



恒大地產集團®

EVERGRANDE REAL ESTATE GROUP

Evergrande Real Estate Group Limited

恒大地產集團有限公司

(incorporated in the Cayman Islands with limited liability)

Stock Code: 3333



Annual Report **2012**



CORE ADVANTAGE

First-class size — First-class brands — First-class team



• Contents

02	National Layout Map	56	Corporate Citizenship Report
05	Board of Directors and Committees	60	2012 Major Awards and Prizes
06	Corporate and Shareholder Information	62	2012 Milestones
07	Financial Summary	67	Corporate Governance Report
09	Report of Chairman	78	Report of the Board of Directors
23	Management Discussion and Analysis	89	Independent Auditor's Report
45	Directors and Administrative Structure	167	Five Years Financial Summary
52	Investor Relationship Report		



National LAYOUT MAP

140

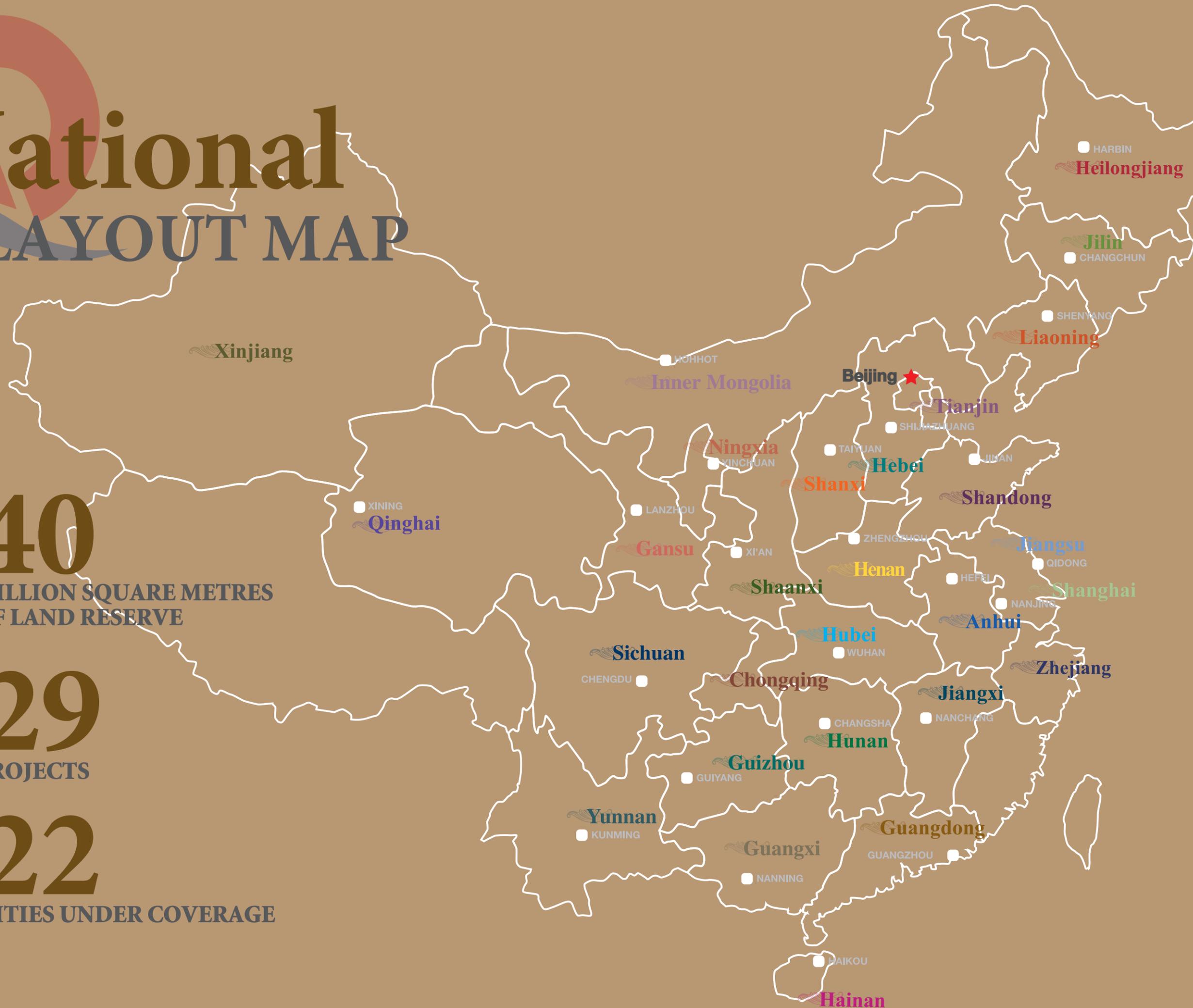
MILLION SQUARE METRES
OF LAND RESERVE

229

PROJECTS

122

CITIES UNDER COVERAGE



● Guangdong Province ● Chongqing City

- 1 Jinbi Garden No. 2 Guangzhou
- 2 Jinbi Garden No. 3 Guangzhou
- 3 Evergrande Scenic Garden Guangdong
- 4 Guangzhou Zhujiang New Town Project
- 5 Evergrande Royal Scenic Peninsula Guangdong
- 6 Evergrande Royal Scenic Bay Guangdong
- 7 Evergrande Metropolis Foshan
- 8 Shenzhen Caiwuwei Project
- 9 Evergrande Emperor Scenic Dongguan
- 10 Evergrande Atrium Dongguan
- 11 Evergrande Palace Dongguan
- 12 Evergrande Royal Scenic Dongguan
- 13 Evergrande Oasis Zhongshan
- 14 Evergrande Splendor Qingyuan
- 15 Evergrande Silver Lake City Qingyuan
- 16 Evergrande City Yunfu
- 17 Evergrande City Shaoguan
- 18 Evergrande Royal Scenic Bay Yangjiang
- 19 Evergrande Spring City Enping
- 20 Chaozhou Hotel Project
- 21 Evergrande City Chaozhou
- 22 Evergrande City Chongqing
- 23 Evergrande Oasis Chongqing
- 24 Evergrande Metropolis Chongqing
- 25 Evergrande Atrium Chongqing
- 26 Evergrande Splendor Chongqing
- 27 Evergrande Emperor Scenic Chongqing
- 28 Evergrande Emerald Court Yongchuan
- 29 Evergrande Scenic Garden Fuling

● Tianjin City

- 30 Evergrande Oasis Tianjin
- 31 Evergrande Scenic Garden Tianjin
- 32 Evergrande Splendor Tianjin
- 33 Evergrande Metropolis Tianjin
- 34 Evergrande Royal Scenic Peninsula Tianjin

● Hubei Province

- 35 Evergrande Palace Wuhan
- 36 Evergrande Oasis Wuhan
- 37 Evergrande City Wuhan
- 38 Evergrande Metropolis Wuhan
- 39 Evergrande Royal Scenic Bay Wuhan
- 40 Evergrande Splendor E'zhou
- 41 Evergrande Oasis Yichang
- 42 Evergrande Metropolis Xiangyang

● Sichuan Province

- 43 Evergrande Oasis Chengdu
- 44 Evergrande City Chengdu
- 45 Evergrande Scenic Garden Chengdu
- 46 Evergrande Royal Scenic Peninsula Chengdu
- 47 Evergrande Metropolis Chengdu
- 48 Evergrande Atrium Chengdu
- 49 Evergrande Emperor Scenic Chengdu
- 50 Evergrande Splendor Pengshan
- 51 Evergrande Oasis Nanchong
- 52 Evergrande City Ziyang
- 53 Evergrande Emerald Court Qionglai
- 54 Evergrande Oasis Zigong
- 55 Evergrande Metropolis Zigong

● Liaoning Province

- 56 Evergrande Oasis Shenyang
- 57 Evergrande City Shenyang
- 58 Evergrande Metropolis Shenyang
- 59 Evergrande Palace Shenyang
- 60 Evergrande Bay Shenyang
- 61 Evergrande Atrium Shenyang
- 62 Evergrande Emerald Court Shenyang
- 63 Evergrande Oasis Liaoyang
- 64 Evergrande Oasis Anshan
- 65 Evergrande Metropolis Anshan
- 66 Evergrande Oasis Yingkou
- 67 Evergrande City Yingkou
- 68 Evergrande Bay Yingkou
- 69 Evergrande Palace Panjin
- 70 Evergrande Palace Fushun
- 71 Evergrande Plaza Fushun
- 72 Evergrande Oasis Benxi
- 73 Evergrande Royal Scenic Bay Huludao

● Shaanxi Province

- 74 Evergrande Oasis Xi'an
- 75 Evergrande City Xi'an
- 76 Evergrande Royal Scenic Xi'an
- 77 Evergrande City Hanzhong
- 78 Baoji Project
- 79 Evergrande City Yangling

● Jiangsu Province

- 80 Evergrande Splendor Nanjing
- 81 Evergrande Oasis Nanjing
- 82 Evergrande Venice on the Sea
- 83 Evergrande Metropolis Danyang
- 84 Evergrande City Danyang
- 85 Evergrande Oasis Zhenjiang
- 86 Evergrande Atrium Jurong
- 87 Evergrande Metropolis Huai'an
- 88 Evergrande Palace Suqian
- 89 Evergrande Oasis Suqian
- 90 Evergrande City Lianyungang
- 91 Evergrande Metropolis Lianyungang
- 92 Evergrande Metropolis Yancheng
- 93 Evergrande City Wuxi
- 94 Evergrande Oasis Wuxi
- 95 Evergrande Emerald Court Changzhou

● Yunnan Province

- 96 Evergrande Splendor Kunming
- 97 Evergrande Atrium Kunming
- 98 Evergrande Metropolis Qujing



● **Inner Mongolia Autonomous Region**

- 99 Evergrande Palace Baotou
- 100 Evergrande Metropolis Baotou
- 101 Evergrande Atrium Hohhot
- 102 Evergrande Oasis Ulanhot
- 103 Evergrande Oasis Wuhai

● **Shanxi Province**

- 104 Evergrande Oasis Taiyuan
- 105 Evergrande Metropolis Taiyuan
- 106 Evergrande Scenic Garden Taiyuan
- 107 Evergrande Palace Taiyuan
- 108 Evergrande Oasis Yuncheng
- 109 Evergrande Metropolis Yuncheng
- 110 Evergrande Royal Scenic Lvliang
- 111 Evergrande Oasis Datong
- 112 Evergrande Palace Linfen

● **Guizhou Province**

- 113 Evergrande City Guiyang
- 114 Evergrande Metropolis Guiyang
- 115 Evergrande Atrium Guiyang
- 116 Evergrande City Zunyi
- 117 Evergrande City Kaili

● **Anhui Province**

- 118 Evergrande City Hefei
- 119 Evergrande Emperor Scenic Hefei
- 120 Evergrande Oasis Tongling
- 121 Evergrande Palace Wuhu
- 122 Evergrande Metropolis Huaibei
- 123 Evergrande Atrium Huaibei
- 124 Evergrande Oasis Huainan
- 125 Evergrande City Bozhou
- 126 Evergrande Oasis Anqing
- 127 Evergrande Royal Scenic Bay Lu'an
- 128 Evergrande Royal Scenic Bay Bengbu
- 129 Evergrande Royal Scenic Bay Ma'anshan

● **Hunan Province**

- 130 Evergrande Palace Changsha
- 131 Evergrande Metropolis Changsha
- 132 Evergrande City Changsha
- 133 Evergrande Oasis Changsha
- 134 Evergrande Atrium Changsha
- 135 Evergrande Palace Liuyang
- 136 Evergrande Emerald Court Changsha
- 137 Evergrande Royal Scenic Bay Changsha
- 138 Evergrande Palace Chenzhou
- 139 Evergrande Metropolis Zhuzhou
- 140 Evergrande Metropolis Yueyang
- 141 Evergrande Oasis Hengyang

● **Guangxi Zhuang Autonomous Region**

- 142 Evergrande Oasis Nanning
- 143 Evergrande Oasis Qinzhou
- 144 Evergrande Royal Scenic Peninsula Beihai
- 145 Evergrande Metropolis Beihai
- 146 Evergrande Plaza Guilin
- 147 Evergrande Royal Scenic Bay Fangchenggang

● **Henan Province**

- 148 Evergrande Oasis Zhengzhou
- 149 Evergrande Metropolis Zhengzhou
- 150 Evergrande Oasis Luoyang
- 151 Evergrande Metropolis Xinyang
- 152 Evergrande Palace Wugang
- 153 Evergrande Oasis Anyang
- 154 Evergrande Atrium Xinxiang
- 155 Evergrande Splendor Xinxiang
- 156 Evergrande Oasis Xuchang

● **Jiangxi Province**

- 157 Evergrande City Nanchang
- 158 Evergrande Oasis Nanchang
- 159 Evergrande Metropolis Nanchang
- 160 Evergrande Metropolis Jingde Town
- 161 Evergrande Atrium Xinyu
- 162 Evergrande City Xinyu
- 163 Evergrande Oasis Yingtan

● **Hebei Province**

- 164 Evergrande City Shijiazhuang
- 165 Evergrande Atrium Shijiazhuang
- 166 Evergrande Oasis Shijiazhuang
- 167 Evergrande Metropolis Shijiazhuang
- 168 Evergrande Royal Scenic Peninsula Shijiazhuang
- 169 Evergrande Splendor Luquan
- 170 Evergrande City Qinhuangdao
- 171 Evergrande City Cangzhou
- 172 Evergrande International Hot Spring Tourism Baoding
- 173 Evergrande City Xingtai
- 174 Evergrande Emperor Scenic Xingtai
- 175 Evergrande Metropolis Handan

● **Hainan Province**

- 176 Haikou Cultural and Tourism City
- 177 Hainan Haikou Bay Project
- 178 Evergrande Metropolis Danzhou
- 179 Evergrande Splendor Danzhou
- 180 Evergrande Royal Scenic Bay Hainan

● **Shandong Province**

- 181 Evergrande Metropolis Jinan
- 182 Evergrande Oasis Jinan
- 183 Evergrande City Jinan
- 184 Evergrande Atrium Jinan
- 185 Jinan CBD Project
- 186 Evergrande Emperor Scenic Jinan
- 187 Evergrande Splendor Laiwu
- 188 Evergrande Metropolis Weifang
- 189 Evergrande Yellow River Ecological City Dongying
- 190 Evergrande Palm Island Dongying
- 191 Evergrande City Tai'an
- 192 Evergrande Palace Linyi
- 193 Evergrande Oasis Linyi
- 194 Evergrande Metropolis Jining
- 195 Evergrande Emerald Court Weifang

● **Shanghai City**

- 196 Evergrande Palace Shanghai

● **Jilin Province**

- 197 Evergrande Oasis Changchun
- 198 Evergrande City Changchun
- 199 Evergrande Center Changchun
- 200 Evergrande Royal Scenic Changchun
- 201 Evergrande Emerald Court Changchun
- 202 Evergrande Metropolis Changchun
- 203 Evergrande Palace Jilin
- 204 Evergrande Royal Scenic Bay Songyuan

● **Gansu Province**

- 205 Evergrande City Lanzhou
- 206 Evergrande Oasis Lanzhou
- 207 Evergrande Metropolis Plaza Lanzhou
- 208 Evergrande Scenic Garden Lanzhou
- 209 Evergrande Oasis Wuwei

● **Ningxia Hui Autonomous Region**

- 210 Evergrande Metropolis Yinchuan
- 211 Evergrande Oasis Shizuishan
- 212 Evergrande Metropolis Wuzhong

● **Zhejiang Province**

- 213 Evergrande Oasis Jiaxing
- 214 Evergrande Royal Scenic Haiyan
- 215 Evergrande Metropolis Pinghu
- 216 Evergrande Emperor Scenic Ningbo
- 217 Evergrande Scenic Garden Ningbo

● **Heilongjiang Province**

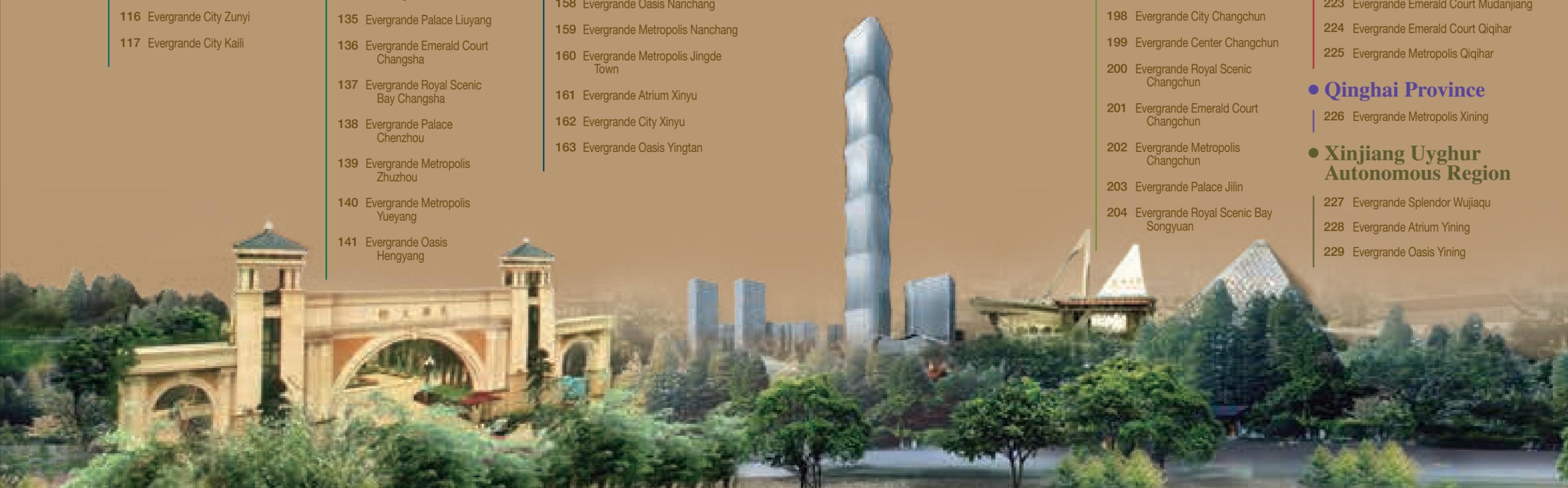
- 218 Evergrande Oasis Harbin
- 219 Evergrande Metropolis Harbin
- 220 Evergrande City Harbin
- 221 Evergrande Oasis Daqing
- 222 Evergrande Oasis Mudanjiang
- 223 Evergrande Emerald Court Mudanjiang
- 224 Evergrande Emerald Court Qiqihar
- 225 Evergrande Metropolis Qiqihar

● **Qinghai Province**

- 226 Evergrande Metropolis Xining

● **Xinjiang Uyghur Autonomous Region**

- 227 Evergrande Splendor Wujiaqu
- 228 Evergrande Atrium Yining
- 229 Evergrande Oasis Yining





Board of Directors and Committees ●



Chairman of The Board of Directors

Hui Ka Yan

Executive Directors

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

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

Xu Wen

Lai Lixin

Tse Wai Wah

Independent Non-Executive Directors

Chau Shing Yim, David

He Qi

Xie Hongxi

Audit Committee

Chau Shing Yim, David (*Chairman*)

He Qi

Xie Hongxi

Remuneration Committee

He Qi (*Chairman*)

Hui Ka Yan

Xie Hongxi

Nomination Committee

Hui Ka Yan (*Chairman*)

He Qi

Chau Shing Yim, David

Authorised Representatives

Hui Ka Yan

Fong Kar Chun, Jimmy



● Corporate and Shareholder Information

Head Office

43rd Floor, Evergrande Center
No. 78 Huangpu Avenue West
Guangzhou
Guangdong Province
The PRC
Postal code: 510620

Place of Business in Hong Kong

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

Website

www.evergrande.com

Company Secretary

Fong Kar Chun, Jimmy
Hong Kong solicitor

Auditor

PricewaterhouseCoopers

Principal Bankers

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

Shareholder Information

Listing Information

The shares of the Company (the “Shares”) are listed in
The Stock Exchange of Hong Kong Limited
 (“Stock Exchange”)

The bonds of the Company are quoted in
Singapore Stock Exchange Limited
 (“Singapore Stock Exchange”)

Securities Codes

Stock

HKEX: 3333

Bonds

RMB5,550,000,000 US\$ Settled 7.50%
Senior Notes due 2014

Common Code: 057638222
ISIN: XS0576382229

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

Common Code: 057638249
ISIN: XS0576382492

US\$1,350,000,000 13.00%
Senior Notes due 2015

CUSIP: 300151AA5/G3225AAAI
Common Code: 048317278/048284361
ISIN: US300151AA58/USG3225AAA19

Investor Relationship

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

Financial Calendar

Announcement of final results:	26 March 2013
Closure of register of members to ascertain shareholders’ entitlement to attend the annual general meeting (“AGM”):	4 June 2013 to 6 June 2013
AGM:	6 June 2013

Financial Summary ●



Summary of Balance Sheet

As at 31 December

	2012	2011	Changes
		(Restated)	
Total cash (including cash and cash equivalents and restricted cash) (RMB billion)	25.19	28.20	-10.7%
Total assets (RMB billion)	238.99	179.02	33.5%
Borrowings included in current liabilities (RMB billion)	19.03	10.23	86.0%
Borrowings included in non-current liabilities (RMB billion)	41.24	41.50	-0.6%
Capital and reserves attributable to shareholders of the Company (RMB billion)	38.26	31.96	19.7%
Net borrowing ¹ /total equity	84.2%	67.5%	16.7 percentage points

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





● Financial Summary (Continued)

Summary of Income Statement

For the year ended 31 December

	2012	2011	Changes
		(Restated)	
Revenue (RMB billion)	65.26	61.92	5.4%
Profit attributable to shareholders of the Company (RMB billion)	9.17	11.32	-18.9%
Basic earnings per share (RMB)	0.61	0.76	-19.7%



Report of Chairman







● Report of Chairman



Hui Ka Yan
Chairman

Dear Shareholders,

I am pleased to present the results of Evergrande Real Estate Group Limited (“Evergrande” or the “Company”) and its subsidiaries (the “Group”) for the year ended 31 December 2012.

The Group’s turnover and gross profit for the year amounted to RMB65.26 billion and RMB18.21 billion respectively, and the net profit was RMB9.18 billion.

Profit attributable to shareholders amounted to RMB9.17 billion, and the earnings per share of the Group was RMB0.61.



Business Review

In 2012, the China property market continued to weather the austerity measures imposed on the sector, and experienced ups and downs, gradually picking up following the initial decline in the beginning. The general trend was in line with the Group's fundamental expectation made at the end of 2011. In the first half of the year, the market continued the profound adjustment starting from the end of 2011 where the area of residential properties sold nationwide and sales amount recorded a year-on-year decline of 11.2% and 6.5%¹, respectively. In the second half of the year, the People's Bank of China began to lower interest rates in light of the deceleration of global economic growth and the continuous fall in inflation in China, so as to boost macro-economy and to strive to realize the Central Government's target on "stabilising growth". In tandem with the gradual adjustment of property price to reasonable levels, the robust demand was swiftly transformed into actual transaction volume, and thus the property market has gradually been stabilised. During the year, the area of our residential properties sold and our sales amount recorded a year-on-year growth of 2.0% and 10.9%, respectively, while the average selling price recorded a year-on-year growth of 8.7%².

In 2012, given the dominance of robust demand, significant divergence appeared in terms of regional markets, product structures and real estate developers. First- and second-tier cities showed outstanding performance with rapid rebound of transaction volume, and end-user products of less than 144 m² were extremely popular. Real estate developers generally benefited from the inventory clearance strategy, which in turn further consolidated the industry. The competitive edges of large real estate developers in aspects such as land reserves, financial resources and sales volume were more significant. In 2012, the sales of China's Top 10 real estate developers accounted for 12.46% of property sales in China, representing a year-on-year increase of 2.77 percentage points or a significant increase of 2.47 percentage points as compared to the growth in 2011³.

Leveraging on its thorough understanding of the policy intention of the Central Government and its visionary predictions on the market trend, the Group has proactively seized market opportunities and consolidated its business foundation to realize the stable operation of its various businesses. During the year, the Group achieved contracted sales of RMB92.32 billion, representing a year-on-year growth of 14.8%; GFA of the contracted sales amounted to 15.485 million m², ranking No. 1 in China⁴, and the GFA sold recorded a year-on-year growth of 26.9%; revenue amounted to RMB65.26 billion, of which revenue of the real estate development segment accounted for RMB63.51 billion, representing a year-on-year increase of 5.0%; total cash (including cash and cash equivalents and restricted cash) amounted to RMB25.19 billion at the end of 2012; GFA of land reserve amounted to 140 million m² with average cost of RMB724 per m²; area under construction at the end of the year was approximately 38.98 million m².

¹ Source: "National Real Estate Development and Sales for January to June 2012" issued by National Bureau of Statistics of China

² Source: "National Real Estate Development and Sales for 2012" issued by National Bureau of Statistics of China

³ Source: CRIC Information Corporation and China Real Estate Appraisal

⁴ Source: "Top 50 PRC Real Estate Enterprises for 2012 in terms of Sales" jointly issued by CRIC Information Corporation and China Real Estate Appraisal



● Report of Chairman (Continued)

Land Reserve

We moderately replenished our quality land reserve with net year-on-year growth in area of land reserve by 2.4%, maintaining the balance between consumption and replenishment.

During the year, in view of the completion targets for the year and the opportunities arising in the land market in the first half of the year, 47 projects were newly added, of which 13 projects were in second-tier cities and 34 projects were in third-tier cities. With GFA of 13.739 million m² completed in the year, the Group's land reserve was 140 million m² in the end of 2012, a net increase of 3.341 million m² or a growth of 2.4% as compared to 2011. The Group's newly acquired land reserves in the year covered cities including Changsha, Jinan, Shenyang, Guiyang, Ningbo, Wuxi, Ma'anshan and Qiqihar, and the cost of newly acquired land reserves was approximately RMB1,151 per m². Land acquisition was mainly conducted in the first half of the year with 34 new projects added, while the Group only added 13 new projects in the second half of the year.

As at 31 December 2012, the Group had 229 projects across 122 cities in China, of which 6 projects were in first-tier cities, 93 projects were in second-tier cities and 130 projects were in third-tier cities; the average cost of the land reserve was approximately RMB724 per m². The low-cost land reserves and extensive footprints allowed the Group to implement its strategies in deeper dimensions, resulting in substantial scale advantages and greater capacity for sustainable development and resilience against risks.

The total cost for the Group's land reserves as at 31 December 2012 was RMB126.71 billion, of which the settled and outstanding amounts were RMB92.33 billion and RMB34.38 billion, respectively. RMB7.95 billion, RMB8.41 billion and RMB11.98 billion were scheduled to be paid in the first half of 2013, the second half of 2013 and within 2014, respectively, with RMB6.04 billion to be paid in 2015 and beyond.



Contracted Sales

The Group hit new record highs in contracted sales once again and continued to rank No. 1 in China by GFA sold.

Given the extremely sluggish market environment in the first quarter of 2012, the Group launched relatively fewer projects. Since the second quarter, the Group has stepped up its efforts on the launch of sales of the existing and new projects. Riding on its high value-for-money products and upholding the inventory clearance strategy, the Group succeeded in surpassing its full-year contracted sales target of RMB80 billion one month in advance, and recorded contracted sales of RMB92.32 billion for the year, representing a year-on-year growth of 14.8% as compared with 2011 and achieving 115.4% of the annual target; the GFA of contracted sales was 15.485 million m², representing a year-on-year growth of 26.9% as compared with 2011. 99.2% of the contracted sales of the Group were derived from second- and third-tier cities including Changsha, Chongqing, Taiyuan, Chengdu, Wuhan and Shenyang, of which the sales in second-tier cities and third-tier cities accounted for 44.8% and 54.4%, respectively.

During the year, as the market was dominated by robust demand, the Group continued to adhere to the concept of “developing properties for people’s livelihood” to cultivate its presence in second- and third- tier cities with a product mix in line with market demand. The proportion of mass-market residential units of less than 144 m² developed by the Group accounted for over 76.0% of our total supply, and products launched were mainly units with small and medium areas that catered to the needs of end-users. China’s total sales of commodity housing were RMB6,445.6 billion⁵ in 2012 and, on such basis, the Group’s market share in China was approximately 1.43% in 2012, representing a year-on-year increase of about 0.1 percentage point, which showed that the Group’s products catering for people’s livelihood and end-users were well received by the market.

During the year, the Group launched 58 new projects spanning across 52 second- and third-tier cities, including Shenyang, Chengdu, Chongqing, Jinan, Tianjin, Shijiazhuang, Changsha, Zhenjiang and Foshan, and had a total of 179 projects in sales mode across 104 cities in total, of which, 83 projects were in second-tier cities and 94 projects were in third-tier cities.

As at 31 December 2012, the Group had around 50 projects pending launches, and the majority of which are scheduled to be launched in 2013, and will provide adequate supply to help us achieve excellent sales result.

⁵ Source: National Bureau of Statistics of China



● Report of Chairman (Continued)

Property Development

During the year, GFA under construction of new projects was 16.05 million m², GFA completed was 13.739 million m² and GFA under construction at the end of the year was 38.98 million m². Both GFA completed and delivered have increased under market downturn, and the construction scale and sales pace matched and were reasonable.

The Group devoted its efforts consistently to implement the rapid development model on premium products, while adjusting the construction size of new projects according to the construction progress and the number of properties available for sale. GFA under construction of new projects decreased by 7.84 million m² to 16.05 million m² in 2012 from 23.89 million m² in 2011, representing a decline of approximately 32.8%; GFA under construction at the end of the year was 38.98 million m², representing a slight growth on a year-on-year basis, which guarantees adequate salable resources to satisfy the needs of sustainable growth in the future. While conducting centralised management of its development scale, the Group further refined its standardised development model, and completed 50 outlines on standardised design and specifications in the year. At the same time, the Group also implemented the upgrading strategy of its products via developing various new layouts and styles suiting the market on the basis of the success achieved in the past. Coupled with different façade styles, the Group's products are set to cater for the market in the era of end-user demand.

As at 31 December 2012, 186 projects were under construction, of which the Group has received pre-sale permits for 179 projects, and the salable GFA under construction was 9.817 million m². The Board considers that upholding the strategy of matching development pace and sales pace allows the Group to maintain its leading development and construction size and saleable area in the industry to satisfy our next phase growth in contracted sales and delivery of properties.

In 2012, the Group's completed GFA spanned across 125 projects, and a total of 134 projects were delivered, recognising a delivery amount of RMB63.51 billion, a year-on-year increase of 5.0%; the GFA of properties delivered was 10.635 million m², a year-on-year increase of 12.3%. The accumulated sales-through rate of completed properties of the Group was over 88%.



Report of Chairman (Continued) ●



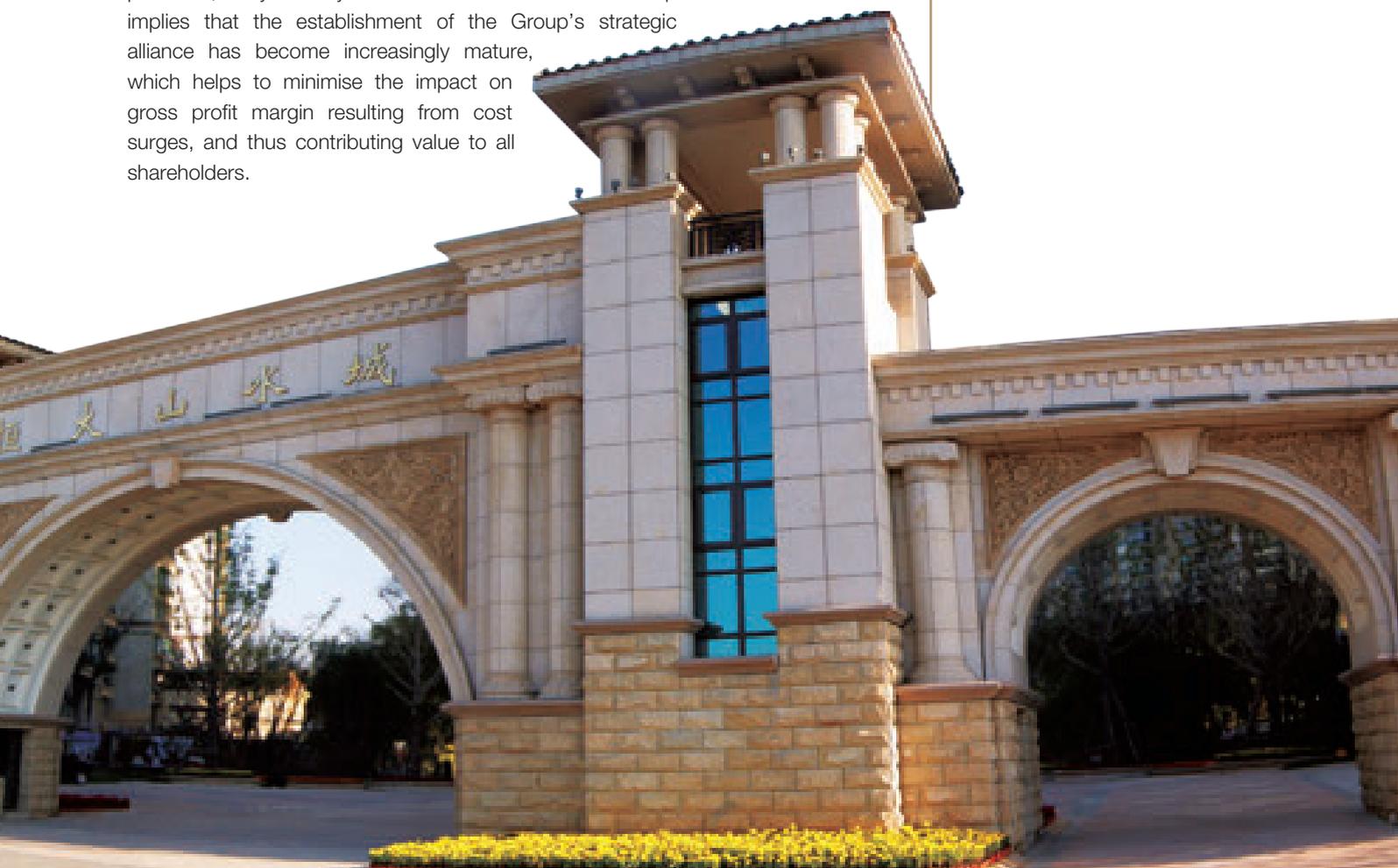
Premium Standardisation

The Group's premium and standardised industry chain was increasingly comprehensive, demonstrating its strong competence in cost control.

In 2012, the significant surge in salary and construction materials price imposed considerable pressures on the Group's gross profit margin. During such period, the Group achieved a win-win situation with its strategic partners and effectively coped with the pressure on rising costs of construction materials through entering into a strategic alliance for the entire process of property development and leveraging on its extensive GFA under construction and vertically integrated purchase model.

In 2012, the Group further enhanced its management on centralised procurement and supply, and explored for the first time the online self-recommendation platform for suppliers. 39 strategic partners were newly added and 18 were eliminated, while assessment and management mechanisms on the quality and system of suppliers were also established. A new quality check model with focus on on-site examination was determined, and the overall passing rate on the quality of materials for the year reached 97.02%. The Group purchased material supplies of approximately RMB4.6 billion throughout 2012, and the overall procurement cost decreased by 3.6% from last year. It is expected that with the slight growth of procurement scale in the full year of 2013, the procurement cost for renovation and construction materials will remain at a relatively stable level on a year-on-year basis.

The Board believes that the Group has adopted appropriate measures to cope with the general adverse situation caused by the increase in construction cost. In particular, the year-on-year decline in renovation materials price since 2008 implies that the establishment of the Group's strategic alliance has become increasingly mature, which helps to minimise the impact on gross profit margin resulting from cost surges, and thus contributing value to all shareholders.





● Report of Chairman (Continued)

Financial Resource

The Group continues to uphold a prudent financial policy of “cash is king” to lower net debt level by various methods, maintain sufficient cash flows with prudent strategies to ensure financial security.

In the first half of the year, due to the impact of a down market cycle in the real estate market, the Group's recovery of sales proceeds was relatively slow. Since the second quarter, the Group implemented an inventory clearance strategy, strengthened the recovery of pre-sales proceeds and prudently controlled its capital expenditures on land and construction. Despite settling land premium of RMB28.4 billion and construction fees of RMB38.5 billion during the year, net debt ratio as at 31 December 2012 (net borrowing⁶ to total equity) significantly decreased by 11.9% as compared with the interim period in 2012. Meanwhile, the Group's stringent control on expenditures also achieved great success: in spite of significant expansions in operations, the operating expenses of our 49 regional companies recorded a year-on-year decline of 21.6%, the Group's office expenses recorded a year-on-year decline of 24.9% and traveling expenses recorded a year-on-year decline of 42.3%.

