



恒大地產集團®

EVERGRANDE REAL ESTATE GROUP

Evergrande Real Estate Group Limited

恒大地產集團有限公司

(incorporated in the Cayman Islands with limited liability)

Stock Code: 3333

Annual 2015 Report



The most sought-after top-notch
cultural tourism destination

ENTERTAINMENT
BUSINESS

EXHIBITION



CONFERENCE

CULTURE
TRAVEL



GUANGDONG PROVINCE

- 1 The Second Jinbi Garden Guangzhou
- 2 The Third Jinbi Garden Guangzhou
- 3 Evergrande Royal Palace Guangzhou
- 4 Evergrande Scenic Garden Zengcheng Guangzhou
- 5 Evergrande Jewelry Guangzhou
- 6 Evergrande Royal Scenic Peninsula Foshan
- 7 Evergrande Royal Scenic Bay Foshan
- 8 Evergrande Metropolis Foshan
- 9 Caiwuwei Project Shenzhen
- 10 Evergrande Gentleman Hill Shenzhen
- 11 Huaqiangbei Project Shenzhen
- 12 Evergrande Royal View Garden Dongguan
- 13 Evergrande Atrium Dongguan
- 14 Evergrande Palace Dongguan
- 15 Evergrande Royal Scenic Dongguan
- 16 Evergrande Oasis Dongguan
- 17 Evergrande Oasis Zhongshan
- 18 Evergrande Splendor Qingyuan
- 19 Evergrande Silverlake City Qingyuan
- 20 Evergrande City Yunfu
- 21 Evergrande City Shaoguan
- 22 Evergrande Hawaii on the sea Yangjiang
- 23 Evergrande Spring City Enping
- 24 Evergrande City Chaozhou
- 25 Evergrande Scenic Garden Chaozhou
- 26 Evergrande Oasis Zhanjiang
- 27 Evergrande Metropolis Heyuan
- 28 Evergrande Metropolis Yangjiang
- 29 Evergrande Times Financial Center Shenzhen
- 30 Evergrande Royal Scenic Peninsula Dongguan
- 31 Evergrande Royal Scenic Bay Shantou
- 32 Evergrande Royal Scenic Foshan
- 33 Evergrande Metropolis Zhongshan
- 34 Evergrande Royal View Garden Zhanjiang
- 35 Evergrande City Shenzhen
- 36 Evergrande Ocean Spring Bay Zhuhai

BEIJING MUNICIPALITY

- 37 Evergrande City Beijing
- 38 Evergrande Royal Scenic Bay Beijing
- 39 Evergrande Palace Beijing
- 40 Evergrande Metropolis Beijing
- 41 Evergrande Emerald Court Beijing
- 42 Evergrande Left Riverbank Beijing

SHANGHAI MUNICIPALITY

- 43 Evergrande Palace Shanghai
- 44 Evergrande Royal Scenic Bay Shanghai
- 45 Evergrande First Palace Sheshan Shanghai
- 46 Evergrande Royal View Garden Shanghai
- 47 Evergrande Metropolis Shanghai

CHONGQING MUNICIPALITY

- 48 Evergrande Metropolis Chongqing
- 49 Evergrande Atrium Chongqing
- 50 Evergrande Splendor Chongqing
- 51 Evergrande Royal View Garden Chongqing
- 52 Evergrande Emerald Court Chongqing
- 53 Evergrande Royal Scenic Peninsula Chongqing
- 54 Evergrande Scenic Garden Chongqing
- 55 Evergrande Scenic Garden Fuling
- 56 Evergrande Royal Scenic Bay Chongqing
- 57 Evergrande Royal Palace Chongqing
- 58 Evergrande Century City Chongqing
- 59 Evergrande C C Land Plaza
- 60 Evergrande The Coronation Chongqing

TIANJIN MUNICIPALITY

- 61 Evergrande Oasis Tianjin
- 62 Evergrande Scenic Garden Tianjin
- 63 Evergrande Splendor Tianjin
- 64 Evergrande Metropolis Tianjin
- 65 Evergrande Royal Scenic Peninsula Tianjin
- 66 Evergrande Royal View Garden Tianjin

HUBEI PROVINCE

- 67 Evergrande Palace Wuhan
- 68 Evergrande Oasis Wuhan
- 69 Evergrande City Wuhan
- 70 Evergrande Metropolis Wuhan
- 71 Evergrande Royal Scenic Bay Wuhan
- 72 Evergrande Splendor Ezhou
- 73 Evergrande Oasis Yichang
- 74 Evergrande Royal View Garden Yichang
- 75 Evergrande Atrium Yichang
- 76 Evergrande Metropolis Xiangyang
- 77 Evergrande Metropolis Jingzhou
- 78 Evergrande Royal Palace Wuhan
- 79 Evergrande Royal Scenic Wuhan
- 80 Evergrande Capital Wuhan
- 81 Evergrande Rainbow Town Wuhan
- 82 Evergrande Dragon City Wuhan
- 83 Evergrande Capital E'zhou

SICHUAN PROVINCE

- 84 Evergrande Oasis Chengdu
- 85 Evergrande City Chengdu
- 86 Evergrande Scenic Garden Chengdu
- 87 Evergrande Royal Scenic Peninsula Chengdu
- 88 Evergrande Atrium Chengdu
- 89 Evergrande Royal View Garden Chengdu
- 90 Evergrande New City Chengdu
- 91 Evergrande Emerald Court Chengdu
- 92 Evergrande Plaza Caojiaxiang Chengdu
- 93 Evergrande Splendor Pengshan
- 94 Evergrande City Ziyang
- 95 Evergrande Emerald Scenic Qionglai
- 96 Evergrande Oasis Zigong
- 97 Evergrande Metropolis Zigong
- 98 Evergrande City Panzhihua
- 99 Evergrande Central Square Chengdu
- 100 Evergrande Royal Scenic Bay Luzhou
- 101 Evergrande Metropolis Ziyang
- 102 Evergrande Metropolis Chengdu
- 103 Evergrande The One Chengdu

LIAONING PROVINCE

- 104 Evergrande Oasis Shenyang
- 105 Evergrande City Shenyang
- 106 Evergrande Metropolis Shenyang
- 107 Evergrande Palace Shenyang
- 108 Evergrande Bay Shenyang
- 109 Evergrande Atrium Shenyang
- 110 Evergrande Emerald Court Shenyang
- 111 Evergrande Royal Scenic Bay Shenyang
- 112 Evergrande Oasis Liaoyang
- 113 Evergrande Tanjijun Dalian
- 114 Evergrande Royal View Garden Dalian
- 115 Evergrande Royal Scenic Bay Dalian
- 116 Evergrande Oasis Anshan
- 117 Evergrande Metropolis Anshan
- 118 Evergrande Oasis Yingkou
- 119 Evergrande City Yingkou
- 120 Evergrande Bay Yingkou
- 121 Evergrande Palace Panjin
- 122 Evergrande Palace Fushun
- 123 Evergrande Plaza Fushun
- 124 Evergrande Oasis Benxi
- 125 Evergrande Royal Scenic Bay Huludao
- 126 Evergrande Harbor City Dalian

SHAANXI PROVINCE

- 127 Evergrande Oasis Xi'an
- 128 Evergrande Royal Scenic Xi'an
- 129 Evergrande Royal View Garden Xi'an
- 130 Evergrande City Hanzhong
- 131 Evergrande City Yangling
- 132 Evergrande Bay Xi'an
- 133 Evergrande Emerald Court Xi'an

JIANGSU PROVINCE

- 134 Evergrande Splendor Nanjing
- 135 Evergrande Palace Nanjing
- 136 Evergrande Emerald Court Nanjing
- 137 Evergrande Venice on the Sea Qidong
- 138 Evergrande Metropolis Danyang
- 139 Evergrande City Danyang
- 140 Evergrande Oasis Zhenjiang
- 141 Evergrande Atrium Nanjing
- 142 Evergrande Metropolis Hua'an
- 143 Evergrande Palace Suqian
- 144 Evergrande Oasis Suqian
- 145 Evergrande City Lianyungang
- 146 Evergrande Royal Scenic Lianyungang
- 147 Evergrande Metropolis Yancheng
- 148 Evergrande City Wuxi
- 149 Evergrande Oasis Wuxi
- 150 Evergrande Royal Scenic Bay Suzhou
- 151 Evergrande Royal View Garden Yangzhou
- 152 Evergrande Royal Scenic Jiangyin
- 153 Evergrande Atrium Zhanjiangagang
- 154 Evergrande Royal View Garden Jiangyin
- 155 Evergrande Riverside Nanjing

YUNNAN PROVINCE

- 156 Evergrande Splendor Kunming
- 157 Evergrande Atrium Kunming
- 158 Evergrande Metropolis Qujing
- 159 Evergrande Plaza Kunming
- 160 Evergrande Metropolis Kunming

INNER MONGOLIA AUTONOMOUS REGION

- 161 Evergrande Atrium Hohhot
- 162 Evergrande Metropolis Hohhot
- 163 Evergrande Palace Hohhot
- 164 Evergrande Palace Baotou
- 165 Evergrande Metropolis Baotou
- 166 Evergrande Oasis Ulanhot
- 167 Evergrande Oasis Wuhai

SHANXI PROVINCE

- 168 Evergrande Oasis Taiyuan
- 169 Evergrande Metropolis Taiyuan
- 170 Evergrande Scenic Garden Taiyuan
- 171 Evergrande Palace Taiyuan
- 172 Evergrande Royal Scenic Bay Taiyuan
- 173 Evergrande Oasis Yuncheng
- 174 Evergrande Metropolis Yuncheng
- 175 Evergrande Palace Lvliang
- 176 Evergrande Oasis Datong
- 177 Evergrande Palace Linfen
- 178 Evergrande Royal View Garden Yangquan
- 179 Evergrande Emerald Court Taiyuan
- 180 Evergrande Left Bank Riverfront Taiyuan
- 181 Evergrande Atrium Taiyuan
- 182 Evergrande Future City Taiyuan

GUIZHOU PROVINCE

- 183 Evergrande City Guiyang
- 184 Evergrande Metropolis Guiyang
- 185 Evergrande Atrium Guiyang
- 186 Evergrande Emerald Court Guiyang
- 187 Evergrande City Zunyi
- 188 Evergrande City Kaili

ANHUI PROVINCE

- 189 Evergrande City Hefei
- 190 Evergrande Royal View Garden Hefei
- 191 Evergrande International Center Hefei
- 192 Evergrande Plaza Hefei
- 193 Evergrande Oasis Tongling
- 194 Evergrande Palace Wuhu
- 195 Evergrande Metropolis Huaibei
- 196 Evergrande Atrium Huaibei
- 197 Evergrande Oasis Huainan
- 198 Evergrande City Bozhou
- 199 Evergrande Oasis Anqing
- 200 Evergrande Royal Scenic Bay Lu'an
- 201 Evergrande Royal Scenic Bay Bengbu
- 202 Evergrande Royal Scenic Bay Ma'anshan
- 203 Evergrande Metropolis Chuzhou
- 204 Evergrande Oasis Chuzhou
- 205 Evergrande Royal Scenic Bay Suzhou
- 206 Evergrande Royal View Garden Chaohu
- 207 Evergrande Emerald Court Bengbu
- 208 Evergrande Metropolis Suzhou
- 209 Evergrande Oasis Feidong
- 210 Evergrande Oasis Fuyang

HUNAN PROVINCE

- 211 Evergrande Palace Changsha
- 212 Evergrande Metropolis Changsha
- 213 Evergrande City Changsha
- 214 Evergrande Oasis Changsha
- 215 Evergrande Atrium Changsha
- 216 Evergrande Bay Changsha
- 217 Evergrande Royal Scenic Peninsula Changsha
- 218 Evergrande Palace Liuyang
- 219 Evergrande Emerald Court Changsha
- 220 Evergrande Royal Scenic Bay Changsha
- 221 Evergrande Palace Changde
- 222 Evergrande Palace Chenzhou
- 223 Evergrande Metropolis Zhuzhou
- 224 Evergrande Metropolis Yueyang
- 225 Evergrande Oasis Hengyang
- 226 Evergrande Oasis Yiyang
- 227 Evergrande Nanhu Peninsula Yueyang

GUANGXI ZHUANG AUTONOMOUS REGION

- 228 Evergrande Oasis Nanning
- 229 Evergrande International Center Nanning
- 230 Evergrande Oasis Qinzhou
- 231 Evergrande Royal Scenic Peninsula Beihai
- 232 Evergrande Metropolis Beihai
- 233 Evergrande Plaza Guilin
- 234 Evergrande Royal Scenic Bay Fangchenggang
- 235 Evergrande Emerald Court Liuzhou
- 236 Evergrande City Liuzhou
- 237 Evergrande City Nanning
- 238 Evergrande Royal View Garden Nanning
- 239 Evergrande Metropolis Nanning
- 240 Evergrande Scenic Garden Wuzhou
- 241 Evergrande Palace Liuzhou
- 242 Evergrande Palace Nanning
- 243 Evergrande City Yulin

HENAN PROVINCE

- 244 Evergrande Oasis Zhengzhou
- 245 Evergrande Metropolis Zhengzhou
- 246 Evergrande Scenic Garden Zhengzhou
- 247 Evergrande Oasis Luoyang
- 248 Evergrande Metropolis Xinyang
- 249 Evergrande Oasis Anyang
- 250 Evergrande Atrium Xinxiang
- 251 Evergrande Splendor Xinxiang
- 252 Evergrande Oasis Xuchang
- 253 Evergrande Metropolis Luohe
- 254 Evergrande Royal Scenic Luohe
- 255 Evergrande Metropolis Pingdingshan
- 256 Evergrande Emerald Court Zhengzhou
- 257 Evergrande Metropolis Zhumadian
- 258 Evergrande Royal Scenic Bay Xuxiang
- 259 Evergrande Metropolis Shangqiu
- 260 Evergrande Emerald Court Xinyang
- 261 Evergrande Royal View Garden Nanyang

JIANGXI PROVINCE

- 262 Evergrande City Nanchang
- 263 Evergrande Oasis Nanchang
- 264 Evergrande Metropolis Nanchang
- 265 Evergrande Royal View Garden Nanchang
- 266 Evergrande Metropolis Jingdezhen
- 267 Evergrande Atrium Xinyu
- 268 Evergrande City Xinyu
- 269 Evergrande Oasis Yingtan
- 270 Evergrande Royal Scenic Jujiang
- 271 Evergrande Royal View Garden Jian
- 272 Evergrande Oasis Yingtan
- 273 Evergrande Emerald Court Ganzhou
- 274 Evergrande Metropolis Ganzhou
- 275 Evergrande Royal Scenic Jingdezhen
- 276 Evergrande Emerald Court Nanchang
- 277 Evergrande Oasis Yichun

HEBEI PROVINCE

- 278 Evergrande Royal Scenic Peninsula Shijiazhuang
- 279 Evergrande Splendor Shijiazhuang
- 280 Evergrande Emerald Court Langfang
- 281 Evergrande City Qinhuangdao
- 282 Evergrande City Cangzhou
- 283 Evergrande International Hotspring Tourist City Baoding
- 284 Evergrande City Xingtai
- 285 Evergrande Royal View Garden Xingtai
- 286 Evergrande Metropolis Xingtai
- 287 Evergrande Metropolis Handan
- 288 Evergrande Palace Zhangjiakou
- 289 Evergrande City Hengshui
- 290 Evergrande Metropolis Langfang
- 291 Evergrande Forest creek County Shijiazhuang
- 292 Huailai Project Zhangjiakou
- 293 Evergrande Oasis Hengshui

HAINAN PROVINCE

- 294 Evergrande Culture Tourist City Haikou
- 295 Evergrande Bay Haikou
- 296 Evergrande Bund Haikou
- 297 Evergrande Splendor Danzhou
- 298 Evergrande Royal Scenic Bay Hainan
- 299 Evergrande Qizi Bay Changjiang
- 300 Ocean Flower Island Hainan

SHANDONG PROVINCE

- 301 Evergrande Metropolis Jinan
- 302 Evergrande Oasis Jinan
- 303 Evergrande City Jinan
- 304 Evergrande Atrium Jinan
- 305 CBD Project Jinan
- 306 Evergrande Royal View Garden Jinan
- 307 Evergrande Splendor Laiwu
- 308 Evergrande Metropolis Weifang
- 309 Evergrande Yellow River Eco-city Dongying
- 310 Evergrande City Tai'an
- 311 Evergrande Palace Linyi
- 312 Evergrande Oasis Linyi
- 313 Evergrande Metropolis Jining
- 314 Evergrande Emerald Court Weifang
- 315 Evergrande Royal View Garden Zibo
- 316 Evergrande Metropolis Liaocheng
- 317 Evergrande East Mountain Forest Jinan
- 318 Evergrande Emerald Court Jinan
- 319 Evergrande Longao Regency Jinan
- 320 Evergrande Longao East New Metropolis Jinan

JILIN PROVINCE

- 321 Evergrande Oasis Changchun
- 322 Evergrande City Changchun
- 323 Evergrande International Center Changchun
- 324 Evergrande Royal Scenic Changchun
- 325 Evergrande Metropolis Changchun
- 326 Evergrande City Plaza Changchun
- 327 Evergrande Royal Summit Changchun
- 328 Evergrande Atrium Changchun
- 329 Evergrande Royal View Garden Changchun
- 330 Evergrande Palace Jilin
- 331 Evergrande Royal Scenic Bay Songyuan
- 332 Evergrande Bay Changchun
- 333 Evergrande Moon Residence Changchun

GANSU PROVINCE

- 334 Evergrande Oasis Lanzhou
- 335 Evergrande City Plaza Lanzhou
- 336 Evergrande Scenic Garden Lanzhou
- 337 Evergrande Metropolis Lanzhou
- 338 Evergrande Oasis Wuwei
- 339 Evergrande Emerald Court Lanzhou

NINGXIA HUI AUTONOMOUS REGION

- 340 Evergrande Metropolis Yinchuan
- 341 Evergrande Royal Scenic Yinchuan
- 342 Evergrande Oasis Shizuishan
- 343 Evergrande Metropolis Wuzhong

ZHEJIANG PROVINCE

- 344 Evergrande Royal View Garden Hangzhou
- 345 Evergrande Oasis Jiaxing
- 346 Evergrande Royal Scenic Haiyan
- 347 Evergrande Metropolis Pinghu
- 348 Evergrande City Lights Ningbo
- 349 Evergrande Scenic Garden Ningbo
- 350 Evergrande Peninsula On The Sea Xiangshan
- 351 Evergrande Royal Scenic Peninsula Quzhou

FUJIAN PROVINCE

- 352 Evergrande Metropolis Shishi
- 353 Evergrande Royal Scenic Bay Quanzhou
- 354 Evergrande Royal View Garden Xiamen
- 355 Evergrande Royal Scenic Peninsula Putian
- 356 Evergrande Emerald Court Liuzhou
- 357 Evergrande Emerald Court Quanzhou
- 358 Evergrande City Plaza Quanzhou
- 359 Evergrande Royal Scenic Peninsula Zhangzhou

HEILONGJIANG PROVINCE

- 360 Evergrande Oasis Harbin
- 361 Evergrande Metropolis Harbin
- 362 Evergrande City Harbin
- 363 Evergrande Royal View Garden Harbin
- 364 Evergrande Royal Scenic Bay Harbin
- 365 Evergrande Oasis Daqing
- 366 Evergrande Oasis Mudanjiang
- 367 Evergrande Emerald Court Mudanjiang
- 368 Evergrande Emerald Court Tsitsihar
- 369 Evergrande Metropolis Tsitsihar
- 370 Evergrande Emerald Court Harbin

QINGHAI PROVINCE

- 371 Evergrande Metropolis Xining

XINJIANG UYGHUR AUTONOMOUS REGION

- 372 Evergrande Splendor Wujiaqu
- 373 Evergrande Atrium Yining
- 374 Evergrande Oasis Yining

TIBET AUTONOMOUS REGION

- 375 Aiding Tibet Project Linzhi

NATIONAL LAYOUT MAP



375 PROJECTS

156 MILLION SQUARE METRES OF LAND RESERVE

162 CITIES UNDER COVERAGE



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BOARD OF DIRECTORS AND COMMITTEES

CHAIRMAN OF THE BOARD OF DIRECTORS

Professor Hui Ka Yan

EXECUTIVE DIRECTORS

Dr. Xia Haijun
Ms. He Miaoling
Mr. Tse Wai Wah
Mr. Xu Wen
Mr. Huang Xiangui

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chau Shing Yim, David
Mr. He Qi
Ms. Xie Hongxi

AUDIT COMMITTEE

Mr. Chau Shing Yim, David (*Chairman*)
Mr. He Qi
Ms. Xie Hongxi

REMUNERATION COMMITTEE

Mr. He Qi (*Chairman*)
Professor Hui Ka Yan
Ms. Xie Hongxi

NOMINATION COMMITTEE

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

AUTHORISED REPRESENTATIVES

Professor Hui Ka Yan
Mr. Fong Kar Chun, Jimmy

CORPORATE AND SHAREHOLDER INFORMATION

HEAD OFFICE

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

PLACE OF BUSINESS IN HONG KONG

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

WEBSITE

www.evergrande.com

COMPANY SECRETARY

Mr. Fong Kar Chun, Jimmy
Hong Kong solicitor

AUDITOR

PricewaterhouseCoopers

PRINCIPAL BANKERS

China CITIC Bank Corporation Limited
Shanghai Pudong Development Bank Co., Ltd
Industrial Bank Co., Ltd.
China Minsheng Banking Corp., Ltd.
Bank of Jinzhou Co., Ltd.
Industrial and Commercial Bank of China Limited
Postal Savings Bank of China Co., Ltd.
Agricultural Bank of China Limited
China PingAn Bank Co., Ltd.
Bank of China Limited
China Everbright Bank Company Limited
China Bohai Bank Co., Ltd.
Bank of Shanghai Co., Ltd.
China Merchants Bank Co., Ltd
China Zheshang Bank Co., Ltd.
Bank of Communications Co., Ltd.
China Guangfa Bank Co., Ltd.
Hengfeng Bank Co., Ltd.
Guangzhou Rural Commercial Bank Co., Ltd.
Bank of Beijing Co., Ltd.

SHAREHOLDER INFORMATION

LISTING INFORMATION

The shares of the Company are listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange")
The bonds of the Company are quoted on Singapore Stock Exchange Limited ("Singapore Stock Exchange")

SECURITIES CODES

STOCK

HKEX: 3333

BONDS

RMB3,700,000,000 US\$ Settled 9.25% Senior Notes due 2016
Common Code: 057638249
ISIN: XS0576382492

1,500,000,000 US\$ 8.75% Senior Notes due 2018
CUSIP: 300151AB3/G3225AAD5
Common Code: 098624279/098129359
ISIN: US300151AB32/USG3225AA057

1,000,000,000 US\$ 12.00% Senior Notes due 2020
Common Code: 116514648
ISIN: XS1165146488

INVESTOR RELATIONSHIP

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

FINANCIAL CALENDAR

Announcement of final results:	29 March 2016
Closure of register of members to ascertain shareholders' entitlement to attend the annual general meeting ("AGM"):	14 June 2016 to 16 June 2016
AGM:	16 June 2016
Distribution of final dividend:	4 July 2016

FINANCIAL SUMMARY

SUMMARY OF BALANCE SHEET

as at 31 December

	2015	2014	Changes
Total cash (including cash and cash equivalents and restricted cash) (RMB Billion)	164.02	59.50	175.7%
Total assets (RMB Billion)	757.04	474.46	59.6%
Borrowings included in current liabilities (RMB Billion)	158.74	79.66	99.3%
Borrowings included in non-current liabilities (RMB Billion)	138.16	76.40	80.8%
Capital and reserves attributable to shareholders of the Company (RMB Billion)	51.00	51.12	-0.2%
Total borrowings/total assets	39.2%	32.9%	6.3 percentage points
Net borrowings ¹ /total equity	93.5%	85.9%	7.6 percentage points

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

SUMMARY OF INCOME STATEMENT

for the year ended 31 December

	2015	2014	Changes
Revenue (RMB Billion)	133.13	111.40	19.5%
Gross profit (RMB Billion)	37.41	31.78	17.7%
Gross profit margin	28.1%	28.5%	-0.4 percentage point
Net Profit (RMB Billion)	17.34	18.02	-3.8%
Profit from core businesses excluding the revaluation gains on investment properties and exchange losses (RMB Billion)	11.00	12.14	-9.4%
Profit margin from core businesses excluding the revaluation gains on investment properties and exchange losses	8.3%	10.9%	-2.6 percentage points
Profit attributable to shareholders (RMB Billion)	10.46	12.60	-17.0%
Basic earnings per share (RMB)	0.713	0.854	-16.5%



REPORT OF CHAIRMAN

REPORT OF CHAIRMAN



Hui Ka Yan
Chairman

REPORT OF CHAIRMAN

Dear Shareholders,

I am pleased to present the results of Evergrande Real Estate Group Limited (“Evergrande” or the “Company”) and its subsidiaries (the “Group”) for the year ended 31 December 2015.

The Group’s turnover and gross profit for the year amounted to RMB133.1 billion and RMB37.4 billion respectively, representing year-on-year growth of 19.5% and 17.7% respectively. The Group’s net profit was RMB17.3 billion.

Profit attributable to shareholders amounted to RMB10.5 billion. Basic earnings per share of the Group was RMB0.713.

“In order to reciprocate the trust and support of shareholders, the Board of Directors proposed to distribute a final dividend of RMB0.38 per share for 2015, subject to approval at the general meeting of the Group.”

BUSINESS REVIEW

In 2015, the start of the “New Normal” following three decades of robust growth, China’s GDP growth slowed to 6.9%¹ through the year, yet with innovations and startups among industrial restructuring to usher in vitality as new drivers. To ease economic downturn and promote structural optimization and upgrading, the central government advocated stimulating both supply and demand with an aim at stronger sustainability and overall enhancement in productivity. At the Central Economic Working Conference held in December, a kickoff of the Reform of the Supply Side, five missions namely “De-capacity, de-stocking, de-leveraging, cost reduction and weak link improvement” were put forward to boost productivity comprehensively and sustain the stable economic momentum.

The profound change continued in China’s real estate industry. In line with the key note of “Stabilizing demand, de-stocking and accelerating transformation”, a string of accommodative policies on both supply and demand ends led to a significant recovery in market turnover. The transaction volume of commodity housing nationwide increased year-on-year by 14.4% to RMB8,728.1 billion², a record high which surpassed the level in 2013. However, the area sold was 1,284.95 million square meters³, representing a decrease from 2013. The area of new housing construction and the land acquisition area for residential use

dropped by 14.0% and 31.7% respectively whilst total area for sale recorded an increase of 15.6% year-on-year, mirroring a gradually saturated market. On the other hand, with further market divergence and clearer urban value regression, 30 large and medium cities accounted for nearly half of the total sales nationwide. Developers returned to first and second-tier cities for land reserves, leading to the land premium in first and second-tier cities increasing by more than 40% in the latter half of the year and 30% by the end of the year respectively, compared to the underperforming land market in third-tier cities.

Facing the unprecedented and profound transformation in the industry as well as the complicated market environment, the Board, based on its well-grounded judgments, was devoted to capture the opportunities in the market through constantly strengthening the principal business and foundation of real estate and optimizing the regional layout of residential property projects by leveraging its strong execution. The major operation indicators continued to increase: contracted sales set a new record of RMB201.34 billion, representing a year-on-year increase of 53.1%; GFA of contracted sales was 25.512 million square meters, representing a year-on-year growth of 40.2%; and the average contract selling price was RMB7,892 per square meter, representing a year-on-year increase of 9.2%. As at 31 December 2015, the gross floor area (“GFA”) on the land reserves was 156 million square meters, and the accumulated average cost was RMB1,173 per meter. The area under construction was 58.618 million square meters while 330 projects were under construction. As at 31 December 2015, cash balance held by the Group (including cash and cash equivalents and restricted cash) was RMB164.02 billion.

¹ Source: “Preliminary Calculation Results of the Fourth Quarter and Full-year GDP of China for 2015” issued by the National Bureau of Statistics of China

² Source: “National Real Estate Development and Sales for 2015” issued by the National Bureau of Statistics of China

³ Source: “National Real Estate Development and Sales for 2015” issued by the National Bureau of Statistics of China

REPORT OF CHAIRMAN

LAND RESERVES

The Group focused on sustainable profitability, selected quality land reserves for replenishment, and balanced the regional layout of its projects among first-, second- and third-tier cities better.

