		Evergrande City Tongliao	2.51	293.11	857	51%
815		Evergrande Top Mansion Tongliao	0.08	212.86	36	70%

Note 1: Representing the shareholding percentage which is held by immediate holding company over each project company.

MANAGEMENT DISCUSSION AND ANALYSIS

No.	Province/City	Name of Project	Land reserve original value (RMB100 million)	Land reserve area ('000 m ²)	Price of floor area (RMB/m ²)	Shareholding Percentage (Note 1)
816		Evergrande Oasis Wuhai	0.17	50.32	346	100%
817		Evergrande Oasis Ulanhot	1.10	522.40	210	100%
818		Evergrande Metropolis Ulanchabu	1.12	126.72	885	100%
819	Ningxia Hui Autonomous Region	Evergrande Oasis Shizuishan	0.93	447.67	209	100%
820	Tibet Autonomous Region	Aiding Tibet Project Linzhi	0.66	71.27	932	100%
821	Xinjiang Uygur Autonomous Region	Evergrande Atrium Yining	0.07	36.22	183	100%
822		Evergrande Oasis Yining	0.32	148.22	214	100%
Total			5,129.78	304,889.00	1,683	

Note 1: Representing the shareholding percentage which is held by immediate holding company over each project company.

Contracted Sales

During the Reporting Period, the Group's accumulated contracted sales increased by 24.6% year on year to RMB304.18 billion, and completed 55.3% of the annual contracted sales target of RMB550 billion; contracted sales GFA of 29,059,000 square meters, up 17.4% year on year; contracted ASP of RMB10,468 per square meter, with a year-on-year increase of 6.1%. In the first half of 2018, the Group launched 79 new projects for sale, and had a total of 735 projects for sale, covering 30 provinces, autonomous regions and municipalities in China.

The following table sets out the geographical distribution of contracted sales amount of the Group in the first half of 2018.

No.	Province	Contracted sales amount (RMB million)	Percentage
1	Guangdong Province	31,087	10.22%
2	Sichuan Province	21,083	6.93%
3	Jiangsu Province	19,342	6.36%
4	Henan Province	18,886	6.21%
5	Shandong Province	18,708	6.15%
6	Chongqing	16,979	5.58%
7	Zhejiang Province	16,579	5.45%
8	Hunan Province	14,666	4.82%
9	Anhui Province	14,594	4.80%
10	Guizhou Province	14,355	4.72%
11	Jiangxi Province	12,216	4.02%
12	Hubei Province	11,887	3.91%
13	Guangxi Zhuang Autonomous Region	11,183	3.68%
14	Hainan Province	10,248	3.37%
15	Liaoning Province	8,918	2.93%
16	Shanxi Province	7,762	2.55%
17	Shaanxi Province	7,228	2.38%
18	Hebei Province	6,892	2.27%
19	Heilongjiang Province	6,572	2.16%
20	Fujian Province	6,508	2.14%
21	Inner Mongolia Autonomous Region	5,782	1.90%
22	Yunnan Province	4,839	1.59%
23	Shanghai	4,118	1.35%
24	Gansu Province	3,790	1.25%
25	Jilin Province	3,265	1.07%
26	Tianjin	2,151	0.71%
27	Beijing	2,085	0.69%
28	Xinjiang Uygur Autonomous Region	1,840	0.60%
29	Ningxia Hui Autonomous Region	464	0.15%
30	Qinghai Province	151	0.05%
Total		304,178	100.00%

As at the end of July 2018, the accumulated contracted sales amount of the Group was RMB344.84 billion; the contracted sales area was 32.819 million square meters.

MANAGEMENT DISCUSSION AND ANALYSIS

Property Development

During the Reporting Period, the new construction start GFA of the Group was 31.47 million square meters. As at 30 June 2018, the area under construction of the Group was 125 million square meters, representing a year-on-year growth of 33%, and the number of projects under construction was 672.

During the Reporting Period, the Group achieved partial or complete completion of a total of 426 projects, with a total completed GFA of 38.21 million square meters, representing a year-on-year growth of 36.3%.

The following table sets out the distribution of completed areas in each province.

Province	Completed areas in the first half of 2018 ('000 m ²)	Percentage
Guangdong Province	4,508.73	11.8%
Sichuan Province	3,356.39	8.8%
Henan Province	2,779.76	7.3%
Shandong Province	2,774.07	7.3%
Anhui Province	2,217.43	5.8%
Hubei Province	2,172.28	5.7%
Jiangsu Province	2,121.64	5.6%
Hainan Province	1,995.09	5.2%
Jiangxi Province	1,899.31	5.0%
Chongqing	1,806.49	4.7%
Guangxi Zhuang Autonomous Region	1,595.30	4.2%
Hunan Province	1,580.96	4.1%
Zhejiang Province	1,299.57	3.4%
Liaoning Province	1,160.97	3.0%
Fujian Province	967.12	2.5%
Shaanxi Province	838.33	2.2%
Guizhou Province	747.97	2.0%
Heilongjiang Province	736.69	1.9%
Yunnan Province	569.62	1.5%
Inner Mongolia Autonomous Region	500.75	1.3%
Shanghai	475.46	1.2%
Jilin Province	441.23	1.2%
Gansu Province	326.83	0.9%
Beijing	287.27	0.8%
Hebei Province	273.97	0.7%
Tianjin	233.41	0.6%
Shanxi Province	175.00	0.5%
Xinjiang Uygur Autonomous Region	167.93	0.4%
Ningxia Hui Autonomous Region	166.25	0.4%
Qinghai Province	29.66	0.1%
Total	38,205.48	100.0%

During the Reporting Period, the Group achieved total delivery of 569 projects, with a delivery amount of RMB294.76 billion, up 60.8% year-on-year.

Corporate Social Responsibility

The Group, while maintaining focus on its steady and rapid growth, continued to commit itself to charity and public welfare work relating to people's livelihood, poverty, education, environmental protection, sports and others and fulfilled corporate social responsibility and made contributions to the harmony and progression of society.

With respect to People's livelihood, the Group adhered to its philosophy of properties for the People and provided high quality and affordable homes to the public. In addition to keeping in place the measure of "return with no reason required" to protect home-buyers' interests, as a real estate company that always delivers fully fitted properties, the Group had established strategic alliances with 7,362 domestic and overseas upstream and downstream companies, and held the 2018 Strategic Cooperation — Management Summit in March this year to foster the strategic cooperation between leading upstream and downstream companies, integrate strong industry chains and support the healthy development of the real estate market.

With regard to poverty alleviation, the Group has initiated its poverty alleviation plan for 畢節市大方縣 (Dafang County, Bijie City) since December 2015 under the support and encouragement of the CPPCC National Committee. In May 2017, the scope of the alleviation plan extended to 10 counties and districts in Bijie City, and a poverty alleviation team of 2,108 persons was stationed in counties and villages to grasp the key link of targeted poverty alleviation — industrial poverty alleviation, relocating poverty alleviation, and vocational poverty alleviation, planning to ensure that more than 1 million people in poverty in Bijie City are lifted out of poverty by 2020. Up to now, the Group has donated RMB6 billion to the poverty alleviation fund, of which RMB3 billion to Dafang County has been fully put in place. The fund has assisted the party committees and governments at Bijie City to help 306,700 people get rid of poverty. In addition, the Group also donated RMB500 million to the "2018 Guangdong Poverty Alleviation Day" to help Lianping County and Heping County of Heyuan City, Guangdong.

Regarding education, the Group donated RMB20 million to 西北農林科技大學教育發展基金會 (the Education and Development Foundation of Northwest Agriculture & Forestry University) in January 2018; RMB110 million to 河南省扶貧基金會 (Henan Foundation for Poverty Alleviation) and RMB10 million to 中國科學院大學 (the University of Chinese Academy of Sciences) in April 2018; RMB100 million to 廣東省中山大學教育發展基金會 (Sun Yat-Sen University Education Development Foundation (Guangdong)) and RMB100 million to 陝西省慈善協會 (Shaanxi Charity Association) in May 2018. The Group also continued to deepen its cooperation with top institutions around the world such as Harvard University and Tsinghua University to encourage the research, application and promotion of green architecture.



MANAGEMENT DISCUSSION AND ANALYSIS

Awards

During the Reporting Period, the Group won multiple awards. It ranked among the Fortune Global 500 for the third consecutive year, ranking 230th, and ranked 22nd in the China Top 500. The Group ranked first in the industry in the Top 500 China Real Estate Developers, the Top 100 China Real Estate Developers, and the Comprehensive Strength of China Listed Real Estate Companies, etc. It was awarded the China Real Estate Poverty Alleviation Benchmarking Developers, the People's Corporate Social Responsibility Award, and Gold Cup in the Guangdong Poverty Alleviation Red Cotton Cup, etc.

Human Resources

As at 30 June 2018, the Group had a total of 129,534 employees, of which approximately 90% were graduates with bachelor's degree or above in property development or construction, forming a team of young, highly educated and high-quality personnel. In the first half of 2018, the Group recruited 4,671 fresh graduates through open recruitment, including 344 fresh graduates from top 10 colleges and universities such as Beijing University and Tsinghua University.

The Group firmly believes that talent is the most important corporate resource and always adheres to a people-oriented human resources development strategy, creating a sound working environment featuring harmonious development and positive interaction between the Group and its staff. As of 30 June 2018, total staff costs (including directors' emoluments) of the Group were approximately RMB11.43 billion (the corresponding period of 2017: approximately RMB7.41 billion).

Share Option Scheme

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

The number of Shares in respect of the options that may be granted according to the Share Option Scheme shall not exceed 10% of the total number of issued Shares of the Company immediately after completion of the Global Offering (as defined in the prospectus) of the Company. Such scheme mandate limit was refreshed on 3 October 2017, and on 8 June 2018, the shareholders of the Company again resolved to refresh the scheme mandate limit of the Share Option Scheme to 1,317,838,890 Shares, representing 10% of the total number of shares of the Company in issue on the date of the passing of the resolution to refresh such mandate limit.

Unless otherwise approved by the shareholders of the Company in a general meeting, the number of Shares that may be granted to each of the Participants under the options shall not exceed 1% within any 12-month period (other than those granted to the substantial shareholders, as defined in the Listing Rules), or the total number of shares that may be granted under the options to the independent non-executive Directors or any of their respective connected persons shall not exceed 0.1% of the shares in issue of the Company from time to time.

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

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

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

The Share Option Scheme has taken effect and will remain effective within a period of 10 years from the date of adoption. Other details of the Share Option Scheme are set out in appendix VIII — Statutory and General Information of the prospectus published by the Company on 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, representing approximately 4.75% of the number of Shares in issue as at the date of grant. On 9 October 2014, the Company granted in aggregate 530,000,000 options to 8 Directors and 93 employees to subscribe for 530,000,000 Shares, representing approximately 3.63% of the number of Shares in issue as at the date of grant. The Company refreshed the scheme mandate limit at the extraordinary general meeting held on 3 October 2017 and on 6 October 2017, the Company granted in aggregate 743,570,000 options to 5 Directors and 7,989 employees to subscribe for 743,570,000 Shares, representing approximately 5.7% of the total number of Shares of the Company in issue as at the date of grant.

