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 2012

FINANCIAL HIGHLIGHTS

1. Revenue increased by 5.4% from RMB61.92 billion in 2011 to RMB65.26 billion, of which the revenue from the property development segment amounted to RMB63.51 billion, accounting for 97.3%.

2. Net profit decreased by 21.7% from RMB11.73 billion in 2011 to RMB9.18 billion.

3. Net profit from core business excluding the fair value gains on investment properties decreased by 28% from RMB8.61 billion in 2011 to RMB6.2 billion.

4. Total assets increased by 33.5% from RMB179.02 billion as at the end of 2011 to RMB238.99 billion as at 31 December 2012.

5. Equity attributable to shareholders of the Company rose by 19.7% from RMB31.96 billion as at the end of 2011 to RMB38.26 billion as at 31 December 2012.

6. Contracted sales for the year amounted to RMB92.32 billion, representing a year-on-year increase of 14.8% as compared with 2011; whereas the gross floor area ("GFA") of contracted sales was 15.485 million square metres, representing a year-on-year increase of 26.9% as compared with 2011.

7. As at 31 December 2012, the Group had total cash (including cash and cash equivalents and restricted cash) of RMB25.19 billion. Together with the unutilised banking facilities of RMB36.37 billion, the Group had available funds of RMB61.56 billion. The Group had sufficient capital.

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 2012. The results have been reviewed by the audit committee of the Company.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 December	
		2012	2011
	Note	***RMB'000***	*RMB'000*
			(Restated)
Revenue	*3*	**65,260,838**	61,918,185
Cost of sales	*4*	**(47,050,471)**	(41,310,558)
Gross profit		**18,210,367**	20,607,627
Fair value gains on investment properties		**4,459,506**	4,235,953
Other income		**635,525**	755,806
Selling and marketing costs	*4*	**(3,017,664)**	(2,720,756)
Administrative expenses	*4*	**(2,600,664)**	(2,161,218)
Other operating expenses	*4*	**(1,164,213)**	(791,162)
Operating profit		**16,522,857**	19,926,250
Finance (costs)/income	*5*	**(33,056)**	448,598
Profit before income tax		**16,489,801**	20,374,848
Income tax expenses	*6*	**(7,307,880)**	(8,648,255)
Profit for the year		**9,181,921**	11,726,593
Other comprehensive income		**—**	—
Total comprehensive income for the year		**9,181,921**	11,726,593
Attributable to:			
Shareholders of the Company		**9,170,837**	11,323,663
Non-controlling interests		**11,084**	402,930
		9,181,921	11,726,593
Earnings per share for profit attributable to shareholders of the Company for the year (expressed in RMB per share)			
— Basic earnings per share	*7*	**0.613**	0.757
— Diluted earnings per share	*7*	**0.604**	0.741
Dividends	*8*	**—**	2,800,554

CONSOLIDATED BALANCE SHEET

	Note	**31 December 2012** *RMB'000*	2011 *RMB'000* (Restated)	1 January 2011 *RMB'000* (Restated)
ASSETS				
Non-current assets				
Property and equipment		**8,559,167**	4,864,442	1,277,297
Land use rights		**2,347,117**	445,758	306,058
Investment properties		**24,941,627**	18,918,630	10,116,643
Properties under development		**—**	—	454,870
Trade and other receivables	*9*	**1,112,242**	349,314	324,168
Intangible assets		**446,989**	275,517	37,218
Deferred income tax assets		**1,039,782**	648,559	340,225
		38,446,924	25,502,220	12,856,479
Current assets				
Properties under development		**133,293,609**	91,380,381	49,133,585
Completed properties held for sale		**15,158,843**	8,434,504	6,213,078
Trade and other receivables	*9*	**5,785,030**	5,766,224	2,127,822
Prepayments	*10*	**19,871,222**	19,296,237	13,964,232
Income tax recoverable		**1,245,324**	439,492	205,309
Restricted cash		**7,399,279**	8,122,405	7,595,696
Cash and cash equivalents		**17,790,320**	20,081,945	12,356,263
		200,543,627	153,521,188	91,595,985
Total assets		**238,990,551**	179,023,408	104,452,464

