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 2011

Core Advantage

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

Contents

National Layout Map

137 million square metres of land reserve

187 Projects

103 Cities under coverage

Guangdong
1 Jinbi Garden No. 2
2 Jinbi Garden No. 3
3 Jinbi Junhong Garden
4 Evergrande Scenic Garden Guangdong
5 Evergrande Royal Scenic Peninsula Guangdong
6 Evergrande Royal Scenic Bay Guangdong
7 Evergrande Metropolis Foshan
8 Foshan Nanhai Jihong Project
9 Shenzhen Caiwuwei Project
10 Evergrande Emperor Scenic Dongguan
11 Evergrande Atrium Dongguan
12 Evergrande Palace 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

Chongqing
19 Evergrande Palace Chongqing
20 Evergrande City Chongqing
21 Evergrande Oasis Chongqing
22 Evergrande Metropolis Chongqing
23 Evergrande Atrium Chongqing
24 Evergrande Splendor Chongqing
25 Evergrande Emperor Scenic Chongqing
26 Evergrande Emerald Court Chongqing
27 Evergrande Scenic Garden Fuling

Tianjin
28 Evergrande Oasis Tianjin
29 Evergrande Scenic Garden Tianjin
30 Evergrande Splendor Tianjin
31 Evergrande Metropolis Tianjin
32 Evergrande Royal Scenic Peninsula Ninghe

Hubei
33 Evergrande Palace Wuhan
34 Evergrande Oasis Wuhan
35 Evergrande City Wuhan
36 Evergrande Metropolis Wuhan
37 Evergrande Splendor E'zhou
38 Evergrande Oasis Yichang
39 Evergrande Metropolis Xiangyang

Sichuan
40 Evergrande Oasis Chengdu
41 Evergrande City Chengdu
42 Evergrande Scenic Garden Chengdu
43 Evergrande Royal Scenic Peninsula Chengdu
44 Evergrande Metropolis Chengdu
45 Evergrande Atrium Chengdu
46 Evergrande Emperor Scenic Chengdu
47 Evergrande Splendor Pengshan
48 Evergrande Oasis Nanchong
49 Evergrande Oasis Zigong
50 Evergrande City Ziyang
51 Evergrande Emerald Court Qionglai

Liaoning
52 Evergrande Oasis Shenyang
53 Evergrande City Shenyang
54 Evergrande Metropolis Shenyang
55 Evergrande Palace Shenyang
56 Evergrande Bay Shenyang
57 Evergrande Oasis Liaoyang
58 Evergrande Oasis Anshan
59 Evergrande Metropolis Anshan
60 Evergrande Oasis Yingkou
61 Evergrande City Yingkou
62 Evergrande Bay Yingkou
63 Evergrande Palace Panjin
64 Evergrande Palace Fushun
65 Evergrande Oasis Benxi
66 Evergrande Royal Scenic Bay Huludao

Shaanxi
67 Evergrande Oasis Xi'an
68 Evergrande City Xi'an
69 Evergrande City Hanzhong
70 Baoji Project
71 Evergrande City Yangling

Jiangsu
72 Evergrande Splendor Nanjing
73 Evergrande Oasis Nanjing
74 Evergrande Splendor Qidong
75 Evergrande Metropolis Danyang
76 Evergrande City Danyang
77 Evergrande Oasis Zhenjiang
78 Evergrande Atrium Jurong
79 Evergrande Metropolis Huai'an
80 Evergrande Palace Suqian
81 Evergrande Oasis Suqian
82 Evergrande City Lianyungang
83 Evergrande Metropolis Lianyungang
84 Evergrande Metropolis Yancheng

Yunnan
85 Evergrande Splendor Kunming
86 Evergrande Atrium Kunming
87 Evergrande Metropolis Qujing

Inner Mongolia
88 Evergrande Palace Baotou
89 Evergrande Metropolis Baotou
90 Evergrande Atrium Hohhot
91 Evergrande Oasis Ulanhot

Shanxi
92 Evergrande Oasis Taiyuan
93 Evergrande Metropolis Taiyuan
94 Evergrande Scenic Garden Taiyuan
95 Evergrande Palace Taiyuan
96 Evergrande Oasis Yuncheng
97 Evergrande Metropolis Yuncheng
98 Evergrande Palace Lvliang
99 Evergrande Oasis Datong
100 Evergrande Palace Linfen

Guizhou
101 Evergrande Oasis Guiyang
102 Evergrande City Guiyang
103 Evergrande Metropolis Guiyang
104 Evergrande City Zunyi
105 Evergrande City Kaili

Anhui
106 Evergrande Palace Hefei
107 Evergrande City Hefei
108 Evergrande Emperor Scenic Hefei
109 Evergrande Oasis Tongling
110 Evergrande Palace Wuhu
111 Evergrande Metropolis Huaibei
112 Evergrande Atrium Huaibei
113 Evergrande Oasis Huainan
114 Evergrande City Bozhou
115 Evergrande Oasis Anqing
116 Evergrande Royal Scenic Bay Lu'an

Hunan
117 Evergrande Palace Changsha
118 Evergrande Metropolis Changsha
119 Evergrande City Changsha
120 Evergrande Oasis Changsha
121 Evergrande Atrium Changsha
122 Evergrande Palace Liuyang
123 Evergrande Palace Chenzhou
124 Evergrande Metropolis Zhuzhou
125 Evergrande Metropolis Yueyang
126 Evergrande Oasis Hengyang

Guangxi
127 Evergrande Oasis Nanning
128 Evergrande Oasis Qinzhou
129 Evergrande Royal Scenic Peninsula Beihai
130 Beihai Jiajing Project

Henan
131 Evergrande Oasis Zhengzhou
132 Evergrande Metropolis Zhengzhou
133 Evergrande Oasis Luoyang
134 Evergrande Metropolis Xinyang
135 Evergrande Palace Wugang
136 Evergrande Oasis Anyang
137 Evergrande Atrium Xinxiang

Jiangxi
138 Evergrande City Nanchang
139 Evergrande Oasis Nanchang
140 Evergrande Metropolis Nanchang
141 Evergrande Metropolis Jingde Town
142 Evergrande Atrium Xinyu
143 Evergrande City Xinyu
144 Evergrande Oasis Yingtan

Hebei
145 Evergrande City Shijiazhuang
146 Evergrande Atrium Shijiazhuang
147 Evergrande Oasis Shijiazhuang
148 Evergrande Metropolis Shijiazhuang
149 Evergrande Splendor Shijiazhuang
150 Evergrande Splendor Luquan
151 Evergrande City Qinhuangdao
152 Evergrande City Cangzhou

Hainan
153 Evergrande Oasis Haikou
154 Evergrande Metropolis Danzhou
155 Evergrande Splendor Danzhou
156 Evergrande Royal Scenic Bay Hainan

Shandong
157 Evergrande Metropolis Jinan
158 Evergrande Oasis Jinan
159 Evergrande City Jinan
160 Evergrande Splendor Laiwu
161 Evergrande Metropolis Weifang
162 Evergrande Yellow River Ecological City Dongying
163 Evergrande City Tai'an
164 Evergrande Palace Linyi
165 Evergrande Oasis Linyi

Shanghai
166 Evergrande Palace Shanghai

Jilin
167 Evergrande Oasis Changchun
168 Evergrande City Changchun
169 Evergrande Center Changchun
170 Evergrande Royal Scenic Changchun
171 Evergrande Emerald Court Changchun
172 Evergrande Metropolis Changchun
173 Evergrande Palace Jinlin

Gansu
174 Evergrande City Lanzhou
175 Evergrande Oasis Lanzhou
176 Evergrande Metropolis Plaza Lanzhou
177 Evergrande Scenic Garden Lanzhou

Ningxia
178 Evergrande Metropolis Yinchuan
179 Evergrande Oasis Shijiushan
180 Evergrande Metropolis Wuzhong

Zhejiang
181 Evergrande Oasis Jiaxing

Heilongjiang
182 Evergrande Oasis Harbin
183 Evergrande Metropolis Harbin
184 Evergrande City Harbin
185 Evergrande Oasis Daqing

Qinghai
186 Evergrande Metropolis Xining

Xinjiang
187 Evergrande Splendor Wujiaqu

Board of Directors and Committees

Chairman of The Board of Directors

Hui Ka Yan

Executive Directors

Xia Haijun *(Vice Chairman and Chief Executive Officer)*
Li Gang *(Vice Chairman and Executive Vice President)*
Tse Wai Wah
Xu Xiangwu
Xu Wen
Lai Lixin
He Miaoling

Independent Non-Executive Directors

Yu Kam Kee, Lawrence
Chau Shing Yim, David
He Qi

Audit Committee

Chau Shing Yim, David *(Chairman)*
Yu Kam Kee, Lawrence
He Qi

Remuneration Committee

He Qi *(Chairman)*
Yu Kam Kee, Lawrence
Hui Ka Yan

Nomination Committee

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

Authorised Representatives

Hui Ka Yan
Fong Kar Chun, Jimmy

Corporate and Shareholder Information

Head Office

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

Place of Business in HONG KONG

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 Merchant Bank Company Limited
China Minsheng Bank Limited
China Zheshang Bank Co., Ltd.
Guangzhou Rural Commercial Bank
Industrial and Commercial Bank of China Limited
Shanghai Pudong Development Bank Co., Ltd

Shareholder Information

Listing Information

The shares of the Company are listed in
The Stock Exchange of Hong Kong Limited
("Stock Exchange")
The 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
Email: evergrandeIR@evergrande.com
Telephone: (852) 2287 9218/2287 9207

Financial Calendar

Announcement of final results:	28 March 2012
Closure of register of members to ascertain shareholders' entitlement to attend the AGM:	29 May to 31 May 2012
Annual General Meeting:	31 May 2012
Distribution of final dividend:	On or before 19 July 2012

Financial Summary

Summary of Balance Sheet

As at 31 December

	2011	2010	Changes
Total cash (including cash and cash equivalents and restricted cash) (RMB Billion)	**28.20**	19.95	41.4%
Total assets (RMB Billion)	**179.02**	104.45	71.4%
Borrowings included in current liabilities (RMB Billion)	**10.23**	7.00	46.1%
Borrowings included in non-current liabilities (RMB Billion)	**41.50**	24.16	71.8%
Capital and reserves attributable to shareholders of the Company (RMB Billion)	**32.69**	20.64	58.4%
Total borrowings/total assets	**28.9%**	29.8%	-0.9 percentage points
Net borrowings[1]/total equity	**67.5%**	52.5%	15 percentage points

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

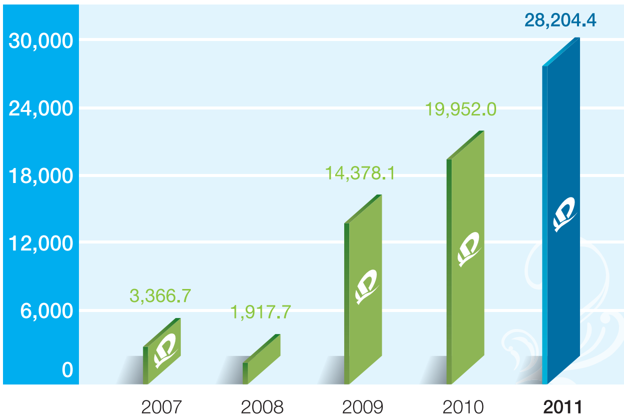
Summary of Income Statement

For the year ended 31 December

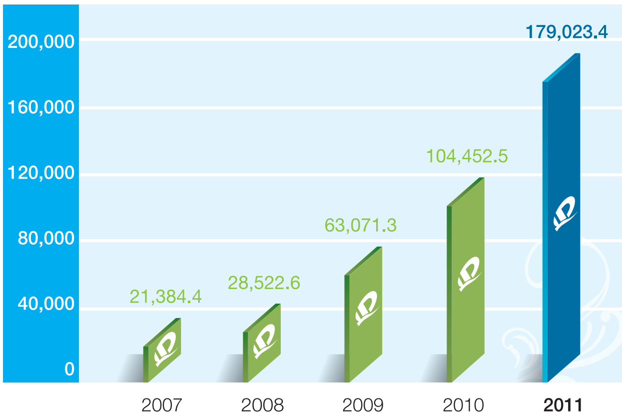
	2011	2010	Changes
Revenue (RMB Billion)	**61.92**	45.80	35.2%
Gross profit (RMB Billion)	**20.61**	13.37	54.2%
Profit for the year (RMB Billion)	**11.78**	8.02	46.9%
Profit attributable to shareholders of the Company (RMB Billion)	**11.38**	7.59	49.9%
Basic earnings per share (RMB)	**0.761**	0.506	50.4%
Dividend per share (RMB)	**0.19**	0.1268	49.8%

2007–2011 Comparison of Major Financial Indicators

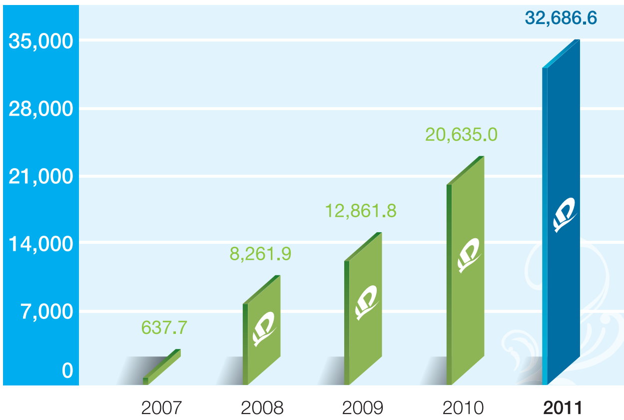
Total cash
(RMB million)



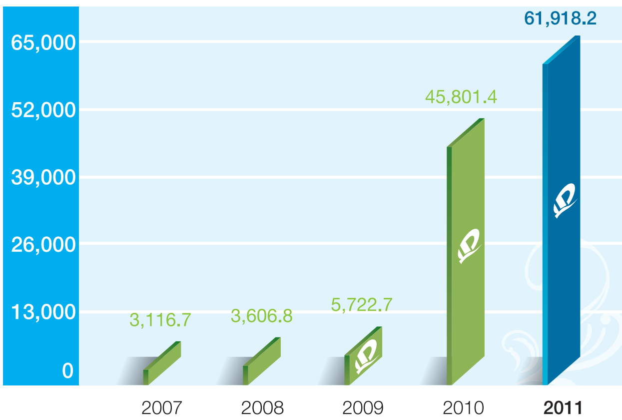
Total assets
(RMB million)



Equity attributable to shareholders of the Company (RMB million)

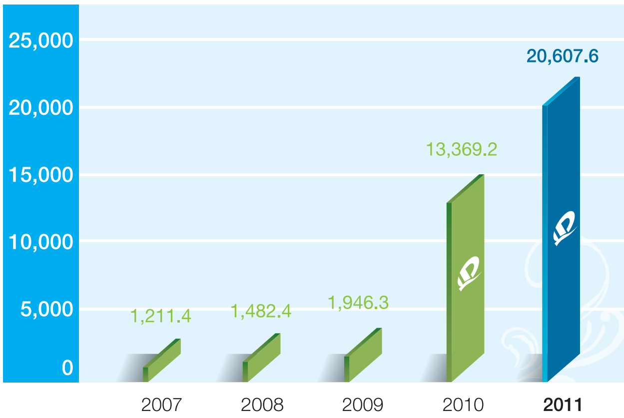


Revenue
(RMB million)



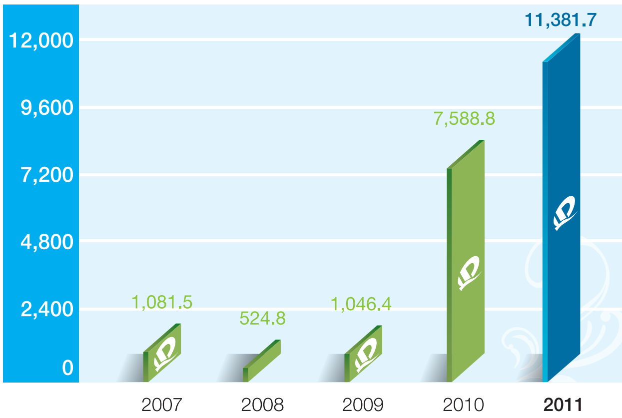
Gross profit

(RMB million)



Profit attributable to shareholders

(RMB million)



Report of Chairman

Report of Chairman

Hui Ka Yan
Chairman

Business Review

In 2011, China deepened its regulation and control over the real estate market and such regulation and control had resulted in negative and widespread effects on the real estate market. Particularly in the second half of the year, real estate price control targets were progressively introduced in over 600 cities, "property purchase restrictions" were implemented in 46 large and medium-sized cities and property-oriented mandatory price restrictions were implemented in 10 cities. With the continued expansion of regulation and control, market volume and price declined rapidly from high levels, the national real estate climate index fell for seven consecutive months, the 100 city price index of the China Real Estate Index System continued to decline for four consecutive months and there was a month-on-month decrease in the average price of residences in ten major cities in December[1]. The macroeconomic market was ushered into an unprecedented and profound change in market dynamics.

As the market adjusted to the new regulatory environment, new industrial structures, market spaces and business models were gradually taking shape alongside increasing market differentiation: market concentration of large scale real estate enterprises has further improved with contract sales of China's top ten real estate enterprises accounting for 10.4% of the total real estate sales in China, representing a growth of 0.3% over 2010. Meanwhile, corrections in the core of the real estate market had become a widespread trend and the growth in sales area in China's first-tier cities dropped substantially by 31.5%[2].

The Group had a deep understanding of the Central Government's intention in regulation and control and of the changing market environment. We actively conformed our forward-looking strategies to the trends of regulation and control and, as a result of the scale advantages of our footprints in 103 cities, the cost advantages of our centralised raw material procurement and the brand

[1] Ten major cities: Beijing, Shanghai, Guangzhou, Shenzhen, Chengdu, Chongqing, Nanjing, Tianjin, Wuhan and Hangzhou
[2] Source: Worldunion Properties

Dear shareholders,

I am glad to present the annual report of Evergrande Real Estate Group Limited ("Evergrande" or "the Company") and its subsidiaries (the Group) for the year ended 31 December 2011. Revenue and gross profit of the Group for the year were RMB61.92 billion and RMB20.61 billion respectively, or a year-on-year growth of 35.2% and 54.2%, and net profit increased by 46.9% to RMB11.78 billion. Net profit attributable to shareholders amounted to RMB11.38 billion and earnings per share was RMB0.761.

In order to reciprocate the trust and support of shareholders, the Board of Directors proposed to distribute a final dividend of RMB0.19 per share for 2011 subject to approval at the general meetings of the Group.

advantages from our slogan of "developing properties for people's livelihood" and our status as one of the "Top 10 Property Developers in China", our key business indicators continued to achieve high growth. During the year, the Group recorded contracted sales of RMB80.39 billion, representing a year-on-year increase of 59.4%; contracted sales area totalled 12.199 million m^2, which ranked No. 1 in China[3] and increased by 54.7% year-on-year; revenue amounted to RMB61.92 billion, of which revenue of the real estate development segment accounted for RMB60.47 billion, representing a year-on-year increase of 33.4%; total cash (including cash and cash equivalents and restricted cash) amounted to RMB28.20 billion at the end of the year; gross floor area ("GFA") of land reserve was 137 million m^2 and average cost of land reserves was RMB616/m^2; area under construction at the end of the year was approximately 36.524 million m^2.

Land Reserve

The Group's national footprint is basically completed, successfully kicking off the new strategic structure that radiates from the existing key cities to surrounding developed cities. 2011 was the final year of the Group's fifth "three-year plan". Having gone through rapid growth in the previous two "three-year plans", the Group was successful in establishing its footprint across 103 major cities in China, comprising all domestic provincial administrative regions, except Beijing, Fujian and Tibet; the number of cities covered grew by 66.1% over 2010; the number of projects increased by 67.0% to 187 from 112 projects in 2010; GFA of land reserves was 137 million m^2, representing an increase of 42.5% over 96.003 million m^2 in 2010.

3 Source: 2011 Sales Ranking List of China's Top 30 Real Estate Enterprises jointly released by CRIC and China Real Estate Assessment Center

During the year, the Group entered 41 new cities, adding 75 projects and 40.839 million m^2 of GFA, and the cost of new land reserves was approximately RMB667/m^2. The additional land reserves are located in 62 second-and third-tier cities with growth potential including, among others, Chongqing, Tianjin, Chengdu, Harbin, Lanzhou, Changchun, Hefei, Nanchang and Zhenjiang. In the first half of the year, the Group keenly seized M&A opportunities brought about by market consolidation and acquired 70 land plots, increasing the GFA of land reserves by 39.387 million m^2 from the end of 2010. In the second half of the year, the Group adhered to its fundamental strategy of "replenishing consumed land reserves" in maintaining a dynamic balance between consumption and replenishment of land reserves.

As at 31 December 2011, the Group had 187 real estate projects across 103 cities in China, of which 6 projects were in first-tier cities, 84 projects were in second-tier cities and 97 projects were in third-tier cities; the average cost of the land reserves was approximately RMB616/m^2, of which the cost of land reserves in third-tier cities was approximately RMB472/m^2. The low-cost land reserves and vast urban layout allowed the Group to implement its strategy in deeper dimensions, resulting in more 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 2011 was RMB98.17 billion, of which the settled and outstanding amounts were RMB66.81 billion and RMB31.36 billion respectively. RMB11.02 billion and RMB13.96 billion were scheduled to be paid in 2012 and 2013 respectively, with RMB6.38 billion to be paid after 2013. The Group firmly believes that, with sufficient cash reserves and strong contracted sales revenue, the Company will be able to sustain steady growth.

Contracted Sales

The Group judged market trends accurately, achieving new records in contracted sales and ranked No. 1 in China by contracted sales GFA. Based upon a "first up and then down" market outlook forecast for the year, since July, the Group has continued to adopt a "modest and frequent" price adjustment strategy. With transaction volume in the macroeconomic market continuously contracting, the Group endeavoured to capture market opportunities to promote sales. The Group succeeded in surpassing the full-year contracted sales target of RMB70 billion two months in advance and recorded contracted sales of RMB80.39 billion for the year, representing a year-on-year growth of 59.4% and achieving 114.8% of the annual target; the GFA of contracted sales was 12.199 million m^2, representing a year-on-year growth of 54.7%; and average selling price of contracted sales was RMB6,590/m^2, an increase of 3.1% year-on-year. 96.8% of the contracted sales was derived from second-and third-tier cities including Changsha, Chongqing, Taiyuan, Chengdu, Wuhan and Shenyang, covering the whole range of products from high-end, mid-end, mid-to-high-end to resort projects.

The Group adhered to the concept of "developing properties for people's livelihood", bringing into play the cost effectiveness of the standardised operation of high quality properties and continuously cultivating its presence in second-and third-tier cities and leveraging a product mix in line with market demand under an environment of stringent regulation and control as illustrated by recent purchase restrictions, loan restrictions, price restrictions and low-income housing supply. The proportion of mass-market residential units of less than 144 m^2 developed by the Group accounted for 74.1% of the total supply. China's total sale of residential developments was RMB5,911.9 billion[4] in 2011 and, on such basis, the Group's market share in China was 1.36% in 2011, representing an increase of 0.4 percentage point over 0.96% in 2010.