The Group acquired gross floor area of 34.847 million square meters for its new projects. The Group acquired 82 new projects and is also acquiring more land in the surrounding area of 6 of its existing projects. Among the newly acquired projects, 3 are located in first-tier cities, and 48 in second-tier cities. The number of new projects in the first- and second-tier cities accounted for 62.2% of the number of all the new projects and the investment in land for new projects in the first- and second-tier cities account for 75% of the total investment in land. The main purpose of these acquisitions was to further optimize the regional layout of the projects among first- to third-tier cities, with an objective of improving our overall profitability. Newly acquired projects cover 54 cities, with a majority of them located in Beijing, Shenzhen, Nanjing, Chengdu, Chongqing, Jinan, Taiyuan, Harbin, Nanning, Wuhan, Dalian, Shantou, Quanzhou, Dongguan and Xiamen. The cost of newly acquired land reserves was RMB2,045 per square meter.

Completed construction occupied 25.288 million square meters of the Group's land reserves, and the total land reserves balance at the end of 2015 was 156 million square meters, representing an increase of 8.97 million square meters or 6.1% year-on-year. The land reserves of the Group are located in 162 cities in China and cover all of the first-tier cities and most provincial capitals in China. We have 375 projects in total, with 54.7% of them located in the first- and second-tier cities, accounting for 72% of the total investment in land. The average cost of land reserves was approximately RMB1,173 per square meter, which was relatively low in the industry.

The Group leverages on cooperation with other parties to acquire new projects for the purpose of enhancing the capital utilization rate. As at 31 December 2015, 112 projects were carried out through cooperation with other parties which resulted in an accumulative reduction in land premium payment of RMB68.69 billion.

CONTRACTED SALES

With the increasing contracted sales price, volume and record-breaking sales amount which considerably exceeded the full-year target, the Group ranked top in terms of GFA of contracted sales for consecutive years.

In 2015, the Group's contracted sales increased by 53.1% year-on-year to RMB201.34 billion, representing 134.2% of the RMB150 billion target set at the beginning of the year or 111.9% of the raised target of RMB180 billion. GFA of contracted sales was 25.512 million square meters, representing a year-on-year growth of 40.2%; and the average contract selling price was RMB7,892 per square meter, representing a year-on-year increase of 9.2%.

The unrivalled sales performance is mainly attributable to the Group's far-sighted optimization of the regional layout of its projects, upgrading of decoration and facilities among other product value additions, as well as its flexible and practical sales strategy and selling price. In addition, the Group opportunistically marketed certain stores and parking lots, which contributed to the increase in the sales volume and price as compared with last year. The average single-month trading price of the Group all exceeded RMB7,000 per square meter, with June and December recording RMB8,645 and RMB8,767 per square meter respectively. In total, single-month sales in 7 months in 2015 exceeded RMB15 billion. The Board believes that the increasing selling price and sales amount are favorable for maintaining the net profit margins of the major business of the Group.

REPORT OF CHAIRMAN

During the year, the Group launched 81 new projects located in 48 cities for sale, including Beijing, Shanghai, Guangzhou, Zhengzhou, Wuhan, Haikou, Chengdu, Chongqing, Taiyuan, Xi'an, Jinan, Nanning, Kunming, Harbin, Changchun, Dongguan, Foshan, Quanzhou, Xiamen and Suzhou, of which 65.4% are located in the first- and second-tier cities. With new presence in 16 of the above cities, we had an aggregate of 357 projects for sale as at the end of the year, which are located in 157 cities including 4 first-tier, 35 second-tier and 118 third-tier cities¹.

For the whole year, the contracted sales amounted to RMB201.34 billion, with RMB14.31 billion in the first-tier cities, accounting for 7.1% of the total contracted sales, and RMB105.38 billion in the second-tier cities, accounting for 52.3% of the total contracted sales. The aggregate sales in the first- and second-tier cities as a percentage of that of the Group was 59.4%, another increase of 3.9 percentage points following the increase of 11.4 percentage points in 2014. This indicated a success under the strategy of optimizing regional project layout over the years, as witnessed by the balanced sales among first- to third-tier cities.

PROPERTY DEVELOPMENT

The Group arranged reasonable construction planning and focused on the coordination between sales planning and construction completion planning. Moreover, the Group vigorously promoted product upgrades and implemented an elevated standardization strategy to enhance its market competitiveness.

During the year, the new construction commencement GFA, completed GFA and GFA under construction were 42.556 million square meters, 25.288 million square meters and 58.618 million square meters, representing an increase of 40.2%, 22.5% and 15.2%, respectively, as compared to the previous year.

During the year, the Group launched 81 new projects, representing a year-on-year rise of 52.8%. Most of the new projects are premium projects acquired during the year of 2014. The Group delivered a total of 319 projects for the whole year with a transaction amount of RMB126.45 billion. The GFA of properties delivered was 17.242 million square meters. The precise and rigorous development plan provided adequate resources for sales, accelerated the turnover of capital and secured the delivery amount and revenue recognition.

During the year, the Group launched the Project Planning and Engineering Management System, a core component of the Enterprise Resource Planning (ERP) system leveraging information technology to monitor 100% projects under construction nationwide in all aspects. The system monitored 341 projects with 2,021 site monitoring points through 5,234 users. Submitting a total of 27 million construction surveillance pictures to the headquarters in the year, it automatically integrated project monitoring into execution, increased statistical efficiency by over 50% and achieved 100% accuracy in calculation of project progress.

As at 31 December 2015, the Group obtained construction certificates for 330 of its 375 projects. The Board considers that its industry-leading scale of development and construction and the saleable area will provide a solid foundation for the Group to record revenue after delivery and ensure strong contracted sales in the future.

¹ First-tier cities: Beijing, Shanghai, Guangzhou, Shenzhen;

Second-tier cities: Municipalities directly under the central government, provincial capitals, cities specifically designated in the state plan, and prefecture-level cities with over RMB500 billion GDP and a population of more than 7 million, except for first-tier cities;

Third-tier cities: Other prefecture-level cities.

REPORT OF CHAIRMAN

FINANCIAL RESOURCE

Adherence to the strategy of “cash is king” to raise the total amount of cash and stabilize net profit margin from main operations.

In light of the unstable market condition during 2015, the Group has continuously strengthened its financial resources through a combination of measures to ward off potential risks. In the first half of 2015, the Group successfully completed the issuance of US\$1 billion senior notes due in 2020 overseas. The Group completed the placing of 820,000,000 shares, representing approximately 5.54% of the share capital in issue. The net proceeds from placing amounted to approximately HK\$4.60 billion. In the 2nd half of 2015, the Group successfully completed the issuance of RMB20 billion domestic corporate bonds within three weeks, pioneering the domestic bond issuance by a red-chip company, of which RMB5 billion has a term of 5 years and an interest rate of 5.38%; RMB6.8 billion has a term of 4 years and an interest rate of 5.30%; RMB8.2 billion has a term of 7 years and an interest rate of 6.98%. Zhongchengxin Securities Rating (中誠信證評), Dagong Global Rating (大公國際評級) and Lianhe Rating (聯合評級), three authoritative rating agencies in the PRC, all assigned AAA credit ratings, the highest rating, to the Group. In addition, the Group raised another RMB20 billion private domestic bonds with an average interest rate of 7.44%.

In 2015, the Group collected sales proceeds of RMB152.3 billion. The aggregate amount of perpetual bonds increased by RMB22.9 billion on a net basis as compared with the balance as at 31 December 2015. The Group entered into strategic cooperation agreements with Bank of China, Agricultural Bank of China, Postal Savings Bank of China, China Minsheng Bank, China CITIC Bank, CITIC Trust, Shengjing Bank, Pufa Bank, etc., and secured RMB273.6 billion of facilities in total. Moreover, the Group reduced its land premium payment through project cooperation and by leveraging its positive brand image to clinch better contract terms, payment methods and payment conditions. With the above measures, the total cash of the Group as at 31 December 2015 reached RMB164.0 billion, which was the highest level since its listing. Banking on the solid cooperation foundation with large-scale commercial banks in China, the Group's unutilized banking facilities reached RMB154.5 billion at the end of 2015. Together with the total

cash of RMB164.0 billion at the end of 2015, the Group's available funds amounted to RMB318.5 billion in total.

We have strong control over construction costs and prudently spent expenses to boost contract sales. The Board believes that, with the further optimization of the location and product quality of the projects, there will be more room for raising the selling prices of products, which, in turn, will have a positive effect on the profit margins of the core businesses of the Group. More cash will be collected in relation to our contract sales growth.

STANDARDIZATION OF PREMIUM PRODUCTS

The standardization policy was further promoted and symbolized the fruits of the Group's strategic alliances with premium suppliers, and enabled the Group to mitigate the impact of escalating costs on gross profit margin and generate value for its shareholders.

Responding to market changes in the year, the Group further enhanced its product mix and comprehensively upgraded its standards for layouts, facades and decoration. The Group carried out 205 standardization projects, including layout design optimization, upgrading of decoration plans and construction plans, standardized utilization of public facilities and materials. The Group originated 15 residential and 80 commercial apartment layouts; upgraded 65 residential and 39 commercial apartment layouts; and obtained 286 facade optimization and research achievements. The optimized product types are further standardized, and thus the designs are more tailored to the end-user market as well as housing improvement needs and the product types are further diversified. The approaches adopted in architectural design, material supply and construction methods function in an “assembly-line” style, and helped to shorten the design cycle, guarantee the design quality and improve development efficiency.

In addition, the Group actively pursued leading technologies globally by deepening strategic cooperation with Harvard University and Tsinghua University, partnering with Tsinghua University and British Building Research Establishment on green construction and carrying out feasibility study on smart home, residential air haze removal system and the central soft water purification system to enhance product value-addition.

REPORT OF CHAIRMAN

The Group aggregately reduced RMB1.38 billion in construction costs and RMB280 million in operation expenses during the year by internal audit of 5,753 design solutions and 209 construction plans involving significant costs. The Group also reduced its procurement cost by RMB130 million as the procurement prices of decoration materials decreased by 1.5% as compared to the prices in 2014. The number of strategic partners increased by 119 to 748 during the year, which is expected to save procurement cost by approximately RMB300 million in 2016.

DIVERSIFIED OPERATIONS

The diversified operations are taking shape. Our football and cultural operations have debuted on China's capital market, forming a new pattern centering on real estate and synergized by the diversified business arms.

After long-term preparation, the Group has completed the general offer for New Media (00708) and changed its board composition. With its name changed to "Evergrande Health Industry Group Limited", the listed company is primarily engaged in a wide array of businesses including "Internet +" community health management, international hospitals, elderly care and rehabilitation and medical cosmetology.

During the year, the Group joined efforts with Tencent to complete subscription for 75% of the enlarged share capital in Mascotte (00136), which is owned by the Group as to 55% and Tencent as to 20% with its name changed to "Hengten Networks". The Group will reengineer the existing Evergrande Community into an Internet community service platform in cooperation with Tencent, supported by three pillars including property management, neighborhood social networking and life services as well as two value-added segments namely online shopping and community finance.

In early November 2015, Guangzhou Evergrande Taobao Football Club Co., Ltd. ("Evergrande Taobao"), a joint venture of the Company, was listed on the National Equities Exchange and Quotations System, being the first football stock in Asia. As the most successful professional football club with the most powerful influence in Asia, Evergrande Taobao was highly sought after by investors. The initial financing proceeds amounted to approximately RMB870 million, suggesting a market capitalization of approximately RMB21.8 billion.

In early December 2015, Evergrande Culture Industry Group Co., Ltd., a wholly-owned subsidiary of the Group, was listed on the National Equities Exchange and Quotations System and became "the first integrated cultural stock in China". At present, the subsidiary operates 39 Evergrande cinemas with 273 screens and a licensed repertoire of 22,000 pieces of music. The listing will help the company further expand its development niche.

CORPORATE SOCIAL RESPONSIBILITY

Under the new normal of China's economy, the Group upholds the philosophy of "Put people first, serve the country through industry development" and does its utmost to shoulder its social responsibility and create social value in an effort to achieve harmonious development between the Company and society. In the past 18 years, the Group has accumulatively provided high quality residential properties with good value for hundreds and thousands of households, and completed an aggregate GFA of more than 100 million square meters of various properties. While developing its business, the Group has also donated over RMB2.6 billion to charity. As at the end of 2015, the Group's projects under construction with a GFA of 58.618 million square meters provided about 1.3 million jobs for workers in China, making its due contribution to China's economic development and employment.

In 2015, the Group vigorously practiced what the state advocates and fulfilled its responsibility as a corporate citizen. In March, the Group donated RMB21.40 million to Guangdong Foundation for Poverty Alleviation. In June, the Group made a donation of RMB5 million to Henan Charity Foundation. In July, the Group donated RMB50 million to China Children and Teenagers' Foundation. The foregoing actions once again demonstrated the Group's persistence and determination in poverty alleviation. In December, the Group pledged to, in a mission to assist and support Dafang County, Bijie, Guizhou, agree to donate RMB3 billion for poverty relief in three years and help lift the county out of poverty through five integral measures, namely industry development, relocation, employment, education development and provision of living allowance for the most needy.

REPORT OF CHAIRMAN

To honor its corporate responsibility, the Group implements the operation philosophy of “Properties for the People” to protect the interests of house buyers and live up to its integrity and housing quality. In April 2015, the Group launched a policy to allow refund of pre-sales nationwide without any reason for a vast majority of its housing projects on pre-sales.

As for green buildings, the Group focuses on technological innovation and steps up its efforts in international strategic cooperation. In March 2015, the Group collaborated with Harvard University and Tsinghua University to establish the Green Building Research Base in China, and cooperated with the Ministry of Housing and Urban-Rural Development and Tsinghua University to launch research on Evergrande’s green building standards and introduce the Criteria and Requirements of Evergrande Green Building Design in a joint effort to promote green building technology and its applications. Moreover, the Group signed the “Sino-British Sustainable Urbanization Research Platform Agreement” with Tsinghua University and Building Research Establishment (BRE) to carry out research on sustainable and energy-efficient green buildings.

The Group makes sustained contributions to China’s sports industry as its Evergrande Football Club was again laurelled in Asia and obtained the fifth consecutive championship in the China Football Association Super League. Evergrande Football School, founded by the Group with an aim to cultivate football talents for the country, has over 2,600 students and has been certified by Guinness World Records as “the world’s largest soccer boarding school”.

AWARDS

During the year, the Group won 15 national awards, ranking second among China’s real estate companies for five consecutive years with a brand value of RMB32.067 billion which ranked first in the industry for six times. In the assessment of the Top 500 China Real Estate Developers organized by China Real Estate Research Association, China Real Estate Association and China Real Estate Appraisal Center, the Group ranked second among the Top 500 China Real Estate Developers in overall strength for the fifth consecutive year, ranked first among the Top 10 China Real Estate Developers in Comprehensive Development, the Top

10 China Real Estate Developers in City Coverage, the Top 10 China Real Estate Developers in Innovation Capability, the Top 10 China Real Estate Developers in Tourism Real Estate and the Top 10 China Real Estate Developers in Corporate Responsibility respectively, and was among the Top 10 China Real Estate Developers in Operational Efficiency.

The Group was also awarded the designation as one of Top 10 China Real Estate Companies in Brand Value by TOP 10 China Real Estate Research Group, and ranked first in “Most Attractive Listed Real Estate Companies for Investment” for the fourth consecutive year. In the selection of 2015 Top 100 China Listed Real Estate Companies, the Group ranked second among the Top 10 China Listed Real Estate Companies and ranked first among Top China Real Estate Companies in Brand Value. In the selection of Excellent Board of Directors of China Listed Companies initiated and sponsored by China’s most influential financial media the 21st Century, the Group won the award of Excellent Board of Directors of Hong Kong-listed Chinese Companies. The acquisition of all such awards showcases a unanimous social recognition of the Group’s governance structure, development model, operating results and social contributions.

BUSINESS OUTLOOK

“De-stocking for a more sustainable real estate market” as explicitly put forward at the Central Economic Work Conference held in December 2015, together with the five key tasks for the Reform of the Supply Side elaborated at the twelfth meeting of the Central Leading Group on Financial and Economic Affairs held in February 2016, marked the initiation of the aforesaid reforms and ambition of the central government in 2016 to advance reforms fundamentally for a stable and healthy real estate market. In particular, an array of reform measures regarding accelerating urbanization, the household registration system, rural land transfer and abolishment of outdated administrative restrictions are expected to further boost the effectiveness of China’s favorable policies and incentive system and drive higher quality and more sustainable development of China’s economy and real estate sector in the coming decade.

REPORT OF CHAIRMAN

Looking forward to 2016, the Board is of the view that under the new normal led by the Reform of the Supply Side, China's economy will maintain moderately rapid growth and long-term promising outlook with a stable real estate industry as an economic pillar, and the industry still enjoys ongoing and positive stimulus policies and measures aimed at encouraging house purchases such as reduction in down payment percentage, interest rate and reserve requirement ratio cuts and relaxation of housing provident fund withdrawal. Meanwhile, the real estate market will undergo radical evolutions driven by emerging trends such as restoration of the property inherent value, polarization of the market and financialization of the industry, and this historical process will be dominated by those enterprises with enormous resources and advanced management and operation.

Based on the research on the "new normal" of China's economy and the real estate industry, the Board will adopt comprehensive measures to optimize the regional layout of residential housing projects, to firmly strengthen sales and collection of sales proceeds, to put costs and expenses under tight control, to increase cash balance and profit margins, and to strictly control leverage ratio. The Board also strives to continuously improve profitability while maintaining stability and to facilitate diversified, quality and coordinated development by consolidating its principal real estate business.

LAND RESERVES

In 2016, the Group will further optimize the regional layout of its residential housing projects, acquire high quality projects in an enterprising, prudent and pragmatic fashion, and secure a leading position in terms of land reserves in the industry. The Group also puts greater emphasis on profitability improvement and quality and coordinated development for project expansion, and still focuses its regional layout on first- and second-tier cities especially in the central urban areas. Land acquisitions in the third-tier cities, however, will be carried out based on stricter quantifiable criteria to raise the gross profit margins of products. Cost-effective and efficient ways to acquire projects, such as mergers and acquisitions and cooperation in property development, will become the major means of project expansion.

As at 31 December 2015, the aggregate land premium of the Group amounted to RMB293.29 billion with RMB247.31 billion paid and RMB45.98 billion outstanding, of which RMB9.48 billion, RMB5.22 billion, RMB16.30 billion and RMB14.98 billion are scheduled to be paid in the first half of 2016, in the second half of 2016, in 2017 and in 2018 or thereafter, respectively.

CONTRACTED SALES

The Group foresees a relatively loose policy environment with increasingly divergent regional markets in 2016. As such, the Group will follow the market trends, ensure adequate inventories, and focus on key project sales in key regions. In particular, the Group will continue to break down its annual sales target to the project level and initiate enough marketing activities from the beginning of the year so as to ensure the achievement of its annual sales target.

The Group has determined its contracted sales target in 2016 at RMB200 billion, 11.1% higher than its increased target in 2015. The Group has dozens of new residential projects available for sale, most of which are located in major cities, including Beijing, Shanghai, Shenzhen, Tianjin, Chongqing, Hangzhou, Nanjing, Chengdu and Dalian. Based on the overall marketing strategy, the Group plans to market these projects by selectively prioritizing certain projects with appropriate timing. In addition, the Group has reserved several projects used for residential and commercial purposes and a large amount of stores and parking spaces in the residential projects, which are expected to supplement the contracted sales of the year.

As the Group continuously promotes the strategy of optimizing the regional layout of projects and substantially increases the added value of its products by upgrading supporting facilities, decoration standards and housing structures, the average transaction price for the year is expected to increase further. As to the specific pricing strategy, the Group will strike a balance between sales price and sales volume and between scale and gross profit to achieve positive growth for both. Sales targets are designated on a quarterly basis, and the sales results will be reviewed on a monthly basis. The monthly sales results are reported to shareholders and investors by voluntary announcements. Given the adequate inventories, strong execution capability and product advantages of the Group, the Board is very confident that the Group can achieve its full-year contracted sales target.

REPORT OF CHAIRMAN

FINANCIAL CAPITAL

The Group will continue to maintain its steady financial policies, endeavor to raise the total amount of cash and maintain its net profit margin for its main operations. To accomplish this, the Group will further enhance the collection of sales proceeds, set reasonable sales price, increase the turnover of inventories, promote sales of commercial premises and continue to expand project cooperation. Meanwhile, the Group will formulate more reasonable plans for commencement, completion and payment, and rationally control expenditures on land and construction.

With respect to capital arrangement, we have used the proceeds from issuance of corporate bonds and private bonds primarily to repay the existing debts to improve the debt structure and the remaining amount to replenish general working capital. The Group implemented strict payment management plans while leveraging diversified financing channels and managing the dynamic balance between capital inflow and outflow.

Along with the ease of monetary policy of the PRC central government, we are expecting more opportunities to finance in the future. We are exploring new channels of debt financing to lower our current debt ratio and borrowing costs.

With respect to the control of costs and expenses, the Group will continue to fully implement reforms of product upgrades and standardization to ensure product quality and reduce costs. The Group will also utilize new promotion channels to lower its selling expenses, develop leading SAP and ERP systems in the industry and make full use of information technology to further reduce operating expenses.

FINAL DIVIDEND

The Board recommended a final dividend for the year ended 31 December 2015 of RMB0.38 per share to shareholders whose names appear on the register of members on 22 June 2016. The final dividend will be paid on or before 4 July 2016.

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 Thursday, 16 June 2016. 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 14 June 2016 to 16 June 2016, 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 13 June 2016.

For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from 22 June 2016 to 24 June 2016, 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 21 June 2016.

REPORT OF CHAIRMAN

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

During 2015, the Company had repurchased from the market a total of 1,923,313,000 shares. All the repurchased shares have been cancelled. The Directors believe that the repurchases of shares would lead to an enhancement of the net value of the Group and its assets and/or its earnings per share. Details of the repurchases of the shares of the Company are as follows:

Month of repurchase	Number of shares repurchased	Highest price per share (HK\$)	Lowest price per share (HK\$)	Aggregate purchase price (HK\$)
July 2015	1,150,616,000	5.50	3.31	5,471,516,580
October 2015	115,827,000	5.69	5.18	630,095,260
November 2015	469,260,000	6.61	5.93	2,969,308,640
December 2015	187,610,000	6.81	5.90	1,227,824,400
	1,923,313,000			10,298,744,880

On 10 February 2015, the Company issued 12% senior notes due in 2020 with an aggregate principal amount of US\$1,000 million. The notes are listed and traded on the Singapore Stock Exchange.

On 28 May 2015, the Company conducted a top-up placing of shares and an aggregate 820,000,000 new shares were placed at HK\$5.67 per share.

Between June 2015 and July 2015, the Group issued domestic bonds with an aggregate principal amount of RMB20,000 million, of which RMB5,000 million has a term of five years and an interest rate of 5.38%, RMB6,800 million has a term of four years and an interest rate of 5.30%, and RMB8,200 million has a term of seven years and an interest rate of 6.98%.

In October 2015, the Group issued non-public domestic corporate bonds with an aggregate principal amount of RMB20,000 million, of which RMB17,500 million has a term of five years and an interest rate of 7.38%, and RMB2,500 million has a term of five years and an interest rate of 7.88%.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2015.

SUBSEQUENT EVENTS

Reference to the announcement made by the Company on 12 November 2015, the Group entered into an agreement with Great System Investment Limited to acquire a property at an aggregate consideration of HK\$12,500 million. The property is located in Wanchai, Hong Kong. The transaction was completed in March 2016.

Reference to the announcement made by the Company on 2 December 2015, the Group entered into three agreements with New World Development (China) Limited to acquire three property development companies located in Hai Kou, Huiyang and Wuhan at considerations of RMB8,600 million RMB1,100 million and RMB3,800 million respectively. These transactions were completed in March 2016.

Reference to the announcement made by the Company on 29 December 2015, the Group entered into three agreements with Chow Tai Fook Enterprises Limited and its subsidiary to acquire three property development companies located in Qingdao, Shanghai and Beijing at considerations of RMB2,000 million RMB3,500 million and RMB7,600 million respectively. These transactions were completed in March 2016.

REPORT OF CHAIRMAN

From 4 January 2016 to 8 January 2016, the Company has repurchased an aggregate of 127,665,000 of its own shares through the Stock Exchange, at a consideration of HK\$822 million (equivalent to approximately RMB692 million). The shares have been cancelled after the repurchase.

On 11 January 2016, the Company issued 7.8%, three-year senior notes with an aggregated principal amount of US\$400 million at the face value and 8%, four-year senior notes with an aggregated principal amount of US\$300 million at the face value ("2016 Senior Notes"). The net proceeds from 2016 Senior Notes amounted to approximately US\$694 million (approximately equivalent to RMB4,554 million).

On 11 January 2016, a subsidiary of the Company issued 6.98%, four-year PRC bonds with an aggregated principal amount of RMB10,000 million at 100% of the face value.

In February and March 2016, the Group acquired 577,180,500 shares of a Hong Kong listed company, Shengjing Bank Co., Ltd ("Shengjing Bank"), which represented approximately 9.96% of the existing issued shares of Shengjing Bank.

MODEL CODE ON SECURITIES TRANSACTIONS BY 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 2015, 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, namely 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 control. The Audit Committee has reviewed the annual results of the Group for the year ended 31 December 2015.

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 is owed to the trust and support of its shareholders, investors and business partners as well as the loyalty of our staff members. On behalf of the Board, I hereby express my heartfelt gratitude towards them.

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

Hong Kong, 29 March 2016



MANAGEMENT
DISCUSSION
AND
ANALYSIS

MANAGEMENT DISCUSSION AND ANALYSIS

OVERALL PERFORMANCE

The Group recorded revenue of RMB133.1 billion for the year of 2015 (2014: RMB111.4 billion), representing a year-on-year growth of 19.5%. Gross profit amounted to RMB37.4 billion (2014: RMB31.8 billion), representing an increase of 17.7% over last year. Profit attributable to shareholders was RMB10.5 billion which was 17.0% lower than that of last year. Basic earnings per share amounted to RMB0.713 (2014: RMB0.854).

Equity attributable to shareholders of the Group as at 31 December 2015 was RMB51.0 billion (31 December 2014: RMB51.1 billion). Equity per share recorded a year-on-year increase of 5.7% from RMB3.5 as at 31 December 2014 to RMB3.7 as at 31 December 2015.

REVENUE

During the year, revenue of the Group amounted to RMB133.1 billion, representing a growth of 19.5%, of which revenue generated from the property business amounted to RMB126.4 billion, representing a year-on-year growth of 17.7%. The increase was mainly due to the fact that the recognized sales income of the property area increased by 2.4% as compared to 2014 and the average unit selling price of the property increased by 14.9% as compared to 2014. Revenue generated from property management amounted to RMB1.3 billion. Revenue generated from investment properties, hotel operation and other business amounted to RMB5.4 billion, representing an increase of 99.4%.

GROSS PROFIT

Gross profit of the Group was RMB37.4 billion for the year of 2015, representing an increase of 17.7% as compared to the last year. The increase in gross profit was mainly attributable to a significant increase in sales of properties. The gross profit margin was 28.1%, being 0.4 percentage point lower than that of last year.

FAIR VALUE GAINS ON INVESTMENT PROPERTIES

Fair value of investment properties of the Group at the end of 2015 appreciated RMB12.9 billion in value, representing an increase of 36.9% as compared to the gains of last year. Investment properties of the Group mainly include commercial podiums and offices with gross floor area of 5.02 million square meters and approximately 366,000 car park spaces.

SELLING AND MARKETING COSTS

During the year, selling and marketing costs of the Group rose from RMB9.2 billion for the year of 2014 to RMB13.3 billion, which was mainly attributable to an increase in the number of projects launched and significant expansion in scale which led to the corresponding increase in nationwide marketing and brand publicity activities during the year. This kind of spending was expensed in relation to the pre-sales. However, the corresponding revenue could only be recognized after delivery. The Group strictly controls expenses. If the contracted sales amounts for 2014 and 2015 are compared and taken into account, the expense ratio is even decreasing.

MANAGEMENT DISCUSSION AND ANALYSIS

ADMINISTRATIVE EXPENSES

During the year, administrative expenses of the Group increased to RMB6.1 billion from RMB4.0 billion for the year of 2014, which was mainly attributable to the continuous expansion of the Group's national business and achievement of significant growth in operation results in 2015, and the corresponding increase in the number of employees and the level of their remuneration.