As at 31 December 2012, the Group's total cash (including cash and cash equivalents and restricted cash) still remained at a satisfactory level of RMB25.19 billion. New bank loans for the year amounted to RMB26.25 billion, undrawn banking facilities as at 31 December 2012 reached RMB36.37 billion and available funds totalled RMB61.56 billion.

In January 2013, in order to further lower its net debt ratio and financial costs, the Company conducted a placement of 1 billion new shares, which were allotted by the Group at the price of HK\$4.35 per share, representing approximately 6.7% of the issued share capital and approximately 6.2% of the issued share capital enlarged by the subscription. The Group plans to use the net proceeds of approximately HK\$4.35 billion to repay its debts and to serve as its general working capital. The Board believes that this financial arrangement not only raises capital, but also significantly lowers the Group's net debt ratio to 69.8%. To further lower its debt ratio, the Group has decided not to declare any dividend for the year of 2012 at this time.

⁶ Net borrowing equals to total borrowings after deducting cash and cash equivalents and restricted cash



Corporate Social Responsibilities and Awards

Incorporating social responsibilities into strategies and continuing its support for charitable activities in terms of livelihood, sports and environmental protection.

In the past 16 years since its establishment, the Group has not only provided over 300,000 households with high value-for-money residential developments, but also made total charitable donations of approximately RMB2.1 billion. In 2012, the Group agreed to donate RMB350 million to support poverty alleviation in “Guangdong Poverty Alleviation Day”, the payments of which will be made in ten years. The Group worked in creative ways with charitable organisations to establish specific poverty alleviation funds. Moreover, to advocate urban development while balancing urban ecology, the Group also donated RMB6 million to construct the South Mountain Botanical Garden in Chenzhou.

Always aspiring to the philosophy of green real estate development, the Group is committed to delivering fully-refurbished properties to reduce environmental pollution from refurbishment works, while leveraging on its standardised operations and cooperating with strategic upstream and downstream partners along the industry chain to be the first to apply advanced technologies such as Low-E energy-saving glass and LED lighting devices from design to construction, striving to produce low-carbon, quality green properties.

In 2012, the Group ranked among the “Top 10 Property Developers in China” compiled by China Real Estate Top 10 Research Group for the ninth consecutive year. Furthermore, it topped the list of China’s real estate enterprises, ranking among the “Top 10 Property Brand Value in China” for the seventh consecutive year, and was awarded the “Blue-chip Real Estate Enterprise” and “Best Enterprise for Corporate Social Responsibilities” by China’s mainstream media for the fourth consecutive year. These awards demonstrated a high degree of recognition by the society of the Group’s achievements in social responsibility, internal management and brand building.



● Report of Chairman (Continued)

Business Outlook

The Board believes, despite the ongoing implementation of the government's austerity measures in the real estate sector in 2013, following the 18th National Congress of China, that economic restructuring, a new round of urbanisation and an "income doubling" plan have been the common consensus of the general public in China, which will become a new spotlight of the real estate market. Along with the implementation of adjustment policies, gradual reduction of inventory in the sector, as well as the implementation of China's market-oriented interest rate reform, it is obvious that the industry will develop in a way that "the large ones get larger" and this will, to a large extent, determine the long-term prospect of the real estate industry in China.

Taking into account the above general outlook and the Group's sixth "Three-year Plan" for "in-depth management and stable growth", the Board will focus on "big development, big strategy, great wisdom, great victory" in 2013 through extensive implementation of the product upgrading strategy. On top of expanding its market share and sales volume, the Group will also constantly optimise various financial indicators, strengthen the sustainability of its profit and achieve high quality coordinated development.

To thoroughly adhere to the Company's operation principles of solid operation and steady growth, the Group has the following plans for the next five years:

- Average annual contracted sales growth of 20%–30%;
- Average annual profit growth of 20%–30%;
- Average annual land reserve growth within 10%;
- Achieve and control net debt ratio under 60% in average;
- Fully focus on the residential development, and cessation of involvement in any other new non-core business.

Report of Chairman (Continued) ●



Land Reserve

The Group will begin to acquire lands through equity partnerships to improve capital utilisation, while competing for quality projects in a more favorable way on the back of its established scale and branding edge.

The Group will still uphold the same principle of “replenishing consumed land reserves”, and attach more importance to balanced project development in second- and third-tier cities in the future, emphasising on replenishing consumed land reserves in second-tier cities, particularly on the acquisition of quality projects in the hubs of cities. With respect to land acquisition, the Group will adopt a more prudent approach and implement stricter requirements on the type of cities, land plot locations, planning conditions and payment terms with an aim to increase the profit margin of its projects and the overall profitability of the Group.

Project Development

In the face of robust market demand, the Group will put more effort in strengthening cost control, implementing product upgrade strategies and standardising construction of quality properties.

With years of practical experience, the Group conducted research and development for systems in respect of renovation materials, construction processes, design and cost control. New renovation standards will be applied to all projects in 2013 by using new materials and processes in all aspects for the purposes of shortened construction period, quality enhancement and cost-savings. In terms of architectural design and aestheticism, the Group has entered into a strategic cooperation agreement with Shenzhen General Institute of Architectural Design and Research Co., Ltd. (深圳市建築設計研究總院有限公司), the largest design institute in the PRC, to further ensure its leading edge on providing high value-for-money products.

To align with its annual operation plan, the Group anticipates that there will be an increase in the scale of new projects and GFA under construction in 2013; it will enhance information technology thoroughly for project management by vigorously promoting project management, contract management and the integration and optimisation of procurement and supply chain management systems under the Enterprise Resources Planning (ERP), the Group’s core business system. Meanwhile, it will install video surveillance systems at all construction sites to strengthen centralised management and control as well as improve efficiency and the ability of analysis and decision-making.



● Report of Chairman (Continued)

Contracted Sales

The Group will maintain strong sales efforts from the beginning of the year, set more proactive internal sales targets monthly, and review and adjust specific sales policy according to market conditions at any time to ensure strong growth in annual contracted sales.

The contracted sales target for 2013 is RMB100.0 billion. Owing to the fact that the existing inventory of the industry remains high and potential supply actually still exceeds salable area, the Group will implement a more prudent and reasonable sales strategy in the pursuit of a sales pace, matching its development scale with sales schedules while striking a balance between the scale and profit of sales. As for product marketing, the Group will continue to concentrate on small- and medium-sized residential properties in second- and third-tier cities, with larger-sized units as supplements to satisfy demand for higher quality and resort-style units.

In 2013, the Group's total salable area will maintain a growth rate of over 30% compared to 2012. We currently plan for launching around 50 new projects in 2013, mainly covering second- and third-tier cities. The number of projects available for sale is expected to reach around 230 at the end of the year with the objective to balance the proportion of the number of projects available for sale in second- and third-tier cities, whereas the number of properties available for sale will remain sufficient to satisfy the strong demand. In light of the Group's extensive experience in the real estate sector over years, the edge of its high value-for-money products and strong execution ability of all staff, the Board is confident of achieving the sales target in 2013.

In-depth Management

Facing more complex market situations and increasingly fierce competition, the Group will focus on long-term sustainable developments, further strengthening its collective, clustered management model to achieve the established targets of higher quality, lower cost and balanced development of sustained stability and high quality.

Report of Chairman (Continued) ●



The Group will, on the basis of tightened management, strictly enforce resource exploration and cost control, examining all development processes with a focus on control over its cost of development and construction, the management of project budgets and final accounts, continuous expansion of strategic cooperative alliances, and adherence to centralised procurement and centralised tendering and bidding to mitigate upward pressure in the cost of materials and equipment. The Group will deploy resources to examine and improve control over project costs from its source on the basis of the implementation of standardised design specifications.

The Group will further adopt means of information technology to improve management's decision-making and operational efficiency, optimise and integrate the existing 12 major business operating systems covering financial systems, materials supply chains, project management, gardens and hotels, and upgrade EMS, KM and contract management, human resources and business management systems. The Group hopes that by organising and implementing these measures, the effect of "known, controllable and predictable" management and control will be achieved, allowing us to attain new heights in detailed management.

Financial Resource

The Group will continue its conservative financial policy, step up its efforts on sales and collection of proceeds, develop equity partnerships with stringent costs and fees control to reduce the gearing ratio and optimise various financial indicators.

In 2013, while seizing the opportunity to expand sales, the Group will continue to strengthen the collection of sales proceeds to ensure adequate cash flow. In addition to lowering its net debt ratio by placing shares, the Group will continue to consolidate existing domestic financing channels and endeavor to develop overseas financing channels through equity partnerships, syndicated loans and bilateral loans. The structures of borrowings, currencies, maturities and credit are optimised through various channels, thus reducing the cost of capital and further improving the operational efficiency of funds.

The Group will also control key expenses, including land and construction costs reasonably, further tighten the management of cost and fee assessment of each business unit, and continue to implement the assessment mechanism of costs and fees which are linked to operating results and salaries and incentives of its business departments.



● Report of Chairman (Continued)

Review of Consolidated Financial Information

The audit committee of the Company consists of all independent non-executive directors, Mr. Chau Shing Yim, David, Mr. He Qi and Ms. Xie Hongxi. The audit committee assists the Board in providing an independent review of the completeness, accuracy and fairness of the financial statements of the Group, as well as the efficiency and effectiveness of the Group's operations and internal controls. The audit committee has reviewed the annual results of the Group for the year ended 31 December 2012.

Publication of Information on the Stock Exchange's Website

This annual report will be published on the Stock Exchange's website and the Company's website (www.evergrande.com), and will also be despatched to the shareholders of the Company.

Appreciation

The steady development of the businesses of the Company has always been due to the trust and support of all the shareholders, investors and business partners as well as the loyalty of all members of its staff, and on behalf of the Board, I express my heartfelt gratitude.

Hui Ka Yan

Chairman

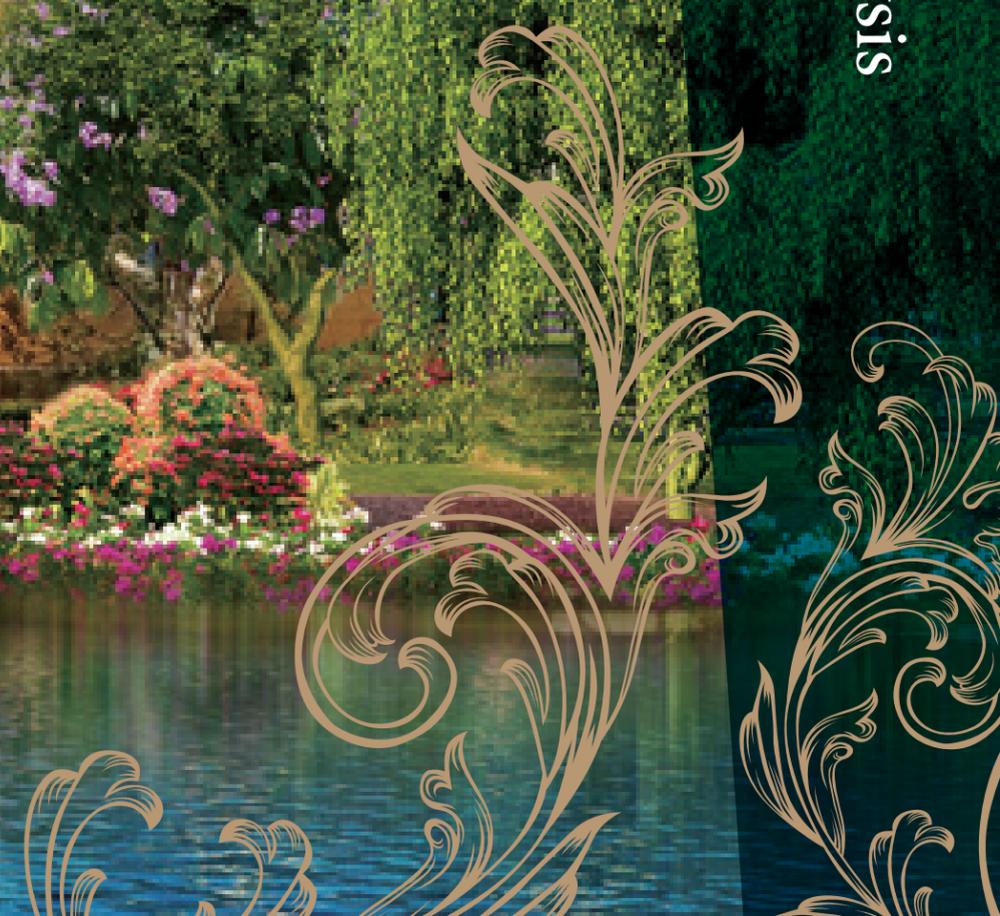
Hong Kong, 26 March 2013

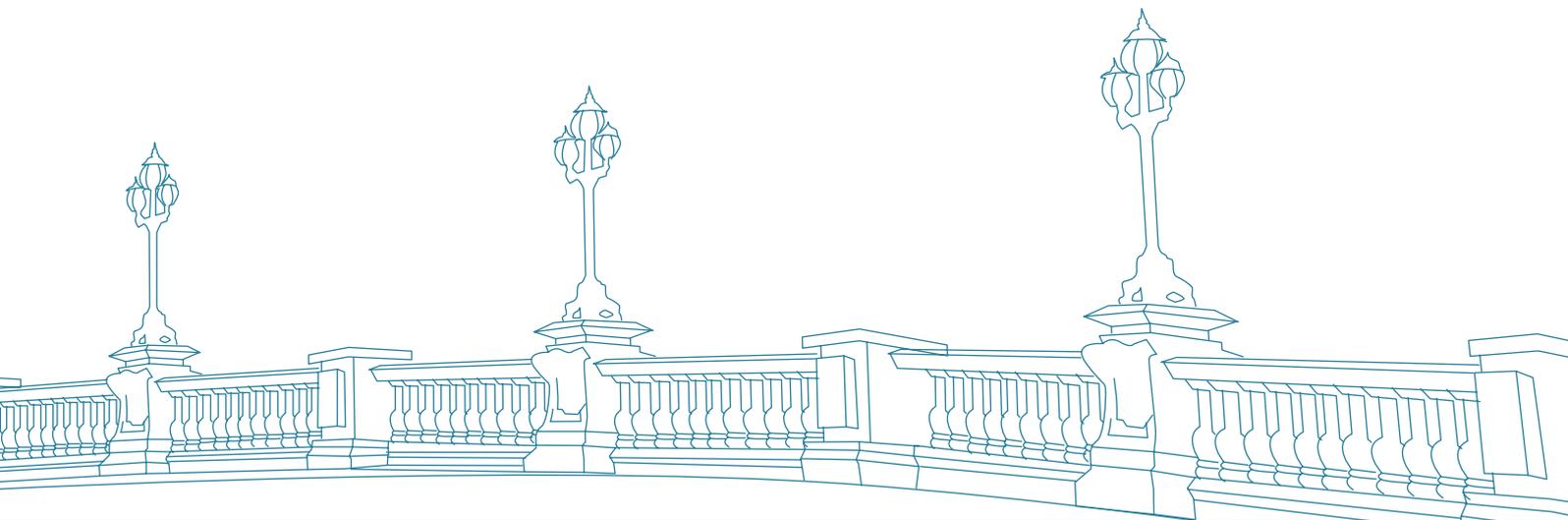
Management Discussion and Analysis





Management Discussion and Analysis





Management Discussion and Analysis



OVERALL PERFORMANCE

In 2012, the Group recorded a revenue of RMB65.26 BILLION, representing a year-on-year growth of 5.4%. Profit attributable to shareholders amounted to RMB9.17 BILLION. Basic earnings per share amounted to RMB0.61.

The Group's total shareholders' equity as at 31 December 2012 was RMB38.26 BILLION, representing a year-on-year growth of 19.7%. Total assets amounted to RMB238.99 BILLION, representing a year-on-year growth of 33.5%.

Management Discussion and Analysis ● (Continued)



Revenue

During the year, revenue of the Group amounted to RMB65.26 billion, representing a year-on-year growth of 5.4%, of which revenue generated from the property business amounted to RMB63.51 billion, representing a year-on-year growth of 5.0%; revenue generated from property management amounted to RMB0.51 billion, an increase of 10.9% from last year; revenue generated from investment properties amounted to RMB99.00 million, an increase of 18.0% from last year; revenue from construction, hotel operation and other property development related business amounted to RMB1.14 billion, representing an increase of RMB0.24 billion from last year.

Gross Profit

Gross profit of the Group amounted to RMB18.21 billion, a decrease of 11.6% compared with last year. Gross profit margin was 27.9%, a decrease of approximately 5.4 percentage points from last year, which was mainly due to the increase in the delivery proportion attributable to projects in third-tier cities for the year and the launch of some sales promotion activities to foster the turnover of inventories in the third quarter of the year which lowered the average delivery price from last year.

Selling and Marketing Costs

During the year, selling and marketing costs of the Group rose from RMB2.72 billion in 2011 to RMB3.02 billion, which was principally due to the increase in the number of projects launched and the significant expansion in scale, thereby driving the corresponding increase in the number of nationwide marketing and brand publicity activities.

Administrative Expenses

During the year, administrative expenses of the Group increased by RMB0.44 billion to RMB2.60 billion from RMB2.16 billion in 2011, which was mainly due to our continued expansion in the business throughout China, the corresponding cost increase in managing more undelivered new projects and the corresponding increase in the number of employees and their remuneration level. However, the slowdown in the growth rate of administrative expenses with the significant decrease in expenses such as entertainment and travelling expenses under the stringent cost control implemented by the Group from this year partially offset the increase of expenses such as staff cost.

● Management Discussion and Analysis (Continued)

Financial Review

Borrowings

As at 31 December 2012, the borrowings of the Group amounted to RMB60.27 billion with the following maturities:

	31 December 2012 (RMB billion)	As percentage of total borrowings	31 December 2011 (RMB billion)	As percentage of total borrowings
Less than 1 year	19.03	31.6%	10.23	19.8%
1-2 years	20.13	33.4%	13.41	25.9%
2-5 years	20.41	33.9%	27.24	52.7%
More than 5 years	0.70	1.1%	0.85	1.6%
	60.27	100%	51.73	100%

As at 31 December 2012, loans of RMB26.70 billion bore interests at floating rate, and the remaining loans of RMB33.57 billion bore interests at fixed rate.

The above loans were pledged against the property and equipment, investment properties, properties under development, completed properties held for sale, cash at bank of the Group and the shares of certain subsidiaries of the Group at an average effective interest rate of 10.05% per annum (2011: 8.81%).

Foreign Exchange Exposure

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

Liquidity

As at 31 December 2012, the total amount of cash and cash equivalents and restricted cash of the Group was RMB25.19 billion. The Group also had unutilised banking facilities of RMB36.37 billion as at 31 December 2012. The abundant working capital provides great financial support for our quest for the best business opportunities and speedy expansion.

Management Discussion and Analysis ● (Continued)



Financial Leverage

As at 31 December 2012, the Group's net debt ratio (the ratio of net borrowing¹ to total shareholders' equity) was 84.2% (31 December 2011: 67.5%), a decrease of 11.9 percentage points as compared to 96.1% as at 30 June 2012. The increase in debt ratio to a relatively higher level for the first half of 2012 was due to lower contractual sales and slower cash recovery rate in the first quarter. In the second half of 2012, we were endeavoured to speed up our cash recovery and control the pace of land acquisition, which have effectively lowered our net debt ratio. One of the key plans of the Group for the next five years is to control the general net debt ratio to below 60%.

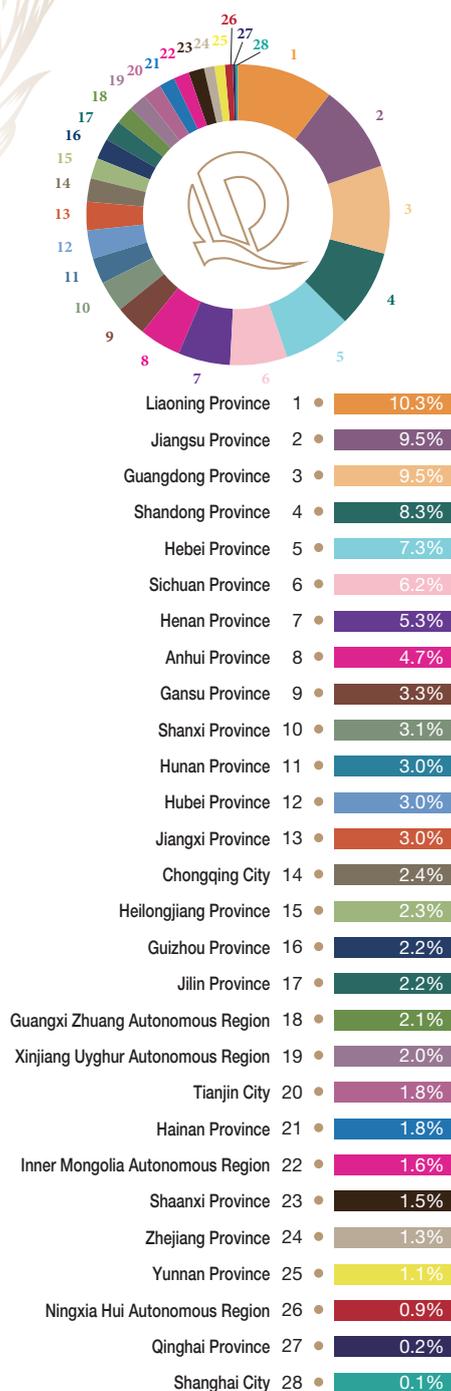
Contingent Liabilities

As at 31 December 2012, the Group arranged bank financing for certain property buyers and provided guarantees in relation to the repayment obligations of approximately RMB56.27 billion for those buyers. The Group had not suffered from significant loss resulting from the above guarantees in the past, which was mainly because the guarantees concerned were only a transitional arrangement for property buyers prior to the completion of mortgage registration and were pledged against property rights, in addition to the fact that they will be released once the mortgage registration is completed. Considering the above factors, the Board is of the view that the possibility of default by buyers is minimal, thus the financial guarantees measured at fair value is immaterial.

¹ Net borrowing represents the total borrowings after deducting cash and cash equivalents and restricted cash

● Management Discussion and Analysis (Continued)

Land reserve distribution of the Group



Land Reserve

As at 31 December 2012, the Group's total GFA of land reserves was approximately 140 million m² across 122 cities in China. The Group currently has 229 projects and the average cost of its land reserves is RMB724 per m². The regional distribution of land reserves of the Group is set out in the following table.

List of land reserve distribution of the Group

No. Province	No. of projects	Site area ('000 m ²)	Planned GFA ('000 m ²)	Land reserve GFA ('000 m ²)	Proportion
1 Liaoning Province	18	4,841	17,608	14,401	10.3%
2 Jiangsu Province	16	7,557	14,935	13,324	9.5%
3 Guangdong Province	21	10,334	17,195	13,274	9.5%
4 Shandong Province	15	4,816	13,062	11,584	8.3%
5 Hebei Province	12	5,926	12,089	10,241	7.3%
6 Sichuan Province	13	6,070	11,454	8,645	6.2%
7 Henan Province	9	2,885	8,790	7,372	5.3%
8 Anhui Province	12	2,984	8,309	6,596	4.7%
9 Gansu Province	5	1,967	4,654	4,654	3.3%
10 Shanxi Province	9	2,083	6,051	4,330	3.1%
11 Hunan Province	12	2,193	7,185	4,232	3.0%
12 Hubei Province	8	3,623	6,500	4,221	3.0%
13 Jiangxi Province	7	3,377	5,571	4,192	3.0%
14 Chongqing City	8	2,650	6,582	3,418	2.4%
15 Heilongjiang Province	8	1,299	3,308	3,260	2.3%
16 Guizhou Province	5	1,251	3,737	3,143	2.2%
17 Jilin Province	8	1,268	3,536	3,055	2.2%
18 Guangxi Zhuang Autonomous Region	6	1,269	3,268	3,004	2.1%
19 Xinjiang Uyghur Autonomous Region	3	2,412	2,931	2,867	2.0%
20 Tianjin City	5	3,361	3,444	2,528	1.8%
21 Hainan Province	5	1,746	2,853	2,472	1.8%
22 Inner Mongolia Autonomous Region	5	1,075	2,799	2,226	1.6%
23 Shaanxi Province	6	895	3,074	2,073	1.5%
24 Zhejiang Province	5	620	1,856	1,759	1.3%
25 Yunnan Province	3	1,216	2,458	1,545	1.1%
26 Ningxia Hui Autonomous Region	3	468	1,318	1,284	0.9%
27 Qinghai Province	1	138	346	346	0.2%
28 Shanghai City	1	30	137	137	0.1%
Total	229	78,354	175,050	140,183	100.0%

In 2012, the Group made new presence in 19 cities, adding 42 projects and 3.341 million m² of GFA of land reserves, representing an increase of 2.4%.

Management Discussion and Analysis (Continued)

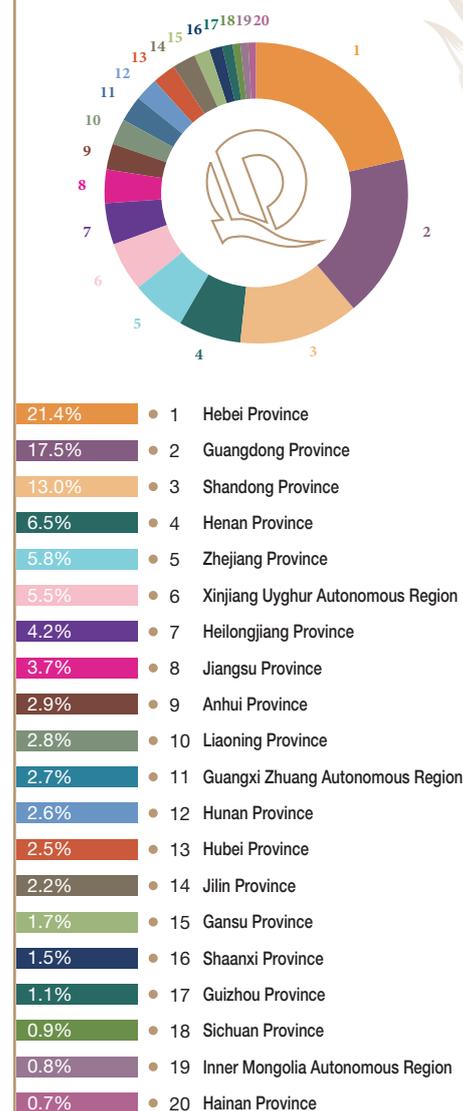


Throughout 2012, the Group has added 47 new projects and the GFA of land reserves increased by 26.004 million m². The costs for newly acquired land amounted to RMB30.06 billion and the average cost for new land reserves amounted to approximately RMB1,151 per m². The additional projects spread across 37 cities, including one in first-tier city (accounting for 2.7%), 8 in second-tier cities (accounting for 21.6%) and 28 in third-tier cities (accounting for 75.7%).

List of newly acquired land reserves of the Group for 2012

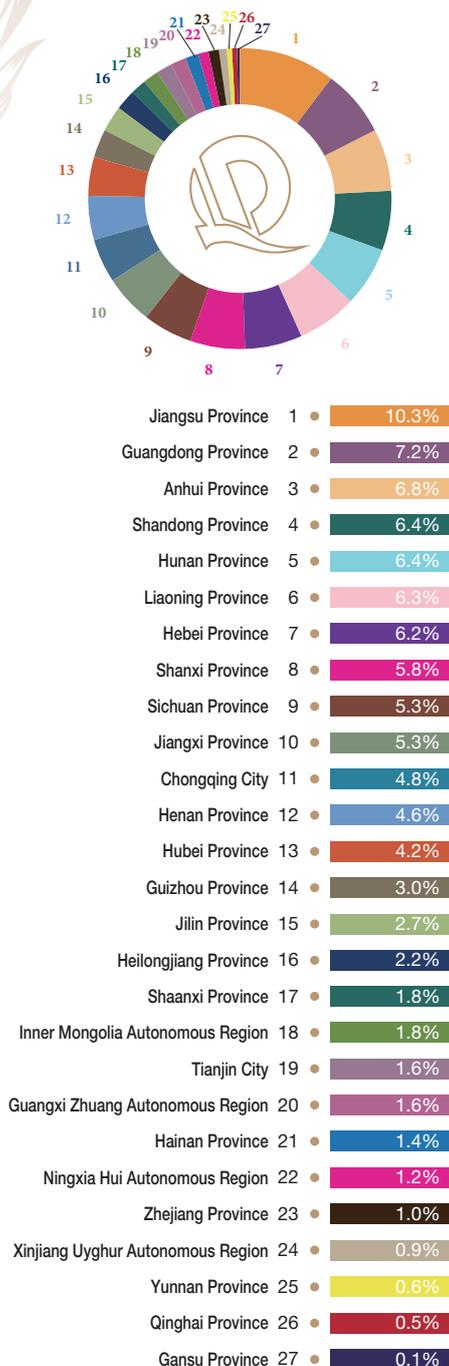
No.	City	Project name	Site area ('000 m ²)	Total GFA ('000 m ²)	Land reserve GFA ('000 m ²)
1	Guangzhou	Guangzhou Zhujiang New Town Project	8.1	40.1	40.1
2	Dongguan	Evergrande Royal Scenic Dongguan	80.2	190.9	190.9
3	Jiangmen	Evergrande Spring City Enping	1,708.0	1,499.7	1,499.7
4	Chaozhou	Chaozhou Hotel Project	29.0	63.7	63.7
5	Chaozhou	Evergrande City Chaozhou	547.0	2,174.1	2,174.1
6	Wuhan	Evergrande Royal Scenic Bay Wuhan	69.2	318.2	318.2
7	Zigong	Evergrande Metropolis Zigong	95.6	239.0	239.0
8	Shenyang	Evergrande Atrium Shenyang	239.0	605.5	605.5
9	Shenyang	Evergrande Emerald Court Shenyang	50.5	121.1	121.1
10	Xi'an	Evergrande Royal Scenic Xi'an	130.3	377.9	377.9
11	Wuxi	Evergrande City Wuxi	92.5	203.4	203.4
12	Wuxi	Evergrande Oasis Wuxi	263.3	602.7	602.7
13	Changzhou	Evergrande Emerald Court Changzhou	47.5	166.3	166.3
14	Wuhai	Evergrande Oasis Wuhai	66.2	198.7	198.7
15	Guiyang	Evergrande Atrium Guiyang	64.3	291.9	291.9
16	Bengbu	Evergrande Royal Scenic Bay Bengbu	126.8	376.9	376.9
17	Ma'anshan	Evergrande Royal Scenic Bay Ma'anshan	144.1	370.7	370.7
18	Changsha	Evergrande Emerald Court Changsha	135.5	474.3	474.3
19	Changsha	Evergrande Royal Scenic Bay Changsha	49.7	198.8	198.8
20	Guilin	Evergrande Plaza Guilin	94.9	390.0	390.0
21	Fangchenggang	Evergrande Royal Scenic Bay Fangchenggang	115.3	314.8	314.8
22	Xinxiang	Evergrande Splendor Xinxiang	714.4	1,091.3	1,091.3
23	Xuchang	Evergrande Oasis Xuchang	185.1	591.9	591.9
24	Shijiazhuang	Evergrande Royal Scenic Peninsula Shijiazhuang	58.2	191.5	81.1
25	Baoding	Evergrande International Hot Spring Tourism City Baoding	3,428.0	4,355.0	4,355.0

Distribution of newly acquired land reserves of the Group for 2012



● Management Discussion and Analysis (Continued)

Regional distribution of GFA of contracted sales of the Group for 2012



No.	City	Project name	Site area ('000 m ²)	Total GFA ('000 m ²)	Land reserve GFA ('000 m ²)
26	Xingtai	Evergrande City Xingtai	106.4	380.9	380.9
27	Xingtai	Evergrande Emperor Scenic Xingtai	27.4	82.1	82.1
28	Handan	Evergrande Metropolis Handan	168.0	655.7	655.7
29	Haikou	Hainan Haikou Bay Project	122.8	170.7	170.7
30	Jinan	Evergrande Atrium Jinan	202.5	656.4	656.4
31	Jinan	Jinan CBD Project	108.6	760.0	760.0
32	Jinan	Evergrande Emperor Scenic Jinan	116.4	549.3	549.3
33	Dongying	Evergrande Palm Island Dongying	447.6	593.4	593.4
34	Jining	Evergrande Metropolis Jining	122.5	330.7	330.7
35	Weifang	Evergrande Emerald Court Weifang	87.5	278.1	278.1
36	Songyuan	Evergrande Royal Scenic Bay Songyuan	222.9	594.7	594.7
37	Wuwei	Evergrande Oasis Wuwei	139.8	449.5	449.5
38	Jiaxing	Evergrande Royal Scenic Haiyan	98.6	246.4	246.4
39	Jiaxing	Evergrande Metropolis Pinghu	92.2	205.3	205.3
40	Ningbo	Evergrande Emperor Scenic Ningbo	127.0	728.8	728.8
41	Ningbo	Evergrande Scenic Garden Ningbo	187.3	319.1	319.1
42	Mudanjiang	Evergrande Oasis Mudanjiang	106.5	256.9	256.9
43	Mudanjiang	Evergrande Emerald Court Mudanjiang	29.1	135.5	135.5
44	Qiqihar	Evergrande Emerald Court Qiqihar	99.5	249.3	249.3
45	Qiqihar	Evergrande Metropolis Qiqihar	182.1	455.3	455.3
46	Yili	Evergrande Atrium Yining	123.6	307.9	307.9
47	Yili	Evergrande Oasis Yining	170.3	418.5	418.5
	Yunfu	Evergrande City Yunfu (Phase 2)*	262.6	577.7	577.7
	Yichang	Evergrande Oasis Yichang (Phase 2)*	111.8	331.9	331.9
	Laiwu	Evergrande Splendor Laiwu (Phase 3)*	221.0	221.0	221.0
	Wujiaqu	Evergrande Splendor Wujiaqu (Phase 2)*	654.7	710.7	710.7
Total			12,881.4	26,114.2	26,003.8

* Expansion into surrounding land for existing projects

As at 31 December 2012, the accumulated cost for the Group's existing land reserves was RMB126.71 billion, of which the settled and outstanding amounts were RMB92.33 billion and RMB34.38 billion respectively. In particular, RMB16.36 billion and RMB11.98 billion were scheduled to be paid in 2013 and 2014 respectively, with RMB6.04 billion to be paid in 2015 and beyond.

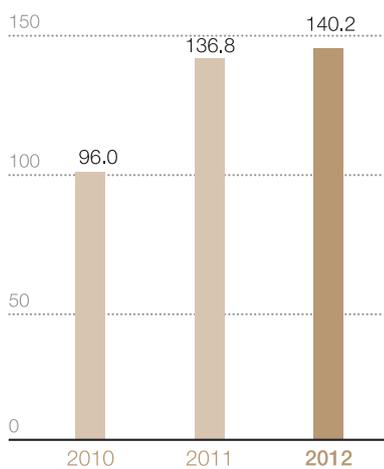
As at 31 December 2012, the Group had a total of 18 projects adopting the cooperation development model, and a total cost for land reserves of RMB8.26 billion was saved.

Management Discussion and Analysis ● (Continued)

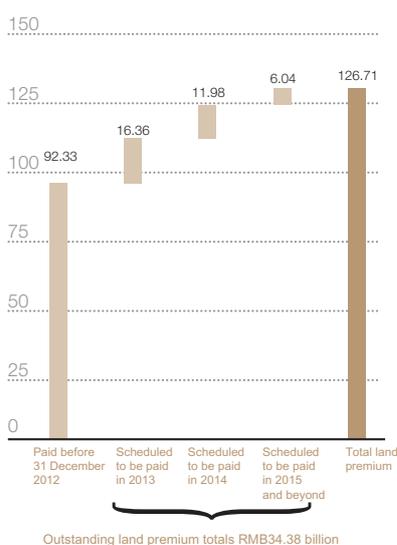


Indicative diagram of growth of land reserves for 2012

Total land reserves
(million m²)



Indicative diagram of land premium payment schedule of the Group
(RMB billion)



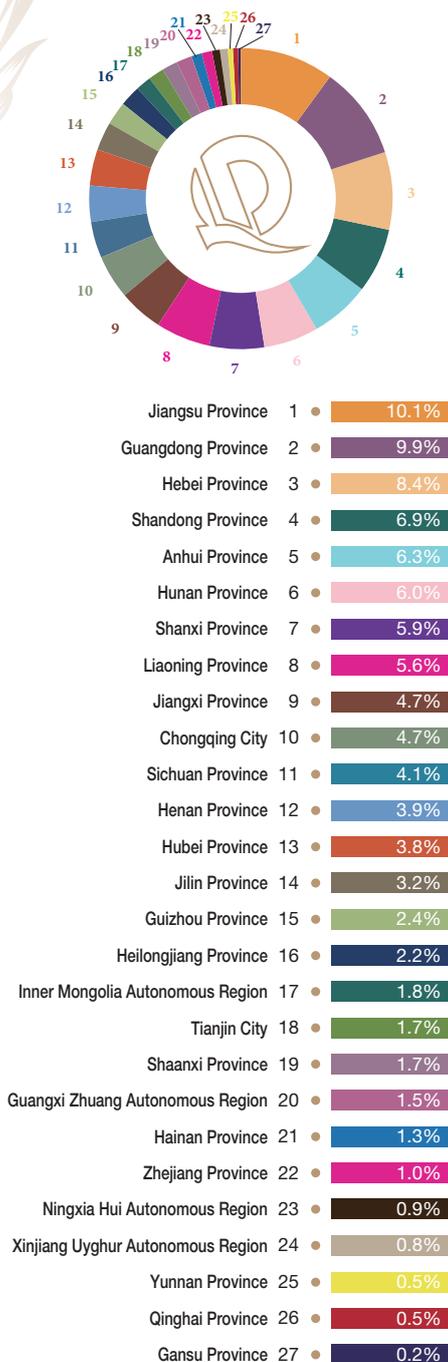
Contracted Sales

During the year, the total saleable area launched by the Group was over 25.00 million m² and the rate of contracted sales was over 60%. The Group achieved aggregate contracted sales of RMB92.32 billion, achieving 115.4% of the annual sales target and representing a year-on-year growth of 14.8% as compared to RMB80.39 billion in 2011; the GFA of contracted sales was 15.485 million m², representing a year-on-year growth of 26.9% as compared to 12.199 million m² in 2011 and ranking No.1 in the PRC over years.