During the year, the Group started 65 new projects spanning across 56 second-and third-tier cities, including Shenyang, Chengdu, Chongqing, Jinan, Tianjin, Shijiazhuang, Changsha, Zhongshan and Baotou, and had a total of 121 projects in sales mode across 73 cities. Contracted sales for the year amounted to RMB80.39 billion, of which the contracted sales of the 56 projects already in a sales mode as at the end of 2010 was RMB50.71 billion, accounting for 63.1% of the total, and the average contracted sales per project was RMB906 million; contracted sales for the 65 new projects launched for sale in 2011 was RMB29.68 billion, accounting for 36.9% of the total and the average contracted sales per project was RMB457 million. As at 31 December 2011, there were 66 projects pending sales launches, the majority of which are scheduled to be launched in 2012, and will provide adequate supply to help us achieve excellent sales results.

4 Source: National Bureau of Statistics

Property Development

As at 31 December 2011, GFA under construction of the Group was 36.524 million m^2 and GFA completed was 11.342 million m^2, leading the industry in construction scale and speed. The Group continued to adhere to a rapid scale-up development strategy, newly adding 23.896 million m^2 GFA under construction for the year and having 146 projects under construction, the majority of which was available for sale within six months after the land plots were obtained. Given that there were relatively more new land reserves acquired in the first half of the year, the Group's newly constructed GFA of 14.39 million m^2 in the first half of the year was relatively larger than the 9.5 million m^2 in the second half of the year.

As at 31 December 2011, the Group has received pre-sale permits for 121 projects, and the other 66 projects were pending sales launches.

The Group hit new record highs in terms of the area of properties delivered and the delivery amount. The Group delivered 77 projects for the year, recognising a delivery amount of RMB60.47 billion, a year-on-year increase of 33.4%; the GFA of properties delivered was 9.471 million m^2, a year-on-year increase of 16.4%; the average price of properties delivered and booked was RMB6,385/m^2, representing an increase of 14.6% over RMB5,572/m^2 in 2010. The Group's extensive development and construction scale, GFA available for sale and resources that can be carried over have established a firm footing to sustain excellent performance in the next stage of the Group's development.

Strategic Alliance

The Group's standardised quality product industry chain has become increasingly mature, continuously expanding its strategic quality product alliance and effectively resisting upward cost pressures. As at 31 December 2011, the Group's strategic quality products alliance consisted of over 300 renowned domestic and foreign brands, covering all property development processes, including project planning and design, main construction, landscape construction, building and decoration materials.

Through the strategic alliance's large-scale procurement and established long-term partnerships, prices offered by the Group's 121 material suppliers were either relatively lower than in 2010 or remained unchanged. The Group's procurement volume accounted for 89.0% of the total volume of materials of the suppliers.

The Group also further improved its standardised procurement platform to mitigate the upward pressures in raw material prices. By strictly assessing monthly procurement plans for materials, the overall error rate for each of the Group's project materials plans was controlled within 10% throughout the year, keeping materials consumption and warehousing costs entirely within a controllable range.

Financial Resource

The Group has been upholding a prudent financial policy of "cash is king" in maintaining cash flows with forward-looking strategies and ensuring financial security. Following successful issuances of two tranches of senior notes amounting to RMB9.25 billion at the beginning of the year, the Group sold 49% interest in Grandday Group Limited to a subsidiary of Chinese Estates Holdings Limited in May 2011 at a consideration of US$500 million. Through the above measures, the Group explored diversification of financing channels in a timely manner amid an imminent tightening in liquidity, winning strategic opportunities to support solid growth throughout the year.

The Group had total cash of RMB28.20 billion as at 31 December 2011, a significant growth of 41.4% as compared with the end of 2010 and much larger than the sum of short-term borrowings and long-term borrowings due within one year amounting to RMB10.23 billion; new bank loans for the year amounted to RMB27.79 billion (the net increase in bank loans was RMB11.89 billion) and the Group had unutilised banking facilities of RMB36.91 billion.

Human Resources

The Group has been upholding a "people-oriented" principle and making full use of incentive mechanisms to create a industrious and hardworking corporate culture in Evergrande. The Group is well aware of the fact that an enterprise is comprised of employees and each employee is backed up by a family and that staff development and progress is not only fundamental to the sustainable growth of an enterprise but is also a cornerstone of stability on which families and the society rely upon. Therefore, Evergrande respects and cherishes the individual value of each staff, striving to provide them with challenging job opportunities as a driver for them to achieve development goals in life.

The Group implemented competitive salary incentive measures on the basis of stringent target planning and evaluation. As of the end of 2011, the Group had granted share purchase options to 137 key staff members entitling them to purchase a total of 913 million shares. During the year, the Group adjusted wages of all employees and the average rate of salary increase was approximately 10%. At the same time, the Group adhered to the principle of survival of the fittest in a healthy competitive environment to ensure long-term sustainable growth of the enterprise.

Corporate Social Responsibilities and Awards

The Group has been adhering to its original intention of "developing properties for people's livelihood" and endeavouring to assume corporate social responsibilities, devoting its best efforts to charity activities that support education, livelihood, sports, culture and environmental protection. In the past 15 years since its incorporation, the Group has provided in total 190,000 households with cost-effective residential developments. In 2011, the Group provided residents across 73 cities in China with more than 100,000 residential units for sale, with the proportion of mid-end and mid-to-high-end units of less than the size of 144 m^2 accounting for 74.1% of the total supply and the selling prices kept within a reasonable range affordable by the general public. Meanwhile, as a result of the Group's determination in introducing high quality product construction standards, certain projects under the Group received national awards during the year, such as the "Grand Golden Prize for Excellent Garden Construction" (優秀園林工程大金獎)and the "Golden Prize of Zhan Tianyou Excellent Residential Community Award" (詹天佑優秀住宅小區金獎).

As an enterprise which actively implements green construction practices in China, the Group is committed to delivering fully-refurbished properties to reduce the environmental pollution from refurbishment works. Moreover, the Group, with the support of its edge in standardised operations, cooperated with strategic upstream and downstream partners along the industry chain in observing green and low-carbon environmental standards in terms of construction material procurement and application, and putting various energy-saving construction technologies and designs into practice in the course of integrating design, construction, completion approval, operation and management, to produce quality, green products.

During the year, the Group continued to increase its participation in charity activities. The Group received the highest award from the Chinese government for the charity sector—the "China Charity Award" for the fourth consecutive year and other charity prizes including the "Top Ten Real Estate Enterprises with Sense of Responsibility in China" and the "Golden Cup of Cotton Tree Cup for Helping the Poor and Needy in Guangdong".

During the year, the Group ranked among the "Top 10 Property Developers in China" complied by China Real Estate Top 10 Research Group, for the eighth consecutive year. The Group's brand value, jumping from RMB8 billion in 2010 to RMB21.018 billion in 2011, which ranks first among real estate enterprises in China, ranked among the "Top 10 Property Brand Value in China" for the sixth consecutive year. The Group was also awarded the "Blue-Chip Real Estate Enterprise" by Chinese mainstream media for the fourth consecutive year. The Group received altogether 33 national awards, 77 provincial awards and 307 project awards for the year. These awards demonstrated a high degree of recognition of the Group's achievements in social responsibility, internal control and brand building.

Corporate Governance

The Group has been conducting its business according to the principles of the Code on Corporate Governance Practices ("Code") set forth in Appendix 14 of the Listing Rules, and the Group has complied with all applicable rules of the Code.

The Board understands that protecting and utilising corporate resources and creating value for shareholders is the first priority of an enterprise. The Board has therefore committed to improve the standard of corporate governance, and continue enhancing our profitability and potential for sustainable growth. In 2011, the Group made great progress in standardising its management, strengthening internal monitor systems and cost controls, increasing the overall transparency of the Company and perfecting corporate internal control mechanisms and risk management of the Board, among other achievements.

The Group particularly emphasised the transparency and efficiency of information disclosures, and employs various methods, such as monthly sales briefing and monthly communications, sales results release conferences and investors meetings, to deliver comprehensive information, such as the latest development strategies, development progress, sales results and market prospects of the Group to the public.

The Board believes that the efforts mentioned above will help the Group maximise its financial performance, so as to maximise shareholder value and implement the strong and sustainable development strategies of the Group.

Business Outlook

The year 2012 is Evergrande's 16th year of operation since incorporation. After going through the extraordinary and extensive development stages in the previous five "three-year plans", the Group has now entered the inaugural year of its sixth "three-year plan". In the new era, the Group's development focus will shift from growth in scale to stable operation and from regional expansion to deepening management, placing greater emphasis on sustained profitability and coordinated development of high quality products, while constantly examining new business models and nurturing new growth areas.

In the sixth "three-year plan", the Group plans to achieve steady every year growth in terms of, among others, income from key operations, core earnings and contracted sales. The Board has developed the next phase of development strategy with forward-looking insights based on these judgments and development planning.

Land Reserve

Given that the national strategic footprint has been basically completed, the Group's national strategy will be based on its existing scale and it will concentrate its efforts on improving project designs, cultivating presences in second- and third-tier cities, consolidating leading advantages and achieving phased and in-depth development in the first-, second-and third-tier cities while adhering to the principle of maintaining a dynamic balance between consumption and replenishment of land reserves.

In terms of replenishment of inventory land reserves for project development, the Group will, on the basis of a healthy cash flow, continue to focus on second-and third-tier cities with high growth potential and regions with beautiful environments, developed planning, transportation and great potential for land appreciation within the urban area and, through diversified channels, pick a small number of quality land plots in excellent locations, in suitable scales and at reasonable pricing to further improve the premium positioning of the Group's products and the overall earnings of the Group.

Project Development

The Group will, on the basis of improving project footprint, continue to maintain the rapid development and construction of projects, striving to make projects available for sale within about six months after the land plots are obtained. In respect of existing projects under construction, the Group will further adopt strategies in line with the market, optimise the scale of development and adjust the speed of construction to match with the pace of sales. In terms of product planning, the Group will, with the support of its traditional edge in the standardised operation of high quality products and on the basis of the existing standardised product series, focus on product innovation and extend product lines to open up market space with cost-effective products.

Contracted Sales

The Group aims at achieving contracted sales of RMB80 billion in 2012. Given that the property sales market is generally expected to experience a decline followed by a rebound during the year, the Group expects to be relatively less aggressive in launching projects for sale in the first half of the year and the number of projects for sale in the first and second half year will be in the ratio of approximately 4:6.

In-depth Management

In face of 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 more balanced development of sustained stability and high quality.

The Group will, on the basis of deepening management, strictly enforce resource exploration and cost control, examining all development processes with a focus on the control over the 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 tender invitation and bidding to mitigate upward pressure in the cost of materials and equipment. The Group will also utilise its organisational resource to examine and improve control over project costs from its source in order to optimise 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 producing "known, controllable and predictable" results will be achieved, allowing us to attain new heights in detailed management.

Financial Resource

The Group will continue to uphold the prudent financial policy of "cash is king", keeping strict control of costs and striving to maintain its debt ratio at reasonable levels. Going forward, the Group will spare no efforts to increase sales, strengthen recycling of funds, continue to make full use of various financing channels and effectively allocate financial resources, further improving the structure of loans, currencies, maturities and credit, increasing funds management efficiency and reducing capital costs. The Group will continue to adhere to a prudent policy, strictly monitor key indicators including debt to assets ratio and control financial risks. The overall target is to achieve a total debt to total assets ratio of less than 40%, an interest coverage in excess of 3.5 times and total cash of more than RMB15 billion.

In terms of management expenses, the Group will adopt measures to improve efficiency, simplify management action and implement rigid management of cost estimates and assessment of cost target programs throughout the process. As for marketing expenses, steps will be taken to strengthen market research and customer behaviour analysis and enhance advertisement spending and sales channels so that marketing expenses will be further reduced.

Review of Consolidated Financial Information

The Audit Committee of the Company comprises of all independent non-executive directors, Mr. Chau Shing Yim, David, Mr. Yu Kam Kee, Lawrence and Mr. He Qi. 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 2011.

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). The 2011 Annual Report will also be published on the Stock Exchange's website and the Company's website and will 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, 28 March 2012

Overall Performance for 2011

11.8

Net profit RMB11.8 billion

61.9

Turnover RMB61.9 billion

137

Land reserve 137 million m^2

179.0

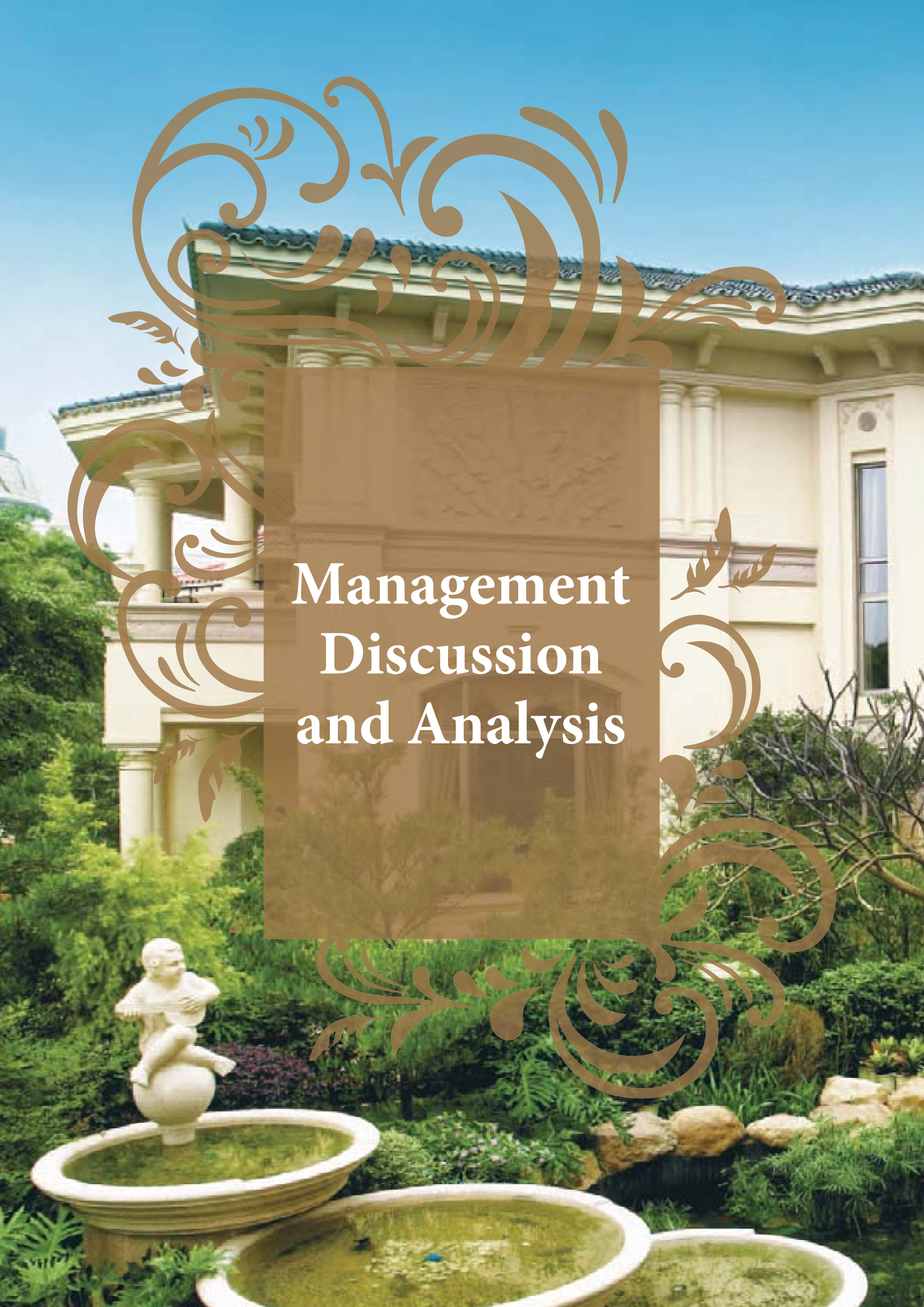
Total assets RMB179.0 billion

80.4

Contracted sales RMB80.4 billion

36.52

GFA under construction 36.52 million m^2



Management Discussion and Analysis

Management Discussion and Analysis

OVERALL PERFORMANCE

During the year, the Group recorded a revenue of RMB61.92 billion, representing a year-on-year growth of 35.2%. Profit attributable to shareholders amounted to RMB11.38 billion, representing a year-on-year growth of 49.9%. Basic earnings per share amounted to RMB0.761, representing a year-on-year growth of 50.4%.

The Group's total shareholders' equity as at 31 December 2011 was RMB32.69 billion, an increase of 58.4% as compared to that at the end of last year. Total assets amounted to RMB179.02 billion, an increase of 71.4% as compared to that at the end of last year.

Revenue

Revenue of the Group for the year amounted to RMB61.92 billion, representing a year-on-year growth of 35.2%, of which revenue generated from property business amounted to RMB60.47 billion, representing a year-on-year growth of 33.4%. Revenue generated from property management services was RMB0.46 billion, an increase of 253.8% compared with last year. Revenue generated from investment properties amounted to RMB83.92 million, an increase of 64.0% from last year. Revenue from construction, hotel operation and other property development related business was RMB0.90 billion, representing an increase of RMB0.62 billion over last year.

Gross Profit

Gross profit of the Group amounted to RMB20.61 billion, an increase of 54.2% compared with last year, which was mainly due to a remarkable increase in the area of properties delivered during the year. Gross profit margin was 33.3%, a satisfactory increase of approximately 4.1 percentage points over last year, which was benefited from our stringent cost control advantage, with which, the increase of unit cost was slight and much less than the price growth of properties delivered.

Selling and Marketing Costs

During the year, selling and marketing costs of the Group rose from RMB1.57 billion in 2010 to RMB2.72 billion, which was principally due to an increase in the number of projects launched, significant expansion in scale and the corresponding increase in nationwide marketing and brand publicity activities.

Administrative Expenses

During the year, administrative expenses of the Group increased by RMB0.78 billion to RMB2.16 billion from RMB1.38 billion in 2010, which was mainly due to our continued expansion in the business throughout China, the relative cost increase in managing more new projects not yet delivered and corresponding increases in the number of employees and their remuneration level.

Financial Review

Borrowings

As at 31 December 2011, the borrowings of the Group amounted to RMB51.73 billion with the following maturity periods:

	31 December 2011 (RMB billion)	As percentage of total borrowings	31 December 2010 (RMB billion)	As percentage of total borrowings
Less than 1 year	10.23	19.8%	7.00	22.5%
1–2 years	13.41	25.9%	4.85	15.6%
2–5 years	27.24	52.7%	19.31	61.9%
More than 5 years	0.85	1.6%	—	—
	51.73	100%	31.16	100%

As at 31 December 2011, RMB26,663.8 million borrowings carry floating rate interests, the remaining RMB25,062.9 million borrowings carry fixed rate interests.

We have always been emphasising on a stable loan structure. As at 31 December 2011, only approximately 19.8% of the loans had to be repaid within one year. Our total amount of cash and cash equivalents and restricted cash was RMB28.20 billion.

The above borrowings 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 effective average interest rate of 8.81% for the year (2010: 8.26%).

Foreign exchange exposure

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

Liquidity

As at 31 December 2011, the total amount of cash and cash equivalents and restricted cash was RMB28.20 billion, and together with the unutilised banking facilities of RMB36.91 billion. The abundant working capital provided great financial support for our quest for the best business opportunities and speedy support.

Financial Leverage

The Group maintained a sound financial position. As of 31 December 2011, the Group's total borrowings to total assets ratio was 28.9% (31 December 2010: 29.8%). Net debt ratio (the ratio of net borrowings[1] to total equity) was 67.5% (31 December 2010: 52.5%). Despite our active approach to extend borrowing size to reinforce our cash position during 2011 to cope with the tightening market liquidity which led to an increase of net gearing ratio, our profit grew at a relatively fast rate, which effectively utilised the leverage of borrowings. Meanwhile, our profitability relative to total borrowings size remained at a sound level.

Contingency

As at 31 December 2011, the Group arranged bank financing for several property buyers and provided a buy-back guarantee in relation to the repayment obligations of approximately RMB40.15 billion for those buyers. The Group had not suffered from significant loss resulting from the above guarantee in the past, which was mainly because the guarantee concerned was only a transitional arrangement for property buyers prior to the completion of mortgage registration and was pledged against property rights, in addition to the fact that it will be terminated once the mortgage registration is completed. Considering the above factors, the Board is of the view that buyers' arrears are unlikely and thus no provision will be required for this.

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

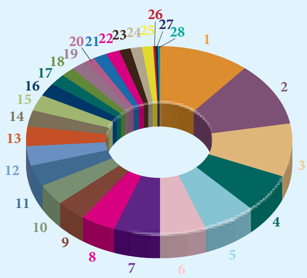
Land Reserve

As at the end of 2011, the Group's GFA of land reserves was 137 million m^2 across 103 major cities in China. The Group had 187 projects under development and held for future development and the average cost of the land reserves was approximately RMB616/m^2. The distribution of land reserve is set out in the following table.

Land reserve distribution

No.	Project name	No. of projects	Site area (m^2)	Planned GFA (m^2)	Land reserve GFA (m^2)	Proportion
1	Liaoning Province	15	4,551,301	16,755,853	15,046,390	11.0%
2	Jiangsu Province	13	7,493,954	15,736,543	14,949,988	10.9%
3	Guangdong Province	18	7,814,178	15,539,426	12,357,797	9.0%
4	Shandong Province	9	3,699,291	9,319,455	8,657,634	6.3%
5	Sichuan Province	12	5,972,803	10,784,493	8,451,405	6.2%
6	Anhui Province	11	2,898,691	8,763,870	7,722,201	5.6%
7	Henan Province	7	2,336,872	7,975,243	7,267,312	5.3%
8	Hebei Province	8	2,801,188	6,660,496	5,524,074	4.0%
9	Jiangxi Province	7	3,594,694	5,569,493	4,993,665	3.6%
10	Gansu Province	4	1,826,778	4,917,415	4,917,415	3.6%
11	Shanxi Province	9	2,102,881	6,052,507	4,868,448	3.6%
12	Hunan Province	10	2,022,597	6,745,019	4,857,317	3.5%
13	Hubei Province	7	3,441,846	6,161,268	4,464,973	3.4%
14	Chongqing City	9	2,889,750	7,028,668	4,192,089	3.1%
15	Guizhou Province	5	1,333,490	4,388,525	3,970,106	2.9%
16	Guangxi Zhuang Autonomous Region	4	1,057,453	3,359,162	3,359,162	2.5%
17	Jilin Province	7	1,044,796	3,256,280	3,256,280	2.4%
18	Shaanxi Province	5	837,210	3,133,885	2,466,793	1.8%
19	Hainan Province	4	1,623,418	2,483,442	2,358,168	1.7%
20	Inner Mongolia Autonomous Region	4	1,008,553	2,679,484	2,314,417	1.7%
21	Tianjin City	5	3,426,693	2,852,560	2,219,871	1.6%
22	Heilongjiang Province	4	871,911	2,195,567	2,195,567	1.6%
23	Ningxia Hui Autonomous Region	3	619,031	1,960,719	1,960,719	1.4%
24	Yunnan Province	3	1,216,325	2,567,308	1,905,615	1.4%
25	Xinjiang Uyghur Autonomous Region	1	1,463,237	1,501,929	1,501,929	1.1%
26	Qinghai Province	1	138,355	569,736	569,736	0.4%
27	Zhejiang Province	1	115,355	360,376	360,376	0.3%
28	Shanghai City	1	32,970	132,840	132,840	0.1%
	Total	**187**	**68,235,621**	**159,451,562**	**136,842,287**	**100.0%**

Diagram of land reserve distribution



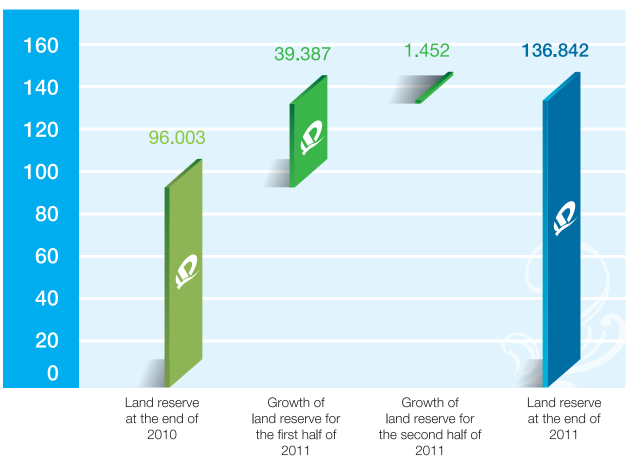
	Region	Proportion
1	Liaoning Province	11.0%
2	Jiangsu Province	10.9%
3	Guangdong Province	9.0%
4	Shandong Province	6.3%
5	Sichuan Province	6.2%
6	Anhui Province	5.6%
7	Henan Province	5.3%
8	Hebei Province	4.0%
9	Jiangxi Province	3.6%
10	Gansu Province	3.6%
11	Shanxi Province	3.6%
12	Hunan Province	3.5%
13	Hubei Province	3.4%
14	Chongqing City	3.1%
15	Guizhou Province	2.9%
16	Guangxi Zhuang Autonomous Region	2.5%
17	Jilin Province	2.4%
18	Shaanxi Province	1.8%
19	Hainan Province	1.7%
20	Inner Mongolia Autonomous Region	1.7%
21	Tianjin City	1.6%
22	Heilongjiang Province	1.6%
23	Ningxia Hui Autonomous Region	1.4%
24	Yunnan Province	1.4%
25	Xinjiang Uyghur Autonomous Region	1.1%
26	Qinghai Province	0.4%
27	Zhejiang Province	0.3%
28	Shanghai City	0.1%
	Total	100.0%

In 2011, the Group basically achieved the target of nationwide expansion. During the year, the Group entered 41 new cities, adding 75 projects and 40.839 million m^2 of GFA of land reserves, representing an increase of 42.5% over 2010.