FAIR VALUE GAINS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Gains on financial assets at fair value through profit or loss amounted to RMB2.5 billion for 2015 due to the appreciation of the securities held by the Group.

FINANCIAL REVIEW

BORROWINGS

As at 31 December 2015, the borrowings of the Group amounted to RMB296.9 billion, with the following maturities.

	31 December 2015 (RMB billion)	As percentage of total borrowings	31 December 2014 (RMB billion)	As percentage of total borrowings
Less than 1 year	158.7	53.5%	79.7	51.0%
1-2 years	54.8	18.5%	55.9	35.8%
2-5 years	74.0	24.9%	19.6	12.6%
More than 5 years	9.4	3.1%	0.9	0.6%
	296.9	100%	156.1	100%

MANAGEMENT DISCUSSION AND ANALYSIS

The borrowings were secured by the property and equipment, land use rights, investment properties, properties under development, completed properties held for sale, cash at bank and the equity interests of certain subsidiaries of the Group at an average effective interest rate of 9.59% per annum (2014: 9.74%).

FOREIGN EXCHANGE EXPOSURE

The Group's businesses are principally conducted in Renminbi. Almost all residential and investment properties are located in Mainland China. Other than the bank deposits denominated in foreign currencies, bank borrowings and the senior notes denominated in US dollar and HK dollar, the Group does not have any material exposure directly due to foreign exchange fluctuations.

We estimate Renminbi exchange rate to continue its two-way volatility as the Renminbi exchange mechanism becomes more market-oriented. However, even though an exchange loss of RMB2.8 billion from borrowings was recorded, the foreign exchange risk of the Group is expected to be under control in the future, and not to pose a material impact on the Group's financial position. The Group will closely monitor its exchange risk exposure and will adjust its debt profile when necessary based on market changes. The Group has not entered into any significant forward exchange contract to hedge its exposure to foreign exchange risk.

LIQUIDITY

As at 31 December 2015, the total amount of cash and cash equivalents and restricted cash of the Group was RMB164.0 billion, together with unutilized banking facilities of RMB154.5 billion. The abundant working capital provided opportunities for the Group to seek the best business opportunities and provided significant financial support for rapid development.

LAND RESERVES

During the year, the Group acquired 82 pieces of additional land in 54 cities, including Beijing, Shenzhen, Nanjing, Chengdu, Chongqing, Jinan, Taiyuan, Harbin, Nanning, Wuhan, Dalian, Shantou, Quanzhou, Dongguan and Xiamen as reserve. As of 31 December 2015, the planned gross floor area of the newly acquired land was approximately 34.847 million square meters, the average cost of which was RMB2,045 per square meter.

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets out the details of the additional land acquired by the Group in 2015.

DISTRIBUTION OF NEWLY ACQUIRED LAND RESERVES OF THE GROUP IN 2015

No.	Name of Project	City (prefecture-level city)	Site area (m ²)	Gross floor area (m ²)	Land reserve area (m ²)	Actual shareholding
Guangdong						
1	Evergrande Metropolis Yangjiang (陽江恒大名都)	Yangjiang	138,669	346,673	203,161	100%
2	Evergrande Times Finance Center Shenzhen (深圳恒大時代金融中心)	Shenzhen	10,448	117,010	117,010	100%
3	Evergrande Royal Scenic Peninsula Dongguan (東莞恒大御景半島)	Dongguan	149,793	299,586	299,586	100%
4	Evergrande Royal Scenic Bay Shantou Project (汕頭御景灣項目)	Shantou	166,253	404,666	404,666	100%
5	Evergrande Royal Scenic Bay Foshan (佛山恒大御景)	Foshan	90,079	289,447	225,389	100%
6	Evergrande Metropolis Zhongshan (中山恒大名都)	Zhongshan	63,323	224,652	138,980	100%
7	Evergrande Royal View Garden Zhanjiang (湛江恒大帝景)	Zhanjiang	84,881	319,473	319,473	60%
8	Evergrande City Shenzhen (深圳恒大城)	Shenzhen	68,119	386,510	386,510	100%
9	Evergrande Ocean Spring Zhuhai (珠海恒大海泉灣)	Zhuhai	242,800	242,800	242,800	51%
Beijing						
10	Evergrande Left Bank Riverfront Beijing (北京恒大濱河左岸)	Beijing	66,677	143,831	143,831	100%
Chongqing						
11	Evergrande Royal Palace Chongqing (重慶恒大御府)	Chongqing	127,271	254,542	254,542	90%
12	Evergrande Century City Chongqing (重慶恒大世紀城)	Chongqing	263,148	657,871	657,871	90%
13	Other projects of Chongqing Zhongyu (重慶中渝其他項目)	Chongqing	183,382	791,463	791,463	60%
14	Evergrande Coronation Chongqing (重慶恒大御龍天峰)	Chongqing	205,086	1,329,879	1,329,879	100%
Hubei						
15	Evergrande Metropolis Jingzhou (荊州恒大名都)	Jingzhou	103,342	361,697	255,921	60%
16	Evergrande Royal Palace Wuhan (武漢恒大御府)	Wuhan	75,300	248,490	248,490	60%
17	Evergrande Sky Royal Garden Wuhan (武漢恒大航天御園)	Wuhan	19,900	97,800	52,900	67%
18	Evergrande Sky Capital Wuhan (武漢恒大航天首府)	Wuhan	107,800	466,016	173,316	67%
19	Evergrande Sky Rainbow Town Wuhan (武漢恒大航天彩虹鎮)	Wuhan	464,900	544,900	478,300	67%
20	Evergrande Sky Dragon City Wuhan (武漢恒大航天龍城)	Wuhan	506,700	642,000	590,740	67%
21	Evergrande Sky Capital Ezhou (鄂州恒大航天首府)	Ezhou	622,700	980,000	964,800	67%

MANAGEMENT DISCUSSION AND ANALYSIS

No.	Name of Project	City (prefecture-level city)	Site area (m ²)	Gross floor area (m ²)	Land reserve area (m ²)	Actual shareholding
Sichuan						
22	Evergrande Central Plaza Chengdu (成都恒大中央廣場)	Chengdu	62,100	362,158	219,527	100%
23	Evergrande Royal Scenic Bay Luzhou (瀘州恒大御景灣)	Luzhou	81,574	235,092	143,842	100%
24	Evergrande Metropolis Ziyang (資陽恒大名都)	Ziyang	64,510	193,529	193,529	100%
25	Evergrande Metropolis Court Chengdu (成都恒大都匯華庭)	Chengdu	18,061	96,320	45,697	100%
26	Evergrande Huazhi Plaza Chengdu (成都恒大華置廣場)	Chengdu	15,398	280,809	125,767	100%
Liaoning						
27	Evergrande Harbour Bay Dalian (大連恒大海灣城)	Dalian	247,600	607,550	607,550	100%
Shaanxi						
28	Evergrande Bay Xi'an (西安恒大江灣)	Xi'an	144,247	259,644	259,644	100%
29	Evergrande Emerald Court Xi'an (西安恒大翡翠華庭)	Xi'an	30,750	191,987	191,987	100%
Jiangsu						
30	Evergrande Atrium Zhangjiagang (張家港恒大雅苑)	Suzhou	130,993	193,648	106,968	90%
31	Evergrande Royal View Garden Jiangyin (江陰恒大帝景)	Wuxi	124,085	403,561	403,561	100%
32	Evergrande Riverside Nanjing (南京恒大濱江)	Nanjing	64,020	454,726	454,726	100%
Yunnan						
33	Evergrande Yunbao Palace Kunming (昆明恒大雲報華府)	Kunming	207,135	877,142	877,142	51%
34	Evergrande Metropolis Kunming (昆明恒大名都)	Kunming	113,779	511,409	511,409	100%
Shanxi						
35	Evergrande Emerald Court Taiyuan (太原恒大翡翠華庭)	Taiyuan	36,505	223,750	223,750	70%
36	Evergrande Left Bank Riverfront Taiyuan (太原恒大濱河左岸)	Taiyuan	115,006	552,326	552,326	100%
37	Evergrande Atrium Taiyuan (太原恒大雅苑)	Taiyuan	62,842	242,584	242,584	100%
38	Evergrande Future City Taiyuan (太原恒大未來城)	Taiyuan	61,289	214,513	214,513	100%
Anhui						
39	Evergrande Royal View Garden Chaohu (巢湖恒大帝景)	Hefei	77,946	249,182	150,989	100%
40	Evergrande Emerald Court Bengbu (蚌埠恒大翡翠華庭)	Bengbu	151,411	347,573	234,773	100%
41	Evergrande Metropolis Suzhou (宿州恒大名都)	Suzhou	162,473	665,741	665,741	65%
42	Evergrande Oasis Feidong (肥東恒大綠洲)	Hefei	90,220	247,491	247,491	65%
43	Evergrande Oasis Fuyang (阜陽恒大綠洲)	Fuyang	183,152	574,397	574,397	100%

MANAGEMENT DISCUSSION AND ANALYSIS

No.	Name of Project	City (prefecture-level city)	Site area (m ²)	Gross floor area (m ²)	Land reserve area (m ²)	Actual shareholding
Hunan						
44	Evergrande Nanhu Peninsula Yueyang (岳陽恒大南湖半島)	Yueyang	193,928	560,452	560,452	64%
Guangxi Zhuang Autonomous Region						
45	Evergrande City Liuzhou (柳州恒大城)	Liuzhou	91,344	367,204	242,378	100%
46	Evergrande City Nanning (南寧恒大城)	Nanning	164,774	659,094	507,741	100%
47	Evergrande Royal View Garden Nanning (南寧恒大帝景)	Nanning	37,240	130,340	34,822	100%
48	Evergrande Metropolis Nanning (南寧恒大名都)	Nanning	20,051	112,623	112,623	100%
49	Evergrande Scenic Garden Wuzhou (梧州恒大山水城)	Wuzhou	138,991	180,688	80,672	60%
50	Evergrande Palace Liuzhou (柳州恒大華府)	Liuzhou	213,110	501,269	355,425	100%
51	Evergrande Palace Nanning (南寧恒大華府)	Nanning	135,705	339,262	339,262	100%
52	Evergrande City Yulin (玉林恒大城)	Yulin	95,477	362,813	362,813	60%
Henan						
53	Evergrande Emerald Court Zhengzhou (鄭州恒大翡翠華庭)	Zhengzhou	88,000	416,959	190,528	100%
54	Evergrande Metropolis Zhumadian (駐馬店恒大名都)	Zhumadian	83,188	324,432	310,322	100%
55	Evergrande Royal Scenic Bay Xinxiang (新鄉恒大御景灣)	Xinxiang	233,060	531,777	531,777	100%
56	Evergrande Metropolis Shangqiu (商丘恒大名都)	Shangqiu	368,407	954,484	954,484	100%
57	Evergrande Emerald Court Xinyang (信陽恒大翡翠華庭)	Xinyang	87,431	231,408	231,408	55%
58	Evergrande Royal View Garden Nanyang (南陽恒大帝景)	Nanyang	130,636	261,273	261,273	100%
Jiangxi						
59	Evergrande Emerald Court Ganzhou (贛州恒大翡翠華庭)	Ganzhou	49,154	163,845	91,845	100%
60	Evergrande Metropolis Ganzhou (贛州恒大名都)	Ganzhou	110,741	310,075	185,075	51%
61	Evergrande Royal Scenic Bay Jingdezhen (景德鎮恒大御景)	Jingdezhen	111,480	312,144	312,144	100%
62	Evergrande Emerald Court Nanchang (南昌恒大翡翠華庭)	Nanchang	105,280	210,560	210,560	100%
63	Evergrande Oasis Yichun (宜春恒大綠洲)	Yichun	380,088	684,158	684,158	100%
Hebei						
64	Evergrande Forest Creek Court Shijiazhuang (石家莊恒大林溪郡)	Shijiazhuang	82,387	176,923	176,923	63%
65	Huailai Project of Zhangjiakou (張家口懷來項目)	Zhangjiakou	235,108	655,776	655,776	100%
66	Evergrande Oasis Hengshui (衡水恒大綠洲)	Hengshui	171,241	467,090	467,090	60%

MANAGEMENT DISCUSSION AND ANALYSIS

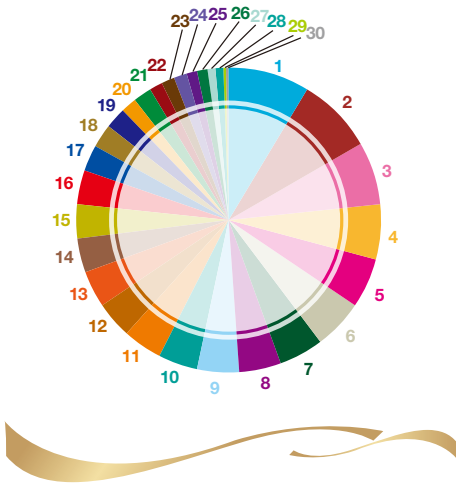
No.	Name of Project	City (prefecture-level city)	Site area (m ²)	Gross floor area (m ²)	Land reserve area (m ²)	Actual shareholding
Hainan						
67	Hainan Ocean Flower Island (海南海花島)	Danzhou	2,824,655	7,158,666	7,158,666	100%
Shandong						
68	Jinan Evergrande East Mountain Forest Jinan (濟南恒大東山林語)	Jinan	102,244	102,244	102,244	60%
69	Evergrande Emerald Court Jinan (濟南恒大翡翠華庭)	Jinan	143,066	607,351	385,739	100%
70	Evergrande Longao Regency Jinan (濟南恒大龍奧御苑)	Jinan	199,751	385,519	308,325	100%
71	Evergrande East Longao New Metropolis Jinan (濟南恒大奧東新都)	Jinan	50,066	240,317	213,762	100%
Jilin						
72	Evergrande Bay Changchun (長春恒大江灣)	Changchun	119,948	299,870	170,661	100%
73	Evergrande Moon Residence Changchun (長春恒大淨月公館)	Changchun	51,067	62,914	62,914	80%
Gansu						
74	Evergrande Emerald Court Lanzhou (蘭州恒大翡翠華庭)	Lanzhou	172,828	604,897	604,897	100%
Fujian						
75	Evergrande Royal Scenic Bay Quanzhou (泉州恒大御景灣)	Quanzhou	57,068	134,680	65,014	100%
76	Evergrande Royal View Garden Xiamen (廈門恒大帝景)	Xiamen	70,825	208,240	208,240	100%
77	Evergrande Royal Scenic Peninsula Putian (莆田恒大御景半島)	Putian	173,956	324,075	190,543	100%
78	Evergrande Emerald Dragon Court Quanzhou (泉州恒大翡翠龍庭)	Quanzhou	29,031	120,264	120,264	100%
79	Evergrande Emerald Court Quanzhou (泉州恒大翡翠華庭)	Quanzhou	15,839	52,996	51,122	100%
80	Evergrande City Plaza Quanzhou (泉州恒大都市廣場)	Quanzhou	14,000	98,000	98,000	100%
81	Evergrande Royal Scenic Peninsula Zhangzhou (漳州恒大御景半島)	Zhangzhou	68,223	256,561	256,561	100%
Heilongjiang						
82	Evergrande Emerald Court Harbin (哈爾濱恒大翡翠華庭)	Harbin	47,299	94,600	90,208	100%
Total of New Projects			13,472,354	36,800,282	33,474,251	

MANAGEMENT DISCUSSION AND ANALYSIS

Name of Project	City (prefecture-level city)	Site area (m ²)	Gross floor area (m ²)	Land reserve area (m ²)	Actual shareholding
*Expansion Land of Evergrande Splendor Pengshan (Phase III)	Meishan	47,735	95,470	95,470	100.00%
*Expansion Land of Ningbo Xiangshan Project (Phase III)	Ningbo	127,118	214,904	214,904	51.00%
*Expansion Land of Evergrande Splendor Danzhou (Phase III)	Danzhou	120,000	264,000	264,000	100.00%
*Expansion of Evergrande Royal Scenic Peninsula Shijiazhuang (Phase III)	Shijiazhuang	29,374	83,715	83,715	100.00%
*Expansion of Evergrande Scenic Garden Zhengzhou (Phase II)	Zhengzhou	44,326	53,192	53,192	51.00%
*Evergrande Royal Scenic Bay Suzhou (Phase II)	Suzhou	87,254	261,762	261,762	100.00%
*Expansion of Evergrande Royal Scenic Peninsula Shijiazhuang (Lot No. 6-1)	Shijiazhuang	54,384	190,345	190,345	100.00%
*Evergrande Scenic Garden Zhengzhou (Lot No. 1 for subsequent development for phase I)	Zhengzhou	45,028	63,039	63,039	51.00%
*Evergrande Scenic Garden Zhengzhou (Lot No. 2 for subsequent development for phase I)	Zhengzhou	121,289	146,351	146,351	51.00%
Total		14,063,982	38,173,059	34,847,028	

* Surrounding land acquired for current projects

MANAGEMENT DISCUSSION AND ANALYSIS



8.8%	1 Guangdong
8.1%	2 Hainan
6.7%	3 Henan
5.7%	4 Shandong
5.4%	5 Shanxi
5.3%	6 Anhui
4.7%	7 Jiangsu
4.4%	8 Beijing
4.3%	9 Guangxi Zhuang Autonomous Region
4.2%	10 Hubei
4.1%	11 Sichuan
4.1%	12 Hunan
3.9%	13 Hebei
3.6%	14 Jiangxi
3.6%	15 Chongqing
3.4%	16 Liaoning
2.9%	17 Zhejiang
2.5%	18 Heilongjiang
2.2%	19 Jilin
1.8%	20 Fujian
1.7%	21 Shanghai
1.5%	22 Shaanxi
1.5%	23 Inner Mongolia Autonomous Region
1.3%	24 Gansu
1.2%	25 Yunnan
1.1%	26 Tianjin
0.8%	27 Ningxia Hui Autonomous Region
0.7%	28 Guizhou
0.3%	29 Xinjiang Uygur Autonomous Region
0.2%	30 Qinghai

CONTRACTED SALES

During the year, the Group's contracted sales increased by 53.1% year-on-year to RMB201.34 billion, representing 134.2% of the RMB150 billion target set at the beginning of the year or 111.9% of the raised target of RMB180 billion. GFA of contracted sales was 25.512 million square meters, representing a year-on-year growth of 40.2%; and the average price of contracted sales was RMB7,892 per square meter, representing a year-on-year increase of 9.2%. The Group started 81 new projects during the year. As of 31 December 2015, a total of 357 projects were on sale, covering 157 cities in 30 regions in China.

The following table sets out the geographical distribution of contracted sales of the Group in 2015.

Province	Contracted sales amount (RMB million)	Percentage
Guangdong	17,644.6	8.8%
Hainan	16,323.1	8.1%
Henan	13,549.2	6.7%
Shandong	11,729.6	5.7%
Shanxi	10,781.9	5.4%
Anhui	10,626.9	5.3%
Jiangsu	9,531.7	4.7%
Beijing	8,920.9	4.4%
Guangxi Zhuang Autonomous Region	8,736.3	4.3%
Hubei	8,399.9	4.2%
Sichuan	8,281.5	4.1%
Hunan	8,162.0	4.1%
Hebei	7,804.4	3.9%
Jiangxi	7,275.1	3.6%
Chongqing	7,246.8	3.6%
Liaoning	6,814.6	3.4%
Zhejiang	5,810.8	2.9%
Heilongjiang	5,078.4	2.5%
Jilin	4,498.3	2.2%
Fujian	3,645.6	1.8%
Shanghai	3,477.3	1.7%
Shaanxi	3,019.4	1.5%
Inner Mongolia Autonomous Region	2,939.0	1.5%
Gansu	2,579.6	1.3%
Yunnan	2,355.6	1.2%
Tianjin	2,129.4	1.1%
Ningxia Hui Autonomous Region	1,601.9	0.8%
Guizhou	1,465.7	0.7%
Xinjiang Uygur Autonomous Region	509.9	0.3%
Qinghai	396.5	0.2%
Total	201,335.9	100%

MANAGEMENT DISCUSSION AND ANALYSIS

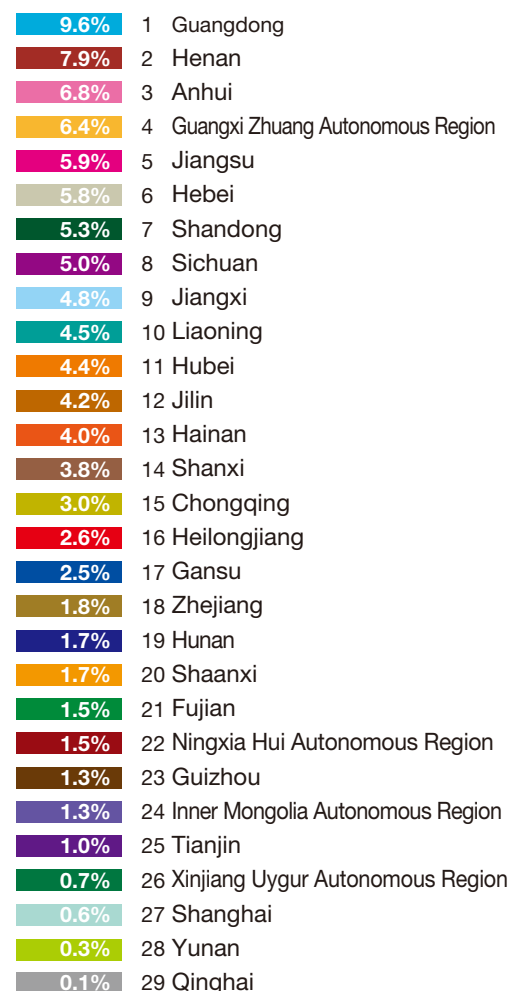
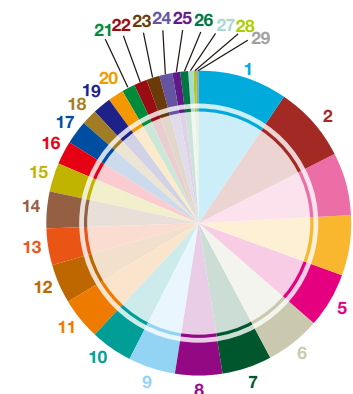
PROPERTY DEVELOPMENT

During the year, the Group had a total of 268 projects completed or partially completed, located in 29 major areas of China, with completed aggregate GFA of 25.288 million square meters.

The following table sets out the distribution of completed areas of the Group.

BREAKDOWN OF COMPLETED PROJECTS OF THE GROUP FOR 2015 BY REGION

No.	Province	Area ('000 m ²)	Percentage
1	Guangdong	2,418.1	9.6%
2	Henan	2,000.8	7.9%
3	Anhui	1,716.4	6.8%
4	Guangxi Zhuang Autonomous Region	1,629.5	6.4%
5	Jiangsu	1,485.3	5.9%
6	Hebei	1,477.3	5.8%
7	Shandong	1,324.2	5.3%
8	Sichuan	1,264.6	5.0%
9	Jiangxi	1,224.0	4.8%
10	Liaoning	1,134.4	4.5%
11	Hubei	1,115.8	4.4%
12	Jilin	1,072.4	4.2%
13	Hainan	1,005.1	4.0%
14	Shanxi	969.8	3.8%
15	Chongqing	749.0	3.0%
16	Heilongjiang	661.4	2.6%
17	Gansu	635.7	2.5%
18	Zhejiang	460.5	1.8%
19	Hunan	442.3	1.7%
20	Shaanxi	426.5	1.7%
21	Fujian	382.8	1.5%
22	Ningxia Hui Autonomous Region	371.2	1.5%
23	Guizhou	333.4	1.3%
24	Inner Mongolia Autonomous Region	317.1	1.3%
25	Tianjin	241.5	1.0%
26	Xinjiang Uygur Autonomous Region	178.8	0.7%
27	Shanghai	143.5	0.6%
28	Yunan	82.9	0.3%
29	Qinghai	24.0	0.1%
Total		25,288.3	100%



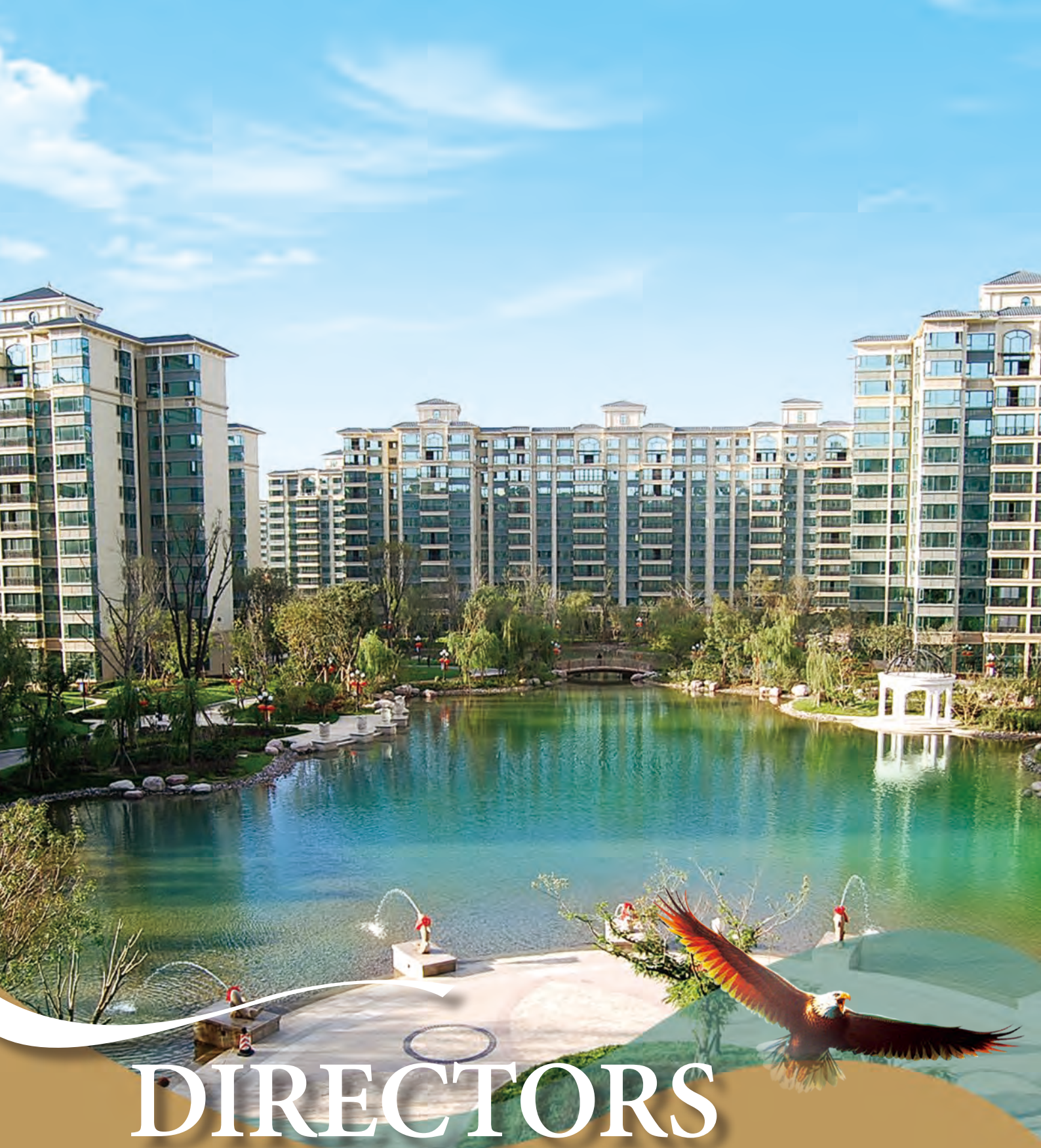
MANAGEMENT DISCUSSION AND ANALYSIS

HUMAN RESOURCES

As at 31 December 2015, the Group had a total of 83,372 employees and approximately 90% of the employees from the property development segment hold a bachelor's degree or above.

During 2015, the Group hired a total of 1,199 fresh graduates, among which 234 were from the top 10 domestic universities in terms of comprehensive ranking, including Peking University and Tsinghua University. The Group organized approximately 562 training sessions and professional seminars for staff at departmental level throughout the year and trained approximately 47,240 staff members in aggregate. The total training hours amounted to approximately 1,702 hours with approximately 3 hours per session.