CORPORATE GOVERNANCE AND OTHER INFORMATION

The details of movement in the options granted under the Share Option Scheme for the six months ended 30 June 2018 are as follows:

Grantees	Date of grant	Exercise price (HK\$)	Exercise period	Number of share options				
				Outstanding as at 1 January 2018	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding as at 30 June 2018
Xia Haijun	9 October 2014	3.05	Note 2	89,386,000	N/A	N/A	N/A	89,386,000
	6 October 2017	30.20	Note 3	600,000	N/A	N/A	N/A	600,000
He Miaoling	9 October 2014	3.05	Note 2	6,000,000	N/A	N/A	N/A	6,000,000
	6 October 2017	30.20	Note 3	600,000	N/A	N/A	N/A	600,000
Shi Junping	9 October 2014	3.05	Note 2	3,600,000	N/A	N/A	N/A	3,600,000
	6 October 2017	30.20	Note 3	500,000	N/A	N/A	N/A	500,000
Huang Xiangui	9 October 2014	3.05	Note 2	3,000,000	N/A	N/A	N/A	3,000,000
	6 October 2017	30.20	Note 3	300,000	N/A	N/A	N/A	300,000
Pan Darong	6 October 2017	30.20	Note 2	3,000,000	N/A	N/A	N/A	3,000,000
Chau Shing Yim, David	9 October 2014	3.05	Note 2	1,000,000	N/A	600,000	N/A	400,000
He Qi	9 October 2014	3.05	Note 2	400,000	N/A	N/A	N/A	400,000
Xie Hongxi	9 October 2014	3.05	Note 2	600,000	N/A	N/A	N/A	600,000
Other employees of the Group (in aggregate)	18 May 2010	2.04	Note 1	3,726,000	N/A	1,010,000	N/A	2,716,000
	9 October 2014	3.05	Note 2	257,780,000	N/A	5,969,000	N/A	144,825,000
	6 October 2017	30.20	Note 3	725,230,000	N/A	N/A	56,250,000	663,980,000

Notes:

1. The options granted on 18 May 2010 with respect to a Participant will be exercisable in 5 tranches in the following manners:
 - (i) the first tranche of 20% of the Shares that are the subject of the options granted (rounded down to the nearest whole number) will be exercisable at any time during the period from 18 May 2011 to 17 May 2016;
 - (ii) the second tranche of 20% of the Shares that are the subject of the options granted (rounded down to the nearest whole number) will be exercisable at any time during the period from 18 May 2012 to 17 May 2017;
 - (iii) the third tranche of 20% of the Shares that are the subject of the options granted (rounded down to the nearest whole number) will be exercisable at any time during the period from 18 May 2013 to 17 May 2018;
 - (iv) the fourth tranche of 20% of the Shares that are the subject of the options granted (rounded down to the nearest whole number) will be exercisable at any time during the period from 18 May 2014 to 17 May 2019; and
 - (v) the fifth tranche of remaining Shares that are subject of the options granted will be exercisable at any time during the period from 18 May 2015 to 17 May 2020.

2. The options granted on 9 October 2014 with respect to a Participant will be exercisable in 5 tranches in the following manners:
 - (i) the first tranche of 20% of the Shares that are the subject to the Option granted (rounded down to the nearest whole number) will be exercisable at any time during the period commencing from 9 October 2015 and ending on 8 October 2020;
 - (ii) the second tranche of 20% of the Shares that are the subject to the Options granted (rounded down to the nearest whole number) will be exercisable at any time during the period commencing from 9 October 2016 and ending on 8 October 2021;
 - (iii) the third tranche of 20% of the Shares that are the subject to the Options granted (rounded down to the nearest whole number) will be exercisable at any time during the period commencing from 9 October 2017 and ending on 8 October 2022;
 - (iv) the fourth tranche of 20% of the Shares that are the subject to the Options granted (rounded down to the nearest whole number) will be exercisable at any time during the period commencing from 9 October 2018 and ending on 8 October 2023; and
 - (v) the fifth tranche comprising the remaining number of Shares that are subject to the Option granted will be exercisable at any time during the period commencing from 9 October 2019 and ending on the expiry date of the Option Period.

3. On 6 October 2017, an aggregate of 743,570,000 options were granted to 5 Directors and 7,989 employees. The exercise price of the options is HK\$30.20 and the closing price of the Shares on 4 October 2017, the date immediately before the date on which the options were granted, was HK\$30.75. The options will be exercisable in 5 tranches in the following manners:
 - (i) the first tranche of 20% of the Shares that are the subject of the Options granted will be exercisable at any time during the period commencing from 6 October 2018 to 5 October 2023;
 - (ii) the second tranche of 20% of the Shares that are the subject of the Options granted will be exercisable at any time during the period commencing from 6 October 2019 to 5 October 2024;
 - (iii) the third tranche of 20% of the Shares that are the subject of the Options granted will be exercisable at any time during the period commencing from 6 October 2020 to 5 October 2025;
 - (iv) the fourth tranche of 20% of the Shares that are the subject of the Options granted will be exercisable at any time during the period commencing from 6 October 2021 to 5 October 2026; and
 - (v) the fifth tranche of 20% of the Shares that are the subject of the Options granted will be exercisable at any time during the period commencing from 6 October 2022 to 5 October 2027.

4. The expiry date of the Share Option Scheme is 13 October 2019, being the date of not more than 10 years pursuant to Rule 17.03(11) of the Listing Rules.

Debenture

For the six months ended 30 June 2018, neither the Company nor its holding company or its subsidiaries was a party to any arrangements to enable the Directors to acquire benefits by means of acquisition of the shares or debentures of the Company or any other body corporate.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Interest and Short Positions of Directors in Shares, Underlying Shares or Debentures

As at 30 June 2018, the interest and short positions of the Directors and chief executives of the Company in the Shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) which were required pursuant to Section 352 of the SFO to be entered in the register referred to therein or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code are as follows:

(i) Interest in the Shares of the Company

Name of Director	Nature of interest	Number of Shares	Approximate percentage of shareholding
Hui Ka Yan (Note 1)	Interest of controlled corporation	10,162,119,735 (L)	77.17%
Chau Shing Yim, David	Beneficial owner	600,000 (L)	0.00%
He Qi	Beneficial owner	200,000 (L)	0.00%

Note:

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

(ii) Interest in the underlying shares of the Company

Name of Director	Nature of interest	Number of Shares outstanding 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
Xia Haijun	Beneficial owner	89,986,000	0.68%
He Miaoling	Beneficial owner	6,600,000	0.05%
Shi Junping	Beneficial owner	4,100,000	0.03%
Huang Xiangui	Beneficial owner	3,300,000	0.03%
Pan Darong	Beneficial owner	3,000,000	0.02%
Chau Shing Yim, David	Beneficial owner	400,000	0.00%
He Qi	Beneficial owner	400,000	0.00%
Xie Hongxi	Beneficial owner	600,000	0.00%

(iii) Interest in associated corporations of the Company

Name of Director	Nature of associated corporation	Number of securities	Approximate percentage of shareholding
Hui Ka Yan	Xin Xin (BVI) Limited	100 shares	100%
	Even Honour Holdings Limited (Note)	1 share	100%
Huang Xiangui	Evergrande Health Industry Group Ltd.	800,000 shares	0.01%
Shi Junping	Evergrande Health Industry Group Ltd.	2,550,000 shares	0.03%

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

(iv) Interest in debentures of the Company

Name of Director	Currency of debentures	Amount of debenture held	Amount of debentures in same class in issue
Xia Haijun	US\$	50,000,000	2,300,000,000

Save as disclosed above, as at 30 June 2018, none of the Directors, executives of the Company or their respective associates had any other interests or short positions in any Shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required pursuant to Section 352 of the SFO to be entered in the register referred to therein or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders' Interests and Short Positions

As far as the Directors or executives of the Company are aware, as at 30 June 2018, other than the Directors or chief executives of the Company as disclosed above, the following persons had interest or short positions in the Shares or underlying shares which were required to be notified to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or were required pursuant to Section 336 of the SFO to be entered in the register to be kept therein or to be notified to the Company and the Stock Exchange:

Name of shareholder	Nature of interest held	Interest in the shares	Approximate percentage of shareholding
Mrs. Hui	Interest of controlled corporation	10,162,119,735	77.17%
Xin Xin (BVI) Limited	Beneficial owner	9,370,871,497	71.16%
Even Honour Holdings Limited	Beneficial owner	791,248,238	6.01%
Yaohua Limited	Interest of controlled corporation	791,248,238	6.01%

CORPORATE GOVERNANCE AND OTHER INFORMATION

Notes:

1. Of the 10,162,119,735 Shares held, 791,248,238 Shares were held by a company wholly owned by Mrs. Hui, and 9,370,871,497 Shares were held by Xin Xin (BVI) Limited, a company wholly owned by Mr. Hui Ka Yan, the spouse of Mrs. Hui. 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 Mr. Hui Ka Yan.
3. Even Honour Holdings Limited is wholly owned by Yaohua Limited, and Yaohua Limited is wholly owned by Mrs. Hui.

Material Acquisitions and Disposals

The Group did not have any material acquisition or disposal during the six months ended 30 June 2018.

Interim Dividend

The Board has resolved not to pay an interim dividend for the six months ended 30 June 2018 (six months ended 30 June 2017: nil).

Purchase, Sale or Redemption of the Company's Listed Securities

On 14 February 2018, the Company issued 4.25% secured guaranteed convertible bonds due 2023 in an aggregate principal amount of HK\$18.00 billion (the "Bonds"). The Bonds may be converted into shares of the Company at the initial conversion price of HK\$38.99 per share and assuming full conversion of the Bonds at the initial conversion price, the Bonds will be convertible into 461,656,835 shares. The Bonds are listed and traded on the Singapore Stock Exchange.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2018.

Model Code for Securities Transactions Conducted by the Directors

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

Corporate Governance

The Company has been in compliance with all code provisions of the Corporate Governance Code contained in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2018 save for the following deviations:

In respect of code provision E.1.2, the chairman of the Board, Professor Hui Ka Yan, has not attended the annual general meeting of the Company held on 8 June 2018 due to his other business commitment, Mr. Huang Xiangui, an executive Director, was appointed chairman for the meeting.

Subsequent Events

Repurchases of shares

Between 3 July 2018 and 27 July 2018, the Company repurchased on the market an aggregate of 160,528,000 shares for a total consideration of HK\$3,361,296,720. Such repurchased shares were subsequently cancelled on 13 August 2018.