The Group's land reserve expansion was mainly conducted during the first half of the year. The GFA of land reserves increased by 39.387 million m^2 or 41.0% from the end of 2010 to 30 June 2011, and 1.452 million m^2 or 1.1% from 30 June 2011 to the end of 2011.

Indicative diagram of growth of land reserve for 2011

(million m^2)

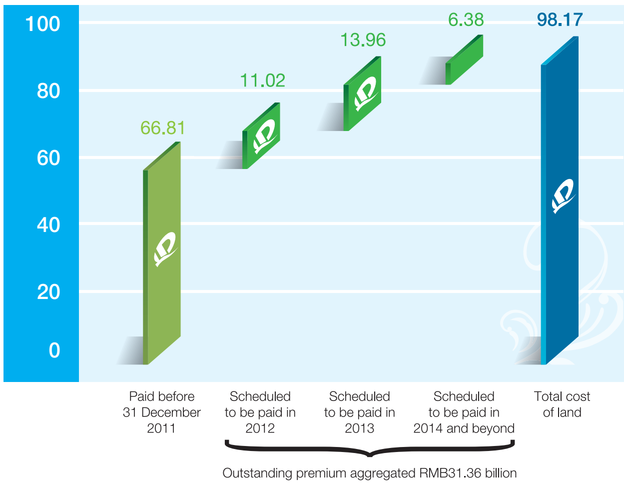


During the year, the Group's cost of new land reserves was approximately RMB667/m^2. The additional land reserves are located in 62 second- and third-tier cities with growth potential including, among others, Chongqing, Tianjin, Chengdu, Harbin, Lanzhou, Changchun, Hefei, Nanchang and Zhenjiang.

As at 31 December 2011, the accumulated total cost for the Group's land reserves was RMB98.17 billion, of which the settled and outstanding amounts were RMB66.81 billion and RMB31.36 billion respectively. RMB11.02 billion and RMB13.96 billion were scheduled to be paid in 2012 and 2013 respectively, with RMB6.38 billion to be paid after 2013. The Group firmly believes that, with sufficient cash reserves and strong contracted sales revenue, the Company will be able to sustain steady growth.

Indicative diagram of land premium payment schedule

(RMB billion)

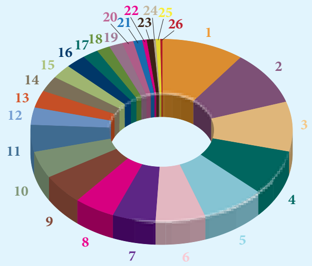


Contracted Sales

During the year, the total saleable area launched by the Group was approximately 21.799 million m^2 and the rate of contracted sales was 56.0%. The Group achieved aggregate contracted sales revenue of approximately RMB80.39 billion, representing an increase of 59.4% year-on-year and achieving 114.8% of the annual target; the GFA of contracted sales was 12.199 million m^2, representing a year-on-year growth of 54.7%; and average selling price of contracted sales was RMB6,590/m^2, an increase of 3.1% year-on-year.

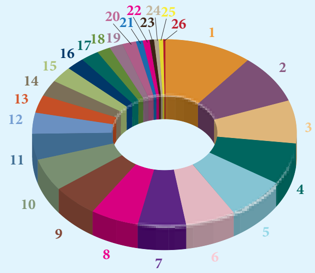
96.8% of the contracted sales was derived from second- and third-tier cities including Changsha, Chongqing, Taiyuan, Chengdu, Wuhan and Shenyang, covering the whole range of products from high-end, mid-end, mid-to-high-end to resort projects.

Regional distribution of contracted sales amount for 2011



	Province	Proportion
1	Guangdong Province	10.5%
2	Liaoning Province	9.5%
3	Hebei Province	9.1%
4	Hunan Province	7.9%
5	Shandong Province	7.8%
6	Chongqing City	6.0%
7	Henan Province	5.3%
8	Shanxi Province	5.2%
9	Sichuan Province	5.1%
10	Anhui Province	4.9%
11	Hubei Province	4.5%
12	Shaanxi Province	3.1%
13	Jiangsu Province	3.1%
14	Jiangxi Province	2.8%
15	Tianjin City	2.5%
16	Jilin Province	2.5%
17	Guizhou Province	1.9%
18	Inner Mongolia Autonomous Region	1.7%
19	Hainan Province	1.6%
20	Yunnan Province	1.4%
21	Gansu Province	1.2%
22	Guangxi Zhuang Autonomous Region	0.7%
23	Heilongjiang Province	0.6%
24	Ningxia Hui Autonomous Region	0.5%
25	Xinjiang Uyghur Autonomous Region	0.4%
26	Qinghai Province	0.2%
	Total	100.0%

Regional distribution of GFA of contracted sales for 2011



	Province	Proportion
1	Liaoning Province	10.9%
2	Hunan Province	8.6%
3	Shandong Province	7.7%
4	Hebei Province	7.2%
5	Guangdong Province	7.1%
6	Chongqing City	6.2%
7	Sichuan Province	5.8%
8	Henan Province	5.7%
9	Anhui Province	5.6%
10	Hubei Province	5.5%
11	Shanxi Province	4.4%
12	Jiangxi Province	3.7%
13	Jiangsu Province	3.2%
14	Shaanxi Province	2.8%
15	Guizhou Province	2.6%
16	Jilin Province	2.3%
17	Tianjin City	2.1%
18	Hainan Province	1.8%
19	Inner Mongolia Autonomous Region	1.6%
20	Yunnan Province	1.6%
21	Gansu Province	1.0%
22	Ningxia Hui Autonomous Region	0.7%
23	Guangxi Zhuang Autonomous Region	0.6%
24	Heilongjiang Province	0.6%
25	Xinjiang Uyghur Autonomous Region	0.5%
26	Qinghai Province	0.2%
	Total	100.0%

Diagram of growth of contracted sales amount for 2009–2011

(RMB billion)

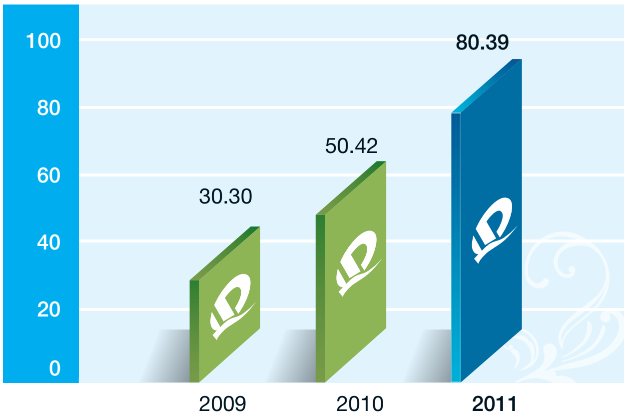
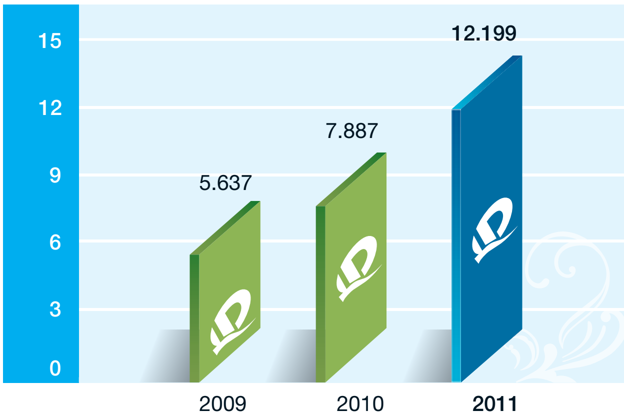


Diagram of growth of contracted sales area for 2009–2011

(million m^2)



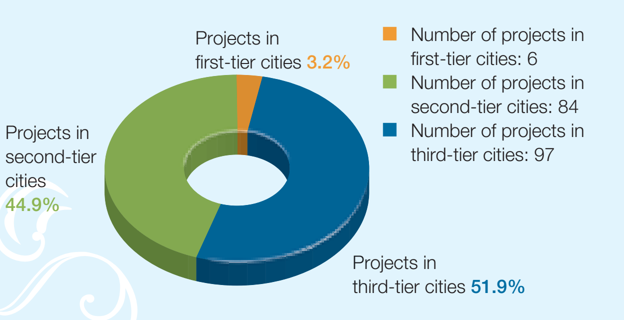
During the year, the Group launched 65 new projects spanning across 56 second- and third-tier cities, including Shenyang, Chengdu, Chongqing, Jinan, Tianjin, Shijiazhuang, Changsha, Zhongshan and Baotou, and had a total of 121 projects for sale distribution 73 cities in China. The list of new launched projects is set out in the following table.

List of new launched projects for 2011

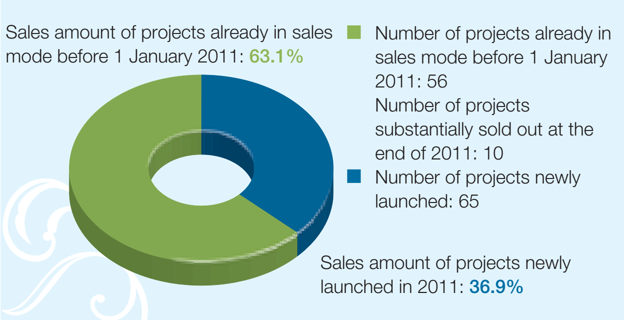
No.	Property Name	City	Time of launch
1	Evergrande Atrium Chongqing	Chongqing	January 2011
2	Evergrande Palace Liuyang	Liuyang	January 2011
3	Evergrande Bay Shenyang	Shenyang	January 2011
4	Evergrande Metropolis Baotou	Baotou	January 2011
5	Evergrande Metropolis Hainan	Danzhou	January 2011
6	Evergrande Metropolis Tianjin	Tianjin	February 2011
7	Evergrande Metropolis Jingde Town	Jinde Town	March 2011
8	Evergrande Oasis Nanchong	Nanchong	March 2011
9	Evergrande Oasis Zhongshan	Zhongshan	March 2011
10	Evergrande City Zunyi	Zunyi	March 2011
11	Evergrande Metropolis Huaibei	Huaibei	April 2011
12	Evergrande Scenic Garden Fuling	Chongqing	April 2011
13	Evergrande Metropolis Danyang	Danyang	April 2011
14	Evergrande Metropolis Qujing	Qujing	April 2011
15	Evergrande Oasis Zigong	Zigong	April 2011
16	Evergrande Oasis Tongling	Tongling	May 2011
17	Evergrande Atrium Xinyu	Xinyu	May 2011
18	Evergrande Palace Chenzhou	Chenzhou	May 2011
19	Evergrande City Jinan	Jinan	May 2011
20	Evergrande Oasis Qinzhou	Qinzhou	May 2011
21	Evergrande Palace Wugang	Wugang	May 2011
22	Evergrande City Yunfu	Yunfu	May 2011
23	Evergrande Atrium Chengdu	Chengdu	June 2011
24	Evergrande Atrium Shijiazhuang	Shijiazhuang	June 2011
25	Evergrande Oasis Anshan	Anshan	June 2011
26	Evergrande Oasis Yuncheng	Yuncheng	June 2011
27	Evergrande Oasis Anyang	Anyang	June 2011
28	Evergrande Splendor Danzhou	Danzhou	June 2011
29	Evergrande Splendor Laiwu	Laiwu	June 2011
30	Evergrande Palace Panjin	Panjin	June 2011
31	Evergrande Splendor Shijiazhuang	Shijiazhuang	June 2011
32	Evergrande Scenic Garden Tianjin	Tianjin	June 2011
33	Evergrande Oasis Yingkou	Yingkou	June 2011
34	Evergrande Palace Suqian	Suqian	July 2011
35	Evergrande Oasis Shizuishan	Shizuishan	July 2011
36	Evergrande Atrium Xinxiang	Xinxiang	July 2011
37	Evergrande Royal Scenic Changchun	Changchun	August 2011
38	Evergrande Metropolis Lanzhou	Lanzhou	August 2011
39	Evergrande Metropolis Yinchuan	Yinchuan	August 2011
40	Evergrande City Hanzhong	Hanzhong	September 2011
41	Evergrande Scenic Peninsula Beihai	Beihai	September 2011

No.	Property Name	City	Time of launch
42	Evergrande Yellow River Ecological City Dongying	Dongying	September 2011
43	Evergrande Palace Fushun	Fushun	September 2011
44	Evergrande Oasis Harbin	Harbin	September 2011
45	Evergrande City Tai'an	Tai'an	September 2011
46	Evergrande Metropolis Wuzhong	Wuzhong	September 2011
47	Evergrande City Yingkou	Yingkou	September 2011
48	Evergrande Metropolis Yueyang	Yueyang	September 2011
49	Evergrande Splendor Wujiaqu	Wujiaqu	October 2011
50	Evergrande City Acheng	Acheng	October 2011
51	Evergrande City Bozhou	Bozhou	October 2011
52	Evergrande City Changchun	Changchun	October 2011
53	Evergrande Emerald Court Changchun	Changchun	October 2011
54	Evergrande Emperor Scenic Chongqing	Chongqing	October 2011
55	Evergrande Metropolis Guiyang	Guiyang	October 2011
56	Evergrande Oasis Huainan	Huainan	October 2011
57	Evergrande Palace Jilin	Jilin	October 2011
58	Evergrande Palace Linyi	Linyi	October 2011
59	Evergrande Royal Scenic Lvliang	Lvliang	October 2011
60	Evergrande Silver Lake City Qingyuan	Qingyuan	October 2011
61	Evergrande Palace Taiyuan	Taiyuan	October 2011
62	Evergrande Palace Wuhu	Wuhu	October 2011
63	Evergrande Metropolis Xi'ning	Xi'ning	October 2011
64	Evergrande Oasis Yingtan	Yingtan	October 2011
65	Evergrande Metropolis Zhuzhou	Zhuzhou	October 2011

Overview of Regional Distribution of Projects



Overview of Timing of Project Launches and Sales Amount



Contracted sales for the year amounted to RMB80.39 billion, of which the contracted sales of the 56 projects already in a sales mode as at the end of 2010 was RMB50.71 billion, accounting for 63.1% of the total, and the average contracted sales per project was RMB906 million; contracted sales for the 65 new projects launched for sale in 2011 was RMB29.68 billion, accounting for 36.9% of the total and the average contracted sales per project was RMB457 million.

As at 31 December 2011, there were 66 projects pending sales launches, the majority of which are scheduled to be launched in 2012, and will provide adequate supply to help us achieve excellent sales results.

Property Development

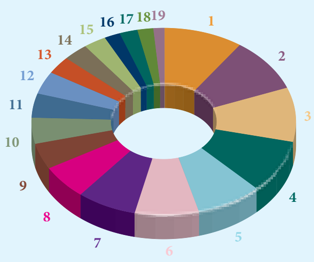
During the year, the Group had a total of 75 projects completed which were situated in 19 different cities in China with a completed GFA of 11.342 million m^2. The status of the completed projects by region is set out in the following diagram:

Overall Situation of Completed GFA of Each Project in 2011

No.	City	Project name	Phase of project	Completed GFA ('000 m^2)
1	Shenyang	Evergrande Oasis Shenyang	Phase 1 to Phase 2 (partial)	127.6
2	Shenyang	Evergrande City Shenyang	Phase 1 to Phase 2 (partial)	329.4
3	Shenyang	Evergrande Metropolis Shenyang	Phase 1 (partial)	246.7
4	Shenyang	Evergrande Palace Shenyang	Phase 1 (partial)	81.4
5	Liaoyang	Evergrande Oasis Liaoyang	Phase 1 (partial)	130.8
6	Jinan	Evergrande Oasis Jinan	Phase 1 (partial)	307.4
7	Jinan	Evergrande Metropolis Jinan	Phase 1 (partial)	204.1
8	Jinan	Evergrande City Jinan	Phase 1 (partial)	75.0
9	Laiwu	Evergrande Splendor Laiwu	Phase 1 (partial)	75.3
10	Changsha	Evergrande Palace Changsha	Phase 1 to Phase 2 (partial)	186.7
11	Changsha	Evergrande Metropolis Changsha	Phase 1 to Phase 2 (partial)	244.1
12	Changsha	Evergrande City Changsha	Phase 1 to Phase 2 (partial)	90.6
13	Changsha	Evergrande Oasis Changsha	Phase 1 to Phase 2 (partial)	151.8
14	Changsha	Evergrande Atrium Changsha	Phase 1 (partial)	283.6
15	Changsha	Evergrande Palace Liuyang	Phase 1 (partial)	100.7
16	Chenzhou	Evergrande Palace Chenzhou	Phase 1 (partial)	43.5
17	Hefei	Evergrande Palace Hefei	Phase 1 to Phase 2 (partial)	152.1
18	Hefei	Evergrande City Hefei	Phase 1 to Phase 2 (partial)	121.4
19	Huaibei	Evergrande Metropolis Huaibei	Phase 1 (partial)	227.0
20	Chengdu	Evergrande Oasis Chengdu	Phase 2 to Phase 3 (partial)	72.1
21	Chengdu	Evergrande City Chengdu	Phase 2 to Phase 3 (partial)	213.0
22	Chengdu	Evergrande Scenic Garden Chengdu	Phase 1 (partial)	87.6
23	Chengdu	Evergrande Metropolis Chengdu	Phase 1 (partial)	247.3
24	Chengdu	Evergrande Royal Scenic Peninsula Chengdu	Phase 1 (partial)	196.4
25	Meishan	Evergrande Splendor Pengshan	Phase 1 to Phase 2 (partial)	99.9
26	Nanchong	Evergrande Oasis Nanchong	Phase 1 (partial)	91.3
27	Zigong	Evergrande Oasis Zigong	Phase 1 (partial)	98.8
28	Guangzhou	Evergrande Oasis Guangzhou	Phase 1	185.3
29	Guangzhou	Evergrande Scenic Garden Guangzhou	Phase 2 to Phase 3 (partial)	257.1
30	Foshan	Evergrande Royal Scenic Peninsula Guangdong	Phase 4 to Phase 5 (partial)	191.1
31	Qingyuan	Evergrande Splendor Qingyuan	Phase 1 to Phase 2 (partial)	212.0
32	Zhongshan	Evergrande Oasis Zhongshan	Phase 1 (partial)	27.9
33	Yunfu	Evergrande City Yunfu	Phase 1 (partial)	30.8
34	Chongqing	Evergrande Palace Chongqing	Phase 2	36.6
35	Chongqing	Evergrande City Chongqing	Phase 1 to Phase 2 (partial)	203.4
36	Chongqing	Evergrande Splendor Chongqing	Phase to Phase 3 (partial)	267.2

No.	City	Project name	Phase of project	Completed GFA ('000 m^2)
37	Chongqing	Evergrande Metropolis Chongqing	Phase 1 to Phase 2 (partial)	244.2
38	Chongqing	Evergrande Oasis Chongqing	Phase 1 to Phase 2 (partial)	82.0
39	Chongqing	Evergrande Atrium Chongqing	Phase 1 (partial)	169.9
40	Chongqing	Evergrande Scenic Garden Chongqing	Phase 1 (partial)	42.4
41	Shijiazhuang	Evergrande City Shijiazhuang	Phase 1 (partial)	552.6
42	Shijiazhuang	Evergrande Oasis Shijiazhuang	Phase 1 (partial)	260.5
43	Shijiazhuang	Evergrande Atrium Shijiazhuang	Phase 1 (partial)	203.7
44	Shijiazhuang	Evergrande Splendor Luquan	Phase 1 (partial)	24.4
45	Nanjing	Evergrande Oasis Nanjing	Phase 1	20.7
46	Nanjing	Evergrande Splendor Nanjing	Phase 2 to Phase 3 (partial)	48.4
47	Huai'an	Evergrande Metropolis Huai'an	Phase 1 (partial)	125.5
48	Zhenjiang	Evergrande Metropolis Danyang	Phase 1 (partial)	182.0
49	Taiyuan	Evergrande Oasis Taiyuan	Phase 1 to Phase 2 (partial)	279.4
50	Taiyuan	Evergrande Metropolis Taiyuan	Phase 1 (partial)	148.0
51	Zhengzhou	Evergrande Metropolis Zhengzhou	Phase 1 (partial)	142.4
52	Xinyang	Evergrande Metropolis Xinyang	Phase 1 (partial)	171.3
53	Luoyang	Evergrande Oasis Luoyang	Phase 1 to Phase 2 (partial)	194.3
54	Wuhan	Evergrande Palace Wuhan	Phase 2	11.0
55	Wuhan	Evergrande Oasis Wuhan	Phase 2 to Phase 3 (partial)	196.7
56	Wuhan	Evergrande City Wuhan	Phase 1 to Phase 2 (partial)	77.8
57	Wuhan	Evergrande Metropolis Wuhan	Phase 1 to Phase 2 (partial)	222.9
58	E'zhou	Evergrande Splendor E'zhou	Phase 2 to Phase 3 (partial)	137.0
59	Yichang	Evergrande Oasis Yichang	Phase 1 (partial)	169.6
60	Nanchang	Evergrande Oasis Nanchang	Phase 1 to Phase 2 (partial)	386.6
61	Nanchang	Evergrande Metropolis Jingde Town	Phase 1 (partial)	85.3
62	Tianjin	Evergrande Splendor Tianjin	Phase 2 to Phase 3 (partial)	3.5
63	Tianjin	Evergrande Oasis Tianjin	Phase 1 to Phase 2 (partial)	102.3
64	Tianjin	Evergrande Metropolis Tianjin	Phase 1 (partial)	67.1
65	Tianjin	Evergrande Scenic Garden Tianjin	Phase 1 (partial)	55.8
66	Guiyang	Evergrande Oasis Guiyang	Phase 1 to Phase 2 (partial)	44.9
67	Guiyang	Evergrande City Guiyang	Phase 1 (partial)	157.7
68	Zunyi	Evergrande City Zunyi	Phase 1 (partial)	43.3
69	Xi'an	Evergrande Oasis Xi'an	Phase 1 to Phase 2 (partial)	38.8
70	Xi'an	Evergrande City Xi'an	Phase 1 to Phase 2 (partial)	297.4
71	Danzhou	Evergrande Metropolis Danzhou	Phase 1 (partial)	118.1
72	Danzhou	Evergrande Splendor Danzhou	Phase 1 (partial)	7.2
73	Baotou	Evergrande Palace Baotou	Phase 1 to Phase 2 (partial)	237.0
74	Kunming	Evergrande Splendor Kunming	Phase 1 to Phase 2 (partial)	275.5
75	Qujing	Evergrande Metropolis Qujing	Phase 1 (partial)	17.8
	Total			**11,342.0**

Breakdown of completed projects during the year



	Region	Proportion to GFA completed
1	Sichuan Province	9.8%
2	Hunan Province	9.7%
3	Chongqing City	9.2%
4	Hebei Province	9.2%
5	Liaoning Province	8.1%
6	Guangdong Province	8.0%
7	Hubei Province	7.0%
8	Shandong Province	5.8%
9	Henan Province	4.5%
10	Anhui Province	4.4%
11	Jiangxi Province	4.2%
12	Shanxi Province	3.8%
13	Jiangsu Province	3.3%
14	Shaanxi Province	3.0%
15	Yunnan Province	2.6%
16	Guizhou Province	2.2%
17	Inner Mongolia Autonomous Region	2.1%
18	Tianjin City	2.0%
19	Hainan Province	1.1%
	Total	**100.0%**

As at 31 December 2011, the Group delivered a total of 77 properties with a transaction value of RMB60.47 billion, representing a year-on-year increase of 33.4%. The GFA of properties delivered was 9.471 million m^2, representing a year-on-year increase of 16.4%. The average price of properties delivered was RMB6,385 per m^2, representing a year-on-year increase of 14.6%.