The Group firmly believes that talents are the most important corporate resources and always adheres to a people-oriented human resources development strategy, creating a sound working environment featuring harmonious development and positive interaction between the Group and its staff. During the period under review, total staff cost (including directors' emoluments) of the Group was approximately RMB11.1 billion (2014: approximately RMB7.9 billion).



**DIRECTORS
AND
ADMINISTRATIVE
STRUCTURE**

DIRECTORS AND ADMINISTRATIVE STRUCTURE

EXECUTIVE DIRECTORS



HUI KA YAN (許家印)

aged 57, Chairman of the Board. Professor Hui is responsible for organizing the overall development strategies of the Group. He has over 30 years of experience in real estate investment, property development and corporate management. Currently, Professor Hui is a member of the 12th National Committee of the Chinese People's Political Consultative Conference and also the vice-chairman of the China Enterprise Confederation, China Enterprise Directors Association and China Real Estate Association. He was accredited as a "National Model Worker" (one of the highest civilian honors in China) by the State Council. He graduated from Wuhan University of Science and Technology in 1982, and was awarded an honorary doctorate degree in commerce by the University of West Alabama in 2008. Professor Hui has been a professor in management in Wuhan University of Science and Technology since 2003 and was appointed as doctoral tutor of that university in 2010.



XIA HAIJUN (夏海鈞)

aged 51, Vice president of the Board and Chief Executive Officer of the Group. Dr. Xia has over 20 years of experience in property development and corporate management. Dr. Xia takes full charge of our daily operations, including administration and information management, financial management, treasury management, large-scale projects cooperation and investor relationship, etc. Dr. Xia graduated from Jinan University with a master's degree in business administration in 1998 and a doctor's degree in industrial economy in 2001.

DIRECTORS AND ADMINISTRATIVE STRUCTURE



HE MIAOLING (何妙玲)

aged 50, our executive Director and vice president. Ms. He is responsible for the Group's marketing management and business administration for property projects. She has more than 17 years of experience in marketing strategies and brand promotion in the property projects. Ms. He joined the Group in August 1997, and has a bachelor's degree in applied mathematics and a master's degree in engineering management.



TSE WAI WAH (謝惠華)

aged 49, our executive Director and chief financial officer. Mr. Tse takes full charge of financial management. Mr. Tse has over 20 years of experience in auditing, accounting and finance. Mr. Tse graduated from the University of North Carolina at Charlotte with a master of business administration degree. Currently, he is a member of the Hong Kong Institute of Certified Public Accountants, or HKICPA and the American Institute of Certified Public Accountants ("AICPA").

DIRECTORS AND ADMINISTRATIVE STRUCTURE



XU WEN (徐文)

aged 52, our executive Director and the president of the Evergrande Agri-husbandry Group (恒大農牧集團). Mr. Xu has over 20 years of experience in construction project management, construction research and design. Mr. Xu has a bachelor's degree in civil construction and a master's degree in project management and is a registered structural engineer and a qualified supervising engineer in China.



HUANG XIANGUI (黃賢貴)

aged 45, our executive Director, assistant to president and general manager of the Hongkong company. Mr. Huang joined us in 2004. He graduated from Harbin Engineering University and University of Stirling, and obtained a bachelor degree in chemical engineering and a master degree of science in banking and finance respectively. Mr. Huang is currently responsible for the international capital operation and investment management of the Group, and has over 18 years of experience in marketing, human resource management, foreign capital operation and management.

DIRECTORS AND ADMINISTRATIVE STRUCTURE

INDEPENDENT NON-EXECUTIVE DIRECTORS

Chau Shing Yim, David (周承炎), aged 51, our independent non-executive Director. Mr. Chau has been our independent non-executive Director since 14 October 2009. Mr. Chau has over 25 years of experience in corporate finance, and participated in various projects ranging from initial public offerings and restructuring of PRC enterprises for cross-border and domestic takeovers. Mr. Chau was formerly a partner of Deloitte Touche Tohmatsu, heading the merger and acquisition and corporate advisory services department. He is a member of the Hong Kong Securities Institute, the Institute of Chartered Accountants of England and Wales, or ICAEW, with the Corporate Finance Qualification granted by ICAEW, and HKICPA. Mr. Chau was an ex-committee member of the Disciplinary Panel of HKICPA. He is an executive director of Tidetime Sun (Group) Limited and an independent non-executive director of Lee & Man Paper Manufacturing Limited, Shandong Molong Petroleum Machinery Company Limited and Varitronix International Limited, and the shares of all these companies are listed on the Stock Exchange.

He Qi (何琦), aged 57, our independent non-executive Director. Mr. He has been our independent non-executive Director since 14 October 2009. Mr. He is the Deputy Secretary of the China Real Estate Association, as well as the director of the training center and the intermediary professional committee of the China Real Estate Association. He worked in the State Infrastructure Commission of the State City Construction General Bureau from 1981 to 1994. He was an executive of the Development Center of the China Real Estate Association from 1995 to 1999, and a deputy secretary of Ji'an City of Jiangxi Province from 1999 to 2001. He has been the deputy secretary of the China Real Estate Association from 2006 to now.

Xie Hongxi (謝紅希), aged 56, our independent non-executive Director. Ms. Xie is currently the deputy director, senior engineer and supervisor of master's degree candidates of the Engineering Training and National Experiment, Education and Demonstration Center of South China University of Technology. From 1982 to 2002, she worked in the Guangzhou Nonferrous Metal Research Institute and took charge of or participated in numerous significant scientific research projects. She was awarded the "National Science and Technology Progress Prize" once and the "Ministerial Technology Achievement Prize" twice. Since 2002, she has been teaching at South China University of Technology and engaging in the operation and management of the center, experimental education for undergraduates and scientific research on surface technology of metallic materials. She has received numerous provincial and university education prizes and outstanding education prizes.

SENIOR MANAGEMENT

Liang Weikang (梁偉康), age 46, our executive vice president and chairman of Evergrande Ocean Flower Island Industry Group. Mr. Liang is responsible for the management of Ocean Flower Island Group and holds a degree in civil engineering structure.

Tan Zhaohui (談朝暉), age 48, our executive vice president and chairwoman of the Health Industry Group (健康產業集團). Ms. Tan is responsible for our diversified industry research, health industry and internet community services management. She holds a bachelor's degree in industry and civil construction.

Lin Manjun (林漫俊), aged 45, our vice president. Mr. Lin is responsible for system management and monitor of engineering construction, sales management, business management and property management, etc. He has over 20 years of experience in project design and tender and bidding management. He holds a bachelor's degree in architecture and is an engineer.

DIRECTORS AND ADMINISTRATIVE STRUCTURE

Li Guodong (李國東), aged 53, our vice president. Mr. Li is responsible for the management of the capital system planning and financing of the Group. He has more than 19 years of experience in capital operations and management. He holds a professional degree in auditing and is an assistant economist.

Liu Yongzhuo (劉永灼), aged 35, our vice president and chairman of Internet Group (互聯網集團). Mr. Liu is responsible for the management and operation of the Internet Group. He holds a professional degree in business administration and is an assistant economist.

Wu Liqun (伍立群), aged 52, our vice president. Ms. Wu is responsible for the management of legal affairs and health industry sector, etc.. She has over 20 years of experience in corporate management.

Shi Junping (史俊平), aged 32, our vice president. Mr. Shi is responsible for the promotion and development of brand image of the Group. He has 10 years of experience in project development and operation management.

Pan Darong (潘大榮), aged 43, our vice president and general manager of financial center. Mr. Pan is responsible for financial management of the Group. He holds a professional degree in investment economics and management and is an economist.

Xu Zhijian (許智健), aged 31, our vice president. Mr. Xu is responsible for the management of property and garden business of the Group. And he has a master's degree in business administration of Tsinghua University.

Liu Xuefei (劉雪飛), aged 40, our vice president. Ms. Liu is responsible for the sales management of the property system of the Group. She holds a master's degree in business administration from Sun Yat-sen University.

Zhou Yingqiu (周映秋), aged 41, our vice president. Ms. Zhou is responsible for property project investment of the Group and investment management of the Industry Group (產業集團) projects. She holds a professional degree in law.

Wang Chuan (王川), aged 48, our vice president and chairman of Hotel Group (酒店集團). Ms. Zhou is responsible for the management of the hotels of the Group. She has over 25 years of research design and management experience and holds a professional degree in construction engineering.

Yao Dong (姚東), aged 47, our vice president and chairman of Evergrande Dafang Poverty Alleviation Management Co., Ltd. Mr. Yao is responsible for the management of the works of poverty alleviation of the Group. He holds a master's degree in business administration of Renmin University of China.

Huang Tao (黃濤), aged 51, our vice president and chairman of Evergrande Culture Industry Group. Mr. Huang is responsible for the management of the Culture Industry of the Group. He has over 6 years of experience in project development and operation management.

Xu Jianhua (許建華), aged 53, our vice president. Mr. Xu is mainly responsible for the Group's overseas financing. He has over 17 years of experience in project development and operation management and holds a doctor's degree in business administration and is accredited as senior economist in China.

Sun Yunchi (孫雲馳), aged 43, our vice president and deputy general manager of Ocean Flower Island Industry Group. Mr. Sun is responsible for the management of the Ocean Flower Island Industry Group. He has more than 18 years of experience in capital operations and management.

DIRECTORS AND ADMINISTRATIVE STRUCTURE

Wei Keliang (魏克亮), aged 58, our vice president. Mr. Wei is responsible for the financing and financing management of the Group in some regions. He has more than 26 years of experience in economic management and fund management. He has a master's degree in economics and is accredited as senior economist in China.

Li Zhi (李植), aged 31, our vice president. Mr. Li is responsible for the financing and financing management of the Group in some regions. He has 9 years of experience in project development and operation management.

Cui Ao (崔奥), aged 30, our vice president. Mr. Cui is responsible for the financing and financing management of the Group in some regions. He has 8 years of experience in project development and operation management.

Li Gui (李贵), aged 51, our vice president. Mr. Li is responsible for the financing and financing management of the Group in some regions. He holds a professional degree in economics and management.

Wen Zhanzhong (温展中), aged 39, our vice president. Mr. Wen is responsible for the financing and financing management of the Group in some regions. He holds a professional degree in drainage and is an assistant engineer.

Chen Dong Feng (陈东锋), aged 50, our head of information. Mr. Chen joined us in 2011, and is mainly responsible for the management of the Group's information system. He holds a master's degree in communication and electronic engineering and a doctor's degree in management.

INVESTOR RELATIONSHIP REPORT



The persevere succeed and the wise rule. In 2015, through different means such as regular publication of results announcements, launching global road shows, participation in annual conferences of investment banks and hosting site visits and meetings for investors, the Group has further strengthened its communication system, enhanced external interactions and maintained a constant interactive exchange with investors in order to keep them informed of the latest performance and progress of the Group in a timely manner. Our relationship with investors has reached a new stage of steady development and interactive communication, deepening the understanding of analysts from local and overseas major financial institutions towards the Company's business development strategy. As a result, mainstream institutions have been bullish on the Company. The Group, through various kinds of channels, has met 2,181 investors of all sorts from 1,400 investment institutions worldwide in aggregate during the year.

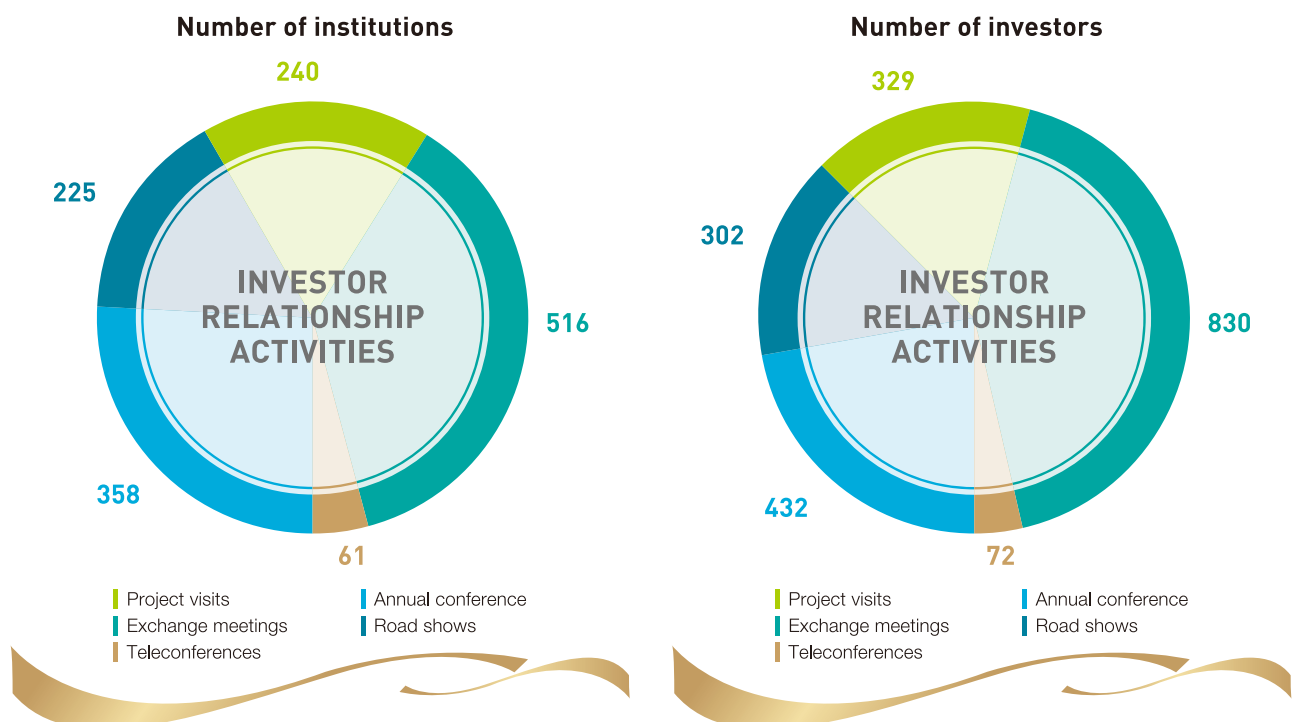
The management of the Group places high emphasis on the exchange with investors. During the year, the management organized 2 large-scale results road shows (non-deal), 2 high level investor reverse road shows and an annual general meeting, and made arrangements for 329 people to pay site visits to real estate projects of the Group around the country. Those 2 results road shows (non-deal) were organized by Goldman Sachs, Citibank, JP Morgan, Bank of America Merrill Lynch, DBS Bank, Credit Suisse, Deutsche Bank and Jefferies. The management has visited the world's key financial centers, such as Hong Kong, London, Los Angeles, New York, Boston and Singapore, with frequent interactions with over 225 investment institutions on matters such as development strategies, industry prospects and future plans.

In 2015, the management of the Group also participated in dozens of annual conferences and exchange meetings of all sorts held by securities brokers and investment banks, including Citibank, Golden Sachs, Bank of America Merrill Lynch, Credit Suisse, Macquarie Securities, Standard Chartered Bank, BNP Paribas, Jefferies, CITIC Securities, Guotai Junan, Shenwan Hongyuan in Beijing, Shanghai, Shenzhen, Hong Kong, Macau and Singapore, and met 432 investors of all sorts from 358 investment institutions worldwide in aggregate. For continuous enhancement of the Group's governance standards and structures, the management received comprehensive opinions and recommendations from the investment sector by leveraging exchanges on the latest operating strategies and results.

In August 2015, the Group successfully organized a large-scale reverse road show, during which visits to Shenzhen urban renewal projects and Changsha cooperation projects were arranged and in in-depth exchanges with regional management were made. The participating analysts came from more than 10 major international investment banks such as Citibank, Credit Suisse, Macquarie, UBS, Nomura Securities, Barclays, DBS and UOB Kay Hian. In December 2015, the Group organized a large-scale reverse road show visit on the occasion of the launching of Ocean Flower Island. A total of 52 local and overseas analysts and institutional investors were invited to participate in the grand launching ceremony of the Hainan Ocean Flower Island project of unprecedented scale, attracting thousands of visitors and crafting a remarkable impact. The event further deepened the understanding of investors towards the Company and was highly praised.

INVESTOR RELATIONSHIP REPORT

Through joint efforts, we have overcome the challenges that we have encountered on the long and tedious journey. In 2015, in order to cater for the new development trend, apart from issuing press releases regarding annual sales targets and monthly sales figures, the Group also published the above information regularly on the website of the Stock Exchange, in order to further improve the transparency of its information disclosure. As the supplements to its results publication, the Group also delivered to its investors its latest information regarding development strategies, development process, sales results and market overlook through various kinds of communication channels, such as website and emails. Currently, the Group has more than 1,200 investment institutions and 1,800 investors as its regular receivers of the materials.



CORPORATE CITIZENSHIP REPORT

Under the new normal of China's economy, the Group upholds the philosophy of "Put people first, serve the country through industry development" and does its utmost to shoulder its social responsibility and create social value in an effort to achieve harmonious development between the Company and the society.

In 2015, the Group contributed taxes of nearly RMB20 billion to the state; created more than 1.3 million jobs; has in aggregate provided more than 4 million Chinese people with high value-for-money residential developments; and made charitable donations of over RMB2.6 billion. The Group was presented with the "China Charity Award", the highest award from the Chinese government for the charity sector, for seven consecutive years. Looking into the future, the Group will sustain its devotion to charitable activities that support poverty alleviation, sports and culture as well as environmental protection. With the joint growth with our shareholders, staff, upstream and downstream industry chains and customers, the Group is well positioned to aim for a bright future.

CONCERNING WITH PEOPLE'S LIVELIHOOD

"Properties for the People" is the base and foundation of Evergrande. The Group seeks to comprehensively enhance product quality in an all-around manner to provide folks with high value-for-money residential properties, thus bringing more benefits to the public.

In 2015, the Group vigorously fulfilled its responsibility as a corporate citizen to support the charity cause. In March, the Group donated RMB21.4 million to Guangdong Foundation for Poverty Alleviation. In June, the Group made a donation of RMB5 million to Henan Charity Foundation. In July, the Group donated RMB50 million to China Children and Teenagers' Foundation. In December, the Group pledged to, in a mission to assist and support Dafang County, Bijie, Guizhou, agree to donate RMB3 billion for poverty relief in three years and help lift the county out of poverty through five integral measures namely industry development, relocation, employment, education development and provision of living allowance for the most needy.

GREEN HOMES

The Group constantly promoted product upgrades, further optimized the major types of unit and improved the regional suitability, quality and efficiency of environmental protection of residential products. Adhering to the construction objectives of "Green ecology, energy conservation and environmental protection", the Group insists on delivering well-decorated properties to purchasers in order to reduce the second environment pollution due to decoration while applying advanced technologies for all procedures from design to construction, thus promoting product quality and environment protection.

The Group focused on technological innovation and stepped up its efforts in international strategic cooperation. Based on in-depth cooperation with Harvard University and Tsinghua University top-ranked globally and in China respectively, the jointly established Green Building Research Base opened in Beijing. Moreover, the Group signed the "Sino-British Sustainable Urbanization Research Platform Agreement" with Tsinghua University and Building Research Establishment (BRE) to carry out research on sustainable and energy-efficient green buildings.

In 2015, the Group channeled efforts into improving property service standards, further enhancing after-sale services and property management level with owners' satisfaction constantly on the rise.

STAFF DEVELOPMENT

Talents are the primary productive forces for enterprises and precious intellectual resource for Evergrande. The Group implements comprehensive staff development strategy and makes great effort to introduce quality employees to maintain a strong employee base. The Group takes various measures to protect the legitimate interest of its staff and create a platform and room for their growth.

During 2015, the Group hired a total of 1,199 fresh graduates, among which 234 were from the top 10 domestic universities in terms of comprehensive ranking, including Tsinghua University and Peking University.

CORPORATE CITIZENSHIP REPORT

The Group actively carried out multilateral culture related activities for its staff to establish a sound channel for staff training, improvement, cross-discipline integration and refreshing. To improve overall quality of a cascaded pool of talents, the Group continued the master program of project management engineering with Tsinghua University in 2015.

The Group offers market oriented competitive remuneration and further strengthens intra-group staff cultivation and transfer mechanism to ensure the staff's salary and welfare.

CREDITWORTHY COOPERATION

Good faith is fundamental to operation. Since its establishment, the Group has adhered to creditworthy operation principles in its cooperation with over 700 strategic partners worldwide and advocated transparent trading and tax payment in accordance with laws so that the establishment of the "creditworthy alliance" is jointly fostered for win-win partnership.

In 2015, the Group continued to enhance the strategic cooperation and centralized procurement, to share the development results with extensive strategic partners, and establish a mechanism of survey on suppliers' satisfaction and service hotline for suppliers, to constantly improve the standard of service to suppliers.

The Group deepened supplier regional management system to integrate its supplier resource, stimulated the connection with suppliers and regional companies in procurement and supply, and further increased the procurement efficiency and transparency.

In addition to improving quality assessment in the tender process, the Group exercised stricter quality control from the source of procurement. Initiatives included a quality assurance system with 360-degree control throughout the process, one-vote veto system for product quality control and an incentive and elimination mechanism based on comprehensive assessment on suppliers, which ensured better supply chain management and higher product quality.

SUPPORTING SPORTS AND CULTURE DEVELOPMENT

Evergrande has been always promoting sports development in China through professional operation and modern enterprise management methodology. In 2015, Evergrande Football Club made another record by securing the "fifth consecutive CSL championships" and the laurel of AFC Champions League while debuting on capital market as the first Asian football stock. Evergrande Football School entered into the Guinness World Records for its largest scale globally.

The Group propelled national culture development in several fields. Evergrande Culture completed listing successfully, becoming the first integrated cultural stock in China.



2015 MAJOR AWARDS AND PRIZES

CORPORATE AWARDS

2015
March

- Top 500 China Real Estate Developers in Integrated Capacity — No. 2
- Top 10 Real Estate Developers in China
- Top 10 China Real Estate Developers in Comprehensive Development — No. 1
- Top 10 China Real Estate Developers in City Coverage — No. 1
- Top 10 China Real Estate Developers in Corporate Responsibility — No. 1
- Top 10 China Real Estate Developers in Innovation Capability — No. 1
- Top 10 China Real Estate Developers in Tourism Real Estate — No. 1
- Top 10 China Real Estate Developers in Operating Efficiency — No. 2
- Top 10 China Real Estate Developers by Integrated Capability — No. 2





2015 May

Top 10 China Real Estate Companies Listed in Hong Kong by Integrated Capability — No. 1
Top 10 China Real Estate Developers (H Shares) — No. 2



2015 December

Top China Real Estate Companies in Brand Value — No. 1

2015 MILESTONES



1 January

The Group announced that contracted sales reached RMB131.51 billion in 2014, representing a year-on-year growth of 31%; GFA of contracted sales was 18.2 million square meters, representing a year-on-year growth of 22.2%; and the average contract selling price was RMB7,227 per square meter, representing a year-on-year growth of 7.2%. Meanwhile, the Group also announced its contracted sales target for 2015 as RMB150 billion, representing a growth by 36.4% from RMB110 billion targeted for 2014.

3 March

The Group ranked No. 2 in Top 500 China Real Estate Enterprises again.

The Group published its annual results for 2014, registering operating revenue of RMB111.4 billion, a year-on-year increase of 18.9%. Net profit amounted to RMB18.02 billion, representing a year-on-year increase of 31.4%. Total assets amounted to RMB474.5 billion, representing a year-on-year increase of 36.3%.

The Postal Savings Bank of China, China Minsheng Bank, Bank of China and other large banking institutions signed strategic cooperation agreements with Evergrande for strategic cooperation.

4 April

The Group launched a policy to allow refund of pre-sales without any reason for all its residential developments nationwide, marking a revolutionary move in China's real estate market.

PICC Group signed a strategic cooperation agreement with Evergrande to establish long-term, stable and reciprocal relationship.

5 May

TOP 10 China Real Estate Research Group issued the 2015 TOP 10 Research Report on China Real Estate Listed Companies, and Evergrande again ranked No. 1 in TOP 10 China Real Estate Companies Listed in Hong Kong by Integrated Capacity.

2015 MILESTONES

6
June

The first "Internet +" community health management center of Evergrande Health Industry held its official opening in Guangzhou.

Evergrande Wonjin Medical Beauty Hospital, the world's top-notch and China's first Korean medical cosmetology hospital commenced operation in Tianjin.

The Group successfully completed the issuance of the first tranche of RMB5 billion domestic corporate bonds, which has a term of 5 years and an interest rate of 5.38%, pioneering domestic bond issuance by a red-chip company.

7
July

The Group successfully completed the issuance of the second tranche of RMB15 billion domestic corporate bonds, among which RMB6.8 billion has a term of 4 years and an interest rate of 5.3% and RMB8.2 billion has a term of 7 years and an interest rate of 6.98%.

The Group advanced into the Internet community service in cooperation with Tencent, building a unique "Internet + Community Service" ecology.

8
August

The Group announced its interim results for 2015, achieving operating revenue of RMB77.74 billion, a year-on-year increase of 22.7%. Net profit amounted to RMB13.29 billion, representing a year-on-year increase of 40%. Cash balance was RMB81.57 billion, representing an increase of 37.1% from the figure at the end of 2014. Available capital amounted to RMB215.77 billion. Total assets amounted to RMB539.85 billion, representing an increase of 13.8% from the figure at the end of 2014.

2015 MILESTONES



9 September

Based on the Assessment and Research Report on the Brand Value of China Real Estate Enterprises for 2015 jointly issued by China Real Estate Research Institute, China Real Estate Association and China Real Estate Assessment Center, the brand value of Evergrande was valued at RMB32.067 billion, ranking first among peers.

The 2015 TOP 10 Report on Brand Value of China Real Estate jointly issued by the Enterprise Research Institute of the Development Research Center of State Council, Real Estate Research Institute of Tsinghua University and China Index Academy showed that Evergrande won the No.1 of TOP 10 China Real Estate Enterprises for six consecutive years.

10 October

The Group successfully completed the issuance of non-public domestic corporate bonds of RMB20 billion domestic corporate bonds, among which RMB17.5 billion has a term of 3+2 years and an interest rate of 7.38% and RMB2.5 billion has a term of 5 years and an interest rate of 7.88%, setting the record for the largest offering size of domestic private bonds.

Evergrande, Tsinghua University and British Building Research Establishment ("BRE") signed the Sino-British Sustainable Urbanization Research Platform Agreement in London to set up a world-level research platform for green building technology and sustainable urbanization.

Guangzhou Evergrande Football Club won the CSL championship for the season, and became the first team that won "five consecutive championships" in the China football professional league history and also the team winning most championships in the CSL history.

2015 MILESTONES

11
November

The aggregate contracted sales of the Group's properties for the first ten months amounted to RMB154.5 billion, exceeding the annual target in advance, and the Group raised the contracted sales target of 2015 to RMB180 billion, representing an increase of 20% from the original target of RMB150 billion.

Guangzhou Evergrande Football Club won another championship in the AFC Champions League, the second time in three consecutive years, making it a winner of most championships in the AFC Champions League history and hitting a record. Subsequently, Guangzhou Evergrande Football Club was officially listed on China's NEEQ, becoming the first Asian football stock.

The Group entered into the insurance industry with Evergrande Life making its debut.

12
December

The Group pledged in a mission to assist and support Dafang County by donating RMB3 billion in poverty alleviation within three years, in a move to lift the whole county out of poverty by the end of 2018 through a package of targeted and comprehensive measures.

China Hainan Ocean Flower Island, a world-class and epoch-making cultural tourism project of the Group, was officially launched, which set three world records with contracted sales of RMB12.205 billion, GFA of initial contracted sales of 1,360,000 square meters and 100,000 committed purchasers.



CORPORATE

GOVERNANCE

REPORT

CORPORATE GOVERNANCE REPORT

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

According to Code Provision E.1.2 of the Corporate Governance Code, the chairman of the Board should attend the annual general meeting of the Company. Mr. Hui Ka Yan, the chairman of the Board, did not attend the annual general meeting held on 12 June 2015 due to work reasons.

The Company has been conducting its business according to the principles of the Corporate Governance Code (“Corporate Governance Code”) set out in Appendix 14 to the Listing Rules, and has complied with all the code provisions of the Corporate Governance Code during the year ended 31 December 2015.

For the year ended 31 December 2015, the Board has reviewed the effectiveness of the risk management and internal control systems of the Company and considers them effective and adequate.