Proposed dividend payment for the two financial years of 2016 and 2017

On 20 August 2018, the Board resolved to declare a dividend of RMB1.130 (HK\$1.287) per share of the Company for the two financial years ended 31 December 2016 and 2017. The proposed dividend payment is subject to the approval by the shareholders of the Company. At the extraordinary general meeting held on 19 September 2018, the shareholders have approved the proposed dividend payment. The dividend is expected to be paid on 19 October 2018 to the shareholders whose names appear on the register of members of the Company on 5 October 2018.

Review of Interim Report by Audit Committee

The unaudited condensed consolidated financial information of the Group for the six months ended 30 June 2018 has been reviewed by PricewaterhouseCoopers in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. The Audit Committee comprises three members who are all independent non-executive Directors, namely, Mr. Chau Shing Yim, David, Mr. He Qi and Ms. Xie Hongxi. Mr. Chau Shing Yim, David, who has appropriate professional qualifications and experience in accounting matters, is the chairman of the Audit Committee. The Audit Committee of the Board has reviewed the Group’s interim results for the six months ended 30 June 2018, and discussed with the Company’s management regarding review, internal control and other relevant matters.

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	30 June 2018 (Unaudited) RMB million	31 December 2017 (Audited) RMB million
ASSETS			
Non-current assets			
Property, plant and equipment	8	35,816	32,898
Land use rights	8	8,083	7,935
Investment properties	8	158,582	151,950
Goodwill	8	1,595	1,402
Intangible assets	8	275	253
Trade and other receivables	11	1,801	4,352
Prepayments	12	1,506	1,202
Investments accounted for using the equity method	13	45,336	30,376
Financial assets at fair value through other comprehensive income	14	2,056	—
Available-for-sale financial assets	4	—	4,565
Deferred income tax assets		3,583	3,872
		258,633	238,805
Current assets			
Inventories		—	126
Available-for-sale financial assets	4	—	1,520
Properties under development	9	830,414	851,363
Completed properties held for sale	10	127,643	102,158
Trade and other receivables	11	130,072	120,782
Contract costs		1,994	—
Prepayments	12	151,384	146,923
Income tax recoverable		9,862	9,203
Financial assets at fair value through profit or loss	15	1,942	3,150
Restricted cash	16	101,390	135,714
Cash and cash equivalents	17	156,554	152,008
		1,511,255	1,522,947
Total assets		1,769,888	1,761,752

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	30 June 2018 (Unaudited) RMB million	31 December 2017 (Audited) RMB million
EQUITY			
Equity attributable to shareholders of the Company			
Share capital and premium	18	1,312	1,270
Other reserves	19	58,087	57,292
Retained earnings		86,368	56,210
		145,767	114,772
Non-controlling interests		178,759	127,436
Total equity		324,526	242,208
LIABILITIES			
Non-current liabilities			
Borrowings	20	372,678	376,244
Derivative financial liabilities	21	5,090	2,840
Other payables	22	1,025	4,049
Deferred income tax liabilities		47,972	51,556
		426,765	434,689
Current liabilities			
Borrowings	20	298,451	356,381
Trade and other payables	22	454,410	399,459
Contract liabilities		176,531	—
Receipt in advance from customers		—	267,555
Current income tax liabilities		89,205	61,460
		1,018,597	1,084,855
Total liabilities		1,445,362	1,519,544
Total equity and liabilities		1,769,888	1,761,752

The above condensed consolidated balance sheet should be read in conjunction with the accompanying notes.

Director

Director

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Six months ended 30 June	
		2018 (Unaudited) RMB million	2017 (Unaudited) RMB million
Revenue	7	300,348	187,981
Cost of sales	25	(191,489)	(120,677)
Gross profit		108,859	67,304
Fair value gains on investment properties	8	1,347	6,001
Other income	23	4,395	2,520
Other gains/(losses), net	24	2,471	(7,023)
Selling and marketing costs	25	(9,334)	(7,824)
Administrative expenses	25	(6,593)	(5,430)
Other operating expenses	25	(3,562)	(2,051)
Operating profit		97,583	53,497
Share of profits of investments accounted for using the equity method	13	1,051	263
Fair value losses on financial assets at fair value through profit or loss	15	(428)	(266)
Fair value gains on derivative financial liabilities	20(c)	1,203	—
Finance costs, net	26	(6,219)	(5,151)
Profit before income tax		93,190	48,343
Income tax expenses	27	(40,164)	(25,216)
Profit for the period		53,026	23,127
Other comprehensive income <i>(Item that may be reclassified to profit or loss)</i>			
Changes in fair value of available-for-sale financial assets, net of tax		—	2,435
Share of other comprehensive income of investments accounted for using the equity method		78	2,017
Currency translation differences		184	(241)
<i>(Item that may not be reclassified to profit or loss)</i>			
Changes in fair value of financial assets at fair value through other comprehensive income, net of tax		(354)	—
Other comprehensive (losses)/income for the period, net of tax		(92)	4,211
Total comprehensive income for the period		52,934	27,338

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Six months ended 30 June	
		2018 (Unaudited) RMB million	2017 (Unaudited) RMB million
Profit attributable to:			
Shareholders of the Company		30,805	18,834
Non-controlling interests		22,221	4,293
		53,026	23,127
Total comprehensive income attributable to:			
Shareholders of the Company		30,777	22,028
Non-controlling interests		22,157	5,310
		52,934	27,338
Earnings per share for profit attributable to shareholders of the Company for the period (expressed in RMB per share)			
— Basic earnings per share	28	2.338	1.400
— Diluted earnings per share	28	2.202	1.374

The above condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to shareholders of the Company					Non-controlling interests RMB million	Total equity RMB million
	Share capital RMB million	Share premium RMB million	Reserves RMB million	Retained earnings RMB million	Sub-total RMB million		
Unaudited:							
Balance as at 31 December 2017	928	342	57,292	56,210	114,772	127,436	242,208
Change in accounting policy (note (4)(b))	—	—	82	(616)	(534)	(229)	(763)
Restated balance as at 1 January 2018	928	342	57,374	55,594	114,238	127,207	241,445
Comprehensive income							
Profit for the period	—	—	—	30,805	30,805	22,221	53,026
Other comprehensive losses							
Change in fair value of financial assets at fair value through other comprehensive income, net of tax	—	—	(222)	—	(222)	(132)	(354)
Share of other comprehensive income of investments accounted for using the equity method	—	—	78	—	78	—	78
Currency translation differences	—	—	116	—	116	68	184
Total comprehensive income	—	—	(28)	30,805	30,777	22,157	52,934
Transactions with owners:							
Transfer to statutory reserves	—	—	31	(31)	—	—	—
Issuance of ordinary shares pursuant to share option scheme	1	41	(9)	—	33	—	33
Employee share option schemes	—	—	1,047	—	1,047	294	1,341
Capital injection from non-controlling interests (note 33(i))	—	—	—	—	—	29,074	29,074
Changes in ownership interest in subsidiaries without change of control (note 33(iii))	—	—	(328)	—	(328)	(700)	(1,028)
Acquisition of subsidiaries (note 33(ii))	—	—	—	—	—	1,035	1,035
Non-controlling interests arising on business combination (note 33)	—	—	—	—	—	10	10
Disposal of subsidiaries (note 33)	—	—	—	—	—	(318)	(318)
Total transactions with owners	1	41	741	(31)	752	29,395	30,147
Balance as at 30 June 2018	929	383	58,087	86,368	145,767	178,759	324,526

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to shareholders of the Company					Non-controlling interests			Total equity RMB million
	Share capital RMB million	Share premium RMB million	Reserves RMB million	Retained earnings RMB million	Sub-total RMB million	Perpetual capital instruments RMB million	Others RMB million	Sub-total RMB million	
Unaudited:									
Balance as at 1 January 2017	964	42	4,739	38,495	44,240	112,944	35,348	148,292	192,532
Comprehensive income									
Profit for the period	—	—	—	18,834	18,834	723	3,570	4,293	23,127
Other comprehensive income									
Change in fair value of available-for-sale financial assets, net of tax	—	—	1,379	—	1,379	—	1,056	1,056	2,435
Share of other comprehensive income of investments accounted for using the equity method	—	—	2,017	—	2,017	—	—	—	2,017
Currency translation differences	—	—	(202)	—	(202)	—	(39)	(39)	(241)
Total comprehensive income	—	—	3,194	18,834	22,028	723	4,587	5,310	27,338
Transactions with owners:									
Transfer to statutory reserves	—	—	1,208	(1,208)	—	—	—	—	—
Issuance of ordinary shares pursuant to share option scheme	9	386	(87)	—	308	—	—	—	308
Issuance of ordinary shares pursuant to the Bonus Warrants	—	—	1	—	1	—	1	1	2
Employee share option schemes	—	—	28	—	28	—	—	—	28
Repurchase and cancellation of ordinary shares (note 18))	(50)	(323)	50	(5,254)	(5,577)	—	—	—	(5,577)
Dividends	—	—	—	—	—	—	(136)	(136)	(136)
Decrease of perpetual capital instruments	—	—	—	—	—	(113,667)	—	(113,667)	(113,667)
Changes in ownership interest in subsidiaries without change of control (note 33(iii))	—	—	40,031	—	40,031	—	26,529	26,529	66,560
Acquisition of subsidiaries (note 33(ii))	—	—	—	—	—	—	202	202	202
Non-controlling interests arising on business combination (note 33)	—	—	—	—	—	—	591	591	591
Disposal of subsidiaries (note 33)	—	—	—	—	—	—	(10)	(10)	(10)
Total transactions with owners	(41)	63	41,231	(6,462)	34,791	(113,667)	27,177	(86,490)	(51,699)
Balance as at 30 June 2017	923	105	49,164	50,867	101,059	—	67,112	67,112	168,171