Overall Situation of Projects Under Construction

Overall situation of GFA under construction of each project in 2011

No.	City	Project name	GFA under construction ('000 m^2)
1	Shenyang	Evergrande Oasis Shenyang	582.2
2	Shenyang	Evergrande City Shenyang	77.4
3	Shenyang	Evergrande Metropolis Shenyang	323.5
4	Shenyang	Evergrande Palace Shenyang	129.2
5	Shenyang	Evergrande Bay Shenyang	323.7
6	Liaoyang	Evergrande Oasis Liaoyang	468.2
7	Anshan	Evergrande Oasis Anshan	442.5
8	Panjin	Evergrande Palace Panjin	309.1
9	Yingkou	Evergrande Oasis Yingkou	468.2
10	Yingkou	Evergrande City Yingkou	386.2
11	Yingkou	Evergrande Bay Yingkou	211.2
12	Fushun	Evergrande Palace Fushun	190.5
13	Huludao	Evergrande Royal Scenic Bay Huludao	242.8
14	Jinan	Evergrande Oasis Jinan	534.1
15	Jinan	Evergrande Metropolis Jinan	189.1
16	Jinan	Evergrande City Jinan	493.7
17	Laiwu	Evergrande Splendor Laiwu	559.6
18	Dongying	Evergrande Yellow River Ecological City Dongying	383.5
19	Tai'an	Evergrande City Tai'an	109.8
20	Weifang	Evergrande Metropolis Weifang	318.8

No.	City	Project name	GFA under construction ('000 m^2)
21	Linyi	Evergrande Palace Linyi	231.2
22	Changsha	Evergrande Palace Changsha	127.4
23	Changsha	Evergrande Metropolis Changsha	157.1
24	Changsha	Evergrande City Changsha	214.5
25	Changsha	Evergrande Oasis Changsha	65.1
26	Changsha	Evergrande Atrium Changsha	288.3
27	Changsha	Evergrande Palace Liuyang	239.2
28	Chenzhou	Evergrande Palace Chenzhou	128.0
29	Yueyang	Evergrande Metropolis Yueyang	240.2
30	Zhuzhou	Evergrande Metropolis Zhuzhou	127.8
31	Hefei	Evergrande Palace Hefei	24.7
32	Hefei	Evergrande City Hefei	461.6
33	Hefei	Evergrande Emperor Scenic Hefei	250.0
34	Huaibei	Evergrande Metropolis Huaibei	321.2
35	Tongling	Evergrande Oasis Tongling	367.2
36	Wuhu	Evergrande Palace Wuhu	117.2
37	Huaibei	Evergrande Atrium Huaibei	104.5
38	Bozhou	Evergrande City Bozhou	203.9
39	Huainan	Evergrande Oasis Huainan	152.9
40	Anqing	Evergrande Oasis Anqing	280.0
41	Lu'an	Evergrande Royal Scenic Bay Lu'an	590.0
42	Chengdu	Evergrande Oasis Chengdu	44.5
43	Chengdu	Evergrande City Chengdu	100.7
44	Chengdu	Evergrande Scenic Garden Chengdu	55.9
45	Chengdu	Evergrande Metropolis Chengdu	96.8
46	Chengdu	Evergrande Royal Scenic Peninsula Chengdu	446.0
47	Chengdu	Evergrande Atrium Chengdu	183.9
48	Meishan	Evergrande Splendor Pengshan	793.1
49	Nanchong	Evergrande Oasis Nanchong	249.8
50	Qionglai	Evergrande Emerald Court Qionglai	93.4
51	Ziyang	Evergrande City Ziyang	104.1
52	Zigong	Evergrande Oasis Zigong	651.2
53	Foshan	Evergrande Metropolis Foshan	221.5
54	Foshan	Evergrande Royal Scenic Peninsula Guangdong	209.5
55	Guangzhou	Jinbi Junhong Garden	30.7
56	Guangzhou	Evergrande Scenic Garden Guangdong	142.2
57	Qingyuan	Evergrande Splendor Qingyuan	813.3
58	Qingyuan	Evergrande Silver Lake City Qingyuan	152.4
59	Zhongshan	Evergrande Oasis Zhongshan	199.2
60	Yunfu	Evergrande City Yunfu	210.5
61	Chongqing	Evergrande Palace Chongqing	13.6
62	Chongqing	Evergrande City Chongqing	336.9
63	Chongqing	Evergrande Splendor Chongqing	184.6
64	Chongqing	Evergrande Metropolis Chongqing	4.2
65	Chongqing	Evergrande Oasis Chongqing	28.3

No.	City	Project name	GFA under construction ('000 m^2)
66	Chongqing	Evergrande Atrium Chongqing	117.1
67	Chongqing	Evergrande Scenic Garden Fuling	480.0
68	Chongqing	Evergrande Emperor Scenic Chongqing	58.6
69	Chongqing	Evergrande Emerald Court Chongqing	63.3
70	Shijiazhuang	Evergrande City Shijiazhuang	372.8
71	Shijiazhuang	Evergrande Oasis Shijiazhuang	149.1
72	Shijiazhuang	Evergrande Atrium Shijiazhuang	326.4
73	Shijiazhuang	Evergrande Splendor Shijiazhuang	125.0
74	Shijiazhuang	Evergrande Metropolis Shijiazhuang	87.7
75	Shijiazhuang	Evergrande Splendor Luquan	62.6
76	Qinhuangdao	Evergrande City Qinhuangdao	192.2
77	Nanjing	Evergrande Oasis Nanjing	135.1
78	Nanjing	Evergrande Splendor Nanjing	250.3
79	Huai'an	Evergrande Metropolis Huai'an	253.1
80	Zhenjiang	Evergrande Metropolis Danyang	175.5
81	Zhenjiang	Evergrande Oasis Zhenjiang	73.2
82	Zhenjiang	Evergrande Atrium Jurong	114.2
83	Suqian	Evergrande Palace Suqian	224.7
84	Taiyuan	Evergrande Oasis Taiyuan	303.6
85	Taiyuan	Evergrande Metropolis Taiyuan	244.2
86	Yuncheng	Evergrande Oasis Yuncheng	253.4
87	Linfen	Evergrande Palace Linfen	420.0
88	Taiyuan	Evergrande Palace Taiyuan	217.4
89	Lvliang	Evergrande Royal Scenic Lvliang	102.3
90	Zhengzhou	Evergrande Metropolis Zhengzhou	52.2
91	Xinyang	Evergrande Metropolis Xinyang	590.5
92	Luoyang	Evergrande Oasis Luoyang	455.1
93	Wugang	Evergrande Palace Wugang	119.2
94	Anyang	Evergrande Oasis Anyang	197.6
95	Xinxiang	Evergrande Atrium Xinxiang	136.6
96	Wuhan	Evergrande Palace Wuhan	167.1
97	Wuhan	Evergrande Oasis Wuhan	225.9
98	Wuhan	Evergrande City Wuhan	21.1
99	Wuhan	Evergrande Metropolis Wuhan	397.1
100	E'zhou	Evergrande Splendor E'zhou	471.8
101	Yichang	Evergrande Oasis Yichang	330.6
102	Nanchang	Evergrande Oasis Nanchang	345.5
103	Nanchang	Evergrande Metropolis Nanchang	113.7
104	Jingde Town	Evergrande Metropolis Jingde Town	323.5
105	Xinyu	Evergrande Atrium Xinyu	376.4
106	Yingtan	Evergrande Oasis Yingtan	124.6
107	Xinyu	Evergrande City Xinyu	94.3
108	Changchun	Evergrande Oasis Changchun	640.2
109	Jilin	Evergrande Palace Jilin	371.8
110	Changchun	Evergrande Royal Scenic Changchun	327.9

No.	City	Project name	GFA under construction ('000 m^2)
111	Changchun	Evergrande City Changchun	268.9
112	Changchun	Evergrande Emerald Court Changchun	66.0
113	Changchun	Evergrande Metropolis Changchun	324.5
114	Tianjin	Evergrande Splendor Tianjin	85.9
115	Tianjin	Evergrande Oasis Tianjin	945.7
116	Tianjin	Evergrande Metropolis Tianjin	147.9
117	Tianjin	Evergrande Scenic Garden Tianjin	348.4
118	Tianjin	Evergrande Royal Scenic Peninsula Tianjin	54.4
119	Guiyang	Evergrande Oasis Guiyang	81.6
120	Guiyang	Evergrande City Guiyang	335.2
121	Guiyang	Evergrande City Zunyi	145.0
122	Guiyang	Evergrande Metropolis Guiyang	192.5
123	Kaili	Evergrande City Kaili	128.2
124	Xi'an	Evergrande Oasis Xi'an	428.7
125	Xi'an	Evergrande City Xi'an	307.6
126	Hanzhong	Evergrande City Hanzhong	268.4
127	Harbin	Evergrande Oasis Harbin	171.9
128	Harbin	Evergrande City Harbin	94.7
129	Dongguan	Evergrande Atrium Dongguan	95.9
130	Qinzhou	Evergrande Oasis Qinzhou	316.0
131	Beihai	Evergrande Royal Scenic Peninsula Beihai	440.0
132	Xining	Evergrande Metropolis Xining	143.2
133	Lanzhou	Evergrande City Lanzhou	221.9
134	Danzhou	Evergrande Metropolis Danzhou	236.3
135	Danzhou	Evergrande Splendor Danzhou	203.2
136	Nantong	Evergrande Splendor Qidong	891.6
137	Jiaxing	Evergrande Oasis Jiaxing	114.7
138	Wujiaqu	Evergrande Splendor Wujiaqu	282.5
139	Baotou	Evergrande Palace Baotou	130.4
140	Baotou	Evergrande Metropolis Baotou	127.8
141	Ulanhot	Evergrande Oasis Ulanhot	230.0
142	Kunming	Evergrande Splendor Kunming	361.6
143	Qujing	Evergrande Metropolis Qujing	154.7
144	Shizuishan	Evergrande Oasis Shizuishan	203.5
145	Yinchuan	Evergrande Metropolis Yinchuan	411.2
146	Wuzhong	Evergrande Metropolis Wuzhong	77.8
	Total		**36,523.9**

As at 31 December 2011, the Group had 146 projects under construction with a GFA of approximately 36.524 million m^2. There were 121 projects already in sales mode and 66 projects pending sales launches.

Investment Properties

During the year, the Group appropriately improved its investment properties portfolio including retail shops and car parks, with an aim to benefit from the long term and stable growth of cash flow to supplement the property development operation. As at 31 December 2011, the Group possessed approximately 490,756 m^2 of retail and composite building floor area and 79,818 car park spaces, which spread nationally in 72 projects in the PRC. Given the large number of investment properties in the portfolio and no individual property held for investment purposes was considered to be material with reference to the value of the total assets of the Group, general details about investment properties are set out in Note 8 to the Financial Statements. During the year, we achieved a total rental income of RMB83.92 million, a year-on-year increase of 64.0%; segmental profit was RMB4.34 billion, of which fair value gain of the investment properties amounted to RMB4.24 billion (net profit after tax was approximately RMB3.18 billion).

Property Management

During the year, the Group recorded a revenue from property management of RMB0.46 billion, representing a year-on-year growth of 253.8%. Such an increase was mainly attributable to the rise of property management fees as a result of the increase in the GFA of properties completed and delivered during the year.

Other Business

During the year, the Group recorded a total of RMB0.90 billion of revenue mainly generated from property construction and hotel operation, an increase of 221.4% from last year, which was mainly due to the fact that more construction work was conducted by our newly acquired subsidiary Shenzhen Construction (Group) Co., Ltd., which is engaged in property development and provision of construction services.

Human Resources

As at 31 December 2011, the Group had a total of 32,644 employees where approximately 90% of which are graduates with a property development university degree or above, forming a team of young, highly educated and high quality personnel.

In 2011, the Group hired a total of 1,194 fresh graduates and 6,418 experienced professionals. Our various departments organised approximately 355 training sessions and professional seminars for the staff throughout the year and trained approximately 45,644 staffs in aggregate. The training attendance was 1.4 with approximately 3 hours per session out of approximately 1,028 training hours in total.

The Group firmly believes that people is the most important resources, and has been adhering to a people-oriented human resources development strategy. This helped us create a harmonious working environment and positive interaction between the Group and its staff. As at 31 December 2011, total staff cost (including directors' fees) of the Group was approximately RMB3.39 billion (2010: approximately RMB1.78 billion).

Directors and Administrative Structure

Directors and Administrative Structure

Executive Directors

Hui Ka Yan (許家印)

age 53, our chairman of the Board of the Group. Dr Hui is responsible for organising the overall development strategies of the Group. He has over 28 years of experience in real estate investment, property development and corporate management. Currently Dr Hui is a member of the 11th National Committee of the Chinese People's Political Consultative Conference. He also serves as a 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 also been a professor in management in Wuhan University of Science and Technology since 2003. He was appointed as doctoral tutor of that university in 2010.

Xia Haijun (夏海鈞)

age 48, our vice chairman of the Board and president of the Group. Dr Xia has 18 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, budgeting, development of 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)

age 48, our vice chairman of the Board and executive vice president of the Group. Mr Li has more than 17 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.

Executive Directors

Tse Wai Wah (謝惠華)

age 45, our executive Director and chief financial officer. Mr Tse takes full charge of financial management. Mr Tse has over 18 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").

Xu Xiangwu (徐湘武)

age 47, our executive Director and vice president. Mr Xu takes full charge of the Group's development of construction systems. He has over 20 years of experience in construction development. He has a master degree in structural engineering.

Xu Wen (徐文)

age 48, our executive Director and vice president. Mr Xu is responsible for the Group's materials procurement and planning. He has over 18 years of experience in project management, construction research and design. Mr Xu has a bachelor's degree in civil construction and a master's degree in project management. He is a registered structural engineer and a qualified supervising engineer in China.

Lai Lixin (賴立新)

age 40, our executive Director and vice president. Mr Lai is responsible for our capital operation and investment strategies. He has more than 17 years of experience in the operation and management of real estate projects and has a master's degree in project management.

He Miaoling (何妙玲)

age 46, our executive Director and vice president. Ms He is responsible for the Group's project marketing and planning. She has more than 12 years of experience in marketing and brand promotion in the property industry. She has a bachelor's degree in applied mathematics.

Independent Non-Executive Directors

Yu Kam Kee, Lawrence (余錦基)

BBS, MBE, JP, aged 66, is our independent non-executive director. Mr Yu has served as our independent non-executive director since 14 October 2009. Mr Yu underwent training at Bayer AG and Cassella AG in Germany and has accumulated many years experience of chemical industry. Mr Yu is the honorary life president of the Hong Kong Dyestuffs Merchants Association Limited. He also serves on many charitable and social organisations, and is currently the co-chairman of the Campaign Committee of the Community Chest of Hong Kong, honorary vice president of the Hong Kong Football Association Limited, the president of Hong Kong Automobile Association and the Chairman of the Hong Kong Liver Foundation. Mr Yu is independent non-executive director of Great China Holdings Limited (a company listed on the Main Board of the Hong Kong Stock Exchange; Stock Code: 141).

Mr Yu was the chairman and executive director of China Renji Medical Group Limited, Rosedale Hotel Holdings Limited (formerly known as Wing On Travel (Holdings) Limited) and See Corporation Limited (companies listed on the Main Board of the Hong Kong Stock Exchange; Stock Code: 648, 1189 and 491) until 18 April 2007, 1 December 2007 and 1 October 2009 respectively when his resignation as the chairman and executive director of the three companies took effect. Mr Yu was also the chairman and non-executive director of Trasy Gold Ex Limited (a company listed on the GEM Board of the Hong Kong Stock Exchange; Stock Code: 8063) until 1 October 2009 when his resignation as the chairman and non-executive director of the company took effect. Mr Yu was the independent non-executive director of The Hong Kong Building and Loan Agency Limited and CMMB Vision Holdings Limited (formerly known as Global Flex Holdings Limited) (companies listed on the Main Board of the Hong Kong Stock Exchange; Stock Code: 145 and 471) until 2 December 2009 and 1 June 2011 respectively when his resignation as the independent non-executive director of the two companies took effect.

Chau Shing Yim, David (周承炎)

age 47, our independent non-executive Director. Mr Chau has been our independent non-executive Director since 14 October 2009. Mr Chau has over 21 years' experience in corporate finance, working on projects ranging from initial public offerings and restructuring of PRC enterprises for cross-border and domestic takeovers. He was formerly a partner of Deloitte Touche Tohmatsu in Hong Kong, heading the merger and acquisition and corporate advisory services. 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 Holdings Limited and an independent non-executive director of Lee & Man Paper Manufacturing Limited, Shandong Molong Petroleum Machinery Company Limited and Varitronix International Limited, shares of all these companies are listed on the Stock Exchange.

He Qi (何琦)

age 53, 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 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 standing deputy city major 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.

Company Secretary

Fong Kar Chun, Jimmy (方家俊)

age 37, our vice president and our 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 planning and implementing our international fund raising and overseeing the investors relationship department with Mr Lai. Mr Fong obtained his Bachelor of Laws and a postgraduate certificate in laws from the University of Hong Kong in 1997 and 1998 respectively. Mr Fong obtained his Master of Laws in Banking and Finance Laws from the London School of Economics and Political Science, University of London in 2000.

Senior Management

Lin Manjun (林漫俊)

age 42, our vice president. Mr Lin is solely responsible for the Group's tender and bidding management, contract management and budgeting and audit management. He has over 18 years of experience in project design and tender and bidding management.

Sun Yunchi (孫雲馳)

age 39, our vice president. Mr Sun is responsible for the fund raising and financing management for some of the Group's regions. He has more than 16 years of experience in capital operations and management.

Li Guodong (李國東)

age 49, our vice president. Mr Li is responsible for the fund raising and financing management for some of the Group's regions. He has over 15 years of experience in capital operation and management.

Wei Keliang (魏克亮)

age 54, our vice president. Mr Wei is responsible for the fund raising and financing management for some of the Group's regions. He has more than 23 years of experience in economic management and fund management. He has a master's degree in economics and is accredited as a senior economist in China.

Shi Shouming (時守明)

age 38, our vice president. Mr Shi is responsible for project development and project cooperation. He has more than 13 years of experience in the management of project development and operation. He has a bachelor's degree in management engineering.

Peng Jianjun (彭建軍)

age 41, our vice president. Mr. Peng is responsible for the management and operation of our hotel sector. He has extensive experience in hotel management. Mr Peng obtained a PhD degree in management from Jinan University in 2005. He is accredited as a senior economist and has won numerous awards as a distinguished hotel manager.

Wang Chuan (王川)

age 45, our vice president. Ms Wang is solely responsible for the design, cost and quality control, landscape design and construction of our property projects. She has over 22 years of research and development, design and management experience. She has a bachelor's degree in construction engineering.

Wu Liqun (伍立群)

age 48, our vice president. Ms Wu is responsible for external affairs. She has over 17 years of corporate management experience.

Liu Yongzhuo (劉永灼)

age 31, our vice president. He is responsible for our football clubs and volleyball clubs. He has a bachelor's degree in business administration.

Yu Weiqiao (余偉橋)

age 55, our vice president and chairman for the Guangdong region. 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 36 years of banking and asset management experience and a master's degree in economics.

Hong Changlong (洪昌龍)

age 45, our vice president. Mr. Hong is responsible for the supervision of the Group's construction development, product quality work and development of reporting of construction projects. He has over 21 years of 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.

Ke Peng (柯鵬)

age 32, our vice president. 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.

Xu Xiaojun (許曉軍)

age 40, our vice president. Mr Xu is responsible for the fund raising and financing management for some of the Group's regions. He has over 14 years of experience in property development and management. He has a master's degree in mechanical engineering and is a certified commercial investment manager.

Xu Jianhua (許建華)

age 49, our vice president. Mr Xu is currently responsible for the Group's equity financing and trust financing. He has 13 years of experience in fund operations and has a doctorate degree in business administration. He is a senior economist.

Investor Relationship Report

The Group strives to establish a two-way interactive relationship with investors. In 2011, the Group has received a total of 1,496 various visitors from 876 investment institutions by different means including roadshow, annual general meeting and project visit. During the year, the Group has participated in the deal roadshows and results roadshows held by Goldman Sachs, Citi, Bank of America Merrill Lynch and Deutsche Bank in Hong Kong, Singapore, London, New York, Boston, Los Angeles, Amsterdam, Beijing, Shanghai and Shenzhen, and attended 23 investor summits or seminars organised by investment banks and securities firms namely DBS Bank, Macquarie Securities, JP Morgan, UBS, HSBC, Morgan Stanley and Jefferies.

In particular, the management held a total of 142 teleconferences and face to face conferences, and received 205 analysts and investors from various major institutions. During roadshows, the Group had met with 326 investors from 227 renowned investment institutions. The Group attended various investor conferences, meeting 420 investors from a total of 250 investment institutions.

In 2011, the Group insisted on organising a monthly conference on the performance of contracted sales and having the senior management of the Group or management teams of regional companies to receive the investors during project visits. During the year, the Group received a total of 545 analysts and investors form 257 institutions for project visits. In addition, the Group also regularly publishes sales presentations and results review to investors; conducts real-time exchanges with investors on various hot topics in a timely manner; seriously listens to the comments and suggestions from the investors; and answers their queries.

