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)

ANNOUNCEMENT OF RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2011

FINANCIAL HIGHLIGHTS

1. Revenue increased by 35.2% from RMB45.80 billion in 2010 to RMB61.92 billion, of which the revenue from the property development segment contributed 98%.
2. Gross profit increased by 54.2% from RMB13.37 billion in 2010 to RMB20.61 billion with gross profit margin for the year increased to a satisfactory level of 33.3%.
3. Net profit increased by 46.9% from RMB8.02 billion in 2010 to RMB11.78 billion.
4. Net profit attributable to shareholders increased by 49.9% from RMB7.59 billion in 2010 to RMB11.38 billion.
5. Net profit from core businesses excluding the fair value gains on investment properties rose by 56.3% from RMB5.51 billion in 2010 to RMB8.61 billion with a net profit margin of 13.9%.
6. Basic earnings per share increased by 50.4% from RMB0.506 in 2010 to RMB0.761.
7. Total assets increased by 71.4% from RMB104.45 billion as at the end of 2010 to RMB179.02 billion.
8. Equity attributable to shareholders of the Company increased by 58.4% from RMB20.64 billion in 2010 to RMB32.69 billion. Return on shareholders' equity remained at a respectable level of 42.7%.
9. Contracted sales for the year amounted to RMB80.39 billion was achieved, representing a year-on-year increase of 59.4% as compared with 2010; the GFA of contracted sales was 12.199 million m^2, representing a year-on-year increase of 54.7%.
10. As at 31 December 2011, the Group had total cash (including cash and cash equivalents and restricted cash) of RMB28.20 billion, representing an increase of 41.4%, together with the unutilised banking facilities of RMB36.91 billion, the Group has sufficient working capital. The Group had a total debt of RMB51.73 billion as at 31 December 2011.
11. The Board of Directors recommend the payment of a final dividend of RMB0.19 per share.

The board of directors (the "Board") of Evergrande Real Estate Group Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2011. The results have been reviewed by the audit committee of the Company.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 December	
	Note	**2011**	2010
		RMB'000	*RMB'000*
Revenue	*3*	**61,918,185**	45,801,401
Cost of sales	*4*	**(41,310,558)**	(32,432,232)
Gross profit		**20,607,627**	13,369,169
Fair value gains on investment properties		**4,235,953**	3,350,857
Other income		**755,806**	184,369
Selling and marketing costs	*4*	**(2,720,756)**	(1,574,262)
Administrative expenses	*4*	**(2,161,218)**	(1,384,263)
Other operating expenses	*4*	**(791,162)**	(124,957)
Operating profit		**19,926,250**	13,820,913
Finance income	*5*	**448,598**	271,798
Profit before income tax		**20,374,848**	14,092,711
Income tax expenses	*6*	**(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	*7*	**0.761**	0.506
— Diluted earnings per share	*7*	**0.744**	0.503
Dividend	*8*	**2,829,789**	1,902,000

CONSOLIDATED BALANCE SHEET

		31 December	
		2011	2010
	Note	***RMB'000***	*RMB'000*
ASSETS			
Non-current assets			
Properties and equipment		**4,864,442**	1,277,297
Land use rights		**445,758**	306,058
Investment properties		**18,918,630**	10,116,643
Properties under development		**—**	454,870
Other receivables		**349,314**	324,168
Intangible assets		**275,517**	37,218
Deferred income tax assets		**648,559**	340,225
		25,502,220	12,856,479
Current assets			
Properties under development		**91,380,381**	49,133,585
Completed properties held for sale		**8,434,504**	6,213,078
Trade and other receivables	*9*	**5,766,224**	2,127,822
Prepayments	*10*	**19,296,237**	13,964,232
Income tax recoverable		**439,492**	205,309
Restricted cash		**8,122,405**	7,595,696
Cash and cash equivalents		**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		**1,037,199**	1,044,079
Share premium		**5,423,466**	7,853,022
Reserves		**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