	Note	31 December 2012 RMB'000	2011 RMB'000 (Restated)	1 January 2011 RMB'000 (Restated)
EQUITY				
Capital and reserves attributable to shareholders of the Company				
Share capital		**1,043,317**	1,037,199	1,044,079
Share premium		**2,901,986**	5,423,466	7,853,022
Reserves		**6,546,500**	5,601,609	1,544,576
Retained earnings		**27,771,925**	19,897,438	9,524,531
		38,263,728	31,959,712	19,966,208
Non-controlling interests		**3,427,597**	2,171,041	731,199
Total equity		**41,691,325**	34,130,753	20,697,407
LIABILITIES				
Non-current liabilities				
Borrowings		**41,243,149**	41,498,720	24,160,024
Other payables	*11*	**738,516**	—	—
Deferred income tax liabilities		**4,939,761**	3,590,991	2,165,128
		46,921,426	45,089,711	26,325,152
Current liabilities				
Borrowings		**19,030,706**	10,227,990	7,000,110
Trade and other payables	*11*	**77,788,431**	49,196,123	21,780,836
Receipt in advance from customers		**44,833,483**	31,613,979	24,081,431
Current income tax liabilities		**8,725,180**	8,764,852	4,567,528
		150,377,800	99,802,944	57,429,905
Total liabilities		**197,299,226**	144,892,655	83,755,057
Total equity and liabilities		**238,990,551**	179,023,408	104,452,464
Net current assets		**50,165,827**	53,718,244	34,166,080
Total assets less current liabilities		**88,612,751**	79,220,464	47,022,559

1. GENERAL INFORMATION

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

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

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) Changes in accounting policy and disclosures

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

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

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

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

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

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

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

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

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

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

3. SEGMENT INFORMATION

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Segment liabilities consist of operating liabilities.

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

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

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

Reportable segments liabilities are reconciled to total liabilities as follows:

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

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

5. FINANCE (COSTS)/INCOME

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

6. INCOME TAX EXPENSES

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

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

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

(a) Income not subject to tax for the year ended 31 December 2012 mainly comprised the exchange gain recognised for the senior notes in the Company and income recognised in the oversea companies.

(b) Expenses not deductible for tax purpose for the year ended 31 December 2012 mainly comprised: (i) the cost of land premium without official invoices resulting from the land acquisitions through acquisitions of companies; and (ii) interests incurred by offshore group companies.

Overseas income tax

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap. 22 (2009 Revision as consolidated and revised from time to time) of the Cayman Islands and accordingly, is exempted from Cayman Islands income tax. The group companies in the British Virgin Islands were incorporated under the International Business Companies Act of the British Virgin Islands and, accordingly, exempted from British Virgin Islands income tax.

Hong Kong profits tax

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

PRC corporate income tax

The income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate of 25% (2011: 25%) on the estimated assessable profits for the year, based on the existing legislation, interpretations and practices in respect thereof.

PRC withholding income tax

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

PRC land appreciation tax

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

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

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company's dilutive potential ordinary shares consist of share options. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

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

8. DIVIDENDS

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

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

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

9. TRADE AND OTHER RECEIVABLES

	31 December	
	2012	2011
	RMB'000	*RMB'000*
Trade receivables *(note (a))*:		
— third parties	**3,600,288**	2,753,483
Other receivables:	**3,296,984**	3,362,055
— a related party	**—**	530
— third parties	**3,296,984**	3,361,525
	6,897,272	6,115,538
Less: non-current portion	**(1,112,242)**	(349,314)
Trade receivables *(note (a))* — third parties	**(742,972)**	—
Other receivables — third parties	**(369,270)**	(349,314)
Current portion	**5,785,030**	5,766,224

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

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

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

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

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

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

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

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

10. PREPAYMENTS

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

11. TRADE AND OTHER PAYABLES

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

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

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

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

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

BUSINESS REVIEW

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

In 2012, given the dominance of robust demand, significant divergence appeared in terms of regional markets, product structures and real estate developers. First- and second-tier cities showed outstanding performance with rapid rebound of transaction volume, and end-user products of less than 144 m^2 were extremely popular. Real estate developers generally benefited from the inventory clearance strategy, which in turn further consolidated the industry. The competitive edges of large real estate developers in aspects such as land reserves, financial resources and sales volume were more significant. In 2012, the sales of China's Top 10 real estate developers accounted for 12.46% of property sales in China, representing a year-on-year increase of 2.77 percentage points or a significant increase of 2.47 percentage points as compared to the growth in 2011[3].