BOARD OF DIRECTORS

COMPOSITION OF THE BOARD

During the year ended 31 December 2015 and up to the date of issue of this annual report, the Board of the Company comprises the following executive Directors and independent non-executive Directors.

Professor Hui Ka Yan (*Chairman*)
 Dr. Xia Haijun (*Vice Chairman and Chief Executive Officer*)
 Ms. He Miaoling (*Executive Director*)
 Mr. Tse Wai Wah
 (*Executive Director and Chief Financial Officer*)
 Mr. Xu Wen (*Executive Director*)
 Mr. Huang Xiangui (*Executive Director*)
 Mr. Chau Shing Yim, David
 (*Independent Non-executive Director*)
 Mr. He Qi (*Independent Non-executive Director*)
 Ms. Xie Hongxi (*Independent Non-executive Director*)

Biographical details of the current members of the Board are set out on page 30 to page 35 of this annual report. Save for being members of the Board, each of the Directors is independent and not related to one another.

During the year ended 31 December 2015, the Board has at all times met the requirements of Rules 3.10(1) and (2) of the Listing Rules relating to the appointment of at least three independent non-executive Directors, and at least one independent non-executive Director possesses appropriate professional qualifications, or accounting or related financial management expertise.

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

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

ROLES AND DUTIES

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

CORPORATE GOVERNANCE REPORT

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

The Board is responsible for the internal control of the Group and for reviewing its effectiveness. The Company has procedures in place for safeguarding assets against unauthorised use or disposition, the maintenance of proper accounting records for the provision of reliable financial information for internal use or publications and the compliance with applicable laws and regulations. For the year ended 31 December 2015, the Directors reviewed the overall effectiveness of the internal control and risk management systems of the Group. An internal audit department has been established to perform regular financial and operational reviews and conduct audit and risk management assessment on the Company and its subsidiaries. The work carried out by the internal audit department will ensure the internal controls and risk management systems are in place and function properly as planned.

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

The attendance of individual Directors at the Board meetings and general meetings held during the year ended 31 December 2015 is set out below:

Director	Number of meetings attended/ Number of meetings held		
	Annual General Meeting	Extraordinary General Meeting	Board Meeting
Professor Hui Ka Yan	x	0/1	4/9
Dr. Xia Haijun	x	0/1	4/9
Ms. He Miaoling	x	0/1	4/9
Mr. Tse Wai Wah	✓	1/1	9/9
Mr. Xu Wen	x	0/1	4/9
Mr. Huang Xiangui	✓	1/1	9/9
Mr. Chau Shing Yim, David	✓	1/1	9/9
Mr. He Qi	✓	0/1	7/9
Ms. Xie Hongxi	✓	0/1	8/9

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

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

9 Board meetings were convened by the Company during the year ended 31 December 2015. At least 14 days’ notice before the date of the meeting is given for a regular Board meeting to allow all Directors to make arrangements to attend. For all other Board meetings, reasonable notices were also given.

CORPORATE GOVERNANCE REPORT

COMMITTEES OF THE BOARD

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

DIRECTORS' TRAINING

During the year under review, all of the Directors of the Company have attended continuous professional development training sessions in compliance with Code Provision A.6.5 of the Corporate Governance Code.

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

AUDIT COMMITTEE

The audit committee comprised three members, namely Mr. Chau Shing Yim, David, chairman of the committee, Mr. He Qi and Ms. Xie Hongxi, who were all independent non-executive Directors. The audit committee adopted the written terms of reference which were basically the same as those set forth in the code provision C.3.3 of the Corporate Governance Code. The audit committee is principally responsible for the following duties, *inter alia*:

- to provide recommendations on the appointment, reappointment and removal of external auditors to the Board, approve the remuneration and terms of engagement of the external auditors and handle any issues related to the resignation or dismissal of the auditors
- to review and monitor whether the external auditors are independent and objective and whether the audit procedures are effective in accordance with applicable standards;
- to formulate and implement policies for the engagement of external auditors for the provision of non-audit services;
- to monitor the integrity of the financial statements, the annual reports and accounts and the interim reports of the Company, and review the material financial reporting judgements therein;

- to review the financial control, internal control and risk management systems of the Company;
- to discuss the internal control and risk management systems with the management and to ensure that the management has discharged its duties of setting up an effective internal control and risk management system;
- to review the financial and accounting policies and practices of the Group; and
- to review the external auditors' letter to the management, any material queries that the auditors made to the management in respect of the accounting records, financial accounts or systems of control as well as the management's response.

Two meetings of the audit committee were held on 26 March 2015 and 26 August 2015, respectively, to review the Group's 2014 annual results and 2015 interim results and all the committee members attended those two meetings. The audit committee has recommended the Board in relation to the re-appointment of PricewaterhouseCoopers as the Company's external auditor for the financial year ending 31 December 2016 at the forthcoming annual general meeting of the Company.

For the year ended 31 December 2015, the emolument of the external auditor of the Company for the annual audit and review of interim financial statements amounted to RMB20 million. For the year ended 31 December 2015, the external auditors had not provided any non-audit services.

Pursuant to the Articles, the tenure of the auditor of the Company will expire upon the conclusion of the 2015 annual general meeting. The audit committee recommended the Board to propose the re-appointment of PricewaterhouseCoopers as the auditor of the Company at the 2015 annual general meeting.

CORPORATE GOVERNANCE REPORT

REMUNERATION COMMITTEE

The remuneration committee's terms of reference were basically the same as those set forth in code provision B.1.2 of the Corporate Governance Code. The majority of the members of the remuneration committee were independent non-executive Directors. For the year ended 31 December 2015, the members of the remuneration committee included Professor Hui Ka Yan, Mr. He Qi (chairman of the remuneration committee) and Ms. Xie Hongxi.

The remuneration committee is principally responsible for the following duties:

- to make recommendations and suggestions to the Board in respect of the remuneration policy and structure of the Directors and senior management of the Company and the establishment of formal and transparent procedures for developing such remuneration policy;
- to determine the specific remuneration packages of all executive Directors and senior management;
- to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time;
- to review and approve payments to the executive Directors regarding compensation for their loss or termination of office or appointment, to ensure relevant terms of the contracts, and that the compensation is fair and not excessive for the Company;
- to review and approve the compensation arrangements involved in the termination or dismissal of Directors due to misconduct, to ensure that those arrangements are determined according to the relevant terms of the contracts, and that the compensation is reasonable and appropriate; and
- to ensure that no Director or any of his associates is involved in deciding his/her own remuneration.

No meeting was convened by the remuneration committee for the year ended 31 December 2015 as the Board did not put forward any material change in the prevailing remuneration package or amendment to the terms of employment of the Directors and senior management.

NOMINATION COMMITTEE

The nomination committee's terms of reference were basically the same as those set forth in code provision A.5.2 of the Corporate Governance Code. The majority of the members of the nomination committee were independent non-executive Directors. For the year ended 31 December 2015, the members of the nomination committee included Professor Hui Ka Yan, chairman of the committee, Mr. He Qi and Mr. Chau Shing Yim, David.

The nomination committee is principally responsible for the following duties:

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

During the year ended 31 December 2015, no meeting was convened by the nomination committee because there has been no change in the membership of the Board of Directors.

CORPORATE GOVERNANCE REPORT

SECURITIES TRANSACTIONS BY THE DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set forth in Appendix 10 of the Listing Rules as the code of conduct for securities transactions conducted by the Directors. The Company, having made detailed and cautious enquiries, confirmed that all Directors have abided by the Model Code for the year ended 31 December 2015.

DIRECTORS’ RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

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

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

The Company has received, from each of Xin Xin (BVI) Limited and Professor Hui Ka Yan, an annual declaration on the compliance with the deed of non-competition (the “Deed”) entered into by each of them in favour of the Company pursuant to which each of Xin Xin (BVI) Limited and Professor Hui Ka Yan has unconditionally undertaken to the Company that it/he will not directly or indirectly participate in, hold any right or interest, or otherwise be involved in any business which may compete with that of the Group. The independent non-executive Directors have reviewed and were satisfied that each of Xin Xin (BVI) Limited and Professor Hui Ka Yan has complied with the Deed for the year ended 31 December 2015.

AMENDMENTS TO THE COMPANY’S CONSTITUTIONAL DOCUMENTS

During the year ended 31 December 2015, the Company has not amended its memorandum of association or its articles of association.

SHAREHOLDERS’ RIGHTS

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

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

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

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

CORPORATE GOVERNANCE REPORT

RIGHT TO NOMINATE DIRECTORS FOR ELECTION AT GENERAL MEETINGS

If a shareholder wishes to propose a person other than a Director of the Company for election as a Director, the shareholder must deposit a written notice (the "Notice") to the principal place of business of the Company in Hong Kong at Suites 1501–1507, One Pacific Place, 88 Queensway, Hong Kong, or the branch share registrar of the Company, Computershare Hong Kong Investor Services Ltd., at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for the attention of the Company Secretary. The Notice must state clearly the name of the shareholder(s) and his/her/their shareholding, the full name of the person proposed for election as a Director, including the person's biographical details as required by Rule 13.51(2) of the Listing Rules, and be signed by the shareholder concerned (not the person to be nominated).

The Notice must also be accompanied by a letter of consent signed by the person nominated to be elected on his/her willingness to be elected as a Director. The period for lodgment of the Notice will commence no earlier than the day after the despatch of the notice by the Company of the general meeting appointed for the election of Directors of the Company and end no later than seven (7) days prior to the date of such general meeting.

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

DISCLAIMERS

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

INVESTOR RELATIONSHIP

The Company emphasises communication with institutional investors so as to enhance the transparency of the Company, and stresses the importance of channels to collect and respond to the opinions of institutional investors.

During the year under review, the Directors and senior management of the Company participated in several roadshows and investment meetings. Additionally, the Company released information and responded to questions from the media through press conferences and the Company's website, and communicated with the media on a regular basis.

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

By telephone:	(852) 2287 9208/2287 9226/ 2287 9225/2287 9227
By post:	Suites 1501–1507, One Pacific Place, 88 Queensway, Hong Kong
By email:	evergrandeir@evergrande.com

REPORT OF THE BOARD OF DIRECTORS

The Directors of the Company are pleased to present their report and the audited consolidated financial statements for the year ended 31 December 2015 of the Group.

MAJOR BUSINESS

The Group is a developer of large scale quality residential property projects and a leader adopting a standardised operational model in China to manage various projects in different cities across China. The Group is also engaged in other new industries in China including (i) spring water, (ii) grain and oil, (iii) dairy and (iv) health. The analysis of the revenue of the Group during the year is set out in Note 5 to the financial statements.

BUSINESS REVIEW

A review of the business of the Group during the year under review and a discussion on the Group's future business development, possible risks and uncertainties that the Group may be facing and important events affecting the Company occurred during the year ended 31 December 2015 are provided in the section headed "Chairman's Statement" on pages 7 to 16 and the section headed "Management Discussion and Analysis" on pages 18 to 28 of this annual report.

A analysis of the Group's performance during the year ended 31 December 2015 using financial performance indicators is provided in the section headed "Management Discussion and Analysis" on pages 18 to 28 of this annual report.

FINANCIAL STATEMENTS

The results of the Group during the year are set out in the consolidated statement of comprehensive income. The financial position of the Group as at 31 December 2015 is set out in the consolidated balance sheet. The cash flow position of the Group during the year is set out in the consolidated statement of cash flows.

CAPITAL

The changes in the capital of the Group during the year are set out in Note 19 to the financial statements.

FINAL DIVIDEND

The Board recommended a final dividend for the year ended 31 December 2015 of RMB0.38 per share to shareholders whose names appear on the register of members on 22 June 2016. 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 21 June 2016. The final dividend will be paid on or before 4 July 2016.

The payment of the Final Dividend is subject to the approval by the shareholders of the Company at the annual general meeting to be held on 16 June 2016.

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 14 June 2016 to 16 June 2016, 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 13 June 2016.

For determining entitlement to the proposed final dividend, the register of members of the Company will be closed from 22 June 2016 to 24 June 2016, 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, Wanchai, Hong Kong, not later than 4:30 p.m. on 21 June 2016.

REPORT OF THE BOARD OF DIRECTORS

RESERVE

Details of the changes in reserve of the Group during the year are set out in Note 20 to the financial statements.

PROPERTY AND EQUIPMENT

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

MAJOR CUSTOMERS AND SUPPLIERS

During the year, purchases from the Group's five largest suppliers accounted for less than 30% of the Group's total purchases.

The percentage of turnover attributable to the Group's five largest customers in aggregate was less than 30% of the Group's total turnover. The Company was not aware of any of the Directors or their connected persons and shareholders holding over 5% of the interest in the share capital of the Company having any interest in the above suppliers and customers.

RELATIONSHIP WITH STAKEHOLDERS

The Group recognizes that employees, customers and business partners are keys to its sustainable development. The Group is committed to establishing a close and caring relationship with its employees, providing quality services to its customers and enhancing cooperation with its business partners.

The Company provides a fair and safe workplace, promotes diversity to our staff, provides competitive remuneration and benefits and career development opportunities based on their merits and performance. The Group also puts ongoing efforts to provide adequate trainings and development resources to the employees so that they can keep abreast of the latest development of the market and the industry and, at the same time, improve their performance and self-fulfillment in their positions.

The Group understands that it is important to maintain good relationship with customers and provide the products in a way that satisfy needs and requirements of the customers. The Group enhances the relationship by continuous interaction with customers to gain insight on the changing market demand for the products so that the Group can respond proactively. The Group has also established procedures in place for handling customers' complaints to ensure customers' complaints are dealt with in a prompt and timely manner.

The Group is also dedicated to develop good relationship with suppliers and contractors as long-term business partners to ensure stability of the Group's business. We reinforce business partnerships with suppliers and contractors by ongoing communication in a proactive and effective manner so as to ensure quality and timely delivery.

DONATION

During the year, the charitable contributions and other donations made in Hong Kong and China by the Group totalled RMB249 million.

REPORT OF THE BOARD OF DIRECTORS

DIRECTORS

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

EXECUTIVE DIRECTORS

Professor Hui Ka Yan
 Dr. Xia Haijun
 Mr. Tse Wai Wah
 Ms. He Miaoling
 Mr. Xu Wen
 Mr. Huang Xianguai

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chau Shing Yim, David
 Mr. He Qi
 Ms. Xie Hongxi

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

Pursuant to Article 16.18 of the Articles, Professor Hui Ka Yan, Dr Xia Haijun and Ms. He Miaoling will retire in the forthcoming AGM, and being eligible, will offer themselves for re-election.

SERVICE CONTRACTS OF DIRECTORS

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

DIRECTORS' INTERESTS IN CONTRACTS

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

DIRECTORS' INTERESTS IN COMPETITIVE BUSINESS

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

SHARE OPTION SCHEME

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

On 14 April 2010, the maximum number of shares that can be issued under the Share Option Scheme was 1,500,000,000 Shares, representing 10% of the issued share capital of the Company. The number of Shares in respect of these options that may be granted according to the Share Option Scheme shall not exceed 10% of the issued Shares of the Company immediately after the completion of the Global Offering (as defined in the prospectus) of the Company. Unless otherwise approved by the shareholders of the Company in a general meeting, the number of Shares that may be granted to each of the Participants under the options shall not exceed 1% within any 12-month period (other than those granted to the substantial shareholders, as defined in the Listing Rules), or the total number of shares that may be granted under the options to the independent non-executive Directors or any of their respective connected persons shall not exceed 0.1% of the shares in issue of the Company from time to time.

REPORT OF THE BOARD OF DIRECTORS

There is no minimum period for which the options must be held before they become exercisable, and the options granted shall be exercised within the period decided by the Board, provided that no options shall be exercised 10 years after they have been granted.

The exercise price of the options shall not be lower than the highest of (a) the closing price of the Shares on the daily quotation sheet of the Stock Exchange on the date of grant; (b) the average closing price of the Shares on the daily quotation sheet of the Stock Exchange for the five business days immediately preceding the date of grant; and (c) the nominal value of the Shares.

On 18 May 2010, the Company granted an aggregate of 713,000,000 options to 137 Participants to subscribe for an aggregate of 713,000,000 Shares in the Company, representing approximately 4.75% of the number of Shares in issue as at the date of grant. On 9 October 2014, the Company granted in aggregate 530,000,000 options to 8 Directors and 93 employees to subscribe for 530,000,000 Shares, representing approximately 3.63% of the number of Shares in issue as at the date of grant. The details of the options granted are as follows:

Grantees	Date of grant of options	Exercise period	Exercise price (HK\$)	Number of options granted	Number of options outstanding	Number of options exercised/ lapsed/ cancelled	Number of options outstanding
					as at 1 January 2015	during the year	as at 31 December 2015
5 Directors	18 May 2010	Note 1	2.40 (Note 2)	113,000,000	43,973,000	40,638,000	3,335,000
130 other employees	18 May 2010	Note 1	2.40	600,000,000	205,413,000	149,386,000	56,027,000
8 Directors	9 October 2014	Note 3	3.05	138,000,000	138,000,000	2,000,000	136,000,000
93 employees	9 October 2014	Note 3	3.05	392,000,000	392,000,000	60,789,000	331,211,000
				1,243,000,000	779,386,000	252,813,000	526,573,000

Notes:

1. The options granted on 18 May 2010 with respect to a Participant will be exercisable in 5 tranches in the following manners:
 - (i) the first tranche of 20% of the Shares that are the subject of the options granted (rounded down to the nearest whole number) will be exercisable at any time during the period from 31 December 2010 to 31 December 2015;
 - (ii) the second tranche of 20% of the Shares that are the subject of the options granted (rounded down to the nearest whole number) will be exercisable at any time during the period from 31 December 2011 to 31 December 2016;
 - (iii) the third tranche of 20% of the Shares that are the subject of the options granted (rounded down to the nearest whole number) will be exercisable at any time during the period from 31 December 2012 to 31 December 2017;
 - (iv) the fourth tranche of 20% of the Shares that are the subject of the options granted (rounded down to the nearest whole number) will be exercisable at any time during the period from 31 December 2013 to 31 December 2018; and
 - (v) the fifth tranche of remaining Shares that are subject of the options granted will be exercisable at any time during the period from 31 December 2014 to 13 October 2019.

REPORT OF THE BOARD OF DIRECTORS

2. The closing price of the Shares on the date of grant of the options on 18 May 2010 was HK\$2.27 per share.

3. The options granted on 9 October 2014 with respect to a Participant will be exercisable in 5 tranches in the following manners:

(i) the first tranche of 20% of the Shares that are the subject to the Option granted (rounded down to the nearest whole number) will be exercisable at any time during the period commencing from 9 October 2015 and ending on 8 October 2016;

(ii) the second tranche of 20% of the Shares that are the subject to the Options granted (rounded down to the nearest whole number) will be exercisable at any time during the period commencing from 9 October 2016 and ending on 8 October 2017;

(iii) the third tranche of 20% of the Shares that are the subject to the Options granted (rounded down to the nearest whole number) will be exercisable at any time during the period commencing from 9 October 2017 and ending on 8 October 2018;

(iv) the fourth tranche of 20% of the Shares that are the subject to the Options granted (rounded down to the nearest whole number) will be exercisable at any time during the period commencing from 9 October 2018 and ending on 8 October 2019;

(v) the fifth tranche comprising the remaining number of Shares that are subject to the Option granted will be exercisable at any time during the period commencing from 9 October 2019 and ending on the expiry date of the Option Period.

4. The expiry date of the Share Option Scheme is 13 October 2019, being the date of not more than 10 years pursuant to Rule 17.03(11) of the Listing Rules.

5. Valuation of the options granted

The valuation of options granted for the year ended 31 December 2014 was determined based on the binomial lattice model with the following assumptions:

Date of grant	9 October 2014
Closing share price on the date of grant	HK\$3.05
Exercise price per share	HK\$3.05
Annual risk free rate	0.75% p.a. for 3-year option 1.22% p.a. for 4-year option 1.27% p.a. for 5-year option 1.81% p.a. for 10-year option
Expected volatility	39% p.a. for the 2-year options and 49% for the 3-year, 4-year, 5-year and 10-year options
Term of the option	2–10 years
Expected dividend yield	5.70% p.a.

The fair value of each option:

Vesting period	Directors	Other employees
1 year after grant date	HK\$0.4848	HK\$0.4965
2 years after grant date	HK\$0.7429	HK\$0.7559
3 years after grant date	HK\$0.8076	HK\$0.8191
4 years after grant date	HK\$0.8447	HK\$0.8548
5 years after grant date	HK\$1.0325	HK\$0.9959

REPORT OF THE BOARD OF DIRECTORS

PRE-IPO SHARE OPTION SCHEME

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

- (a) The subscription price per share shall be equal to the offer price of the Shares under the global offering, being HK\$3.50 per share;
- (b) As at 31 December 2015, there was no outstanding of Shares involved in the Pre-IPO Share Option Scheme; and
- (c) No further options shall be offered or granted since the date on which the Shares are traded on the Stock Exchange.

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

Grantees	Date of grant of options	Number of options granted	Number of Pre-IPO share options outstanding as at 1 January 2015	Number of options exercised/ cancelled/lapsed during the year	Number of Pre-IPO share options outstanding as at 31 December 2015
3 Directors	14 October 2009	38,000,000	18,000,000	18,000,000	—
Other employees	14 October 2009	170,000,000	99,299,000	99,299,000	—
Total		208,000,000	117,299,000	117,299,000	—

DEBENTURE

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

REPORT OF THE BOARD OF DIRECTORS

INTEREST AND SHORT POSITIONS OF DIRECTORS IN SHARES, UNDERLYING SHARES OR DEBENTURES

As at 31 December 2015, the interest and short positions of the Directors and chief executives of the Company in the Shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) which were required pursuant to Section 352 of the SFO to be entered in the register referred to therein or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code are as follows:

(i) INTEREST IN THE SHARES OF THE COMPANY

Names of Director	Nature of interest	Number of Shares	Approximate Percentage of shareholding
Hui Kai Yan (Note 1)	Interest of controlled corporation	10,162,119,735(L)	73.65%

Note:

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

(ii) INTEREST IN THE UNDERLYING SHARES OF THE COMPANY

(a) Share Option Scheme (Granted on 18 May 2010)

Name of Director	Nature of interest	Number of Shares outstanding involved in the options granted under the Share Option Scheme	Approximate percentage of shareholding of those options granted and exercised under the Share Option Scheme based on the existing issued share capital of the Company
Xia Haijun	Beneficial owner	100,000,000	0.73%
He Miaoling	Beneficial owner	12,335,000	0.09%
Tse Wai Wah	Beneficial owner	11,000,000	0.08%
Xu Wen	Beneficial owner	8,000,000	0.06%
Huang Xiangui	Beneficial owner	5,000,000	0.04%
Chau Shing Yim, David	Beneficial owner	1,000,000	0.01%
He Qi	Beneficial owner	1,000,000	0.01%
Xie Hungxi	Beneficial owner	1,000,000	0.01%

Note: The exercise price of the share options granted on 18 May 2010 was HK\$2.40 per Share.

REPORT OF THE BOARD OF DIRECTORS

(iii) INTEREST IN ASSOCIATED CORPORATION OF THE COMPANY

Name of Director	Name of associated corporation	Number of securities	Approximate percentage of shareholding
Hui Kai Yan (Note 1)	Even Honour Holdings Limited	1 share	100%

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

(iv) INTEREST IN DEBENTURES OF THE COMPANY

Name of Director	Currency of debentures	Amount of debenture bought	Amount of debentures in same class in issue
Xia Haijun	US\$	3,500,000	1,500,000,000
Tse Wai Wah	CNY	1,500,000	3,700,000,000

Save as disclosed above, as at 31 December 2015, none of the Directors, executives of the Company or their respective associates had any other interests or short positions in any Shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required pursuant to Section 352 of the SFO to be entered in the register referred to therein or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS

As far as the Directors or executives of the Company are aware, as at 31 December 2015, other than the Directors or chief executives of the Company as disclosed above, the following persons had interest or short positions in the Shares or underlying shares which were required to be notified to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or were required pursuant to Section 336 of the SFO to be entered in the register to be kept therein or to be notified to the Company and the Stock Exchange:

Name of shareholder	Nature of interest held	Interest in the shares	Approximate percentage of shareholding
Mrs. Hui	Interest of controlled company	10,162,119,735(L) (Note 1)	73.65%
Xin Xin (BVI) Limited	Beneficial owner	9,370,871,497(L) (Note 2)	67.91%
Even Honour Holdings Limited	Beneficial owner	791,248,238(L) (Note 3)	5.73%

REPORT OF THE BOARD OF DIRECTORS

Notes:

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

SUBSIDIARIES

Details of the major subsidiaries of the Company as at 31 December 2015 are set out in Note 44 to the financial statements.

MANAGEMENT CONTRACTS

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

EMPLOYEE AND REMUNERATION POLICIES

As at 31 December 2015, the Group had an aggregate of 83,372 employees. The Group recruited and promoted individual persons according to their strength and development potential. The Group determined the remuneration packages of all employees (including the Directors) with reference to individual performance and current market rate.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL PROTECTION

Environmental protection is a key focus for the Group. The conscientious use of resources and adoption of related best practices across the Group's businesses underlie its commitment to safeguarding the environment. The Group encourages environmental protection by promoting awareness of the issue amongst its employees. It also complies with relevant environmental legislation.

An ever-improving management system, enhanced monitoring of activities and procedures, energy conservation and environmental protection are strongly promoted.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group has established procedures in place to ensure that its operations comply with applicable laws, rules and regulations. The audit committee of the Company is delegated by the Board to monitor the Group's policies and practices for achieving compliance with legal and other regulatory requirements, and such policies and practices are regularly reviewed. Any changes in the applicable laws, rules and regulations are brought to the attention of relevant employees and relevant operating units whenever necessary.

As far as the Company is aware, the Group has complied in all material respects with laws and regulations that have a significant impact on the Group's business and operations.

WORKPLACE QUALITY

The Group is an equal opportunity employer and does not discriminate on the basis of any personal characteristics. It has employee handbooks outlining terms and conditions of employment, expectations for employees' conduct and behaviour, and employees' rights and benefits. The Group also establishes and implements policies that promote a harmonious and respectful workplace.

REPORT OF THE BOARD OF DIRECTORS

The Group believes that employees are the most valuable assets of an enterprise and regards human resources as its corporate wealth. The Group provides on-the-job training and development opportunities to enhance its employees' career progression. Through different types of training, staff's knowledge of corporate operations as well as their occupational and management skills are enhanced. The Group also organises staff-friendly activities for employees, such as outings, to promote staff relationships and physical fitness.

HEALTH AND SAFETY

The Group prides itself on providing a safe, effective and congenial work environment and it values the health and well-being of its staff. Adequate arrangements, training and guidelines have been implemented to ensure its working environment is healthy and safe. The Group provides communications on health and safety matters and other programmes to employees in order to raise their awareness of such issues and enhance their related behavior.

TRAINING AND DEVELOPMENT

The Group is committed to the professional and personal development and growth of all employees and considers training and development a critical continuous process. Many on-the-job and other training courses and programmes are provided to help employees maintain and develop their skills and professionalism. Structured training programmes including seminars are offered to staff with the objective of grooming and unleashing their full potential, supporting, organisational development and facilitating team synergies. Employees are encouraged to take advantage of these programmes in order to equip themselves with the skills and knowledge for expanded career opportunities within the Group.

COMMITMENT TO QUALITY

The Group has made relentless efforts in providing property development and management services. Looking forward to 2016, the Company will continue with its research and investment to enrich the Group's services.

The Company will also ensure the quality of its services and place customers' demands at its priority in order to maintain its competitive advantage and to increase shareholders' value further.

MANAGEMENT OF SUPPLY CHAIN

The Group adheres to open, fair and transparent criteria in selecting suppliers and service providers, and has established a supplier evaluation system in which suppliers' price, quality, cost, delivery and after-sales service are assessed. The Group will carry out long-term monitoring of suppliers' quality and conduct regular reviews of all suppliers as well as casual examinations of different suppliers to ensure the sustainable quality of material supplies and services it receives.

