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 2013

FINANCIAL HIGHLIGHTS

1. Revenue increased by 43.5% from RMB65.26 billion in 2012 to RMB93.67 billion, of which the revenue from the property development segment amounted to RMB92.23 billion, accounting for 98.5%.

2. Gross profit increased by 51.8% from RMB18.21 billion in 2012 to RMB27.65 billion, gross profit margin rose from 27.9% in 2012 to 29.5%.

3. Net profit rose by 49.3% from RMB9.18 billion in 2012 to RMB13.71 billion.

4. Profit attributable to shareholders rose by 37.5% from RMB9.17 billion in 2012 to RMB12.61 billion.

5. Net profit excluding the revaluation gains on investment properties rose by 66.3% from RMB6.2 billion in 2012 to RMB10.31 billion.

6. Basic earnings per share rose by 28.7% from RMB0.613 in 2012 to RMB0.789.

7. Total assets increased by 45.7% from RMB238.99 billion as at the end of 2012 to RMB348.15 billion.

8. Total equity increased by 90.3% from RMB41.69 billion as at the end of 2012 to RMB79.34 billion.

9. Contracted sales during the year amounted to RMB100.40 billion, representing a year-on-year increase of 8.8%; whereas the gross floor area ("GFA") of contracted sales was 14.894 million square meters; the average price of contracted sales was RMB6,741 per square meter, representing a year-on-year increase of 13.1%.

10. As at 31 December 2013, the Group had total cash (including cash and cash equivalents and restricted cash) of RMB53.65 billion, representing an increase of 113% as compared with the end of 2012; together with the unutilized banking facilities of RMB48.39 billion, the Group had available funds of RMB102.04 billion.

11. Proposed dividend was RMB0.43 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 2013. The annual results have been reviewed by the audit committee of the Company.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 December	
		2013	2012
	Note	***RMB'000***	*RMB'000*
Revenue	*3*	**93,671,780**	65,260,838
Cost of sales	*4*	**(66,023,022)**	(47,050,471)
Gross profit		**27,648,758**	18,210,367
Fair value gains on investment properties		**5,815,221**	4,459,506
Other income	*5*	**1,041,322**	635,525
Selling and marketing costs	*4*	**(4,309,728)**	(3,017,664)
Administrative expenses	*4*	**(3,472,494)**	(2,600,664)
Other operating expenses	*4*	**(1,679,337)**	(1,164,213)
Operating profit		**25,043,742**	16,522,857
Finance income/(costs)	*6*	**352,618**	(33,056)
Profit before income tax		**25,396,360**	16,489,801
Income tax expenses	*7*	**(11,687,328)**	(7,307,880)
Profit for the year		**13,709,032**	9,181,921

	Note	Year ended 31 December 2013 RMB'000	2012 RMB'000
Other comprehensive income			
Item that may be reclassified to profit or loss			
Fair value loss on available-for-sale financial assets, net of tax		**(157,235)**	—
Other comprehensive income for the year, net of tax		**(157,235)**	—
Total comprehensive income for the year		**13,551,797**	9,181,921
Profit attributable to:			
Shareholders of the Company		**12,611,778**	9,170,837
Holders of perpetual capital instruments		**656,559**	—
Non-controlling interests		**440,695**	11,084
		13,709,032	9,181,921
Total comprehensive income attributable to:			
Shareholders of the Company		**12,454,543**	9,170,837
Holders of perpetual capital instruments		**656,559**	—
Non-controlling interests		**440,695**	11,084
		13,551,797	9,181,921
Earnings per share for profit attributable to shareholders of the Company for the year (expressed in RMB per share)			
— Basic earnings per share	*8*	**0.789**	0.613
— Diluted earnings per share	*8*	**0.782**	0.604
Dividends	*9*	**6,265,659**	2,291,947

CONSOLIDATED BALANCE SHEET

	Note	**31 December 2013** *RMB'000*	31 December 2012 *RMB'000*
ASSETS			
Non-current assets			
Property and equipment		**11,377,719**	8,559,167
Land use rights		**2,796,471**	2,347,117
Investment properties		**36,038,688**	24,941,627
Properties under development		**354,842**	—
Trade and other receivables	*10*	**2,626,439**	1,112,242
Intangible assets		**439,600**	446,989
Available-for-sale financial assets		**3,845,234**	—
Deferred income tax assets		**1,290,772**	1,039,782
		58,769,765	38,446,924
Current assets			
Properties under development		**160,543,684**	133,293,609
Completed properties held for sale		**24,288,831**	15,158,843
Trade and other receivables	*10*	**9,511,811**	5,785,030
Prepayments	*11*	**39,632,002**	19,871,222
Income tax recoverable		**1,748,660**	1,245,324
Restricted cash		**13,534,985**	7,399,279
Cash and cash equivalents		**40,118,454**	17,790,320
		289,378,427	200,543,627
Total assets		**348,148,192**	238,990,551
EQUITY			
Capital and reserves attributable to shareholders of the Company			
Share capital		**1,109,703**	1,043,317
Share premium		**4,227,525**	2,901,986
Reserves		**4,232,261**	6,546,500
Retained earnings		**39,020,303**	27,771,925
		48,589,792	38,263,728
Perpetual capital instruments		**25,023,773**	—
Non-controlling interests		**5,729,069**	3,427,597
Total equity		**79,342,634**	41,691,325