Leveraging on its thorough understanding of the policy intention of the Central Government and its visionary predictions on the market trend, the Group has proactively seized market opportunities and consolidated its business foundation to realize the stable operation of its various businesses. During the year, the Group achieved contracted sales of RMB92.32 billion, representing a year-on-year growth of 14.8%; GFA of the contracted sales amounted to 15.485 million m^2, ranking No. 1 in China[4], and the GFA sold recorded a year-on-year growth of 26.9%; revenue amounted to RMB65.26 billion, of which revenue of the real estate development segment accounted for RMB63.51 billion, representing a year-on-year increase of 5.0%; total cash (including cash and cash equivalents and restricted cash) amounted to RMB25.19 billion at the end of 2012; GFA of land reserve amounted to 140 million m^2 with average cost of RMB724/m^2; area under construction at the end of the year was approximately 38.98 million m^2.

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

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

3 Source: CRIC Information Corporation and China Real Estate Appraisal

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

LAND RESERVE

We moderately replenished quality land reserve with net year-on-year growth in area of land reserve by 2.4%, maintaining the balance between consumption and replenishment. During the year, in view of the completion targets for the year and the opportunities arising in the land market in the first half of the year, 47 projects were newly added, of which 13 projects were in second-tier cities and 34 projects were in third-tier cities. With GFA of 13.739 million m^2 completed in the year, the Group's land reserve was 140 million m^2 in the end of 2012, a net increase of 3.341 million m^2 or a growth of 2.4% as compared to 2011. The additional land reserves acquired by the Group in the year covered cities including Changsha, Jinan, Shenyang, Guiyang, Ningbo, Wuxi, Ma'anshan and Qiqihar, and the cost of newly acquired land plots was approximately RMB1,151/m^2. Land acquisition was mainly conducted in the first half of the year with 34 new projects added, while the Group only added 13 new projects in the second half of the year.

As at 31 December 2012, the Group had 229 projects across 122 cities in China, of which 6 projects were in first-tier cities, 93 projects were in second-tier cities and 130 projects were in third-tier cities; the average cost of the land reserve was approximately RMB724/m^2. The low-cost land reserves and extensive footprints allowed the Group to implement its strategies in deeper dimensions, resulting in substantial scale advantages and greater capacity for sustainable development and resilience against risks.

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

CONTRACTED SALES

The Group hit new record highs in contracted sales once again and continued to rank No. 1 in China by GFA sold. Given the extremely sluggish market environment in the first quarter of 2012, the Group launched relatively fewer projects. Since the second quarter, the Group has stepped up its efforts on the launch of sales of the existing and new projects. Riding on its high value-for-money products and upholding the inventory clearance strategy, the Group succeeded in surpassing its full-year contracted sales target of RMB80 billion one month in advance, and recorded contracted sales of RMB92.32 billion for the year, representing a year-on-year growth of 14.8% as compared with 2011 and achieving 115.4% of the annual target; the GFA of contracted sales was 15.485 million m^2, representing a year-on-year growth of 26.9% as compared with 2011. 99.2% of the contracted sales of the Group were derived from second- and third-tier cities including Changsha, Chongqing, Taiyuan, Chengdu, Wuhan and Shenyang, of which the sales in second-tier cities and third-tier cities accounted for 44.8% and 54.4%, respectively.

During the year, as the market was dominated by robust demand, the Group continued to adhere to the concept of "developing properties for people's livelihood" to cultivate its presence in second- and third-tier cities with a product mix in line with market demand. The proportion of mass-market residential units of less than 144 m^2 developed by the Group accounted for over 76.0% of our total supply, and products launched were mainly units with small and medium areas that catered to the needs of end-users. China's total sales of commodity housing were RMB6,445.6 billion[5] in 2012 and, on such basis, the Group's market share in China was approximately 1.43% in 2012, representing a year-on-year increase of about 0.1 percentage point, which showed that the Group's products catering for people's livelihood and end-users were well received by the market.