In 2012, the Group launched 58 new projects spanning across 52 second- and third-tier cities, including Shenyang, Jinan, Changsha, Hefei, Chengdu, Shijiazhuang, Taiyuan, Changchun, Harbin, Foshan, Zhenjiang and Nantong. Among which, the number of newly launched projects was 17 in second-tier cities, accounting for 28.4% of the sales amount of newly launched projects; the number of newly launched projects was 41 in third-tier cities, accounting for 71.6% of the sales amount of newly launched projects.

● Management Discussion and Analysis (Continued)

Regional distribution of contracted sales amount of the Group for 2012



List of newly launched projects of the Group for 2012

No.	Project name	City	Time of launch
1	Evergrande Royal Scenic Bay Huludao	Huludao	January 2012
2	Evergrande Atrium Huaibei	Huaibei	January 2012
3	Evergrande Metropolis Shijiazhuang	Shijiazhuang	January 2012
4	Evergrande Atrium Jurong	Zhenjiang	January 2012
5	Evergrande Oasis Zhenjiang	Zhenjiang	January 2012
6	Evergrande Metropolis Nanchang	Nanchang	January 2012
7	Evergrande City Xinyu	Xinyu	January 2012
8	Evergrande City Qinhuangdao	Qinhuangdao	January 2012
9	Evergrande City Kaili	Kaili	January 2012
10	Evergrande Atrium Dongguan	Dongguan	January 2012
11	Evergrande Royal Scenic Bay Lu'an	Lu'an	February 2012
12	Evergrande City Ziyang	Ziyang	February 2012
13	Evergrande Emerald Court Yongchuan	Chongqing	February 2012
14	Evergrande Oasis Anqing	Anqing	March 2012
15	Evergrande Oasis Jiaxing	Jiaxing	March 2012
16	Evergrande Metropolis Weifang	Weifang	April 2012
17	Evergrande Emerald Court Qionglai	Qionglai	April 2012
18	Evergrande Royal Scenic Bay Guangdong	Foshan	April 2012
19	Evergrande Oasis Suqian	Suqian	April 2012
20	Evergrande Oasis Datong	Datong	April 2012
21	Evergrande Royal Scenic Peninsula Tianjin	Tianjin	April 2012
22	Evergrande City Yangling	Xianyang	April 2012
23	Evergrande Oasis Hengyang	Hengyang	May 2012
24	Evergrande Emperor Scenic Hefei	Hefei	May 2012
25	Evergrande City Shaoguan	Shaoguan	May 2012
26	Evergrande Palace Linfen	Linfen	May 2012
27	Evergrande City Nanchang	Nanchang	May 2012
28	Evergrande Metropolis Yancheng	Yancheng	May 2012
29	Evergrande Oasis Benxi	Benxi	June 2012
30	Evergrande Metropolis Lianyungang	Lianyungang	June 2012
31	Evergrande Metropolis Xiangyang	Xiangyang	June 2012
32	Evergrande Royal Scenic Bay Hainan	Chengmai	June 2012
33	Evergrande Atrium Hohhot	Hohhot	June 2012
34	Evergrande Metropolis Harbin	Harbin	July 2012
35	Evergrande Venice on the Sea	Nantong	July 2012
36	Evergrande Oasis Linyi	Linyi	August 2012
37	Evergrande Emerald Court Changsha	Changsha	August 2012
38	Evergrande Emperor Scenic Chengdu	Chengdu	August 2012
39	Evergrande Metropolis Yuncheng	Yuncheng	August 2012
40	Evergrande Oasis Ulanhot	Ulanhot	August 2012
41	Evergrande Metropolis Changchun	Changchun	August 2012
42	Evergrande Oasis Daqing	Daqing	August 2012
43	Evergrande Royal Scenic Peninsula Shijiazhuang	Shijiazhuang	September 2012
44	Evergrande Metropolis Anshan	Anshan	October 2012
45	Evergrande Atrium Jinan	Jinan	October 2012
46	Evergrande Royal Scenic Haiyan	Jiaxing	October 2012
47	Evergrande Atrium Yining	Yili	October 2012

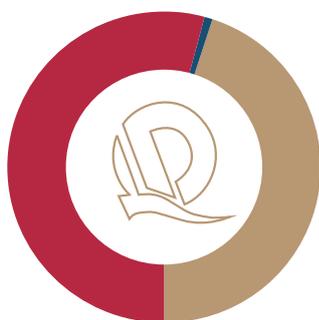
Management Discussion and Analysis ● (Continued)



No.	Project name	City	Time of launch
48	Evergrande Emperor Scenic Jinan	Jinan	November 2012
49	Evergrande Spring City Enping	Jiangmen	November 2012
50	Evergrande Metropolis Zigong	Zigong	November 2012
51	Evergrande City Cangzhou	Cangzhou	November 2012
52	Evergrande Royal Scenic Bay Songyuan	Songyuan	November 2012
53	Evergrande Metropolis Qiqihar	Qiqihar	November 2012
54	Evergrande Atrium Shenyang	Shenyang	December 2012
55	Evergrande Royal Scenic Bay Changsha	Changsha	December 2012
56	Evergrande Scenic Garden Taiyuan	Taiyuan	December 2012
57	Evergrande Oasis Xuchang	Xuchang	December 2012
58	Evergrande Oasis Wuhai	Wuhai	December 2012

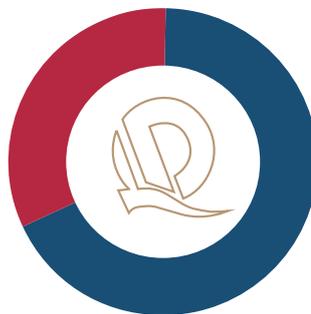
As at 31 December 2012, 179 projects of the Group spreading across 104 cities were in sales mode, and the contracted sales generated from second- and third-tier cities were generally in balance.

Proportion of transaction amount for 179 projects of the Group



- 0.8% • First-tier city project
- 44.8% • Second-tier city project
- 54.4% • Third-tier city project

Proportion of transaction amount for new and old projects of the Group



- 37.2% • Newly launched project in 2012
- 62.8% • Project in sales mode as of 31 December 2011



● Management Discussion and Analysis (Continued)

The Group's contracted sales for 2012 amounted to RMB92.32 billion, of which the contracted sales of the 121 projects already in sales mode as of 31 December 2011 was RMB57.91 billion, and the average contracted sales per project was RMB480 million; contracted sales for the 58 projects newly launched for sale in 2012 was RMB34.41 billion, and the average contracted sales per project was RMB590 million.

As at 31 December 2012, the Group had 50 projects pending sales launches, the majority of which are scheduled to be launched in 2013, and will provide adequate supply to help us achieve excellent sales results.

Property Development

In 2012, the Group had a total of 125 completed projects situated in 25 different regions in China with a completed GFA of 13.739 million m². The status of the completed GFA by projects is set out in the following table.

List of completed projects of the Group for 2012

No.	City	Property project	Phase of project	Total GFA ('000 m ²)
1	Guangzhou	Jinbi Junhong Garden	Phase 1	30.7
2	Guangzhou	Evergrande Scenic Garden Guangdong	Phase 3	103.4
3	Foshan	Evergrande Royal Scenic Peninsula Guangdong	Phase 4, Phase 5 (partial)	131.9
4	Foshan	Evergrande Royal Scenic Bay Guangdong	Phase 1	76.2
5	Dongguan	Evergrande Atrium Dongguan	Phase 1, Phase 2, Phase 3	178.4
6	Zhongshan	Evergrande Oasis Zhongshan	Phase 1	157.3
7	Qingyuan	Evergrande Silver Lake City Qingyuan	Phase 2 (partial)	110.1
8	Yunfu	Evergrande City Yunfu	Phase 1, Phase 2	80.8
9	Shaoguan	Evergrande City Shaoguan	Phase 1 (partial)	39.7
10	Chongqing	Evergrande Palace Chongqing	Phase 2	13.6
11	Chongqing	Evergrande City Chongqing	Phase 4, Phase 5	220.5
12	Chongqing	Evergrande Oasis Chongqing	Phase 3	108.6
13	Chongqing	Evergrande Metropolis Chongqing	Phase 4	51.0
14	Chongqing	Evergrande Atrium Chongqing	Phase 2, Phase 3	87.4
15	Chongqing	Evergrande Splendor Chongqing	Phase 2, Phase 3, Phase 4	134.0
16	Chongqing	Evergrande Emperor Scenic Chongqing	Phase 1	71.6
17	Chongqing	Evergrande Emerald Court Yongchuan	Phase 1	63.3
18	Chongqing	Evergrande Scenic Garden Fuling	Phase 1	60.4
19	Tianjin	Evergrande Oasis Tianjin	Phase 1, Phase 2	176.0
20	Tianjin	Evergrande Scenic Garden Tianjin	Phase 1	14.2
21	Tianjin	Evergrande Splendor Tianjin	Phase 1	1.1
22	Tianjin	Evergrande Metropolis Tianjin	Phase 1	53.2
23	Tianjin	Evergrande Royal Scenic Peninsula Tianjin	Phase 1	31.7

Management Discussion and Analysis ● (Continued)



No.	City	Property project	Phase of project	Total GFA ('000 m ²)
24	Wuhan	Evergrande Oasis Wuhan	Phase 3, Phase 4	152.2
25	Wuhan	Evergrande City Wuhan	Phase 2	43.7
26	Wuhan	Evergrande Metropolis Wuhan	Phase 2	115.4
27	E'zhou	Evergrande Splendor E'zhou	Phase 2, Phase 3	37.7
28	Yichang	Evergrande Oasis Yichang	Phase 1	108.5
29	Xiangyang	Evergrande Metropolis Xiangyang	Phase 1	125.2
30	Chengdu	Evergrande Royal Scenic Peninsula Chengdu	Phase 1	35.9
31	Chengdu	Evergrande Metropolis Chengdu	Phase 1	80.0
32	Chengdu	Evergrande Atrium Chengdu	Phase 1	57.4
33	Meishan	Evergrande Splendor Pengshan	Phase 4	187.1
34	Nanchong	Evergrande Oasis Nanchong	Phase 1	58.5
35	Ziyang	Evergrande City Ziyang	Phase 1	15.2
36	Zigong	Evergrande Oasis Zigong	Phase 1	10.7
37	Shenyang	Evergrande Oasis Shenyang	Phase 5, Phase 6	250.4
38	Shenyang	Evergrande City Shenyang	Phase 4	57.8
39	Shenyang	Evergrande Metropolis Shenyang	Phase 2, Phase 3	156.5
40	Shenyang	Evergrande Palace Shenyang	Phase 2	27.4
41	Shenyang	Evergrande Bay Shenyang	Phase 1, Phase 2, Phase 3	271.8
42	Liaoyang	Evergrande Oasis Liaoyang	Phase 2	193.8
43	Anshan	Evergrande Oasis Anshan	Phase 1	153.8
44	Yingkou	Evergrande Oasis Yingkou	Phase 1	199.8
45	Panjin	Evergrande Palace Panjin	Phase 1	185.6
46	Xi'an	Evergrande Oasis Xi'an	Phase 2, Phase 3 (partial)	107.8
47	Xi'an	Evergrande City Xi'an	Phase 3	169.7
48	Hanzhong	Evergrande City Hanzhong	Phase 1	27.7
49	Xianyang	Evergrande City Yangling	Phase 1	28.5
50	Nanjing	Evergrande Splendor Nanjing	Phase 2, Phase 3	105.8
51	Nanjing	Evergrande Oasis Nanjing	Phase 1	59.6
52	Nantong	Evergrande Venice on the Sea	Phase 1	277.6
53	Zhenjiang	Evergrande Oasis Zhenjiang	Phase 1	74.8
54	Zhenjiang	Evergrande Atrium Jurong	Phase 1	114.0
55	Huai'an	Evergrande Metropolis Huai'an	Phase 1, Phase 2	82.0
56	Yancheng	Evergrande Metropolis Yancheng	Phase 1	62.9
57	Kunming	Evergrande Splendor Kunming	Phase 3, Phase 4	197.9
58	Qujing	Evergrande Metropolis Qujing	Phase 1	53.6
59	Baotou	Evergrande Palace Baotou	Phase 1, Phase 2 (partial)	115.5
60	Baotou	Evergrande Metropolis Baotou	Phase 1	92.7
61	Taiyuan	Evergrande Oasis Taiyuan	Phase 4, Phase 5	250.3
62	Taiyuan	Evergrande Metropolis Taiyuan	Phase 1	66.8
63	Yuncheng	Evergrande Oasis Yuncheng	Phase 1	226.6
64	Lvliang	Evergrande Royal Scenic Lvliang	Phase 1	84.7
65	Guiyang	Evergrande Oasis Guiyang (entirely completed)	Phase 1, Phase 2	81.2



● Management Discussion and Analysis (Continued)

No.	City	Property project	Phase of project	Total GFA ('000 m ²)
66	Guiyang	Evergrande City Guiyang	Phase 1, Phase 2	157.6
67	Guiyang	Evergrande Metropolis Guiyang	Phase 1	94.2
68	Zunyi	Evergrande City Zunyi	Phase 1	141.0
69	Hefei	Evergrande Palace Hefei (entirely completed)	Phase 3	26.2
70	Hefei	Evergrande City Hefei	Phase 3, Phase 4	117.0
71	Hefei	Evergrande Emperor Scenic Hefei	Phase 1	111.2
72	Tongling	Evergrande Oasis Tongling	Phase 1	314.4
73	Wuhu	Evergrande Palace Wuhu	Phase 1	51.4
74	Huaibei	Evergrande Metropolis Huaibei	Phase 1, Phase 2	128.5
75	Huaibei	Evergrande Atrium Huaibei	Phase 1	43.7
76	Huainan	Evergrande Oasis Huainan	Phase 1	85.5
77	Bozhou	Evergrande City Bozhou	Phase 1	26.7
78	Anqing	Evergrande Oasis Anqing	Phase 1	128.2
79	Lu'an	Evergrande Royal Scenic Bay Lu'an	Phase 1	138.8
80	Changsha	Evergrande Palace Changsha	Phase 3, Phase 5	55.6
81	Changsha	Evergrande Metropolis Changsha	Phase 2, Phase 3, Phase 5	217.9
82	Changsha	Evergrande City Changsha	Phase 2	85.1
83	Changsha	Evergrande Atrium Changsha	Phase 2, Phase 3	211.8
84	Changsha	Evergrande Palace Liuyang	Phase 1	54.8
85	Chenzhou	Evergrande Palace Chenzhou	Phase 1	125.2
86	Zhuzhou	Evergrande Metropolis Zhuzhou	Phase 1	97.0
87	Yueyang	Evergrande Metropolis Yueyang	Phase 1	125.4
88	Qinzhou	Evergrande Oasis Qinzhou	Phase 1	117.7
89	Beihai	Evergrande Royal Scenic Peninsula Beihai	Phase 1	145.8
90	Zhengzhou	Evergrande Metropolis Zhengzhou	Phase 1	30.6
91	Luoyang	Evergrande Oasis Luoyang	Phase 2, Phase 3, Phase 4	277.3
92	Xinyang	Evergrande Metropolis Xinyang	Phase 2, Phase 3	124.6
93	Pingdingshan	Evergrande Palace Wugang	Phase 1	96.3
94	Anyang	Evergrande Oasis Anyang	Phase 1	162.6
95	Nanchang	Evergrande City Nanchang	Phase 1	133.0
96	Nanchang	Evergrande Oasis Nanchang	Phase 3	183.5
97	Nanchang	Evergrande Metropolis Nanchang	Phase 1	105.2
98	Jingde Town	Evergrande Metropolis Jingde Town	Phase 1, Phase 2	148.1
99	Xinyu	Evergrande Atrium Xinyu	Phase 1	91.7

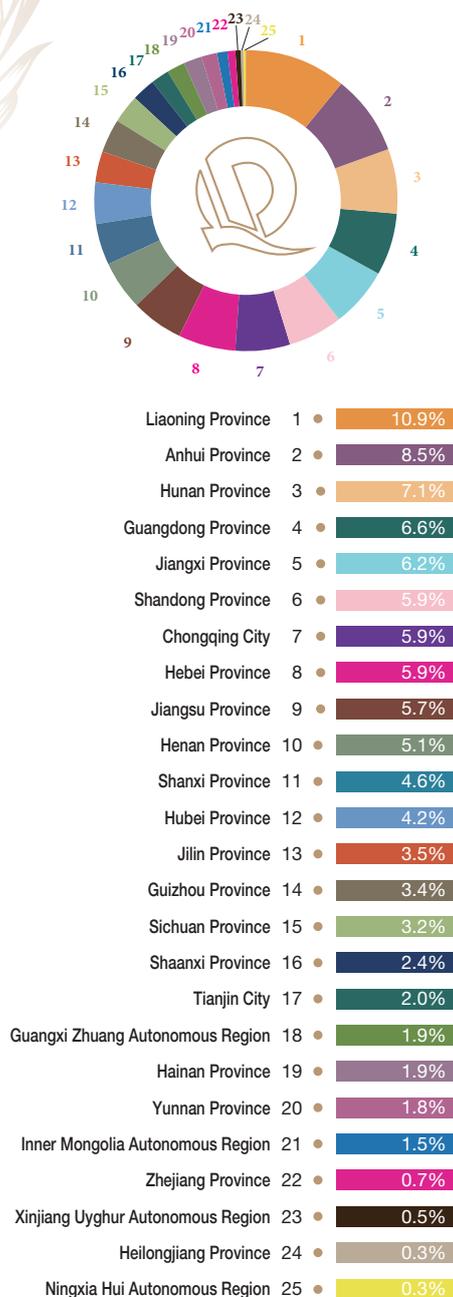
Management Discussion and Analysis ● (Continued)



No.	City	Property project	Phase of project	Total GFA ('000 m ²)
100	Xinyu	Evergrande City Xinyu	Phase 1	43.1
101	Yingtian	Evergrande Oasis Yingtian	Phase 1, Phase 2	142.5
102	Shijiazhuang	Evergrande City Shijiazhuang	Phase 3, Phase 4	265.9
103	Shijiazhuang	Evergrande Atrium Shijiazhuang	Phase 1, Phase 2, Phase 3	144.8
104	Shijiazhuang	Evergrande Oasis Shijiazhuang	Phase 2	111.4
105	Shijiazhuang	Evergrande Metropolis Shijiazhuang	Phase 1	101.5
106	Shijiazhuang	Evergrande Royal Scenic Peninsula Shijiazhuang	Phase 1	110.4
107	Shijiazhuang	Evergrande Splendor Luquan	Phase 1	55.2
108	Qinhuangdao	Evergrande City Qinhuangdao	Phase 1	18.2
109	Danzhou	Evergrande Metropolis Danzhou	Phase 1, Phase 2	98.5
110	Danzhou	Evergrande Splendor Danzhou	Phase 1	100.9
111	Chengmai	Evergrande Royal Scenic Bay Hainan	Phase 1	56.4
112	Jinan	Evergrande Metropolis Jinan	Phase 2	156.1
113	Jinan	Evergrande Oasis Jinan	Phase 2, Phase 3, Phase 4	130.6
114	Jinan	Evergrande City Jinan	Phase 1	181.0
115	Laiwu	Evergrande Splendor Laiwu	Phase 1, Phase 2	55.5
116	Dongying	Evergrande Yellow River Ecological City Dongying	Phase 1	156.2
117	Tai'an	Evergrande City Tai'an	Phase 1	136.9
118	Changchun	Evergrande Oasis Changchun	Phase 1, Phase 2	294.4
119	Changchun	Evergrande Royal Scenic Changchun	Phase 1	186.1
120	Yinchuan	Evergrande Metropolis Yinchuan	Phase 1	24.2
121	Shizuishan	Evergrande Oasis Shizuishan	Phase 1	5.3
122	Wuzhong	Evergrande Metropolis Wuzhong	Phase 1	5.1
123	Jiaxing	Evergrande Oasis Jiaxing	Phase 1	95.3
124	Harbin	Evergrande Oasis Harbin	Phase 1	47.3
125	Wujiacqu	Evergrande Splendor Wujiacqu	Phase 1	63.6
Total				13,739.2

● Management Discussion and Analysis (Continued)

Regional distribution of completed GFA of the Group for 2012



As at 31 December 2012, the Group delivered a total of 134 projects for the year with a transaction amount of RMB63.51 billion, representing a year-on-year increase of 5.0%. The GFA of properties delivered was 10.635 million m², representing a year-on-year increase of 12.3%. The average price of properties delivered was RMB5,972 per m².

Overall Situation of Projects Under Construction of the Group

As at 31 December 2012, the Group had 186 projects under construction with a GFA of approximately 38.98 million m², representing a year-on-year increase of 6.7%. The table below sets out the GFA under construction of the Group by projects.

List of GFA under construction of the Group by projects for 2012

No.	City	Project name	GFA under construction ('000 m ²)
1	Guangzhou	Evergrande Scenic Garden Guangdong	38.8
2	Foshan	Evergrande Royal Scenic Peninsula Guangdong	97.4
3	Foshan	Evergrande Royal Scenic Bay Guangdong	212.2
4	Foshan	Evergrande Metropolis Foshan	221.5
5	Dongguan	Evergrande Atrium Dongguan	209.5
6	Zhongshan	Evergrande Oasis Zhongshan	180.6
7	Qingyuan	Evergrande Splendor Qingyuan	813.3
8	Qingyuan	Evergrande Silver Lake City Qingyuan	139.9
9	Yunfu	Evergrande City Yunfu	129.7
10	Shaoguan	Evergrande City Shaoguan	309.5
11	Jiangmen	Evergrande Spring City Enping	125.7
12	Chongqing	Evergrande City Chongqing	124.7
13	Chongqing	Evergrande Metropolis Chongqing	147.0
14	Chongqing	Evergrande Atrium Chongqing	418.0
15	Chongqing	Evergrande Splendor Chongqing	139.8
16	Chongqing	Evergrande Emperor Scenic Chongqing	57.2
17	Chongqing	Evergrande Emerald Court Yongchuan	43.7
18	Chongqing	Evergrande Scenic Garden Fuling	413.0
19	Tianjin	Evergrande Oasis Tianjin	727.6
20	Tianjin	Evergrande Scenic Garden Tianjin	334.4

Management Discussion and Analysis ● (Continued)



No.	City	Project name	GFA under construction ('000 m ²)
21	Tianjin	Evergrande Splendor Tianjin	84.8
22	Tianjin	Evergrande Metropolis Tianjin	94.7
23	Tianjin	Evergrande Royal Scenic Peninsula Tianjin	116.9
24	Wuhan	Evergrande Palace Wuhan	167.1
25	Wuhan	Evergrande Oasis Wuhan	80.3
26	Wuhan	Evergrande City Wuhan	57.8
27	Wuhan	Evergrande Metropolis Wuhan	427.2
28	E'zhou	Evergrande Splendor E'zhou	434.2
29	Yichang	Evergrande Oasis Yichang	261.1
30	Xiangyang	Evergrande Metropolis Xiangyang	208.7
31	Chengdu	Evergrande Oasis Chengdu	44.5
32	Chengdu	Evergrande City Chengdu	100.7
33	Chengdu	Evergrande Scenic Garden Chengdu	55.9
34	Chengdu	Evergrande Royal Scenic Peninsula Chengdu	704.2
35	Chengdu	Evergrande Metropolis Chengdu	16.8
36	Chengdu	Evergrande Atrium Chengdu	126.6
37	Chengdu	Evergrande Emperor Scenic Chengdu	219.4
38	Meishan	Evergrande Splendor Pengshan	751.9
39	Nanchong	Evergrande Oasis Nanchong	191.2
40	Ziyang	Evergrande City Ziyang	125.6
41	Qionglai	Evergrande Emerald Court Qionglai	162.7
42	Zigong	Evergrande Oasis Zigong	619.5
43	Zigong	Evergrande Metropolis Zigong	26.9
44	Shenyang	Evergrande Oasis Shenyang	331.8
45	Shenyang	Evergrande City Shenyang	19.6
46	Shenyang	Evergrande Metropolis Shenyang	358.9
47	Shenyang	Evergrande Palace Shenyang	101.8
48	Shenyang	Evergrande Bay Shenyang	358.6
49	Shenyang	Evergrande Atrium Shenyang	107.8
50	Liaoyang	Evergrande Oasis Liaoyang	453.8
51	Anshan	Evergrande Oasis Anshan	288.7
52	Anshan	Evergrande Metropolis Anshan	728.8
53	Yingkou	Evergrande Oasis Yingkou	316.1
54	Yingkou	Evergrande City Yingkou	386.2
55	Yingkou	Evergrande Bay Yingkou	211.2
56	Panjin	Evergrande Palace Panjin	123.5
57	Fushun	Evergrande Palace Fushun	190.5
58	Benxi	Evergrande Oasis Benxi	300.6
59	Huludao	Evergrande Royal Scenic Bay Huludao	242.8
60	Xi'an	Evergrande Oasis Xi'an	320.9
61	Xi'an	Evergrande City Xi'an	138.0
62	Hanzhong	Evergrande City Hanzhong	227.4
63	Xianyang	Evergrande City Yangling	138.0
64	Nanjing	Evergrande Splendor Nanjing	306.5
65	Nanjing	Evergrande Oasis Nanjing	75.5
66	Nantong	Evergrande Venice on the Sea	757.6



● Management Discussion and Analysis (Continued)

No.	City	Project name	GFA under construction ('000 m ²)
67	Zhenjiang	Evergrande Metropolis Danyang	240.5
68	Zhenjiang	Evergrande City Danyang	142.0
69	Zhenjiang	Evergrande Oasis Zhenjiang	55.8
70	Zhenjiang	Evergrande Atrium Jurong	106.1
71	Huai'an	Evergrande Metropolis Huai'an	171.2
72	Suqian	Evergrande Palace Suqian	224.7
73	Suqian	Evergrande Oasis Suqian	125.4
74	Lianyungang	Evergrande Metropolis Lianyungang	144.5
75	Yancheng	Evergrande Metropolis Yancheng	187.7
76	Wuxi	Evergrande Oasis Wuxi	83.0
77	Changzhou	Evergrande Emerald Court Changzhou	34.7
78	Kunming	Evergrande Splendor Kunming	163.7
79	Qijing	Evergrande Metropolis Qijing	106.3
80	Baotou	Evergrande Palace Baotou	70.4
81	Baotou	Evergrande Metropolis Baotou	239.5
82	Hohhot	Evergrande Atrium Hohhot	80.7
83	Ulanhot	Evergrande Oasis Ulanhot	248.8
84	Wuhai	Evergrande Oasis Wuhai	197.9
85	Taiyuan	Evergrande Oasis Taiyuan	170.5
86	Taiyuan	Evergrande Metropolis Taiyuan	202.3
87	Taiyuan	Evergrande Scenic Garden Taiyuan	232.0
88	Taiyuan	Evergrande Palace Taiyuan	488.2
89	Yuncheng	Evergrande Oasis Yuncheng	26.8
90	Yuncheng	Evergrande Metropolis Yuncheng	141.1
91	Lvliang	Evergrande Royal Scenic Lvliang	89.5
92	Datong	Evergrande Oasis Datong	338.2
93	Linfen	Evergrande Palace Linfen	420.0
94	Guiyang	Evergrande City Guiyang	177.6
95	Guiyang	Evergrande Metropolis Guiyang	98.3
96	Guiyang	Evergrande Atrium Guiyang	110.0
97	Zunyi	Evergrande City Zunyi	79.4
98	Kaili	Evergrande City Kaili	146.2
99	Hefei	Evergrande City Hefei	344.6
100	Hefei	Evergrande Emperor Scenic Hefei	138.8
101	Tongling	Evergrande Oasis Tongling	136.8
102	Wuhu	Evergrande Palace Wuhu	65.8
103	Huaibei	Evergrande Metropolis Huaibei	192.7
104	Huaibei	Evergrande Atrium Huaibei	60.8
105	Huainan	Evergrande Oasis Huainan	137.1
106	Bozhou	Evergrande City Bozhou	177.3
107	Anqing	Evergrande Oasis Anqing	151.8
108	Lu'an	Evergrande Royal Scenic Bay Lu'an	451.2
109	Bengbu	Evergrande Royal Scenic Bay Bengbu	188.5
110	Ma'anshan	Evergrande Royal Scenic Bay Ma'anshan	288.7
111	Changsha	Evergrande Palace Changsha	94.0
112	Changsha	Evergrande Metropolis Changsha	78.0
113	Changsha	Evergrande City Changsha	210.3

Management Discussion and Analysis ● (Continued)



No.	City	Project name	GFA under construction ('000 m ²)
114	Changsha	Evergrande Oasis Changsha	65.1
115	Changsha	Evergrande Atrium Changsha	584.3
116	Changsha	Evergrande Palace Liuyang	184.3
117	Changsha	Evergrande Emerald Court Changsha	145.4
118	Changsha	Evergrande Royal Scenic Bay Changsha	106.7
119	Chenzhou	Evergrande Palace Chenzhou	149.8
120	Zhuzhou	Evergrande Metropolis Zhuzhou	91.0
121	Yueyang	Evergrande Metropolis Yueyang	114.7
122	Hengyang	Evergrande Oasis Hengyang	156.4
123	Qinzhou	Evergrande Oasis Qinzhou	210.5
124	Beihai	Evergrande Royal Scenic Peninsula Beihai	359.6
125	Zhengzhou	Evergrande Metropolis Zhengzhou	21.5
126	Luoyang	Evergrande Oasis Luoyang	438.7
127	Xinyang	Evergrande Metropolis Xinyang	465.9
128	Pingdingshan	Evergrande Palace Wugang	23.0
129	Anyang	Evergrande Oasis Anyang	35.0
130	Xinxiang	Evergrande Atrium Xinxiang	136.6
131	Xinxiang	Evergrande Splendor Xinxiang	410.0
132	Xuchang	Evergrande Oasis Xuchang	200.0
133	Nanchang	Evergrande City Nanchang	245.5
134	Nanchang	Evergrande Oasis Nanchang	162.0
135	Nanchang	Evergrande Metropolis Nanchang	207.5
136	Jingde Town	Evergrande Metropolis Jingde Town	175.3
137	Xinyu	Evergrande Atrium Xinyu	274.4
138	Xinyu	Evergrande City Xinyu	142.1
139	Yingtian	Evergrande Oasis Yingtian	216.5
140	Shijiazhuang	Evergrande City Shijiazhuang	111.8
141	Shijiazhuang	Evergrande Atrium Shijiazhuang	261.8
142	Shijiazhuang	Evergrande Oasis Shijiazhuang	202.1
143	Shijiazhuang	Evergrande Metropolis Shijiazhuang	33.7
144	Shijiazhuang	Evergrande Royal Scenic Peninsula Shijiazhuang	60.2
145	Shijiazhuang	Evergrande Splendor Luquan	7.4
146	Qinhuangdao	Evergrande City Qinhuangdao	174.0
147	Cangzhou	Evergrande City Cangzhou	146.8
148	Danzhou	Evergrande Metropolis Danzhou	130.1
149	Danzhou	Evergrande Splendor Danzhou	102.4
150	Chengmai	Evergrande Royal Scenic Bay Hainan	158.2
151	Jinan	Evergrande Metropolis Jinan	33.1
152	Jinan	Evergrande Oasis Jinan	406.9
153	Jinan	Evergrande City Jinan	422.3
154	Jinan	Evergrande Atrium Jinan	149.1
155	Jinan	Evergrande Emperor Scenic Jinan	137.2
156	Laiwu	Evergrande Splendor Laiwu	504.1
157	Weifang	Evergrande Metropolis Weifang	318.8
158	Dongying	Evergrande Yellow River Ecological City Dongying	328.6
159	Dongying	Evergrande Palm Island Dongying	180.6
160	Tai'an	Evergrande City Tai'an	76.5



● Management Discussion and Analysis (Continued)

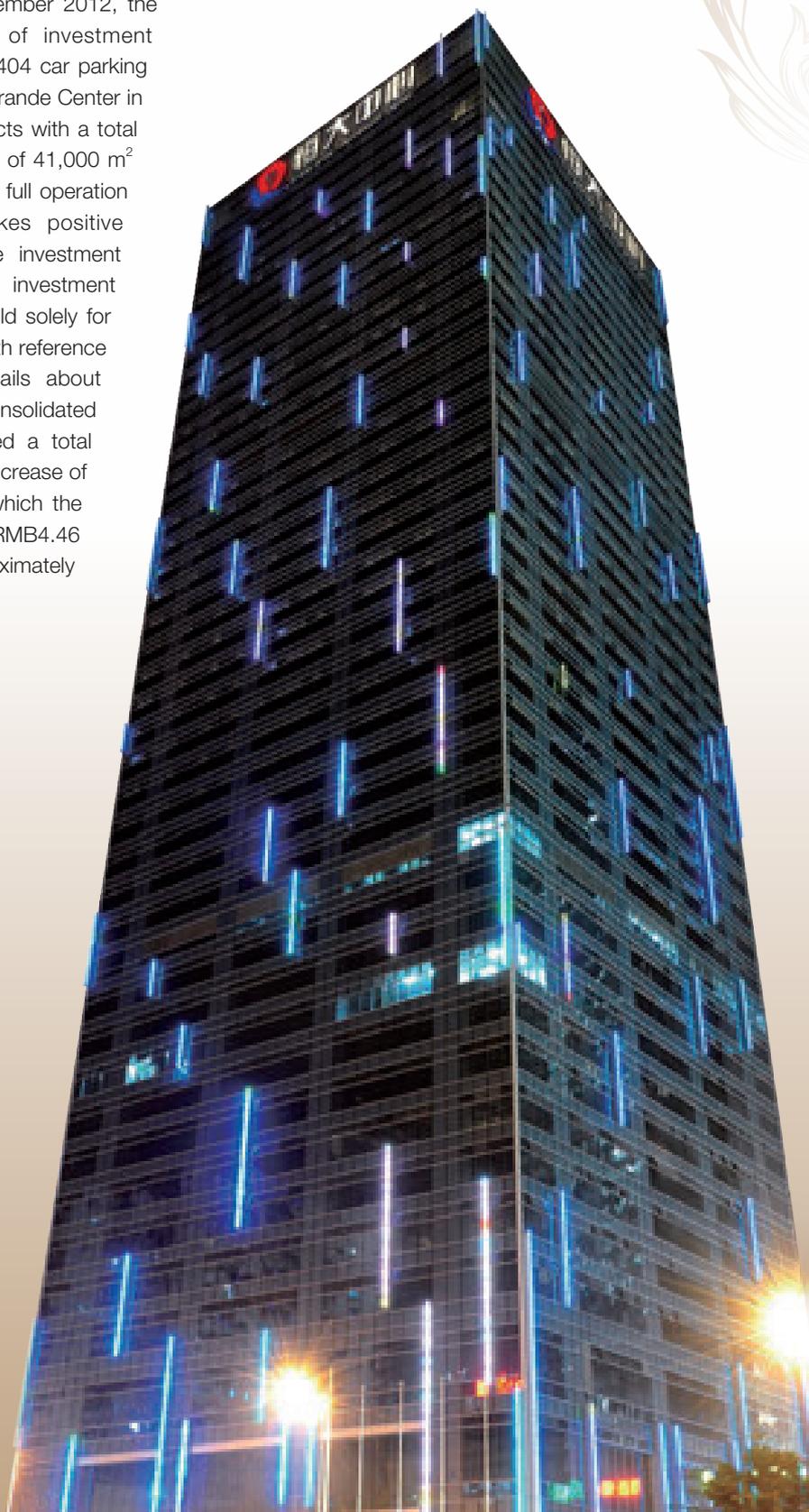
No.	City	Project name	GFA under construction ('000 m ²)
161	Linyi	Evergrande Palace Linyi	315.2
162	Linyi	Evergrande Oasis Linyi	197.4
163	Weifang	Evergrande Emerald Court Weifang	209.9
164	Changchun	Evergrande Oasis Changchun	323.7
165	Changchun	Evergrande City Changchun	268.9
166	Changchun	Evergrande Royal Scenic Changchun	141.8
167	Changchun	Evergrande Emerald Court Changchun	65.9
168	Changchun	Evergrande Metropolis Changchun	324.5
169	Jilin	Evergrande Palace Jilin	290.6
170	Songyuan	Evergrande Royal Scenic Bay Songyuan	188.0
171	Lanzhou	Evergrande City Lanzhou	221.9
172	Wuwei	Evergrande Oasis Wuwei	90.5
173	Yinchuan	Evergrande Metropolis Yinchuan	382.9
174	Shizuishan	Evergrande Oasis Shizuishan	198.2
175	Wuzhong	Evergrande Metropolis Wuzhong	154.0
176	Jiaxing	Evergrande Oasis Jiaxing	246.6
177	Jiaxing	Evergrande Royal Scenic Haiyan	106.5
178	Harbin	Evergrande Oasis Harbin	241.5
179	Harbin	Evergrande Metropolis Harbin	242.7
180	Harbin	Evergrande City Harbin	148.6
181	Daqing	Evergrande Oasis Daqing	118.9
182	Qiqihar	Evergrande Metropolis Qiqihar	85.6
183	Xining	Evergrande Metropolis Xining	198.5
184	Wujiaqu	Evergrande Splendor Wujiaqu	218.9
185	Yili	Evergrande Atrium Yining	119.6
186	Yili	Evergrande Oasis Yining	105.5
Total			38,980.0

Management Discussion and Analysis ● (Continued)



Investment Properties

During the year, the Group appropriately improved its investment properties portfolio of shops and car parking spaces, with an aim to benefit from the long-term and stable growth of cash flow to supplement its property operations. As at 31 December 2012, the Group possessed approximately 927,000 m² of investment properties including shops and complexes and 98,404 car parking spaces in 93 projects in total across the PRC. Evergrande Center in Guangzhou is one of the most representative projects with a total 348 car parking spaces. Shops and office buildings of 41,000 m² are utilised for investment purposes. Along with the full operation of Evergrande Center in March 2013, it makes positive contributions to the rental income of the entire investment properties portfolio. Given the large number of investment properties in the portfolio, no individual property held solely for investment purposes is considered to be material with reference to the total assets of the Group. General details about investment properties are set out in Note 8 to the consolidated financial statements. During the year, we achieved a total rental income of RMB99.00 million, a year-on-year increase of 18.0%; segmental profit was RMB4.55 billion, in which the increase in fair value of the investment properties of RMB4.46 billion was included (net profit after tax was approximately RMB2.98 billion).