	Note	31 December 2013 RMB'000	31 December 2012 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings		**73,021,273**	41,243,149
Other payables	*12*	**870,475**	738,516
Deferred income tax liabilities		**6,716,307**	4,939,761
		80,608,055	46,921,426
Current liabilities			
Borrowings		**35,796,065**	19,030,706
Trade and other payables	*12*	**99,895,408**	77,788,431
Receipt in advance from customers		**39,000,386**	44,833,483
Current income tax liabilities		**13,505,644**	8,725,180
		188,197,503	150,377,800
Total liabilities		**268,805,558**	197,299,226
Total equity and liabilities		**348,148,192**	238,990,551
Net current assets		**101,180,924**	50,165,827
Total assets less current liabilities		**159,950,689**	88,612,751

Notes:

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 had 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 revaluation of available-for-sale financial assets and 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 adopted by the Group

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2013. The adoption of these new and amended standards does not have any significant impact to the results or financial position of the Group, except for certain disclosures in respect of HKFRS 13:

HKFRS 1 (Amendment)	First time adoption on government loans
HKAS 1 (Amendment)	Financial statements presentation regarding other comprehensive income
HKFRS 7 (Amendment)	Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosures of Interest in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (2011)	Employee Benefits
HKAS 27 (2011)	Separate Financial Statements
HKAS 28 (2011)	Investments in Associates and Joint Ventures
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendment)	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS (Amendment)	Annual Improvements 2009–2011 Cycle

(ii) New and amended standards and interpretations have been issued but are not effective for the financial year beginning 1 January 2013 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
HKFRS 9	Financial instruments	Effective date is not yet determined
HKAS 32 (Amendment)	Financial instruments: Disclosures — Offsetting financial assets and financial liabilities	1 January 2014
HKFRS 10, HKFRS 12 and HKAS 27 (Amendment)	Consolidation for investment entities	1 January 2014
HKAS 36 (Amendment)	Recoverable amount disclosures for "impairment of assets"	1 January 2014
IFRIC/HK (IFRIC) Interpretation 21	Levies	1 January 2014
HKAS 39 (Amendment)	Financial Instruments: Recognition and Measurement — Novation of derivatives	1 January 2014
New Company Ordinances	The New Company Ordinances deletes disclosure requirements already dealt with in HKFRS and has new requirement to disclose the Company's balance sheet in a set of consolidated financial statements as a note to the consolidated financial statements.	3 March 2014
	The abolition of nominal value of shares of companies (listed or private) incorporated in Hong Kong.	
HKAS 19 (Amendment)	Defined benefit plans: Employee contribution	1 July 2014
HKFRS (Amendment)	Annual improvements 2012 and 2013	1 July 2014

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 the CODM of the Group considers most of the revenue and results of the Group are attributable to the market in the PRC, and only an immaterial part (less than 10%) of the Group's assets are located outside the PRC, no geographical segment information is presented.

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

Revenue for the year ended 31 December 2013 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	
	2013	2012
	RMB'000	*RMB'000*
Sales of properties	**92,234,923**	63,507,271
Rental income of investment properties	**125,890**	99,000
Property management services	**742,027**	506,693
Other businesses	**568,940**	1,147,874
	93,671,780	65,260,838

The segment results and other segment items included in the consolidated statement of comprehensive income for the year ended 31 December 2013 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	**92,234,923**	**151,803**	**1,284,872**	**11,198,075**	**104,869,673**
Inter-segment revenue	**—**	**(25,913)**	**(542,845)**	**(10,629,135)**	**(11,197,893)**
Revenue	**92,234,923**	**125,890**	**742,027**	**568,940**	**93,671,780**
Segment results	**19,514,283**	**6,260,443**	**(57,947)**	**(673,037)**	**25,043,742**
Finance income					**352,618**
Profit before income tax					**25,396,360**
Income tax expenses					**(11,687,328)**
Profit for the year					**13,709,032**
Depreciation and amortisation	**354,550**	**—**	**5,752**	**666,662**	**1,026,964**
Fair value gains on investment properties	**—**	**5,815,221**	**—**	**—**	**5,815,221**

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

Segment assets and liabilities as at 31 December 2013 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	**291,031,738**	**36,038,688**	**635,147**	**13,557,953**	**341,263,526**
Unallocated assets					**6,884,666**
Total assets					**348,148,192**
Segment liabilities	**131,914,156**	**—**	**669,159**	**7,182,954**	**139,766,269**
Unallocated liabilities					**129,039,289**
Total liabilities					**268,805,558**
Capital expenditure	**1,053,556**	**8,302,428**	**10,440**	**3,087,896**	**12,454,320**

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 assets					2,285,106
Total assets					238,990,551
Segment liabilities	118,273,035	—	297,700	4,789,695	123,360,430
Unallocated liabilities					73,938,796
Total liabilities					197,299,226
Capital expenditure	781,154	3,298,482	2,823	3,882,848	7,965,307

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, land use rights and intangible assets.