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

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

PROPERTY DEVELOPMENT

During the year, GFA under construction of new projects was 16.05 million m^2, GFA completed was 13.739 million m^2 and GFA under construction at the end of the year was 38.98 million m^2. Both GFA completed and delivered have increased under market downturn, and the construction scale and sales pace matched and were reasonable. The Group devoted its efforts consistently to implement the rapid development model on premium products, while adjusting the construction size of new projects according to the construction progress and the number of properties available for sale. GFA under construction of new projects decreased by 7.84 million m^2 to 16.05 million m^2 in 2012 from 23.89 million m^2 in 2011, representing a decline of approximately 32.8%; GFA under construction at the end of the year was 38.98 million m^2, representing a slight growth on a year-on-year basis, which guarantees adequate salable resources to satisfy the needs of sustainable growth in the future. While conducting centralised management of its development scale, the Group further refined its standardised development model, and completed 50 outlines on standardised design and specifications in the year. At the same time, the Group also implemented the upgrading strategy of its products via developing various new layouts and styles suiting the market on the basis of the success achieved in the past. Coupled with different façade styles, the Group's products are set to cater for the market in the era of end-user demand.

As at 31 December 2012, 186 projects were under construction, of which the Group has received pre-sale permits for 179 projects, and the salable GFA under construction was 9.817 million m^2. The Board considers that upholding the strategy of matching development pace and sales pace allows the Group to maintain its leading development and construction size and saleable area in the industry to satisfy our next phase growth in contracted sales and delivery of properties.

5 Source: National Bureau of Statistics of China

In 2012, the Group's completed GFA spanned across 122 projects, and a total of 134 projects were delivered, recognising a delivery amount of RMB63.51 billion, a year-on-year increase of 5.0%; the GFA of properties delivered was 10.635 million m^2, a year-on-year increase of 12.3%. The accumulated sales-through rate of completed properties of the Group was over 88%.

PREMIUM STANDARDISATION

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

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

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

FINANCIAL RESOURCE

The Group continues to uphold a prudent financial policy of "cash is king" to lower net debt level by various methods, maintain sufficient cash flows with prudent strategies to ensure financial security. In the first half of the year, due to the impact of a down market cycle in the real estate industry, the Group's recovery of sales proceeds was relatively slow. Since the second quarter, the Group implemented an inventory clearance strategy, strengthened the recovery of pre-sales proceeds and prudently controlled its capital expenditures on land and construction. Despite settling land premium of RMB28.4 billion and construction fees of RMB38.5 billion during the year, net debt ratio as at 31 December 2012 (net borrowings[6] to total equity) significantly decreased by 11.9% as compared with the interim period in 2012. Meanwhile, the Group's strict control on expenditures also achieved great success: in spite of significant expansions in operations, the operating expenses of our 49 regional companies recorded a year-on-year decline of 21.6%, the Group's office expenses recorded a year-on-year decline of 24.9% and traveling expenses recorded a year-on-year decline of 42.3%.

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

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

CORPORATE SOCIAL RESPONSIBILITIES AND AWARDS

Incorporating social responsibilities into strategies and continuing its support for charitable activities in terms of livelihood, sports and environmental protection. In the past 16 years since its establishment, the Group has not only provided over 300,000 households with high value-for-money residential developments, but also made total charitable donations of approximately RMB2.1 billion. In 2012, the Group agreed to donate RMB350 million to support poverty alleviation in a "Poverty Alleviation Event" held in Guangdong, the payments of which will be made over ten years. The Group worked in creative ways with charitable organizations to establish specific poverty alleviation funds. Moreover, to advocate urban development while balancing urban ecology, the Group also donated RMB6 million to construct the South Mountain Botanical Garden in Chenzhou.

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

6 Net borrowings equal to total borrowings after deducting cash and cash equivalents and restricted cash

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

FINAL DIVIDEND

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

ANNUAL GENERAL MEETING

The 2013 annual general meeting ("AGM") of the Company will be held on Thursday, 6 June 2013 and the Notice of 2013 AGM will be sent to the shareholders in the manner as required by the Listing Rules before the 2013 AGM.

CLOSURE OF REGISTER OF MEMBERS TO ASCERTAIN SHAREHOLDERS' ENTITLEMENT TO ATTEND THE AGM

From Tuesday, 4 June 2013 to Thursday, 6 June 2013, both days inclusive, for the purpose of ascertaining shareholders' entitlement to attend and vote at the 2013 AGM which is scheduled on Thursday, 6 June 2013, the register of members of the Company will be closed. In order to be eligible to attend and vote at the 2013 AGM to be held on Thursday, 6 June 2013, 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, no later than 4:30 p.m. on Monday, 3 June 2013.