CORPORATE GOVERNANCE

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

FOREIGN EXCHANGE RISKS

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

REPORT OF THE BOARD OF DIRECTORS

PURCHASE, SALE AND REPURCHASE OF SHARES

During 2015, the Company had repurchased from the market a total of 1,923,313,000 shares. All the repurchased shares have been cancelled. The Directors believe that the repurchases of shares would lead to an enhancement of the net value of the Group and its assets and/or its earnings per share. Details of the repurchases of the shares of the Company are as follows:

Month of repurchase	Number of shares repurchased	Highest price per share (HK\$)	Lowest price per share (HK\$)	Aggregate purchase price (HK\$)
July 2015	1,150,616,000	5.50	3.31	5,471,516,580
October 2015	115,827,000	5.69	5.18	630,095,260
November 2015	469,260,000	6.61	5.93	2,969,308,640
December 2015	187,610,000	6.81	5.90	1,227,824,400
	1,923,313,000			10,298,744,880

On 10 February 2015, the Company issued 12% senior notes due 2020 with a principal amount of US\$1,000 million. The notes are listed and traded on the Singapore Stock Exchange.

On 28 May 2015, the Company conducted a top-up placing of shares and an aggregate 820,000,000 new shares were placed at HK\$5.67 per share.

Between June 2015 and July 2015, the Group issued domestic bonds with an aggregate principal amount of RMB20,000 million, of which RMB5,000 million has a term of five years and an interest rate of 5.38%, RMB6,800 million has a term of four years and an interest rate of 5.30%, and RMB8,200 million has a term of seven years and an interest rate of 6.98%.

In October 2015, the Group issued non-public domestic corporate bonds with an aggregate principal amount of RMB20,000 million, of which RMB17,500 million has a term of five years and an interest rate of 7.38%, and RMB2,500 million has a term of five years and an interest rate of 7.88%.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2015.

DISCLOSURE UNDER RULE 13.20 OF THE LISTING RULES

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

POST-BALANCE SHEET EVENTS

Reference to the announcement made by the Company on 12 November 2015, the Group entered into an agreement with Great System Investment Limited to acquire a property at an aggregate consideration of HK\$12,500 million. The property is located in Wanchai, Hong Kong. The transaction was completed in March 2016.

Reference to the announcement made by the Company on 2 December 2015, the Group entered into three agreements with New World Development (China) Limited to acquire three property development companies located in Hai Kou, Huiyang and Wuhan at considerations of RMB8,600 million, RMB1,100 million and RMB3,800 million respectively. These transactions were completed in March 2016.

REPORT OF THE BOARD OF DIRECTORS

Reference to the announcement made by the Company on 29 December 2015, the Group entered into three agreements with Chow Tai Fook Enterprises Limited and its subsidiary to acquire three property development companies located in Qingdao, Shanghai and Beijing at considerations of RMB2,000 million, RMB3,500 million and RMB7,600 million respectively. These transactions were completed in March 2016.

From 4 January 2016 to 8 January 2016, the Company has repurchased an aggregate of 127,665,000 of its own shares through the Stock Exchange, at a consideration of HK\$822 million (equivalent to approximately RMB692 million). The shares have been cancelled after the repurchase.

On 11 January 2016, the Company issued 7.8%, three-year senior notes with an aggregated principal amount of US\$400 million at the face value and 8%, four-year senior notes with an aggregated principal amount of US\$300 million at the face value ("2016 Senior Notes"). The net proceeds from 2016 Senior Notes amounted to approximately US\$694 million (approximately equivalent to RMB4,554 million).

On 11 January 2016, a subsidiary of the Company issued 6.98%, four-year PRC bonds with an aggregated principal amount of RMB10,000 million at 100% of the face value.

In February and March 2016, the Group acquired 577,180,500 shares of a Hong Kong listed company, Shengjing Bank Co., Ltd ("Shengjing Bank"), which represented approximately 9.96% of the existing issued shares of Shengjing Bank.

FIVE YEARS FINANCIAL SUMMARY

The summary of the results, assets and liabilities of the Group in the past five years is set out on pages 179 to 180.

PRE-EMPTIVE RIGHTS

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

ADEQUATE PUBLIC FLOAT

The Company has maintained adequate public float during the year.

AUDITOR

The Company has appointed PricewaterhouseCoopers as the auditor of the Company for the year ended 31 December 2015. The audit and reporting responsibilities of the Company's auditor on the financial statements of the Group are set out in the "Independent Auditor's Report" in this annual report. The Company will propose a resolution at the forthcoming AGM to re-appoint PricewaterhouseCoopers as the auditor of the Company.

For and on behalf of the Board

Hui Ka Yan

Chairman

Hong Kong, 29 March 2016

INDEPENDENT AUDITOR'S REPORT



羅兵咸永道

To the shareholders of Evergrande Real Estate Group Limited

(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Evergrande Real Estate Group Limited (the "Company") and its subsidiaries set out on pages 67 to 178, which comprise the consolidated balance sheet as at 31 December 2015, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at 31 December 2015, and of their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 29 March 2016

CONSOLIDATED BALANCE SHEET

	Note	31 December 2015 RMB million	31 December 2014 RMB million
ASSETS			
Non-current assets			
Property, plant and equipment	6	16,720	15,504
Land use rights	7	3,625	3,388
Investment properties	8	97,146	61,857
Properties under development	9	248	355
Trade and other receivables	11	10,730	5,222
Prepayments	12	1,038	—
Intangible assets		372	368
Investments accounted for using equity method	13	8,580	1,062
Available-for-sale financial assets	14	2,595	123
Deferred income tax assets	23	2,752	2,447
Goodwill		885	486
		144,691	90,812
Current assets			
Inventories		1,311	578
Properties under development	9	329,610	210,793
Completed properties held for sale	10	54,118	35,682
Trade and other receivables	11	21,708	16,028
Prepayments	12	37,137	47,868
Income tax recoverable		4,131	2,253
Financial assets at fair value through profit or loss	15	307	10,950
Restricted cash	17	60,932	29,651
Cash and cash equivalents	18	103,090	29,847
		612,344	383,650
Total assets		757,035	474,462
EQUITY			
Capital and reserves attributable to shareholders of the Company			
Share capital and premium	19	971	1,021
Other reserves	20	7,637	5,849
Retained earnings		42,398	44,250
		51,006	51,120
Perpetual capital instruments	21	75,737	52,852
Non-controlling interests		15,399	8,406
Total equity		142,142	112,378

CONSOLIDATED BALANCE SHEET

	Note	31 December 2015 RMB million	31 December 2014 RMB million
LIABILITIES			
Non-current liabilities			
Borrowings	22	138,162	76,401
Other payables	24	2,481	7,175
Deferred income tax liabilities	23	17,569	10,271
		158,212	93,847
Current liabilities			
Borrowings	22	158,744	79,663
Trade and other payables	24	191,309	123,673
Receipt in advance from customers		83,061	47,348
Current income tax liabilities	25	23,567	17,553
		456,681	268,237
Total liabilities		614,893	362,084
Total equity and liabilities		757,035	474,462
Net current assets		155,663	115,413
Total assets less current liabilities		300,354	206,225

The notes on pages 75 to 178 are an integral part of these consolidated financial statements.

Hui Ka Yan
Director

Tse Wai Wah
Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 December	
		2015 RMB million	2014 RMB million
Revenue	5	133,130	111,398
Cost of sales	28	(95,717)	(79,614)
Gross profit		37,413	31,784
Fair value gains on investment properties	8	12,859	9,393
Other gains	26	323	534
Other income	27	2,262	1,431
Selling and marketing costs	28	(13,325)	(9,154)
Administrative expenses	28	(6,139)	(4,039)
Other operating expenses	28	(1,077)	(1,396)
Operating profit		32,316	28,553
Fair value gain on financial assets at fair value through profit or loss	15	2,515	3,757
Finance costs	30	(2,994)	(1,015)
Share of loss of investments accounted for using equity method	13	(392)	(104)
Profit before income tax		31,445	31,191
Income tax expenses	31	(14,105)	(13,175)
Profit for the year		17,340	18,016
Other comprehensive income <i>(Item that may be reclassified to profit or loss)</i>			
Change in value of available-for-sale financial assets, net of tax		30	157
Other comprehensive income for the year, net of tax		30	157
Total comprehensive income for the year		17,370	18,173
Profit attributable to:			
Shareholders of the Company		10,460	12,604
Holders of perpetual capital instruments		5,088	4,339
Non-controlling interests		1,792	1,073
		17,340	18,016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 December	
		2015 RMB million	2014 RMB million
Total comprehensive income attributable to:			
Shareholders of the Company		10,490	12,761
Holders of perpetual capital instruments		5,088	4,339
Non-controlling interests		1,792	1,073
		17,370	18,173
Earnings per share for profit attributable to shareholders of the Company for the year (expressed in RMB per share)			
— Basic earnings per share	32	0.713	0.854
— Diluted earnings per share	32	0.703	0.849

The notes on pages 75 to 178 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to shareholders of the Company					Perpetual capital instruments RMB million	Non-controlling interests RMB million	Total RMB million
	Share capital RMB million	Share premium RMB million	Reserves RMB million	Retained earnings RMB million	Total RMB million			
Balance as at 1 January 2014	1,110	4,228	4,232	39,020	48,590	25,024	5,729	79,343
Comprehensive income								
Profit for the year	—	—	—	12,604	12,604	4,339	1,073	18,016
Other comprehensive income								
Change in value of available-for-sale financial assets, net of tax	—	—	157	—	157	—	—	157
Total comprehensive income	—	—	157	12,604	12,761	4,339	1,073	18,173
Transactions with owners								
Transfer to statutory reserves	—	—	1,514	(1,514)	—	—	—	—
Issuance of shares pursuant to the option scheme	19	859	(252)	—	626	—	—	626
Employee share option schemes	—	—	42	—	42	—	—	42
Repurchase of shares	(108)	(4,097)	108	(512)	(4,609)	—	—	(4,609)
Dividends	—	(990)	—	(5,348)	(6,338)	—	—	(6,338)
Issuance of perpetual capital instruments	—	—	—	—	—	26,347	—	26,347
Redemption of perpetual capital instruments	—	—	—	—	—	(960)	—	(960)
Distribution to holders of perpetual capital instruments	—	—	—	—	—	(1,898)	—	(1,898)
Changes in ownership interests in subsidiaries without change of control	—	—	48	—	48	—	398	446
Capital injection from non-controlling interests	—	—	—	—	—	—	1,134	1,134
Acquisition of subsidiaries	—	—	—	—	—	—	72	72
Total transactions with owners	(89)	(4,228)	1,460	(7,374)	(10,231)	23,489	1,604	14,862
Balance as at 31 December 2014	1,021	—	5,849	44,250	51,120	52,852	8,406	112,378

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to shareholders of the Company					Perpetual capital instruments RMB million	Non-controlling interests RMB million	Total RMB million
	Share capital RMB million	Share premium RMB million	Reserves RMB million	Retained earnings RMB million	Total RMB million			
Balance as at 1 January 2015	1,021	—	5,849	44,250	51,120	52,852	8,406	112,378
Comprehensive income								
Profit for the year	—	—	—	10,460	10,460	5,088	1,792	17,340
Other comprehensive income								
Available-for-sale financial assets	—	—	30	—	30	—	—	30
Total comprehensive income	—	—	30	10,460	10,490	5,088	1,792	17,370
Transactions with owners								
Transfer to statutory reserves	—	—	1,851	(1,851)	—	—	—	—
Issuance of shares pursuant to the option scheme	19	957	(268)	—	708	—	—	708
Employee share option schemes	—	—	112	—	112	—	—	112
Proceeds from share placement (note 19)	50	3,580	—	—	3,630	—	—	3,630
Repurchase of shares (note 19)	(119)	(4,537)	119	(3,729)	(8,266)	—	—	(8,266)
Dividends (note 33)	—	—	—	(6,732)	(6,732)	—	(220)	(6,952)
Issuance of perpetual capital instruments (note 21)	—	—	—	—	—	44,322	—	44,322
Redemption of perpetual capital instruments (note 21)	—	—	—	—	—	(20,902)	—	(20,902)
Distribution to holders of perpetual capital instruments (note 21)	—	—	—	—	—	(5,623)	—	(5,623)
Changes in ownership interests in subsidiaries without change of control (note 38)	—	—	(56)	—	(56)	—	(85)	(141)
Capital injection from non-controlling interests	—	—	—	—	—	—	624	624
Non-controlling interests arising from business combination (note 40)	—	—	—	—	—	—	3,233	3,233
Acquisition of subsidiaries (note 39)	—	—	—	—	—	—	1,649	1,649
Total transactions with owners	(50)	—	1,758	(12,312)	(10,604)	17,797	5,201	12,394
Balance as at 31 December 2015	971	—	7,637	42,398	51,006	75,737	15,399	142,142

The notes on pages 75 to 178 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended 31 December	
		2015 RMB million	2014 RMB million
Cash flows of operating activities			
Net cash generated from/(used in) operations	34	1,891	(24,101)
PRC corporate income tax paid		(2,394)	(5,120)
PRC land appreciation tax paid		(3,671)	(2,187)
Interest paid		(19,575)	(14,077)
Net cash used in operating activities		(23,749)	(45,485)
Cash flows of investing activities			
Acquisition of subsidiaries, net of cash acquired	40	(3,885)	(1,080)
Purchases of property, plant and equipment and investment properties		(15,518)	(8,427)
Proceeds from disposal of property, plant and equipment		612	78
Proceeds from disposal of investment properties		780	1,447
Purchase of land use rights	7	(182)	(571)
Purchase of intangible assets		(86)	(144)
Investment in associates	13	(136)	(79)
Investment in joint ventures	13	(5,802)	—
Disposal of a subsidiary		—	(15)
Purchase of available-for-sale financial assets	14	(4,824)	(2,105)
Proceeds from disposal of available-for-sale financial assets		3,006	5,851
Dividend received	27	43	210
Purchase of financial assets at fair value through profit or loss	15	(2,367)	(7,193)
Proceeds from disposal of financial assets at fair value through profit or loss		15,571	—
Repayment from associates		1,199	—
Cash advance to joint ventures		(1,686)	(674)
Cash advance to non-controlling interests		(285)	—
Interest received	27	1,007	312
Net cash used in investing activities		(12,553)	(12,390)

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended 31 December	
		2015 RMB million	2014 RMB million
Cash flows of financing activities			
Proceeds from bank and other borrowings		189,572	117,718
Repayments of bank and other borrowings		(105,102)	(56,823)
Proceeds from PRC corporate bonds		39,522	—
Proceeds from senior notes		6,115	—
Repayments of senior notes		—	(13,648)
Proceeds from unit holders of consolidated investment entities		1,760	5,500
Repayment to unit holders of consolidated investment entities		(5,500)	—
Interest paid to unit holders of consolidated investment entities		(357)	(100)
Proceeds from perpetual capital instruments	21	44,322	26,347
Redemption of perpetual capital instruments	21	(20,902)	(960)
Distribution to holders of perpetual capital instruments		(5,623)	(1,897)
Proceeds from shares issued	19	3,630	—
Repurchase of shares	19	(8,266)	(4,609)
Issuance of ordinary shares pursuant to share option scheme		708	626
Dividends paid		(6,952)	(6,338)
Changes in ownership of non-controlling interests in subsidiaries	38	(141)	446
Capital injection from non-controlling interests		624	1,134
Repayment to associates		(401)	—
Cash advance from joint ventures		598	—
Repayment made to non-controlling interests		(758)	(7,816)
Restricted cash pledged for bank borrowings		(23,403)	(11,982)
Net cash generated from financing activities		109,446	47,598
Net increase/(decrease) in cash and cash equivalents			
Cash and cash equivalents at beginning of year		29,847	40,119
Exchange gain on cash and cash equivalents		99	5
Cash and cash equivalents at end of year		103,090	29,847

The notes on pages 75 to 178 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Evergrande Real Estate Group Limited (the “Company”) was incorporated in the Cayman Islands on 26 June 2006 as an exempted company with limited liability under the Companies Law, Cap. 22 (2009 Revision as consolidated and revised from time to time) of the Cayman Islands and is engaged in investment holding. The Company and its subsidiaries (the “Group”) are principally engaged in the property development, property investment, property management, property construction, hotel, other property development related services and fast consuming industry in the People’s Republic of China (the “PRC”). The address of its registered office is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

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

These consolidated financial statements are presented in Renminbi Yuan (“RMB”) millions, unless otherwise stated. These consolidated financial statements have been approved for issue by the board of directors (the “Board”) of the Company on 29 March 2016.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(A) BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by Hong Kong Institute of Certified Public Accountants (the “HKICPA”) which has been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets at fair value through profit or loss 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. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

(i) *Effect of adopting amendments to standards*

The following amendments to standards are mandatory for the Group’s financial year beginning on 1 January 2015. The adoption of these amended standards does not have any significant impact to the results and financial position of the Group.

HKAS 19 (Amendment)
HKFRSs (Amendments)

Defined Benefit Plans
Annual Improvements 2010–2012 Cycle and 2011–2013 Cycle

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(A) BASIS OF PREPARATION (Continued)

(ii) *New standards and amendments to standards that have been issued but are not effective*

The following new standards and amendments to standards have been issued but are not effective for the financial year beginning on 1 January 2015 and have not been early adopted by the Group:

HKFRS 11 (Amendment)	Accounting for acquisitions of interests in joint operation ¹
HKAS 16 and HKAS 38 (Amendments)	Clarification of acceptable methods of depreciation and amortisation ¹
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture ³
HKFRS 10, HKFRS 12 and HKAS 28 (Amendment)	Investment entities: applying the consolidation exception ¹
HKAS 27 (Amendment)	Equity method in separate financial statements ¹
Annual improvements 2014	Annual Improvements 2012–2014 cycle ¹
HKAS 1 (Amendment)	Disclosure initiative ¹
HKFRS 14	Regulatory Deferral Accounts ¹
HKAS 16 and HKAS 41 (Amendments)	Agriculture: bearer plants ¹
HKFRS 15	Revenue from Contracts with Customers ²
HKFRS 9	Financial Instruments ²

1 Effective for annual periods beginning on or after 1 January 2016.

2 Effective for annual periods beginning on or after 1 January 2018.

3 Effective date is to be determined by the International Accounting Standard Board.

The above new standards and amendments to standards will be adopted in the years listed and the Group is in the process of assessing the impact on future accounting periods.

(iii) *New Hong Kong Companies Ordinance (Cap. 622)*

The requirements of Part 9 “Accounts and Audit” of the new Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

(B) CONSOLIDATION

(i) *Subsidiaries*

Subsidiaries are entities (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group’s accounting policies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(B) CONSOLIDATION (Continued)

(ii) *Business combinations*

The group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS.

Acquisition-related costs are expensed off as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

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

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

(iii) *Changes in ownership interests in subsidiaries without change of control*

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions — that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(B) CONSOLIDATION (Continued)

(iv) *Disposal of subsidiaries*

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

(v) *Investments in subsidiaries*

In the Company's statement of financial position, the investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

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

(C) ASSOCIATES

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investments in associates include goodwill identified on acquisition. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the Group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill.

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

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(C) ASSOCIATES (Continued)

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to “share of post-tax loss of associates” in the income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group’s financial statements only to the extent of unrelated investor’s interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gain or losses on dilution of equity interest in associates are recognised in the income statement.

(D) JOINT ARRANGEMENTS

The Group has applied HKFRS 11 to all joint arrangements. Under HKFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group’s share of the post-acquisition profits or losses and movements in other comprehensive income. The Group’s investments in joint ventures include goodwill identified on acquisition. Upon the acquisition of the ownership interest in a joint venture, any difference between the cost of the joint venture and the Group’s share of the net fair value of the joint venture’s identifiable assets and liabilities is accounted for as goodwill. When the Group’s share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group’s net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group’s interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

(E) SEGMENT REPORTING

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(F) FOREIGN CURRENCY TRANSLATION

(i) *Functional and presentation currency*

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

(ii) *Transactions and balances*

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

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

(iii) *Group entities*

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(G) PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

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

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

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

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

(H) INVESTMENT PROPERTIES

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(H) INVESTMENT PROPERTIES (Continued)

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

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

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

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

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

(I) INTANGIBLE ASSET

(i) *Water resource license*

Water resource license acquired in a business combination are recognised at fair value at the acquisition date. Water resource license have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of water resource license over their estimated useful lives of 20 years.

(ii) *Brand name*

Brand name acquired in a business combination are recognised at fair value at the acquisition date. Brand name have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of brand name over its estimated useful lives of 10 years.

(iii) *Copy rights*

Copy rights are acquired and are recognised at historical cost. Copy rights have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of copy rights over its estimated useful lives less than 10 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(I) INTANGIBLE ASSET (Continued)

(iv) *Customer relationships*

Customer relationships acquired in a business combination are recognised at fair value at the acquisition date. The contractual customer relations have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method from three to five years over the expected life of the customer relationship.

(v) *Computer softwares*

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of three to ten years.

(vi) *Goodwill*

Goodwill arises on the acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(J) IMPAIRMENT OF NON-FINANCIAL ASSETS

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(K) FINANCIAL ASSETS

(i) *Classification*

The Group classifies its financial assets as financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

Loans and receivables

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

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

(ii) *Recognition and measurement*

Regular way purchases and sales of financial assets are recognised on the trade-date — the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the “financial assets at fair value through profit or loss” category are presented in the income statement within “fair value gain on financial assets at fair value through profit or loss” in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the group’s right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(K) FINANCIAL ASSETS (Continued)

(ii) *Recognition and measurement (Continued)*

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the profit or loss.

Dividends on available-for-sale equity instruments are recognised in the profit or loss when the Group's right to receive payments is established.

(iii) *Offsetting financial instruments*

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

(L) IMPAIRMENT OF FINANCIAL ASSETS

(i) *Assets carried at amortised cost*

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

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(L) IMPAIRMENT OF FINANCIAL ASSETS (Continued)

(ii) *Assets classified as available for sale*

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss — is removed from equity and recognised in profit or loss. Impairment losses recognised in profit or loss on equity instruments are not reversed through profit or loss.

(M) PROPERTIES UNDER DEVELOPMENT

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

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

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

(N) COMPLETED PROPERTIES HELD FOR SALE

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

Cost comprises development costs attributable to the unsold properties.

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

(O) INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(P) TRADE AND OTHER RECEIVABLES

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

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

(Q) CASH AND CASH EQUIVALENTS

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

Bank deposits which are restricted to use are classified as “restricted cash”. Restricted cash are excluded from cash and cash equivalents in the cash flow statements.

(R) SHARE CAPITAL

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

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

(S) PERPETUAL CAPITAL INSTRUMENTS

Perpetual capital instruments with no contracted obligation to repay its principal or to pay any distribution are classified as part of equity.

(T) TRADE AND OTHER PAYABLES

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(U) BORROWINGS

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

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

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

(V) BORROWING COSTS

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

Borrowing costs include interest expense, and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs. The exchange gains and losses that are an adjustment to interest costs include the interest rate differential between borrowing costs that would be incurred if the entity had borrowed funds in its functional currency, and the borrowing costs actually incurred on foreign currency borrowings. Such amounts are estimated based on forward currency rates at the inception of the borrowings.

When the construction of the qualifying assets takes more than one accounting period, the amount of foreign exchange differences eligible for capitalisation is determined for each annual period and are limited to the difference between the hypothetical interest amount for the functional currency borrowings and the actual interest incurred for foreign currency borrowings. Foreign exchange differences that did not meet the criteria for capitalisation in previous years should not be capitalised in subsequent years.

(W) CURRENT AND DEFERRED INCOME TAX

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(W) CURRENT AND DEFERRED INCOME TAX (Continued)

(i) *Current income tax*

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

(ii) *Deferred income tax*

Inside basis differences

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

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associate and joint ventures, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for its associate, only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint ventures only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(iii) *Offsetting*

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

(X) EMPLOYEE BENEFITS

(i) *Employee leave entitlements*

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(X) EMPLOYEE BENEFITS (Continued)

(ii) Retirement benefits

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

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

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

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

(iii) Termination benefits

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

(Y) SHARE-BASED PAYMENTS

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(Y) SHARE-BASED PAYMENTS (Continued)

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

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

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

(Z) PROVISIONS AND CONTINGENT LIABILITIES

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(AA) REVENUE RECOGNITION

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

The Group recognises revenue when the amount of revenue can be reliably measured, it is probably that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The group bases its estimates of return on historical results, taking into consideration the type of customers, the type of transactions and the specifics of each arrangement.

(i) *Sales of properties*

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

(ii) *Property management*

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

(iii) *Construction and decoration services*

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

(iv) *Hotel operations*

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(AA) REVENUE RECOGNITION (Continued)

(v) *Interest income*

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

(vi) *Rental income*

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

(vii) *Sales of goods*

The Group manufactures and sells a range of consumer products, including bottled water product, food product and diary product in wholesale and retail market. Revenue from sales of goods are recognised when the products have been delivered to the customers.

(i) **Advertising income**

Advertising income is recognised upon the publication of the edition in which the advertisement is placed.

(ii) **Income from medical cosmetology and health management**

Income from medical cosmetology and health management are recognised when the services have been rendered to customers. The period of these services rendered is usually within a day.

(AB) LEASES

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

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

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

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

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

(iii) *The Group is the lessor*

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(AC) DIVIDEND DISTRIBUTION

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

(AD) FINANCIAL GUARANTEE LIABILITIES

Financial guarantee liabilities are recognised in respect of the financial guarantee provided by the Group to the banks for property purchasers.

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

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

3 FINANCIAL RISK MANAGEMENT

(A) FINANCIAL RISK FACTOR

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (Continued)

(A) FINANCIAL RISK FACTOR (Continued)

(i) Foreign exchange risk

The Group's businesses are principally conducted in RMB, except that certain receipts of sales proceeds and borrowings are denominated in other currencies. As at 31 December 2015, the carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the respective balance sheet dates are as follows:

	31 December	
	2015 RMB million	2014 RMB million
Monetary assets		
– HK\$	5,199	185
– US\$	10,865	1,184
– Others	20	179
	16,084	1,548
Monetary liabilities		
– HK\$	20,497	15,716
– US\$	48,349	19,045
– Others	44	174
	68,890	34,935

The following table shows the sensitivity analysis of a 5% change in RMB against the relevant foreign currencies. The sensitivity analysis includes only foreign currency denominated monetary items and adjusts their translation at the year-end for a 5% change in foreign currency rates. If there is a 5% increase/decrease in RMB against the relevant currencies, the effect of increase/(decrease) in the profit for the year is as follows:

	31 December	
	2015 RMB million	2014 RMB million
5% appreciation in RMB against HK\$	547	582
5% depreciation in RMB against HK\$	(547)	(582)
5% appreciation in RMB against US\$	1,449	688
5% depreciation in RMB against US\$	(1,449)	(688)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (Continued)

(A) FINANCIAL RISK FACTOR (Continued)

(ii) Price risk

The Group is exposed to equity securities price risk in connection with the available-for-sale financial assets and financial assets at fair value through profit or loss held by the Group, which are publicly traded in stock exchange. The Group closely monitors the fluctuation of the price and assesses the impact on the Group's financial statements. If the price of equity securities the Group invested had been 5% higher/lower, post-tax profit for the year ended 31 December 2015 would increase/decrease by approximately RMB12 million (2014: increase/decrease by approximately RMB547 million), as a result of more/less fair value gain on financial assets at fair value through profit or loss. Other comprehensive income would have been approximately RMB97 million higher/lower (2014: 6 million higher/lower).

(iii) Interest rate risk

The Group's interest-bearing assets and liabilities are mainly restricted cash, cash and cash equivalents and borrowings. The Group's exposure to changes in interest rates is mainly attributable to its long term borrowings. Borrowings at variable rates expose the Group to cash flow interest-rate risk. Borrowings issued at fixed rates expose the Group to fair value interest-rate risk.

As at 31 December 2015, if interest rate on borrowings had been 100 basis point higher/lower with all variables held constant, post-tax profit for the year ended 31 December 2015 would decrease/increase by approximately RMB210 million (2014: decrease/increase by approximately RMB135 million), mainly as a result of more/less interest expense on borrowings at variable rates.

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

(iv) Credit risk

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

For credit exposures to customers, credit terms are granted to customers upon obtaining approval from the Company's senior management after assessing the credit history of those customers. The Group closely monitors the collection of progress payments from customers in accordance with payment schedule agreed with customers. The Group has policies in place to ensure that sales are made to purchasers with an appropriate financial strength and appropriate percentage of down payments.