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

	31 December	
	2013	2012
	RMB'000	*RMB'000*
Segment assets	**341,263,526**	236,705,445
Unallocated:		
Income tax recoverable	**1,748,660**	1,245,324
Deferred income tax assets	**1,290,772**	1,039,782
Available-for-sale financial assets	**3,845,234**	—
Total assets per consolidated balance sheets	**348,148,192**	238,990,551

Reportable segments liabilities are reconciled to total liabilities as follows:

	31 December	
	2013	2012
	RMB'000	*RMB'000*
Segment liabilities	**139,766,269**	123,360,430
Unallocated:		
Current income tax liabilities	**13,505,644**	8,725,180
Deferred income tax liabilities	**6,716,307**	4,939,761
Borrowings	**108,817,338**	60,273,855
Total liabilities per consolidated balance sheets	**268,805,558**	197,299,226

4. EXPENSES BY NATURE

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

	Year ended 31 December	
	2013	2012
	RMB'000	*RMB'000*
Cost of properties sold	**59,673,649**	41,531,607
Business tax and other levies	**5,350,119**	3,750,383
Staff costs — including directors' emoluments	**5,886,797**	4,717,674
Advertising costs	**2,336,670**	1,768,959
Sales commissions	**513,246**	336,951
Consultancy fees	**202,730**	98,103
Depreciation	**753,577**	400,868
Amortisation	**273,387**	187,078
Auditors' remuneration	**14,913**	17,902
Operating lease expenses	**182,789**	102,012
Donations to governmental charity	**262,086**	169,936

5. OTHER INCOME

	Year ended 31 December	
	2013	2012
	RMB'000	*RMB'000*
Interest income from bank deposits	**120,396**	108,444
Interest income from non-current receivables	**2,059**	5,963
Forfeited customer deposits	**70,878**	89,787
Advertising revenue *(note (a))*	**363,077**	294,901
Gain on disposal of investment properties	**342,765**	4,510
Others	**142,147**	131,920
	1,041,322	635,525

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

6. FINANCE INCOME/(COSTS)

	Year ended 31 December	
	2013	2012
	RMB'000	*RMB'000*
Exchange gain	**386,550**	20,611
Interest expense from borrowings	**(8,114,955)**	(5,785,121)
Less: interest capitalised	**8,081,023**	5,731,454
	(33,932)	(53,667)
	352,618	(33,056)

7. INCOME TAX EXPENSES

	Year ended 31 December	
	2013	2012
	RMB'000	*RMB'000*
Current income tax		
— Hong Kong profits tax	**—**	—
— PRC corporate income tax	**5,255,211**	3,701,366
— PRC land appreciation tax	**4,871,522**	2,648,967
Deferred income tax		
— PRC corporate income tax	**903,854**	594,562
— PRC land appreciation tax	**656,741**	362,985
	11,687,328	7,307,880

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 2013 (2012: 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% (2012: 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 Corporate Income Tax Law of the PRC, starting from 1 January 2008, a withholding tax of 10% will be levied on the immediate holding companies outside the PRC when their PRC subsidiaries declare dividend out of profits earned after 1 January 2008. A lower 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are established in Hong Kong according to the tax treaty arrangements between the PRC and Hong Kong.

PRC land appreciation tax

PRC land appreciation tax is levied at progressive 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.

8. 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	
	2013	2012
Profit attributable to shareholders of the Company *(RMB'000)*	**12,611,778**	9,170,837
Weighted average number of ordinary shares in issue *(thousands)*	**15,980,880**	14,951,754
Basic earnings per share *(RMB)*	**0.789**	0.613

(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	
	2013	2012
Profit attributable to equity holders of the Company *(RMB'000)*	**12,611,778**	9,170,837
Weighted average number of ordinary shares in issue *(thousands)*	**15,980,880**	14,951,754
Adjustments for share options *(thousands)*	**143,360**	222,606
Weighted average number of ordinary shares for diluted earnings per share *(thousands)*	**16,124,240**	15,174,360
Diluted earnings per share *(RMB)*	**0.782**	0.604

9. DIVIDENDS

The Company did not distribute an interim dividend for the six months ended 30 June 2013 (2012: nil).

A final dividend in respect of the year ended 31 December 2012 of RMB0.14 per share totaling RMB2,291,947,000 had been approved by the Extraordinary General Meeting on 21 October 2013 and paid on 5 November 2013.

A final dividend in respect of the year ended 31 December 2013 of RMB0.43 per share totaling RMB6,265,659,000 has been proposed by the Board on 31 March 2014, which is to be approved by the shareholders in the forthcoming Annual General Meeting. This financial information does not reflect this dividend payable.

10. TRADE AND OTHER RECEIVABLES

	31 December	
	2013	2012
	RMB'000	*RMB'000*
Trade receivables — third parties *(note (a))*	**7,207,708**	3,600,288
Other receivables:	**4,930,542**	3,296,984
— non-controlling interests	**919,241**	—
— third parties	**4,011,301**	3,296,984
	12,138,250	6,897,272
Less: non-current portion	**(2,626,439)**	(1,112,242)
Trade receivables — third parties *(note (a))*	**(2,255,742)**	(742,972)
Other receivables — third parties	**(370,697)**	(369,270)
Current portion	**9,511,811**	5,785,030

(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	
	2013	2012
	RMB'000	*RMB'000*
Within 90 days	**2,780,845**	2,809,586
Over 90 days and within 180 days	**2,496,617**	136,922
Over 180 days and within 365 days	**1,886,747**	440,929
Over 365 days	**43,499**	212,851
	7,207,708	3,600,288