● Management Discussion and Analysis (Continued)

Property Management

During the year, the Group recorded revenue from property management of RMB0.51 billion, representing a year-on-year growth of 10.9%. The increase was mainly attributable to the additional property management fees received as a result of the increase in the total GFA of properties completed and delivered during the year.

Other Businesses

During the year, the Group recorded a total revenue of RMB1.14 billion from property construction and hotel operation, an increase of 26.7% from last year, which was mainly due to the increase in the number of construction.

Human Resources

As at 31 December 2012, the Group had a total of 38,463 employees and approximately 88.62% of which are graduates with bachelor's degree or above on property development or construction, forming a team of young, highly educated and high quality personnel.

In 2012, the Group hired a total of 800 fresh graduates and 4,895 professionals in society. Our various departments organised approximately 23,238 training sessions and professional seminars for the staff throughout the year and trained approximately 340,114 staff in aggregate. The training attendance was 8.8 times with approximately 1.7 hours per session out of approximately 38,505 training hours in total.

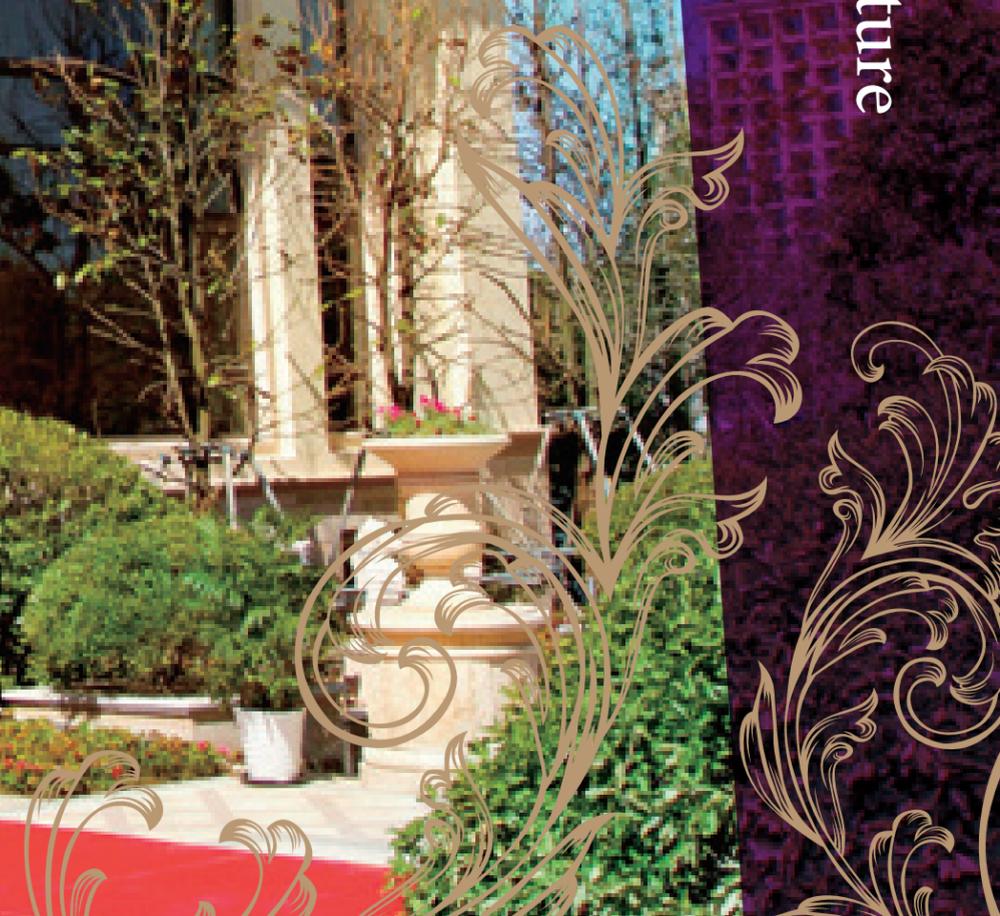
The Group firmly believes that people is the most important resource, and has been adhering to a people-oriented human resources development strategy. This helps us to create a working environment with harmonious development and positive interaction between the Group and its staff. As at 31 December 2012, total staff cost (including directors' emoluments) of the Group was approximately RMB4.72 billion (2011: approximately RMB3.39 billion).

Directors and Administrative Structure





Directors and Administrative Structure



● Directors and Administrative Structure

Executive Directors

Hui Ka Yan (許家印)



aged 54, chairman of the Board of the Group. Dr. Hui is responsible for organising the overall development strategies of the Group. He has over 29 years of experience in real estate investment, property development and corporate management. Currently, Dr. Hui is a member of the 12th National Committee of the Chinese People's Political Consultative Conference and also the vice-chairman of the China Enterprise Confederation, China Enterprise Directors Association and China Real Estate Association. He was accredited as a "National Model Worker" (one of the highest civilian honours in China) by the State Council. He graduated from Wuhan University of Science and Technology in 1982, and was awarded an honorary doctorate degree in commerce by the University of West Alabama in 2008. Dr. Hui has been a professor in management in Wuhan University of Science and Technology since 2003 and was appointed as doctoral tutor of that university in 2010.

Xia Haijun (夏海鈞)



aged 49, vice chairman of the Board and president of the Group. Dr. Xia has 19 years of experience in property development and corporate management. Dr. Xia takes full charge of our daily operations, including research and development, design, procurement, tender and bidding, budget and final account, development of and reporting of construction projects, construction development, property operation, brand planning and investor relations, etc. Dr. Xia graduated from Jinan University with a master's degree in business administration in 1998 and a doctor's degree in industrial economy in 2001.

Li Gang (李鋼)



aged 49, vice chairman of the Board and executive vice president of the Group. Mr. Li has more than 18 years of experience in property development and corporate management. Mr. Li is solely responsible for the Group's financing and compliance matters, including financial management, fund raising, audit, monitoring and legal affairs, etc.

Directors and Administrative Structure ● (Continued)



Xu Wen (徐文)

aged 49, our executive Director and vice president. Mr. Xu is responsible for the Group's materials procurement, delivery and planning. He has over 19 years of experience in construction project management, construction research and design. Mr. Xu has a bachelor's degree in civil construction and a master's degree in project management and is a registered structural engineer and a qualified supervising engineer in China.



Lai Lixin (賴立新)

aged 41, our executive Director and vice president. Mr. Lai is responsible for our capital operation and management as well as investor relationship. He has more than 18 years of experience in the operation and management of real estate projects and has a master's degree in project management.



Tse Wai Wah (謝惠華)

aged 46, our executive Director and chief financial officer. Mr. Tse takes full charge of financial management. Mr. Tse has over 19 years of experience in auditing, accounting and finance. Mr. Tse graduated from the University of North Carolina at Charlotte with a master of business administration degree. Currently, he is a member of the Hong Kong Institute of Certified Public Accountants and the American Institute of Certified Public Accountants ("AICPA").





● Directors and Administrative Structure (Continued)

Independent Non-executive Directors

Chau Shing Yim, David (周承炎)

aged 48, our independent non-executive Director. Mr. Chau has been our independent non-executive Director since 14 October 2009. Mr. Chau has over 22 years of experience in corporate finance, and participated in various projects ranging from initial public offerings and restructuring of PRC enterprises for cross-border and domestic takeovers. Mr. Chau was formerly a partner of Deloitte Touche Tohmatsu, heading the merger and acquisition and corporate advisory services department. He is a member of the Hong Kong Securities Institute, the Institute of Chartered Accountants of England and Wales, or ICAEW with the Corporate Finance Qualification granted by ICAEW, and the Hong Kong Institute of Certified Public Accountants, or HKICPA. Mr. Chau was an ex-committee member of the Disciplinary Panel of HKICPA. He is an executive director of Tidetime Sun (Group) Limited and an independent non-executive director of Lee & Man Paper Manufacturing Limited, Shandong Molong Petroleum Machinery Company Limited and Varitronix International Limited, and the shares of all these companies are listed on the Stock Exchange.

He Qi (何琦)

aged 54, our independent non-executive Director. Mr. He has been our independent non-executive Director since 14 October 2009. Mr. He is the Deputy Secretary of the China Real Estate Association, as well as the director of the training centre and the intermediary professional committee of the China Real Estate Association. He worked in the State Infrastructure Commission of the State City Construction General Bureau from 1981 to 1994. He was an executive of the Development Centre of the China Real Estate Association from 1995 to 1999, and a deputy general secretary of Ji'an City of Jiangxi Province from 1999 to 2001. He has been the deputy secretary of the China Real Estate Association from 2006 to now.

Xie Hongxi (謝紅希)

aged 53, our independent non-executive Director. Ms. Xie is currently the deputy director, senior engineer and supervisor of master's degree candidates of the Engineering Training and National Experiment, Education and Demonstration Center of South China University of Technology. From 1982 to 2002, she worked in the Guangzhou Nonferrous Metal Research Institute and took charge of or participated in numerous significant scientific research projects. She was awarded the "National Science and Technology Progress Prize" once and the "Ministerial Technology Achievement Prize" twice. Since 2002, she has been teaching at South China University of Technology and engaging in the operation and management of the center, experimental education for undergraduates and scientific research on the direction of surface technology of metallic materials. She has received numerous provincial and university education prizes and outstanding education prizes.

Directors and Administrative Structure ● (Continued)



Company Secretary

Fong Kar Chun, Jimmy (方家俊)

aged 38, our vice president and company secretary. Mr. Fong is a member of the Law Society of Hong Kong and has been a qualified solicitor in Hong Kong since 2001. Mr. Fong joined us in June 2009 and is responsible for investor relationship and the management of foreign legal matters of the Group. Mr. Fong obtained his bachelor's degree in laws and a postgraduate certificate in laws from the University of Hong Kong in 1997 and 1998 respectively. Mr. Fong obtained his master's degree in laws in banking and finance from the London School of Economics and Political Science, University of London in 2000.

Senior Management

Hong Changlong (洪昌龍)

aged 46, our executive vice president and general manager of the administration and supervision center. Mr. Hong is responsible for the management and supervision of the Group's engineering and construction systems, and has over 21 years of experience in construction project management and construction research, development and design. He has a master's degree in engineering management and is a grade-one national registered constructor.

He Miaoling (何妙玲)

aged 47, our vice president. Ms. He is responsible for the Group's project marketing and strategies. She has more than 13 years of experience in marketing strategies and brand promotion and management for real estate projects, and has a bachelor's degree in applied mathematics.

Lin Manjun (林漫俊)

aged 43, our vice president. Mr. Lin is responsible for various tender and bidding, contract management and budget and final account as well as audit works in the course of the development and construction of real estate projects in the PRC. He has over 19 years of experience in project design and tender and bidding management.

Wang Chuan (王川)

aged 46, our vice president. Ms. Wang is responsible for the management and coordination of design, cost and quality control and management for various designs, landscape design, construction and management of our property projects nationwide. She has over 23 years of experience in research and development, design and management, and has a bachelor's degree in construction engineering.



● Directors and Administrative Structure (Continued)

Shi Shouming (時守明)

aged 39, our vice president and chairman of Hainan companies. Mr. Shi is responsible for project development and project cooperation. He has more than 14 years of experience in project development, operation and management, and has a professional degree in engineering management. He is also a certified public accountant in China.

Liu Jiang Nan (劉江南)

aged 57, our vice president and the executive principal of Evergrande International Football School. He is solely responsible for the daily management of Evergrande International Football School. Mr. Liu graduated from Guangxi Normal University in 1982, and was conferred the doctor's degree in education psychology by South China Normal University in 2004. Mr. Liu has over 30 years of experience in sports education.

Peng Jianjun (彭建軍)

aged 42, our vice president. Mr. Peng is responsible for the management and operation of our hotel segment. He has extensive experience in hotel management. Mr. Peng obtained a PhD degree in management from Jinan University in 2005 and was accredited as senior economist, and won numerous awards as a distinguished hotel manager.

Liu Yongzhuo (劉永灼)

aged 32, our vice president. He is responsible for our football clubs and volleyball clubs. He has a bachelor's degree in business administration.

Ke Peng (柯鵬)

aged 33, our vice president and chairman for culture sector group. Mr. Ke is mainly responsible for the Group's brand image, corporate culture and public relations. He has a bachelor's degree in international economic laws.

Zhang Chang Qing (張常青)

aged 48, our vice president. Mr. Zhang is mainly responsible for the domestic financial management and operation management of the Group, and holds a master's degree in management and accounting.

Xu Jianhua (許建華)

aged 50, our vice president. Mr. Xu is currently responsible for the Group's equity financing and trust financing. He has 14 years of experience in fund operations and holds a doctor's degree in business administration and is a senior economist.

Directors and Administrative Structure ● (Continued)



Xu Xiaojun (許曉軍)

aged 41, our vice president. Mr. Xu is responsible for the fund raising and financing management of the Group in some regions. He has over 15 years of experience in property development and management. He has a master's degree in mechanical engineering and is a certified commercial investment manager.

Chen Dong Feng (陳東鋒)

aged 47, our vice president. Mr. Chen joined us in 2011, and is mainly responsible for the management and construction of the Group's information system. He holds a master's degree in communication and electronic engineering and a doctor's degree in management.

Qin Li Yong (秦立永)

aged 35, our vice president. Mr. Qin joined us in 2005, and is responsible for system management for the Group's construction projects. He holds a master's degree in management science and engineering of Tongji University.

Sun Yunchi (孫雲馳)

aged 40, our vice president. Mr. Sun is responsible for the fund raising and financing management of the Group in some regions. He has more than 17 years of experience in capital operations and management.

Wei Keliang (魏克亮)

aged 55, our vice president. Mr. Wei is responsible for the fund raising and financing management of the Group in some regions. He has more than 24 years of experience in economic management and fund management. He has a master's degree in economics and is accredited as senior economist in China.

Wu Liqun (伍立群)

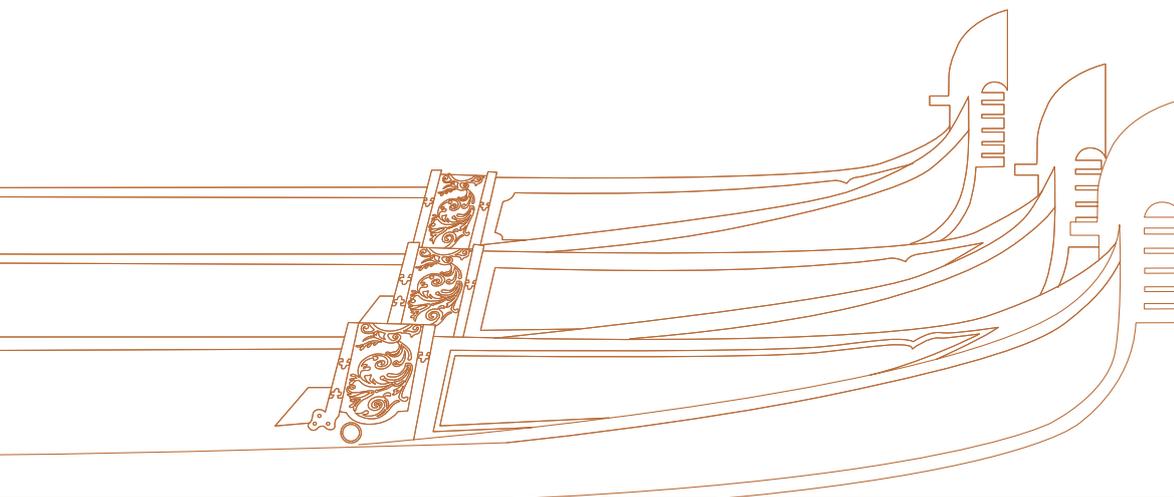
aged 49, our vice president. Ms. Wu is responsible for external affairs. She has over 18 years of experience in corporate management.

Meng Li Lin (孟立林)

aged 40, our vice president and general manager for property management center. Mr. Meng is fully responsible for the daily management of the property management center. He holds a professional degree in tourism management.

Yu Weiqiao (余偉橋)

aged 56, our vice president and chairman of Guangdong companies. Mr. Yu is in charge of the Group's fund raising and financial management work and is mainly responsible for daily management of our companies in the Guangdong region. He has 37 years of experience in banking and financial management and a master's degree in economics.



Investor Relationship Report



In 2012, leveraging on its established comprehensive communication platform in the industry, the Group continued to **ESTABLISH A TWO-WAY INTERACTIVE RELATIONSHIP WITH INVESTORS**. Through different means such as management roadshows, participation in annual conferences of investment banks, organisation of various kinds of exchange meetings and teleconferences, the management and investor relationship department of the Group has met **2,028 INVESTORS** of all sorts from **1,838 INVESTMENT INSTITUTIONS** worldwide in aggregate during the year.

Investor Relationship Report (Continued) ●



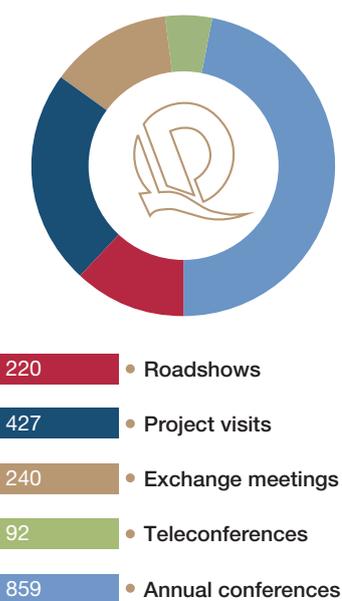
In particular, the management of the Group places high emphasis on the exchange with shareholders and investors. During the year, the management attended results roadshows organised by Citibank, Goldman Sachs, Bank of America Merrill Lynch, Deutsche Bank, Credit Suisse, JP Morgan, UBS and Standard Chartered Bank in Hong Kong, Singapore, London, New York, Boston, Los Angeles and San Francisco, and had frequent interactions with various investors on material issues of the Group, such as development strategies, industry prospects and future plans.

In 2012, the management of the Group has also participated in 27 investors annual conferences and seminars held by investment banks and securities brokers, namely CLSA, Citibank, Goldman Sachs, Bank of America Merrill Lynch, Deutsche Bank, Credit Suisse, UBS, Macquarie Securities, Barclays Bank PLC, Nomura Securities, Morgan Stanley and Mirae Asset in Hong Kong, Macau, Singapore, Beijing and Shanghai, having met 946 investors of all sorts from 859 investment institutions worldwide in aggregate. On the foundation of exchanging the latest operating results of the Group, the management widely listens to the opinions and advices of the investment sector, and is committed to enhance the Group's management level and optimise the governance structure.

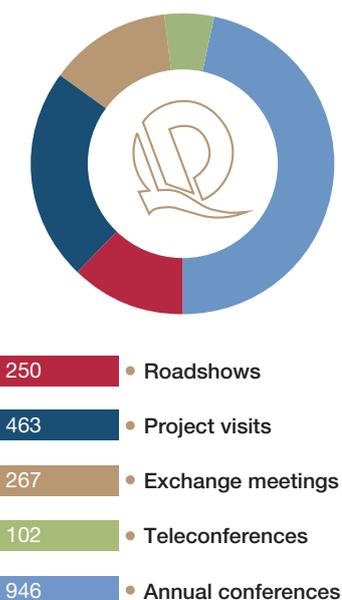
On top of regular results announcement conferences, the Group also presents comprehensive information on its latest development strategies, sales results and market prospects to investors via different means such as websites, emails and hotlines, which targeted at 518 people from 362 investment institutions in aggregate throughout 2012. Besides, the Group also arranged 463 people from 427 investment institutions to visit its projects nationwide in a bid to show its operation status to investors in a more direct manner.

Since January 2013, the Group has been making regular announcements on its monthly contracted sales on the website of the Stock Exchange of Hong Kong, which ensures information transparency and enhances the scopes and effects of communication to a higher level.

Number of institutions



Number of investors



● Investor Relationship Report (Continued)

Summary of the Group's Investor Relations Activities for 2012

Month	Venue	Activity
January	Hong Kong	Attending Credit Suisse's investors seminar
	Shanghai	Attending UBS's investors annual conference
	Beijing	Attending Deutsche Bank's investors annual conference
	Hong Kong	Attending Mirae Asset's investors annual conference
	Hong Kong	Attending Citibank's investors seminar on real estate sector
March	Hong Kong	Convening 2011 annual results press conference and briefing for analysts
	Hong Kong	Attending 2011 annual results roadshow in Hong Kong organised by Citibank
	Hong Kong	Attending 2011 annual results roadshow in Hong Kong organised by Goldman Sachs
	Singapore	Attending 2011 annual results roadshow in Singapore organised by Bank of America Merrill Lynch
	London	Attending 2011 annual results roadshow in London organised by Deutsche Bank
April	London	Attending 2011 annual results roadshow in London organised by Credit Suisse
	New York	Attending 2011 annual results roadshow in New York organised by JP Morgan
	Boston	Attending 2011 annual results roadshow in Boston organised by UBS
	Los Angeles	Attending 2011 annual results roadshow in Los Angeles organised by JP Morgan
	Hong Kong	Attending Mirae Asset's investors annual conference
May	Singapore	Attending investors annual conference organised by Citibank
	Hong Kong	Attending investors seminar organised by Macquarie Securities
	Beijing	Attending investors annual conference organised by CLSA
	Hong Kong	Attending investors seminar organised by Barclays Bank PLC
	Singapore	Attending investors seminar organised by Deutsche Bank
	Hong Kong	Convening the annual general meeting
June	Hangzhou	Attending investors annual conference organised by Credit Suisse
	Singapore	Attending investors annual conference organised by Nomura Securities
	Beijing	Attending investors annual conference organised by JP Morgan
July	Hong Kong	Attending investor exchange meeting organised by Citibank
	Hong Kong	Attending investors seminar organised by Bank of America Merrill Lynch
August	Hong Kong	Convening 2012 interim results press conference and briefing for analysts
	Hong Kong	Attending 2012 interim results roadshow in Hong Kong organised by Citibank
	Hong Kong	Attending 2012 interim results roadshow in Hong Kong organised by Bank of America Merrill Lynch
	Singapore	Attending 2012 interim results roadshow in Singapore organised by JP Morgan
	Singapore	Attending 2012 interim results roadshow in Singapore organised by JP Morgan
	London	Attending 2012 interim results roadshow in London organised by Goldman Sachs

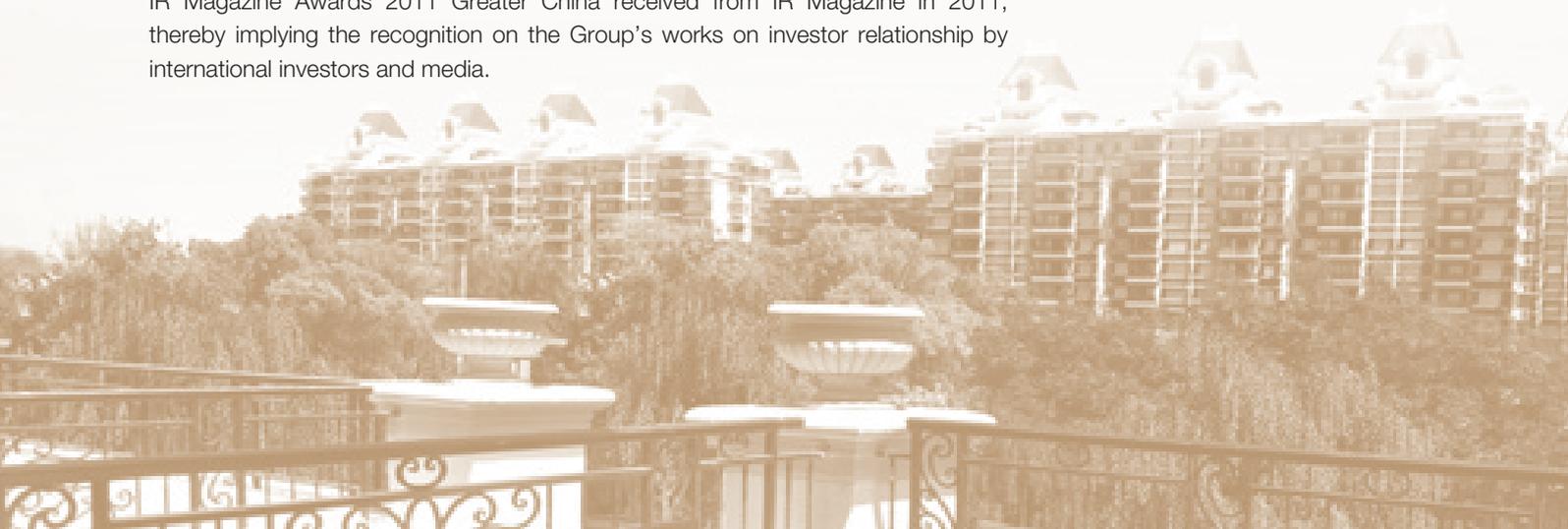
Investor Relationship Report (Continued) ●

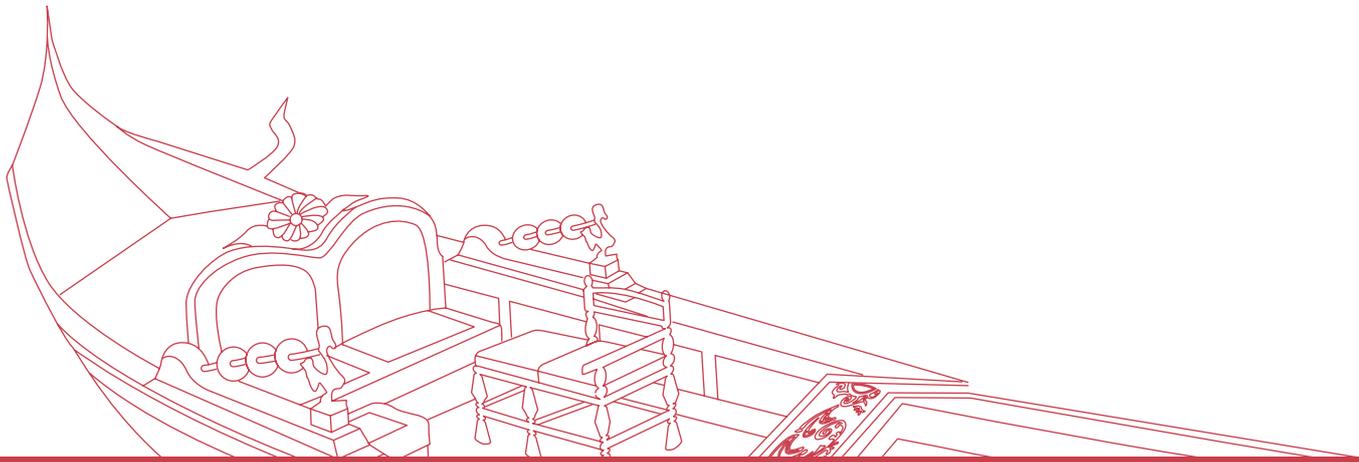


Month	Venue	Activity
September	London	Attending 2012 interim results roadshow in London organised by Goldman Sachs
	New York	Attending 2012 interim results roadshow in New York organised by UBS
	Boston	Attending 2012 interim results roadshow in Boston organised by Credit Suisse
	Los Angeles	Attending 2012 interim results roadshow in Los Angeles organised by Standard Chartered Bank
	San Francisco	Attending 2012 interim results roadshow in San Francisco organised by Standard Chartered Bank
	Hong Kong	Attending UBS's investors annual conference
	Hong Kong	Attending CLSA's investors annual conference on real estate sector
October	Hong Kong	Attending Goldman Sachs' CEO summit for the Greater China region
	Hong Kong	Attending Mirae Asset's investors meeting
	Kunming	Attending BNP Paribas's investors annual conference
November	Macau	Attending Citibank's investors meeting for the Greater China region
	Beijing	Attending Bank of America Merrill Lynch's investors annual conference
	Singapore	Attending Morgan Stanley's Asia Pacific investors summit
	Hong Kong	Attending CLSA's investors annual conference on real estate sector
	Hong Kong	Attending CIMB Securities' investors annual conference
December	Hong Kong	Attending Bank of America Merrill Lynch's annual conference on real estate sector for the Greater China region

Through its continuous promotion in the international capital market, the Company was conferred The Asset Triple A Awards 2012—The Asset Excellence in Management and Corporate Governance Awards by The Asset, an internationally-renowned financial magazine. The award aims at commend companies with outstanding performances in respect of areas such as financial performance, management, corporate governance, social responsibility, environmental protection and investor relationship, which possesses a pivotal position in the financial sector in Asia.

Such award represents another important award received by the Company after the IR Magazine Awards 2011 Greater China received from IR Magazine in 2011, thereby implying the recognition on the Group's works on investor relationship by international investors and media.





Corporate Citizenship Report



In 2012, under the new social and market environment, the Group upheld its concept on catering for people's livelihood, and integrated social responsibility into its strategies and management to a more thorough extent, which has become our operation approach. The Group continued to adhere to and take a more active role in undertaking its social responsibilities towards the country, society, customers, staff, shareholders, business partners and the environment, etc. Throughout the past 16 years, the Group has in aggregate provided over 300,000 households with high value-for-money residential developments and made charitable donations of around RMB2.1 billion. The Group was awarded "The China Charity Award" for five consecutive years, and topped the "Forbes China Philanthropy List". In the future, the Group will continue to concern with people's livelihood and respond to the request from stakeholders in the society, while sustaining its devotion to charitable activities that support livelihood, education, poverty alleviation, sports and culture as well as environmental protection. With the joint development with our shareholders, staff, upstream and downstream industry chains and customers, the Group is endeavoured to foster the harmonious development of the society.

Corporate Social Responsibility Report ●



Creditworthy Cooperation

Since its establishment, the Group has always adhered to its corporate objectives of “establishing brand with quality and founding exploit with integrity”. The Group complies with the principles on fair market competition and regulates its internal corporate management. While improving its own operation, the Group also calls on the establishment of “creditworthy alliance” in the industry. Under the cooperation with over 200 strategic business partners and adoption of transparent trading principles, the establishment of the “creditworthy alliance” is jointly fostered and thus achieves a win-win situation.

In 2012, the Group refined its supply chain system, while optimising its assessment management, delivery management and after-sales management by placing more and stricter regulations on its tendering and procurement procedures during the year. The Group also launched the online self-recommendation platform for suppliers for the first time to attract more distinguished suppliers, and the number of materials and equipment suppliers recorded a year-on-year increase of 44% for the year. Meanwhile, the rapid development of the Group also drove the development of both upstream and downstream industries. Under the close cooperation with the Group, numerous allied enterprises ushered in their own leaping development, of which, many strategic partners were successfully listed and a lot of factories underwent expansion along with the Group’s national deployment.

As to tax payment, the Group has been levied RMB13.5 billion in aggregate in 2012, representing a year-on-year increase of 52%.





● Corporate Social Responsibility Report (Continued)

Fostering Employment

Employment is the root of livelihood. During the year, the Group hit record high in the industry in terms of society and school recruitments, thereby alleviating the social pressure on unemployment. For society recruitment, our real estate development and construction segment has hired 4,327 talents with various management and professional skills in the year. Meanwhile, the Group also attached great importance to the introduction and nurturing of outstanding fresh university graduates. In 2012, 1,203 people were hired in school recruitment, representing a year-on-year increase of 50%, and among which, one-fourth of them were fresh graduates from top ten domestic institutes and colleges, thereby nurturing a great pool of potential talents for the country and the society.

Focus on Livelihood

Developing properties for people's livelihood is the development approach of the Group and the core value for its rapid growth. Upholding its project development in second- and third-tier cities with development potential, the Group strictly controlled its costs, enhanced its quality and benefited the public in various development stages via standardised operation and centralised management, so as to provide ordinary civilians with high quality and high value-for-price residential properties at an average selling price of around RMB6,000 per m². At the same time, the Group's residential properties mainly target at first-time home buyers and ordinary civilians in need of improvement of living environment for the first time, and therefore middle-end and middle-to-high-end properties accounted for over 70%.

In 2012, the Group agreed to donate RMB350 million in "Guangdong Poverty Alleviation Day" (the payment of which will be made by instalments in accordance with certain progress in 10 years) and also established specific poverty alleviation funds. The Group donated RMB2 million to Shaoguan Charity Association (韶關慈善總會), one again evidencing its dedication to poverty alleviation. Moreover, to advocate the balance between urban development and urban ecology, the Group donated RMB6 million to construct the South Mountain Botanical Garden in Chenzhou.



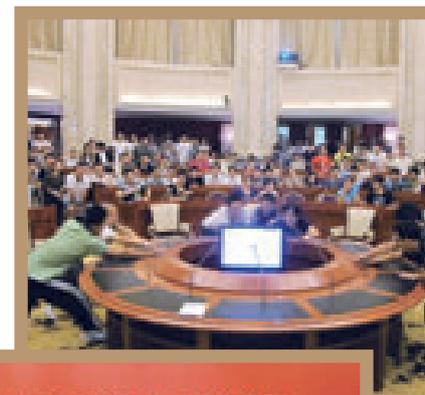
Corporate Social Responsibility Report ● (Continued)



Green Homes

Adhering to the construction objectives of “Green ecology, energy conservation and environmental protection”, the Group is committed to delivering fully-refurbished properties to reduce environmental pollution from refurbishment works, while leveraging on its edges of standardised operations and cooperating with strategic upstream and downstream partners along the industry chain to apply advanced technologies from project design to construction, thereby consistently complying with the environmental protection standards for green homes and low carbon emission and creating premium green properties. In particular, for construction and energy conservation, the Group has extensively used Low-E energy-saving glass since 2010, which possesses significant energy-saving effects. In 2012, the Group raised the standards for facade materials of its middle-to-high-end residential properties again to enhance the regional suitability of its residential properties. Meanwhile, by upgrading of hollow Low-E glass for façade windows and doors of its residences and houses, the internal appearance is enhanced on the premises of guaranteeing the outlook, and the procurement cycle of raw glass is shortened while the supply efficiency is enhanced. In addition, application plans for LED light sources are also ascertained for our top ten public construction projects, namely HengDa hotel, conference center, sports center, entertainment center, catering center, health center, commercial center and studios and cinemas to optimise its existing products and to realise energy conservation and lower consumption. The Guangdong Qingyuan Evergrande Century Tourism Town alone could save approximately RMB400,000 of electricity fees per year.