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2018 (Unaudited) RMB million	2017 (Unaudited) RMB million
Cash flows of operating activities		
Net cash generate from/(used in) operations	62,374	(42,009)
Tax paid	(16,424)	(12,002)
Interest paid	(27,637)	(25,849)
Net cash generated from/(used in) operating activities	18,313	(79,860)
Cash flows of investing activities		
Acquisition of subsidiaries, net of cash acquired	(6,825)	(21,626)
Purchases of property, plant and equipment, investment properties, land use rights and intangible assets	(8,367)	(9,594)
Proceeds from disposal of property, plant and equipment and investment properties	1,386	830
Investments in associates	—	(223)
Proceeds from disposal of joint ventures and associates	26	—
Investments in joint ventures	(10,516)	—
Net proceeds from disposal of subsidiaries	1,564	—
Purchase of financial assets at fair value through other comprehensive income	(24,981)	—
Purchase of available-for-sale financial assets	—	(2,002)
Proceeds from disposal of financial assets at fair value through other comprehensive income	27,259	—
Proceeds from disposal of available-for-sale financial assets	—	29,184
Dividend received	—	14
Purchase of financial assets at fair value through profit or loss	(14)	—
Proceeds from disposal of financial assets at fair value through profit or loss	1,073	26
Cash advances to joint ventures	(11,411)	(1,251)
Repayments from joint ventures	3,035	1,112
Cash advances to associates	—	(2)
Repayments from associates	20	386
Cash advances to non-controlling interests	(755)	(3,683)
Prepayments for acquisition of subsidiaries	(2,783)	—
Interest received	2,732	1,395
Net cash used in investing activities	(28,557)	(5,434)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2018 (Unaudited) RMB million	2017 (Unaudited) RMB million
Cash flows from financing activities		
Proceeds from bank and other borrowings	175,509	213,736
Repayments of bank and other borrowings and perpetual capital instruments	(237,365)	(235,917)
Proceeds from senior notes	—	43,019
Proceeds from convertible bonds	14,385	—
Repayment to unit holders of consolidated investment entities	—	(200)
Repurchase of ordinary shares	—	(5,577)
Issuance of ordinary shares pursuant to share option scheme	33	308
Issuance of ordinary shares pursuant to the Bonus Warrants	—	2
Dividend paid to non-controlling interests	—	(136)
Acquisition of equity interest in subsidiaries from non-controlling interests	(1,028)	(13,982)
Capital injection from non-controlling interests	29,074	57,805
Cash advances from joint ventures	6,611	353
Repayments to joint ventures	(485)	—
Repayments to associates	—	(371)
Cash advances from non-controlling interests	1,401	3,055
Repayments to non-controlling interests	(2,488)	(3,427)
Restricted cash pledged for bank borrowings	28,625	(6,256)
Deposit for other borrowings	219	(952)
Net cash generated from financing activities	14,491	51,460
Net decrease in cash and cash equivalents	4,247	(33,834)
Cash and cash equivalents at beginning of period	152,008	198,420
Exchange gain/(loss) on cash and cash equivalents	299	(182)
Cash and cash equivalents at end of period	156,554	164,404

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. General Information

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

The Company had its listing on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 5 November 2009.

The condensed consolidated interim financial information is presented in millions of Renminbi Yuan (“RMB”), unless otherwise stated. The condensed consolidated interim financial information has been approved for issue by the Board of Directors of the Company on 28 August 2018.

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 2018 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 2017, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

3. Accounting Policies

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2017, as described in those annual financial statements.

- (i) New standards and amendments to standards adopted by the Group as at 1 January 2018

The following amendments to standards are mandatory for the Group’s financial year beginning on 1 January 2018 for the Group:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
HKFRS 2 (Amendment)	Classification and Measurement of Share-based Payment Transactions
HKFRS 4 (Amendment)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
HKAS 28 (Amendment)	Investments in Associates and Joint Ventures
HKFRS 40 (Amendment)	Investments in Investment property
HK (IFRIC) 22	Foreign Currency Transactions and Advance Consideration

Save for the impact of adoption of HKFRS 9 and HKFRS 15 disclosed in note 4, the adoption of other new and amended standards does not have any significant impact to the results and financial position of the Group.

3. Accounting Policies (Continued)

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

HKAS 19 (Amendments)	Employee Benefits ¹
HKAS 28 (Amendments)	Long-term Interests in an Associate or Joint Venture ¹
HKFRS 9 (Amendments)	Prepayment Features with Negative Compensation ¹
HKFRS 16	Leases ¹
HKFRS 17	Insurance Contracts ²
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture ³
Annual Improvements to 2015–2017 Cycle	Improvements to HKFRS ¹
HK (IFRIC) 23	Uncertainty over Income Tax Treatments ¹

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

2 Effective for periods beginning on or after 1 January 2021.

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

The Group has already commenced an assessment of the impact of these new or revised standards and amendments, certain of which are relevant to the Group's operations. According to the preliminary assessment made by the Group, no significant impact on the financial performance and position of the Group is expected when they become effective except for HKFRS 16.

HKFRS 16

The Group is a lessee of certain offices and buildings, which are currently accounted for as operating leases under HKAS 17. Under HKFRS 16, lessees are required to recognise a lease liability reflecting future lease payments and a right-of-use asset for all lease contracts in the balance sheet. Lessees will also have to present interest expense on the lease liability and depreciation on the right-of-use asset in the income statement. In comparison with operating leases under HKAS 17, this will change not only the allocation of expenses but also the total amount of expenses recognised for each period of the lease term. The combination of a straight-line depreciation of the right-of-use asset and the effective interest rate method applied to the lease liability will result in a higher total charge to profit or loss in the initial years of the lease, and decreasing expenses during the latter part of the lease term. The new standard has included an optional exemption for certain short-term leases and leases of low-value assets. This exemption can only be applied by lessees. The Group is expected to apply the new standard starting from the financial year beginning on 1 January 2019.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

4. Changes in Accounting Policies

This note explains the impact of the adoption of HKFRS 9 Financial Instruments and HKFRS 15 Revenue from Contracts with Customers on the Group's financial statements and also discloses the new accounting policies that have been applied from 1 January 2018, where they are different to those applied in prior periods.

(a) Impact on the financial statements

The Group applied the modified retrospective approach to adopt HKFRS 9 and HKFRS 15 without restating comparative information. The reclassifications and the adjustments arising from the new accounting policies are therefore not reflected in the restated balance sheet as at 31 December 2017, but are recognised in the opening balance sheet on 1 January 2018.

(b) HKFRS 9 Financial Instruments – Impact of adoption

HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of HKFRS 9 Financial Instruments from 1 January 2018 resulted in changes in accounting policies and adjustments on the equity of the Group as at 1 January 2018. The new accounting policies are set out in note 4(c) below.

The effects of the adoption of HKFRS 9 are as follows:

Classification and measurement of financial instruments

The adjustments to the Group's equity due to classification and measurement of financial instruments as at 1 January 2018 is as follows:

At 1 January 2018	Reserves RMB million	Retained earnings RMB million	Non- controlling interests RMB million	Total RMB million
Opening balance – HKAS 39	57,292	56,210	127,436	240,938
Increase in provision for trade and other receivables, net of tax	—	(534)	(229)	(763)
– Increase in provision for trade and other receivables (note 6(c)(iii))	—	(712)	(305)	(1,017)
– Increase in deferred tax assets relating to impairment provisions	—	178	76	254
Reclassify from available-for-sale investments to financial assets at fair value through profit or loss	82	(82)	—	—
Opening balance – HKFRS 9	57,374	55,594	127,207	240,175

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

4. Changes in Accounting Policies (Continued)

(b) HKFRS 9 Financial Instruments – Impact of adoption (Continued)

Classification and measurement of financial instruments (Continued)

Management has assessed the business models and the contractual terms of the cash flows apply to the financial assets held by the Group at the date of initial application of HKFRS 9 (1 January 2018) and has classified its financial instruments into the appropriate HKFRS 9 categories, which are those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss) and those to be measured at amortised cost. The main effects resulting from this reclassification are as follows:

At 1 January 2018	Available- for-sale financial assets ("AFS") RMB million	Financial assets at fair value through other comprehensive income ("FVOCI") RMB million	Financial assets at fair value through profit or loss ("FVPL") RMB million	Other receivables RMB million
Opening balance – HKAS 39	6,085	—	—	—
Reclassify listed equity securities from AFS to FVOCI	(2,362)	2,362	—	—
Reclassify listed equity securities from AFS to FVPL	(279)	—	279	—
Reclassify unlisted equity securities from AFS to FVOCI	(1,278)	1,278	—	—
Reclassify unlisted investments from AFS to FVOCI	(2,146)	2,146	—	—
Reclassify unlisted investments from AFS to other receivables	(20)	—	—	20
Opening balance – HKFRS 9	—	5,786	279	20

The main effects resulting from this reclassification on the Group's equity is as follows:

At 1 January 2018	AFS reserve RMB million	FVOCI reserve RMB million	Retained earnings RMB million
Opening balance – HKAS 39	(838)	—	—
Reclassify listed equity securities from AFS to FVOCI	733	(733)	—
Reclassify listed equity securities from AFS to FVPL	82	—	(82)
Reclassify unlisted equity securities from AFS to FVOCI	6	(6)	—
Reclassify unlisted investments from AFS to FVOCI	17	(17)	—
Opening balance – HKFRS 9	—	(756)	(82)

4. Changes in Accounting Policies (Continued)

(b) HKFRS 9 Financial Instruments – Impact of adoption (Continued)

Classification and measurement of financial instruments (Continued)

There is no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities except for derivative financial instruments. The derecognition rules have been transferred from HKAS 39 Financial Instruments: Recognition and Measurement and have not been changed.

Impairment of financial assets

The Group has two types of financial assets at amortised cost subject to new expected credit loss model of HKFRS 9:

- Trade receivables
- Other receivables

The Group revised its impairment methodology under HKFRS 9 for each of these classes of assets.

(i) Trade receivables

The Group applies the simplified approach to providing for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables and contract assets.

RMB108 million was recognised in retained earnings as at 1 January 2018 for those trade receivables whose credit risk has been assessed as other than low and for which the impairment methodology described in note 6(c)(i) has been applied. Note 6(c)(iii) reconciles the loss allowance as at 1 January 2018 to that at the end of the reporting period.

(ii) Other receivables

Other receivables at amortised cost include other receivables from third parties and related parties. The Group has assessed that the expected credit losses for these receivables under the 12 months expected losses method.

RMB909 million was recognised in retained earnings as at 1 January 2018 for those other receivables whose credit risk has been assessed as other than low and for which the impairment methodology described in note 6(c)(ii) has been applied. Note 6(c)(iii) reconciles the loss allowance as at 1 January 2018 to that at the end of the reporting period.

4. Changes in Accounting Policies (Continued)

(c) HKFRS 9 Financial Instruments – Accounting policies

Investments and other financial assets

Classification

From 1 January 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, the classification will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

4. Changes in Accounting Policies (Continued)

(c) HKFRS 9 Financial Instruments – Accounting policies (Continued)

Investments and other financial assets (Continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in the consolidated statement of comprehensive income when the asset is derecognised or impaired. Interest income from these financial assets is included in other income using the effective interest rate method.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit and loss accounts and recognised in other gains/(losses). Interest income from these financial assets is included in other income using the effective interest rate method.
- **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss accounts and is not part of a hedging relationship is recognised in profit or loss and presented as a separate line item in the consolidated statement of comprehensive income within "Fair value gain or loss on financial assets at fair value through profit or loss" in the period in which it arises. Interest income from these financial assets is included in the other income.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the profit or loss accounts as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Impairment

From 1 January 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. For other receivables, the Group applies the 12 months expected losses method to assess the expected credit losses.

4. Changes in Accounting Policies (Continued)

(d) HKFRS 15 Revenue from Contracts with Customers – Impact of adoption

HKFRS 15 replaces the provisions of HKAS 18 “Revenue” and HKAS 11 “Construction contracts” that relate to the recognition, classification and measurement of revenue and costs.