As of 31 December 2013, trade receivables of RMB43,499,000 (31 December 2012: RMB212,851,000) 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 2013	2012
	RMB'000	*RMB'000*
Over 365 days	**43,499**	212,851

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

11. PREPAYMENTS

	31 December 2013	2012
	RMB'000	*RMB'000*
Prepaid business taxes and other taxes	**1,462,913**	1,448,815
Prepayments and advances to third parties:	**38,169,089**	18,422,407
— for acquisition of land use rights	**37,605,691**	17,907,958
— others	**563,398**	514,449
	39,632,002	19,871,222

12. TRADE AND OTHER PAYABLES

	31 December 2013	2012
	RMB'000	*RMB'000*
Trade payables		
— third parties	**65,836,287**	53,963,729
Other payables:	**32,605,660**	22,483,445
— third parties	**10,083,844**	6,595,191
— payables for acquisition of land use rights	**8,749,063**	11,046,103
— amounts owing to non-controlling interests	**13,772,753**	4,842,151
Accrued expenses	**1,586,543**	1,479,990
Other taxes payable	**737,393**	599,783
	100,765,883	78,526,947
Less: non-current portion		
Other payables:	**(870,475)**	(738,516)
— third parties	**(78,893)**	(268,250)
— amounts owing to non-controlling interests	**(791,582)**	(470,266)
Current portion	**99,895,408**	77,788,431

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

	31 December 2013	2012
	RMB'000	*RMB'000*
Within one year	**58,571,367**	49,661,436
Over one year	**7,264,920**	4,302,293
	65,836,287	53,963,729

BUSINESS REVIEW

In 2013, the Central Government announced its commitment to market-oriented reform of the real estate sector through ongoing policy measures such as limiting property purchases, practical reform to property tax, and region-specific property market controls, the market was stable and driven by end user demand. Moreover, the emerging market-driven interest rates promote greater liquidity that catalyzed a new phase of growth in the PRC real estate sector. The first half of 2013 reflected continuous, robust market recovery since the recovery began at the end of 2012: the GFA of commodity housing sold nationwide recorded a year-on-year increase of 30.4%; sales volume recorded a year-on-year increase of 46.0%; and average sales prices recorded a year-on-year increase of 0.35%[1]. Since the second half of 2013, commodity housing prices increased sharply. This was via a contraction of commercial banking facilities and a slowdown in transaction growth whereby: the GFA of commodity housing sold during the year recorded a year-on-year increase of 17.5%; sales volume recorded a year-on-year increase of 26.6%; and the average property sales price recorded a year-on-year increase of 7.7%[2].

Following polarization market conditions experienced in 2012, regional market activity and the competitive landscape further transmute the PRC real estate sector. In the year ended 31 December 2013, among the 70 medium and large sized cities, 69 experienced year-on-year growth in the prices of newly built commodity housing. Moreover, housing prices in all of the first-tier cities increased by over 20%, and growth in other main provincial cities spiked as well[3]. Key developers not just benefited from destocking policy, but optimize their geographical layout and fine tune their product mix by relying on their land bank, financial and human resources. During the year, the collective sales of China's top ten real estate developers accounted for 13.27% of the property sales market, representing an increase of 0.51 percentage points over 2012, whereas the floor area sold accounted for 8.37%, representing an increase of 0.65 percentage points over 2012[4].

In view of the general macro-economic conditions during the reporting period and the practical business requirements of the Group, the Board proposed the plan of "Optimization, Reduction and Growth", which focuses on: optimizing the regional layout of residential property projects; continuing to reduce our net debt ratio; and striving to raise total cash and net profit margins of our major businesses. During the year, the Group has acquired new land reserves of 26.849 million square meters or 66 projects, of which 34 projects were located in first and second-tier cities and accounted for 51.5%, representing an increase of 23.9 percentage points as compared with that of 2012.

1 "National Real Estate Development and Sales for January to June 2013" issued by the National Bureau of Statistics of China.

2 "National Real Estate Development and Sales for 2013" issued by the National Bureau of Statistics of China.

3 "Newly Built Commodity Housing Price Index in 70 Medium-to-Large Sized Cities in December 2013" issued by the National Bureau of Statistics of China.

4 "Top 50 PRC Real Estate Developers in terms of Sales for 2013" jointly issued by CRIC and China Real Estate Appraisal.

In addition, through consolidated measures such as strengthening the sales and collection of sales proceeds and strategic disposal of certain investment properties, our net debt ratio reduced to 69.5%, representing a sharp decline of 14.7 percentage points as compared with that of 31 December 2012. At the end of the reporting period, total cash (including cash and cash equivalents and restricted cash) amounted to RMB53.65 billion, representing an increase of 113.0% as compared with that of the end of 2012. In the whole year, the net profit margin of core businesses of the Group reached 11%, representing an increase of 1.5 percentage point over that of 2012.

Land Reserves

The Group focused on sustaining profitability and adhered to optimizing the regional layout of our property projects. We experienced a slight year-on-year growth of 7.5% in the GFA of our land reserves, while the layout of first to third-tier cities was more balanced.