Currently, the Group follows the national policies on different industries and creates large-scale, high-end and all-round low-carbon tourism complexes in various cities in the PRC, including Wuhan, Kunming and Chengdu, so as to further optimise ancillary facilities in the regions and cities, enhance the attractiveness of different cities and foster green economic development.



2012 Major Awards and Prizes

Corporate Awards

Top Ten Real Estate Developers in China by Integrated Capability — No. 2	March 2012
Top Ten China Real Estate Enterprises by Operating Efficiency — No. 1	March 2012
Top Ten City Coverage's Real Estate Developers in China — No. 1	March 2012
Top 500 China Real Estate Enterprises with Outstanding Contributions	March 2012
Top 10 of Top 100 Real Estate Enterprises in China by Integrated Capability — No. 2	March 2012
Top 10 of Top 100 Real Estate Enterprises in China by Scale — No. 1	March 2012
Top 10 China Real Estate Enterprises by Profitability — No. 2	March 2012
Top 10 China Real Estate Enterprises by Corporate Social Responsibility — No. 2	March 2012
The Seventh China Charity Award	April 2012
2012 Forbes China Philanthropy List — No. 1	April 2012
Best Employer for University Graduates in China	April 2012
Top 100 Real Estate Listed Companies in China by Integrated Capability — No. 2	May 2012



Top Five Real Estate Listed Companies in China in 2012 by Operating Efficiency — No. 1
 Top 10 Valued China Real Estate Companies Listed in Hong Kong
 Top 10 China Real Estate Companies Listed in Hong Kong by Wealth Creation
 Most Valued Real Estate Enterprise for the Year
 Top 10 China Real Estate Companies by Brand — No. 1
 Blue-chip China Real Estate Enterprise
 Top Ten China Real Estate Companies Listed in Hong Kong by Integrated Values— No. 1
 Most Valued Real Estate Listed Companies in China
 Top 100 Hong Kong Listed Companies by Integrated Capability for 2012 — Real Estate Sector No. 1
 Asset Triple A Award 2012 — The Asset Excellence in Management and Corporate Governance Awards
 2012 Best Model Enterprise for Human Resources in China

May 2012
 June 2012
 June 2012
 August 2012
 September 2012
 September 2012
 September 2012
 September 2012
 November 2012
 December 2012
 December 2012



● 2012 Milestones



January

The Group repurchased 40% of the issued share capital of Success Will from Pearl River Investment Company Limited at a total consideration of US\$160 million (equivalent to approximately RMB1,022 million). Upon the completion of the acquisition, the Group's interest in the Evergrande Royal Scenic Peninsula project increased from 60% to 100%.

The Group officially announced its contracted sales target for 2012 as RMB80 billion.

March

The Group ranked No. 2 in Top 500 China Real Estate Enterprises again, and was conferred the Ten Thousand Salable Area Award in the annual enterprise award presentation ceremony.

The Group issued its annual results announcement for 2011 in Hong Kong, realising operating revenue of RMB61.92 billion, representing a year-on-year increase of 35.2%, with net profits of RMB11.78 billion, representing a year-on-year increase of 47%. Total assets amounted to RMB179.02 billion, representing a year-on-year increase of 71.4%. Contracted sales amount was RMB80.39 billion, representing a year-on-year increase of 59.4%.

2012 Milestones (Continued) ●



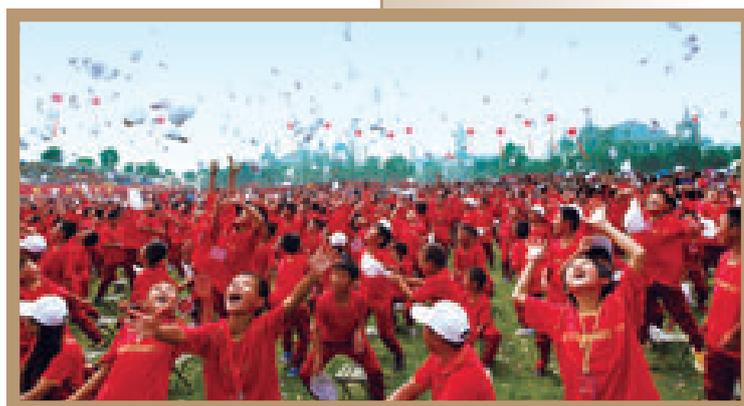
April

The Group was conferred The China Charity Award, the highest honour in China's charity sector, by the government for the fifth time.

May

The Group recorded contracted sales amount of over RMB10 billion for a single month for the first time.

Based on the Assessment and Research Report on Real Estate Listed Companies in China for 2012 jointly issued by China Real Estate Research Institute, China Real Estate Association and China Real Estate Assessment Center as well as the Top 100 Real Estate Listed Companies in China by Integrated Capability for 2012, Evergrande ranked No. 2 in the ranking and also topped two sub-rankings, namely "Top Five by Development Pace" and "Top Five by Operating Results".



● 2012 Milestones (Continued)

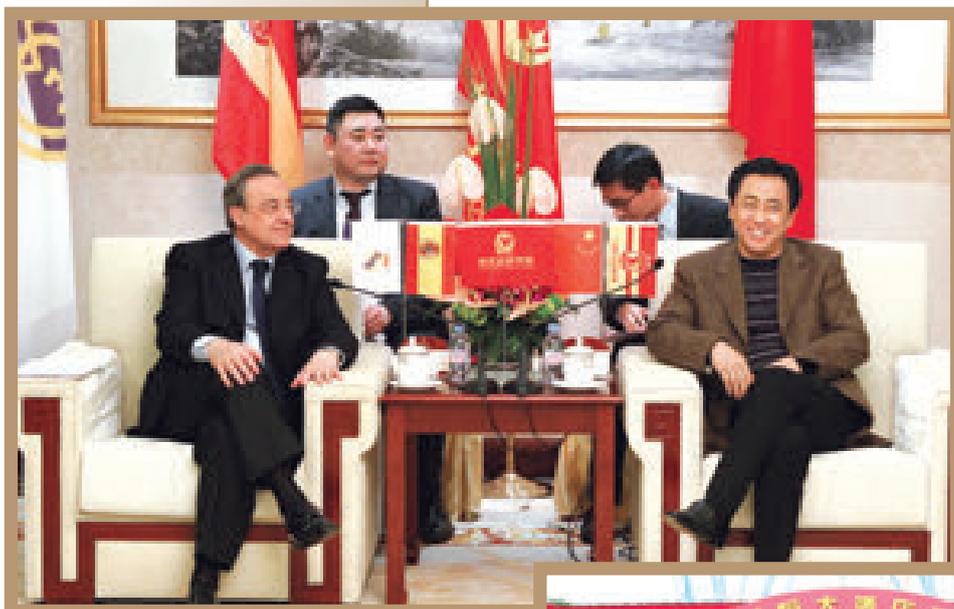
June

In the “2012 Guangdong Poverty Alleviation Day” campaign, the Group agreed to donate RMB350 million, and was awarded the “Guangdong Poverty Alleviation Gold Cup for the Year 2011”.

The Group acquired the last commercial land (land parcel D4—B2) in Zhujiang New Town, and thus expanded the weighting of its investments in core regions in first-tier cities.

July

Evergrande Venice on the Sea recorded a high sales amount of RMB2.07 billion on the first day of launching.



2012 Milestones (Continued) ●



August

The Group announced its interim results for 2012. Various core indicators, including turnover, net profit, salable area and GFA under construction, were ahead of its industry peers and total assets amounted to RMB198.08 billion.

Guangzhou Zengcheng HengDa Hotel, another ultra-platinum five-star hotel under the Group, commenced operation, which signified further acceleration of Evergrande's development in the hotel sector.

September

Tianjin HengDa Century Tourism Town, another cultural and tourism complex project under the Group, commenced operation, which signified the deepening of Evergrande's deployment of cultural and tourism complexes as well as the maturity of its commercial development and management.

● 2012 Milestones (Continued)

October

Based on the Assessment and Research Report on the Brand Value of China Real Estate Enterprises for 2012 jointly issued by China Real Estate Research Institute, China Real Estate Association and China Real Estate Assessment Center, the brand value of the Group was valued at RMB24.86 billion.

November

The Group accomplished the RMB80 billion annual contracted sales target ahead of the end of the year.

December

In 2012, the Group hit another new record in contracted sales, which reached RMB92.32 billion.



Corporate Governance Report





温州大学





● Corporate Governance Report

The Company recognises the value and importance of achieving high corporate governance standards consistently to the enhancement on corporate performance and accountability. The board (the “Board”) of directors (the “Director(s)”) of the Company is committed to abide by principles of good corporate governance to meet legal and commercial standards and requirements, focusing on areas such as internal control, fair disclosure and accountability to the shareholders of the Company.

The Company has been conducting our business according to the principles of the Corporate Governance Code (“Corporate Governance Code”) set out in Appendix 14 to the Listing Rules, and has complied with all the code provisions of the Corporate Governance Code during the year ended 31 December 2012.

Board of Directors

Composition of the Board

During the year ended 31 December 2012 and up to the date of issue of this annual report, the Board of the Company comprises the following executive Directors and independent non-executive Directors.

Dr. Hui Ka Yan (Chairman)
Dr. Xia Haijun (Vice Chairman and Chief Executive Officer)
Mr. Li Gang (Vice Chairman and Executive Vice President)
Mr. Xu Wen (Executive Director)
Mr. Lai Lixin (Executive Director)
Mr. Tse Wai Wah (Executive Director and Chief Financial Officer)
Mr. Xu Xiangwu (Executive Director) (resigned on 23 June 2012)
Ms. He Miaoling (Executive Director) (resigned on 23 June 2012)
Mr. Chau Shing Yim, David (Independent Non-executive Director)
Mr. He Qi (Independent Non-executive Director)
Ms. Xie Hongxi (Independent Non-executive Director)
(appointed with effect from 23 June 2012)
Mr. Yu Kam Kee, Lawrence (Independent Non-executive Director)
(resigned on 23 June 2012)

Biographical details of the current members of the Board are set out on page 46 to page 51 of this annual report.

During the year ended 31 December 2012, the Board has at all times met the requirements of Rules 3.10(1) and (2) of the Listing Rules relating to the appointment of at least three independent non-executive Directors, and at least one independent non-executive Director possesses appropriate professional qualifications, or accounting or related financial management expertise.

Corporate Governance Report (Continued) ●



Board of Directors (Continued)

Composition of the Board (Continued)

Each of the executive Directors has entered into a service contract with the Company for a term of three years until terminated by not less than three months' notice in writing served by either party on the other. Each of the independent non-executive Directors has entered into a letter of appointment with the Company for a term of one year. The appointments are subject to the provisions of retirement by rotation of Directors under the articles of association of the Company (the "Articles"). In accordance with the Articles, at every annual general meeting of the Company, one-third of the Directors for the time being or, if their number is not three or a multiple of three, the number nearest to but not less than one-third shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years.

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Board was satisfied with the independence of the independent non-executive Directors.

Roles and Duties

The Board shall be in charge of formulating strategic business development, reviewing and monitoring the business performance of the Group, approving major funds allocation and investment proposals as well as preparing and approving the financial statements of the Group. The Board also gives clear instructions on the authority delegated to the management in relation to the administration and management of the Group.

Under code provision A.2.1 of the Corporate Governance Code, the roles of the chairman and chief executive officer ("CEO") of a listed company should be separate and should not be performed by the same individual. The Company was in compliance with code provision A.2.1 during the period under review with Dr. Hui Ka Yan being the chairman and Dr. Xia Haijun being the CEO of the Company, respectively.

The Board is responsible for the internal control of the Group and for reviewing its effectiveness. The Company has procedures in place for safeguarding assets against unauthorised use or disposition, the maintenance of proper accounting records for the provision of reliable financial information for internal use or publications and the compliance with applicable laws, rules and regulations. For the year ended 31 December 2012, the Directors reviewed the overall effectiveness of the internal control system of the Group. An internal audit department has been established to perform regular financial and operational reviews and conduct audit on the Company and its subsidiaries. The work carried out by the internal audit department will ensure the internal controls are in place and function properly as planned.



● Corporate Governance Report (Continued)

Board of Directors (Continued)

Roles and Duties (Continued)

The external auditors will report to the Company on the weakness in the Group's internal control and accounting procedures which have come to their attention during the course of their audit work.

The Board will be responsible for performing the following corporate governance duties: (a) to formulate and review the Company's policies and practices on corporate governance and make recommendations to the Board; (b) to review and monitor the training and continuous professional development of Directors and senior management; (c) to review and monitor the Company's policies and practices in compliance with legal and regulatory requirements; (d) to formulate, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and (e) to review the Company's compliance with the Corporate Governance Code as set out in Appendix 14 of the Listing Rules and disclosures in the Corporate Governance Report in the annual report of the Company. The Board may delegate the corporate governance duties to a committee of the Board.

The Board meets regularly to discuss and formulate the overall strategy as well as the operation and financial performance of the Group. Directors may participate in the meetings either in person, by proxy, or by means of electronic communications.

Four Board meetings were convened by the Company during the year from 1 January 2012 to 31 December 2012. At least 14 days' notice before the date of the meeting is given for a regular Board meeting to allow all Directors to make arrangements to attend. For all other Board meetings, reasonable notices were also given.

Corporate Governance Report (Continued) ●



Board of Directors (Continued)

Roles and Duties (Continued)

The attendance of individual Directors at the Board meetings and general meetings is set out below:

Director	Number of meetings attended/Number of meetings held	
	General Meeting	Board Meeting
Executive Director		
Hui Ka Yan	1/1	3/5
Xia Haijun	1/1	3/5
Li Gang	0/1	3/5
Xu Wen	0/1	3/5
Lai Lixin	1/1	5/5
Tse Wai Wah	1/1	5/5
Xu Xiangwu*	0/1	1/3
He Miaoling*	0/1	1/3
Independent Non-executive Director		
Chau Shing Yim, David	1/1	5/5
He Qi	1/1	3/5
Xie Hongxi*	N/A	2/2
Yu Kam Kee, Lawrence*	1/1	2/3

Committees of the Board

The Company has set up the audit committee, remuneration committee and nomination committee in respect of the Board.

Directors' Training

During the year under review, all of the Directors of the Company have attended the training sessions in early December 2012 conducted by (a) the external legal advisers of the Company on the new insider information disclosure regime under Part XVA of the Securities and Futures Ordinance and developments on the Listing Rules, and (b) the auditors of the Company on internal control.

The company secretary of the Company has also complied with the 15 hours training requirements under Rule 3.29 of the Listing Rules.

* Ms. Xie has been appointed as an independent non-executive Director of the Company with effect from 23 June 2012. Mr. Yu Kam Kee, Lawrence, an independent non-executive Director, was a member of the audit committee until his resignation on 23 June 2012. Mr. Xu Xiangwu and Ms. He Miaoling resigned as executive Directors of the Company on 23 June 2012.



● Corporate Governance Report (Continued)

Audit Committee

The audit committee comprised 3 members, namely Mr. Chau Shing Yim, David, chairman of the committee, Mr. He Qi and Ms. Xie Hongxi (from 23 June 2012) (Mr. Yu Kam Kee, Lawrence, between 1 January 2012 and 22 June 2012), who were all independent non-executive Directors. The audit committee adopted the written terms of reference which were basically the same as those set forth in the code provision C.3.3 of the Corporate Governance Code. The audit committee is principally responsible for the following duties, inter alia:

- to provide recommendations on the appointment, re-appointment and removal of external auditors to the Board, approve the remuneration and terms of engagement of the external auditors and handle any issues related to the resignation or dismissal of the auditors;
- to review and monitor whether the external auditors are independent and objective and whether the audit procedures are effective in accordance with applicable standards;
- to formulate and implement policies for the engagement of external auditors for the provision of non-audit services;
- to monitor the integrity of the financial statements, the annual reports and accounts and the interim reports of the Company, and review the material financial reporting judgements therein;
- to review the financial control, internal control and risk management systems of the Company;
- to discuss the internal control system with the management and to ensure that the management has discharged its duties of setting up an effective internal control system;
- to review the financial and accounting policies and practices of the Group; and
- to review the external auditors' letter to the management, any material queries that the auditors made to the management in respect of the accounting records, financial accounts or systems of control as well as the management's response.

Two meetings of the audit committee were held on 23 March 2012 and 23 August 2012, respectively, to review the Group's 2011 annual results and 2012 interim results and all the committee members attended those two meetings. The audit committee has recommended the Board in relation to the re-appointment of PricewaterhouseCoopers as the Company's external auditor for the financial year ended 31 December 2012 at the forthcoming annual general meeting of the Company.

Corporate Governance Report (Continued) ●



Audit Committee (Continued)

For the year ended 31 December 2012, the emolument of the external auditors of the Group amounted to RMB17,902,000. For the year ended 31 December 2012, the external auditors had not provided any non-audit service.

Pursuant to the Articles, the tenure of the auditor of the Company will expire upon the conclusion of the 2012 annual general meeting.

The audit committee recommended the Board to propose the re-appointment of PricewaterhouseCoopers as the auditor of the Company at the 2012 annual general meeting.

Remuneration Committee

The remuneration committee's terms of reference were basically the same as those set forth in code provision B.1.2 of the Corporate Governance Code. The majority of the members of the remuneration committee were independent non-executive Directors. For the year ended 31 December 2012, the members of the remuneration committee included Dr. Hui Ka Yan (who was the chairman of the committee from 1 January 2012 to 28 March 2012 and in compliance with the requirements of the new Corporate Governance Code that came into effect on 1 April 2012, passed the chairmanship of the remuneration committee to Mr. He Qi), Mr. He Qi (who became the chairman of the committee from 28 March 2012) and Ms. Xie Hongxi.

The remuneration committee is principally responsible for the following duties:

- to make recommendations and suggestions to the Board in respect of the remuneration policy and structure of the Directors and senior management of the Company and the establishment of formal and transparent procedures for developing such remuneration policy;
- to determine the specific remuneration packages of all executive Directors and senior management;
- to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time;
- to review and approve payments to the executive Directors regarding compensation for their loss or termination of office or appointment, to ensure that such compensation is determined in accordance with the relevant terms of the contracts, and that the compensation is fair and not excessive for the Company;



● Corporate Governance Report (Continued)

Remuneration Committee (Continued)

- to review and approve the compensation arrangements involved in the termination or dismissal of Directors due to misconduct, to ensure that those arrangements are determined according to the relevant terms of the contracts, and that the compensation is reasonable and appropriate; and
- to ensure that no Director or any of his associates is involved in deciding his/her own remuneration.

No meeting was convened by the remuneration committee for the year ended 31 December 2012 as the Board did not put forward any material change in the prevailing remuneration package or amendment to the terms of employment of the Directors and senior management.

Nomination Committee

The nomination committee's terms of reference were basically the same as those set forth in code provision A.5.2 of the Corporate Governance Code. The majority of the members of the nomination committee were independent non-executive Directors. For the year ended 31 December 2012, the members of the nomination committee included Dr. Hui Ka Yan, chairman of the committee, Mr. He Qi and Mr. Chau Shing Yim, David.

The nomination committee is principally responsible for the following duties:

- to review the structure, size and composition (including skills, knowledge and experience) of the Board on a regular basis, and make recommendations and suggestions to the Board on any proposed changes;
- to identify individuals with suitable qualifications to serve as members of the Board, and select and nominate the relevant persons to serve as Directors or make recommendations and suggestions to the Board in this regard;
- to appraise the independence of the independent non-executive Directors in accordance with the provisions of applicable laws, regulations and rules; and
- to make recommendations and suggestions to the Board regarding the appointment and re-appointment of Directors by the Company and succession plan for Directors (especially the chairman and CEO, if any, of the Company).

During the year ended 31 December 2012, one meeting was convened by the nomination committee and attended by all its members on 18 June 2012 to consider the resignation of Mr. Yu Kam Kee, Lawrence, Mr. Xu Xiangwu and Ms. He Miaoling and the proposed appointment of Ms. Xie Hongxi as an independent non-executive Director. The members of the nomination committee may call any meeting at any time when necessary.

Corporate Governance Report (Continued) ●



Securities Transactions by the Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set forth in Appendix 10 of the Listing Rules as the code of conduct for securities transactions conducted by the Directors. The Company, having made detailed and cautious enquiries, confirmed that all Directors have abided by the Model Code for the year ended 31 December 2012.

Directors’ Responsibilities for the Financial Statements

The Directors acknowledge their responsibilities for preparing the consolidated financial statements of the Group in accordance with statutory requirements and applicable accounting standards. The Directors also acknowledge their responsibilities to ensure that the consolidated financial statements of the Group are published in a timely manner.

Compliance Advisor

Since our listing, the Company has appointed Haitong International Capital Limited as the compliance advisor of the Group to provide guidances and opinions to us in respect of the compliance with the Listing Rules and other regulations and rules governing listed issuers in Hong Kong.

Relationship with Our Controlling Shareholders

The Company has received, from each of Xin Xin (BVI) Limited and Dr. Hui Ka Yan, an annual declaration on the compliance with the deed of non-competition (the “Deed”) entered into by each of them in favour of the Company pursuant to which each of Xin Xin (BVI) Limited and Dr. Hui Ka Yan has unconditionally undertaken to the Company that it/he will not directly or indirectly participate in, hold any right or interest, or otherwise be involved in any business which may compete with that of the Group. The independent non-executive Directors have reviewed and were satisfied that each of Xin Xin (BVI) Limited and Dr. Hui Ka Yan has complied with the Deed for the year ended 31 December 2012.

Amendments to the Company’s Constitutional Documents

During the year ended 31 December 2012, the Company has not amended its memorandum of association or its articles of association.



● Corporate Governance Report (Continued)

Shareholders' Rights

Right to convene an extraordinary general meeting ("EGM") (including the right of making proposals/moving resolutions at the EGM)

Any two or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up share capital of the Company carrying the right of voting at the general meetings of the Company (the "Eligible Shareholder(s)") shall at all times have the right, by written requisition to the Board or the company secretary of the Company (the "Company Secretary"), to require an EGM to be called by the Board for the transaction of any business specified in such requisition, including making proposals or moving resolutions at the EGM.

Eligible Shareholders who wish to convene an EGM for the purpose of making proposals or moving resolutions at the EGM must deposit a written requisition (the "Requisition") signed by the Eligible Shareholder(s) concerned to the principal place of business of the Company in Hong Kong at Suites 1501–1507, One Pacific Place, 88 Queensway, Hong Kong, for the attention of the Company Secretary.

If within 21 days of the deposit of the Requisition the Board has not notified the Eligible Shareholders and fails to convene such EGM, the Eligible Shareholder(s) himself/herself/themselves may do so in accordance with the memorandum and articles of association of the Company, and all reasonable expenses incurred by the Eligible Shareholder(s) concerned as a result of the failure of the Board to convene such meeting shall be reimbursed to the Eligible Shareholder(s) concerned by the Company.

Right to Nominate Directors for Election at General Meetings

If a shareholder wishes to propose a person other than a Director of the Company for election as a Director, the shareholder must deposit a written notice (the "Notice") to the principal place of business of the Company in Hong Kong at Suites 1501–1507, One Pacific Place, 88 Queensway, Hong Kong, or the branch share registrar of the Company, Computershare Hong Kong Investor Services Ltd., at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for the attention of the Company Secretary.

The Notice must state clearly the name of the shareholder(s) and his/her/their shareholding, the full name of the person proposed for election as a Director, including the person's biographical details as required by Rule 13.51(2) of the Listing Rules, and be signed by the shareholder concerned (not the person to be nominated). The Notice must also be accompanied by a letter of consent signed by the person nominated to be elected on his/her willingness to be elected as a Director.

Corporate Governance Report (Continued) ●



Right to Nominate Directors for Election at General Meetings (Continued)

The period for lodgment of the Notice will commence no earlier than the day after the despatch of the notice by the Company of the general meeting appointed for the election of Directors of the Company and end no later than seven (7) days prior to the date of such general meeting.

The Notice will be verified by the Company's branch share registrar and upon their confirmation that the request is proper and in compliance with the rules of procedures, the Company Secretary will ask the nomination committee of the Company (the "Nomination Committee") and the Board of the Company to consider to include the resolution in the agenda for the general meeting proposing such person to be elected as a Director.

Disclaimers

The contents of the section headed "Shareholders' Rights" in this report are for reference only and in compliance with disclosure requirements, which do not represent and shall not be regarded as legal or other professional advice to the shareholders. Shareholders should seek their independent legal or other professional advice as to their rights as shareholders of the Company. The Company disclaims any liability for all liabilities and losses incurred by the shareholders in reliance upon any contents of the section headed "Shareholders' Rights".

Investor Relationship

The Company emphasises communication with institutional investors so as to enhance the transparency of the Company, and stresses the importance of channels to collect and respond to the opinions of institutional investors. During the year under review, the Directors and senior management of the Company participated in several roadshows and investment meetings. Additionally, the Company released information and responded to questions from the media through press conferences and the Company's website, and communicated with the media on a regular basis.

Shareholders, investors and the media can make enquiries with us by the following methods:

By telephone: (852) 2287 9208/2287 9218/2287 9207
By post: Suites 1501–1507, One Pacific Place, 88 Queensway,
Hong Kong
By email: evergrandeir@evergrande.com



● Report of the Board of Directors

The Directors of the Company are pleased to present their report and the audited consolidated financial statements for the year ended 31 December 2012 of the Group.

Major Business

The Group is a developer of large scale quality residential property projects and a leader adopting a standardised operational model in China to manage various projects in different cities across China. The analysis of the revenue of the Group during the year is set out in Note 5 to the financial statements.

Financial Statements

The results of the Group during the year are set out in the consolidated statement of comprehensive income. The financial position of the Group as at 31 December 2012 is set out in the consolidated balance sheet. The cash flow position of the Group during the year is set out in the consolidated statement of cash flows.

Capital

The changes in the capital of the Group during the year are set out in Note 15 to the financial statements.

Final Dividend

The Board resolved on 26 March 2013 not to pay any final dividend for the financial year ended 31 December 2012 at this time.

Closure of Register of Members to Ascertain Shareholders' Entitlement to Attend the Annual General Meeting ("AGM")

From 4 June 2013 to 6 June 2013, both days inclusive, for the purpose of ascertaining shareholders' entitlement to attend and vote at the 2013 AGM which is expected to be convened on 6 June 2013, the register of members of the Company will be closed. In order to be eligible to attend and vote at the 2013 AGM to be held on 6 June 2013, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on 3 June 2013.

Report of the Board of Directors (Continued) ●



Reserve

Details of the changes in reserve of the Group during the year are set out in Note 16 to the financial statements.

Property, Plant and Equipment

The changes in property, plant and equipment during the year are set out in Note 6 to the financial statements.

Major Customers and Suppliers

During the year, purchases from the Group's single largest supplier accounted for approximately 10.9% of the Group's total purchases, and the purchases from the Group's five largest suppliers accounted for 35% of the Group's total purchases. The percentage of turnover attributable to the Group's five largest customers in aggregate was less than 30% of the Group's total turnover. The Company was not aware of any of the Directors or their connected persons and shareholders holding over 5% of the interest in the share capital of the Company having any interest in the above suppliers and customers.

Donation

During the year, the charitable contributions and other donations made in Hong Kong and China by the Group totalled RMB170 million.

Directors

The Directors in office during the year and as of the date of this report are as follows:

Executive Directors

Dr. Hui Ka Yan

Dr. Xia Haijun

Mr. Li Gang

Mr. Xu Wen

Mr. Lai Lixin

Mr. Tse Wai Wah

Mr. Xu Xiangwu (resigned on 23 June 2012)

Ms. He Miaoling (resigned on 23 June 2012)



● Report of the Board of Directors (Continued)

Independent Non-executive Directors

Mr. Chau Shing Yim, David

Mr. He Qi

Ms. Xie Hongxi (appointed on 23 June 2012)

Mr. Yu Kam Kee, Lawrence (resigned on 23 June 2012)

Biographical details of the Directors and senior management are set forth in the section headed “Directors and Administrative Structure” of this report.

Pursuant to Article 16.18 of the Articles, the Corporate Governance Code and the letters of appointments of all independent non-executive Directors, Dr. Hui Ka Yan, Dr. Xia Haijun, Mr. Lai Lixin and Ms. Xie Hongxi will retire in the forthcoming AGM, and are eligible for re-election.

Service Contracts of Directors

There was no service contract that cannot be terminated by the Company without compensation (other than statutory compensation) within one year, entered into by the Company with any Directors proposed to be re-elected in the forthcoming AGM of the Company.

Directors’ Interests in Contracts

There was no significant contract with any member of the Group being a party therein and in which the Directors of the Company had direct or indirect substantial interests, and which was still valid on the year end date or any time during the year and related to the business of the Group.

Directors’ Interests in Competitive Business

None of the Directors or their respective associates has an interest in any business which competes or may compete with the business of the Group. Xin Xin (BVI) Limited is beneficially owned by our chairman, Dr. Hui Ka Yan, who is the controlling shareholder of the Company. The controlling shareholders have provided annual confirmation of their compliance with the deed of non-competition undertaken by them. The independent non-executive Directors have reviewed whether the controlling shareholders abided by the non-competition undertaking and confirmed that no controlling shareholder had violated the non-competition undertaking given by them.

Report of the Board of Directors (Continued) ●



Share Option Scheme

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

On 14 April 2010, the maximum number of shares that can be issued under the Share Option Scheme was 1,500,000,000 Shares, representing 10% of the issued share capital of the Company. The number of Shares in respect of these options shall be granted according to the Share Option Scheme and shall not exceed 10% of the issued Shares of the Company immediately after the completion of the Global Offering (as defined in the prospectus). 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 shall take effect and remain effective within a period of 10 years from the date of adoption. Other details of the Share Option Scheme are set out in the prospectus.

● Report of the Board of Directors (Continued)

Share Option Scheme (Continued)

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 Shares issued by the Company as at the date of grant. The details of the options granted are as follows:

Grantees	Date of grant of options	Exercise period of options	Exercise price (HK\$)	Number of options granted	Number of options held as at 1 January 2012	Number of options exercised during the year	Number of options cancelled / lapsed during the year	Number of options held as at 31 December 2012
7 Directors (Note 2)	18 May 2010	Note 1	2.40	179,000,000	179,000,000	(25,400,000)	(3,600,000)	150,000,000
130 other employees	18 May 2010	Note 1	2.40	534,000,000	505,347,000	(52,734,000)	(34,000,000)	418,613,000
Total				713,000,000	684,347,000	(78,134,000)	(37,600,000)	568,613,000

Notes:

- The options with respect to a Participant will be exercisable in 5 tranches in the following manners:
 - the first tranche of 20% of the Shares that are the subject of the options granted (rounded down to the nearest whole number) will be exercisable at any time during the period from 31 December 2010 to 31 December 2015;
 - the second tranche of 20% of the Shares that are the subject of the options granted (rounded down to the nearest whole number) will be exercisable at any time during the period from 31 December 2011 to 31 December 2016;
 - the third tranche of 20% of the Shares that are the subject of the options granted (rounded down to the nearest whole number) will be exercisable at any time during the period from 31 December 2012 to 31 December 2017;
 - the fourth tranche of 20% of the Shares that are the subject of the options granted (rounded down to the nearest whole number) will be exercisable at any time during the period from 31 December 2013 to 31 December 2018; and
 - the fifth tranche of remaining Shares that are subject of the options granted will be exercisable at any time during the period from 31 December 2014 to 13 October 2019.
- The grantees included Mr. Xu Xiangwu and Ms. He Miaoling, who resigned as Directors in June 2012.



Report of the Board of Directors (Continued) ●

Share Option Scheme (Continued)

Notes: (continued)

3. The closing price of the Shares on the date of grant of the options was HK\$2.27 per share.
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.
5. Valuation of the options granted

The valuation of options granted for the year ended 31 December 2010 was determined based on the binomial model with the following assumptions:

Date of grant	18 May 2010
Closing share price on the date of grant	HK\$2.27
Exercise price per share	HK\$2.40
Annual risk free rate	2.88% p.a.
Expected volatility	42% p.a.
Term of the options	6.4 years
Expected dividend yield	1.80% p.a.

The fair value of each option:

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

Pre-IPO Share Option Scheme

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

- (a) The subscription price per share shall be equal to the offer price of the Shares under the global offering, being HK\$3.50 per share;
- (b) As at 31 December 2012, the total number of Shares involved in the Pre-IPO Share Option Scheme was 177,879,000 shares, representing approximately 1.19% of the Shares in issue of the Company; and
- (c) No further options shall be offered or granted since the date on which the Shares are traded on the Stock Exchange.

● Report of the Board of Directors (Continued)

Pre-IPO Share Option Scheme (Continued)

Details of the outstanding options granted pursuant to the Pre-IPO Share Option Scheme are set out below:

Grantees	Date of grant of options	Number of options granted	Number of Pre-IPO share options held as at 1 January 2012	Number of options exercised/ cancelled/ lapsed during the year	Number of outstanding options as at 31 December 2012
Directors*	14 October 2009	70,000,000	70,000,000	(12,920,000)	57,080,000
Other employees	14 October 2009	138,000,000	129,999,000	(9,200,000)	120,799,000
Total		208,000,000	199,999,000	(22,120,000)	177,879,000

Note: Including Mr. Xu Xiangwu and Ms. He Miaoling, who resigned as Directors in June 2012.

Debenture

At any time during the year, neither the Company nor its holding company or its subsidiaries was a party to any arrangements to enable the Directors acquire benefits by means of acquisition of the shares or debentures of the Company or any other body corporate.

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

As at 31 December 2012, 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 securities	Approximate percentage of shareholding
Hui Ka Yan (Note 1)	Interest of controlled corporation	10,162,119,735 (L)	67.79%

Note:

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



Report of the Board of Directors (Continued) ●

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

(ii) Interest in the underlying shares of the Company

Name of director	Nature of interest	Number of shares involved in the options granted under the Pre-IPO Share Option Scheme and Share Option Scheme	Approximate percentage of shareholding upon the exercise of the options granted under the Pre-IPO Share Option Scheme
Xia Haijun	Beneficiary owner	100,000,000	0.67%
Li Gang	Beneficiary owner	43,080,000	0.29%
Xu Wen	Beneficiary owner	17,000,000	0.11%
Lai Lixin	Beneficiary owner	15,000,000	0.10%
Tse Wai Wah	Beneficiary owner	15,000,000	0.10%

(iii) Interest in associated corporation of the Company

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

Note:

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

● Report of the Board of Directors (Continued)

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

(iv) Interest in debentures of the Company

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

Note: These debentures were acquired over the counter.

Save as disclosed above, as at 31 December 2012, 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 31 December 2012, 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	Capacity of interest held	Interest in the Shares (Note 4)	Approximate
			percentage of shareholding
Mrs. Hui	Interest of controlled company	10,162,119,735 (L) (Note 1)	67.79%
Xin Xin (BVI) Limited	Beneficiary owner	9,370,871,497 (L) (Note 1)	62.51%
Even Honour Holdings Limited	Beneficiary owner	791,248,238 (L) (Note 1)	5.28%

Notes:

- Of the 10,162,119,735 Shares held, 791,248,238 Shares were held by Even Honour Holdings Limited, 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 Mrs. Hui's spouse, Dr. Hui Ka Yan. The interest of Xin Xin (BVI) Limited in the Company is also deemed to be held by Mrs. Hui pursuant to the SFO.

Report of the Board of Directors (Continued) ●



Substantial Shareholders' Interests and Short Positions (Continued)

Notes: (Continued)

2. L stands for long position.

Connected Transaction

On 18 January 2012, the Company, ANJI (BVI) Limited, a wholly-owned subsidiary of the Company and Success Will Group Limited ("Success Will"), a non-wholly owned subsidiary of the Company, entered into a sale and purchase agreement with Pearl River Investment Company Limited, a substantial shareholder in Success Will, pursuant to which the Group acquired from Pearl River Investment Company Limited the remaining 40% interest that the Group does not own in Success Will at a consideration of US\$161,641,661. After completion of the acquisition, Success Will became a wholly-owned subsidiary of the Group.

Subsidiaries

Details of the major subsidiaries of the Company as at 31 December 2012 are set out in Note 37 to the financial statements.

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or subsisting during the year.

Employee and Remuneration Policies

As at 31 December 2012, the Group had an aggregate of 38,463 employees. The Group recruited and promoted individual persons according to their strength and development potential. The Group determined the remuneration packages of all employees (including the Directors) with reference to individual performance and current market rate.