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

Summary of the Group's Investor Relations Activities for 2011

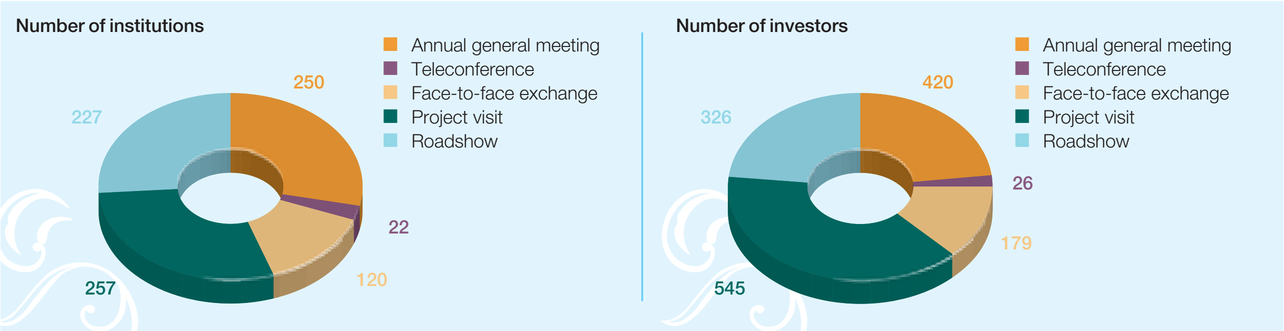
Month	Venue	Activity
January	Hong Kong	Convening 2010 annual contracted sales results press conference and briefing for analysts
February	Hong Kong	Convening January 2011 contracted sales results press conference and briefing for analysts
	Beijing	Attending Euromoney Magazine's annual high-yield bonds forum
March	Hong Kong	Convening February 2011 contracted sales results press conference and briefing for analysts
	Hong Kong	Convening 2010 annual results press conference and briefing for analysts
	Hong Kong	Attending 2010 annual results roadshow in Hong Kong as organised by Citi and Goldman Sachs
	London	Attending 2010 annual results roadshow in London as organised by Goldman Sachs and Credit Suisse
April	Hong Kong	Attending 2010 annual results roadshow in Hong Kong as organised by Bank of America Merrill Lynch
	Singapore	Attending 2010 annual results roadshow in Singapore as organised by Bank of America Merrill Lynch and Deutsche Bank
	Shenzhen	Attending 2010 annual results roadshow in Shenzhen as organised by Deutsche Bank
	Shanghai	Attending 2010 annual results roadshow in Shanghai as organised by Goldman Sachs
	Beijing	Attending 2010 annual results roadshow in Beijing as organised by Deutsche Bank
	Boston	Attending 2010 annual results roadshow in Boston as organised by Bank of America Merrill Lynch
	New York	Attending 2010 annual results roadshow in New York as organised by Goldman Sachs and Bank of America Merrill Lynch
	Los Angeles	Attending 2010 annual results roadshow in Los Angeles as organised by Credit Suisse
	Hong Kong	Convening March 2011 contracted sales results press conference and briefing for analysts
	Hong Kong	Attending DBS Bank's Investors Annual Conference

Month	Venue	Activity
May	Hong Kong	Convening April 2011 contracted sales results press conference and briefing for analysts
	Singapore	Attending Citi Bank's Real Estate Industry Conference
	Hong Kong	Attending Macquarie Securities' Investors Conference in Hong Kong
	Beijing	Attending CLSA's Investors Conference in Beijing
	Singapore	Attending Bank of America Merrill Lynch's Investors Conference
	Singapore	Attending Deutsche Bank's Investors Conference
	Hong Kong	Attending Mirae Asset's Real Estate Industry Summit
June	Beijing	Attending JP Morgan's Annual Conference in Beijing
	Hong Kong	Convening May 2011 contracted sales results press conference and briefing for analysts
	Hong Kong	Attending CLSA's Small-scale Investors Seminar
	Hong Kong	Attending Finance Asia's Asia-Pacific bond investors forum
	Singapore	Attending Nomura's Asia capital forum
July	Singapore	Attending DBS Bank's Hong Kong, Korea and PRC listed companies investor forum
	Hong Kong	Convening June 2011 contracted sales results press conference and briefing for analysts
	Hong Kong	Attending Citi Bank's Real Estate Industry Seminar
August	Hong Kong	Convening July 2011 contracted sales results press conference and briefing for analysts
	Hong Kong	Convening 2011 interim results press conference and briefing for analysts
	Hong Kong	Attending 2011 interim results roadshow in Hong Kong organised by Citi
	Singapore	Attending 2011 interim results roadshow in Singapore organised by Deutsche Bank

Month	Venue	Activity
September	Hong Kong	Attending 2011 interim results roadshow in Hong Kong organised by Goldman Sachs and Bank of America Merrill Lynch
	Singapore	Attending 2011 interim results roadshow in Singapore organised by DBS Bank
	Amsterdam	Attending 2011 interim results roadshow in Amsterdam organised by Deutsche Bank
	London	Attending 2011 interim results roadshow in London organised by JP Morgan
	New York	Attending 2011 interim results roadshow in New York organised by Bank of America Merrill Lynch
	Boston	Attending 2011 interim results roadshow in Boston organised by Credit Suisse
	Los Angeles	Attending 2011 interim results roadshow in Los Angeles organised by Credit Suisse
	Hong Kong	Convening August 2011 contracted sales results press conference and briefing for analysts
	Hong Kong	Attending CLSA's 2011 Investors Conference
	Hong Kong	Attending UBS's Real Estate Industry Conference
October	Hong Kong	Convening September 2011 contracted sales results press conference and briefing for analysts
	Hong Kong	Attending HSBC's Asia Real Estate Industry Conference
	Macau	Attending Citi Bank's Real Estate Industry Conference
	Beijing	Attending Goldman Sachs' Investors Conference in Beijing
November	Beijing	Attending Bank of America Merrill Lynch's Investors Conference in Beijing
	Hong Kong	Convening October 2011 contracted sales results press conference and briefing for analysts
	Singapore	Attending Morgan Stanley's Investors Seminar
	Hong Kong	Attending Jefferies' Real Estate Industry Conference
December	Hong Kong	Convening November 2011 contracted sales results press conference and briefing for analysts
	Shenzhen	Attending Shenyin Wangguo's PRC Privately-owned Investors Conference

Overview of the Group's Investor Relations Activities for 2011

Investor Relations Activities	Number of institutions	Number of investors
Roadshow	227	326
Project visit	257	545
Face-to-face exchange	120	179
Teleconference	22	26
Annual general meeting	250	420
Total	**876**	**1,496**



Corporate Social Responsibility Report

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

In 2011, the Group continued to devote its best efforts to charitable activities that support livelihood, education, sports and culture. In particular, the Group actively endeavoured to alleviate poverty and expressed its concerns over the livelihood of the poor and the development of the deprived regions with a view to facilitating the harmonious development of the society.

Welfare and Charity

In May, the Group agreed to support the development of the mountainous regions in northern Guangzhou and was involved in five poverty alleviation projects in Zhengguo Town, Zengcheng, Guangzhou relating to the construction of resettlement housing, healthcare centre, featured street, theatre and hotel. A comprehensive range of utility facilities covering commerce, healthcare and culture will provide fundamental protection to 4,969 deprived people in 31 impoverished villages.

In June, at the poverty alleviation event held in Guangdong, the Group agreed to donate RMB318 million to alleviate poverty in Guangdong based on certain progress in five years, representing the largest sum of donation amongst others in the poverty alleviation event held in Guangdong in 2011. Apart from such generous donation, Evergrande actively reinvents the charitable working mechanism and aspires towards a regulated and efficient philanthropy environment in China with an aim to enhance the ethical values of the enterprise from a higher perspective.

In July, Evergrande donated RMB30 million to China Foundation for Poverty Alleviation for the establishment of an education fund for the deprived university undergraduates pursuant to which China Foundation for Poverty Alleviation is entrusted to allocate such RMB30 million to around ten thousand students in a hundred high schools nationwide within the specified period. While monitoring the allocation of funds of the project at all levels, the Group ensured the education fund could be allocated to the university undergraduates in need in an equitable, adequate and timely manner.

Green Energy

As an enterprise which actively implements green construction practices in China, the Group is committed to delivering fully-refurbished properties to reduce the environmental pollution from refurbishment works. Moreover, the Group, with the support of its edge in standardised operations, cooperated with strategic upstream and downstream partners along the industry chain in observing green and low-carbon environmental standards in terms of construction material procurement and application, and putting various energy-saving construction technologies and designs into practice in the course of integrating design, construction, completion approval, operation and management, to produce quality, green products.

Creditworthy Cooperation

In 2011, the Group further expanded the scale of brand alliance and capitalised on its cost advantages with the economies of scale. The speedy growth of the Group drove the development of the upstream and downstream businesses, generating tremendous and integrated benefits to the society. Many alliance enterprises underwent an internal breakthrough upon cooperation with Evergrande, as evidenced by the successful listing of China Liansu and Shenzhen Grandland. The Group, in adherence to the principle of positive cooperation, strictly followed its commitment in the partnership with more than 300 strategic partners and promoted the development of “creditworthy alliance” to achieve a healthy and sustainable win-win situation.

Future Direction

The Group will continue to undertake its corporate citizenship responsibilities and adhere to the utmost social responsibility of “developing properties for people’s livelihood” as well as actively assume greater social responsibilities so as to make its own contribution towards development in harmony with the society and people.

2011
Major Awards and Prizes

Top Ten Property Developers in China	March 2011
Top Ten China Real Estate Enterprises with Sense of Social Responsibility	March 2011
Top Ten China Real Estate Enterprises with Operating Efficiency	March 2011
Top Ten City Coverage's Real Estate Developers in China for 2011	March 2011
Real Estate Listed Companies in China with Integrated Capability — No.2	May 2011
Most Valued Real Estate Listed Company for 2011	July 2011
Top Ten Most Competitive Listed Companies in China for 2011	July 2011

The Sixth China Charity Award	July 2011
Most Valued Real Estate Listed Company for 2011	July 2011
Most Valued China Real Estate Listed Companies for 2011 — Top Ten Overall Most Valued Chinese Stocks in Hong Kong	September 2011
Top Ten Property Brand Value in China for 2011 — No.1	September 2011
Outstanding Contribution Award for 2011	October 2011
Blue-Chip Real Estate Enterprise	November 2011
Creditworthy Real Estate Enterprise in China for 2009-2010	December 2011
China's Real Estate Enterprise of the Year (2011)	December 2011

2011 Milestones

1 Jan

The Group successfully issued bonds amounting to US$1.4 billion (equivalent to RMB9.25 billion), setting a new record in terms of fund raising by PRC developers listed in Hong Kong.

The Group won the bid for 71% equity interests of Shenzhen Construction (Group) Co., Ltd. through public auction on the Shenzhen United Property and Share Rights Exchange at the consideration of RMB1.66 billion, representing the Group's official foothold in Shenzhen. Shenzhen Construction (Group) possesses superior development qualifications and abundant quality land resources and projects, establishing a solid foundation for the strong growth of the Group.

3 Mar

The Group was ranked No.2 in the assessment of the Top 500 Chinese Real Estate Enterprises in 2010.

According to the annual report published in 2010, the Group generated revenue of RMB45.8 billion, representing a year-on-year increase of 700.7%. The Group recorded net profits of RMB8.02 billion, representing a year-on-year increase of 616.1%. Total assets amounted to RMB104.45 billion, representing a year-on-year of 65.6%. Contracted sales amount was RMB50.42 billion, representing a year-on-year increase of 66.4%.

4 Apr

In order to develop a more professional sports industry in China, the Group hosted the opening ceremony of Chinese Super League, which increased the publicity of China Super League, laying a foundation for generating attractive returns from the league-related markets in the future

To support the education development in Henan, Professor Hui Ka Yan, Chairman of the Board of the Group gave away Evergrande Secondary School to the government at no cost at the "5+2" Economic Cooperation Campaign.

5 May

The Group agreed to support the development of the mountainous regions in northern Guangzhou and planned to inject approximately RMB250 million in the in construction projects of featured street, healthcare centre, theatre and resettlement housing in Zhengguo Town, Zengcheng so as to build a strong and sustainable system, which provides fundamental protection to 4,969 deprived people in 31 impoverished villages.

6 Jun

Another cultural tourism integrated project—Evergrande Century Resort, which is a super-five star standard hotel, had its grand opening. This represents another milestone of Evergrande's hotel business, along with more developed commercial development and management.

The Group agreed to donate RMB318 million to alleviate poverty in Guangdong based on certain progress in five years, representing the largest sum of donation amongst others in the poverty alleviation event held in Guangdong in 2011.

7 Jul

The Group invited more than 300 renowned suppliers to organise the global strategic partner summit for 2011 to further expand its strategic alliance.

The Group donated RMB30 million to China Foundation for Poverty Alleviation for subsidising the deprived university undergraduates in a hundred high schools nationwide. While monitoring the allocation of funds of the project at all levels, the Group ensured the education fund could be allocated to the university undergraduates in need in an equitable, adequate and timely manner.

8 Aug

The Group announced the interim results for 2011. The Group maintained an industry leading position in a number of core indicators nationwide including saleable area, area under construction, net profit, core business profit, turnover and sales growth, with total assets increased to RMB148.07 billion, ranking first among the property developers listed in Hong Kong.

9 Sep

Based on the Research Report on the Brand Value of the Chinese Real Estate Enterprises for 2011 jointly issued by China Real Estate Information, China Real Estate Information Corporation and China Real Estate Assessment Center, the brand value of Evergrande was valued at RMB21.018 billion.

In order to facilitate the fundamental education and long-term development of the football industry in China, the Group joined hands with Real Madrid to create the biggest football school worldwide and announced the first design mission paper of Evergrande-Real Madrid Football School.

Guangzhou Evergrande Football Club won the championship of Chinese Football Association Super League four rounds ahead.

10 Oct

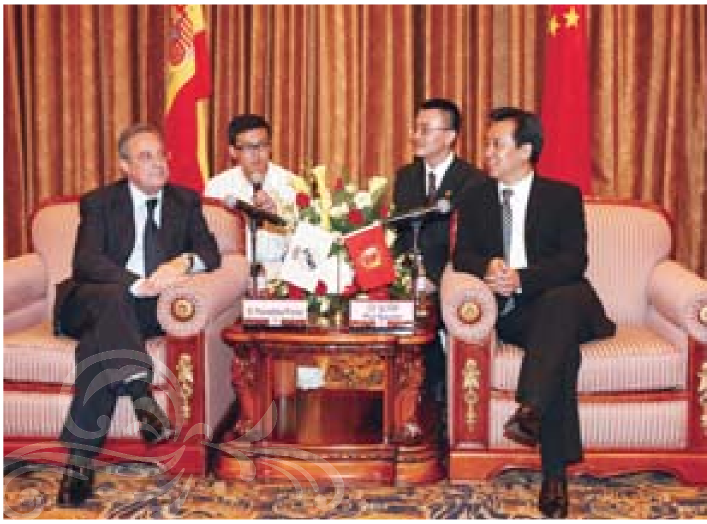
The Group accomplished the RMB70 billion annual contracted sales target two months ahead.

11 Nov

The Group and the municipal government of Qingyuan signed a cooperation agreement to build the world's biggest football school there.

12 Dec

In 2011, the Group set another new record in contracted sales and reached RMB80.39 billion.



Corporate Governance Report

Corporate Governance Report

The Company recognizes the value and importance of achieving high corporate governance standards to enhance corporate performance and accountability. The Board of Directors will 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.

We have been conducting our business according to the principles of the Code on Corporate Governance Practices ("Corporate Governance Code") set out in Appendix 14 to the Listing Rules, and we have complied with all the code provisions of the Corporate Governance Code during the year ended 31 December 2011.

Board of Directors

Composition of the Board of Directors

The Board of Directors of the Company comprises 8 executive directors and 3 independent non-executive directors. As of 31 December 2011, the directors of the Company are as follows:

Dr. Hui Ka Yan *(Chairman)*
Dr. Xia Haijun *(Vice Chairman, Chief Executive Officer)*
Mr. Li Gang *(Vice Chairman, Executive Vice President)*
Mr. Tse Wai Wah *(Executive Director)*
Mr. Xu Xiangwu *(Executive Director)*
Mr. Xu Wen *(Executive Director)*
Mr. Lai Lixin *(Executive Director)*
Ms. He Miaoling *(Executive Director)*
Mr. Yu Kam Kee, Lawrence *(Independent Non-executive Director)*
Mr. Chau Shing Yim, David *(Independent Non-executive Director)*
Mr. He Qi *(Independent Non-executive Director)*

Details of the resume of the members of the Board of Directors are as set out on page 37 to page 41 of this annual report.

Since the Listing Date and up to 31 December 2011, the Board of Directors 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 with at least one independent non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise.

Each of the executive Directors has entered into a service contract with the Company for a term of three years commencing from the Listing Date 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 and 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, then 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 of Directors was satisfied with the independence of the Independent Non-executive Directors.

Board of Directors (Continued)

Roles and duties

The Board of Directors 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 of Directors also gave clear instructions on the authority delegated to the management for 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 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 review period with Dr. Hui Ka Yan being the chairman and Dr. Xia Haijun being the CEO of the Company, respectively.

The Board of Directors is responsible for the internal control of the Group and for reviewing its effectiveness. Procedures have been designed for safeguarding assets against unauthorized use or disposition, the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publications and the compliance of applicable laws, rules and regulations. For the year ended 31 December 2011, the Directors have conducted a review of 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 of the Company and its subsidiaries. The work carried out by the internal audit department will ensure the internal controls are in place and functioning properly as intended.

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 develop 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 on compliance with legal and regulatory requirements; (d) to develop, 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 disclosure 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 of Directors meets regularly to discuss and formulate the overall strategy as well as the operation and financial performance of the Group. Directors may participate either in person, by proxy, or through electronic means of communications.

5 meetings of the Board of Directors were convened by the Company during the year from 1 January 2011 to 31 December 2011. At least 14 days’ notices were given for a regular board meeting to give all Directors an opportunity to attend. For all other board meetings, reasonable notice were given.

Board of Directors (Continued)

Roles and duties (Continued)

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

Director	Number of meetings attended/Number of meetings held Meeting of the Board of Directors
Executive Director	
Hui Ka Yan	3/5
Xia Haijun	4/5
Li Gang	3/5
Tse Wai Wah	5/5
Xu Xiangwu	3/5
Xu Wen	3/5
Lai Lixin	5/5
He Miaoling	3/5
Independent Non-executive Director	
Yu Kam Kee, Lawrence	5/5
Chau Shing Yim, David	5/5
He Qi	4/5

Committees of the Board of Directors

On 14 October 2009, the Company set up the Audit Committee, Remuneration Committee and Nomination Committee in respect of the Board of Directors.

Audit Committee

The Audit Committee was set up on 14 October 2009 comprising 3 members, namely Mr. Chau Shing Yim, David, Chairman of the Committee, Yu Kam Kee, Lawrence and He Qi, all independent non-executive Directors. The Audit Committee adopted the written terms of reference which were mostly the same as those set forth in the code provision C3.3 of the Corporate Governance Code . The Audit Committee is principally responsible for the following (inter alia) duties:

- to provide recommendations and opinion on the appointment, re-appointment and removal of external auditors, 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 effectiveness of the audit procedures are in accordance with applicable standards;

- to formulate and implement policies for the engagement of external auditors for non-audit services;

Audit Committee (Continued)

- to monitor the integrity of the financial statements of the Company, the annual report and accounts and interim reports of the Company, and review the material financial reportings 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 practice of the Group; and
- to review the external auditors' management letter, 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 24 March 2011 and 26 August 2011, respectively, to review the Group's 2010 annual results and 2011 interim results and all the committee members attended the two meetings. The Audit Committee has recommended to the Board the re-appointment of PricewaterhouseCoopers as the Company's external auditor for the financial year ending 31 December 2011 at the forthcoming annual general meeting of the Company.

For the year ended 31 December 2011, the remuneration of external auditors of the Group amounted to RMB15,573,000. For the year ended 31 December 2011, the external auditors had not provided any non-audit service. The Audit Committee was of the opinion that the independence of the external auditors was not affected by their provision of the non-audit work to the Group.

Pursuant to the Articles, the tenure of the Auditor of the Company will expire upon the closing of the 2011 Annual General Meeting.

The Audit Committee proposed to the Board of Directors to nominate the re-appointment of PricewaterhouseCoopers as Auditor of the Company in the 2011 Annual General Meeting.

Remuneration Committee

The Remuneration Committee was set up on 14 October 2009, its terms of reference were basically the same as the scope 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 2011, the members of the Remuneration Committee included Hui Ka Yan, Chairman of the Committee, Yu Kam Kee, Lawrence and He Qi.

The Remuneration Committee is principally in charge of the following duties:

- to make recommendations and suggestions to the Board of Directors 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 policy on such remuneration;
- 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 of Directors from time to time;

Remuneration Committee (Continued)

- 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;

- to review and approve the compensation arrangements involved in the termination or dismissal of directors due to improper conduct, to ensure that those arrangements are decided according to the relevant terms of the contracts, and that the compensation concerned is reasonable and appropriate; and

- to ensure that no director or any of his associates is involved in deciding his own remuneration.

No meeting was convened by the Remuneration Committee for the year ended 31 December 2011 as the Board did not put forward any material change in the remuneration package or change to the terms of employment of the directors and senior management.

Nomination Committee

The Nomination Committee was set up on 14 October 2009, its terms of reference were basically the same as the scope 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 2011, the members of the Nomination Committee included Hui Ka Yan, Chairman of the Committee, He Qi and Chau Shing Yim, David.

Nomination Committee is principally in charge of the following duties:

- to review the structure, size and composition (including skills, knowledge and experience) of the Board of Directors on a regular basis, and make recommendations and suggestions to the Board of Directors on any proposed changes;

- to identify individuals with suitable qualifications to serve as members of the Board of Directors, and select and nominate the relevant persons to serve as directors or make recommendation and suggestion to the Board of Directors in this regard;

- to appraise the independent status of the independent non-executive directors in accordance with the stipulations of the applicable laws, regulations and rules; and

- to make recommendations and suggestion to the Board of Directors regarding the appointment and re-appointment of directors by the Company and succession planning for directors (especially the chairman and chief executive director if any, of the Company).

During the year ended 31 December 2011, no meeting has been convened by the Nomination Committee because there has been no change in the membership of the Board of Directors. The Nomination Committee members may call any meeting at any time when necessary.

Securities Transactions Conducted by the Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (Model Code) set forth in Appendix 10 of the Listing Rules as the code of conduct for securities transactions conducted by the directors. After detailed and cautious enquiries, the Company confirmed that for the year ended 31 December 2011 all directors always abided by the Model Code.

Directors' Responsibilities for 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 Compliance Advisor of the Group to provide guidance and opinion to us in respect of the compliance with the Listing Rules and other regulations and practice governing listed issuers in Hong Kong.

Relationship with Our Controlling Shareholders

The Company has received, from each of Guangzhou Hengda Industrial Group Company Limited, 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 Guangzhou Hengda Industrial Group Company Limited, Xin Xin (BVI) Limited and Dr. Hui Ka Yan in favour of the Company pursuant to which each of Guangzhou Hengda Industrial Group Company Limited, Xin Xin (BVI) Limited and Dr. Hui Ka Yan have unconditionally undertaken to the Company that he/it will not directly or indirectly participate in, hold any right or interest, or otherwise be involved in, any business which may be in competition with the businesses of the Group. The independent non-executive Directors have reviewed and were satisfied that each of Guangzhou Hengda Industrial Group Company Limited, Xin Xin (BVI) Limited and Dr. Hui Ka Yan has complied with the Deed for the year ended 31 December 2011.

Amendments to the Company's Constitutional Documents

During the year ended 31 December 2011, the Company has not amended its memorandum of association or its articles of association.

Shareholders' Rights

Right to convene an extraordinary general meeting ("EGM") (including making proposals/ moving a resolution 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 capital of the Company carrying the right of voting at 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 a resolution at the EGM.