During the reporting period, the Group continued to adopt a replenishment strategy for our land reserves, optimizing the regional layout of residential property projects and acquiring quality land plots in first and second-tier cities. After using 19.382 million square meters of land reserve during the year, the Group had a total land reserve of 151 million square meters at the end of the period, representing an increase of 10.57 million square meters or approximately 7.5% as compared to the end of 2012. The land reserve of 151 million square meters of the Group was located in 147 cities of China and covers all of the first-tier cities and most provincial cities of China. Total projects amounted to 291, of which the projects in first and second-tier cities accounted for 45.4%, whereby the average cost of land reserves was approximately RMB949 per square meter, which was relatively low when compared with industry peers.

The Group acquired 66 plots of new land during the year, apart from replenishing land reserves, the main purpose of these acquisitions was to further optimize the project layout of first to third-tier cities, with an objective of improving our overall profitability. Newly acquired land reserves covered 49 cities including the first-tier cities of Beijing, Shanghai, Guangzhou, Shenzhen, and other economically advanced cities such as Tianjin, Hangzhou, Nanjing, Chongqing, Changsha, Haikou. The cost of newly acquired land plots was approximately RMB2,633 per square meter.

As at 31 December 2013, the cumulative land premium of the Group was RMB194.05 billion, with RMB136.90 billion already settled, while RMB57.15 billion remained outstanding, of which: the land premium of RMB15.70 billion is expected to be settled in the first half of 2014; and the land premium of RMB12.80 billion is expected to be settled in the second half of 2014; the land premium of RMB17.15 billion is expected to be settled in 2015; and the land premium of RMB11.50 billion is expected to be settled in 2016 or beyond.

Contracted Sales

Contracted Sales broke through RMB100 billion, surpassing the Group's full-year target, setting a new record for our Group.

During the reporting period, the Group focused on seizing market opportunities, strived to adjust our geographical structure and products structure, and also selectively launched some retail and parking space, while further accelerating the launch of new projects in first and second-tier cities, which has led to a positive trend with growth in both volume and price. The Group also achieved contracted sales of RMB100.40 billion, representing a year-on-year increase of 8.8% and successfully met our full-year target. GFA sold was 14.894 million square meters, with an average sales price of RMB6,741 per square meter, representing a year-on-year increase of 13.1%. Around 98.7% of the contracted sales of the Group came from the second and third-tier cities such as Jinan, Hefei, Shenyang, Chongqing and Changsha, of which the second-tier cities accounted for approximately 42.8%, and the third-tier cities accounted for approximately 55.9% of our contracted sales.

Benefiting from our strategies of geographical layout optimization and product upgrades complement with comprehensive on site sales packaging and flexibility, diversified marketing methods, the monthly average sales price of the Group remained over RMB6,160 per square meter in 2013, which demonstrated a good balance between sales volume and sales price, while the reasonable and steady sales price and increased sales volume will further improve the Group's profit margin of its core businesses.

With respect to our products structure, in order to cope with the robust market demand and the needs of the end-user, the Group accelerated the promotion of the middle-small style units, and continued to cultivate our presence in the second and third-tier cities. During the reporting period, the proportion of mass-market residential units of less than 144 square meters developed by the Group accounted for over 78.2% of total supply, and the products launched were mainly small-to-medium sized units.

During the reporting period, the Group launched 44 new projects across 21 cities, including Shenzhen, Zhengzhou, Shenyang, Kunming, Harbin, Changchun, Guiyang, Lanzhou, Zhenjiang, Changzhou, Jiaxing and Dongguan with a total of 223 projects spanning across 125 cities, of which, 22 projects were in second-tier cities and 101 projects were in third-tier cities.

Property Development

The Group effectively arranged construction planning and focused on the coordination between sales planning and completion planning. Moreover, the Group vigorously promoted product upgrades, implemented the standardization upgrade strategy, and enhanced market competitiveness.

During the year, the Group newly started GFA under construction 19.880 million square meters, whereas GFA completed was 19.382 million square meters. GFA under construction at the end of the year was 39.480 million square meters. While newly added GFA under construction and GFA completed recorded a sharp year-on-year increase of 23.9% and 41.1% respectively. GFA under construction at the end of the year only recorded a slight year-on-year growth of 1.3%, which not only met the need of revenue recognition upon completion delivery, but also optimized control on development and construction scale and project expenditures. It further showed disciplined construction planning and strong centralized management ability of our Group.

As at 31 December 2013, the Group had 227 projects under construction, and the GFA under construction was 39.480 million square meters. The Group had obtained pre-sale permits for 223 projects while 68 projects have not yet been launched for sale, most of which can be launched in 2014. The Board considers that our industry-leading construction scale and saleable areas allow the Group to be well prepared for generating revenue from the delivery of properties and strong contracted sales in our next phase of growth.

Premium Standardization

Coping with end user market demand, housing upgrade needs and integrate with fast asset turn, the Group further optimized our designs and controlled costs through a standardization strategy.

During the reporting period, the Group further refined 43 aspects of our standardized development model including the compilation of our upgrade standardisation technology know-hows, construction design plan and specifications for each kind of design. The Group comprehensively studied key optics such as the floor plan proportions of our different products, transportation patterns and facade effect so we developed 6 new kinds of boutique apartment layouts, 11 middle-end styles apartment layouts, and introduced a range of new facades to match with those styles and layouts. The product designs after optimization are more tailored to end user market demand and housing improvement needs. The flow line production approach is generally adopted in architectural design, supply of construction materials and construction methods to shorten the design cycle, guarantee the quality of design, enhance the effectiveness of development and save costs.