Corporate Governance

The Company strives to maintain a high corporate governance standard and has complied with the Corporate Governance Code set out in Appendix 14 of the Listing Rules. Further information of the corporate governance practices of the Company is set out in the Corporate Governance Report section of this annual report.

Foreign Exchange Risks

Details of the foreign exchange risks are set out in Note 3(a)(i) to the financial statements.



● Report of the Board of Directors (Continued)

Purchase, Sale and Repurchase of Shares

There was no purchase, sale and repurchase of any listed securities of the Company by the Company or any of its subsidiaries during the year ended 31 December 2012.

Disclosure under Rule 13.20 of the Listing Rules

The Directors are not aware of any circumstances resulting in the responsibility of disclosure under Rule 13.20 of the Listing Rules regarding the provision of advances by the Company to an entity.

Post-balance Sheet Events

In January 2013, 1,000,000,000 Shares of the Company were placed to certain investors at a price of HK\$4.35 per share.

Five Years Financial Summary

The summary of the results, assets and liabilities of the Group in the past five years is set out on pages 167 to 168.

Pre-emptive Rights

There is no provision regarding pre-emptive rights in the articles of association of the Company or the law of the Cayman Islands which stipulates that the Company is required to offer Shares to the existing shareholders of the Company any new shares according to their respective shareholding for any fresh issue of shares.

Adequate Public Float

The Company has maintained adequate public float during the year.

Auditor

The Company has appointed PricewaterhouseCoopers as the auditor of the Company for the year ended 31 December 2012. The audit and reporting responsibilities of the Company's auditor on the financial statements of the Group are set out in the "Independent Auditor's Report" in this annual report. The Company will propose a resolution at the forthcoming AGM to re-appoint PricewaterhouseCoopers as the auditor of the Company.

For and on behalf of the Board

Hui Ka Yan
Chairman

Hong Kong, 26 March 2013

Independent Auditor's Report ○



羅兵咸永道

To the shareholders of Evergrande Real Estate Group Limited
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Evergrande Real Estate Group Limited (the “Company”) and its subsidiaries (together, the “Group”) set out on pages 91 to 166, which comprise the consolidated and company balance sheets as at 31 December 2012, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

.....
PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com



○ Independent Auditor's Report (Continued)

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2012 and, of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 26 March 2013

Consolidated Balance Sheet ○



		31 December 2012	2011 (Restated)	1 January 2011 (Restated)
	Note	RMB'000	RMB'000	RMB'000
ASSETS				
Non-current assets				
Property and equipment	6	8,559,167	4,864,442	1,277,297
Land use rights	7	2,347,117	445,758	306,058
Investment properties	8	24,941,627	18,918,630	10,116,643
Properties under development	9	—	—	454,870
Trade and other receivables	11	1,112,242	349,314	324,168
Intangible assets		446,989	275,517	37,218
Deferred income tax assets	18	1,039,782	648,559	340,225
		38,446,924	25,502,220	12,856,479
Current assets				
Properties under development	9	133,293,609	91,380,381	49,133,585
Completed properties held for sale	10	15,158,843	8,434,504	6,213,078
Trade and other receivables	11	5,785,030	5,766,224	2,127,822
Prepayments	12	19,871,222	19,296,237	13,964,232
Income tax recoverable		1,245,324	439,492	205,309
Restricted cash	13	7,399,279	8,122,405	7,595,696
Cash and cash equivalents	14	17,790,320	20,081,945	12,356,263
		200,543,627	153,521,188	91,595,985
Total assets		238,990,551	179,023,408	104,452,464
EQUITY				
Capital and reserves attributable to shareholders of the Company				
Share capital	15	1,043,317	1,037,199	1,044,079
Share premium	15	2,901,986	5,423,466	7,853,022
Reserves	16	6,546,500	5,601,609	1,544,576
Retained earnings		27,771,925	19,897,438	9,524,531
		38,263,728	31,959,712	19,966,208
Non-controlling interests		3,427,597	2,171,041	731,199
Total equity		41,691,325	34,130,753	20,697,407

○ Consolidated Balance Sheet (Continued)

	Note	31 December 2012 RMB'000	2011 (Restated) RMB'000	1 January 2011 (Restated) RMB'000
LIABILITIES				
Non-current liabilities				
Borrowings	17	41,243,149	41,498,720	24,160,024
Other payables	19	738,516	—	—
Deferred income tax liabilities	18	4,939,761	3,590,991	2,165,128
		46,921,426	45,089,711	26,325,152
Current liabilities				
Borrowings	17	19,030,706	10,227,990	7,000,110
Trade and other payables	19	77,788,431	49,196,123	21,780,836
Receipt in advance from customers		44,833,483	31,613,979	24,081,431
Current income tax liabilities	20	8,725,180	8,764,852	4,567,528
		150,377,800	99,802,944	57,429,905
Total liabilities		197,299,226	144,892,655	83,755,057
Total equity and liabilities		238,990,551	179,023,408	104,452,464
Net current assets		50,165,827	53,718,244	34,166,080
Total assets less current liabilities		88,612,751	79,220,464	47,022,559

The notes on pages 97 to 166 are an integral part of these consolidated financial statements.

Hui Ka Yan
Director

Tse Wai Wah
Director

Balance Sheet ○



	Note	31 December 2012 RMB'000	31 December 2011 RMB'000
ASSETS			
Non-current assets			
Investments in subsidiaries	38	1,911,480	10,053,369
Property and equipment	6	4,427	6,944
		1,915,907	10,060,313
Current assets			
Amounts due from subsidiaries and other receivables	11	18,254,711	11,700,608
Cash and cash equivalents	14	555,479	802,135
		18,810,190	12,502,743
Total assets		20,726,097	22,563,056
EQUITY			
Capital and reserves attributable to shareholders of the Company			
Share capital	15	1,043,317	1,037,199
Share premium	15	2,901,986	5,423,466
Reserves	16	1,553,206	1,511,362
Accumulated losses	27	(3,764,140)	(3,787,449)
Total equity		1,734,369	4,184,578
LIABILITIES			
Non-current liabilities			
Borrowings	17	18,017,442	17,432,108
		18,017,442	17,432,108
Current liabilities			
Trade and other payables	19	974,286	946,370
		974,286	946,370
Total liabilities		18,991,728	18,378,478
Total equity and liabilities		20,726,097	22,563,056
Net current assets		17,835,904	11,556,373
Total assets less current liabilities		19,751,811	21,616,686

The notes on pages 97 to 166 are an integral part of these consolidated financial statements.

Hui Ka Yan
Director

Tse Wai Wah
Director

○ Consolidated Statement of Comprehensive Income

	Note	Year ended 31 December	
		2012 RMB'000	2011 RMB'000 (Restated)
Revenue	5	65,260,838	61,918,185
Cost of sales	22	(47,050,471)	(41,310,558)
Gross profit		18,210,367	20,607,627
Fair value gains on investment properties	8	4,459,506	4,235,953
Other income	21	635,525	755,806
Selling and marketing costs	22	(3,017,664)	(2,720,756)
Administrative expenses	22	(2,600,664)	(2,161,218)
Other operating expenses	22	(1,164,213)	(791,162)
Operating profit		16,522,857	19,926,250
Finance (costs)/income	25	(33,056)	448,598
Profit before income tax		16,489,801	20,374,848
Income tax expenses	26	(7,307,880)	(8,648,255)
Profit for the year		9,181,921	11,726,593
Other comprehensive income		—	—
Total comprehensive income for the year		9,181,921	11,726,593
Attributable to:			
Shareholders of the Company		9,170,837	11,323,663
Non-controlling interests		11,084	402,930
		9,181,921	11,726,593
Earnings per share for profit attributable to shareholders of the Company for the year (expressed in RMB per share)			
— Basic earnings per share	28	0.613	0.757
— Diluted earnings per share	28	0.604	0.741
Dividends	29	—	2,800,554

The notes on pages 97 to 166 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity



	Attributable to shareholders of the Company					Non-controlling interests RMB'000	Total RMB'000
	Share capital RMB'000	Share premium RMB'000	Reserves RMB'000	Retained earnings RMB'000	Total RMB'000		
Balance as at 1 January 2011, as previously reported	1,044,079	7,853,022	1,544,576	10,193,349	20,635,026	731,199	21,366,225
Adjustment on change in accounting policy							
— Adoption of HKAS 12 amendment	—	—	—	(668,818)	(668,818)	—	(668,818)
Balance as at 1 January 2011, as restated	1,044,079	7,853,022	1,544,576	9,524,531	19,966,208	731,199	20,697,407
Comprehensive income							
Profit for the year, as restated	—	—	—	11,323,663	11,323,663	402,930	11,726,593
Other comprehensive income	—	—	—	—	—	—	—
Transactions with owners							
Transfer to statutory reserves	—	—	943,601	(943,601)	—	—	—
Employee share option schemes	275	11,313	186,074	—	197,662	—	197,662
Dividends	—	(1,902,000)	—	—	(1,902,000)	—	(1,902,000)
Repurchase of shares of the Company (note 15)	(7,155)	(538,869)	7,155	(7,155)	(546,024)	—	(546,024)
Acquisition of a subsidiary	—	—	—	—	—	678,028	678,028
Capital injection from non-controlling interests	—	—	—	—	—	336,070	336,070
Partial disposal of interest in a subsidiary	—	—	2,920,203	—	2,920,203	22,814	2,943,017
Total transactions with owners	(6,880)	(2,429,556)	4,057,033	(950,756)	669,841	1,036,912	1,706,753
Balance as at 31 December 2011, as restated	1,037,199	5,423,466	5,601,609	19,897,438	31,959,712	2,171,041	34,130,753
Balance as at 1 January 2012	1,037,199	5,423,466	5,601,609	19,897,438	31,959,712	2,171,041	34,130,753
Comprehensive income							
Profit for the year	—	—	—	9,170,837	9,170,837	11,084	9,181,921
Other comprehensive income	—	—	—	—	—	—	—
Transactions with owners							
Transfer to statutory reserves	—	—	1,296,350	(1,296,350)	—	—	—
Employee share option schemes	6,118	279,074	41,844	—	327,036	—	327,036
Dividends (note 29)	—	(2,800,554)	—	—	(2,800,554)	—	(2,800,554)
Changes in ownership interests in subsidiaries without change of control (note 35)	—	—	(393,303)	—	(393,303)	(1,018,993)	(1,412,296)
Distribution to non-controlling interest	—	—	—	—	—	(561,840)	(561,840)
Capital injection from non-controlling interests	—	—	—	—	—	416,104	416,104
Acquisition of subsidiaries (note 36)	—	—	—	—	—	2,410,201	2,410,201
Total transactions with owners	6,118	(2,521,480)	944,891	(1,296,350)	(2,866,821)	1,245,472	(1,621,349)
Balance as at 31 December 2012	1,043,317	2,901,986	6,546,500	27,771,925	38,263,728	3,427,597	41,691,325

The notes on pages 97 to 166 are an integral part of these consolidated financial statements.

○ Consolidated Statement of Cash Flows

	Note	Year ended 31 December	
		2012	2011
		RMB'000	RMB'000
Cash flows of operating activities			
Net Cash generated from operations	30	6,952,184	4,233,345
PRC corporate income tax paid		(4,665,364)	(3,245,377)
PRC land appreciation tax paid		(2,231,642)	(1,147,000)
Interest paid		(5,628,799)	(3,576,579)
Net cash used in operating activities		(5,573,621)	(3,735,611)
Cash flows of investing activities			
Addition of property, equipment and investment properties		(6,866,816)	(9,076,103)
Purchase of land use rights		(751,192)	(145,577)
Purchase of intangible assets		(350,833)	(319,425)
Proceeds from disposal of financial assets held for trading		—	96,592
Acquisition of a subsidiary, net of cash acquired		—	(1,330,639)
Interest received		108,444	103,151
Proceeds from disposal of investment properties		49,498	454,032
Movement of amounts due from related parties		530	(530)
Net cash used in investing activities		(7,810,369)	(10,218,499)
Cash flows of financing activities			
Proceeds from senior notes		—	9,031,098
Proceeds from borrowings		26,807,986	27,138,923
Repayments of borrowings		(17,721,336)	(15,914,201)
Issuance of ordinary shares according to share option scheme		206,154	11,588
Advances from non-controlling interests		4,842,151	—
Repurchase of shares of the Company		—	(546,024)
Restricted cash pledged for bank borrowings		300,708	355,381
Proceeds from partial disposal of a subsidiary		—	3,241,849
Contribution from non-controlling interests		416,104	336,070
Changes in ownership interests in subsidiaries without change of control		(955,456)	—
Dividends paid		(2,800,554)	(1,902,000)
Advances from related parties		(371)	371
Net cash generated from financing activities		11,095,386	21,753,055
Net (decrease)/increase in cash and cash equivalents		(2,288,604)	7,798,945
Cash and cash equivalents at beginning of year		20,081,945	12,356,263
Exchange losses on cash and cash equivalents		(3,021)	(73,263)
Cash and cash equivalents at end of year		17,790,320	20,081,945

The notes on pages 97 to 166 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements



1 General Information

Evergrande Real Estate Group Limited (the “Company”) was incorporated in the Cayman Islands on 26 June 2006 as an exempted company with limited liability under the Companies Law, Cap. 22 (2009 Revision as consolidated and revised from time to time) of the Cayman Islands and is engaged in investment holding. The Company and its subsidiaries (the “Group”) are principally engaged in the property development, property investment, property management, property construction, hotel and other property development related services in the People’s Republic of China (the “PRC”). The address of its registered office is P.O. Box 1586, Royal Bank House, Grand Cayman, KY1-1110, Cayman Islands.

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

These consolidated financial statements are presented in Renminbi Yuan (“RMB”) thousands, unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors of the Company on 26 March 2013.

2 Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (the “HKFRS”). The consolidated financial statements have been prepared under the historical cost convention, as modified by the investment properties which are carried at fair value.

The preparation of financial statements in conformity with the HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

(i) Changes in accounting policy and disclosures

The Hong Kong Institute of Certified Public Accountants (“HKICPA”) has amended HKAS 12, “Income taxes”, to introduce an exception to the principle for the measurement of deferred tax assets or liabilities arising on an investment property measured at fair value. HKAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. The amendment introduces a rebuttable presumption that an investment property measured at fair value is recovered entirely by sale. The amendment is applicable retrospectively to annual periods beginning on or after 1 January 2012.

The Group has adopted this amendment retrospectively for the financial year ended 31 December 2012 and the effects of adoption are disclosed as follows.

○ Notes to the Consolidated Financial Statements (Continued)

2 Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (Continued)

(i) Changes in accounting policy and disclosures (Continued)

As disclosed in note 8, the Group has investment properties measured at their fair values totaling RMB18,918,630,000 as of 1 January 2012 (1 January 2011: RMB10,116,643,000). As required by the amendment, the Group has re-measured the deferred tax relating to certain investment properties amounting to RMB4,519,274,000 as of 1 January 2012 (1 January 2011: RMB4,079,640,000) according to the tax consequence on the presumption that they are recovered entirely by sale retrospectively. The comparative figures for 2011 have been restated to reflect the change in accounting policy, as summarized below.

Effect on consolidated balance sheet	31 December 2012 RMB'000	31 December 2011 RMB'000	1 January 2011 RMB'000
Increase in deferred tax liabilities	1,089,837	726,852	668,818
Decrease in retained earnings	1,089,837	726,852	668,818

Effect on consolidated income statement	Year ended 31 December	
	2012 RMB'000	2011 RMB'000
Increase in income tax expense	362,985	58,034
Decrease in net profit attributable to owners of the Company	362,985	58,034
Decrease in basic EPS	RMB2.4 cents	RMB0.4 cents
Decrease in diluted EPS	RMB2.4 cents	RMB0.3 cents

For the other investment properties amounting to RMB14,399,356,000 as of 1 January 2012 (1 January 2011: RMB6,037,003,000), they are held by certain subsidiaries with a business model to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. For these investment properties, the presumption is rebutted and related deferred tax is not remeasured.

Save as above, there are no HKFRSs or HK (IFRIC) interpretations that are effective for the first time for the financial year beginning on or after 1 January 2012 that would be expected to have a material impact on the Group.

Notes to the Consolidated Financial Statements (Continued)



2 Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (Continued)

- (ii) New and amended standards and interpretations have been issued but are not effective for the financial year beginning 1 January 2012 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
HKFRS 1 (Amendment)	First time adoption: on government loans	1 January 2013
HKFRS 7 (Amendment)	Financial instruments: Disclosures — Offsetting financial assets and financial liabilities	1 January 2013
HKFRS 9	Financial instruments	1 January 2015
HKFRS 10	Consolidated financial statements	1 January 2013
HKFRS 11	Joint arrangements	1 January 2013
HKFRS 12	Disclosures of interests in other entities	1 January 2013
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendment)	Transition guidance in HKFRS 10,11 and 12	1 January 2013
HKFRS 13	Fair value measurements	1 January 2013
HKFRS 7 and HKFRS 9 (Amendment)	Mandatory effective date and transition disclosures	1 January 2015
HKAS 1 (Amendment)	Presentation of financial statements	1 July 2012
HKAS 19 (Amendment)	Employee benefits	1 January 2013
HKAS 27 (Revised 2011)	Separate financial statements	1 January 2013
HKAS 28 (Revised 2011)	Associate and joint ventures	1 January 2013
HKAS 32 (Amendment)	Financial instruments: Disclosures — Offsetting financial assets and financial liabilities	1 January 2014
HK(IFRIC)-Int 20	Stripping costs in the production phase of a surface mine	1 January 2013
HKFRS (Amendments)	Annual Improvements 2009–2011 Cycle	1 January 2013

The management is in the process of making an assessment on the impact of these new standards and amendments to existing standards and is not yet in a position to state whether any substantial changes to the Group's significant accounting policies and presentation of the financial information will be resulted.



○ Notes to the Consolidated Financial Statements (Continued)

2 Summary of Significant Accounting Policies (Continued)

(b) Consolidation

(i) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the company on the basis of dividend and receivable.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Notes to the Consolidated Financial Statements (Continued)



2 Summary of Significant Accounting Policies (Continued)

(b) Consolidation (Continued)

(ii) Transaction with non – controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (“CODM”). The CODM who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each group entities are measured using the currency of the primary economic environment in which the entities operate (the “functional currency”). The consolidated financial statements are presented in RMB, which is the functional and presentation currency of the Company.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gain and losses that relate to borrowings denominated in foreign currencies are presented in the consolidated statement of comprehensive income within “finance income/(costs), net”. All other foreign exchange gain and losses are presented in the consolidated statement of comprehensive income within “Administrative expenses”.



○ Notes to the Consolidated Financial Statements (Continued)

2 Summary of Significant Accounting Policies (Continued)

(d) Foreign currency translation (Continued)

(iii) Group entities

The results and financial positions of the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet of the group entities are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement of the group entities are translated at average exchange rates; and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken into equity holders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

(e) Property and equipment

Property and equipment are stated at historical cost less depreciation and any impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation on property and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	20–30 years
Machinery	5–10 years
Transportation equipment	4–10 years
Furniture, fitting and equipment	3–8 years

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other (losses)/gains, in the statement of comprehensive income.

Notes to the Consolidated Financial Statements (Continued)



2 Summary of Significant Accounting Policies (Continued)

(e) Property and equipment (Continued)

Assets under construction are stated at historical cost less impairment losses. Historical cost includes expenditure that is directly attributable to the development of the assets which comprises construction costs, amortisation of land use rights, borrowing costs and professional fees incurred during the development period. On completion, the assets are transferred to buildings within property and equipment.

No depreciation is provided for assets under construction. The carrying amount of an asset under construction is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(f) Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property. Property relevant and land use right that are currently being constructed or developed for future use as investment property is classified as investment property.

Investment property is measured initially at its cost, including related transaction costs.

After initial recognition, investment property is carried at fair value. Where fair value of investment property under construction is not reliably measurable, the property is measured at cost until the earlier of the date construction is completed or the date at which fair value becomes reliably measurable. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are recognised in profit or loss during the financial period in which they are incurred.

Changes in fair values of investment property are recognised in profit or loss.

If an investment property becomes owner-occupied or commences to be further developed for sale, it is reclassified as property and equipment and land use right or properties under development, and its fair value at the date of change in use becomes its cost for accounting purposes.

If an item of property and equipment becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is recognised in equity as a revaluation of property and equipment under HKAS 16. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss to the extent the impairment provision previous made.



○ Notes to the Consolidated Financial Statements (Continued)

2 Summary of Significant Accounting Policies (Continued)

(g) Intangible asset

The Group operates certain sport clubs. The costs of acquiring sport players' registrations or extending their contracts, including agents' fees, are capitalised and amortised, on the straight line basis, over the period of the respective contracts.

(h) Impairment of investment in subsidiaries and non-financial assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows ("cash-generating unit"). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(i) Financial assets

Classification

The Group classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are classified as 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet.

Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date — the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Notes to the Consolidated Financial Statements (Continued)



2 Summary of Significant Accounting Policies (Continued)

(j) Impairment of financial assets

(i) Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a “loss event”) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The Group, for economic or legal reasons relating to the borrower’s financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
 - (i) adverse changes in the payment status of borrowers in the portfolio;
 - (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The Group first assesses whether objective evidence of impairment exists.

For loans and receivables category, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset’s original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument’s fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor’s credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.



○ Notes to the Consolidated Financial Statements (Continued)

2 Summary of Significant Accounting Policies (Continued)

(k) Properties under development

Properties under development are stated at the lower of cost and net realisable value. Net realisable value takes into account the price ultimately expected to be realised, less applicable variable selling expenses and anticipated cost to completion.

Development cost of property comprises construction costs, cost of land use rights, borrowing costs, and professional fees incurred during the development period. On completion, the properties are transferred to completed properties held for sale.

Properties under development are classified as current assets unless those will not be realised in one normal operating cycle.

(l) Completed properties held for sale

Completed properties remaining unsold at the end of each relevant year are stated at the lower of cost and net realisable value.

Cost comprises development costs attributable to the unsold properties.

Net realisable value is determined by reference to the estimated selling price in the ordinary course of business, less applicable estimated selling expenses to make the sale.

(m) Trade and other receivables

Trade receivables are amounts due from customers for properties sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

(n) Cash and cash equivalents

Cash and cash equivalent includes cash in hand and at banks and deposits held at call with banks, other short-term high liquidity investment with original maturities of three months or less.

Bank deposits which are restricted to use are included in "restricted cash". Restricted cash are excluded from cash and cash equivalents included in the cash flow statements.

Notes to the Consolidated Financial Statements (Continued)



2 Summary of Significant Accounting Policies (Continued)

(o) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new share or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the company's equity holders.

(p) Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using effective interest method.

(q) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid to the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that part or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the respective balance sheet date.

(r) Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are recognised as an expense in the period in which they are incurred.



○ Notes to the Consolidated Financial Statements (Continued)

2 Summary of Significant Accounting Policies (Continued)

(s) Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group entities operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(t) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Retirement benefits

In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated at a percentage of the employees' salaries.

Notes to the Consolidated Financial Statements (Continued)



2 Summary of Significant Accounting Policies (Continued)

(t) Employee benefits (Continued)

(ii) Retirement benefits (Continued)

The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees' payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the PRC government.

The Group also participates in a pension scheme under the rules and regulations of the Mandatory Provident Fund Scheme Ordinance ("MPF Scheme") for all employees in Hong Kong, which is a defined contribution retirement scheme. The contributions to the MPF Scheme are based on minimum statutory contribution requirement of 5% of eligible employees' relevant aggregate income. The assets of this pension scheme are held separately from those of the Group in independently administered funds.

The Group's contributions to the defined contribution retirement schemes are expensed as incurred.

(iii) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

(u) Share-based payments

The Group operates a number of equity-settled share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments ("options") of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- (i) including any market performance conditions (for example, an entity's share price);
- (ii) excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- (iii) including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.



○ Notes to the Consolidated Financial Statements (Continued)

2 Summary of Significant Accounting Policies (Continued)

(u) Share-based payments (Continued)

The cash subscribed for the shares issued when the options are exercised is credited to share capital (nominal value) and share premium, net of any directly attributable transaction costs.

The options granted by the Company over its equity instruments to the employees of subsidiary undertakings in the Group are treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

(v) Provisions and contingent liabilities

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

(w) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sales of properties and services in the ordinary course of the Group's activities. Revenue is shown, net of discount and after eliminated sales with the group entities.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probably that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, and type of transaction and the specifics of each arrangement.

Notes to the Consolidated Financial Statements (Continued)



2 Summary of Significant Accounting Policies (Continued)

(w) Revenue recognition (Continued)

(i) Sales of properties

Revenue from sales of properties is recognised when the risks and rewards of properties are transferred to the purchasers, which is when the construction of relevant properties has been completed and the properties have been delivered to the purchasers and collectability of related receivables is reasonably assured. To the extent that the Group has to perform further work on the properties already delivered to the purchasers, the relevant expenses shall be recognised simultaneously. Deposits and installments received on properties sold prior to the date of revenue recognition are included in the balance sheets under current liabilities.

As disclosed in note 32, the Group provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. These guarantees will normally be discharged upon issuance of the real estate ownership certificate. In order to obtain mortgages, the purchasers would have settled no less than 30% of the total contract amount in accordance with related PRC regulations upon signing the sales contract. The directors of the Company are of the opinion that such settlements provide sufficient evidence of the purchasers' commitment to honour contractual obligation of the bank loans. In addition, based on the past experiences, defaults of mortgage facilities by the purchasers which resulted in the bank guarantees were called upon were rare and the financial impact was immaterial. Further, as disclosed in note 3(a)(iii), the credit risk of the Group under the circumstance that a purchaser defaults on the payment of its mortgage during the term of the guarantee is very low. Accordingly, the directors believe that significant risks and rewards associated to the ownership of the properties have been transferred to the purchasers.

(ii) Property management

Revenue arising from property management is recognised in the accounting period in which the services are rendered, using a straight-line basis over the term of the contract.

(iii) Construction and decoration services

Revenue arising from construction and decoration service is recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

(iv) Hotel operations

Hotel revenue from room rentals, food and beverage sales and other ancillary services are recognised when the goods are delivered or services are rendered.

(v) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cashflow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.



○ Notes to the Consolidated Financial Statements (Continued)

2 Summary of Significant Accounting Policies (Continued)

(w) Revenue recognition (Continued)

(vi) Rental income

Rental income of property leasing under operating leases is recognised on a straight-line basis over the lease terms.

(vii) Advertising revenue

Advertising revenue is recognised when the related advertisement appears before the public.

(x) Leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

(i) The Group is the lessee other than operating lease of land use rights

Payments made under operating leases (net of any incentives received from the lessor), are charged to the consolidated income statement on a straight-line basis over the period of the lease.

(ii) The Group is the lessee under operating lease of land use rights

Land use rights under operating lease, which mainly comprised land use rights to be developed for hotel properties and self-use buildings, are stated at cost and subsequently amortised in the consolidated income statement on a straight-line basis over the operating lease periods.

(iii) The Group is the lessor

Assets leased out under operating leases are included in investment properties in the balance sheets.

(y) Dividend distribution

Dividend distribution to the equity holders of the Company is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the equity holders or the board of directors, where applicable.

(z) Financial guarantee liabilities

Financial guarantee liabilities are recognised in respect of the financial guarantee provided by the Group to the banks for property purchasers for the Company's holding company.

Financial guarantee liabilities are recognised initially at fair value plus transaction costs that are directly attributable to the issue of the financial guarantee liabilities. After initial recognition, such liabilities are measured at the higher of the present value of the best estimate of the expenditure required to settle the present obligation and the amount initially recognised less cumulative amortization of fees recognised.

Financial guarantee liabilities are derecognised from the balance sheet when, and only when, the obligation specified in the contract is discharged or cancelled or expired.

Notes to the Consolidated Financial Statements (Continued)



3 Financial Risk Management

(a) Financial risk factor

The Group's major financial instruments include cash and bank deposits, trade and other receivables, trade and other payables and borrowings. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The Company manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) 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 foreign currencies. As at 31 December 2012, the non-RMB assets and liabilities of the Group are mainly cash proceeds from borrowings deposited in US\$ bank accounts and senior notes denominated in US\$. The Group has not entered into any significant forward exchange contract to hedge its exposure to foreign exchange risk.

As at 31 December 2012 and 2011, if RMB had strengthened/weakened by 5% against US\$, with all other variables held constant, post-tax profit for the years ended 31 December 2012 and 2011 would have been approximately RMB300 million and RMB338 million higher/lower.

(ii) Interest rate risk

The Group has no significant interest-bearing assets except for restricted cash and cash and cash equivalents. The Group's exposure to changes in interest rates is mainly attributable to its long term borrowings. Borrowings at variable rates expose the Group to cash flow interest-rate risk. Borrowings issued at fixed rates expose the Group to fair value interest-rate risk.

As at 31 December 2012 and 2011, if interest rate on borrowings had been 100 basis point higher/lower with all variables held constant, post-tax profit for the years ended 31 December 2012 and 2011 would have been approximately RMB76 million and RMB36 million lower/higher, respectively, mainly as a result of more/less interest expense on borrowings at variable rates.

The Group has not used any interest rate swaps to hedge its exposure to interest rate risk.

(iii) Credit risk

Cash transactions are limited to high-credit-quality institutions. The extent of the Group's credit exposure is represented by the aggregate balance of cash in bank, restricted cash, trade and other receivables.

Deposits are only placed with reputable banks. For credit exposures to customers, generally, the Group requires full payment from customers before delivery of properties. Credit terms are granted to customers upon obtaining approval from the Company's senior management after assessing the credit history of those customers. The Group has set up policies to ensure follow-up action is taken to recover overdue debts and the Group reviews regularly the recoverable amount of each individual trade and other receivable to ensure that adequate impairment losses are made for irrecoverable amounts.

○ Notes to the Consolidated Financial Statements (Continued)

3 Financial Risk Management (Continued)

(a) Financial risk factor (Continued)

(iii) 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 32. 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 amount under 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 any 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.

(iv) Liquidity risk

Management of the Group aims to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of available financing, including short-term and long-term bank loans and increase in capital to meet its construction commitments. Due to the dynamic nature of the underlying businesses, the Group's finance department maintains flexibility in funding by maintaining adequate amount of cash and cash equivalents and flexibility in funding through available sources of financing.

The table below analyses the Group's financial liabilities that will be settled on a net basis into relevant maturity grouping based on the remaining period at the balance sheet to the contractual maturity date.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
At 31 December 2012					
Borrowings	24,818,348	23,123,605	21,733,784	756,628	70,432,834
Trade and other payables*	76,485,539	738,516	—	—	77,224,055
Total	101,303,887	23,862,121	21,733,784	756,628	147,656,889
At 31 December 2011					
Borrowings	14,884,781	16,633,272	30,261,395	1,086,976	62,866,424
Trade and other payables*	47,660,716	—	—	—	47,660,716
Total	62,545,497	16,633,272	30,261,395	1,086,976	110,527,140

* Excluding other taxes payable and salaries payables.

Notes to the Consolidated Financial Statements (Continued)



3 Financial Risk Management (Continued)

(b) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for equity owners and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to equity owners, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total borrowings divided by total assets, as shown in the consolidated balance sheets.

During the year, the Group's strategy was to maintain a gearing ratio within 20% to 50%. The gearing ratios were as follows:

	31 December	
	2012	2011
	RMB'000	RMB'000
Total borrowings	60,273,855	51,726,710
Total assets	238,990,551	179,023,408
Gearing ratio	25%	29%

(c) Fair value estimation

The nominal value less impairment provisions of trade and other receivables and the nominal value of trade and other payables approximate their fair value due to their short maturities. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.



○ Notes to the Consolidated Financial Statements (Continued)

4 Critical Accounting Estimates and Judgements

Estimates and judgements used in preparing the financial statements are evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that may have a significant effect on the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) PRC corporate income taxes and deferred taxation

The Group's subsidiaries that operate in the PRC are subject to income tax in the PRC. Significant judgement is required in determining the provision for income tax and withholding tax on unremitted earnings of PRC subsidiaries. There are many transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters (including the effect of change in the dividend policies of PRC subsidiaries) is different from the amounts that were initially recorded, such difference will impact the income tax and deferred tax provision in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

(b) PRC land appreciation taxes

The Group is subject to land appreciation taxes in the PRC. However, the implementation and settlement of these taxes varies among various tax jurisdictions in cities of the PRC, and the Group has not finalised its land appreciation taxes calculation and payments with any local tax authorities in the PRC. Accordingly, significant judgement is required in determining the amount of the land appreciation taxes. The Group recognised these land appreciation taxes based on management's best estimates according to the interpretation of the tax rules. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax expense and tax provisions in the periods in which such taxes have been finalised with local tax authorities.

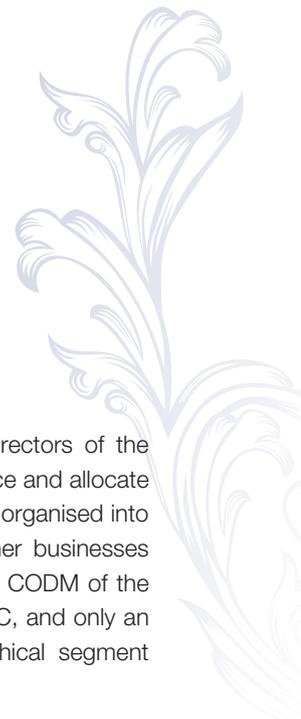
(c) Estimated fair value of investment properties

The best evidence of fair value is current prices in an active market for the properties with similar lease and other contracts. In the absence of such information, the Group determines the amount within a range of reasonable fair value estimates. In making its judgement, the Group considers information from a variety of sources including:

- (i) current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;
- (ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and
- (iii) discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The Group assesses the fair value of its investment properties based on valuations determined by independent and professional qualified valuers.

Notes to the Consolidated Financial Statements (Continued)



5 Segment Information

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

The directors of the Company assess the performance of the operating segments based on a measure of segment results. Finance costs or income are not included in the result for each operating segment.

Revenue for the year ended 31 December 2012 consists of sales of properties, rental income of investment properties, property management services and income from other businesses, which are set out below:

	Year ended 31 December	
	2012	2011
	RMB’000	RMB’000
Sales of properties	63,507,271	60,474,361
Rental income of investment properties	99,000	83,920
Property management services	506,693	463,322
Other businesses	1,147,874	896,582
	65,260,838	61,918,185

○ Notes to the Consolidated Financial Statements (Continued)

5 Segment Information (Continued)

The segment results and other segment items included in the consolidated statement of comprehensive income for the year ended 31 December 2012 are as follows:

	Property development RMB'000	Property investment RMB'000	Property management services RMB'000	Other businesses RMB'000	Group RMB'000
Gross segment revenue	63,507,271	119,837	945,452	8,035,349	72,607,909
Inter-segment revenue	—	(20,837)	(438,759)	(6,887,475)	(7,347,071)
Revenue	63,507,271	99,000	506,693	1,147,874	65,260,838
Segment results	12,823,094	4,553,556	68,426	(922,219)	16,522,857
Finance costs					(33,056)
Profit before income tax					16,489,801
Income tax expenses					(7,307,880)
Profit for the year					9,181,921
Depreciation and amortisation	142,843	—	5,250	439,853	587,946
Fair value gains on investment properties	—	4,459,506	—	—	4,459,506

Notes to the Consolidated Financial Statements (Continued)



5 Segment Information (Continued)

The segment results and other segment items included in the consolidated statement of comprehensive income for the year ended 31 December 2011 are as follows:

	Property development RMB'000	Property investment RMB'000	Property management services RMB'000	Other businesses RMB'000	Group RMB'000
Gross segment revenue	60,474,361	114,009	598,815	7,230,673	68,417,858
Inter-segment revenue	—	(30,089)	(135,493)	(6,334,091)	(6,499,673)
Revenue	60,474,361	83,920	463,322	896,582	61,918,185
Segment results	16,232,117	4,344,262	9,180	(659,309)	19,926,250
Finance income					448,598
Profit before income tax					20,374,848
Income tax expenses (restated)					(8,648,255)
Profit for the year (restated)					11,726,593
Depreciation and amortisation	90,849	—	5,203	252,183	348,235
Fair value gains on investment properties	—	4,235,953	—	—	4,235,953

○ Notes to the Consolidated Financial Statements (Continued)

5 Segment Information (Continued)

Segment assets and liabilities as at 31 December 2012 are as follows:

	Property development RMB'000	Property investment RMB'000	Property management services RMB'000	Other businesses RMB'000	Group RMB'000
Segment assets	198,486,629	24,941,627	406,478	12,870,711	236,705,445
Unallocated					2,285,106
Total assets					238,990,551
Segment liabilities	118,273,035	—	297,700	4,789,695	123,360,430
Unallocated					73,938,796
Total liabilities					197,299,226
Capital expenditure	781,154	3,298,482	2,823	3,882,848	7,965,307

Segment assets and liabilities as at 31 December 2011 are as follows:

	Property development RMB'000	Property investment RMB'000	Property management services RMB'000	Other businesses RMB'000	Group RMB'000
Segment assets	149,722,594	18,918,630	712,518	8,581,615	177,935,357
Unallocated					1,088,051
Total assets					179,023,408
Segment liabilities	77,476,348	—	192,038	3,141,716	80,810,102
Unallocated (restated)					64,082,553
Total liabilities(restated)					144,892,655
Capital expenditure	427,985	5,278,428	25,395	3,809,297	9,541,105

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

Notes to the Consolidated Financial Statements (Continued)



5 Segment Information (Continued)

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

Segment liabilities consist of operating liabilities.