Eligible Shareholders who wish to convene an EGM for the purpose of making proposals or moving a resolution 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 advised the Eligible Shareholders of any outcome to the contrary and fails to proceed to convene such EGM, the Eligible Shareholder(s) himself/herself/themselves may do so in accordance with the M&A, and all reasonable expenses incurred by the Eligible Shareholder(s) concerned as a result of the failure of the Board 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 (the "Director") 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 of the Company.

The Notice must state clearly the name of the shareholder 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 (other than the person to be proposed). The Notice must also be accompanied by a letter of consent signed by the person proposed to be elected on his/her willingness to be elected as a Director.

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 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 with the Company's branch share registrar and upon their confirmation that the request is proper and in order, the Company Secretary will ask the nomination committee of the Company (the "Nomination Committee") and the board of directors of the Company (the "Board") 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 and disclosure compliance purposes only. It does not represent and should not be regarded as legal or other professional advice to the shareholders, and shareholders should seek their independent legal or other professional advice as to their rights as shareholders of the Company. The Company disclaims all liabilities and losses incurred by the shareholders in reliance on any contents of this 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 road shows and investment meetings. Additionally, the Company released information and responded to questions from the media through press conferences and the company 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:	1501–1507 One Pacific Place, 88 Queensway, Hong Kong
By E-mail:	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 2011 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 to manage various projects in different cities across China. The analysis of the revenue of the Group for the year is set out in Note 5 to the Financial Statements.

Financial Statements

The results of the Group for the year are set out in the Consolidated Statement of Comprehensive Income. The financial position as of 31 December 2011 of the Group 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 capital of the Group during the year are set out in Note 15 to the Financial Statements.

Final Dividend

The Board resolved on 28 March 2012 to propose payment of a final dividend on or before 19 July 2012 (Thursday) of RMB0.19 per share (the "2011 Final Dividend") to shareholders of the Company whose names appear on the Company's Register of Members on 6 June 2012 (Wednesday). The 2011 Final Dividend is subject to the approval at the forthcoming annual general meeting of the Company to be held on 31 May 2012 (Thursday) (the "Annual General Meeting"). There is no arrangement that a shareholder of the Company has waived or agreed to waive any dividends.

Closure of Register of Members to Ascertain Shareholders' Entitlement to Attend the AGM

From 29 May 2012 to 31 May 2012, both days inclusive, for the purpose of ascertaining shareholders' entitlement to attend and vote at the 2012 AGM which is scheduled on 31 May 2012, the register of members of the Company will be closed. In order to be eligible to attend and vote at the 2012 AGM to be held on 31 May 2012, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on 28 May 2012.

Reserve

Details of the changes in reserve of the Group during the year are set out in Note 16 to the Financial Statements. As of 31 December 2011, the reserve available for distribution of the Company was RMB3.15 billion, of which the intended distribution of final dividend for the year was RMB2,829,789,000.

Property, Plant and Equipments

The changes in property, plant and equipments 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 14.7% of the Group's total purchases, and the percentage of purchases attributable to the Group's five largest suppliers combined was 41% of the Group's total purchases. The percentage of turnover attributable to the Group's five largest customers combined was less than 30% of the Group's total turnover. The Company was aware that none of the directors nor his connected persons and none of the shareholders possessing over 5% of the interest in the capital of the Company possessed any interest in the above-mentioned suppliers and customers.

Donation

During the year the charitable contributions and other donations made in Hong Kong and China totaled RMB202 million.

Directors

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

Executive Director

Dr. Hui Ka Yan
Mr. Xia Haijun
Mr. Li Gang
Mr. Tse Wai Wah
Mr. Xu Xiangwu
Mr. Xu Wen
Mr. Lai Lixin
Ms. He Miaoling

Independent Non-executive Director

Mr. Yu Kam Kee, Lawrence
Mr. Chau Shing Yim, David
Mr. He Qi

Details of the resumes of the Directors and senior management are set forth in the section "Directors and management structure" of this report.

Pursuant to Article 16.18 of the Articles and the Corporate Governance Code and the letters of appointments of all independent non-executive Directors, Mr. Li Gang, Mr. Tse Wai Wah, Mr. Xu Xiangwu and Mr. Xu Wen will retire in the coming annual general meeting, and they are qualified to be re-elected and re-appointed.

Service Contracts of Directors

There was no service contract entered by the Company and any Directors to be re-elected in the coming annual general meeting stipulating that the Company shall not terminate the appointment without compensation payment (other than the statutory compensation).

Directors' Interests in Contracts

There was no significant contract with any member of the Group as the contracting party and in which the Directors of the Company possessed 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 and 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 owned by our Chairman, Dr. Hui Ka Yan, and he is the controlling shareholder of the Company. The controlling shareholders provided annual confirmation of their compliance to 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 that the latter had made.

Share Option Scheme

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

As at 14 April 2010 the maximum number of shares that can be issued according to the Share Option Scheme was 1,500,000,000 shares which is equivalent to 10% of the issued 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 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 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 that the options must be held before they become exercisable, and the options granted shall be exercised within the period decided by the Board of Directors, however no options shall be exercised 10 years after they have been granted.

The exercise price of the option shall be the higher 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) nominal value of the Share.

Each grantee shall pay a consideration of HKD1.00 at the time the option is granted The Share Option Scheme shall take effect from the date it is adopted and shall remain effective within a period of 10 years from that date. Other details of the Share Option Scheme are provided in the Prospectus.

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

Grantees	Date of grant of share options	Exercise period of share options	Exercise price HK$	Number of share options granted	Number of share options held as at 1 January 2011	Number of share options exercised during the year	Number of share options cancelled during the year	Number of share options lapsed during the year	Number of share options held as at 31 December 2011
7 Directors	18 May 2010	Note 1	2.40	179,000,000	179,000,000	—	—	—	179,000,000
130 Other employees	18 May 2010	Note 1	2.40	534,000,000	525,000,000	(4,253,000)	(15,400,000)	—	505,347,000
Total				713,000,000	704,000,000	(4,253,000)	(15,400,000)	—	684,347,000

Notes:

1. The Options with respect to a Participant will be exercisable in 5 tranches in the following manners:

   (i) the first tranche of 20% of the Shares that are the subject to the Options granted (rounded down to the nearest whole number) will be exercisable at any time during the year commencing from 31 December 2010 and ending on 31 December 2015;

   (ii) the second tranche of 20% of the Shares that are the subject to the Options granted (rounded down to the nearest whole number) will be exercisable at any time during the year commencing from 31 December 2011 and ending on 31 December 2016;

   (iii) the third tranche of 20% of the Shares that are the subject to the Options granted (rounded down to the nearest whole number) will be exercisable at any time during the year commencing from 31 December 2012 and ending on 31 December 2017;

   (iv) the fourth tranche of 20% of the Shares that are the subject to the Options granted (rounded down to the nearest whole number) will be exercisable at any time during the year commencing from 31 December 2013 and ending on 31 December 2018;

   (v) the fifth tranche comprising the remaining number of Shares that are subject to the Options granted will be exercisable at any time during the year commencing from 31 December 2014 and ending on 13 October 2019.

Share Option Scheme (Continued)

Notes: (continued)

2. The closing price of the Shares on the date of grant of the Options was HK$2.27 per Share.

3. 13 October 2019 is the last date of the Share Option Scheme being not more than 10 years pursuant to 17.03(11) of the Listing Rules .

4. Valuation of the options granted

   The valuation of options granted for the year ended 31 December 2010 was conducted based on the Binomial Model with the following assumptions:

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

   The fair value per share of option:

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

Pre-IPO Share Option Scheme

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

(a) The subscription price per share shall be equal to the Offer Price of the Shares under the Global Offering, that means HKD3.50 per share;

(b) As at 31 December 2011, the total number of Shares involved in the Pre-IPO Share Option Scheme was 199,999,000 shares, which is equivalent to approximately 1.34% of the Shares in issue of the Company; and

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

Pre-IPO Share Option Scheme (Continued)

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

Grantee	Date of grant of options	Number of options granted	Number of Pre-IPO share options held as at 1 January 2011	Number of options exercised/ cancelled/ lapsed during the year	Number of options not yet exercised on 31 December 2011
Directors	14 October 2009	70,000,000	70,000,000	—	70,000,000
Other employees	14 October 2009	138,000,000	130,000,000	(1,000)	129,999,000
Total		208,000,000	200,000,000	(1,000)	199,999,000

Debenture

At any time during the year the Company, its holding company or its subsidiaries were not the contracting parties of any arrangements from which the Directors could make a profit by purchasing the shares or debentures of the Company or any other companies.

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

As at 31 December 2011, the interest and short positions of the Directors and officers of the Company in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) required to be recorded in the register mentioned under Section 352 of the Securities and Futures Ordinance or as otherwise notifiable to the Company and the Stock Exchange pursuant to the Model Code are as follows:

(i) Interest in the shares of the Company

Name of director	Nature of interest	Number of securities	Approximate percentage of shareholding
Hui Ka Yan (Note 1)	Interest of controlled company	10,144,219,735 (L)	68.11%

Note:

1. Of the 10,144,219,735 Shares held, 9,352,971,497 Shares were held by Xin Xin (BVI) Limited, a company wholly owned by Dr. Hui Ka Yan, and 791,248,238 Shares were held by Even Honour Holdings Limited, a company wholly owned by Mrs. Hui. The interest of Even Honour Holdings Limited in the Company is also deemed to be held by Dr. Hui pursuant to the Securities and Futures Ordinance.

Interest and Short Positions of Directors in the 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 of those options granted and exercised under the Pre-IPO Share Option Scheme and Share Option Scheme
Xia Haijun	beneficiary owner	100,000,000	0.67%
Li Gang (Note 1)	beneficiary owner	50,000,000	0.34%
Tse Wai Wah	beneficiary owner	15,000,000	0.10%
Xu Xiangwu	beneficiary owner	15,000,000	0.10%
Xu Wen	beneficiary owner	17,000,000	0.11%
Lai Lixin	beneficiary owner	15,000,000	0.10%
He Miaoling	beneficiary owner	17,000,000	0.11%

(iii) Interest in the associated corporation of the Company

Name of director	Name of associated corporation	Number of securities	Approximate percentage of shareholding
Hui Ka Yan (Note 2)	Xin Xin (BVI) Limited	100 shares	100%
	Even Honour Holdings Limited	1 share	100%

Notes:

1. The figures for Mr. Li Gang are up to 3 April 2012.

2. Pursuant to the Securities and Futures Ordinance, Even Honour Holdings Limited is wholly owned by the spouse of Mr. Hui Ka Yan and is deemed to be an associated corporation of the Company.

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

(iv) Interest on Debentures of the Company

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

Note: These debentures were bought off exchange

Save as disclosed above, as at 31 December 2011, none of the Directors, officers of the Company or any associated corporation had any other interests and short positions in any shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) required to be recorded in the register mentioned under Section 352 of the SFO or as otherwise notifiable to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders' Interests and Short Positions

As far as the Directors or officers of the Company are aware that as at 31 December 2011, other than the Directors or officers of the Company as disclosed above, the following persons had interest or short positions in the shares or underlying shares which are required to be notified to the Company under the provisions of Division 2 and 3 of Part XV of the Securities and Futures Ordinance or which will have to be recorded in the register to be kept or to be notified to the Company and the Stock Exchange pursuant to Section 336 of the Securities and Futures Ordinance:

Name of shareholder	Status of interest held	Interest in the shares (Note 4)	Approximate percentage of shareholding
Mrs. Hui	Interest of controlled company	10,144,219,735 (L) (Note 1)	68.11%
Xin Xin (BVI) Limited	Beneficiary owner	9,352,971,497 (L) (Note 2)	62.80%
Even Honour Holdings Limited	Beneficiary owner	791,248,238 (L) (Note 3)	5.31%

Notes:

1. Of the 10,144,219,735 Shares held, 791,248,238 Shares were held by a company wholly owned by Mrs. Hui, and 9,352,971,497 Shares were held by Xin Xin (BVI) Limited, a company wholly owned by Mrs. Hui's spouse, Dr. Hui Ka Yan. The interest of Xin Xin (BVI) Limited in the Company is also deemed to be held by Mrs. Hui pursuant to the SFO.
2. Xin Xin (BVI) Limited is beneficially owned by Dr. Hui Ka Yan.
3. Even Honour Holdings Limited is wholly owned by Mrs. Hui.
4. L stands for long position.

Subsidiaries

Details of the major subsidiaries of the Company as of 31 December 2011 are set out in Note 38 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 existed during the year.

Employee and Remuneration Policies

As of 31 December 2011 the Group had an aggregate of 32,644 employees. The Group recruited and promoted individual persons according to their strength and development potential. The Group determined the remuneration packages of all employees (including the directors) with reference to individual performance and current market salary scale.

Confirmation of Independent Status

The Company received the letters of confirmation of independency issued by all the independent non-executive Directors in accordance with Rule 3.13 of the Listing Rules. The Board of Directors was satisfied with the independent status of all the independent non-executive Directors.

Corporate Governance

The Company strived to maintain a high corporate governance standard and complied with the Code on Corporate Governance Practices set out in Appendix 14 of the Listing Rules. Further information of the corporate governance practice of the Company is set out from page 57 to page 64 of the Corporate Governance Report.

Exchange Risks

Details of the exchange risks are set out in Note 3(i) to the Financial Statements.

Purchase, Sale and Re-Purchase of Shares

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

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

Save as disclosed above, there was no purchase, sale and re-purchase of any listed securities of the Company by the Company or any of its subsidiaries for the year ended 31 December 2011.

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

On 18 January 2012, ANJI (BVI) Limited, a wholly-owned subsidiary of the Company, entered into an acquisition agreement with, among others, Pearl River Investment Company Limited, pursuant to which the Group agreed to acquire the remaining 40% equity interest in Success Will Group Limited, a 60%-owned subsidiary of the Group, for an aggregate consideration of US$161,641,661 (equivalent to approximately RMB1,022 million).

Five Years Financial Summary

The summary of the results, assets and liabilities of the Group in the past five years is set out on page 151 to page 152.

Pre-emptive Rights

There is no provision regarding pre-emptive rights in the Articles of Association of the Company or the ordinance of the Cayman Islands. It is stipulated that any new shares shall be offered according to the respective shareholding of the existing shareholders of the Company when new shares are issued by the Company.

Adequate Public Float

The Company maintained adequate public float throughout the year.

Auditor

The Company appointed PricewaterhouseCoopers as the Auditor of the Company for the year ended 31 December 2011. The audit reporting responsibilities of our 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 submit a resolution in the coming annual general meeting to re-appoint PricewaterhouseCoopers as Auditor of the Company.

For and on behalf of the Board of Directors

Hui Ka Yan
Chairman

Hong Kong, 28 March 2012

pwc 羅兵咸永道

Independent Auditor's Report
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 79 to 150, which comprise the consolidated and company balance sheets as at 31 December 2011, 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 judgement, 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

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 2011 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, 28 March 2012

Consolidated Balance Sheet

	Note	31 December 2011 RMB'000	2010 RMB'000
ASSETS			
Non-current assets			
Property and equipment	6	4,864,442	1,277,297
Land use rights	7	445,758	306,058
Investment properties	8	18,918,630	10,116,643
Properties under development	9	—	454,870
Other receivables		349,314	324,168
Intangible assets		275,517	37,218
Deferred income tax assets	18	648,559	340,225
		25,502,220	12,856,479
Current assets			
Properties under development	9	91,380,381	49,133,585
Completed properties held for sale	10	8,434,504	6,213,078
Trade and other receivables	11	5,766,224	2,127,822
Prepayments	12	19,296,237	13,964,232
Income tax recoverable		439,492	205,309
Restricted cash	13	8,122,405	7,595,696
Cash and cash equivalents	14	20,081,945	12,356,263
		153,521,188	91,595,985
Total assets		179,023,408	104,452,464
EQUITY			
Capital and reserves attributable to shareholders of the Company			
Share capital	15	1,037,199	1,044,079
Share premium	15	5,423,466	7,853,022
Reserves	16	5,601,609	1,544,576
Retained earnings		20,624,290	10,193,349
		32,686,564	20,635,026
Non-controlling interests		2,171,041	731,199
Total equity		34,857,605	21,366,225

Consolidated Balance Sheet (Continued)

	Note	31 December 2011 RMB'000	2010 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	17	41,498,720	24,160,024
Deferred income tax liabilities	18	2,864,139	1,496,310
		44,362,859	25,656,334
Current liabilities			
Borrowings	17	10,227,990	7,000,110
Trade and other payables	19	49,196,123	21,780,836
Receipt in advance from customers		31,613,979	24,081,431
Current income tax liabilities	20	8,764,852	4,567,528
		99,802,944	57,429,905
Total liabilities		144,165,803	83,086,239
Total equity and liabilities		179,023,408	104,452,464
Net current assets		53,718,244	34,166,080
Total assets less current liabilities		79,220,464	47,022,559

The notes on pages 85 to 150 are an integral part of these consolidated financial statements.

Hui Ka Yan
Director

Tse Wai Wah
Director

Balance Sheet

	Note	31 December 2011 RMB'000	2010 RMB'000
ASSETS			
Non-current assets			
Investments in subsidiaries	38	10,053,369	15,568,626
Property and equipment	6	6,944	9,279
		10,060,313	15,577,905
Current assets			
Amounts due from subsidiaries and other receivables	11	11,700,608	1,923,399
Cash and cash equivalents	14	802,135	23,462
		12,502,743	1,946,861
Total assets		22,563,056	17,524,766
EQUITY			
Capital and reserves attributable to shareholders of the Company			
Share capital	15	1,037,199	1,044,079
Share premium	15	5,423,466	7,853,022
Reserves	16	1,511,362	1,318,133
Accumulated losses	27	(3,787,449)	(2,163,967)
Total equity		4,184,578	8,051,267
LIABILITIES			
Non-current liabilities			
Borrowings	17	17,432,108	8,750,254
		17,432,108	8,750,254
Current liabilities			
Trade and other payables	19	946,370	723,245
		946,370	723,245
Total liabilities		18,378,478	9,473,499
Total equity and liabilities		22,563,056	17,524,766
Net current assets		11,556,373	1,223,616
Total assets less current liabilities		21,616,686	16,801,521

The notes on pages 85 to 150 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 2011 RMB'000	2010 RMB'000
Revenue	5	61,918,185	45,801,401
Cost of sales	22	(41,310,558)	(32,432,232)
Gross profit		20,607,627	13,369,169
Fair value gains on investment properties	8	4,235,953	3,350,857
Other income	21	755,806	184,369
Selling and marketing costs	22	(2,720,756)	(1,574,262)
Administrative expenses	22	(2,161,218)	(1,384,263)
Other operating expenses	22	(791,162)	(124,957)
Operating profit		19,926,250	13,820,913
Finance income	25	448,598	271,798
Profit before income tax		20,374,848	14,092,711
Income tax expenses	26	(8,590,221)	(6,068,035)
Profit for the year		11,784,627	8,024,676
Other comprehensive income		—	—
Total comprehensive income for the year		11,784,627	8,024,676
Attributable to:			
Shareholders of the Company		11,381,697	7,588,786
Non-controlling interests		402,930	435,890
		11,784,627	8,024,676
Earnings per share for profit attributable to shareholders of the Company for the year (expressed in RMB per share)			
— Basic earnings per share	28	0.761	0.506
— Diluted earnings per share	28	0.744	0.503
Dividends	29	2,829,789	1,902,000

The notes on pages 85 to 150 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

	Attributable to shareholders of the Company						
	Share capital RMB'000	Share premium RMB'000	Reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
Balance as at 1 January 2010	1,044,079	7,958,022	1,219,385	2,640,351	12,861,837	295,309	13,157,146
Comprehensive income							
Profit for the year	—	—	—	7,588,786	7,588,786	435,890	8,024,676
Other comprehensive income	—	—	—	—	—	—	—
Transactions with owners							
Transfer to statutory reserves	—	—	35,788	(35,788)	—	—	—
Employee share option schemes (note 16(c))	—	—	289,403	—	289,403	—	289,403
Dividends	—	(105,000)	—	—	(105,000)	—	(105,000)
Total transactions with owners	—	(105,000)	325,191	(35,788)	184,403	—	184,403
Balance as at 31 December 2010	1,044,079	7,853,022	1,544,576	10,193,349	20,635,026	731,199	21,366,225
Balance as at 1 January 2011	1,044,079	7,853,022	1,544,576	10,193,349	20,635,026	731,199	21,366,225
Comprehensive income							
Profit for the year	—	—	—	11,381,697	11,381,697	402,930	11,784,627
Other comprehensive income	—	—	—	—	—	—	—
Transactions with owners							
Transfer to statutory reserves	—	—	943,601	(943,601)	—	—	—
Employee share option schemes (note 15,16)	275	11,313	186,074	—	197,662	—	197,662
Dividends (note 29)	—	(1,902,000)	—	—	(1,902,000)	—	(1,902,000)
Repurchase of shares of the Company (note 16)	(7,155)	(538,869)	7,155	(7,155)	(546,024)	—	(546,024)
Acquisition of a subsidiary (note 30)	—	—	—	—	—	678,028	678,028
Capital injection from non-controlling interests	—	—	—	—	—	336,070	336,070
Partial disposal of interest in a subsidiary (note 31)	—	—	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	1,037,199	5,423,466	5,601,609	20,624,290	32,686,564	2,171,041	34,857,605

The notes on pages 85 to 150 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

	Note	Year ended 31 December 2011 RMB'000	2010 RMB'000
Cash flows of operating activities			
Net Cash generated/(used in) from operations	32	4,233,345	(8,850,438)
PRC corporate income tax paid		(3,245,377)	(603,606)
PRC land appreciation tax paid		(1,147,000)	(798,482)
Interest paid		(3,576,579)	(1,471,230)
Net cash used in operating activities		(3,735,611)	(11,723,756)
Cash flows of investing activities			
Addition of property, equipment and investment properties		(9,076,103)	(857,532)
Purchase of land use rights		(145,577)	—
Purchase of intangible assets		(319,425)	(42,934)
Proceeds from disposal of financial assets held for trading		96,592	—
Acquisition of a subsidiary, net of cash acquired	30	(1,330,639)	—
Interest received		103,151	52,249
Proceeds from disposal of investment properties		454,032	—
Consent fee received		—	73,575
Movement of amounts due from related parties		(530)	719
Net cash used in investing activities		(10,218,499)	(773,923)
Cash flows of financing activities			
Proceeds from senior notes		9,031,098	8,987,036
Proceeds from bank borrowings		27,138,923	19,771,885
Repayments of borrowings		(15,914,201)	(11,537,794)
Issuance of ordinary shares according to share option scheme		11,588	—
Repurchase of shares of the Company		(546,024)	—
Restricted cash pledged for bank borrowings		355,381	441,663
Proceeds from partial disposal of a subsidiary		3,241,849	—
Contribution from non-controlling interests		336,070	—
Dividends paid		(1,902,000)	(105,000)
Advances from related parties		371	—
Net cash generated from financing activities		21,753,055	17,557,790
Net increase in cash and cash equivalents		7,798,945	5,060,111
Cash and cash equivalents at beginning of year		12,356,263	7,333,232
Exchange losses on cash and cash equivalents		(73,263)	(37,080)
Cash and cash equivalents at end of year		20,081,945	12,356,263

The notes on pages 85 to 150 are an integral part of these 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 and other property development related services in the People's Republic of China (the "PRC"). The address of its registered office is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company 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 28 March 2012.

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.

2 Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (Continued)

(i) New and amended standards and interpretations adopted by the Group

The following new standards and amendments and interpretations to standards are mandatory for the first time for the financial year beginning 1 January 2011.