In order to enhance the speed of our development and sales cycle, the Group has begun to build newly upgraded version of our sales office and show flat at our projects. A new style of sales office is used with new steel structure walls. The sample houses are built in the sales office with emphasis on contemporary designs, decorated with advanced sound technology and 3D effects, endeavoring to demonstrate the achievements brought about by the planning and design upgrades of our Group in recent years while reducing the construction period and launch time to expedite our sales and capital turnover.

The Group is also committed to implementing upgrades to certain areas, including facades, building materials, interior decoration, construction and landscape gardens to significantly reduce unit cost. For example, the Group insists on a unified and versatile new decoration standard, and through strategic cooperative alliances, the Group has achieved centralized resource delivery with the aim of minimizing costs, shortening the construction duration and assuring the quality of the housing. During the year, the qualified rate for the quality of decoration materials reached 99.2%, representing a year-on-year growth of 2.2 percentage points, whereby the price of over 300 suppliers experienced a steady decrease. The Group introduced 167 high grade suppliers for the construction of landscape garden and the average sourcing price of new suppliers has experienced a year-on-year decrease of 35%. Meanwhile, the Group carried out the Project Group Responsibility System (項目組負責制), exploring construction subcontracting opportunities, and as a result, the proportion of labor costs in the pilot projects out of the total construction expense have experienced year-on-year decreases of approximately 47% and 32%, respectively. Through controlling the contents of concrete and steel, consumption was reduced by 10% to 15%, while quality control was still maintained. By optimizing the design of foundation, earthwork, basement, equipment and specialized projects during the year, construction expenses cumulatively reduced by RMB1.43 billion.

The Group has adopted effective measures to tackle increasing construction costs, in particular with respect to the decreasing price of decoration materials. This signifies the effectiveness of the Group's alliances with premium suppliers and enables us to mitigate the impact of escalating costs on gross profit margin and thus generates value for our shareholders.

Financial Resource

The Group continues to uphold a prudent financial policy of "cash is king". We persist in lowering the Group's net debt ratio, and endeavor to raise the total amount of cash and net profit margin from main operations.

During the reporting period, the Group's sales proceeds exceeded RMB85.3 billion. The net proceeds from the share placing was approximately RMB3.52 billion. The Group issued overseas senior notes to refinance amounted of US$1.5 billion, and acquired new borrowings of RMB63.05 billion through commercial banks in China. Moreover, the Group jointly carried out financial innovation with financial institutions in China and issued perpetual bonds on individual projects. The funds introduced by the perpetual bonds during the year were nearly RMB25.0 billion, which efficiently resolved constraints capital for our new projects in the first and second-tier cities and thus provided a solid foundation for further expanding the sales volume and profit scale. Meanwhile, the Group endeavored to introduce cooperative partners, actively implemented project cooperation, cumulatively reduced land payment of RMB12.58 billion, and strived to achieve better contract terms, payment methods and payment conditions by our positive brand image and mature business model. Through the above mentioned operating strategy of "cash is king", the total cash of the Group at the end of the year amounted to RMB53.65 billion, representing a significant year-on-year increase of 113.0%, which made a new record in the history of the Group; together with an unutilized banking facilities of RMB48.39 billion. As at the end of the year, the total available capital was RMB102.04 billion.

Through the efficient management of the cash and net debt ratio indicators, while paying RMB51.9 billion and more than RMB50.6 billion for land and construction, respectively, during the year, the Group recorded a net debt ratio of 69.5%, representing an year-on-year decrease of 14.7 percentage points.

With the steady increase in average sales price and the effective cost control measures, the gross profit of the Group reached 29.5%, representing a year-on-year increase of 1.6 percentage point, and the net profit margin of our core businesses reached 11%, representing a year-on-year increase of 1.5 percentage points. The Board believes the Group continuously enhanced the proportion of projects sales in the first-and second-tier cities and further optimized the product structure and styles, as a result, there is still space for growth of the sales price, which will continue to bring positive effects on the profit margin.

Corporate Governance

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

The Group places emphasis on strengthening internal monitoring systems and cost controls, increasing the overall transparency of the Company, perfecting corporate internal control mechanisms and the risk management of the Board. During the year, the Group has completed 47 internal audit reports and convened 45 themed reporting and analysis meetings for the audit team, with 66 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 monitoring system, making compliance checks on important management aspects on a monthly basis, including tendering, procurement, marketing and construction, while 146 specific investigations on relevant issues were completed, 110 complaints and reports were received, 1420 and 2768 items of monitoring on price and on opening bids respectively were implemented, and RMB46.353 million of direct economic loss was avoided.

For information disclosure and transparency of the Company, various methods, such as sales briefings and investor meetings, are employed on a monthly basis to deliver comprehensive information about the Group to the public, including its latest development strategies, development progress, sales results and market prospects. Currently, articles released regularly through email and circulars involved 1,142 investment institutions world wide and 1,643 person trips. Since January 2013, the Group also regularly publishes voluntary announcements on the Hong Kong Stock Exchange to announce its full-year contracted sales target and monthly progress.

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

Corporate Social Responsibility and Awards

The Group continues to be actively committed to corporate social responsibility and is deeply devoted to fully supporting charitable activities such as poverty alleviation, sports and environmental protection.