The Group has adopted HKFRS 15 Revenue from Contracts with Customers from 1 January 2018 which resulted in changes in accounting policies. The new accounting policies are set out in note 4(e) below.

The effects of the adoption of HKFRS 15 are as follows:

Presentation of assets and liabilities related to contracts with customers

Reclassifications were made as at 1 January 2018 to be consistent with the terminology used under HKFRS 15:

- The incremental costs of obtaining a contract and the costs directly related to fulfilling a contract, such as sales commissions, are capitalised as contract costs.
- Contract liabilities for progress billing recognised in relation to property development activities were previously presented as advanced receipt in advance from customers.

Accounting for sales of properties

Under HKFRS 15, for properties that have no alternative use to the Group due to contractual reasons and when the Group has an enforceable right to payment from the customers for performance completed to date, the Group recognises revenue as the performance obligation is satisfied over time in accordance with the input method for measuring progress.

For the six months ended 30 June 2018, the Group has assessed that there is no enforceable right to payment from the customers for performance completed to date. Thus, the adoption of HKFRS 15 did not have an impact on the timing of revenue recognition for sales of properties.

Accounting for significant financing component

For contracts where the period between the payment by the customer and the transfer of the promised property or service exceeds one year, the transaction price and the amount of revenue from the sales of completed properties is adjusted for the effects of a financing component, if significant. For the six months ended 30 June 2018, the Group has assessed and considered that the financing component effect is insignificant.

Accounting for costs incurred to obtain a contract

Under HKFRS 15, costs such as stamp duty and sales commissions incurred directly attributable to obtaining a contract, if recoverable, are capitalised and recorded in contract costs.

4. Changes in Accounting Policies (Continued)

(e) HKFRS 15 Revenue from Contracts with Customers — accounting policies

Sales of properties

Revenue are recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance:

- Provides all the benefits received and consumed simultaneously by the customer; or
- Creates and enhances an asset that the customer controls as the Group performs; or
- Do not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of reporting period as a percentage of total estimated costs for each contract.

For property development and sales contract for which the control of the property is transferred at a point in time, revenue is recognised when the customer obtains the physical possession or the legal title of the completed property and the Group has present right to payment and the collection of the consideration is probable.

In determining the transaction price, the Group adjusts the promised amount of consideration for the effect of a financing component if it is significant.

5. Estimates

The preparation of condensed consolidated 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 2017.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6. Financial Risk Management

(a) Financial Risk Factors

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

(b) Foreign exchange risk

The Group's businesses are principally conducted in RMB, except that certain receipts of sales proceeds and borrowings are denominated in other currencies. As at 30 June 2018, the carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the respective balance sheet dates are as follows:

	30 June 2018 RMB million	31 December 2017 RMB million
Monetary assets		
— HK\$	18,234	6,810
— US\$	6,849	3,811
— EUR\$	16	2
— Others	415	412
	25,514	11,035
Monetary liabilities		
— HK\$	32,308	30,453
— US\$	84,017	145,977
— EUR\$	—	15,559
	116,325	191,989

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6. Financial Risk Management (Continued)

(b) Foreign exchange risk (Continued)

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

	30 June 2018 RMB million	31 December 2017 RMB million
2% appreciation in RMB against HK\$	211	355
2% depreciation in RMB against HK\$	(211)	(355)
2% appreciation in RMB against US\$	1,158	2,132
2% depreciation in RMB against US\$	(1,158)	(2,132)
2% appreciation in RMB against EUR\$	—	233
2% depreciation in RMB against EUR\$	—	(233)

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2017.

There have been no changes in the risk management department or in any risk management policies since year ended 31 December 2017.

(c) Credit risk

The Group is exposed to credit risk in relation to its trade and other receivables, contract assets and cash deposits with bank.

The carrying amounts of trade and other receivables, contract assets, restricted cash and cash and cash equivalents represent the Group's maximum exposure to credit risk in relation to financial assets.

Cash transactions are limited to high-credit-quality institutions. Deposits are only placed with reputable banks.

The Group has policies in place to ensure that credit sales are made to customers with an sufficient financial strength and appropriate percentage of down payment. The Group closely monitors the collection of progress payments from customers in accordance with payment schedule agreed with customers and follow up action is taken to recover overdue debts, if any.

Meanwhile, the Group has the right to cancel the contracts once repayment from the customers is in default; it also has monitoring procedures to ensure that follow-up actions are taken to recover overdue balances. In addition, the Group regularly reviews the recoverable amount of each individual trade and other receivables to ensure that adequate impairment provisions are made for irrecoverable amounts. The Group has no significant concentrations of credit risk, with exposure spread over a number of counterparties and customers.

6. Financial Risk Management (Continued)

(c) Credit risk (Continued)

The Group typically provides guarantees to banks in connection with the customers' borrowing of mortgage loans to finance their purchase of properties for an amount up to 70% of the total purchase price of the property. Detailed disclosure of these guarantees is made in note 30. If a purchaser defaults on the payment of its mortgage loan during the guarantee period, the bank holding the guarantee may demand the Group to repay the outstanding principal of the loan and any interest accrued thereon. Under such circumstances, the Group is able to retain the customer's deposit and resell the property to recover the amounts paid by the Group to the bank. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

For other receivables, management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience. The directors believe that there is no material credit risk inherent in the Group's outstanding balance of other receivables.

For financial assets originated from 1 January 2018, the following credit risk modelling applies:

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- internal credit rating
- external credit rating
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- actual or expected significant changes in the operating results of the borrower
- significant increases in credit risk on other financial instruments of the same borrower
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower

The Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of receivables and adjusts for forward looking macroeconomic data.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6. Financial Risk Management (Continued)

(c) Credit risk (Continued)

(i) Trade receivables and contract assets

The Group applies the simplified approach to providing for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables and contract assets.

To measure the expected credit losses of trade receivables and contract assets, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days of initial recognition.

The expected loss rate of contract assets is assessed to be low and no loss allowance provision is made for contract assets during the period.

The loss allowance provision of trade receivables as at 30 June 2018 is determined as follows, the expected credit losses below also incorporate forward looking information.

	Current	Within 180 days past due	More than 180 days past due	More than 365 days past due	Total
Trade receivables					
Expected loss rate	0.1%	5.0%	10.0%	15.0%	
Gross carrying amount	38,105	425	188	667	39,385
Loss allowance provision	38	21	19	100	178

(ii) Other receivables

Other financial assets at amortised cost include other receivables from third parties and related parties. The Group has assessed that the expected credit losses for these receivables under the 12 months expected losses method.

Management considered other receivables from third parties and related parties to be low credit risk as they have a low risk of default and a strong capacity to meet its contractual cash flow obligations in the near term.

The expected loss rate of other receivables which are deposit in nature, such as deposits for acquisition of land use right, construction projects and borrowings, is assessed to be low and no loss allowance provision is made for these deposits during the period.

To measure the expected credit losses of other receivables other than deposits, other receivables excluding deposits have been grouped based on shared credit risk characteristics and the days past due.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6. Financial Risk Management (Continued)

(c) Credit risk (Continued)

(iii) Loss allowance provision movement

As at 30 June 2018, the loss allowance provision for trade and other receivables reconciles to the opening loss allowance for that provision as follows:

	Trade receivables RMB million	Other receivables RMB million	Total RMB million
Balance as at 31 December 2017 (under HKAS 39)	31	527	558
Amounts restated through opening retained earnings	108	909	1,017
Balance as at 1 January 2018 (under HKFRS 9)	139	1,436	1,575
Provision for loss allowance recognised in profit or loss for the period	39	96	135
Balance as at 30 June 2018 (under HKFRS 9)	178	1,532	1,710

(d) Liquidity risk

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

The Group raised significant amounts of borrowings to cope with the rapid expansion of the Group's businesses. As at 30 June 2018, the Group's total borrowings stood at RMB671,129 million which decreased by RMB61,496 million during the period, and its gearing ratio reached 37.92% (total borrowings divide total assets).

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

The directors of the Company has reviewed the working capital forecast of the Group for the 12 months from 30 June 2018 and are of the opinion that the Group will have sufficient working capital to meet its financial obligations as and when they fall due within the next 12 months from the date of the consolidated balance sheet.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6. Financial Risk Management (Continued)

(e) Fair value estimation

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

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

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

	Level 1 RMB million	Level 2 RMB million	Level 3 RMB million	Total RMB million
At 30 June 2018				
Assets				
FVOCI	741	918	397	2,056
FVPL	1,942	—	—	1,942
Total assets	2,683	918	397	3,998
Liabilities				
Financial derivative liabilities	—	2,250	2,840	5,090
At 31 December 2017				
Assets				
AFS	2,641	2,424	1,020	6,085
FVPL	3,150	—	—	3,150
Total assets	5,791	2,424	1,020	9,235

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

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

	30 June 2018	31 December 2017
Senior notes — public traded	55,390	61,852
PRC bonds — public traded	48,375	15,013
Convertible bonds — public traded	11,171	—
	114,936	76,865

6. Financial Risk Management (Continued)

(e) Fair value estimation (Continued)

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

- Trade and other receivables
- Cash and cash equivalents
- Current borrowings and non-current borrowings except public senior notes, public PRC bonds and convertible bonds
- Trade and other payables

7. Segment Information

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

The directors of the Company assess the performance of the operating segments based on a measure of segment results. Fair value loss on FVPL, dividend income of FVOCI, gain on disposal of FVOCI, loss on disposal of AFS and finance cost and income are not included in the result for each operating segment.