Meanwhile, the Group has the right to cancel the contracts once repayment from the customers is in default; it also has monitoring procedures to ensure that follow-up actions are taken to recover overdue balances. In addition, the Group regularly reviews the recoverable amount of each individual trade and other receivables to ensure that adequate impairment provisions are made for irrecoverable amounts. The Group has no significant concentrations of credit risk, with exposure spread over a number of counterparties and customers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (Continued)

(A) FINANCIAL RISK FACTOR (Continued)

(iv) Credit risk (Continued)

The Group typically provides guarantees to banks in connection with the customers' borrowing of mortgage loans to finance their purchase of properties for an amount up to 70% of the total purchase price of the property. Detailed disclosure of these guarantees is made in note 35. If a purchaser defaults on the payment of its mortgage loan during the guarantee period, the bank holding the guarantee may demand the Group to repay the outstanding principal the loan and any interest accrued thereon. Under such circumstances, the Group is able to retain the customer's deposit and resell the property to recover any amounts paid by the Group to the bank. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

(v) Liquidity risk

Management aims to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of available financing, including proceeds from pre-sale of properties, committed credit facilities and short-term and long-term borrowings to meet its construction commitments. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining adequate amount of cash and cash equivalents and through having available sources of financing.

To cope with the rapid expansion of the Group's businesses, the Group raised significant amounts of borrowings during the years ended 31 December 2015. As at 31 December 2015, the Group's total borrowings stood at RMB296,906 million and its gearing ratio achieved at 39% (note 3(b)). During the year ended 31 December 2015 and the period up to the date of these consolidated financial statements, in order to properly manage the Group's liquidity risk and capital structure, the Group has conducted the following major financing activities:

- the Group issued 820,000,000 shares to certain investors and raised net proceeds of RMB3,630 million;
- the Group issued subordinated perpetual capital instruments with the aggregate net proceeds of RMB44,322 million;
- the Group has issued corporate bonds in the PRC to raised net funds totalling RMB49,522 million (including RMB10,000 million issued in January 2016) with tenures of 4 to 7 years to replace the existing short-term borrowings or other borrowings at higher interest rates.

Except for the aforementioned recent developments, the Group has a number of alternative plans to mitigate the potential impacts on anticipated cash flows should there be significant adverse changes in economic environment. These include control on investment in land reserve, adjusting project development timetable to adapt the changing local real estate market environment, implementing cost control measures, promotion of sales of completed properties, accelerating sales with more flexible pricing. The Group will pursue such options based on its assessment of relevant future costs and benefits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (Continued)

(A) FINANCIAL RISK FACTOR (Continued)

(v) Liquidity risk (Continued)

With the aforementioned activities and plans, the directors of the Company considered the Group's liquidity risk has been controlled, and will be improved in 2016. The directors of the Company has reviewed the working capital forecast of the Group for the 12 months from 31 December 2015 and are of the opinion that the Group will have sufficient working capital to meet its financial obligations as and when they fall due within the next 12 months from the date of the consolidated balance sheet.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscount cash flows.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	RMB million	RMB million	RMB million	RMB million	RMB million
At 31 December 2015					
Borrowings	175,823	64,116	83,047	10,453	333,439
Trade and other payables*	188,051	1,466	1,529	—	191,046
	363,874	65,582	84,576	10,453	524,485
At 31 December 2014					
Borrowings	89,230	59,432	20,800	1,003	170,465
Trade and other payables*	123,131	1,697	6,140	—	130,968
	212,361	61,129	26,940	1,003	301,433

* Excluding staff welfare benefit payable and other taxes payable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (Continued)

(A) FINANCIAL RISK FACTOR (Continued)

(v) Liquidity risk (Continued)

The amounts have not included financial guarantee contracts:

- which the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee for loans procured by the purchasers of the Group's properties (note 35). Such guarantees terminate upon the earlier of (i) issuance of the real estate ownership certificate which will generally be available within an average period of two to three years upon the completion of guarantee registration; or (ii) the satisfaction of mortgaged loan by the purchasers of properties;
- which the Group make for its cooperation parties' bank borrowings (note 35). Such guarantees terminate upon the repayment of relevant bank borrowings.

Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement.

(B) CAPITAL RISK MANAGEMENT

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

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

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

The gearing ratios as at 31 December 2015 and 2014 were as follows:

	31 December	
	2015 RMB million	2014 RMB million
Total borrowings	296,906	156,064
Total assets	757,035	474,462
Gearing ratio	39%	33%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (Continued)

(C) FAIR VALUE ESTIMATION

The different levels of the financial instruments carried at fair value, by valuation method, have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

	Level 1 RMB million	Level 2 RMB million	Level 3 RMB million	Total RMB million
At 31 December 2015				
Assets				
Available-for-sale financial assets	287	928	1,380	2,595
Financial assets at fair value through profit or loss	307	—	—	307
Total	594	928	1,380	2,902
At 31 December 2014				
Assets				
Available-for-sale financial assets	—	123	—	123
Financial assets at fair value through profit or loss	10,950	—	—	10,950
Total	10,950	123	—	11,073

There were no transfers among different categories during the year.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

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

(A) PRC CORPORATE INCOME TAXES AND DEFERRED TAXATION

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

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

(B) PRC LAND APPRECIATION TAXES

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

(C) ESTIMATED FAIR VALUE OF INVESTMENT PROPERTIES

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS (Continued)

(C) ESTIMATED FAIR VALUE OF INVESTMENT PROPERTIES

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

(D) PROVISION FOR PROPERTIES UNDER DEVELOPMENT AND COMPLETED PROPERTIES HELD FOR SALE

The Group assesses the carrying amounts of properties under development and completed properties held for sale according to their recoverable amounts based on the realisability of these properties, taking into account estimated costs to completion based on past experience and committed contracts and estimated net sales value based on prevailing market conditions. Provision is made when events or changes in circumstances indicate that the carrying amounts may not be realised. The assessment requires the use of judgement and estimates.

(E) IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT, AND LAND USE RIGHTS

The Group regularly reviews whether there are any indications of impairment and will recognise an impairment loss if the carrying amount of an asset is lower than its recoverable amount which is the greater of its net selling price or its value in use. In determining the value in use, the Group assesses the present value of the estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Estimates and judgements are applied in determining these future cash flows and the discount rate. The Group estimates the future cash flows based on certain assumptions, such as market competition and development and the expected growth in business.

(F) ESTIMATION FOR TOTAL CONSTRUCTION COSTS

The Group estimates property construction cost upon recognition of respective costs of sales. Such estimates are substantiated by detailed budgetary information as developed by the management, and will be assessed periodically, as the constructions progress. Should these estimates depart from their actual finalised costs, such differences would affect the accuracy of costs of sales recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 SEGMENT INFORMATION

The chief operating decision-maker ("CODM") of the Group has been identified as the executive directors of the Company who are responsible for reviewing the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports. The Group is organised into four business segments: property development, property investment, property management and other businesses which mainly include property construction, hotel, other property development related services, insurance and fast consuming products business including production and sales of spring water, grain and edible oil, and dairy. 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. Fair value gain on financial assets at fair value through profit or loss, dividend income of available-for-sale financial assets, gain or loss on disposal of available-for-sale financial assets and finance cost and income are not included in the result for each operating segment.

Revenue for the year ended 31 December 2015 consists of sales of properties, rental income of investment properties, income from property management services and income from other businesses, which are set out below:

	Year ended 31 December	
	2015 RMB million	2014 RMB million
Sales of properties	126,449	107,450
Rental income of investment properties	241	144
Property management services	1,318	1,259
Other businesses	5,122	2,545
	133,130	111,398

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 SEGMENT INFORMATION (Continued)

The segment results and other segment items included in the consolidated statement of comprehensive income for the year ended 31 December 2015 are as follows:

	Property development RMB million	Property investment RMB million	Property management services RMB million	Other businesses RMB million	Group RMB million
Gross segment revenue	126,449	325	3,255	18,186	148,215
Inter-segment revenue	—	(84)	(1,937)	(13,064)	(15,085)
Revenue	126,449	241	1,318	5,122	133,130
Share of post-tax profit of associates	174	—	—	—	174
Share of post-tax loss of joint ventures	14	—	—	(580)	(566)
Segment results	22,928	13,072	39	(4,481)	31,558
Fair value gain on financial assets at fair value through profit or loss					2,515
Dividend income of available-for-sale financial assets					43
Gain on disposal of available-for-sale financial assets					323
Finance costs					(2,994)
Profit before income tax					31,445
Income tax expenses					(14,105)
Profit for the year					17,340
Depreciation and amortisation	757	—	8	689	1,454
Fair value gains on investment properties	—	12,859	—	—	12,859

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 SEGMENT INFORMATION (Continued)

The segment results and other segment items included in the consolidated statement of comprehensive income for the year ended 31 December 2014 are as follows:

	Property development RMB million	Property investment RMB million	Property management services RMB million	Other businesses RMB million	Group RMB million
Gross segment revenue	107,450	252	2,346	12,893	122,941
Inter-segment revenue	—	(108)	(1,087)	(10,348)	(11,543)
Revenue	107,450	144	1,259	2,545	111,398
Share of post-tax loss of associates	(50)	—	—	—	(50)
Share of post-tax loss of a joint venture	—	—	—	(54)	(54)
Segment results	21,685	9,820	45	(3,126)	28,424
Fair value gain on financial assets at fair value through profit or loss					3,757
Dividend income of available-for-sale financial assets					210
Loss on disposal of available-for-sale financial assets					(185)
Finance costs					(1,015)
Profit before income tax					31,191
Income tax expenses					(13,175)
Profit for the year					18,016
Depreciation and amortisation	545	—	7	584	1,136
Fair value gains on investment properties	—	9,393	—	—	9,393

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 SEGMENT INFORMATION (Continued)

Segment assets and liabilities as at 31 December 2015 are as follows:

	Property development RMB million	Property investment RMB million	Property management services RMB million	Other businesses RMB million	Group RMB million
Segment assets	622,060	97,146	1,193	26,851	747,250
Unallocated assets					9,785
Total assets					757,035
Segment assets include:					
Interest in associates	154	—	—	—	154
Interest in joint ventures	634	—	—	7,792	8,426
Segment liabilities	265,110	—	969	10,772	276,851
Unallocated liabilities					338,042
Total liabilities					614,893
Capital expenditure	1,995	23,025	8	1,531	26,559

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 SEGMENT INFORMATION (Continued)

Segment assets and liabilities as at 31 December 2014 are as follows:

	Property development RMB million	Property investment RMB million	Property management services RMB million	Other businesses RMB million	Group RMB million
Segment assets	381,637	61,857	702	14,493	458,689
Unallocated assets					15,773
Total assets					474,462
Segment assets include:					
Interest in associates	29	—	—	—	29
Interest in a joint venture	—	—	—	1,033	1,033
Segment liabilities	165,785	—	645	11,766	178,196
Unallocated liabilities					183,888
Total liabilities					362,084
Capital expenditure	3,557	17,566	9	1,849	22,981

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, plant 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, income tax recoverable, available-for-sale financial assets and financial assets at fair value through profit or loss.

Segment liabilities consist of operating liabilities. Unallocated liabilities comprise taxation and borrowings.

Capital expenditure comprises additions to property, plant and equipment, investment properties, land use rights and intangible assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 SEGMENT INFORMATION (Continued)

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

	31 December	
	2015 RMB million	2014 RMB million
Segment assets	747,250	458,689
Unallocated:		
Income tax recoverable	4,131	2,253
Deferred income tax assets	2,752	2,447
Available-for-sale financial assets	2,595	123
Financial assets at fair value through profit or loss	307	10,950
Total assets per consolidated balance sheet	757,035	474,462

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

	31 December	
	2015 RMB million	2014 RMB million
Segment liabilities	276,851	178,196
Unallocated:		
Current income tax liabilities	23,567	17,553
Deferred income tax liabilities	17,569	10,271
Borrowings	296,906	156,064
Total liabilities per consolidated balance sheet	614,893	362,084

No material revenues are derived from any single external customer (2014: none).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6 PROPERTY, PLANT AND EQUIPMENT

	Buildings	Machinery	Transportation equipment	Furniture, fitting and equipment	Construction in progress	Total
	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
Year ended 31 December 2014						
Opening net book amount	4,633	161	817	1,813	3,954	11,378
Additions	313	116	77	444	3,751	4,701
Acquisition of subsidiaries	395	69	3	4	—	471
Transfers	1,146	18	—	830	(1,994)	—
Disposals	(43)	(1)	(9)	(10)	—	(63)
Depreciation	(393)	(58)	(144)	(388)	—	(983)
Closing net book amount	6,051	305	744	2,693	5,711	15,504
At 31 December 2014						
Cost	6,885	405	1,303	3,844	5,711	18,148
Accumulated depreciation	(834)	(100)	(559)	(1,151)	—	(2,644)
Net book amount	6,051	305	744	2,693	5,711	15,504
Year ended 31 December 2015						
Opening net book amount	6,051	305	744	2,693	5,711	15,504
Additions	69	153	103	779	1,168	2,272
Acquisition of subsidiaries (note 40)	701	21	11	127	—	860
Transfers	1,984	457	—	204	(2,645)	—
Disposals	(244)	(21)	(17)	(356)	—	(638)
Depreciation	(553)	(69)	(163)	(493)	—	(1,278)
Closing net book amount	8,008	846	678	2,954	4,234	16,720
At 31 December 2015						
Cost	9,395	1,015	1,400	4,598	4,234	20,642
Accumulated depreciation	(1,387)	(169)	(722)	(1,644)	—	(3,922)
Net book amount	8,008	846	678	2,954	4,234	16,720

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6 PROPERTY, PLANT AND EQUIPMENT (Continued)

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

	Year ended 31 December	
	2015 RMB million	2014 RMB million
Cost of sales	436	298
Selling and marketing costs	166	124
Administrative expenses	676	561
	1,278	983

During the year ended 31 December 2015, the Group capitalised borrowing costs amounting to RMB609 million (2014: RMB537 million) on the construction in progress. Borrowing costs were capitalised at the weighted average rate of its general borrowings of 9.59% (2014: 9.74%).

As at 31 December 2015, property, plant and equipment of RMB8,350 million (2014: RMB6,420 million) were pledged as collateral for the Group's bank borrowings (note 22).

7 LAND USE RIGHTS

Land use rights are related to properties outside Hong Kong, held on leases of over 40 years:

	Year ended 31 December	
	2015 RMB million	2014 RMB million
Opening net book amount	3,388	2,796
Additions	182	571
Acquisition of subsidiaries (note 40)	132	78
Amortisation	(77)	(57)
Closing net book amount	3,625	3,388

Land use rights comprise cost of acquiring rights to use certain land, which are principally located in the PRC, for hotel buildings and self-use buildings over fixed periods.

As at 31 December 2015, land use rights of RMB2,408 million (2014: RMB1,923 million) were pledged as collateral for the Group's bank borrowings (note 22).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8 INVESTMENT PROPERTIES

	Year ended 31 December	
	2015 RMB million	2014 RMB million
Opening net book amount	61,857	36,039
Additions	22,103	17,566
Acquisition of subsidiaries (note 40)	922	—
Disposals	(595)	(1,141)
Fair value gains on investment properties	12,859	9,393
Closing net book amount	97,146	61,857
Comprise of:		
Completed	64,400	39,727
Under construction	32,746	22,130

As at 31 December 2015, the Group had no unprovided contractual obligations for future repairs and maintenance (2014: nil).

As at 31 December 2015, investment properties of RMB4,711 million (2014: RMB4,563 million) were pledged as collateral for the Group's borrowings (note 22).

(A) VALUATION PROCESSES OF THE GROUP

The Group measures its investment properties at fair value. The fair value of the Group's investment properties has been determined on the basis of valuation carried out by CB Richard Ellis Limited ("CBRE"), an independent and professionally qualified valuer.

Discussions of valuation processes and results are held between the management and the valuer at least once every six months, in line with the Group's interim and annual reporting dates.

(B) VALUATION TECHNIQUES

Valuations were based on either:

- (i) direct comparison approach is adopted assuming sale of each of these properties in its existing state with the benefit of vacant possession. By making reference to sales transactions as available in the relevant market, comparable properties in close proximity have been selected and adjustments have been made to account for the difference in factors such as location and property size.
- (ii) income approach takes into account the current rents of the property interests and the reversionary potentials of the tenancies, term yield and reversionary yield are then applied respectively to derive the market value of the property.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8 INVESTMENT PROPERTIES (Continued)

(B) VALUATION TECHNIQUES (Continued)

- (iii) residual method of valuation which is commonly used in valuing development sites by establishing the market value of the properties on an “as-if” completed basis with appropriate deduction on construction costs, professional fees, contingency, marketing and legal cost, and interest payments to be incurred, anticipated developer’s profits, as well as land acquisition costs.

There were no changes to the valuation techniques during the year.

(C) INFORMATION ABOUT FAIR VALUE MEASUREMENTS USING SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)

	Property Category	Fair value as at 31 December 2015	Valuation techniques	Unobservable inputs	Range of unobservable inputs
Completed investment properties	Commercial properties	6,831	Income capitalisation	Terminal yield	4.00%–5.50%
				Reversionary yield	4.00%–5.50%
				Capitalisation rate	4.00%–7.00%
				Expected vacancy rate	0–10.00%
Car park		32,234	Direct comparison	Monthly rental (RMB/square meter/month)	42–660
				Market price (RMB/square meter)	6,970–77,500
Car park		32,234	Direct comparison	Market price (RMB/per car park)	84,300–391,000
Investment properties under construction	Commercial properties	18,002	Residual method	Market price (RMB/square meter)	5,360–26,532
				Budgeted cost (RMB/square meter)	100–6,038
				Anticipated developer’s profit margin	2.00%–30.00%
				Car park	
Car park		14,744	Residual method	Market price (RMB/per car park)	91,230–288,000
				Budgeted cost (RMB/square meter)	100–2,754
				Anticipated developer’s profit margin	2.00%–20.00%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8 INVESTMENT PROPERTIES (Continued)

(C) INFORMATION ABOUT FAIR VALUE MEASUREMENTS USING SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3) (Continued)

	Property Category	Fair value as at 31 December 2014	Valuation techniques	Unobservable inputs	Range of unobservable inputs
Completed investment properties	Commercial properties	3,572	Income capitalisation	Terminal yield	4.00%–5.50%
				Reversionary yield	4.00%–5.50%
				Capitalisation rate	4.00%–8.00%
				Expected vacancy rate	0–10.00%
				Monthly rental (RMB/square meter/ month)	46–1,000
		14,295	Direct comparison	Market price (RMB/square meter)	6,052–76,000
	Car park	21,860	Direct comparison	Market price (RMB/per car park)	85,850–390,800
Investment properties under construction	Commercial properties	12,154	Residual method	Market price (RMB/square meter)	4,625–24,108
				Budgeted cost (RMB/square meter)	186–6,149
				Anticipated developer's profit margin	2.00%–25.00%
	Car park	9,976	Residual method	Market price (RMB/per car park)	90,000–200,000
				Budgeted cost (RMB/square meter)	100–2,895
				Anticipated developer's profit margin	2.00%–20.00%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8 INVESTMENT PROPERTIES (Continued)

(C) INFORMATION ABOUT FAIR VALUE MEASUREMENTS USING SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3) (Continued)

Relationship of unobservable inputs to fair value:

- The higher terminal and reversionary yield, the lower fair value;
- The higher capitalisation rate, the lower fair value;
- The higher expected vacancy, the lower fair value;
- The higher monthly rental, the higher fair value;
- The higher market price, the higher fair value;
- The higher budgeted construction cost to be incurred, the lower fair value;
- The higher the anticipated developer's profit margin, the lower fair value.

(D) THE FOLLOWING AMOUNTS HAVE BEEN RECOGNISED IN THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME:

	Year ended 31 December	
	2015 RMB million	2014 RMB million
Rental income	241	144
Direct operating expenses arising from investment properties that generate rental income	(28)	(29)

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

	31 December	
	2015 RMB million	2014 RMB million
Not later than one year	236	200
Later than one year and not later than five years	632	468
Later than five years	525	37
	1,393	705

During the year ended 31 December 2015 and 2014, the investment properties are all located in the PRC and have lease periods less than 20 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9 PROPERTIES UNDER DEVELOPMENT

	31 December	
	2015 RMB million	2014 RMB million
Properties under development expected to be completed:		
– Within one operating cycle included under current assets	329,610	210,793
– Beyond one operating cycle included under non-current assets	248	355
	329,858	211,148
Properties under development comprise:		
– Construction costs and capitalised expenditures	118,649	80,941
– Interests capitalised	26,889	18,277
– Land use rights	184,320	111,930
	329,858	211,148

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

As at 31 December 2015, properties under development of approximately RMB119,005 million (2014: RMB96,164 million) were pledged as collateral for the Group's borrowings (note 22).

The capitalisation rate of borrowing costs for the year ended 31 December 2015 is 9.59% (2014: 9.74%).

10 COMPLETED PROPERTIES HELD FOR SALE

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

As at 31 December 2015, completed properties held for sale of approximately RMB12,187 million (2014: RMB11,709 million) were pledged as collateral for the Group's borrowings (note 22).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11 TRADE AND OTHER RECEIVABLES

	31 December	
	2015 RMB million	2014 RMB million
Trade receivables — third parties (note (a))	19,659	12,219
Other receivables:	12,779	9,031
— associates (note (b), 37)	575	1,774
— joint ventures (note (b), 37)	1,687	1
— non-controlling interests (note (b))	1,284	999
— third parties (note (c))	9,233	6,257
	32,438	21,250
Less: non-current portion	(10,730)	(5,222)
Trade receivables — third parties (note (a))	(10,327)	(4,837)
Other receivables — third parties	(403)	(385)
Current portion	21,708	16,028

As at 31 December 2015 and 2014, 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	
	2015 RMB million	2014 RMB million
Within 90 days	9,242	4,966
Over 90 days and within 180 days	122	519
Over 180 days and within 365 days	5,662	4,183
Over 365 days	4,633	2,551
	19,659	12,219

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11 TRADE AND OTHER RECEIVABLES (Continued)

As of 31 December 2015, trade receivables of RMB663 million (31 December 2014: RMB274 million) 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, and the Group normally holds collateral of the properties before collection of the outstanding balances and pass the titles to the purchasers. The directors of the Company consider that the past due trade receivables would be recovered and no provision was made against past due receivables as at 31 December 2015 (31 December 2014: nil). The ageing analysis of these trade receivables is as follows:

	31 December	
	2015 RMB million	2014 RMB million
Within 90 days	306	182
Over 90 days and within 180 days	132	61
Over 180 days and within 365 days	142	31
Over 365 days	83	—
	663	274

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.

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

- (b) Amounts are unsecured, interest free and repayable on demand.
- (c) Amounts mainly represented the deposits for construction projects.

12 PREPAYMENTS

	31 December	
	2015 RMB million	2014 RMB million
Prepaid business taxes and other taxes	3,647	1,826
Prepayments and advances to third parties:	34,528	46,042
— for acquisition of land use rights	28,689	44,887
— for acquisition of subsidiaries	2,820	—
— others	3,019	1,155
	38,175	47,868
Less: non-current portion		
— prepayment for acquisition of property, plant and equipment	(1,038)	—
	37,137	47,868

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13 INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	31 December	
	2015 RMB million	2014 RMB million
Associates	154	29
Joint ventures	8,426	1,033
	8,580	1,062

The amounts recognised in the income statement are as follows:

	Year ended 31 December	
	2015 RMB million	2014 RMB million
Share of profit/(loss) of associates	174	(50)
Share of loss of joint ventures	(566)	(54)
	(392)	(104)

INVESTMENT IN ASSOCIATES

The movement of the investment in associates is as follows:

	Year ended 31 December	
	2015 RMB million	2014 RMB million
Balance as at 1 January	29	—
Additions	136	79
Disposals	(185)	—
Share of post-tax profit/(loss) of associates	174	(50)
Balance as at 31 December	154	29

The associates are accounted for using equity method. The directors of the company consider there are no individually material associates.

There are no contingent liabilities or commitment relating to the Group's interest in the associates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13 INVESTMENT ACCOUNTED FOR USING EQUITY METHOD (Continued)

INVESTMENT IN JOINT VENTURES

The movement of the interest in joint ventures are as follows:

	Year ended 31 December	
	2015 RMB million	2014 RMB million
Balance as at 1 January	1,033	—
Additions (note (a))	7,959	1,087
Share of post-tax loss of joint ventures	(566)	(54)
Balance as at 31 December	8,426	1,033

- (a) The Group acquired 50% equity interest of Great Eastern Life Assurance (China) Co., Ltd. on 1 November 2015, which subsequently changed its name as Evergrande Life Insurance Co., Ltd. ("Evergrande Life Insurance"), at a consideration of RMB3,939 million. Evergrande Life Insurance is engaged in insurance business, including life insurance, health insurance and etc. The Group subsequently made an additional capital injection of RMB3,000 million to Evergrande Life Insurance on 29 December 2015. Pursuant to a shareholders' meeting resolution of Evergrande Life Insurance, all shareholders agreed that the additional capital injection by the Group is only attributable to the Group and other shareholders will not share the capital surplus.

Set out below is the summarised financial information for Evergrande Life Insurance as at 31 December 2015, which, in the opinion of the directors of the Company, is material to the Group.

SUMMARISED BALANCE SHEET

	31 December 2015 RMB million
Cash and cash equivalents	3,442
Other assets (excluding cash and cash equivalents)	22,348
Total assets	25,790
Financial liabilities (excluding insurance liabilities)	294
Other liabilities (including insurance liabilities)	16,543
Total liabilities	16,837
Net assets	8,953

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13 INVESTMENT ACCOUNTED FOR USING EQUITY METHOD (Continued)

SUMMARISED STATEMENT OF COMPREHENSIVE INCOME

	For the period from 1 November 2015 to 31 December 2015 RMB million
Revenue	340
Depreciation and amortization	(10)
Interest expense	(5)
Loss before tax	(234)
Income tax credit	59
Loss for the period	(175)
Other comprehensive income	8
Total comprehensive income	(167)

RECONCILIATION OF SUMMARISED FINANCIAL INFORMATION

	31 December 2015 RMB million
Net assets as at 1 November 2015	6,120
Loss for the period	(175)
Other comprehensive income	8
Capital injected by and attributable to the Group	3,000
Net assets as at 31 December 2015	8,953
Interest in Joint Venture	5,977
Goodwill	879
Carrying value	6,856

There are no contingent liabilities or commitment relating to the group's interest in joint ventures.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	31 December	
	2015 RMB million	2014 RMB million
At 1 January	123	3,845
Acquisition of subsidiaries (note 40)	282	—
Additions	4,824	2,105
Disposals	(2,683)	(6,037)
Net gains recognised in equity	49	210
	2,595	123

Available-for-sale financial assets include the following:

	31 December	
	2015 RMB million	2014 RMB million
Listed equity securities	287	—
Unlisted fund investments	928	123
Unlisted equity securities	1,230	—
Unlisted debt securities	150	—
	2,595	123

As at 31 December 2015, available-for-sale financial assets are denominated in USD and RMB.

There were no impairment provisions on available-for-sale financial assets made during the year ended 31 December 2015 (2014: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Year ended 31 December	
	2015 RMB million	2014 RMB million
As at 1 January	10,950	—
Acquisition of subsidiaries (note 40)	46	—
Additions	2,367	7,193
Disposals	(15,571)	—
Fair value gains	2,515	3,757
As at 31 December	307	10,950

As at 31 December 2015, financial assets at fair value through profit or loss represented the Group's equity investments in certain companies listed on the Main Board of the Stock Exchange (2014: China A-share listed companies), which are quoted in an active market.

Changes in fair values of financial assets at fair value through profit or loss are recorded in "Fair value gain on financial assets at fair value through profit or loss" in the consolidated statement of comprehensive income.

The fair value of all equity securities is based on their quoted prices as of 31 December 2015 and 2014 in an active market.

16 FINANCIAL INSTRUMENTS BY CATEGORY

ASSETS AS PER CONSOLIDATED BALANCE SHEET

	31 December	
	2015 RMB million	2014 RMB million
Loans and receivables		
Trade and other receivables	32,438	21,250
Restricted cash	60,932	29,651
Cash and cash equivalents	103,090	29,847
	196,460	80,748
Financial assets at fair value through profit or loss	307	10,950
Available-for-sale financial assets	2,595	123
	199,362	91,821

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16 FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

LIABILITIES AS PER CONSOLIDATED BALANCE SHEET

	31 December	
	2015 RMB million	2014 RMB million
Other financial liabilities at amortised cost		
Borrowings	296,906	156,064
Trade and other payables excluding other taxes and payroll payable	190,468	129,737
	487,374	285,801

17 RESTRICTED CASH

The restricted cash is denominated in the following currencies:

	31 December	
	2015 RMB million	2014 RMB million
– Denominated in RMB	60,627	29,315
– Denominated in other currencies	305	336
	60,932	29,651

The conversion of the RMB denominated bank balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulation of foreign exchange control promulgated by the PRC government.