Capital expenditure comprises additions to property and equipment, investment properties and intangible assets.

Reportable segments' assets are reconciled to total assets as follows:

	31 December	
	2012	2011
	RMB'000	RMB'000
Segment assets	236,705,445	177,935,357
Unallocated:		
Income tax recoverable	1,245,324	439,492
Deferred income tax assets	1,039,782	648,559
Total assets per consolidated balance sheets	238,990,551	179,023,408

Reportable segments liabilities are reconciled to total liabilities as follows:

	31 December	
	2012	2011
	RMB'000	RMB'000
Segment liabilities	123,360,430	80,810,102
Unallocated:		
Current income tax liabilities	8,725,180	8,764,852
Deferred income tax liabilities (restated)	4,939,761	3,590,991
Borrowings	60,273,855	51,726,710
Total liabilities per consolidated balance sheets (restated)	197,299,226	144,892,655

○ Notes to the Consolidated Financial Statements (Continued)

6 Property and Equipment

Group

	Buildings RMB'000	Machinery RMB'000	Transportation equipment RMB'000	Furniture, fitting and equipment RMB'000	Construction in progress RMB'000	Total RMB'000
Year ended 31 December 2011						
Opening net book amount	451,933	17,531	373,645	108,768	325,420	1,277,297
Additions	856,885	24,459	73,335	833,420	2,009,576	3,797,675
Acquisition of a subsidiary	52,495	—	3,018	657	—	56,170
Disposals	(4,477)	(42)	(176)	(453)	—	(5,148)
Depreciation	(52,994)	(6,571)	(69,287)	(132,700)	—	(261,552)
Closing net book amount	1,303,842	35,377	380,535	809,692	2,334,996	4,864,442
At 31 December 2011						
Cost	1,390,145	57,239	564,931	1,027,334	2,334,996	5,374,645
Accumulated depreciation	(86,303)	(21,862)	(184,396)	(217,642)	—	(510,203)
Net book amount	1,303,842	35,377	380,535	809,692	2,334,996	4,864,442
Year ended 31 December 2012						
Opening net book amount	1,303,842	35,377	380,535	809,692	2,334,996	4,864,442
Additions	—	5,510	64,893	148,938	3,348,993	3,568,334
Transfers from investment properties	—	—	—	—	532,119	532,119
Transfers	1,647,433	15,723	530,195	704,001	(2,897,352)	—
Disposals	(3,533)	(30)	(845)	(452)	—	(4,860)
Depreciation	(100,609)	(7,700)	(96,703)	(195,856)	—	(400,868)
Closing net book amount	2,847,133	48,880	878,075	1,466,323	3,318,756	8,559,167
At 31 December 2012						
Cost	3,034,045	78,099	1,155,991	1,879,107	3,318,756	9,465,998
Accumulated depreciation	(186,912)	(29,219)	(277,916)	(412,784)	—	(906,831)
Net book amount	2,847,133	48,880	878,075	1,466,323	3,318,756	8,559,167

Notes to the Consolidated Financial Statements (Continued)



6 Property and Equipment (Continued)

Group (Continued)

Depreciation charge of the Group was included in the following categories in the consolidated statement of comprehensive income:

	Year ended 31 December	
	2012	2011
	RMB'000	RMB'000
Cost of sales	122,880	147,857
Selling and marketing costs	61,363	35,984
Administrative expenses	216,625	77,711
	400,868	261,552

During the year, the Group has capitalised borrowing costs amounting to RMB435,262,000 (2011: RMB278,015,000) on the qualifying assets. Borrowing costs were capitalised at the weighted average rate of its general borrowings of 10.05%.

As at 31 December 2012, property and equipment of RMB2,275,585,000 were pledged as collateral for the Group's bank borrowings (2011: RMB1,847,499,000) (note 17).

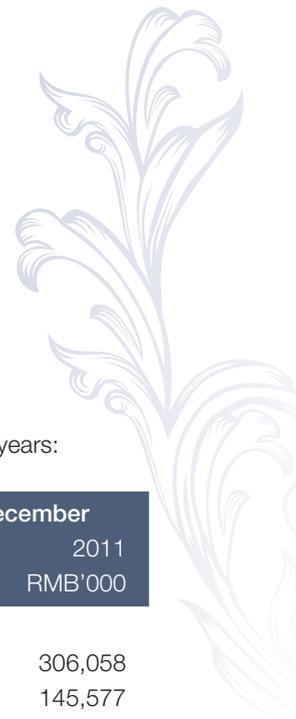
○ Notes to the Consolidated Financial Statements (Continued)

6 Property and Equipment (Continued)

Company

	Transportation equipment RMB'000	Furniture, fitting and equipment RMB'000	Total RMB'000
Year ended 31 December 2011:			
Opening net book amount	6,927	2,352	9,279
Additions	—	190	190
Depreciation	(1,834)	(691)	(2,525)
Closing net book amount	5,093	1,851	6,944
At 31 December 2011			
Cost	9,059	2,915	11,974
Accumulated depreciation	(3,966)	(1,064)	(5,030)
Net book amount	5,093	1,851	6,944
Year ended 31 December 2012:			
Opening net book amount	5,093	1,851	6,944
Additions	—	12	12
Depreciation	(1,834)	(695)	(2,529)
Closing net book amount	3,259	1,168	4,427
At 31 December 2012			
Cost	9,059	2,927	11,986
Accumulated depreciation	(5,800)	(1,759)	(7,559)
Net book amount	3,259	1,168	4,427

Notes to the Consolidated Financial Statements (Continued)



7 Land Use Rights – Group

Land use rights relating to property, plant and equipment outside Hong Kong, held on leases of over 40 years:

	Year ended 31 December	
	2012	2011
	RMB'000	RMB'000
Opening net book amount	445,758	306,058
Additions	751,192	145,577
Transfer from investment properties	1,157,884	—
Amortisation	(7,717)	(5,877)
Closing net book amount	2,347,117	445,758

Land use rights comprise cost of acquiring rights to use certain land, which are located in various areas of the PRC other than Hong Kong, for hotel buildings and self-use buildings over fixed periods.

As at 31 December 2012, land use rights of RMB1,292,834,000 were pledged as collateral for the Group's bank borrowings (2011: RMB66,036,000) (note 17).

8 Investment Properties – Group

	Year ended 31 December	
	2012	2011
	RMB'000	RMB'000
Opening net book amount	18,918,630	10,116,643
Acquired from acquisition of a subsidiary	—	471,776
Additions	3,298,482	5,278,428
Transfer to property and equipment (note 6)	(532,119)	—
Transfer to land use rights (note 7)	(1,157,884)	—
Disposals	(44,988)	(405,805)
Reclassification of investment properties to properties under development	—	(778,365)
Fair value gains on investment properties	4,459,506	4,235,953
Closing net book amount	24,941,627	18,918,630
Comprise of:		
Completed	20,543,142	16,213,230
Under construction	4,398,485	2,705,400

○ Notes to the Consolidated Financial Statements (Continued)

8 Investment Properties — Group (Continued)

The Group obtains independent valuation from CB Richard Ellis Limited, for its investment properties at least annually. Valuations were based on either:

- (i) capitalisation of net rental income derived from the existing tenancies with allowance for the reversionary income potential of the properties, using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows;
- (ii) on direct comparison approach assuming sale of each of these properties in its existing state with the benefit of vacant possession by making reference to comparable sales transactions as available in the relevant market;
- (iii) residual method of valuation which is common 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 and interest payments to be incurred as well as anticipated developer’s profits. The resultant figures are adjusted back to present values to reflect the existing state of the properties on balance sheet date.

As at 31 December 2012, the key assumptions adopted in the valuation in determining fair value were in the following ranges for the Group’s portfolio of properties:

	Year ended 31 December	
	2012	2011
	RMB’000	RMB’000
Terminal yield	4%–5.5%	4%–5.5%
Reversionary yield	4.5%–5.5%	4.5%–5.5%
Capitalisation rate	4.5%–8%	4.5%–8%
Expected vacancy rate	0%–10%	0%–5%
Monthly rental (RMB/sqm/month)	30–636	30–600
Budgeted cost (RMB/sqm)	2,180–4,709	1,889–4,950
Anticipated developer’s profit margin	3%–20%	3%–25%

All of the above key assumptions have been taken from the last independent valuation report for the assets in the portfolio.

Notes to the Consolidated Financial Statements (Continued)



8 Investment Properties – Group (Continued)

The following amounts have been recognised in the consolidated statement of comprehensive income:

	Year ended 31 December	
	2012	2011
	RMB'000	RMB'000
Rental income	99,000	83,920
Direct operating expenses arising from investment properties that generate rental income	(8,451)	(4,783)
Direct operating expenses that did not generate rental income	(4,950)	(4,241)

As at 31 December 2012, investment properties of RMB3,783,213,000 were pledged as collateral for the Group's bank and other borrowings (2011: RMB4,756,888,000) (note 17).

The future aggregate minimum rental receivables under non-cancellable operating leases are as follows:

	31 December	
	2012	2011
	RMB'000	RMB'000
Not later than one year	71,201	74,628
Later than one year and not later than five years	142,149	151,962
Later than five years	54,696	33,239
	268,046	259,829

The Group owned 100% interests in the investment properties, which are all in the PRC and have lease periods of between 10 years to 50 years.

○ Notes to the Consolidated Financial Statements (Continued)

9 Properties Under Development – Group

	Year ended 31 December	
	2012	2011
	RMB'000	RMB'000
Properties under development expected to be completed:		
– Within one operating cycle included under current assets	133,293,609	91,380,381
Properties under development comprise:		
– Construction costs and capitalised expenditures	59,616,030	40,493,391
– Interests capitalised	7,818,635	4,622,546
– Land use rights	65,858,944	46,264,444
	133,293,609	91,380,381

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

As at 31 December 2012, properties under development of approximately RMB30,929,172,000 were pledged as collateral for the Group's bank and other borrowings (2011: RMB18,774,533,000) (note 17).

As at 31 December 2012, land use rights included in properties under development of RMB256,632,000 were pledged as collateral for the bank borrowings of the lands' previous owners (2011: RMB811,062,000), which will be released upon the Group's settlement of the remaining considerations for acquisition of the related land use rights amounting to RMB132,000,000.

The capitalisation rate of borrowings for the year ended 31 December 2012 is 10.05% (2011: 8.81%).

10 Completed Properties Held For Sale – Group

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

As at 31 December 2012, completed properties held for sale of approximately RMB3,415,813,000 were pledged as collateral for the Group's bank borrowings (2011: RMB1,518,326,000) (note 17).

Notes to the Consolidated Financial Statements (Continued)



11 Trade and Other Receivables

	Group		Company	
	31 December		31 December	
	2012	2011	2012	2011
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables (note (a)):				
— third parties	3,600,288	2,753,483	—	—
Other receivables:	3,296,984	3,362,055	18,254,711	11,700,608
— a related party (note 34 (d))	—	530	—	530
— subsidiaries	—	—	18,246,932	11,679,470
— third parties	3,296,984	3,361,525	7,779	20,608
	6,897,272	6,115,538	18,254,711	11,700,608
Less: non-current portion	(1,112,242)	(349,314)	—	—
Trade receivables (note (a)) — third parties	(742,972)	—	—	—
Other receivables — third parties	(369,270)	(349,314)	—	—
Current portion	5,785,030	5,766,224	18,254,711	11,700,608

As at 31 December 2012 and 2011, the fair value of trade and other receivables approximated their carrying amounts.

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

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

	31 December	
	2012	2011
	RMB'000	RMB'000
Within 90 days	2,809,586	2,082,645
Over 90 days and within 180 days	136,922	156,763
Over 180 days and within 365 days	440,929	271,991
Over 365 days	212,851	242,084
	3,600,288	2,753,483

○ Notes to the Consolidated Financial Statements (Continued)

11 Trade and Other Receivables (Continued)

As of 31 December 2012, trade receivables of RMB212,851,000 (31 December 2011: RMB242,084,000) were past due but not impaired. These accounts are mainly related to a number of customers who did not have a recent history of default. The ageing analysis of these trade receivables is as follows:

	31 December	
	2012	2011
	RMB'000	RMB'000
Over 365 days	212,851	242,084

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

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

12 Prepayments – Group

Group

	31 December	
	2012	2011
	RMB'000	RMB'000
Prepaid business taxes and other taxes	1,448,815	807,593
Prepayments and advances to third parties:	18,422,407	18,488,644
– for acquisition of land use rights	17,907,958	18,072,002
– others	514,449	416,642
	19,871,222	19,296,237

Notes to the Consolidated Financial Statements (Continued)



13 Restricted Cash – Group

	31 December	
	2012	2011
	RMB'000	RMB'000
Guarantee deposit for construction of projects (note (a))	4,660,258	4,204,426
Guarantee deposit for bank acceptance notes and loans (note (b))	1,887,894	2,188,602
Guarantee deposit for land acquisitions	394,253	1,320,791
Others	456,874	408,586
	7,399,279	8,122,405

- (a) In accordance with relevant documents issued by the PRC local State-Owned Land and Resource Bureau, certain property development companies of the Group are required to place the proceeds received from pre-sale of properties as guarantee deposits for construction of properties. The deposits can only be used to pay for construction fees and purchase of construction materials of the relevant projects when approvals are obtained from the PRC local State-Owned Land and Resource Bureau. The restriction will be released upon the construction is completed or real estate ownership certificate of the pre-sold properties is issued, whichever is earlier.
- (b) The Group placed certain cash deposits with designated banks as security for bank acceptance notes and bank loans.

Restricted cash as at 31 December 2012 and 2011 are denominated in RMB. The conversion of RMB denominated balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulation of foreign exchange control promulgated by the PRC government.

Restricted cash earns interest at floating daily bank deposit rates.

○ Notes to the Consolidated Financial Statements (Continued)

14 Cash and Cash Equivalents

	Group 31 December		Company 31 December	
	2012 RMB'000	2011 RMB'000	2012 RMB'000	2011 RMB'000
Cash at bank and in hand:				
— Denominated in RMB	16,944,290	18,282,922	—	—
— Denominated in other currencies	846,030	1,799,023	555,479	802,135
	17,790,320	20,081,945	555,479	802,135

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.

15 Share Capital and Premium

	Number of ordinary shares	Nominal value of ordinary shares US\$
--	------------------------------	---

Authorised:

As at 1 January 2011, 31 December 2011 and 2012 100,000,000,000 1,000,000,000

	Number of ordinary shares	Nominal value of ordinary shares US\$	Equivalent nominal value of ordinary share RMB'000	Share premium RMB'000
Issued and fully paid:				
As at 1 January 2011	15,000,000,000	150,000,000	1,044,079	7,853,022
Repurchase of shares of the Company	(110,626,000)	(1,106,260)	(7,155)	(538,869)
Issue of shares pursuant to the option scheme	4,254,000	42,540	275	11,313
Dividends	—	—	—	(1,902,000)
As at 31 December 2011	14,893,628,000	148,936,280	1,037,199	5,423,466
Issue of shares pursuant to the option scheme	97,054,000	970,540	6,118	279,074
Dividends (note 29)	—	—	—	(2,800,554)
As at 31 December 2012	14,990,682,000	149,906,820	1,043,317	2,901,986

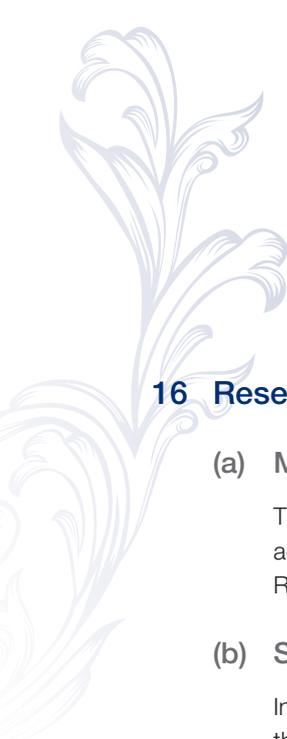
Notes to the Consolidated Financial Statements (Continued)



16 Reserves

Group

	Merger reserve RMB'000 (note (a))	Other reserves RMB'000	Statutory reserves RMB'000 (note (b))	Employee share option reserve RMB'000 (note (c))	Capital redemption reserve RMB'000	Total RMB'000
Balance at 1 January 2011	(986,474)	1,908,914	318,539	303,597	—	1,544,576
Retained earnings appropriated to statutory reserves	—	—	943,601	—	—	943,601
Partial disposal of interest in a subsidiary	—	2,920,203	—	—	—	2,920,203
Repurchase of shares of the Company (note 15)	—	—	—	—	7,155	7,155
Employee share option scheme (note (c))	—	—	—	189,173	—	189,173
Issue of shares pursuant to the option scheme	—	—	—	(3,099)	—	(3,099)
Balance at 31 December 2011	(986,474)	4,829,117	1,262,140	489,671	7,155	5,601,609
Retained earnings appropriated to statutory reserves	—	—	1,296,350	—	—	1,296,350
Changes in ownership interests in subsidiaries without change of control (note 35)	—	(393,303)	—	—	—	(393,303)
Employee share option scheme (note (c))	—	—	—	120,882	—	120,882
Issue of shares pursuant to the option scheme	—	—	—	(79,038)	—	(79,038)
Balance at 31 December 2012	(986,474)	4,435,814	2,558,490	531,515	7,155	6,546,500



○ Notes to the Consolidated Financial Statements (Continued)

16 Reserves (Continued)

(a) Merger reserve

The merger reserve represents the aggregate nominal value of the share capital/paid-in capital of the subsidiaries acquired by the Company less considerations paid and payable to the then shareholders of the Group during the Reorganisation undertaken in 2006 for preparing listing of the Company on the Stock Exchange (note 1).

(b) Statutory reserves

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

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

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

(c) Employee share option reserve

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

On 14 October 2009, 208,000,000 share options (the "Pre-IPO Options") were granted to directors and employees with an exercise price of HK\$3.5 per share. All the options granted will be exercisable within 3 years after vesting.

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.

Notes to the Consolidated Financial Statements (Continued)



16 Reserves (Continued)

(c) Employee share option reserve (Continued)

Movements of share options are as follows:

	Number of share options
Year ended 31 December 2011	
Balance at 1 January 2011	904,000,000
Exercised during the year	(4,254,000)
Lapsed during the year	(15,400,000)
<hr/>	
Balance at 31 December 2011	884,346,000
<hr/>	
Year ended 31 December 2012	
Balance at 1 January 2012	884,346,000
Exercised during the year	(97,054,000)
Lapsed during the year	(40,800,000)
<hr/>	
Balance at 31 December 2012	746,492,000
<hr/>	

○ Notes to the Consolidated Financial Statements (Continued)

16 Reserves (Continued)

(c) Employee share option reserve (Continued)

Particulars of share options as at 31 December 2012 and 2011 are as follows:

Date of grant	Vesting period	Exercise period	Exercise price	Number of outstanding shares as at 31 December	
				2012	2011
Pre-IPO Options:					
14 October 2009	1 year	5 November 2010 – 5 November 2013	HK\$3.5	39,719,000	59,599,000
14 October 2009	2 years	5 November 2011 – 5 November 2014	HK\$3.5	58,640,000	59,600,000
14 October 2009	3 years	5 November 2012 – 5 November 2015	HK\$3.5	79,520,000	80,800,000
2010 Options:					
18 May 2010	7 Months	31 December 2010 – 31 December 2015	HK\$2.4	47,813,000	133,467,000
18 May 2010	19 Months	31 December 2011 – 31 December 2016	HK\$2.4	130,200,000	137,720,000
18 May 2010	31 Months	31 December 2012 – 31 December 2017	HK\$2.4	130,200,000	137,720,000
18 May 2010	43 Months	31 December 2013 – 31 December 2018	HK\$2.4	130,200,000	137,720,000
18 May 2010	55 Months	31 December 2014 – 13 October 2019	HK\$2.4	130,200,000	137,720,000
				746,492,000	884,346,000

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

Notes to the Consolidated Financial Statements (Continued)



16 Reserves (Continued)

Company

	Other reserve RMB'000	Share option reserve RMB'000	Capital redemption reserve RMB'000	Total RMB'000
Balance at 1 January 2011	1,014,536	303,597	—	1,318,133
Repurchase of shares of the Company (note 15)	—	—	7,155	7,155
Employee share option schemes	—	189,173	—	189,173
Issue of shares pursuant to the option scheme	—	(3,099)	—	(3,099)
Balance at 31 December 2011	1,014,536	489,671	7,155	1,511,362
Employee share option schemes	—	120,882	—	120,882
Issue of shares pursuant to the option scheme	—	(79,038)	—	(79,038)
Balance at 31 December 2012	1,014,536	531,515	7,155	1,553,206

○ Notes to the Consolidated Financial Statements (Continued)

17 Borrowings

	Group		Company	
	31 December 2012	2011	31 December 2012	2011
	RMB'000	RMB'000	RMB'000	RMB'000
Borrowings included in non-current liabilities:				
Bank borrowings — secured	30,008,266	26,395,529	502,840	—
Senior notes	17,514,602	17,432,108	17,514,602	17,432,108
— Senior notes issued in 2010 ("2010 Senior Notes") (note (a))	8,372,268	8,348,988	8,372,268	8,348,988
— Senior notes issued in 2011 ("2011 Senior Notes") (note (b))	9,142,334	9,083,120	9,142,334	9,083,120
Other borrowings — secured (note (c))	9,575,341	6,681,561	—	—
	57,098,209	50,509,198	18,017,442	17,432,108
Less: current portion of non-current borrowings	(15,855,060)	(9,010,478)	—	—
	41,243,149	41,498,720	18,017,442	17,432,108
Borrowings included in current liabilities:				
Bank borrowings — secured	1,813,500	817,000	—	—
Current portion of non-current borrowings	15,855,060	9,010,478	—	—
Other borrowings — secured (note (c))	1,362,146	400,512	—	—
	19,030,706	10,227,990	—	—
Total borrowings	60,273,855	51,726,710	18,017,442	17,432,108
The total borrowings are denominated in the following currencies:				
RMB	51,398,747	43,377,722	9,142,334	9,083,120
US dollar	8,875,108	8,348,988	8,875,108	8,348,988
	60,273,855	51,726,710	18,017,442	17,432,108

(a) 2010 Senior Notes

On 27 January 2010, the Company issued 13%, five-year senior notes with an aggregated principal amount of US\$750,000,000 (equivalent to approximately RMB5,120,400,000) at 100% of the face value. On 13 April 2010, the Company further issued additional senior notes with an aggregated principal amount of US\$600,000,000 (equivalent to approximately RMB4,095,600,000) at 100% of the face value.

Notes to the Consolidated Financial Statements (Continued)



17 Borrowings (Continued)

(b) 2011 Senior Notes

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

The above senior notes are jointly guaranteed by certain subsidiaries and secured by pledges of the shares of the subsidiaries. The net assets of these subsidiaries as at 31 December 2012 were approximately RMB9,610,030,000 (2011: RMB10,000,016,000).

(c) Other borrowings

Certain group companies in the PRC which are engaged in development of real estate projects have entered into fund arrangements with certain financial institutions (the "Trustees"), respectively, pursuant to which Trustees raised trust funds and injected the funds to the group company. All the funds bear fixed interest rates, have fixed repayment terms, and are secured by the properties under development of the group companies or the shares of certain group companies. The net assets of these shares as at 31 December 2012 were approximately RMB5,407,680,000 (2011: RMB7,507,026,000).

As at 31 December 2012, the Group's bank and other borrowings of RMB42,759,253,000 (2011: RMB34,294,602,000) were secured by its investment properties, properties under development, completed properties held for sale and cash in bank.

The exposure of the bank and other borrowings to interest-rate changes and the contractual repricing dates or maturity date whichever is earlier are as follows:

	6 months or less RMB'000	6–12 months RMB'000	1–5 years RMB'000	Total RMB'000
Group				
At 31 December 2012	18,158,567	8,537,816	16,062,870	42,759,253
At 31 December 2011	19,493,133	7,170,632	7,630,837	34,294,602

○ Notes to the Consolidated Financial Statements (Continued)

17 Borrowings (Continued)

The maturity of the borrowings included in non-current liabilities is as follows:

	31 December	
	2012	2011
	RMB'000	RMB'000
Group		
Bank and other borrowings and senior notes:		
1–2 years	20,131,120	13,407,560
2–5 years	20,410,811	27,245,058
Over 5 years	701,218	846,102
Total	41,243,149	41,498,720
Company		
Bank borrowings and senior notes:		
1–2 years	6,003,393	—
2–5 years	12,014,049	17,432,108
Total	18,017,442	17,432,108

The effective interest rates were as follows:

	2012		2011	
	RMB'000	Effective interest rate	RMB'000	Effective interest rate
Group				
Bank and other borrowings	42,759,253	8.75%	34,294,602	8.38%
Senior notes	17,514,602	11.27%	17,432,108	11.27%
Company				
Bank borrowings	502,840	4.61%	—	—
Senior notes	17,514,602	11.27%	17,432,108	11.27%

Notes to the Consolidated Financial Statements (Continued)



17 Borrowings (Continued)

The carrying amounts and fair value of the non-current borrowings are as follows:

	2012		2011	
	Carrying amount RMB'000	Fair value RMB'000	Carrying amount RMB'000	Fair value RMB'000
Group				
Bank and other borrowings	23,728,547	23,728,547	24,066,612	24,066,612
Senior notes	17,514,602	18,492,052	17,432,108	13,685,075

The fair value of the Group's current and non-current bank and other borrowings approximates their carrying amounts at each of the balance sheet dates for the reason that the impact of discounting is not significant or the borrowings carry floating rate interests.

The fair values of senior notes as at 31 December 2012 are determined directly by references to the price quotations published by the Singapore Exchange Limited on 28 December 2012, the last dealing date of 2012.

18 Deferred Income Tax – Group

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

	31 December	
	2012 RMB'000	2011 RMB'000 (Restated)
Deferred income tax assets to be recovered within 12 months	(616,731)	(220,297)
Deferred income tax assets to be recovered after more than 12 months	(423,051)	(428,262)
Deferred income tax assets	(1,039,782)	(648,559)
Deferred income tax liabilities to be settled within 12 months	280,293	111,726
Deferred income tax liabilities to be settled after more than 12 months	4,659,468	3,479,265
Deferred income tax liabilities	4,939,761	3,590,991
	3,899,979	2,942,432

○ Notes to the Consolidated Financial Statements (Continued)

18 Deferred Income Tax – Group (Continued)

The net movements on the deferred taxation are as follows:

	Year ended 31 December	
	2012 RMB'000	2011 RMB'000 (Restated)
Beginning of the year	2,942,432	1,824,903
Acquisition of a subsidiary	—	491,205
Recognised in income tax expenses (note 26)	957,547	626,324
End of the year	3,899,979	2,942,432

Movements in gross deferred tax assets and liabilities are as follows:

Deferred income tax assets

	Temporary difference on unrealised profit of inter-company transactions RMB'000	Tax losses RMB'000	Temporary difference on recognition of the cost of sales RMB'000	Total RMB'000
As at 1 January 2011	(186,367)	(162,108)	—	(348,475)
Acquisition of a subsidiary	—	(13,007)	—	(13,007)
Charged/(credited) to the income tax expenses	58,956	(105,984)	(245,384)	(292,412)
As at 31 December 2011	(127,411)	(281,099)	(245,384)	(653,894)
Credited to the income tax expenses	(38,587)	(342,463)	(10,333)	(391,383)
As at 31 December 2012	(165,998)	(623,562)	(255,717)	(1,045,277)

Notes to the Consolidated Financial Statements (Continued)



18 Deferred Income Tax — Group (Continued)

Deferred income tax assets (Continued)

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related benefit through future taxable profits is probable. The Group did not recognise deferred tax assets of RMB496,613,000 (2011: RMB278,919,000) in respect of tax losses amounting to RMB1,986,452,000 (2011: RMB1,115,677,000) in certain subsidiaries, which will expire in the following years:

Year	RMB'000
2013	49,664
2014	199,304
2015	263,172
2016	568,492
2017	905,820
	1,986,452

Deferred income tax liabilities

	Excess of carrying amount of land use right over the tax bases RMB'000	Temporary difference on recognition of fair value gain of investment properties RMB'000	Withholding tax on profit to be distributed in future RMB'000	Land appreciation tax of investment properties RMB'000	Total RMB'000
As at 1 January 2011, as restated	40,989	1,387,425	76,146	668,818	2,173,378
Acquisition of a subsidiary (Credited)/charged to the income tax expenses	421,879 (8,320)	82,333 945,168	— (76,146)	— 58,034	504,212 918,736
As at 31 December 2011, as restated	454,548	2,414,926	—	726,852	3,596,326
(Credited)/charged to the income tax expenses	(120,115)	1,106,060	—	362,985	1,348,930
As at 31 December 2012	334,433	3,520,986	—	1,089,837	4,945,256

○ Notes to the Consolidated Financial Statements (Continued)

19 Trade and Other Payables

	Group		Company	
	31 December 2012	2011	31 December 2012	2011
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables				
— third parties	53,963,729	32,289,884	—	—
Other payables:	22,483,445	14,743,793	151,816	122,730
— subsidiaries	—	—	98,269	92,479
— related parties	—	371	—	—
— third parties	6,595,191	4,490,418	53,547	30,251
— payables for acquisition of land use rights	11,046,103	10,253,004	—	—
— amounts owing to non-controlling interests (note (i))	4,842,151	—	—	—
Accrued expenses	1,479,990	1,139,754	822,470	823,640
Other taxes payable	599,783	1,022,692	—	—
	78,526,947	49,196,123	974,286	946,370
Less: non-current portion				
Other payables:	(738,516)	—	—	—
— third parties	(268,250)	—	—	—
— amounts owing to non-controlling interests (note (i))	(470,266)	—	—	—
Current portion	77,788,431	49,196,123	974,286	946,370

(i) Amounts owing to non-controlling interests are unsecured and interest free.

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

	31 December	
	2012	2011
	RMB'000	RMB'000
Within one year	49,661,436	30,081,198
Over one year	4,302,293	2,208,686
	53,963,729	32,289,884

The carrying amounts of the Group's and the Company's trade and other payables were denominated in RMB.

Notes to the Consolidated Financial Statements (Continued)



20 Current Income Tax Liabilities – Group

The current income tax liabilities are analysed as follows:

	31 December	
	2012	2011
	RMB'000	RMB'000
Income tax payables		
– PRC corporate income tax	2,396,611	3,064,068
– PRC land appreciation tax	6,328,569	5,700,784
	8,725,180	8,764,852

21 Other Income

	Year ended 31 December	
	2012	2011
	RMB'000	RMB'000
Interest income from bank deposits	108,444	103,151
Interest income from non-current receivables	5,963	13,181
Forfeited customer deposits	89,787	61,418
Advertising revenue (note (a))	294,901	392,724
Penalty income	—	100,000
Others	136,430	85,332
	635,525	755,806

(a) Amount represented the advertising revenue generated from operation of football and volleyball clubs.

○ Notes to the Consolidated Financial Statements (Continued)

22 Expenses By Nature

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

	Year ended 31 December	
	2012	2011
	RMB'000	RMB'000
Cost of properties sold	41,531,607	35,271,843
Business tax and other levies (note (a))	3,750,383	3,548,862
Staff costs — including directors' emoluments (note 23)	4,717,674	3,385,961
Advertising costs	1,768,959	1,675,475
Sales commissions	336,951	338,616
Consultancy fee (note (b))	98,103	160,565
Depreciation	400,868	261,552
Amortisation	187,078	86,683
Auditors' remuneration	17,902	15,573
Donations to governmental charity	169,936	201,985

(a) Business tax

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

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

(b) Consultancy fee

The consultancy fee for the years ended 31 December 2012 and 2011 are mainly related to market promotion, planning and consultancy services provided by real estate consulting firms.

23 Staff Costs — Including Directors' Emoluments

	Year ended 31 December	
	2012	2011
	RMB'000	RMB'000
Wages and salaries	3,779,652	2,753,210
Pension costs — statutory pension (note 31)	293,261	128,977
Staff welfare	138,058	71,345
Medical benefits	124,186	60,410
Employee share option schemes	120,882	189,173
Other allowances and benefits	261,635	182,846
	4,717,674	3,385,961

Notes to the Consolidated Financial Statements (Continued)



24 Emoluments for Directors and Five Highest Paid Individuals

(a) Directors' and chief executive's emoluments

The remuneration of directors of the Company for the year ended 31 December 2012 is set out below:

	Fees RMB'000	Salary RMB'000	Contribution to pension scheme RMB'000	Employees share option scheme RMB'000	Total RMB'000
Dr. Hui	240	—	—	—	240
Mr. Xia Haijun (<i>Chief executive</i>)	240	54,423	11	16,193	70,867
Mr. Li Gang	240	30,104	46	6,976	37,366
Mr. Xu Wen	240	6,771	35	2,753	9,799
Mr. Lai Lixin	240	4,197	46	2,429	6,912
Mr. Tse Wai Wah	240	5,008	11	2,429	7,688
Mr. Xu Xiangwu (note(a))	115	2,054	35	—	2,204
Ms. He Miaoling (note(a))	115	5,872	35	2,753	8,775
Mr. Chau Shing Yim David	300	—	—	—	300
Mr. He Qi	300	—	—	—	300
Ms. Xie Hongxi (note(b))	157	—	—	—	157
Mr. Yu Kam Kee Lawrence (note(a))	143	—	—	—	143
	2,570	111,799	230	35,962	150,561

The remuneration of directors of the Company for the year ended 31 December 2011 is set out below:

	Fees RMB'000	Salary RMB'000	Contribution to pension scheme RMB'000	Employees share option scheme RMB'000	Total RMB'000
Dr. Hui	240	—	—	—	240
Mr. Xia Haijun (<i>Chief executive</i>)	240	18,982	10	20,865	40,097
Mr. Li Gang	240	18,982	10	14,606	33,838
Mr. Xu Wen	240	5,785	31	3,547	9,603
Mr. Lai Lixin	240	4,052	10	3,130	7,432
Mr. Tse Wai Wah	240	4,770	10	3,130	8,150
Mr. Xu Xiangwu (note(a))	240	5,342	30	3,130	8,742
Ms. He Miaoling (note(a))	240	5,315	30	3,547	9,132
Mr. Chau Shing Yim David	300	—	—	—	300
Mr. He Qi	300	—	—	—	300
Mr. Yu Kam Kee Lawrence (note(a))	300	—	—	—	300
	2,820	63,228	131	51,955	118,134

Notes:

(a) Resigned on 23 June 2012.

(b) Appointed on 23 June 2012.

○ Notes to the Consolidated Financial Statements (Continued)

24 Emoluments for Directors and Five Highest Paid Individuals (Continued)

(b) Five highest paid individuals

During the year ended 31 December 2012, the five highest paid individuals include 2 directors (2011: 2). The aggregate amounts of emoluments of the five highest paid individuals for the year ended 31 December 2012 are set out below:

	Year ended 31 December	
	2012	2011
	RMB'000	RMB'000
Salaries and other benefits	281,692	147,301
Retirement scheme contributions	90	102
	281,782	147,403

The emoluments fell within the following bands:

	Year ended 31 December	
	2012	2011
RMB20,000,000 to RMB40,000,000	2	4
RMB40,000,000 to RMB60,000,000	—	1
RMB60,000,000 to RMB80,000,000	2	—
RMB80,000,000 to RMB100,000,000	1	—

(c) During the year ended 31 December 2012, no emolument was paid by the group entities to any of the above directors or the highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2011: nil).