- HKAS 24 (Revised), "Related Party Disclosures" is effective for annual period beginning on or after 1 January 2011. It clarifies and simplifies the definition of a related party. It introduces an exemption from all of the disclosure requirements of HKAS 24 for transactions among government related entities and the government and replaces with a simplier disclosure requirements. This revised standard does not have a material impact on the Group as the Group is not controlled by the government.

- Third improvements to Hong Kong Financial Reporting Standards (2010) were issued in May 2010 by the HKICPA, except for amendment to HKAS 34 "Interim financial reporting", the clarification of disclosure requirements for financial instruments and the clarification to allow the presentation of an analysis of the components of other comprehensive income by item within the notes. All are currently not relevant to the Group. All improvements are effective in the financial year of 2011. The improvements do not have a material impact on the Group.

(ii) New and amended standards and interpretations mandatory for the first time for the financial year beginning 1 January 2011 but not currently relevant to the Group (although they may affect the accounting for future transactions or events)

- Classification of rights issues (amendment to HKAS 32), issued in October 2009. The amendment applies to annual periods beginning on or after 1 February 2010. Earlier adoption is permitted. The amendment addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer. Provided that rights issues are offered on a prorata basis to all owners of the same class of non-derivative equity, such rights issues are now classified as equity regardless of the currency in which the exercise price is denominated. Previously, these issues had to be accounted for as derivative liabilities. The amendment applies retrospectively in accordance with HKAS 8 "Accounting policies, changes in accounting estimates and errors".

- Prepayments of a minimum funding requirement (amendments to HK (IFRIC)-Int 14). The amendments correct an unintended consequence of HK (IFRIC)-Int 14, "HKAS 19 — The limit on a defined benefit asset, minimum funding requirements and their interaction". Without the amendments, entities are not permitted to recognise an asset for any surplus arising from the voluntary prepayment of minimum funding contributions in respect of future service. This was not intended when HK (IFRIC)-Int 14 was issued, and the amendments correct this. The amendments should be applied retrospectively to the earliest comparative period presented.

- HK (IFRIC)-Int 19, "Extinguishing financial liabilities with equity instruments", effective 1 July 2010.The interpretation clarifies the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability (debt for equity swap). It requires a gain or loss to be recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments should be measured to reflect the fair value of the financial liability extinguished.

2 Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (Continued)

(iii) New and amended standards and interpretations have been issued but are not effective for the financial year beginning 1 January 2011 and have not been early adopted by the Group

- HKFRS 7 (Amendment) "Disclosures—Transfers of financial assets" promotes transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitisation of financial assets. The amendment is applicable to annual periods beginning on or after 1 July 2011 with early adoption permitted.

- HKFRS 9, "Financial instruments" addresses the classification, measurement and recognition of financial assets and financial liabilities. HKFRS 9 was issued in November 2009 and October 2010. It replaces the parts of HKAS 39 that relate to the classification and measurement of financial instruments. HKFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the HKAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Group is yet to assess HKFRS 9's full impact and intends to adopt HKFRS 9 upon its effective date, which is for the accounting period beginning on or after 1 January 2015.

- HKFRS 10 "Consolidated financial statements" builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The Group is yet to assess HKFRS 10's full impact and intends to adopt HKFRS 10 no later than the accounting period beginning on or after 1 January 2013.

- HKFRS 12 "Disclosures of interests in other entities" includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Group is yet to assess HKFRS 12's full impact and intends to adopt HKFRS 12 no later than the accounting period beginning on or after 1 January 2013.

- HKFRS 13 "Fair value measurement" aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within HKFRSs. The Group is yet to assess HKFRS 13's full impact and intends to adopt HKFRS 13 no later than the accounting period beginning on or after 1 January 2013.

- HKAS 1 (Amendment) "Presentation of Items of Other Comprehensive Income" mainly includes a requirement for entities to group items presented in "other comprehensive income" (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendment does not address which items are presented in OCI and is applicable to annual period beginning on or after 1 July 2012.

2 Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (Continued)

(iii) New and amended standards and interpretations have been issued but are not effective for the financial year beginning 1 January 2011 and have not been early adopted by the Group (Continued)

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

- HKAS 19 (Amendment) "Employee benefits" eliminates the corridor approach and calculate finance costs on a net funding basis. The amendment is applicable to annual period beginning on or after 1 January 2013.

The management is in the process of making an assessment on the impact of these new standards, 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.

(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.

2 Summary of Significant Accounting Policies (Continued)

(b) Consolidation (Continued)

(i) Subsidiaries (Continued)

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.

(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.

2 Summary of Significant Accounting Policies (Continued)

(d) Foreign currency translation (Continued)

(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".

(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 year in which they are incurred.

2 Summary of Significant Accounting Policies (Continued)

(e) Property and equipment (Continued)

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.

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.

2 Summary of Significant Accounting Policies (Continued)

(f) Investment properties (Continued)

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.

(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.

2 Summary of Significant Accounting Policies (Continued)

(i) Financial assets (Continued)

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.

(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.

2 Summary of Significant Accounting Policies (Continued)

(j) Impairment of financial assets (Continued)

(i) Assets carried at amortised cost (Continued)

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.

(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.

2 Summary of Significant Accounting Policies (Continued)

(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.

(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.

2 Summary of Significant Accounting Policies (Continued)

(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.

(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.

2 Summary of Significant Accounting Policies (Continued)

(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.

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.

2 Summary of Significant Accounting Policies (Continued)

(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.

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 is 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.

2 Summary of Significant Accounting Policies (Continued)

(v) Provisions and contingent liabilities (Continued)

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.

(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 instalments received on properties sold prior to the date of revenue recognition are included in the balance sheets under current liabilities.

As disclosed in note 34, 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.

2 Summary of significant accounting policies (Continued)

(w) Revenue recognition (Continued)

(iv) 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.

(v) Rental income

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

(vi) Advertising revenue

Advertising revenue are 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 and to certain investors 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.

2 Summary of significant accounting policies (Continued)

(z) Financial guarantee liabilities (Continued)

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.

3 Financial Risk Management

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.

(a) Financial risk factor

(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 2011, 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 2011 and 2010, if RMB had strengthened/weakened by 5% against US$, with all other variables held constant, post-tax profit for the years ended 31 December 2011 and 2010 would have been approximately RMB338 million and RMB420 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 2011 and 2010, 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 2011 and 2010 would have been approximately RMB36 million and RMB38 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.

3 Financial Risk Management (Continued)

(a) Financial risk factor (Continued)

(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.

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 34. 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.

3 Financial Risk Management (Continued)

(a) Financial risk factor (Continued)

(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 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
At 31 December 2010					
Borrowings	8,303,627	5,502,277	24,926,676	—	38,732,580
Trade and other payables*	20,917,152	—	—	—	20,917,152
Total	29,220,779	5,502,277	24,926,676	—	59,649,732

* Excluding other taxes payable and salaries payables.

(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.

3 Financial Risk Management (Continued)

(b) Capital risk management (Continued)

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 2011 RMB'000	31 December 2010 RMB'000
Total borrowings	51,726,710	31,160,134
Total assets	179,023,408	104,452,464
Gearing ratio	29%	30%

(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.

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.

4 Critical Accounting Estimates and Judgements (Continued)

(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.

5 Segment Information

The CODM of the Group are the 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 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, only an immaterial part (less than 10%) of the Group's assets are located outside the PRC, no geographical segment information is presented.

5 Segment Information (Continued)

Revenue for the year ended 31 December 2011 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	
	2011 RMB'000	2010 RMB'000
Sales of properties	60,474,361	45,339,989
Rental income of investment properties	83,920	51,174
Property management services	463,322	132,221
Other businesses	896,582	278,017
	61,918,185	45,801,401

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	Elimination 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	15,964,604	4,344,262	(130,330)	(252,174)	(112)	19,926,250
Finance income						448,598
Profit before income tax						20,374,848
Income tax expenses						(8,590,221)
Profit for the year						11,784,627
Depreciation and amortisation	90,849	—	5,203	252,183	—	348,235
Fair value gains on investment properties	—	4,235,953	—	—	—	4,235,953

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 2010 are as follows:

	Property development RMB'000	Property investment RMB'000	Property management services RMB'000	Other businesses RMB'000	Elimination RMB'000	Group RMB'000
Gross segment revenue	45,339,989	59,494	132,221	1,749,175		47,280,879
Inter-segment revenue	—	(8,320)	—	(1,471,158)		(1,479,478)
Revenue	45,339,989	51,174	132,221	278,017		45,801,401
Segment results	10,322,682	3,407,376	(147,026)	563,679	(325,798)	13,820,913
Finance income						271,798
Profit before income tax						14,092,711
Income tax expenses						(6,068,035)
Profit for the year						8,024,676
Depreciation and amortisation	72,228	—	3,978	29,808	—	106,014
Fair value gains on investment properties	—	3,350,857	—	—	—	3,350,857

5 Segment Information (Continued)

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	Elimination RMB'000	Group RMB'000
Segment assets	154,138,240	18,918,630	1,953,708	16,240,994	(13,316,215)	177,935,357
Unallocated						1,088,051
Total assets						179,023,408
Segment liabilities	85,433,445	—	698,029	7,092,912	(12,414,284)	80,810,102
Unallocated						63,355,701
Total liabilities						144,165,803
Capital expenditure	427,985	5,278,428	25,395	3,809,297	—	9,541,105

Segment assets and liabilities as at 31 December 2010 are as follows:

	Property development RMB'000	Property investment RMB'000	Property management services RMB'000	Other businesses RMB'000	Elimination RMB'000	Group RMB'000
Segment assets	94,160,717	10,116,643	846,081	6,537,084	(7,753,595)	103,906,930
Unallocated						545,534
Total assets						104,452,464
Segment liabilities	49,088,868	—	403,059	3,222,116	(6,851,776)	45,862,267
Unallocated						37,223,972
Total liabilities						83,086,239
Capital expenditure	226,243	4,069,417	4,677	670,109	—	4,970,446

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.

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	
	2011	2010
	RMB'000	RMB'000
Segment assets	177,935,357	103,906,930
Unallocated:		
Income tax recoverable	439,492	205,309
Deferred income tax assets	648,559	340,225
Total assets per consolidated balance sheets	179,023,408	104,452,464

Reportable segments liabilities are reconciled to total liabilities as follows:

	31 December	
	2011	2010
	RMB'000	RMB'000
Segment liabilities	80,810,102	45,862,267
Unallocated:		
Current income tax liabilities	8,764,852	4,567,528
Deferred income tax liabilities	2,864,139	1,496,310
Borrowings	51,726,710	31,160,134
Total liabilities per consolidated balance sheets	144,165,803	83,086,239

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 2010						
Opening net book amount	257,940	18,822	39,354	79,659	—	395,775
Additions	76,529	5,570	386,934	68,881	325,420	863,334
Disposals	—	(3,300)	(3,335)	(4,111)	—	(10,746)
Transfer from investment properties	134,948	—	—	—	—	134,948
Depreciation	(17,484)	(3,561)	(49,308)	(35,661)	—	(106,014)
Closing net book amount	451,933	17,531	373,645	108,768	325,420	1,277,297
At 31 December 2010						
Cost	485,520	32,582	484,610	178,406	325,420	1,506,538
Accumulated depreciation	(33,587)	(15,051)	(110,965)	(69,638)	—	(229,241)
Net book amount	451,933	17,531	373,645	108,768	325,420	1,277,297
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 (Note 30)	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

6 Property and Equipment (Continued)

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

	Year ended 31 December	
	2011	2010
	RMB'000	RMB'000
Cost of sales	**147,857**	24,613
Selling and marketing costs	**35,984**	23,646
Administrative expenses	**77,711**	57,755
	261,552	106,014

Interests of RMB278,015,000 were capitalised in assets under construction for the year ended 31 December 2011 (2010: RMB5,802,000).

As at 31 December 2011, property and equipment of RMB 1,847,499,000 were pledged as collateral for the Group's bank and other borrowings (2010: RMB174,880,000) (note 17).

6 Property and Equipment (Continued)

Company

	Transportation equipment RMB'000	Furniture, fitting and equipment RMB'000	Total RMB'000
Year ended 31 December 2010:			
Opening net book amount	1,249	245	1,494
Additions	7,009	2,478	9,487
Disposals	—	(102)	(102)
Depreciation	(1,331)	(269)	(1,600)
Closing net book amount	6,927	2,352	9,279
At 31 December 2010			
Cost	9,059	2,725	11,784
Accumulated depreciation	(2,132)	(373)	(2,505)
Net book amount	6,927	2,352	9,279
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

7. Land Use Rights — Group

Land use rights relating to property, plant and equipment outside Hong Kong, held on leases of over 50 years:

	Year ended 31 December	
	2011	2010
	RMB'000	RMB'000
Opening net book amount, as restated	306,058	26,768
Additions	145,577	9,803
Transfer from investment properties	—	274,052
Amortisation	(5,877)	(4,565)
Closing net book amount	445,758	306,058

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 2011, land use rights of RMB66,036,000 were pledged as collateral for the Group's bank and other borrowings (2010: Nil) (note 17)

8 Investment Properties—Group

	Year ended 31 December	
	2011	2010
	RMB'000	RMB'000
Opening net book amount	10,116,643	3,130,800
Acquired from acquisition of a subsidiary (Note 30)	471,776	—
Additions	5,278,428	4,069,417
Transfer to property and equipment and land use rights	—	(409,000)
Disposals	(405,805)	(25,431)
Reclassification of investment properties to properties under development	(778,365)	—
Fair value gains on investment properties	4,235,953	3,350,857
Closing net book amount	18,918,630	10,116,643

The fair values of the Group's investment properties as at 31 December 2011 were assessed by CB Richard Ellis Limited, an independent qualified valuer. 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; or (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; or (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 developer's profits. The resultant figures are adjusted back to present values to reflect the existing state of the properties on balance sheet date.

8 Investment Properties—Group (Continued)

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

	Year ended 31 December 2011 RMB'000	2010 RMB'000
Rental income	83,920	51,174
Direct operating expenses arising from investment properties that generate rental income	(4,783)	(2,920)
Direct operating expenses that did not generate rental income	(4,241)	(4,125)

As at 31 December 2011, investment properties of RMB4,756,888,000 were pledged as collateral for the Group's bank and other borrowings (2010: RMB881,517,000) (note 17).

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

	31 December 2011 RMB'000	2010 RMB'000
Not later than one year	74,628	30,337
Later than one year and not later than five years	151,962	85,898
Later than five years	33,239	41,545
	259,829	157,780

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.

9 Properties Under Development — Group

	Year ended 31 December 2011 RMB'000	2010 RMB'000
Properties under development expected to be completed:		
— Within the one operating cycle included under current assets	**91,380,381**	49,133,585
— Beyond one operating cycle included under non-current assets	**—**	454,870
	91,380,381	49,588,455
Properties under development comprise:		
— Construction costs and capitalised expenditures	**40,493,391**	20,285,057
— Interests capitalised	**4,622,546**	2,395,684
— Land use rights	**46,264,444**	26,907,714
	91,380,381	49,588,455

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

As at 31 December 2011, properties under development of approximately RMB18,774,533,000 were pledged as collateral for the Group's bank and other borrowings (2010: RMB10,487,356,000) (note 17).

As at 31 December 2011, land use rights included in properties under development of RMB811,062,000were pledged as collateral for the bank borrowings of the land's previous owners (2010: RMB194,471,000), which will be released upon the Group's settlement of the remaining considerations for acquisition of the related land use rights amounting to RMB407,614,000.

The capitalisation rate of borrowings for the year ended 31 December 2011 is 8.81% (2010: 8.26%).

10 Completed Properties Held for Sale — Group

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

As at 31 December 2011, completed properties held for sale of approximately RMB1,518,326,000 were pledged as collateral for the Group's bank and other borrowings (2010: RMB473,458,000) (note 17).

11 Trade and Other Receivables

	Group		Company	
	31 December		31 December	
	2011	2010	2011	2010
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables (note (a)):				
— third parties	2,753,483	949,589	—	—
Other receivables:	3,012,741	1,178,233	11,700,608	1,923,399
— a related party (note 36(d))	530	—	530	—
— subsidiaries	—	—	11,679,470	1,920,784
— third parties	3,012,211	1,178,233	20,608	2,615
	5,766,224	2,127,822	11,700,608	1,923,399

As at 31 December 2011 and 2010, the fair value of trade and other receivables approximated their carrying amounts.

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

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

	31 December	
	2011	2010
	RMB'000	RMB'000
Within 90 days	2,082,645	927,134
Over 90 days and within 180 days	156,763	7,250
Over 180 days and within 365 days	271,991	15,205
Over 365 days	242,084	—
	2,753,483	949,589

11 Trade and Other Receivables (Continued)

As of 31 December 2011, trade receivables of RMB242,084,000 (31 December 2010: Nil) 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	
	2011	2010
	RMB'000	RMB'000
Over 365 days	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		Company	
	31 December		31 December	
	2011	2010	2011	2010
	RMB'000	RMB'000	RMB'000	RMB'000
Prepaid business taxes and other taxes	807,593	762,638	—	—
Prepayments and advances to third parties:	18,488,644	13,201,594	—	—
— for acquisition of land use rights	18,072,002	12,795,644	—	—
— others	416,642	405,950	—	—
	19,296,237	13,964,232	—	—

13 Restricted Cash — Group

	31 December 2011 RMB'000	31 December 2010 RMB'000
Guarantee deposit for construction of projects (note (a))	4,204,426	4,998,641
Guarantee deposit for bank acceptance notes and loans (note (b))	2,188,602	2,543,983
Guarantee deposit for land acquisitions	1,320,791	—
Others	408,586	53,072
	8,122,405	7,595,696

(a) In accordance with relevant documents issued by the PRC local State-Owned Land and Resource Bureau, certain property development companies of the Group 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 2011 and 2010 are denominated in RMB. The conversion of RMB denominated balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulation of foreign exchange control promulgated by the PRC government.

Restricted cash earns interest at floating daily bank deposit rates.

14 Cash and Cash Equivalents

	Group 31 December 2011 RMB'000	Group 31 December 2010 RMB'000	Company 31 December 2011 RMB'000	Company 31 December 2010 RMB'000
Cash at bank and in hand:				
— Denominated in RMB	18,282,922	11,155,419	—	—
— Denominated in other currencies	1,799,023	1,200,844	802,135	23,462
	20,081,945	12,356,263	802,135	23,462

14 Cash and Cash Equivalents (Continued)

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 2010, 31 December 2010 and 2011	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 2010	15,000,000,000	150,000,000	1,044,079	7,958,022
Dividends	—	—	—	(105,000)
As at 31 December 2010	15,000,000,000	150,000,000	1,044,079	7,853,022
Repurchase of shares of the Company (note (a))	(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 (note 29)	—	—	—	(1,902,000)
	14,893,628,000	148,936,280	1,037,199	5,423,466

(a) On 19 July 2011, the Company repurchased an aggregate of 110,626,000 of its own shares through the Stock Exchange, at a consideration of HK$658,099,000 (including transaction costs, equivalent to approximately RMB546,024,000). The shares were cancelled after the repurchase.

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 2010	(986,474)	1,908,914	282,751	14,194	—	1,219,385
Retained earnings appropriated to statutory reserves	—	—	35,788	—	—	35,788
Employee share option schemes (note (c))	—	—	—	289,403	—	289,403
Balance at 31 December 2010	(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 (note 31)	—	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

(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.

16 Reserves (Continued)

(b) Statutory reserves (Continued)

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.

Movements of share options are as follows:

	Number of share options
Year ended 31 December 2010	
Balance at 1 January 2010	208,000,000
Granted on 18 May 2010	713,000,000
Cancelled during the year	(2,000,000)
Lapsed during the year	(15,000,000)
Balance at 31 December 2010	904,000,000
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)**
Balance at 31 December 2011	**884,346,000**

16 Reserves (Continued)

(c) Employee share option reserve (Continued)

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

Date of grant	Vesting period	Exercise period	Exercise price	Number of outstanding shares as at 31 December 2011	2010
Pre-IPO Options:					
14 October 2009	1 year	5 November 2010 — 5 November 2013	HK$3.5	59,599,000	59,600,000
14 October 2009	2 years	5 November 2011 — 5 November 2014	HK$3.5	59,600,000	59,600,000
14 October 2009	3 years	5 November 2012 — 5 November 2015	HK$3.5	80,800,000	80,800,000
2010 Options:					
18 May 2010	7 Months	31 December 2010— 31 December 2015	HK$2.4	133,467,000	140,800,000
18 May 2010	19 Months	31 December 2011— 31 December 2016	HK$2.4	137,720,000	140,800,000
18 May 2010	31 Months	31 December 2012— 31 December 2017	HK$2.4	137,720,000	140,800,000
18 May 2010	43 Months	31 December 2013— 31 December 2018	HK$2.4	137,720,000	140,800,000
18 May 2010	55 Months	31 December 2014— 13 October 2019	HK$2.4	137,720,000	140,800,000
				884,346,000	904,000,000

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.

Company

	Other reserve RMB'000	Share option reserve RMB'000	Capital redemption reserve RMB'000	Total RMB'000
Balance at 1 January 2010	1,014,536	14,194	—	1,028,730
Employee share option schemes	—	289,403	—	289,403
Balance at 31 December 2010	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

17 Borrowings

	Group 31 December 2011 RMB'000	Group 31 December 2010 RMB'000	Company 31 December 2011 RMB'000	Company 31 December 2010 RMB'000
Borrowings included in non-current liabilities:				
Bank borrowings—secured	26,395,529	19,897,200	—	—
Senior notes	17,432,108	8,750,254	17,432,108	8,750,254
—Senior notes issued in 2010 ("2010 Senior Notes") (note (a))	8,348,988	8,750,254	8,348,988	8,750,254
—Senior notes issued in 2011 ("2011 Senior Notes") (note (b))	9,083,120	—	9,083,120	—
Other borrowings—secured (note (c))	6,681,561	1,284,280	—	—
	50,509,198	29,931,734	17,432,108	8,750,254
Less: current portion of non-current borrowings	(9,010,478)	(5,771,710)	—	—
	41,498,720	24,160,024	17,432,108	8,750,254
Borrowings included in current liabilities:				
Bank borrowings—secured	817,000	1,036,500	—	—
Current portion of non-current borrowings	9,010,478	5,771,710	—	—
Other borrowings—secured (note (c))	400,512	191,900		
	10,227,990	7,000,110	—	—
Total borrowings	51,726,710	31,160,134	17,432,108	8,750,254
The total borrowings are denominated in the following currencies:				
RMB	43,377,722	22,409,880	9,083,120	—
US dollar	8,348,988	8,750,254	8,348,988	8,750,254
	51,726,710	31,160,134	17,432,108	8,750,254

(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.

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 2011 were approximately RMB14,574,703,000 (31 December 2010: RMB1,173,408,000).

(c) Other borrowings

During the current year, 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 2011 were approximately RMB7,507,026,000 (31 December 2010: Nil).

As at 31 December 2011, the Group's bank and other borrowings of RMB34,294,602,000 (2010: RMB22,409,880,000) were secured by its investment properties, property and equipment, properties under development, completed properties held for sale and cash in bank.