On the 2013 Guangdong Poverty Alleviation Day, the Group donated RMB20 million. The Group previously agreed to donate RMB120 million in 2010, RMB318 million in 2011 and RMB350 million in 2012, respectively. To this cause, the payments will be made in accordance with certain progress. In June this year, the Group donated RMB0.3 million to the Guangdong Province Society for Promotion of the Guangcai Programme to improve the livelihood of the ethnic region in Ruyuan County, Guangdong, as a gesture of the Group's dedication to the alleviation of poverty. After the Ya'an earthquake, the Group donated RMB20 million to the disaster area through the China Foundation of Poverty Alleviation. We were among the first large-sized conglomerates to respond immediately after the disaster.

In order to promote traditional Chinese cultures, the Group donated RMB5 million to the Chinese Yu-opera Culture Promotion Society. In an attempt to boost employment and nurture talents, the Group organized recruitment programs in colleges and universities across the country which provided a helpful employment and job-hunting platform for 1,101 graduating students.

The Group determine to contribute to China's sports development. Guangzhou Evergrande Football Club, one of subsidiaries of the Group, won Asian Champions League title, and the Evergrande volleyball team was the champion of the 14th Asian Club Cup in female volleyball. While the athletic teams inspired the whole nation with their outstanding results, the Group also established the "Eight Regulations for national players in Evergrande Football Club" and invented the teaching method of the Evergrande Football School in order to foster more sports talent for the nation. Another example which highlights the great sense of responsibility of the Group is when the Group prioritized the needs of the nation and gave full support to Langping, the coach in chief of the Evergrande female volleyball team, to answer the national team's call-up and assume the role of chief coach.

During the reporting period, the Group, again, won multiple awards. In the assessment of the Top 500 China Real Estate Developers, the Group ranked second in the Top 500 China Real Estate Developers for three consecutive years, first in the Top Ten City Coverage's Real Estate Developers in China and second in the Top 10 China Real Estate Developers by Corporate Social Responsibility. In the selection of the "Top 10 of Top 100 Real Estate Developers in China by Integrated Capability 2012" jointly held by The Corporate Research Institute under the State Development Research Centre of the State Council, the Real Estate Research Institute of Qinghua University and the China Index Academy, the Group ranked second in the Top 100 Real Estate Developers in China by Integrated Capability, first in the Top 10 China Real Estate Companies Listed in Hong Kong by Integrated Capability and first in the Top 10 Investment Value.

Additionally, the Group has been awarded the "Guangdong Poverty Alleviation Hongmian Gold Cup" by the Leading Group of Poverty Alleviation Development of Guangdong Province and was conferred "The China Charity Award", the highest honor in China's charity sector, by the State's Ministry of

Civil Affairs for six consecutive years. The abovementioned awards demonstrate a high degree of recognition by society of the Group's achievements in operating results, corporate social responsibility and brand influence.

BUSINESS OUTLOOK

In 2014, the gradual "soft landing" of the PRC real estate sector may become a reality and it is expected that the growth of transaction volume and selling price will be tighten. The tendency of "the large ones get larger, the strong ones get stronger" will become increasingly obvious. The outlook of the market is "rationality and prosperity".

However, as the American economy recovered gradually and the scale of quantitative easing has been reduced, the era of the cheap US dollar will end, just as China's market-oriented interest rate reform begins. As the American and European economies begin to recover, Chinese exports will continue to grow. The proposals put forward by the Central Economic Working Conference, such as new urbanization and institutional innovation, will be the new engine of Chinese economic development. Together with the internal demand of upgraded consumption, this will also drive the real estate industry to develop further.

Also, the 10 years of continuous macro market control measurement will further introduce market-oriented, long term mechanism to create a comparative stable environment. For those companies which are resource dominant and management innovative will benefit from the next phrase of development.

Through aligning management decision-making with the Group's plan of "Optimization, Reduction and Growth", the Board will continue to adopt comprehensive measures to optimize the geographical layout of residential real estate projects, reduce the debt ratio, and increase the total amount of cash and net profit margin of our main operations. On the basis of the sixth "Three-Year Plan" of "Sound Operation and Stable Growth", the Board will further promote the transformation from fast expansion to steady operation, as well as from regional expansion to intensified management, and focus more on maintaining profitability and achieving high quality coordinated development.

Land Reserves

The Group will endeavor to acquire new lands and seek the most favorable payment conditions by various cooperation strategies, and strive to launch high quality projects by injecting relatively less capital so as to achieve a mutual development and a win-win situation with partners, and further improvements on capital utilization. For the regional selection, the Group will continue to optimize the regional layout of projects, and the expanding projects will be inclined to the first and second-tier cities, and the geographical locations of projects will be moved closer to central urban areas to further increase the profit margin of our projects and overall profitability.

For the scale of land reserves, the Group still insists on adopting the principle of "the replenishment is equal to the consumption". We aim to achieve slight growth amid stability on the scale of land reserves. While project volume in the first to third-tier cities will be more balanced, the scale will be more coordinated.

The Group has a settled land premium of RMB136.90 billion for its existing land reserves and RMB57.15 billion remains outstanding, of which a land premium of RMB15.70 billion is expected to be settled in the first half of 2014, land premium of RMB12.80 billion is expected to be settled in the second half of 2014, land premium of RMB17.15 billion is expected to be settled in 2015 and land premium of RMB11.50 billion is expected to be settled in 2016 or beyond.