CORPORATE GOVERNANCE

The Stock Exchange has made various amendments to the Code on Corporate Governance Practices (the "Former Code") set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), and the revised code, namely Corporate Governance Code (the "Revised Code"), became effective on 1 April 2012. The Company has complied with all the applicable code provisions of the Former Code from 1 January 2012 to 31 March 2012 and has also complied with all the code provisions of the Revised Code from 1 April 2012 to 31 December 2012. The Group places emphasis on 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. During the year, the Group has completed 48 internal audit reports and convened 36 themed reporting and analysis meetings for the audit team, with 88 internal control rectification suggestions completed. With respect to internal monitoring, the monitoring of activities and areas, such as procurement tendering and the price of daily external operating activities, is carried out by the Group's monitory system, making compliance and rationality checks on important management aspects on a monthly basis, including tendering, procurement, marketing and construction, while 72 specific investigations on relevant issues were completed, and 147 complaints and reports were received.

For information disclosure and transparency of the Company, various methods, such as sales briefing and investors meetings, are employed on a monthly basis to deliver comprehensive information of the Group to the public, including its latest development strategies, development progress, sales results and market prospects. In June 2012, the Group published two clarification announcements in respect of the untrue allegations made in a report of a short-selling organisation, and rapidly convened telephone conference and investors meeting to refute every single false statement in the report. Since January 2013, the Group also regularly publishes voluntary announcements on the Stock Exchange to announce its full-year contracted sales target and monthly progress.

The Board believes that the efforts mentioned above will help the Group maximise its financial transparency and 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

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

SUBSEQUENT EVENT: SHARES PLACEMENT

On 21 January 2013, pursuant to the placing and subscription agreement dated 17 January 2013, the Company issued an aggregate of 1,000,000,000 shares. The details of such issuance are set out below:

Date of Issuance	Number of Shares Issued	Issue Price per Share
		HK$
21 January 2013	1,000,000,000	4.35

Immediately after the issuance, on 22 January 2013, the total number of issued shares were 16,021,533,000.

The proceeds from the placing and subscription (the "Placing") was used for the repayment of debts and as general working capital of the Group. The pro forma effect of the Placing resulted in the net debt ratio of the Company dropping from 84.2% before the Placing to 69.8% upon completion of the Placing.

BUSINESS OUTLOOK

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

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

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

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

Land Reserve

The Group will begin to acquire lands through equity partnerships to improve capital utilisation, while competing for quality projects in a more favorable way on the back of its established scale and branding edge. The Group will still uphold the same principle of "replenishing consumed land reserves", and attach more importance to balanced project development in second- and third-tier cities in the future, emphasising on replenishing consumed land reserves in second-tier cities, particularly on the acquisition of quality projects in the hubs of cities. With respect to land acquisition, the Group will adopt a more prudent approach and implement stricter requirements on the type of cities, land plot locations, planning conditions and payment terms with an aim to increase the profit margin of its projects and the overall profitability of the Group.

Project Development

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

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

Contracted Sales

The Group will maintain strong sales efforts from the beginning of the year, set more proactive internal sales targets monthly, and review and adjust specific sales policy according to market conditions at any time to ensure strong growth in annual contracted sales. The contracted sales target for 2013 is RMB100.0 billion. Owing to the fact that the existing inventory of the industry remains high and potential supply actually still exceeds salable area, the Group will implement a more prudent and reasonable sales strategy in the pursuit of a sales pace, matching its development scale with sales schedules while striking a balance between the scale and profit of sales. As for product marketing, the Group will continue to concentrate on small- and medium-sized residential properties in second- and third-tier cities, with larger-sized units as supplements to satisfy demand for higher quality and resort-style units.

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

In-depth Management

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 balanced development of sustained stability and high quality.

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

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

Financial Resource

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

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

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 2012, all directors always abided by the Model Code.

REVIEW OF CONSOLIDATED FINANCIAL INFORMATION

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

PUBLICATION OF INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

This announcement will be published on the Stock Exchange's website and the Company's website *(www.evergrande.com)*. The 2012 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, 26 March 2013

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 Wen and Mr. Lai Lixin, and the independent non-executive directors are Mr. Chau Shing Yim, David, Mr. He Qi and Ms. Xie Hongxi.

**** Scope of work of PricewaterhouseCoopers*
The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2012 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.