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

	6 months or less	**6–12 months**	**1–5 years**	**Total**
	RMB'000	RMB'000	RMB'000	RMB'000
Group				
At 31 December 2011	19,493,133	7,170,632	7,630,837	34,294,602
At 31 December 2010	12,577,280	8,040,510	1,792,090	22,409,880

17 Borrowings (Continued)

(c) Other borrowings (Continued)

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

	31 December 2011 RMB'000	2010 RMB'000
Group		
Bank and other borrowings and senior notes:		
1–2 years	13,407,560	4,847,520
2–5 years	27,245,058	19,312,504
Over 5 years	846,102	—
Company		
Senior notes:		
2–5 years	17,432,108	8,750,254

The effective interest rates were as follows:

	2011 RMB'000	2011 Effective interest rate	2010 RMB'000	2010 Effective interest rate
Group				
Bank and other borrowings	34,294,602	8.38%	22,409,880	5.89%
Senior notes	17,432,108	11.27%	8,750,254	13.70%
Company				
Senior notes	17,432,108	11.27%	8,750,254	13.70%

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

	2011 Carrying amount RMB'000	2011 Fair value RMB'000	2010 Carrying amount RMB'000	2010 Fair value RMB'000
Group				
Bank and other borrowings	24,066,612	24,066,612	15,409,770	15,409,770
Senior notes	17,432,108	13,685,075	8,750,254	9,734,574

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 2011 are determined directly by references to the price quotations published by the Singapore Exchange Limited on 28 December 2011, the last dealing date of 2011.

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	
	2011	2010
	RMB'000	RMB'000
Deferred income tax assets to be recovered within 12 months	**(220,297)**	(249,176)
Deferred income tax assets to be recovered after more than 12 months	**(428,262)**	(91,049)
Deferred income tax assets	**(648,559)**	(340,225)
Deferred income tax liabilities to be settled after more than 12 months	**2,864,139**	1,496,310
	2,215,580	1,156,085

The net movements on the deferred taxation are as follows:

	Year ended 31 December	
	2011	2010
	RMB'000	RMB'000
Beginning of the year	**1,156,085**	78,331
Acquisition of a subsidiary (note 30)	**491,205**	—
Recognised in income tax expenses (note 26)	**568,290**	1,077,754
End of the year	**2,215,580**	1,156,085

18 Deferred Income Tax — Group (Continued)

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 31 December 2010	(126,919)	(402,747)	—	(529,666)
(Credited)/charged to the income tax expenses	(59,448)	240,639	—	181,191
As at 31 December 2010	(186,367)	(162,108)	—	(348,475)
Acquisition of a subsidiary (note 30)	—	(13,007)	—	(13,007)
(Credited)/charged 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)**

Deferred income tax assets are recognised for tax losses carry-forwards 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 RMB278,919,000 (2010: RMB136,796,250) in respect of tax losses amounting to RMB1,115,677,000 (2010: RMB547,185,000) in certain subsidiaries, which will expire in the following years:

Year	RMB'000
2012	35,045
2013	49,664
2014	199,304
2015	263,172
2016	568,492
	1,115,677

18 Deferred Income Tax—Group (Continued)

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	Total RMB'000
As at 1 January 2010	58,286	549,711	—	607,997
(Credited)/charged to the income tax expenses	(17,297)	837,714	76,146	896,563
As at 31 December 2010	40,989	1,387,425	76,146	1,504,560
Acquisition of a subsidiary (note 30)	421,879	82,333	—	504,212
(Credited)/charged to the income tax expenses	(8,320)	945,168	(76,146)	860,702
As at 31 December 2011	454,548	2,414,926	—	2,869,474

19 Trade and Other Payables

	Group 31 December 2011 RMB'000	Group 31 December 2010 RMB'000	Company 31 December 2011 RMB'000	Company 31 December 2010 RMB'000
Trade payables				
— third parties	32,289,884	13,459,413	—	—
Other payables:	14,743,793	6,911,183	946,370	723,245
— subsidiaries	—	—	92,479	95,280
— related parties	371	—	—	—
— third parties	4,490,418	2,220,332	853,891	627,965
— payables for acquisition of land use rights	10,253,004	4,690,851	—	—
Accrued expenses	1,139,754	925,603	—	—
Other taxes payable	1,022,692	484,637	—	—
	49,196,123	21,780,836	946,370	723,245

19 Trade and Other Payables (Continued)

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

	31 December 2011 RMB'000	2010 RMB'000
Within 90 days	30,205,625	12,677,883
Over 90 days and within 180 days	1,001,849	511,020
Over 180 days and within 365 days	866,632	137,750
Over 365 days	215,778	132,760
	32,289,884	13,459,413

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

20 Current Income Tax Liabilities — Group

The current income tax liabilities are analysed as follows:

	31 December 2011 RMB'000	2010 RMB'000
Income tax payables		
— PRC corporate income tax	3,064,068	1,988,901
— PRC land appreciation tax	5,700,784	2,578,627
	8,764,852	4,567,528

21 Other Income

	Year ended 31 December	
	2011	2010
	RMB'000	RMB'000
Interest income from bank deposits	103,151	52,249
Interest income from non-current receivables	13,181	21,204
Forfeited customer deposits	61,418	22,472
Advertising revenue (note (a))	392,724	—
Penalty income (note (b))	100,000	—
Consent fee income (note (c))	—	73,575
Others	85,332	14,869
	755,806	184,369

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

(b) Amount represented the penalty income from a third party in relation to the cancellation of a land use rights acquisition contract.

(c) Amount represented the consent fee received from the non-controlling shareholder of a subsidiary in relation to the waiver on an event of change in control pursuant to the related shareholders' agreement.

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	
	2011	2010
	RMB'000	RMB'000
Cost of properties sold	35,271,843	29,036,722
Business tax and other levies (note (a))	3,548,862	2,543,238
Staff costs — including directors' emoluments (note 23)	3,385,961	1,775,893
Advertising costs	1,675,475	888,301
Sales commissions	338,616	347,373
Consultancy fee (note (b))	160,565	47,232
Depreciation	261,552	106,014
Amortisation	86,683	4,565
Auditors' remuneration	15,573	9,699
Donations to governmental charity	201,985	53,610

22 Expenses by Nature (Continued)

(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%

(b) Consultancy fee

The consultancy fee for the years ended 31 December 2011 and 2010 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	
	2011	2010
	RMB'000	RMB'000
Wages and salaries	**2,753,210**	1,382,810
Pension costs — statutory pension (note 33)	**128,977**	29,551
Staff welfare	**71,345**	28,712
Medical benefits	**60,410**	14,131
Employee share option schemes	**189,173**	289,403
Other allowances and benefits	**182,846**	31,286
	3,385,961	1,775,893

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 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 *(Chief executive)*	240	18,982	10	20,865	40,097
Mr. Li Gang	240	18,982	10	14,606	33,838
Mr. Tse Wai Wah	240	4,770	10	3,130	8,150
Mr. Xu Xiangwu	240	5,342	30	3,130	8,742
Mr. Xu Wen	240	5,785	31	3,547	9,603
Ms. He Miaoling	240	5,315	30	3,547	9,132
Mr. Lai Lixin	240	4,052	10	3,130	7,432
Mr. Yu Kam Kee Lawrence	300	—	—	—	300
Mr. Chau Shing Yim David	300	—	—	—	300
Mr. He Qi	300	—	—	—	300
	2,820	63,228	131	51,955	118,134

The remuneration of directors of the Company for the year ended 31 December 2010 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 *(Chief executive)*	240	15,505	10	32,192	47,947
Mr. Li Gang	240	13,965	10	22,534	36,749
Mr. Tse Wai Wah	240	4,726	10	4,829	9,805
Mr. Xu Xiangwu	240	3,824	22	4,829	8,915
Mr. Xu Wen	240	4,535	20	5,473	10,268
Ms. He Miaoling	240	4,283	22	5,473	10,018
Mr. Lai Lixin	240	3,715	10	4,829	8,794
Mr. Yu Kam Kee Lawrence	300	—	—	—	300
Mr. Chau Shing Yim David	300	—	—	—	300
Mr. He Qi	300	—	—	—	300
	2,820	50,553	104	80,159	133,636

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

(b) Five highest paid individuals

During the year ended 31 December 2011, the five highest paid individuals include 2 directors (2010: 2). The aggregate amounts of emoluments of the five highest paid individuals for the year ended 31 December 2011 are set out below:

	Year ended 31 December 2011 RMB'000	2010 RMB'000
Salaries and other benefits	147,301	144,201
Retirement scheme contributions	102	73
	147,403	144,274

The emoluments fell within the following bands:

	Year ended 31 December 2011	2010
RMB10,000,000 to RMB20,000,000	—	2
RMB20,000,000 to RMB30,000,000	3	1
RMB30,000,000 to RMB40,000,000	1	1
RMB40,000,000 to RMB50,000,000	1	1

(c) During the year ended 31 December 2011, 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 (2010: nil).

25 Finance Income

	Year ended 31 December 2011 RMB'000	2010 RMB'000
Exchange gain	448,598	271,798
Interest expenses from borrowings	(3,988,187)	(2,107,309)
Less: interest capitalised	3,988,187	2,107,309
	—	—
	448,598	271,798

26 Income Tax Expenses

	Year ended 31 December	
	2011	2010
	RMB'000	RMB'000
Current income tax		
— Hong Kong profits tax	—	—
— PRC corporate income tax	4,027,447	2,329,223
— PRC land appreciation tax	3,994,484	2,661,058
Deferred income tax		
— PRC corporate income tax (note 18)	568,290	1,077,754
	8,590,221	6,068,035

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	
	2011	2010
	RMB'000	RMB'000
Profit before income tax	20,374,848	14,092,711
Calculated at PRC corporate income tax rate	5,093,712	3,598,453
PRC land appreciation tax deductible for PRC corporate income tax purposes	(998,621)	(665,265)
Income not subject to tax (note (a))	(140,445)	(92,551)
Expenses not deductible for tax purposes (note (b))	470,029	346,242
Tax losses for which no deferred income tax asset was recognised	142,123	143,952
PRC corporate income tax	4,566,798	3,330,831
Withholding tax on profit to be distributed from PRC subsidiaries	28,939	76,146
PRC land appreciation tax	3,994,484	2,661,058
	8,590,221	6,068,035

(a) Income not subject to tax for the year ended 31 December 2011 mainly comprised the exchange gain recognised for the senior notes in the Company (note 25) and penalty income (note 21).

(b) Expenses not deductible for tax purpose for the year ended 31 December 2011 mainly comprised the cost of land premium without official invoices and interests incurred by offshore group companies.

The weighted average applicable tax rate for the year ended 31 December 2011 is 25% (2010: 25%).

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 are subject to Hong Kong profits tax during the year ended 31 December 2011 (2010: 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% (2010: 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 rate ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including land use rights and all property development expenditures.

27 Accumulated Losses — Company

	Year ended 31 December	
	2011	2010
	RMB'000	RMB'000
At 1 January	(2,163,967)	(709,770)
Loss for the year	(1,616,327)	(1,454,197)
Transfer to capital redemption reserve	(7,155)	—
At 31 December	(3,787,449)	(2,163,967)

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	
	2011	2010
Profit attributable to shareholders of the Company (RMB'000)	11,381,697	7,588,786
Weighted average number of ordinary shares in issue (thousands)	14,951,708	15,000,000
Basic earnings per share (RMB)	0.761	0.506

(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	
	2011	2010
Profit attributable to equity holders of the Company (RMB'000)	11,381,697	7,588,786
Weighted average number of ordinary shares in issue (thousands)	14,951,708	15,000,000
Adjustments for share options (thousands)	339,465	100,311
Weighted average number of ordinary shares for diluted earnings per share (thousands)	15,291,173	15,100,311
Diluted earnings per share (RMB)	0.744	0.503

29 Dividends

	Year ended 31 December	
	2011	2010
	RMB'000	RMB'000
Proposed final dividend of RMB0.19 (2010: RMB0.1268 per ordinary share)	2,829,789	1,902,000

The Company did not distribute an interim dividend in the current year (2010: nil).

A final dividend in respect of 2010 of RMB0.1268 per share totaling RMB1,902,000,000 was paid on 15 July 2011.

A final dividend in respect of 2011 of RMB0.19 per share totaling RMB2,829,789,000 is to be approved by the shareholders at the Annual General Meeting on 31 May 2012. These financial statements do not reflect this dividend payable.

30 Business Combination

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

	RMB'000
Cash consideration	1,660,000

30 Business Combination (Continued)

Recognised amounts of identifiable assets acquired and liabilities assumed:

	RMB'000
Cash and cash equivalents	329,361
Trade and other receivables and prepayments	834,018
Financial assets held for trading	90,600
Properties under development	3,008,429
Property and equipment	56,170
Investment properties	471,776
Deferred income tax assets	13,007
Borrowings	(660,000)
Trade and other payables	(1,266,367)
Current income tax liabilities	(34,754)
Deferred tax liabilities	(504,212)
Total identifiable net assets	2,338,028
Non-controlling interest	(678,028)
	1,660,000
Outflow of cash to acquire business, net of cash acquired	
— cash consideration	1,660,000
— cash and cash equivalents in subsidiaries acquired	(329,361)
Cash outflow on acquisition	1,330,639

(a) Acquired receivables

All trade and other receivables and prepayments are considered collectible.

(b) Non-controlling interests

The Group has chosen to recognise the non-controlling interest to be measured at the proportion of fair value of the identifiable net assets in SCGC, amounting to approximately RMB678,028,000.

(c) Revenue and profit contribution

The acquired business contributed revenues of RMB1,191,769,000 and net profit of RMB73,347,000 to the Group for the period from 1 February 2011 to 31 December 2011. If the acquisition had occurred on 1 January 2011, consolidated revenue and consolidated profit for the year ended 31 December 2011 would have been RMB62,140,592,000 and RMB11,783,542,000 respectively.

31 Change in Ownership Interests in Subsidiaries without Change of Control

On 16 May 2011, the Group disposed of 49% of interest in Grandday Group Limited ("Grandday") to a minority shareholder of the Company at a consideration of USD500,000,000 (equivalent to approximately RMB3,241,849,000).

The carrying amount of the net assets of Grandday as at the date of disposal was approximately RMB46,559,000. After deduction of the portion of net assets of Grandday disposed of to non-controlling interests and direct transaction costs from the total consideration, the Group recognised an increase in equity attributable to owners of the Company of RMB2,920,203,000 and an increase in non-controlling interests of RMB22,814,000, respectively.

32 Net Cash Generated/(used in) from Operating Activities

	Year ended 31 December	
	2011	2010
	RMB'000	RMB'000
Profit for the year	**11,784,627**	8,024,676
Adjustments for:		
Income tax expense	**8,590,221**	6,068,035
Interest income from bank deposits (note 21)	**(103,151)**	(52,249)
Interest income from non-current receivables (note 21)	**(13,181)**	(21,204)
Exchange gain (note 25)	**(448,598)**	(271,798)
Depreciation (note 6)	**261,552**	106,014
Amortisation	**86,683**	5,716
Employee share option schemes	**189,173**	289,403
Fair value gains on investment properties	**(4,235,953)**	(3,350,857)
Gain on disposal of financial assets held for trading	**(5,992)**	—
Gain on disposal of investment properties	**(48,227)**	—
Loss on disposal of property and equipment (note (a))	**5,148**	10,746
Consent fee income (note 21)	**—**	(73,575)
Changes in working capital:		
Properties under development and completed properties held for sale	**(36,262,191)**	(19,001,513)
Restricted cash as guarantee for construction of projects and other operating activities	**(882,090)**	(992,535)
Trade and other receivables and prepayments	**(8,045,259)**	(10,773,880)
Trade and other payables and receipt in advance from customers	**33,360,583**	11,182,583
Net cash generated/(used in) from operations	**4,233,345**	(8,850,438)

(a) Loss on disposal of property and equipment during the year ended 31 December 2011 and 2010 represented the net book value of the property and equipment being disposed of.

33 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.

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	
	2011	2010
	RMB'000	RMB'000
Gross scheme contributions	**128,977**	29,551

34 Financial Guarantees

	31 December	
	2011	2010
	RMB'000	RMB'000
Guarantees in respect of mortgage facilities for certain purchasers of the Group's property units	**40,149,361**	25,451,605

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

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

35 Commitments

(a) Operating leases commitments

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

	31 December 2011 RMB'000	2010 RMB'000
Property and equipment:		
Not later than one year	122,893	61,817
Later than one year and not later than five years	141,246	92,067
Later than five years	105,272	1,891
	369,411	155,775

(b) Commitments for property development expenditure

	31 December 2011 RMB'000	2010 RMB'000
Contracted but not provided for		
— Property development activities	58,419,016	24,932,607
— Acquisition of land use rights	21,051,857	21,873,587
	79,470,873	46,806,194

36 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 2011, the Group had the following significant transactions with related parties:

	Year ended 31 December	
	2011	2010
	RMB'000	RMB'000
Rental income (note (i)):		
Guangzhou Jinbi Dashijie Catering and Entertainment Company Limited	**–**	9,717

(i) The rental fees were charged in accordance with the terms of the underlying agreements. The Group acquired 100% interests of this company with a consideration of RMB753,000 in September 2010. Thereafter, this company is no longer a related party of the Group.

(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	
	2011	2010
	RMB'000	RMB'000
Salaries and other employee benefits	**201,358**	223,484
Retirement scheme contributions	**563**	394
	201,921	223,878

36 Related Party Transactions (Continued)

(d) Balances with related parties

As at 31 December 2011, the Group had the following significant non-trade balances with related parties:

	31 December 2011 RMB'000	2010 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.

37 Subsequent Events

On 18 January 2012, ANJI (BVI) Limited, a wholly-owned subsidiary of the Company, entered into an acquisition agreement with, among others, Pearl River Investment Company Limited, pursuant to which the Group agreed to acquire the remaining 40% equity interest in Success Will Group Limited, a 60%-owned subsidiary of the Group, for an aggregate consideration of US$161,641,661 (equivalent to approximately RMB1,022 million).

38 Investments in Subsidiaries — Company

	31 December 2011 RMB'000	2010 RMB'000
Investment in subsidiaries — unlisted shares	2	2
Employee share option schemes (note 16 (c))	492,770	303,597
Amounts due from subsidiaries (note (i))	9,560,597	15,265,027
	10,053,369	15,568,626

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

38 Investments in Subsidiaries — Company (Continued)

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 Directly	Indirectly	Principal activities
Incorporated in the BVI with limited liability and operating in the People's Republic of China (the "PRC")					
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
Incorporated in Hong Kong with limited liability and operating in the PRC					
Success Will Group Limited	5 July 2007	HK$1,000	—	60%	Investment holding
Shui Wah Investment Limited	18 June 1992	HK$4	—	100%	Property development
Wisdom Gain Group Limited	13 June 2003	USD$10,000	—	100%	Property development
Full Hill Limited	3 January 2002	USD$1	—	100%	Investment holding
Grandday Group Limited	16 January,2008	USD$100	—	51%	Investment holding
Incorporated in the PRC with limited liability and operating in the PRC					
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	—	60%	Property development
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

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 Directly	Indirectly	Principal activities
Incorporated in the PRC with limited liability and operating in the PRC (Continued)					
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
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

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 Directly	Indirectly	Principal activities
Incorporated in the PRC with limited liability and operating in the PRC (Continued)					
恒大盛宇(清新)置業有限公司 Hengda Shengyu (Qingxin) Company Limited	25 March 2007	USD$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	—	60%	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	—	65%	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

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 Directly	Indirectly	Principal activities
Incorporated in the PRC with limited liability and operating in the PRC (Continued)					
遼陽恒盛置業有限公司 Liaoyang Hengsheng Property Corporation Limited	6 May 2010	RMB300,000,000	—	100%	Property development
瀋陽悦通置業有限公司 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
宜昌梅子埡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

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 Directly	Indirectly	Principal activities
Incorporated in the PRC with limited liability and operating in the PRC (Continued)					
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
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 Guangjuyuan 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 Danzhou Hengda Binhai Investment Corporation Limited	10 June 2010	RMB234,310,000	—	100%	Property development
天津濱僑投資有限公司 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$29,800,000	—	100%	Property development

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 Directly	Indirectly	Principal activities
Incorporated in the PRC with limited liability and operating in the PRC (Continued)					
淮北粵通置業有限公司 Huaibei Yuetong Property Company Limited	19 October 2010	RMB310,000,000	—	100%	Property development
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	—	71%	Property development

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 Directly	Indirectly	Principal activities
Incorporated in the PRC with limited liability and operating in the PRC (Continued)					
合肥繁華投資發展有限公司 Hefei Fanhua Investment Development Company Limited	30 July 2002	RMB20,000,000	—	71%	Property development
深圳市建設集團有限公司 Shenzhen Construction Group Corporation Limited	25 December 2003	RMB300,000,000	—	71%	Construction
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
佛山市恒和木業有限公司 Foshan Henghe Manor Company Limited	23 July 2009	RMB5,000,000	—	60%	Wood Industry
淮南恒大天恒置業有限公司 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

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)

	2007 RMB'000	2008 RMB'000	2009 RMB'000	2010 RMB'000	**2011 RMB'000**
ASSETS					
Non-current assets	2,384,170	3,048,612	4,631,203	12,856,479	**25,502,220**
Current assets	19,000,215	25,473,986	58,440,061	91,595,985	**153,521,188**
Total assets	21,384,385	28,522,598	63,071,264	104,452,464	**179,023,408**
EQUITY					
Total equity	851,273	8,583,131	13,157,146	21,366,225	**34,857,605**
LIABILITIES					
Non-current liabilities	13,368,017	4,677,940	8,416,541	25,656,334	**44,362,859**
Current liabilities	7,165,095	15,261,527	41,497,577	57,429,905	**99,802,944**
Total liabilities	20,533,112	19,939,467	49,914,118	83,086,239	**144,165,803**
Total equity and liabilities	21,384,385	28,522,598	63,071,264	104,452,464	**179,023,408**

Five Years Financial Summary (Continued)

	2007 RMB'000	2008 RMB'000	2009 RMB'000	2010 RMB'000	**2011 RMB'000**
Revenue	3,166,692	3,606,791	5,722,657	45,801,401	**61,918,185**
Cost of sales	(1,945,261)	(2,124,420)	(3,776,308)	(32,432,232)	**(41,310,558)**
Gross profit	1,221,431	1,482,371	1,946,349	13,369,169	**20,607,627**
Fair value gains on investment properties	657,067	77,415	842,570	3,350,857	**4,235,953**
Other gains	796,877	531,090	347,554	184,369	**755,806**
Selling and marketing costs	(220,651)	(665,299)	(1,075,142)	(1,574,262)	**(2,720,756)**
Administrative expenses	(470,579)	(545,273)	(744,960)	(1,384,263)	**(2,161,218)**
Other operating expenses	(23,356)	(34,439)	(63,890)	(124,957)	**(791,162)**
Operating profit	1,960,789	845,865	1,252,481	13,820,913	**19,926,250**
Fair value change on embedded financial derivatives	(562,684)	—	197,403	—	**—**
(Provisions)/reversals of financial guarantees	—	(65,997)	—	—	**—**
Finance (costs)/income,net	118,765	186,520	(3,709)	271,798	**448,598**
Profit before income tax	1,516,870	966,388	1,446,175	14,092,711	**20,374,848**
Income tax expenses	(437,766)	(333,958)	(329,371)	(6,068,035)	**(8,590,221)**
Profit for the year	1,079,104	632,430	1,116,804	8,024,676	**11,784,627**
Other comprehensive income	—	—	—	—	**—**
Total comprehensive income for the year	1,079,104	632,430	1,116,804	8,024,676	**11,784,627**
Attributable to:					
Shareholders of the Company	1,081,533	524,760	1,046,428	7,588,786	**11,381,697**
Non-controlling interests	(2,429)	107,670	70,376	435,890	**402,930**

恒大地產集團®
EVERGRANDE REAL ESTATE GROUP

Evergrande Real Estate Group Limited

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

http://www.evergrande.com

FSC
www.fsc.org
MIX
Paper from responsible sources
FSC™ C022951