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

7. Segment Information (Continued)

The segment results and other segment items included in the condensed consolidated statement of comprehensive income for the six months ended 30 June 2018 are as follows:

	Property development RMB million	Property investment RMB million	Property management services RMB million	Other businesses RMB million	Group RMB million
Gross segment revenue	294,760	603	2,514	15,466	313,343
Inter-segment revenue	—	(138)	(644)	(12,213)	(12,995)
Revenue	294,760	465	1,870	3,253	300,348
Revenue from contracts with customers					
— Recognised at a point in time	294,760	—	—	1,907	296,667
— Recognised over time	—	—	1,870	1,346	3,216
Revenue from other sources: rental income	—	465	—	—	465
Share of post-tax profits of associates	77	—	—	554	631
Share of post-tax (losses)/profits of joint ventures	(204)	—	—	624	420
Segment results	94,822	1,699	372	1,722	98,615
Loss on FVPL					(428)
Gain on derivative financial liabilities					1,203
Gain on disposal of FVOCI					19
Finance costs, net					(6,219)
Profit before income tax					93,190
Income tax expenses					(40,164)
Profit for the period					53,026
Depreciation and amortisation	557	—	7	683	1,247
Fair value gains on investment properties	—	1,347	—	—	1,347

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

7. Segment Information (Continued)

The segment results and other segment items included in the condensed consolidated statement of comprehensive income for the six months ended 30 June 2017 are as follows:

	Property development RMB million	Property investment RMB million	Property management services RMB million	Other businesses RMB million	Group RMB million
Gross segment revenue	183,364	407	1,761	12,036	197,568
Inter-segment revenue	—	(79)	(460)	(9,048)	(9,587)
Revenue	183,364	328	1,301	2,988	187,981
Share of post-tax profit of associates	—	—	—	539	539
Share of post-tax loss of joint ventures	(11)	—	—	(265)	(276)
Segment results	54,476	6,371	131	(126)	60,852
Loss on financial assets at fair value through profit or loss					(266)
Dividend income of available-for- sale financial assets					32
Loss on disposal of available-for- sale financial assets					(7,124)
Finance costs, net					(5,151)
Profit before income tax					48,343
Income tax expenses					(25,216)
Profit for the period					23,127
Depreciation and amortisation	553	—	5	437	995
Fair value gains on investment properties	—	6,001	—	—	6,001

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

7. Segment Information (Continued)

Segment assets as at 30 June 2018 are as follows:

	Property development RMB million	Property investment RMB million	Property management services RMB million	Other businesses RMB million	Group RMB million
Segment assets	1,505,940	158,582	2,514	85,409	1,752,445
Unallocated assets					17,443
Total assets					1,769,888
Segment assets include:					
Interest in associates	2,018	—	—	12,982	15,000
Interest in joint ventures	11,365	—	—	18,971	30,336

Segment assets as at 31 December 2017 are as follows:

	Property development RMB million	Property investment RMB million	Property management services RMB million	Other businesses RMB million	Group RMB million
Segment assets	1,492,472	151,950	2,816	92,204	1,739,442
Unallocated assets					22,310
Total assets					1,761,752
Segment assets include:					
Interest in associates	1,943	—	—	11,429	13,372
Interest in joint ventures	874	—	—	16,130	17,004

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

Segment assets consist primarily of property, plant and equipment, investment properties, land use rights, intangible assets, goodwill, investments accounted for using equity method, properties under development, completed properties held for sale, trade and other receivables, contract costs, prepayments and cash balances. They exclude deferred income tax assets, income tax recoverable, FVOCI, AFS, and FVPL.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

8. Property, Plant and Equipment, Land Use Rights, Intangible Assets, Investment Properties and Goodwill

	Property, plant and equipment RMB million	Land use rights RMB million	Investment properties RMB million	Goodwill RMB million	Intangible assets RMB million	Total RMB million
Six months ended 30 June 2018						
Opening net book amount as at 1 January 2018	32,898	7,935	151,950	1,402	253	194,438
Additions	4,400	270	6,968	—	34	11,672
Business combination (note 34)	6	—	37	193	14	250
Disposals	(386)	—	(1,888)	—	(3)	(2,277)
Fair value gains on investment properties	—	—	1,347	—	—	1,347
Depreciation and amortisation charge	(1,102)	(122)	—	—	(23)	(1,247)
Exchange difference	—	—	168	—	—	168
Closing net book amount as at 30 June 2018	35,816	8,083	158,582	1,595	275	204,351
Six months ended 30 June 2017						
Opening net book amount as at 1 January 2017	20,833	5,401	132,045	1,402	241	159,922
Additions	4,407	199	6,146	—	13	10,765
Business combination	117	—	—	—	—	117
Disposals	(213)	—	(542)	—	—	(755)
Fair value gains on investment properties	—	—	6,001	—	—	6,001
Depreciation and amortisation charge	(910)	(70)	—	—	(15)	(995)
Exchange difference	—	—	(210)	—	—	(210)
Closing net book amount as at 30 June 2017	24,234	5,530	143,440	1,402	239	174,845

The Group measures its investment properties at fair value. The fair value of the Group's investment properties as at 30 June 2018 has been determined on the basis of valuation carried out by CB Richard Ellis Limited ("CBRE"), an independent and professionally qualified valuer.

8. Property, Plant and Equipment, Land Use Rights, Intangible Assets, Investment Properties and Goodwill (Continued)

Valuation techniques

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

There were no changes to the valuation techniques during the six months ended 30 June 2018.

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

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

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

9. Properties under Development

	30 June 2018 RMB million	31 December 2017 RMB million
Properties under development expected to be completed within normal operating cycle included under current assets	830,414	851,363
Properties under development comprise:		
– Construction costs and capitalised expenditures	302,019	288,236
– Interest capitalised	82,760	79,693
– Land use rights	445,635	483,434
	830,414	851,363

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

The capitalisation rate of borrowing costs for the six months ended 30 June 2018 is 7.92% (for the six months ended 30 June 2017: 8.63%).

10. Completed Properties Held for Sale

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

11. Trade and Other Receivables

(a) Trade receivables

	30 June 2018 RMB million	31 December 2017 RMB million
Trade receivables	39,385	27,437
Less: allowance provision for impairment	(178)	(31)
Trade receivables — net	39,207	27,406
Less: non-current portion	(1,801)	(4,352)
Current portion	37,406	23,054

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

11. Trade and Other Receivables (Continued)

(a) Trade receivables (Continued)

During the six months ended 30 June 2018, loss of provision of RMB39 million (2017: RMB23 million) was made against the gross amount of trade receivables (note 6(c)).

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

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

	30 June 2018 RMB million	31 December 2017 RMB million
Within 90 days	23,062	6,639
Over 90 days and within 180 days	3,692	4,039
Over 180 days and within 365 days	2,318	4,477
Over 365 days	10,313	12,390
	39,385	27,545

The aging analysis of pass due trade receivables is as follows:

	30 June 2018 RMB million	31 December 2017 RMB million
Within 90 days	281	198
Over 90 days and within 180 days	144	146
Over 180 days and within 365 days	188	419
Over 365 days	667	360
	1,280	1,123

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

11. Trade and Other Receivables (Continued)

(b) Other receivables

	30 June 2018 RMB million	31 December 2017 RMB million
Other receivables	94,198	98,255
Less: allowance provision for impairment	(1,532)	(527)
Other receivables — net	92,666	97,728

The amounts of other receivables mainly represented the receivables from joint ventures, non-controlling interests, deposits for acquisition of land use right, construction projects and borrowings, and loans to certain third parties which were facilitated through the internet finance platform.

During the six months ended 30 June 2018, impairment provision of RMB96 million (2017: RMB47 million) was made against the gross amount of other receivables (note 6(c)).

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

The maximum exposure to credit risk at each balance sheet date is the carrying value of each class of receivables mentioned above.

As at 30 June 2018 and 31 December 2017, the fair value of trade and other receivables approximated their carrying amounts.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

12. Prepayments

	30 June 2018 RMB million	31 December 2017 RMB million
Prepaid value added taxes and other taxes	10,181	10,906
Prepayments and advances to third parties	142,709	137,219
— for acquisition of land use rights	109,217	104,674
— for acquisition of subsidiaries	29,848	27,065
— others	3,644	5,480
	152,890	148,125
Less: non-current portion		
— prepayment for acquisition of property, plant and equipment	(1,506)	(1,202)
	151,384	146,923

13. Investments Accounted for Using the Equity Method

	30 June 2018 RMB million	31 December 2017 RMB million
Associates	15,000	13,372
Joint ventures	30,336	17,004
	45,336	30,376

The amounts recognised in the income statement are as follows:

	Six months ended 30 June 2018 RMB million	2017 RMB million
Share of profits of associates	631	539
Share of profits/(losses) of joint ventures	420	(276)
	1,051	263

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

13. Investments Accounted for Using the Equity Method (Continued)

Interests in associates

The movements of the interests in associates are as follows:

	Six months ended 30 June	
	2018 RMB million	2017 RMB million
Balance as at 1 January	13,372	10,684
Additions	1,000	223
Disposals	(3)	—
Dividend declared	—	(250)
Share of post-tax results of associates	631	539
Balance as at 30 June	15,000	11,196

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

Interests in joint ventures

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

	Six months ended 30 June	
	2018 RMB million	2017 RMB million
Balance as at 1 January	17,004	13,690
Additions	12,857	20
Disposals	(23)	—
Share of post-tax profits/(losses) of joint ventures	420	(276)
Other comprehensive income	78	2,017
Balance as at 30 June	30,336	15,451

The additions during the period mainly included the investments in a number of property development companies newly established.

As at 30 June 2018, the Group provided financial guarantees for certain borrowings of joint ventures amounting to RMB14,383 million (2017: RMB2,229 million).

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

14. Financial Assets at Fair Value Through Other Comprehensive Income

	Six months ended 30 June 2018 RMB million
Balance as at 1 January	—
Reclassified from AFS (note 4(b))	5,786
Additions	24,981
Disposals	(28,240)
Net losses recognised in equity	(471)
Balance as at 30 June	2,056

FVOCI include the following:

	30 June 2018 RMB million
Listed equity securities	741
Unlisted equity investments	1,315
	2,056

As at 30 June 2018, FVOCI are denominated in US\$ and RMB.

There were no impairment provisions on FVOCI made during the six months ended 30 June 2018 (six months ended 30 June 2017: nil).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

15. Financial Assets at Fair Value Through Profit or Loss

	Six months ended 30 June	
	2018 RMB million	2017 RMB million
Balance as at 1 January	3,150	3,603
Reclassified from AFS (note 4(b))	279	—
Additions	14	—
Fair value losses	(428)	(266)
Disposals	(1,073)	(26)
Balance as at 30 June	1,942	3,311

As at 30 June 2018 and 2017, FVPL represented the Group's equity investments in certain companies listed on the Shanghai Stock Exchange, the Shenzhen Stock Exchange and the Stock Exchange, which are quoted in an active market.