Contracted Sales

In 2014, although it is widely expected that the growth of transaction volumes and prices in the market may narrow and local regions may experience short-term market fluctuations, the policy and market environment generally remains stable, which provides a solid base for the Group to operate within and achieve superior sales performance. The Group will follow market trends, ensure sufficient inventory, formulate its regional sales plan in line with key focus areas, sales targets broken down for each project, and maintain robust such as annual marketing activity throughout the year, to ensure that our full-year sales targets as executed.

The contracted sales target of the Group in 2014 is RMB110 billion, representing a growth of 10.0% over that of 2013 whereby there will be over 50 new residential projects available for sale. These premises are situated in city centres and surrounding areas such as Beijing, Shanghai, Guangzhou, Shenzhen, Tianjin, Chongqing, Jinan, Nanjing, Hefei, Hangzhou and Ningbo. The Group proposes to capitalize on market timing and selectively develop new projects for sale in accordance with overall market needs. Apart from this, there will be several residential and commercial complex projects and a number of stores and parking spaces for sales in the residential projects, which are likely to supplement the contracted sales of the entire year.

With regard to the pricing strategy, the Group will strike a balance between the selling price and sales volume, elevate sales performance as well as maintain a reasonable selling price and relatively stable and balanced monthly sales performance in a flexible and practical manner. Given our remarkable sales performance before, together with our execution ability and product strength of the Group, the Board is full of confidence that we can achieve our full-year contracted sales target.

Financial Resource

The Group will continue to maintain robust financial policies and endeavor to raise the total amount of cash and net profit margin for its main operations. To accomplish this, the Group will further enhance the collection of sales proceeds, increase the turnover of inventory assets, sell part of the commercial premises and continue to expand project cooperation. Meanwhile, the Group will formulate more reasonable commencement, completion and payment, particularly in land and construction expenditure.

With respect to the control of costs and expenses, the Group will continue to fully implement product upgrades, replacement and standardized reform, thereby ensuring quality while reducing costs. The Group will also endeavor to adopt new types of media to lower selling expenses, establish the leading SAP and ERP systems in the industry and make full use of information technology to lower operating expenses.

The Group strongly believes that at the middle stage of its sixth "Three-Year-Plan", the aforementioned strategies and measures could help ensure the sound and stable operation of the Company. Through detailed implementation of the plan of "Optimization, Reduction and Growth", and a determination to strive for self improvement, the Group will continue to consolidate its leading position as a premium real estate developer with standardized operations in China so as to bring greater value to the public and its shareholders.

FINAL DIVIDEND

The Board recommended a final dividend for the year ended 31 December 2013 of RMB0.43 per share to shareholders whose names appear on the register of members on Friday, 20 June 2014. The final dividend will be paid on or before Friday, 4 July 2014.

The payment of the Final Dividend is subject to the approval by the shareholders of the Company at the forthcoming annual general meeting.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on Monday, 16 June 2014. A notice convening the annual general meeting of the Company will be published and dispatched to the shareholders of the Company in the manner required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from 12 June 2014 to 16 June 2014, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the annual general meeting, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 11 June 2014.

For determining entitlement to the proposed final dividend, the register of members of the Company will be closed from 20 June 2014 to 24 June 2014, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the final dividend, all share transfers, accompanied by the relevant share certificates must be lodged with the Company's share registrar and transfer office, Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on 19 June 2014.

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

On 17 January 2013, the Company conducted a top-up placing pursuant to which the Company has issued 1,000,000,000 shares at the issue price of HK$4.35 per share and raised fund of approximately HK$4,350 million which was used for the repayment of debts and as general working capital of the Company.

On 24 October 2013, the Company announced the issue of US$1,000 million 8.75% senior notes due 2018 (the "Notes") and on 7 November 2013, the Company announced the additional issuance of US$500 million 8.75% senior notes due 2018 (the "Additional Notes"). The Notes and the Additional Notes are listed on the Stock Exchange. The issuance of the Notes and the Additional Notes raised fund of approximately US$1,490 million and was used to refinance the existing indebtedness of the Group.

Save as disclosed, 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 2013.

SUBSEQUENT EVENT

Between 27 January 2014 and 28 February 2014, the Company has repurchased on-market an aggregate of 1,602,846,100 shares. Such repurchased shares have since been cancelled.

SECURITIES TRANSACTIONS CONDUCTED BY THE DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set forth in Appendix 10 of the Listing Rules as the code of conduct for securities transactions conducted by the directors. Having made due and careful enquiries with the directors, the Company confirmed that for the year ended 31 December 2013, all directors always abided by the Model Code.

REVIEW OF CONSOLIDATED FINANCIAL INFORMATION

The Audit Committee of the Company consists of all of the independent non-executive directors of the Company, 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 2013.

ANNOUNCEMENT OF FULL YEAR RESULTS ON THE STOCK EXCHANGE'S WEBSITE AND THE COMPANY'S WEBSITE

The announcement of full year results have been published on the Company's website (http://www.evergrande.com) and the website appointed by the Stock Exchange (http://www.hkexnews.hk).

ACKNOWLEDGEMENT

The steady development of the Group has always been trusted and supported by its shareholders, investors and business partners as well as the loyalty of our staff members. 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, 31 March 2014

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