25 Finance (Costs)/Income

	Year ended 31 December	
	2012	2011
	RMB'000	RMB'000
Exchange gain	20,611	448,598
Interest expenses from borrowings	(5,785,121)	(3,988,187)
Less: interest capitalised	5,731,454	3,988,187
	(53,667)	—
	(33,056)	448,598

Notes to the Consolidated Financial Statements (Continued)



26 Income Tax Expenses

	Year ended 31 December	
	2012 RMB'000	2011 RMB'000 (Restated)
Current income tax		
– Hong Kong profits tax	—	—
– PRC corporate income tax	3,701,366	4,027,447
– PRC land appreciation tax	2,648,967	3,994,484
Deferred income tax (note 18)		
– PRC corporate income tax	594,562	568,290
– PRC land appreciation tax	362,985	58,034
	7,307,880	8,648,255

The income tax on the Group's profit before income tax differs from the theoretical amount that would arise using the enacted tax rate of the home country of the group entities as follows:

	Year ended 31 December	
	2012 RMB'000	2011 RMB'000 (Restated)
Profit before income tax	16,489,801	20,374,848
Calculated at PRC corporate income tax rate	4,122,450	5,093,712
PRC land appreciation tax deductible for PRC corporate income tax purposes	(752,988)	(998,621)
Income not subject to tax (note (a))	(16,279)	(140,445)
Expenses not deductible for tax purposes (note (b))	596,619	470,029
Tax losses for which no deferred income tax asset was recognised	226,445	142,123
	4,176,247	4,566,798
PRC corporate income tax	4,176,247	4,566,798
Withholding tax on profit to be distributed from PRC subsidiaries	119,681	28,939
PRC land appreciation tax	3,011,952	4,052,518
	7,307,880	8,648,255

- (a) Income not subject to tax for the year ended 31 December 2012 mainly comprised the exchange gain recognised for the senior notes in the Company and income recognised in the overseas companies.
- (b) Expenses not deductible for tax purpose for the year ended 31 December 2012 mainly comprised: (i) the cost of land premium without official invoices resulting from the land acquisitions through acquisitions of companies; and (ii) interests incurred by offshore group companies.

The weighted average applicable tax rate for the year ended 31 December 2012 is 25% (2011: 25%).

○ Notes to the Consolidated Financial Statements (Continued)

26 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, exempted from British Virgin Islands income tax.

Hong Kong profits tax

No Hong Kong profits tax has been provided for as there is no business operation that is subject to Hong Kong profits tax during the year ended 31 December 2012 (2011: nil).

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% (2011: 25%) on the estimated assessable profits for the year, based on the existing legislation, interpretations and practices in respect thereof.

PRC withholding income tax

According to the new Enterprise 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 rates 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 all property development expenditures.

27 Accumulated Losses – Company

	Year ended 31 December	
	2012 RMB'000	2011 RMB'000
Opening balance	(3,787,449)	(2,163,967)
Profit/(Loss) for the year	23,309	(1,616,327)
Transfer to capital redemption reserve	—	(7,155)
Closing balance	(3,764,140)	(3,787,449)

Notes to the Consolidated Financial Statements (Continued)



28 Earnings Per Share

(a) Basic

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 year.

	Year ended 31 December	
	2012	2011 (Restated)
Profit attributable to shareholders of the Company (RMB'000)	9,170,837	11,323,663
Weighted average number of ordinary shares in issue (thousands)	14,951,754	14,951,708
Basic earnings per share (RMB)	0.613	0.757

(b) Diluted

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. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	Year ended 31 December	
	2012	2011 (Restated)
Profit attributable to equity holders of the Company (RMB'000)	9,170,837	11,323,663
Weighted average number of ordinary shares in issue (thousands)	14,951,754	14,951,708
Adjustments for share options (thousands)	222,606	339,465
Weighted average number of ordinary shares for diluted earnings per share (thousands)	15,174,360	15,291,173
Diluted earnings per share (RMB)	0.604	0.741

29 Dividends

The Company did not distribute an interim dividend in the current year (2011: nil).

A final dividend in respect of 2011 of RMB0.19 per share totaling RMB2,800,554,000 was paid on 19 July 2012.

The Board does not recommend the payment of final dividend for 2012.

○ Notes to the Consolidated Financial Statements (Continued)

30 Net Cash Generated from Operations

	Year ended 31 December	
	2012	2011
	RMB'000	RMB'000
Profit for the year, as restated	9,181,921	11,726,593
Adjustments for:		
Income tax expense, as restated	7,307,880	8,648,255
Interest income from bank deposits (note 21)	(108,444)	(103,151)
Interest income from non-current receivables (note 21)	(5,963)	(13,181)
Interest expense (note 25)	53,667	—
Exchange gain (note 25)	(20,611)	(448,598)
Depreciation (note 6)	400,868	261,552
Amortisation	187,078	86,683
Employee share option schemes	120,882	189,173
Fair value gains on investment properties	(4,459,506)	(4,235,953)
Gain on disposal of financial assets held for trading	—	(5,992)
Gain on disposal of investment properties	(4,510)	(48,227)
Loss on disposal of property and equipment	4,860	5,148
Changes in working capital:		
Properties under development and completed properties held for sale	(41,764,297)	(36,262,191)
Restricted cash as guarantee for construction of projects and other operating activities	422,418	(882,090)
Trade and other receivables and prepayments	(1,140,122)	(8,045,259)
Trade and other payables and receipt in advance from customers	36,776,063	33,360,583
Net cash generated from operations	6,952,184	4,233,345

31 Pensions — Defined Contribution Plans

Employees in the Group's PRC subsidiaries are required to participate in a defined contribution retirement scheme administrated and operated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated on certain percentage of the average employee salary as agreed by local municipal government to the scheme to fund the retirement benefits of the employees.

The Group also participates in a pension scheme under the rules and regulations of the MPF Scheme for all employees in Hong Kong. The contributions to the MPF Scheme are based on minimum statutory contribution requirement of 5% of eligible employees' relevant aggregate income.

Notes to the Consolidated Financial Statements (Continued)



31 Pensions – Defined Contribution Plans (Continued)

Details of the retirement scheme contributions for the employees, which have been dealt with in the consolidated income statements of the Group, are as follows:

	Year ended 31 December	
	2012 RMB'000	2011 RMB'000
Gross scheme contributions	293,261	128,977

32 Financial Guarantees

	31 December	
	2012 RMB'000	2011 RMB'000
Guarantees in respect of mortgage facilities for certain purchasers of the Group's property units	56,272,505	40,149,361

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

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the 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.

33 Commitments

(a) Operating leases commitments

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

	31 December	
	2012 RMB'000	2011 RMB'000
Property and equipment:		
Not later than one year	105,863	122,893
Later than one year and not later than five years	105,073	141,246
Later than five years	53,919	105,272
	264,855	369,411

○ Notes to the Consolidated Financial Statements (Continued)

33 Commitments (Continued)

(b) Commitments for property development expenditure

	31 December	
	2012	2011
	RMB'000	RMB'000
Contracted but not provided for		
— Property development activities	55,404,349	58,419,016
— Acquisition of land use rights	23,342,110	21,051,857
	78,746,459	79,470,873

34 Related party transactions

(a) Name and relationship with related parties

Name	Relationship
許家印博士 Dr. Hui Ka Yan	The ultimate controlling shareholder and also the director of the Company
廣州恒大實業集團有限公司 Guangzhou Hengda Industrial Group Company Limited	Controlled by Dr. Hui and his associates
Xin Xin (BVI) Limited	The controlling shareholder of the Company

(b) Transactions with related parties

During the year ended 31 December 2012, no significant transactions with related parties (2011: Nil).

(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:

	Year ended 31 December	
	2012	2011
	RMB'000	RMB'000
Salaries and other employee benefits	239,210	201,358
Retirement scheme contributions	789	563
	239,999	201,921

Notes to the Consolidated Financial Statements (Continued)



34 Related Party Transactions (Continued)

(d) Balances with related parties

The Group had the following significant non-trade balances with related parties:

	31 December 2012 RMB'000	2011 RMB'000
Amounts due from a related party Included in other receivables:		
Xin Xin (BVI) Limited	—	530
Included in other payables:		
Guangzhou Hengda Industrial Group Company Limited	—	371

The balances are cash in advance in nature, which are unsecured, interest-free and repayable on demand.

35 Change in Ownership Interests in Subsidiaries Without Change of Control

During the year ended 31 December 2012, the Group purchased 40% of interest in Success Will Group Limited and 29% of interest in Shenzhen Construction (Group) Co., Ltd. from non-controlling shareholders and became the wholly-owner of these subsidiaries at total considerations of RMB1,412,296,000. After deduction of the non-controlling interests of these subsidiaries from the total considerations, the Group recognised a decrease in equity attributable to owners of the Company of RMB393,303,000.

36 Acquisition of Subsidiaries

For the year ended 31 December 2012, the Group acquired controlling equity interests of several subsidiaries at a total consideration of approximately RMB7,718,931,000. These companies did not operate any business prior to the acquisition and only held parcels of lands. The considerations of all these acquisitions were based on the fair value of the lands and properties under development. Therefore, the Group considered this would be an acquisition of assets in substance and the related consideration would be attributable to the carrying value of the lands (included in properties under development). The above acquisitions resulted in a total increase in the non-controlling interests by RMB2,410,201,000.

37 Subsequent Events

In January 2013, 1,000,000,000 shares of the Company were placed to certain investors at a price of HK\$4.35 per share.

○ Notes to the Consolidated Financial Statements (Continued)

38 Investments in Subsidiaries — Company

	31 December 2012 RMB'000	2011 RMB'000
Investment in subsidiaries — unlisted shares	2	2
Employee share option schemes (note 16 (c))	613,562	492,770
Amounts due from subsidiaries (note (i))	1,297,916	9,560,597
	1,911,480	10,053,369

- (i) The amounts due from subsidiaries are interest-free, unsecured and are intended to provide the subsidiaries with long term sources of additional capital.

Particulars of principal subsidiaries are set out below:

Name	Date of incorporation/ Establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest		Principal activities
			Directly	Indirectly	
<i>Incorporated in the BVI with limited liability and operating in the PRC</i>					
ANJI (BVI) Limited	26 June 2006	US\$100	100%	—	Investment holding
ShengJian (BVI) Limited	29 January 2007	US\$100	—	100%	Investment holding
Ever Grace Group Limited	18 September 2008	US\$100	—	100%	Investment holding
<i>Incorporated in Hong Kong with limited liability and operating in the PRC</i>					
Success Will Group Limited	5 July 2007	HK\$1,000	—	100%	Investment holding
Shui Wah Investment Limited	18 June 1992	HK\$4	—	100%	Property development
Wisdom Gain Group Limited	13 June 2003	US\$10,000	—	100%	Property development
Full Hill Limited	3 January 2002	US\$1	—	100%	Investment holding
Grandday Group Limited	16 January 2008	US\$100	—	51%	Investment holding
<i>Incorporated in the PRC with limited liability and operating in the PRC</i>					
恒大地產集團有限公司 Hengda Real Estate Group Company Limited	24 June 1996	RMB2,500,000,000	—	100%	Property development
廣州市俊匯房地產開發有限公司 Guangzhou Junhui Real Estate Development Company Limited	23 February 1994	RMB34,000,000	—	100%	Property development
廣州通瑞達房地產實業有限公司 Guangzhou Tongruida Real Estate Industrial Company Limited	31 December 1996	RMB475,950,000	—	100%	Property development
佛山市南海新中建房地產發展有限公司 Foshan Nanhai Xinzhongjian Real Estate Development Company Limited	11 September 2001	RMB677,000,000	—	100%	Property development

Notes to the Consolidated Financial Statements (Continued)



38 Investments in Subsidiaries — Company (Continued)

Name	Date of incorporation/ Establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest		Principal activities
			Directly	Indirectly	
<i>Incorporated in the PRC with limited liability and operating in the PRC (Continued)</i>					
廣州市俊鴻房地產開發有限公司 Guangzhou Junhong Real Estate Development Company Limited	12 April 1993	RMB362,550,000	—	100%	Property development
廣州恒大(增城)房地產開發有限公司 Guangzhou Hengda (Zengcheng) Real Estate Development Company Limited	18 July 2005	RMB68,560,000	—	100%	Property development
恒大地產集團重慶有限公司 Hengda Real Estate Group (Chongqing) Company Limited	17 July 2006	RMB841,000,000	—	100%	Property development
恒大鑫源(昆明)置業有限公司 Hengda Xinyuan (Kunming) Property Company Limited	26 April 2007	RMB1,014,816,300	—	100%	Property development
恒大地產集團天津薊縣有限公司 Hengda (Tianjin) Jixian Real Estate Group Company Limited	22 August 2006	RMB437,000,000	—	100%	Property development
恒大地產集團江津有限公司 Hengda (Jiangjin) Real Estate Group Company Limited	27 July 2006	RMB260,000,000	—	100%	Property development
鄂州恒大房地產開發有限公司 E'zhou Hengda Real Estate Development Company Limited	25 July 2006	RMB390,000,000	—	100%	Property development
成都恒大銀河新城置業有限公司 Chengdu Hengda Galaxy New City Property Company Limited	30 November 2006	RMB296,000,000	—	100%	Property development
武漢東湖恒大房地產開發有限公司 Wuhan Donghu Hengda Real Estate Development Company Limited	22 December 2006	RMB1,064,000,000	—	100%	Property development
恒大鑫隆(瀋陽)置業有限公司 Hengda Xinlong (Shenyang) Real Estate Company Limited	28 December 2006	US\$5,000,000	—	100%	Property development
恒大長基(瀋陽)置業有限公司 Hengda Changji (Shenyang) Property Company Limited	1 December 2006	US\$229,900,000	—	100%	Property development
恒大鑫源(瀋陽)置業有限公司 Hengda Xinyuan (Shenyang) Property Company Limited	1 December 2006	RMB1,345,116,000	—	100%	Property development
成都市溫江區鑫金康置業有限責任公司 Chengdu Wenjiang Xinjinkang Property Company Limited	1 August 2006	RMB495,500,000	—	100%	Property development

○ Notes to the Consolidated Financial Statements (Continued)

38 Investments in Subsidiaries — Company (Continued)

Name	Date of incorporation/ Establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest		Principal activities
			Directly	Indirectly	
<i>Incorporated in the PRC with limited liability and operating in the PRC (Continued)</i>					
恒大鑫豐(彭山)置業有限公司 Hengda Xinfeng (Pengshan) Property Company Limited	13 March 2007	RMB821,520,000	—	100%	Property development
恒大盛宇(清新)置業有限公司 Hengda Shengyu (Qingxin) Company Limited	25 March 2007	US\$169,000,000	—	100%	Property development
武漢市金碧綠洲房地產開發有限公司 Wuhan Evergrande Oasis Real Estate Development Company Limited	21 March 2007	US\$128,900,000	—	100%	Property development
重慶恒大基宇置業有限公司 Hengda Chongqing Jiyu Property Company Limited	14 May 2007	US\$178,900,000	—	100%	Property development
湖北怡清雅築房地產開發有限公司 Hubei Yiqingyazhu Real Estate Development Company Limited	20 March 2007	RMB320,000,000	—	100%	Property development
金碧物業有限公司 Jinbi Property Management Company Limited	10 September 1997	RMB177,600,000	—	100%	Property management and related consulting services
恒大地產集團太原有限公司 Hengda (Taiyuan) Real Estate Group Company Limited	11 September 2007	RMB891,000,000	—	100%	Property development
西安曲江投資建設有限公司 Xi'an Qujiang Investment Construction Company Limited	9 September 2002	RMB453,462,000	—	100%	Property development
西安祺雲置業有限公司 Xi'an Qiyun Land Company Limited	28 August 2007	RMB315,000,000	—	100%	Property development
合肥祺嘉置業有限公司 Hefei Qijia Property Company Limited	6 November 2007	US\$126,000,000	—	100%	Property development
恒大地產集團貴陽置業有限公司 Hengda Real Estate Group Guiyang Property Company Limited	13 November 2007	RMB437,100,000	—	100%	Property development
南京漢典房地產開發有限公司 Nanjing Handian Property Development Company Limited	10 July 2002	RMB371,000,000	—	100%	Property development
廣州市越秀住宅建設有限公司 Guangzhou Yuexiu Property Construction Company Limited	20 May 2005	RMB53,280,000	—	100%	Construction
湖南盛基置業有限公司 Hunan Shengji Property Company Limited	26 March 2008	US\$60,000,000	—	100%	Property development

Notes to the Consolidated Financial Statements (Continued)



38 Investments in Subsidiaries — Company (Continued)

Name	Date of incorporation/ Establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest		Principal activities
			Directly	Indirectly	
<i>Incorporated in the PRC with limited liability and operating in the PRC (Continued)</i>					
遼陽恒盛置業有限公司 Liaoyang Hengsheng Property Corporation Limited	6 May 2010	RMB300,000,000	—	100%	Property development
瀋陽悅通置業有限公司 Shenyang Yuetong Property Corporation Limited	5 February 2010	US\$236,000,000	—	100%	Property development
瀋陽嘉祺置業有限公司 Shenyang Jiaqi Property Corporation Limited	8 April 2010	US\$142,500,000	—	100%	Property development
成都市安恒置業有限公司 Chengdu Anheng Property Company Limited	22 January 2010	RMB258,000,000	—	100%	Property development
成都天府水城房地產開發有限公司 Chengdu Tianfushuicheng Real Estate Development Corporation Limited	3 January 2008	US\$238,000,000	—	100%	Property development
重慶恒大君鑫房地產開發有限公司 Chongqing Hengda Junxin Real Estate Development Corporation Limited	6 April 2010	RMB1,020,408,200	—	100%	Property development
重慶恒大涪城房地產開發有限公司 Chongqing Hengda Fucheng Real Estate Development Company Limited	28 October 2010	RMB150,000,000	—	100%	Property development
恒大地產集團自貢有限公司 Hengda Zigong Real Estate Group Company Limited	26 November 2010	RMB20,000,000	—	100%	Property development
長沙寶瑞房地產開發有限公司 Changsha Baorui Real Estate Development Company Limited	13 July 2004	RMB470,000,000	—	100%	Property development
瀏陽金碧置業有限公司 Liuyang Jinbi Property Corporation Limited	25 May 2010	RMB280,000,000	—	100%	Property development
太原名都房地產開發有限公司 Taiyuan Mingdu Real Estate Development Company Limited	4 August 2009	RMB461,100,000	—	100%	Property development
宜昌梅子垭市場建設開發有限公司 Yichang Meiziya Market Construction Development Corporation Limited	25 March 2004	RMB200,000,000	—	100%	Property development
濟南恒大綠洲置業有限公司 Jinan Hengdalvzhou Property Corporation Limited	18 January 2010	RMB870,000,000	—	100%	Property development

○ Notes to the Consolidated Financial Statements (Continued)

38 Investments in Subsidiaries — Company (Continued)

Name	Date of incorporation/ Establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest		Principal activities
			Directly	Indirectly	
<i>Incorporated in the PRC with limited liability and operating in the PRC (Continued)</i>					
濟南名都置業有限公司 Jinan Mingdu Property Corporation Limited	27 January 2010	US\$87,000,000	—	100%	Property development
恒大地產集團石家莊有限公司 Hengda (Shijiazhuang) Real Estate Group Property Company Limited	18 August 2009	RMB600,000,000	—	100%	Property development
石家莊盛宇房地產開發有限公司 Shijiazhuang Shengyu Real Estate Development Company Limited	24 May 2010	RMB300,000,000	—	100%	Property development
河北高傑士房地產開發有限公司 Hebei Gaojieshi Real Estate Development Company Limited	23 April 2003	RMB300,000,000	—	100%	Property development
貴州廣聚源房地產開發有限公司 Guizhou Guangyuyuan Real Estate Development Corporation Limited	7 August 2007	RMB378,000,000	—	100%	Property development
儋州恒大濱海投資有限公司 Zhanzhou Hengda Binhai Investment Corporation Limited	10 June 2010	RMB424,310,000	—	100%	Property development
天津濱橋投資有限公司 Tianjin Binqiao Investment Company Limited	28 November 2007	RMB1,000,000,000	—	100%	Property development
河南興科置業有限公司 Henan Xingke Property Corporation Limited	26 August 2009	RMB390,010,000	—	100%	Property development
曲靖中熙置業有限公司 Qujing Zhongxi Property Company Limited	20 October 2010	RMB210,000,000	—	100%	Property development
河南大有房地產開發有限公司 Henan Dayou Real Estate Group Company Limited	23 May 2008	RMB100,000,000	—	100%	Property development
郴州金碧置業有限公司 Chenzhou Jinbi Property Company Limited	21 October 2010	RMB230,000,000	—	100%	Property development
丹陽明元房地產開發有限公司 Danyang Mingyuan Real Estate Development Company Limited	25 June 2011	US\$44,800,000	—	100%	Property development
淮北粵通置業有限公司 Huaibei Yuetong Property Company Limited	19 October 2010	RMB310,000,000	—	100%	Property development

Notes to the Consolidated Financial Statements (Continued)



38 Investments in Subsidiaries — Company (Continued)

Name	Date of incorporation/ Establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest		Principal activities
			Directly	Indirectly	
<i>Incorporated in the PRC with limited liability and operating in the PRC (Continued)</i>					
濟南恒大金碧房地產開發有限公司 Jinan Hengda Jinbi Real Estate Development Corporation Limited	18 May 2010	RMB740,000,000	—	100%	Property development
恒大地產集團景德鎮置業有限公司 Hengda Real Estate Group Jingdezhen Property Corporation Limited	29 June 2010	RMB441,000,000	—	100%	Property development
萊蕪恒大金碧天下置業有限公司 Laiwu Hengda Jinbitianxia Property Company Limited	27 August 2010	RMB250,000,000	—	100%	Property development
恒大地產集團南充有限公司 Hengda (Nanchong) Real Estate Group Company Limited	8 September 2010	RMB200,000,000	—	100%	Property development
恒大地產集團鹿泉有限公司 Hengda Real Estate Group Luquan Corporation Limited	8 June 2010	RMB100,000,000	—	100%	Property development
天津山水城投資有限公司 Tianjin Shanshuicheng Investment Company Limited	10 December 2010	RMB300,000,000	—	100%	Property development
恒大地產集團雲浮有限公司 Evergrande Real Estate Group Yunfu company Limited	11 November 2010	RMB200,000,000	—	100%	Property development
恒大地產集團(中山)有限公司 Hengda Real Estate (Zhongshan) Corporation Limited	13 May 2010	RMB400,000,000	—	100%	Property development
遵義市新廣房地產開發有限公司 Zunyi Xinguang Real Estate Development Corporation Limited	12 December 2007	RMB8,000,000	—	100%	Property development
東莞市鴻景房地產有限公司 Dongguan Hongjing Real Estate Development Company Limited	2 September 2004	RMB10,000,000	—	100%	Property development
合肥繁華投資發展有限公司 Hefei Fanhua Investment Development Company Limited	30 July 2002	RMB20,000,000	—	100%	Property development
深圳市建設集團有限公司 Shenzhen Construction Group Corporation Limited	25 December 2003	RMB300,000,000	—	100%	Property development
廣州恒大足球俱樂部有限公司 Guangzhou Hengda Football Club Corporation Limited	24 February 2006	RMB100,000,000	—	100%	Football Club

○ Notes to the Consolidated Financial Statements (Continued)

38 Investments in Subsidiaries — Company (Continued)

Name	Date of incorporation/ Establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest		Principal activities
			Directly	Indirectly	
<i>Incorporated in the PRC with limited liability and operating in the PRC (Continued)</i>					
佛山市恒和木業有限公司 Jiangxi Cullin Manor Company Limited	23 July 2009	RMB5,000,000	—	60%	Wood Industry
淮南恒天恒置業有限公司 Huainan Hengda Tianheng Property Company Limited	14 April 2011	RMB50,000,000	—	60%	Property development
太原俊景房地產開發有限公司 Taiyuan Junjing Real Estate Development Corporation Limited	2 April 2010	RMB782,200,000	—	65.58%	Property development
衡陽寶瑞置業有限公司 Hengyang Baorui Property Company Limited	16 June 2011	RMB100,000,000	—	70%	Property development
恒大地產集團(深圳)有限公司 Hengda (Shenzhen) Real Estate Group Property Company Limited	16 October 2011	RMB50,000,000	—	83%	Property development
內蒙古昌盛泰房地產開發有限責任公司 Changshengtai (Inner Mongolia) Real Estate Company Limited	11 July 2001	RMB30,000,000	—	74%	Property development
恒大地產集團包頭有限公司 Hengda (Baotou) Real Estate Group Company Limited	9 August 2008	RMB525,000,000	—	100%	Property development
長春隆基房地產開發有限公司 Longji (Changchun) Real Estate Company Limited	5 May 2010	RMB500,000,000	—	100%	Property development
瀋陽嘉凱置業有限公司 Shenyang Jiakai Property Company Limited	9 June 2010	RMB1,110,640,100	—	100%	Property development
新餘中辰置業發展有限公司 Xinyu Zhongchen Property Company Limited	24 May 2007	RMB270,000,000	—	100%	Property development
鞍山嘉瑞置業有限公司 Anshan Jiarui Property Company Limited	2 August 2010	RMB1,109,505,000	—	100%	Property development
盤錦嘉鼎置業有限公司 Panjin Jiading Property Company Limited	9 August 2010	RMB960,993,138	—	100%	Property development
營口嘉隆置業有限公司 Yingkou Jialong Property Company Limited	25 August 2010	RMB300,000,000	—	100%	Property development
運城市金恒房地產開發有限公司 Jinheng (Yuncheng) Real Estate Company Limited	30 September 2010	RMB135,000,000	—	100%	Property development

Notes to the Consolidated Financial Statements (Continued)



38 Investments in Subsidiaries — Company (Continued)

Name	Date of incorporation/ Establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest		Principal activities
			Directly	Indirectly	
<i>Incorporated in the PRC with limited liability and operating in the PRC (Continued)</i>					
銅陵恒大置業有限公司 Tongling Hengda Property Company Limited	21 October 2010	RMB250,000,000	—	100%	Property development
安陽通瑞達房地產開發有限公司 Tongruida (Anyang) Real Estate Company Limited	8 October 2010	RMB200,000,000	—	100%	Property development
成都廣聚源投資有限公司 Guangju yuan (Chengdu) Investment Company Limited	9 June 2010	RMB210,000,000	—	100%	Property development
舞鋼恒大置業有限公司 Wugang Hengda Property Company Limited	18 November 2010	RMB120,000,000	—	100%	Property development
恒大地產集團銀川有限公司 Hengda (Yinchuan) Real Estate Group Company Limited	16 December 2010	RMB418,660,000	—	100%	Property development
恒大地產集團秦皇島恒大城房地產開發有限公司 Hengdacheng (Qinhuangdao) Real Estate Company Limited	17 December 2010	RMB430,000,000	—	100%	Property development
長春泰基房地產開發有限公司 Tajji (Changchun) Real Estate Company Limited	24 December 2010	RMB600,000,000	—	100%	Property development
恒大地產鷹潭有限公司 Hengda (Yingtian) Real Estate Group Company Limited	21 February 2011	RMB382,789,200	—	100%	Property development
清遠市銀湖城投資有限公司 Yinhucheng (Qingyuan) Investment Company Limited	28 September 2009	RMB45,000,000	—	100%	Property development
岳陽金碧置業有限公司 Yueyang Jinbi Property Company Limited	23 February 2011	RMB100,000,000	—	100%	Property development
蕪湖恒大置業有限公司 Wuhu Hengda Property Company Limited	24 February 2011	RMB300,000,000	—	100%	Property development
株洲金碧置業有限公司 Zhuzhou Jinbi Property Corporation Limited	11 April 2011	RMB210,000,000	—	100%	Property development
新余市興旺房地產開發有限公司 Xingwang (Xinyu) Real Estate Company Limited	25 December 2009	RMB243,000,000	—	100%	Property development

○ Notes to the Consolidated Financial Statements (Continued)

38 Investments in Subsidiaries — Company (Continued)

Name	Date of incorporation/ Establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest		Principal activities
			Directly	Indirectly	
<i>Incorporated in the PRC with limited liability and operating in the PRC (Continued)</i>					
欽州欽廉恒大置業投資有限公司 Qinzhou Qinlian Hengda Property Investment Company Limited	13 September 2010	RMB430,000,000	—	100%	Property development
北海南國天堂房地產開發有限公司 Beihai Nanguo Tiantang Real Estate Company Limited	19 January 1993	RMB38,686,000	—	100%	Property development
呂梁市俊匯房地產開發有限公司 Junhui (Lvliang) Real Estate Company Limited	5 May 2011	RMB10,000,000	—	100%	Property development
嘉興恒大置業有限公司 Jiaxing Hengda Property Company Limited	2 June 2011	RMB263,000,000	—	100%	Property development
貴陽海明投資建設開發有限公司 Guiyang Haiming Investment Construction Company Limited	6 March 2001	RMB191,600,000	—	100%	Property development
南昌中電投高新置業有限公司 Nanchang Zhongdiantou High-new Property Company Limited	10 May 2011	RMB20,000,000	—	100%	Property development
南京恒大富豐置業有限公司 Nanjing Hengda Fufeng Property Company Limited	10 April 2007	RMB599,475,540	—	100%	Property development
啓東通譽置業有限公司 Tongyu(Qidong) Property Company Limited	1 January 2007	RMB512,608,680	—	100%	Property development
恒大地產集團洛陽有限公司 Hengda (Luoyang) Real Estate Group Property Company Limited	5 September 2007	RMB457,000,000	—	100%	Property development
江西省翠林山莊有限公司 Cuilin (Jiangxi) Company Limited	7 July 2003	RMB699,365,785	—	100%	Property development
安徽三林置業有限公司 Sanlin (Qidong) Property Company Limited	2 November 2001	RMB300,000,000	—	100%	Property development
太原得一房地產開發有限公司 Taiyuan Deiyi Real Estate Company Limited	14 December 2009	RMB20,000,000	—	100%	Property development
恒大地產集團大邑有限公司 Hengda (Dayi) Real Estate Group Company Limited	16 March 2010	RMB500,000,000	—	100%	Property development
淮安恒大富豐房地產開發有限公司 Huai'an Hengda Fufeng Real Estate Company Limited	2 April 2010	RMB500,000,000	—	100%	Property development

Notes to the Consolidated Financial Statements (Continued)



38 Investments in Subsidiaries — Company (Continued)

Name	Date of incorporation/ Establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest		Principal activities
			Directly	Indirectly	
<i>Incorporated in the PRC with limited liability and operating in the PRC (Continued)</i>					
廣州市佳穗置業有限公司 Guangzhou Jiasui Property Company Limited	31 May 2006	RMB10,000,000	—	100%	Property development
武漢華力置業有限公司 Wuhan Huali Property Company Limited	28 October 2003	RMB350,000,000	—	100%	Property development
石家莊地益嘉房地產開發有限公司 Shijiazhuang Diyijia Real Estate Company Limited	8 November 2006	RMB5,000,000	—	100%	Property development
宿遷恒大華府置業有限公司 Suqian Hengda Huaifu Property Company Limited	6 January 2011	RMB310,000,000	—	100%	Property development
東營恒大華府置業有限公司 Dongying Hengda Huaifu Property Company Limited	7 January 2011	RMB400,000,000	—	100%	Property development
哈爾濱市恒大偉業房地產開發有限公司 Haerbin Hengda Weiye Real Estate Company Limited	28 January 2011	RMB450,000,000	—	100%	Property development
漢中華聯置業有限公司 Hanzhong Hualian Property Company Limited	5 August 2010	RMB75,000,000	—	100%	Property development
五家渠卓越房地產開發有限公司 Wujiaqu Zhuoyue Real Estate Company Limited	14 April 2011	RMB246,000,000	—	100%	Property development
恒大地產集團鹽城有限公司 Hengda (Yancheng) Real Estate Group Company Limited	20 April 2011	RMB332,184,000	—	100%	Property development
亳州恒大置業有限公司 Bozhou Hengda Property Company Limited	11 May 2011	RMB30,000,000	—	100%	Property development
句容天工置業有限公司 Jurong Tiangong Property Company Limited	6 November 2009	RMB327,333,800	—	100%	Property development
陝西耀澤四海房地產開發有限公司 Shanxi Yaoze Sihai Real Estate Company Limited	13 April 2011	RMB150,000,000	—	100%	Property development
六安粵通置業有限公司 Lu'an Yuetong Property Company Limited	13 July 2011	RMB250,000,000	—	100%	Property development
臨沂正盛置業有限公司 Linyi Zhengsheng Property Company Limited	20 July 2011	RMB150,000,000	—	51%	Property development

○ Notes to the Consolidated Financial Statements (Continued)

38 Investments in Subsidiaries — Company (Continued)

Name	Date of incorporation/ Establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest		Principal activities
			Directly	Indirectly	
<i>Incorporated in the PRC with limited liability and operating in the PRC (Continued)</i>					
臨沂綠洲置業有限公司 Linyi Lvzhou Property Company Limited	22 September 2011	RMB10,000,000	—	51%	Property development
邢台雙達房地產開發有限公司 Xingtai Shuangda Real Estate Company Limited	7 March 2012	RMB21,340,000	—	72%	Property development
邢台誠嘉房地產開發有限公司 Xingtai Chengjia Real Estate Company Limited	7 March 2012	RMB17,860,000	—	72%	Property development
寧波御城置業有限公司 Ningbo Yucheng Property Company Limited	30 May 2012	US\$22,559,165	—	51%	Property development
衡水盛宇房地產開發有限公司 Hengshui Shengyu Real Estate Company Limited	13 September 2012	RMB10,000,000	—	70%	Property development
牡丹江市恒大昌健房地產開發有限公司 Mudanjiang Hengda Changjian Real Estate Company Limited	9 July 2012	RMB20,000,000	—	52%	Property development
新疆鑫保盈房地產開發有限公司 Xinjiang Xinbaoying Real Estate Company Limited	23 May 2012	RMB39,526,000	—	75%	Property development
桂林桂加房地產有限公司 Guilin Guijia Real Estate Company Limited	21 July 1992	RMB40,000,000	—	51%	Property development
常州瀚嘉置業有限公司 Changzhou Hanjia Property Company Limited	3 December 2010	RMB337,100,000	—	65%	Property development
吉林市恒大福源房地產開發有限公司 Jilin Hengda Fuyuan Real Estate Company Limited	10 May 2012	RMB10,000,000	—	72.5%	Property development

The names of certain of the companies referred to in these consolidated financial statements represent management's best effort in translation of the Chinese names of these companies as no English names have been registered or available.

Five Years Financial Summary ○



Consolidated Assets, Equity and Liabilities

(as at 31 December)

	2008 RMB'000	2009 RMB'000	2010 RMB'000	2011 RMB'000 (Restated)	2012 RMB'000
ASSETS					
Non-current assets	3,048,612	4,631,203	12,856,479	25,502,220	38,446,924
Current assets	25,473,986	58,440,061	91,595,985	153,521,188	200,543,627
Total assets	28,522,598	63,071,264	104,452,464	179,023,408	238,990,551
EQUITY					
Total equity	8,583,131	13,157,146	21,366,225	34,130,753	41,691,325
LIABILITIES					
Non-current liabilities	4,677,940	8,416,541	25,656,334	45,089,711	46,921,426
Current liabilities	15,261,527	41,497,577	57,429,905	99,802,944	150,377,800
Total liabilities	19,939,467	49,914,118	83,086,239	144,892,655	197,299,226
Total equity and liabilities	28,522,598	63,071,264	104,452,464	179,023,408	238,990,551

○ Five Years Financial Summary (Continued)

	2008	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Restated)	
Revenue	3,606,791	5,722,657	45,801,401	61,918,185	65,260,838
Cost of sales	(2,124,420)	(3,776,308)	(32,432,232)	(41,310,558)	(47,050,471)
Gross profit	1,482,371	1,946,349	13,369,169	20,607,627	18,210,367
Fair value gains on investment properties	77,415	842,570	3,350,857	4,235,953	4,459,506
Other gains	531,090	347,554	184,369	755,806	635,525
Selling and marketing costs	(665,299)	(1,075,142)	(1,574,262)	(2,720,756)	(3,017,664)
Administrative expenses	(545,273)	(744,960)	(1,384,263)	(2,161,218)	(2,600,664)
Other operating expenses	(34,439)	(63,890)	(124,957)	(791,162)	(1,164,213)
Operating profit	845,865	1,252,481	13,820,913	19,926,250	16,522,857
Fair value change on embedded financial derivatives	—	197,403	—	—	—
Provisions of financial guarantees	(65,997)	—	—	—	—
Finance (costs)/income, net	186,520	(3,709)	271,798	448,598	(33,056)
Profit before income tax	966,388	1,446,175	14,092,711	20,374,848	16,489,801
Income tax expenses	(333,958)	(329,371)	(6,068,035)	(8,648,255)	(7,307,880)
Profit for the year	632,430	1,116,804	8,024,676	11,726,593	9,181,921
Other comprehensive income	—	—	—	—	—
Total comprehensive income for the year	632,430	1,116,804	8,024,676	11,726,593	9,181,921
Attributable to:					
Shareholders of the Company	524,760	1,046,428	7,588,786	11,323,663	9,170,837
Non-controlling interests	107,670	70,376	435,890	402,930	11,084



 www.evergrande.com 





恆大地產集團®
EVERGRANDE REAL ESTATE GROUP



Evergrande Real Estate Group Limited

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

<http://www.evergrande.com>