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

16. Restricted Cash

	30 June 2018 RMB million	31 December 2017 RMB million
	Denominated in RMB	101,386
Denominated in other currencies	4	127
	101,390	135,714

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

As at 30 June 2018, the Group's restricted cash mainly comprised guarantee deposits for construction of projects and guarantee deposits for bank acceptance notes and loans.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

17. Cash and Cash Equivalents

	30 June 2018 RMB million	31 December 2017 RMB million
Cash at bank and in hand:		
– Denominated in RMB	137,293	144,809
– Denominated in other currencies	19,261	7,199
	156,554	152,008

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

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

18. Share Capital and Premium

	Number of ordinary shares	Nominal value of ordinary shares US\$	Equivalent nominal value of ordinary shares RMB million	Share premium RMB million	Total RMB million
Six months ended 30 June 2018					
Balance as at 1 January 2018	13,168,259,900	131,682,599	928	342	1,270
Issuance of ordinary shares pursuant to share option scheme	13,379,000	133,790	1	41	42
Balance as at 30 June 2018	13,181,638,900	131,816,389	929	383	1,312
Six months ended 30 June 2017					
Balance as at 1 January 2017	13,694,887,900	136,948,879	964	42	1,006
Issuance of ordinary shares pursuant to share option scheme	121,734,000	1,217,340	9	386	395
Repurchase and cancellation of ordinary shares	(722,972,000)	(7,229,720)	(50)	(323)	(373)
Balance as at 30 June 2017	13,093,649,900	130,936,499	923	105	1,028

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

19. Reserves

	Merger reserve RMB million (note (a))	Other reserves RMB million	Statutory reserves RMB million (note (b))	Employee share option reserve RMB million (note (c))	Capital redemption reserve RMB million	Translation reserve RMB million	Total RMB million
Six months ended 30 June 2018							
Balance as at 31 December 2017	(986)	44,989	11,763	899	293	334	57,292
Change in accounting policy (note 4(b))	—	82	—	—	—	—	82
Restated balance at 1 January 2018	(986)	45,071	11,763	899	293	334	57,374
Change in fair value of FVOCI	—	(222)	—	—	—	—	(222)
Issuance of ordinary shares pursuant to share option scheme	—	—	—	(9)	—	—	(9)
Share of other comprehensive income of investments accounted for using the equity method	—	78	—	—	—	—	78
Currency translation differences	—	—	—	—	—	116	116
Transfer to statutory reserves	—	—	31	—	—	—	31
Employee share option schemes (note (c))	—	—	—	1,047	—	—	1,047
Changes in ownership interest in subsidiaries without change of control (note 33(iii))	—	(328)	—	—	—	—	(328)
Balance at 30 June 2018	(986)	44,599	11,794	1,937	293	450	58,087
Six months ended 30 June 2017							
Balance at 1 January 2017	(986)	(6,041)	10,360	328	243	835	4,739
Change in fair value of available-for-sale financial assets	—	1,379	—	—	—	—	1,379
Share of other comprehensive income of investments accounted for using the equity method	—	2,017	—	—	—	—	2,017
Currency translation differences	—	—	—	—	—	(202)	(202)
Transfer to statutory reserves	—	—	1,208	—	—	—	1,208
Issuance of ordinary shares pursuant to share option scheme	—	—	—	(87)	—	—	(87)
Issuance of shares pursuant to the Bonus Warrants	—	—	—	1	—	—	1
Employee share option schemes (note (c))	—	—	—	28	—	—	28
Repurchase and cancellation of shares of the Company	—	—	—	—	50	—	50
Changes in ownership interest in subsidiaries without change of control (note 33(iii))	—	40,031	—	—	—	—	40,031
Balance at 30 June 2017	(986)	37,386	11,568	270	293	633	49,164

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

19. Reserves (Continued)

(a) Merger reserve

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

(b) Statutory reserves

Pursuant to the relevant rules and regulation concerning foreign investment enterprise established in the PRC and the articles of association of certain PRC subsidiaries of the Group, those subsidiaries are required to transfer an amount of their profit after taxation to the statutory reserve fund, until the accumulated total of the fund reaches 50% of their registered capital. The statutory reserve fund may be distributed to equity holders in form of bonus issue.

(c) Employee share option reserve

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

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

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

On 6 October 2017, 743,570,000 share options (the “2017 Option”) were granted to directors and employees with an exercise price of HK\$30.2 per share. All the options granted will be exercisable within 5 years after vesting.

Movements of share options are as follows:

	Number of share options
Six months ended 30 June 2018	
Balance at 1 January 2018	986,736,000
Exercised during the period	(13,379,000)
Lapsed during the period	(50,450,000)
Balance at 30 June 2018	922,907,000
Six months ended 30 June 2017	
Balance at 1 January 2017	484,650,000
Exercised during the period	(121,734,000)
Lapsed during the period	(27,200,000)
Balance at 30 June 2017	335,716,000

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

20. Borrowings

	30 June 2018 RMB million	31 December 2017 RMB million
Borrowings included in non-current liabilities:		
Bank borrowings	197,761	210,913
Senior notes (note (a))	58,508	57,682
PRC corporate bonds (note (b))	45,470	53,863
Convertible bonds(note (c))	11,812	—
Other borrowings (note (d))	256,015	273,759
	569,566	596,217
Less: current portion of non-current borrowings	(196,888)	(219,973)
	372,678	376,244
Borrowings included in current liabilities:		
Bank borrowings	53,795	87,555
Other borrowings (note (d))	47,768	48,853
Current portion of non-current borrowings	196,888	219,973
	298,451	356,381
Total borrowings	671,129	732,625
The total borrowings are denominated in the following currencies:		
RMB	556,057	598,945
US\$	84,017	88,295
HK\$	31,055	29,826
EUR\$	—	15,559
	671,129	732,625

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

20. Borrowings (Continued)

(a) Senior notes

On 31 October 2013, the Company issued 8.75%, five-year senior notes with an aggregated principal amount of US\$1,000 million (equivalent to approximately RMB6,141 million) at 100% of the face value. On 13 November 2013, the Company further issued additional senior notes with the same terms in an aggregated principal amount of US\$500 million (equivalent to approximately RMB3,071 million) at 100% of the face value ("2018 Notes").

On 17 February 2015, the Company issued 12.00%, five-year senior notes with an aggregated principal amount of US\$1,000 million (equivalent to approximately RMB6,133 million) at 100% of the face value ("2020 Notes").

On 11 January 2016, the Company issued 7.80% three-year senior notes with an aggregated principal amount of US\$400 million (equivalent to approximately RMB2,625 million) at 100% of the face value ("2019 Private Notes"), and issued 8.00%, three-year senior notes with an aggregated principal amount of US\$300 million (equivalent to approximately RMB1,969 million) at 100% of the face value ("2019 Notes").

On 23 March 2017, the Company issued 7.0%, three-year senior notes with an aggregated principal amount of US\$500 million (equivalent to approximately RMB3,443 million) at 100% of the face value ("New 2020 Notes") and 8.25%, five-year senior notes with an aggregated principal amount of US\$1,000 million (equivalent to approximately RMB6,886 million) at 100% of the face value ("2022 Notes").

On 29 March 2017, the Company issued 9.5%, seven-year senior notes with an aggregated principal amount of US\$1,000 million (equivalent to approximately RMB6,886 million) at 100% of the face value ("2024 Notes").

On 8 June 2017, the Company announced, among others, an exchange offer with respect to the aforementioned 2018 Notes, 2019 Private Notes, 2019 Notes and 2020 Notes (together the "Old Notes"). On 28 June 2017, the Company has successfully exchanged the Old Notes totaling US\$2,536 million, together with the accrued and unpaid interest and the exchange premium, to three series of new senior notes totaling US\$2,824 million. Together with US\$3,800 million new senior notes issued for cash, the company issued US\$ 6,624 million of senior notes in total (the "New Notes"). The remaining Old Notes of US\$664 million were early redeemed by August 2017.

Details of the New Notes are as follows:

On 28 June 2017, the Company issued 6.25%, four-year senior notes with an aggregated principal amount of US\$598 million (equivalent to approximately RMB4,078 million) at 100% of the face value ("2021 Notes"), 7.5%, six-year senior notes with an aggregated principal amount of US\$1,345 million (equivalent to approximately RMB9,172 million) at 100% of the face value ("2023 Notes") and 8.75%, eight-year senior notes with an aggregated principal amount of US\$4,681 million (equivalent to approximately RMB31,921 million) at 100% of the face value ("2025 Notes").

In August 2017, the Company redeemed all its outstanding Old Notes with an aggregate principal amount of US\$664 million.

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

20. Borrowings (Continued)

(b) PRC corporate bonds

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

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

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

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

On 29 July 2016, a subsidiary of the Company issued 6.80%, three-year non-public PRC corporate bonds with an aggregated principal amount of RMB4,200 million at 100% of the face value.

Except for the PRC corporate bonds amounting to RMB2,500 million issued on 16 October 2015, other PRC corporate bonds contain the early redemption options.

Early redemption options are regarded as embedded derivatives not closely related to the host contract. The directors consider that the fair value of the early redemption options was insignificant as at 30 June 2018 and 31 December 2017.

(c) Convertible bonds

On 30 January 2018, the Company entered into the Subscription Agreement with certain investment banks, pursuant to which the investment banks have agreed to subscribe and pay for, or to procure subscribers to subscribe and pay for, the convertible bonds (the "Convertible Bonds") in an aggregate principal amount of HK\$18,000 million at the face value.

20. Borrowings (Continued)

(c) Convertible bonds (continued)

The Convertible Bonds will be mature in five years from the issuance date with an interest rate of 4.25% per annum, and can be convertible to ordinary shares of the Company at the holder's option at the conversion price of HK\$38.99 per share during the period from 27 March 2018 to the seventh day prior to the Bonds' maturity date.

On 14 February 2018 (the "issuance Day"), the Group received the net proceeds from issuance of the Convertible Bonds of HK\$17,736 million (equivalent to RMB14,383 million).

The Convertible Bonds was recognised as embedded financial derivatives and debt component as follows:

- Embedded financial derivatives, comprise the fair value of the option of the holders of the Convertible Bonds to convert the Convertible Bonds into ordinary shares of the Company at the conversion price; the fair value of the option of the holders of the Convertible Bonds to require the Company to redeem the Convertible Bonds; and the fair value of the option of the Company to redeem the Convertible Bonds. These embedded options are interdependent as only one of these options can be exercised. Therefore, they are not able to be accounted for separately and a single compound derivative was recognised.
- Debt component initially recognised at its fair value, which is the residual amount after deducting the fair value of the derivative component from the net proceeds at the initial recognition, and is subsequently carried at amortised cost.

A valuation on the embedded derivatives of the Convertible Bonds has been performed by an independent qualified valuer on 30 June 2018, the binomial model is used in the valuation of the embedded financial derivatives. A fair value gain of RMB1,203 million was recognised in profit and loss accounts for the six months ended 30 June 2018.

(d) Other borrowings

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

21. Derivative Financial Liabilities

	30 June 2018 RMB million	31 December 2017 RMB million
Embedded financial derivatives of convertible bonds (note 20(c))	2,250	—
Embedded financial derivatives of share compensation arrangement (note (a))	2,840	2,840
	5,090	2,840

- (a) On 3 October 2016, Guangzhou Kailong Real Estate Company Limited (“Kailong Real Estate”, an indirectly wholly-owned PRC subsidiary of the Company) and Hengda Real Estate Group Company Limited (“Hengda Real Estate”, the wholly-owned PRC subsidiary of Kailong Real Estate), entered into a cooperation agreement with Shenzhen Special Economic Zone Real Estate and Properties (Group) Co. Ltd. (“Shenzhen Real Estate”, a company listed on the Shenzhen Stock Exchange) and Shenzhen Investment Holding Co. Ltd. (the controlling shareholder of Shenzhen Real Estate). Pursuant to the agreement, the four parties agreed to work towards entering into a reorganisation agreement under which Shenzhen Real Estate will acquire 100% of the equity interest in Hengda Real Estate from Kailong Real Estate by way of issue of Renminbi ordinary shares (A shares) and/or the payment of cash consideration to Kailong Real Estate, which will result in Kailong Real Estate becoming the controlling shareholder of Shenzhen Real Estate and thereby enabling the Group to effectively list its real estate related business on the Shenzhen Stock Exchange (the “Proposed Reorganisation”).