	Note	31 December **2011** *RMB'000*	2010 *RMB'000*
LIABILITIES			
Non-current liabilities			
Borrowings		**41,498,720**	24,160,024
Deferred income tax liabilities		**2,864,139**	1,496,310
		44,362,859	25,656,334
Current liabilities			
Borrowings		**10,227,990**	7,000,110
Trade and other payables	*11*	**49,196,123**	21,780,836
Receipt in advance from customers		**31,613,979**	24,081,431
Current income tax liabilities		**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

1. GENERAL INFORMATION

Evergrande Real Estate Group Limited 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 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") since 5 November 2009.

2. 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.

(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.

(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.

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

- HKFRS 7 (Amendment) "Disclosures — Transfers of financial assets" 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.

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.

3. SEGMENT INFORMATION

The chief operating decision-maker ("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.

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	2010
	RMB'000	*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**

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

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.

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 *RMB'000*	2010 *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 *RMB'000*	2010 *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

4. 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 *RMB'000*	2010 *RMB'000*
Cost of properties sold	**35,271,843**	29,036,722
Business tax and other levies	**3,548,862**	2,543,238
Staff costs — including directors' emoluments	**3,385,961**	1,775,893
Advertising costs	**1,675,475**	888,301
Sales commissions	**338,616**	347,373
Consultancy fee	**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

5. FINANCE INCOME

	Year ended 31 December	
	2011	2010
	RMB'000	*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

6. 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	**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 and penalty income.

(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%).

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.

7. 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

8. 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.

9. TRADE AND OTHER RECEIVABLES

	31 December	
	2011	2010
	RMB'000	*RMB'000*
Trade receivables *(note (a))*:		
— third parties	**2,753,483**	949,589
Other receivables:	**3,012,741**	1,178,233
— a related party	**530**	—
— third parties	**3,012,211**	1,178,233
	5,766,224	2,127,822

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

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.

10. PREPAYMENTS

	31 December	
	2011	2010
	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

11. TRADE AND OTHER PAYABLES

	31 December	
	2011	2010
	RMB'000	*RMB'000*
Trade payables:		
— third parties	**32,289,884**	13,459,413
Other payables:	**14,743,793**	6,911,183
— related parties	**371**	—
— third parties	**4,490,418**	2,220,332
— 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

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

	31 December	
	2011	2010
	RMB'000	*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 trade and other payables were denominated in RMB.

BUSINESS REVIEW

In 2011, China deepened its regulation and control over the real estate market and such regulation and control had 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 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 totaled 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.

1 Ten major cities: Beijing, Shanghai, Guangzhou, Shenzhen, Chengdu, Chongqing, Nanjing, Tianjin, Wuhan and Hangzhou

2 Source: Worldunion Properties

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

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.

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[5] 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.

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,

[5] Source: National Bureau of Statistics

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.

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") .

ANNUAL GENERAL MEETING

The 2012 AGM will be held on 31 May 2012 and the Notice of 2012 AGM will be sent to the shareholders in the manner as required by the Listing Rules before the 2012 AGM.

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.

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.

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

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

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

The repurchased shares were cancelled and accordingly, the issued share capital was reduced by the nominal value thereof. The premium payable on repurchase was charged against the share premium of the Company.

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.

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.

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.

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 announcement 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.

By order of the Board
Evergrande Real Estate Group Limited
Hui Ka Yan
Chairman

Hong Kong, 28 March 2012

As at the date of this announcement, the executive directors are Mr. Hui Ka Yan, Mr. Xia Haijun, Mr. Li Gang, Mr. Tse Wai Wah, Mr. Xu Xiangwu, Mr. Xu Wen, Mr. Lai Lixin and Ms. He Miaoling, and the independent non-executive directors are Mr. Yu Kam Kee, Lawrence, Mr. Chau Shing Yim, David and Mr. He Qi

***** Scope of work of PricewaterhouseCoopers*

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2011 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.