On 30 December 2016, 31 May 2017 and 6 November 2017, Kailong Real Estate, Hengda Real Estate, Professor Hui Ka Yan and the strategy investors (the “SIs”) entered into series of investment agreements, pursuant to which the SIs injected capital of totaling RMB130,000 million to Hengda Real Estate, and if the Proposed Reorganisation cannot be completed by 31 January 2021, the SIs have right to:

- (i) request Kailong Real Estate to repurchase the SIs’ equity interest in Hengda Real Estate at their original investment costs; Kailong Real Estate has the option of electing not to repurchase such equity interest, in such event, Professor Hui Ka Yan should repurchase SIs’ equity interest at its original investment cost; or
- (ii) request Kailong Real Estate to compensate the SIs additional shares of Hengda Real Estate equal to 50% of the shares held by the SIs before compensation.

The above share compensation arrangement constitutes an embedded derivative and has been recognised as a financial derivative liability. The fair value of financial derivative liability was determined by reference to valuation prepared by an independent valuer, using the Binomial Lattice Model approach.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

22. Trade and Other Payables

	30 June 2018 RMB million	31 December 2017 RMB million
Trade payables — third parties	316,648	257,459
Other payables	117,200	131,994
Payroll payable	1,756	2,212
Accrued expenses	5,211	3,603
Other taxes payable	14,620	8,240
	455,435	403,508
Less: non-current portion of other payables	(1,025)	(4,049)
Current portion	454,410	399,459

The aging analysis of trade payables is as follows:

	30 June 2018 RMB million	31 December 2017 RMB million
Within one year	278,650	226,564
Over one year	37,998	30,895
	316,648	257,459

23. Other Income

	Six months ended 30 June 2018 RMB million	2017 RMB million
Interest income	2,732	2,022
Forfeited customer deposits	521	225
Management and consulting service income from joint ventures (note 32(a))	900	—
Others	242	273
	4,395	2,520

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

24. Other Gains/(Losses) — Net

	Six months ended 30 June	
	2018 RMB million	2017 RMB million
Net gains on disposal of subsidiaries	2,067	—
Gains on disposal of associates	—	101
Gains on disposal of FVOCI, net	19	—
Losses on disposal of AFS, net	—	(7,124)
Net foreign exchange gains	385	—
	2,471	(7,023)

25. Expenses by Nature

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

	Six months ended 30 June	
	2018 RMB million	2017 RMB million
Cost of properties sold	186,470	114,795
Employee benefit expenses	7,675	4,957
Employee benefit expenditure — including directors' emoluments	11,430	7,410
Less: capitalised in properties under development, investment properties under construction and construction in progress	(3,755)	(2,453)
Tax and other levies	1,737	2,435
Advertising and promotion expenses	3,659	4,864
Sales commissions	2,127	726
Depreciation of property, plant and equipment	1,102	910
Amortisation of land use rights and intangible assets	145	85
Operating lease expenses	303	263
Donations	2,926	1,434

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

26. Finance Cost, Net

	Six months ended 30 June	
	2018 RMB million	2017 RMB million
Finance costs		
Interest expenses from borrowings	29,177	25,399
Less: interest capitalised	(24,892)	(21,031)
	4,285	4,368
Exchange losses/(gains)	1,710	(4)
Other finance costs	224	787
	6,219	5,151

27. Income Tax Expenses

	Six months ended 30 June	
	2018 RMB million	2017 RMB million
Current income tax		
– Hong Kong profits tax	10	16
– PRC corporate income tax	23,141	13,876
– PRC land appreciation tax	19,277	10,967
Deferred income tax		
– PRC corporate income tax	(949)	567
– PRC land appreciation tax	(1,315)	(210)
	40,164	25,216

27. 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

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for the current period in respect of operations in Hong Kong.

PRC corporate income tax

The income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate of 25% (six months ended 30 June 2017: 25%) on the estimated assessable profits for the period, based on the existing legislation, interpretations and practices in respect thereof.

PRC withholding income tax

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

PRC land appreciation tax

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

28. Earnings Per Share

Basic earnings per share are calculated by dividing the profits attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the period.

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

29. Dividends

The Board of Directors of the Company resolved not to declare any dividend in respect of the six months ended 30 June 2018 (six months ended 30 June 2017: nil).

A dividend in respect of the years ended 31 December 2017 and 2016 of RMB1.13 per share totaling RMB14,732 million was declared by the Board of Directors on 20 August 2018. The dividend has not been recognised as a liability in this interim financial information.

30. Financial Guarantees

	30 June 2018 RMB million	31 December 2017 RMB million
Guarantees in respect of mortgage facilities for certain purchasers of the Group's property units (note (a))	349,975	344,026
Guarantees for borrowings of cooperation parties (note (b))	11,651	10,200
Guarantees for borrowings of joint ventures (note 32(a))	14,383	2,229
	376,009	356,455

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

31. Commitments

(a) Operating leases commitments

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

	30 June 2018 RMB million	31 December 2017 RMB million
Property, plant and equipment:		
Not later than one year	682	512
Later than one year and not later than five years	1,130	760
Later than five years	73	80
	1,885	1,352

(b) Commitments for property development expenditure

	30 June 2018 RMB million	31 December 2017 RMB million
Contracted but not provided for		
— Property development activities	211,241	195,317
— Acquisition of land use rights	83,050	71,487
— Acquisition of subsidiaries	7,539	10,574
	301,830	277,378

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

32. Related Party Transactions

Dr Hui Ka Yan (“Dr. Hui”) is the ultimate controlling shareholder and also the director of the Company.

(a) Transactions with related parties

During six months ended 30 June 2018 and 2017, the Group had the following significant transactions with related parties, which are carried out in the normal course of the Group’s business:

Nature of transactions	Six months ended 30 June	
	2018 RMB million	2017 RMB million
Associates		
Loan interest charged by an associate	568	331
Joint ventures		
Management and consulting service to joint ventures	900	—
Sales of goods to joint ventures	244	207
Provision of services to a joint venture	70	20
Rental income from joint ventures	69	4
Advertisement service fees charged by joint ventures	170	137
Rental fee charged by joint ventures	25	24
Purchase of goods from a joint venture	31	4
Loan interest charged by a joint venture	228	318
Provision of financial guarantees for borrowing of joint ventures	14,383	2,229

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

32. Related Party Transactions (Continued)

(b) Balances with related parties

As at 30 June 2018 and 31 December 2017, the Group had the following significant non-trade balances with related parties:

	30 June 2018 RMB million	31 December 2017 RMB million
Due from related parties		
Included in cash and cash equivalents:		
— An Associate	40,115	31,691
Included in trade and other receivables (note (i))		
— Associates	—	20
— Joint ventures	15,182	5,494
	15,182	5,514
Prepayment for advertisement service fees		
— A joint venture	260	456

	30 June 2018 RMB million	31 December 2017 RMB million
Due to related parties		
Included in trade and other payables (note (i))		
— Joint ventures	6,611	485
Included in borrowings (note (ii))		
— A joint venture	2,700	2,700
— An associate	16,559	727
	19,259	3,427

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

(ii) The balances are borrowings in nature, which are secured, interest bearing and repayable according to respective loan agreements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

32. Related Party Transactions (Continued)

(c) Key management compensation

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

	Six months ended 30 June	
	2018 RMB million	2017 RMB million
Salaries and other employee benefits	569	410

33. Non-Controlling Interests

	Six months ended 30 June	
	2018 RMB million	2017 RMB million
At 1 January	127,207	35,348
Profit for the year	22,221	3,570
Change in fair value of AFS, net of tax	—	1,056
Change in fair value of FVOCI, net of tax	(132)	—
Currency translation differences	68	(39)
Capital injection (note (i))	29,074	29,479
Acquisition of subsidiaries — acquisition of asset (note (ii))	1,035	202
Acquisition of subsidiaries — acquisition of business	10	591
Changes in ownership interests in subsidiaries without change of control (note (iii))	(700)	(2,950)
Dividends	—	(136)
Disposal of subsidiaries	(318)	(10)
Issuance of ordinary shares pursuant to the Bonus Warrants	—	1
Employee share option schemes	294	—
	178,759	67,112

(i) Capital injection

During the six months ended 30 June 2018, the Group has established certain new subsidiaries engaging in property development and property investment businesses and received capital injections from minority interests totaling RMB29,074 million.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

33. Non-Controlling Interests (Continued)

(ii) Acquisition of subsidiaries

During the six months ended 30 June 2018, the Group acquired controlling interests of certain property development companies in the PRC at considerations totaling approximately RMB10,323 million. These companies only held parcels of land and did not conduct any substantial operation before they were acquired by the Group. Thus, the directors are of the view that the acquisitions do not constitute acquisition of businesses and should be treated as acquisition of land use rights. These acquisitions resulted in an increase in the non-controlling interests of the Group totaling RMB1,035 million.

(iii) Changes in ownership interest in subsidiaries without change of control

During the six months ended 30 June 2018, the Group acquired certain minority interests in subsidiaries amounting to RMB700 million, the difference between consideration paid and the carrying amount of minority interests acquired amounting to RMB328 million was recongnised as a decrease in reserves.

34. Business Combination

During the six months ended 30 June 2018, the Group acquired controlling interests in certain PRC companies engaged in property development and property investment business to increases its land reserve and optimize its regional layout.

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

	RMB million
Cash consideration	2,335
Recognised amounts of identifiable assets acquired and liabilities assumed	
Property, plant and equipment	6
Investment properties	37
Intangible assets	14
Other non current assets	6
Properties under development	3,912
Trade and other receivables	127
Prepayments	3
Cash and cash equivalents	195
Borrowings	(191)
Trade and other payables	(1,184)
Contract liabilities	(462)
Deferred income tax liabilities	(311)
Total identifiable net assets	2,152
Non-controlling interest	(10)
Identifiable net assets acquired	2,142
Goodwill	193

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

34. Business Combination (Continued)

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

	RMB million
Cash considerations	2,335
Considerations deferred	(1,956)
Cash and cash equivalents acquired	(195)
Payments for business combinations conducted in the period	184
Payments for business combinations conducted in prior periods	6,641
Cash outflow on acquisitions in the period	6,825

No contingent liability has been recognised for the business combination.

The acquired businesses contributed revenues of RMB8 million and net loss of RMB7 million to the Group for the period from the respective acquisition dates to 30 June 2018. If the acquisitions had occurred on 1 January 2018, the Group's consolidated revenue and consolidated profit for the period would have been RMB300,417 million and RMB53,019 million respectively.

35. Subsequent Events

The Company repurchased an aggregate of 160,528,000 shares of its own through the Stock Exchange at a total consideration of HK\$3,361,296,720 in July 2018. The aforesaid repurchased shares were cancelled on 13 August 2018.