As at 31 December 2015 and 2014, the Group's restricted cash mainly comprised of guarantee deposits for construction of projects, guarantee deposits for bank acceptance notes and loans, and guarantee deposits for land acquisitions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18 CASH AND CASH EQUIVALENTS

	31 December	
	2015 RMB million	2014 RMB million
Cash at bank and in hand:		
— Denominated in RMB	88,428	29,096
— Denominated in other currencies	14,662	751
	103,090	29,847

The conversion of RMB denominated balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulation of foreign exchange control promulgated by the PRC government.

Cash at banks earns interest at floating daily bank deposit rates.

19 SHARE CAPITAL AND PREMIUM

	Number of ordinary shares	Nominal value of ordinary shares US\$	Equivalent nominal value of ordinary share RMB million	Share premium RMB million
Issued and fully paid:				
As at 1 January 2014	16,046,559,000	160,465,590	1,110	4,228
Issuance of shares pursuant to the option scheme	305,630,000	3,056,300	19	859
Repurchase of shares	(1,763,128,100)	(17,631,281)	(108)	(4,097)
Dividends	—	—	—	(990)
As at 31 December 2014	14,589,060,900	145,890,609	1,021	—
As at 1 January 2015	14,589,060,900	145,890,609	1,021	—
Issuance of shares pursuant to the option scheme	312,682,000	3,126,820	19	957
Proceeds from shares issued (note a)	820,000,000	8,200,000	50	3,580
Repurchase of shares (note b)	(1,923,313,000)	(19,233,130)	(119)	(4,537)
As at 31 December 2015	13,798,429,900	137,984,299	971	—

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19 SHARE CAPITAL AND PREMIUM (Continued)

- (a) On 28 May 2015, 820,000,000 shares of the Company were placed to certain investors at price of HK\$5.67 per share.
- (b) During the year ended 31 December 2015, the Company repurchased an aggregate of 1,923,313,000 shares of its own shares through the Stock Exchange, at a consideration of HK\$10,299 million (equivalent to approximately RMB8,266 million).

20 RESERVES

	Merger reserve	Other reserves	Statutory reserves	Employee share option reserve	Capital redemption reserve	Total
	RMB million (note (a))	RMB million	RMB million (note (b))	RMB million (note (c))	RMB million	RMB million
Balance at 1 January 2014	(986)	747	3,922	542	7	4,232
Revaluation of available-for-sale financial assets, net of tax	—	157	—	—	—	157
Retained earnings appropriated to statutory reserves	—	—	1,514	—	—	1,514
Issuance of shares pursuant to the option scheme	—	—	—	(252)	—	(252)
Employee share option scheme	—	—	—	42	—	42
Repurchase of shares	—	—	—	—	108	108
Changes in ownership interests in subsidiaries without change of control	—	48	—	—	—	48
Balance at 31 December 2014	(986)	952	5,436	332	115	5,849
Revaluation of available-for-sale financial assets, net of tax	—	30	—	—	—	30
Retained earnings appropriated to statutory reserves	—	—	1,851	—	—	1,851
Issuance of shares pursuant to the option scheme	—	—	—	(268)	—	(268)
Employee share option scheme (note (c))	—	—	—	112	—	112
Repurchase of shares	—	—	—	—	119	119
Changes in ownership interests in subsidiaries without change of control (note 38)	—	(56)	—	—	—	(56)
Balance at 31 December 2015	(986)	926	7,287	176	234	7,637

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20 RESERVES (Continued)

(A) MERGER RESERVE

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

(B) STATUTORY RESERVES

Pursuant to the relevant rules and regulation concerning foreign investment enterprise established in the PRC and the articles of association of certain PRC subsidiaries of the Group, those subsidiaries are required to transfer an amount of their profit after taxation to the statutory reserve fund, until the accumulated total of the fund reaches 50% of their registered capital. The statutory reserve fund may be distributed to equity holders in form of bonus issue.

(C) EMPLOYEE SHARE OPTION RESERVE

Share options are granted to directors and other selected employees. Options are conditional on the employee have served the Group for certain periods (the vesting period). The Group has no legal or constructive obligation to repurchase or settle the options in cash.

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

On 18 May 2010, 713,000,000 share options (the "2010 Options") were granted to directors and employees with an exercise price of HK\$2.4 per share. All the options granted will be exercisable within 5 years after vesting.

On 9 October 2014, 530,000,000 share options (the "2014 Options") were granted to directors and employees with an exercise price of HK\$3.05 per share. All the options granted will be exercisable within 5 years after vesting.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20 RESERVES (Continued)

Movements of share options are as follows:

	Number of share options
Year ended 31 December 2014	
Balance at 1 January 2014	678,065,000
Granted on 9 October 2014	530,000,000
Exercised during the year	(305,630,000)
Lapsed during the year	(5,750,000)
Balance at 31 December 2014	896,685,000
Year ended 31 December 2015	
Balance at 1 January 2015	896,685,000
Exercised during the year	(312,682,000)
Lapsed during the year	(57,430,000)
Balance at 31 December 2015	526,573,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20 RESERVES (Continued)

Particulars of share options as at 31 December 2015 and 2014 are as follows:

Date of grant	Vesting period	Exercise period	Exercise price	Number of outstanding shares as at 31 December	
				2015	2014
Pre-IPO Options:					
14 October 2009	2 years	5 November 2011– 5 November 2015	HK\$3.5	–	39,779,000
14 October 2009	3 years	5 November 2012– 5 November 2015	HK\$3.5	–	77,520,000
2010 Options:					
18 May 2010	31 Months	31 December 2012– 13 December 2017	HK\$2.4	–	83,128,000
18 May 2010	43 Months	31 December 2013– 13 December 2018	HK\$2.4	–	83,129,000
18 May 2010	55 Months	31 December 2014– 13 December 2019	HK\$2.4	59,362,000	83,129,000
2014 Options:					
9 October 2014	1 year	9 October 2015– 8 October 2016	HK\$3.05	77,451,000	106,000,000
9 October 2014	2 years	9 October 2016– 8 October 2017	HK\$3.05	97,440,000	106,000,000
9 October 2014	3 years	9 October 2017– 8 October 2018	HK\$3.05	97,440,000	106,000,000
9 October 2014	4 years	9 October 2018– 8 October 2019	HK\$3.05	97,440,000	106,000,000
9 October 2014	5 years	9 October 2019– 8 October 2024	HK\$3.05	97,440,000	106,000,000
				526,573,000	896,685,000

The weighted average fair value of all options granted was determined by reference to valuation prepared by an independent valuer, Real Actuarial Consulting Limited, using the Binomial Model.

The weighted average fair value of options granted during the year ended 31 December 2014 determined using the Binomial Model was HK\$0.78. The significant inputs into the model were share price of HK\$3.05 at the date of grant, annual risk free rate of 1.81%, expected volatility of 49%, life of the option of ten years and expected dividend yield of 5.7%, which are based on the best estimate of the Company's directors. The value of an option varies with different variables of certain subjective assumption.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21 PERPETUAL CAPITAL INSTRUMENTS

During the year ended 31 December 2015, the Company and certain wholly owned subsidiaries of the Company (the “issuers”) issued subordinated perpetual capital instruments with the aggregate net proceeds of RMB44,322 million (2014: RMB26,347 million).

The perpetual capital instruments issued by the Company are unsecured, the perpetual capital instruments issued by subsidiaries are jointly guaranteed by the Company and holding companies of these subsidiaries and secured by pledges of the shares of the these subsidiaries. There is no maturity of the instruments and the payments of distribution can be deferred at the discretion of the Company, and there is not any limits as to the number of times of deferral of distribution. The perpetual capital instruments are callable. When the issuers or the Company elects to declare dividends to their shareholders, the issuers shall make distribution to the holders of perpetual capital instruments at the distribution rate as defined in the subscription agreement.

Movement of the perpetual capital instruments is as follows:

	Principal	Distribution	Total
Balance as at 1 January 2014	24,367	657	25,024
Issuance of perpetual capital instruments	26,347	—	26,347
Redemption of perpetual capital instruments	(960)	—	(960)
Profit attributable to holders of perpetual capital instruments	—	4,339	4,339
Distribution to holders of perpetual capital instruments	—	(1,898)	(1,898)
Balance as at 31 December 2014	49,754	3,098	52,852
Issuance of perpetual capital instruments by the Company	9,643	—	9,643
Issuance of perpetual capital instruments by subsidiaries	34,679	—	34,679
Redemption of perpetual capital instruments	(20,902)	—	(20,902)
Profit attributable to holders of perpetual capital instruments	—	5,088	5,088
Distribution to holders of perpetual capital instruments	—	(5,623)	(5,623)
Balance as at 31 December 2015	73,174	2,563	75,737

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22 BORROWINGS

	31 December	
	2015 RMB million	2014 RMB million
Borrowings included in non-current liabilities:		
Bank borrowings (note (f))	96,760	55,539
Senior notes	19,854	12,774
– Senior notes issued in 2011 (“2011 Senior Notes”) (note (a))	3,699	3,678
– Senior notes issued in 2013 (“2013 Senior Notes”) (note (b))	9,677	9,096
– Senior notes issued in 2015 (“2015 Senior Notes”) (note (c))	6,478	–
PRC corporate bonds (note (d))	39,549	–
Other borrowings (note (e))	78,535	52,268
	234,698	120,581
Less: current portion of non-current borrowings	(96,536)	(44,180)
	138,162	76,401
Borrowings included in current liabilities:		
Bank borrowings	29,939	20,588
Current portion of non-current borrowings	96,536	44,180
Other borrowings	32,269	14,895
	158,744	79,663
Total borrowings	296,906	156,064
The total borrowings are denominated in the following currencies:		
RMB	241,876	129,332
US dollar	47,798	18,382
HK dollar	7,187	8,350
Others	45	–
	296,906	156,064

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22 BORROWINGS (Continued)

(A) 2011 SENIOR NOTES

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

(B) 2013 SENIOR NOTES

On 31 October 2013, the Company issued 8.75%, five-year senior notes with an aggregated principal amount of US\$1,000 million (equivalent to approximately RMB6,141 million) at 100% of the face value. On 13 November 2013, the Company further issued additional senior notes in the same terms with an aggregated principal amount of US\$500 million (equivalent to approximately RMB3,071 million) at 100% of the face value.

(C) 2015 SENIOR NOTES

On 17 February 2015, the Company issued 12.00%, five-year senior notes with an aggregated principal amount of US\$1,000 million (equivalent to approximately RMB6,133 million) at 100% of the face value.

The above senior notes are jointly guaranteed by certain subsidiaries and secured by pledges of the shares of those subsidiaries. The net assets of these subsidiaries as at 31 December 2015 were approximately RMB35,990 million (2014: RMB14,586 million).

(D) PRC CORPORATE BONDS

On 19 June 2015, a subsidiary of the Company issued 5.38%, five-year PRC corporate bonds ("PRC bonds") with an aggregated principal amount of RMB5,000 million at 100% of the face value.

On 7 July 2015, a subsidiary of the Company issued 5.30%, four-year PRC bonds with an aggregated principal amount of RMB6,800 million and 6.98%, seven-year PRC bonds with an aggregated principal amount of RMB8,200 million at 100% of the face value.

On 16 October 2015, a subsidiary of the Company issued 7.38%, five-year PRC bonds with an aggregated principal amount of RMB17,500 million and 7.88%, five-year PRC bonds with an aggregated principal amount of RMB2,500 million at 100% of the face value.

Except for the PRC bonds amounting to RMB2,500 million issued on 16 October 2015, other PRC bonds contain the early redemption options:

Early redemption options are regarded as embedded derivatives not closely related to the host contract. The directors consider that the fair value of the early redemption options was insignificant as at the time of initial recognition and 31 December 2015 (2014: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22 BORROWINGS (Continued)

(E) OTHER BORROWINGS

Certain group companies in the PRC which are engaged in development of real estate projects have entered into fund arrangements with certain financial institutions (the "Trustees"), respectively, pursuant to which Trustees raised trust funds and injected the funds to the group companies. All the funds bear fixed interest rates and have fixed repayment terms.

As at 31 December 2015, the Group's other borrowings of RMB68,858 million (2014: RMB37,554 million) were secured by pledge of the Group's property, plant and equipment, land use rights, investment properties, properties under development, completed properties held for sale, cash in bank, intangible asset, account receivables and equity interest of certain subsidiaries, totalling RMB71,799 million (2014: RMB50,862 million).

(F) BANK BORROWINGS

As at 31 December 2015, the Group's bank borrowings of RMB109,064 million (2014: RMB 61,294 million) were secured by pledge of the Group's property, plant and equipment, land use rights, investment properties, properties under development, completed properties held for sale, cash in bank intangible asset, account receivables and equity interests of certain subsidiaries, totalling RMB152,614 million (2014: RMB108,483 million).

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

	6 months or less RMB million	6–12 months RMB million	1–5 years RMB million	Total RMB million
At 31 December 2015	112,563	58,066	66,874	237,503
At 31 December 2014	64,017	29,466	49,807	143,290

The maturity of the borrowings is as follows:

	31 December	
	2015 RMB million	2014 RMB million
Bank borrowings, other borrowings, senior notes and PRC bonds:		
Within 1 year	158,744	79,663
1–2 years	54,844	55,859
2–5 years	73,957	19,631
Over 5 years	9,361	911
	296,906	156,064

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22 BORROWINGS (Continued)

The effective interest rates were as follows:

	31 December 2015		31 December 2014	
	RMB million	Effective interest rate	RMB million	Effective interest rate
Bank and other borrowings	237,503	7.98%	143,290	8.24%
Senior notes	19,854	10.18%	12,774	9.27%
PRC bonds	39,549	7.01%	—	—

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

	31 December 2015		31 December 2014	
	Carrying amount RMB million	Fair value RMB million	Carrying amount RMB million	Fair value RMB million
Bank and other borrowings	82,458	82,458	63,627	63,627
Senior notes	16,155	16,396	12,774	12,208
PRC bonds — public	19,549	21,038	—	—
PRC bonds — non-public	20,000	20,000	—	—

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

The fair values of senior notes as at 31 December 2015 are determined directly by references to the price quotations published by the Singapore Exchange Limited and The Hong Kong Exchanges and Clearing Limited on 31 December 2015, the last dealing date of 2015.

The fair value of the public PRC bonds at 31 December 2015 are determined directly by references to the price quotations published by The Shanghai Stock Exchange Limited on 31 December 2015, the last dealing date of 2015.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23 DEFERRED INCOME TAX

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

	31 December	
	2015 RMB million	2014 RMB million
Deferred income tax assets to be recovered within 12 months	(1,502)	(1,180)
Deferred income tax assets to be recovered after more than 12 months	(1,250)	(1,267)
Deferred income tax assets	(2,752)	(2,447)
Deferred income tax liabilities to be settled within 12 months	1,850	1,233
Deferred income tax liabilities to be settled after more than 12 months	15,719	9,038
Deferred income tax liabilities	17,569	10,271
	14,817	7,824

The net movements on the deferred taxation are as follows:

	Year ended 31 December	
	2015 RMB million	2014 RMB million
Beginning of the year	7,824	5,426
Acquisition of subsidiaries (note 40)	3,134	21
Tax charged relating to components of other comprehensive income	19	52
Recognised in income tax expenses (note 31)	3,840	2,325
Ending of the year	14,817	7,824

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23 DEFERRED INCOME TAX (Continued)

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

DEFERRED INCOME TAX ASSETS

	Temporary difference on unrealised profit of intercompany transactions	Tax losses	Temporary difference on recognition of cost of sales and expenses	Revaluation of available- for-sale financial assets	Carrying amount of land use right smaller than the tax bases	Total
	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
As at 1 January 2014	(243)	(776)	(220)	(52)	—	(1,291)
Charged to other comprehensive income	—	—	—	52	—	52
Credited to the income tax expenses	(105)	(1,102)	(1)	—	—	(1,208)
As at 31 December 2014	(348)	(1,878)	(221)	—	—	(2,447)
Acquisition of subsidiaries (Credited)/charged to the income tax expenses	—	—	—	—	(45)	(45)
	(255)	174	(179)	—	—	(260)
As at 31 December 2015	(603)	(1,704)	(400)	—	(45)	(2,752)

Deferred income tax assets are recognised for tax losses carry-forwards to the extent that the realisation of the related benefit through future taxable profits is probable. The Group did not recognise deferred tax assets of RMB1,396 million (2014: RMB871 million) in respect of tax losses amounting to RMB5,582 million (2014: RMB3,485 million) in certain subsidiaries as the future profit streams of these subsidiaries are uncertain. These tax losses will expire in the following years:

Year	RMB million
2016	568
2017	906
2018	1,057
2019	691
2020	2,360
	5,582

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23 DEFERRED INCOME TAX (Continued)

DEFERRED INCOME TAX LIABILITIES

	Excess of carrying amount of land use right and intangible asset over the tax bases	Temporary difference on recognition of fair value gain of investment properties	Withholding tax on profit to be distributed in future	Revaluation of available- for-sale financial assets	Total
	RMB million	RMB million	RMB million	RMB million	RMB million
As at 1 January 2014	311	6,194	212	—	6,717
Acquisition of subsidiaries (Credited)/charged to the income tax expenses	21 (3)	— 3,336	— 200	—	21 3,533
As at 31 December 2014	329	9,530	412	—	10,271
Acquisition of subsidiaries Charged to other comprehensive income (Credited)/charged to the income tax expenses	3,179 — (347)	— — 4,227	— — 220	— 19 —	3,179 19 4,100
As at 31 December 2015	3,161	13,757	632	19	17,569

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24 TRADE AND OTHER PAYABLES

	31 December	
	2015 RMB million	2014 RMB million
Trade payables		
— third parties	132,517	91,889
Other payables:	54,465	34,780
— associates	701	1,102
— joint ventures	598	—
— payable to the unit holders of consolidated investment entities (note (b))	1,760	5,620
— third parties (note (c))	14,029	13,475
— payables for acquisition of land use rights	13,674	8,546
— payables for acquisition of subsidiaries	16,267	—
— payables for acquisition of a joint venture	2,157	—
— amounts due to non-controlling interests (note (a))	5,279	6,037
Accrued expenses	3,488	2,186
Payroll payable	1,498	882
Other taxes payable	1,822	1,111
	193,790	130,848
Less: non-current portion		
Other payables:	(2,481)	(7,175)
— third parties	(127)	(256)
— payable to the unit holders of consolidated investment entities (note (b))	(1,760)	(5,620)
— amounts due to non-controlling interests (note (a))	(594)	(1,299)
Current portion	191,309	123,673

- (a) Amounts included certain cash advances from non-controlling interests of approximately RMB527 million (2014: RMB690 million) which bear average interest rate at 12% per annum (2014: 12%) and are repayable according to respective agreements.
- (b) Amounts represented cash advances from the unit holders of consolidated investment entities of approximately RMB1,760 million (2014: RMB5,620 million) which bear average interest rate at 9.6% per annum (2014: 8%) and are repayable in 2019.
- (c) Amounts mainly represented deposits and temporary receipts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24 TRADE AND OTHER PAYABLES (Continued)

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

	31 December	
	2015 RMB million	2014 RMB million
Within one year	119,488	81,223
Over one year	13,029	10,666
	132,517	91,889

The trade and other payables are denominated in the following currencies:

	31 December	
	2015 RMB million	2014 RMB million
— Denominated in RMB	180,409	127,298
— Denominated in other currencies	13,381	3,550
	193,790	130,848

25 CURRENT INCOME TAX LIABILITIES

The current income tax liabilities are analysed as follows:

	31 December	
	2015 RMB million	2014 RMB million
Income tax payables		
— PRC corporate income tax	10,037	5,742
— PRC land appreciation tax	13,530	11,811
	23,567	17,553

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26 OTHER GAINS – NET

	Year ended 31 December	
	2015 RMB million	2014 RMB million
Gain on disposal of a subsidiary	—	719
Gain/(loss) on disposal of available-for-sale financial assets	323	(185)
	323	534

27 OTHER INCOME

	Year ended 31 December	
	2015 RMB million	2014 RMB million
Interest income from bank deposits	1,007	312
Forfeited customer deposits	202	27
Gain on disposal of investment properties	185	306
Dividend income of available-for-sale financial assets	43	210
Others	825	576
	2,262	1,431

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28 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	
	2015 RMB million	2014 RMB million
Cost of properties sold — including construction cost, land cost and interest cost	83,302	70,611
Business tax and other levies (note (a))	7,518	6,375
Employee benefit expenditure — including directors' emoluments	11,127	7,882
Less: capitalised in properties under development, investment properties under construction and construction in progress	(3,450)	(2,499)
Employee benefit expenses (note 29)	7,677	5,383
Advertising expenses	7,952	5,070
Sales commissions	795	583
Depreciation	1,278	983
Amortisation	176	153
Auditors' remuneration		
— Audit service	20	16
Operating lease expenses	250	228
Donations	249	311

(A) BUSINESS TAX

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29 EMPLOYEE BENEFIT EXPENSES

	Year ended 31 December	
	2015 RMB million	2014 RMB million
Wages, salaries and bonus	8,796	6,229
Pension costs — statutory pension (note (a))	842	624
Staff welfare	1,023	719
Medical benefits	354	268
Employee share option schemes	112	42
	11,127	7,882
Less: capitalised in properties under development, investment properties under construction and construction in progress	(3,450)	(2,499)
	7,677	5,383

(A) PENSIONS — DEFINED CONTRIBUTION PLANS

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

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

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

	Year ended 31 December	
	2015 RMB million	2014 RMB million
Gross scheme contributions	842	624

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29 EMPLOYEE BENEFIT EXPENSES (Continued)

(B) FIVE HIGHEST PAID INDIVIDUALS

During the year ended 31 December 2015, the five highest paid individuals include 5 directors (2014: 3), whose emoluments are reflected in the analysis presented in note 43. The aggregate amounts of emoluments of the other two highest paid individuals for the year ended 31 December 2014 are set out below:

	Year ended 31 December	
	2015 RMB million	2014 RMB million
Salaries and other benefits	—	58

The emoluments fell within the following bands:

	Year ended 31 December	
	2015	2014
HK\$20,000,000 to HK\$50,000,000	—	2

(C) During the year ended 31 December 2015, no emolument was paid by the group entities to any of the above directors or the highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2014: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 FINANCE COSTS

	Year ended 31 December	
	2015 RMB million	2014 RMB million
Interest expenses		
– Bank and other borrowings	(17,831)	(11,964)
– Senior notes	(1,539)	(1,684)
– PRC bonds	(925)	–
– Less: interest capitalised	20,295	13,633
	–	(15)
Exchange losses from borrowings	(2,842)	(47)
Less: exchange losses capitalised	655	–
	(2,187)	(47)
Other finance costs	(807)	(953)
	(2,994)	(1,015)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 INCOME TAX EXPENSES

	Year ended 31 December	
	2015 RMB million	2014 RMB million
Current income tax		
— Hong Kong profit tax	1	—
— PRC corporate income tax	5,811	6,627
— PRC land appreciation tax	4,453	4,223
	10,265	10,850
Deferred income tax (note 23)		
— PRC corporate income tax	2,377	832
— PRC land appreciation tax	1,463	1,493
	14,105	13,175

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	
	2015 RMB million	2014 RMB million
Profit before income tax	31,445	31,191
Add: Share of loss of investments in joint ventures and associates, net	392	104
	31,837	31,295
Calculated at PRC corporate income tax rate	7,959	7,824
PRC land appreciation tax deductible for PRC corporate income tax purposes	(1,479)	(1,429)
Income not subject to tax (note (a))	(587)	(1,206)
Expenses not deductible for tax purposes (note (b))	1,486	761
Tax losses for which no deferred income tax asset was recognised	590	173
	7,969	6,123
PRC corporate income tax	7,969	6,123
PRC withholding income tax	220	1,336
PRC land appreciation tax	5,916	5,716
	14,105	13,175

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 INCOME TAX EXPENSES (Continued)

- (a) Income not subject to tax for the year ended 31 December 2015 mainly comprised fair value gain on financial assets at fair value through profit or loss.
- (b) Expenses not deductible for tax purpose for the year ended 31 December 2015 mainly comprised: (i) the cost of land premium without official invoices resulted from the land acquisitions through acquisitions of companies; and (ii) exchange losses and expenses incurred by offshore group companies.
- (c) The applicable PRC corporate income tax rate for the year ended 31 December 2015 is 25% (2014: 25%).

OVERSEAS INCOME TAX

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

HONG KONG PROFITS TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profit for the current period in respect of operations in Hong Kong. (2014: 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% (2014: 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32 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	
	2015	2014
Profit attributable to shareholders of the Company (RMB million)	10,460	12,604
Weighted average number of ordinary shares in issue (millions)	14,667	14,762
Basic earnings per share (RMB)	0.713	0.854

(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	
	2015	2014
Profit attributable to equity holders of the Company (RMB million)	10,460	12,604
Weighted average number of ordinary shares in issue (millions)	14,667	14,762
Adjustments for share options (millions)	217	86
Weighted average number of ordinary shares for diluted earnings per share (millions)	14,884	14,848
Diluted earnings per share (RMB)	0.703	0.849

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33 DIVIDENDS

A final dividend in respect of the year ended 31 December 2015 of RMB0.38 per share amounting to approximately RMB 5,200 million has been proposed by the Board on 29 March 2016, which is subject to approval by the shareholders in the forthcoming Annual General Meeting. These financial statements have not reflected this dividend payable.

A final dividend in respect of the year ended 31 December 2014 of RMB0.43 per share totaling RMB6,732 million was paid on 2 July 2015.

34 NET CASH GENERATED FROM OPERATIONS

	Year ended 31 December	
	2015 RMB million	2014 RMB million
Profit for the year	17,340	18,016
Adjustments for:		
Income tax expenses	14,105	13,175
Interest income from bank deposits (note 27)	(1,007)	(312)
Finance cost (note 30)	807	968
Exchange loss (note 30)	2,187	47
Depreciation (note 6)	1,278	983
Amortisation	176	153
Employee share option schemes (note 20)	112	42
Fair value gains on investment properties (note 8)	(12,859)	(9,393)
Fair value gains on financial assets at fair value through profit or loss (note 15)	(2,515)	(3,757)
Gain on disposal of investment properties (note 27)	(185)	(306)
Loss/(gain) on disposal of property, plant and equipment, and intangible assets	26	(13)
Share of loss of investments accounted for using equity method (note 13)	392	104
Others	(366)	(719)
Changes in working capital:		
Properties under development and completed properties held for sale	(79,676)	(48,011)
Inventories	(733)	—
Restricted cash as guarantee for construction of projects and other operating activities	(7,877)	(4,135)
Trade and other receivables and prepayments	4,163	(16,576)
Trade and other payables and receipt in advance from customers	66,523	25,633
Net cash generated from/(used in) operations	1,891	(24,101)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35 FINANCIAL GUARANTEES

	31 December	
	2015 RMB million	2014 RMB million
Guarantees in respect of mortgage facilities for certain purchasers of the Group's property units (note (a))	141,591	102,698
Guarantees for borrowings of cooperation parties (note (b))	3,448	—
	145,039	102,698

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

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

- (b) It represents guarantees provided to certain cooperation parties (mainly construction subcontractors) of the Group, who are independent third parties, to obtain borrowings after assessing the credit history of these cooperation parties. The Group closely monitors the repayment progress of the relevant borrowings by these cooperation parties. The directors consider that the likelihood of default in payments is minimal and the financial guarantees measured at fair value is immaterial.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36 COMMITMENTS

(A) OPERATING LEASES COMMITMENTS

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

	31 December	
	2015 RMB million	2014 RMB million
Property, plant and equipment:		
Not later than one year	117	236
Later than one year and not later than five years	349	229
Later than five years	12	4
	478	469

(B) COMMITMENTS FOR PROPERTY DEVELOPMENT AND ACQUISITION OF SUBSIDIARIES

	31 December	
	2015 RMB million	2014 RMB million
Contracted but not provided for		
— Property development activities	79,519	78,839
— Acquisition of land use rights	20,899	15,930
— Acquisition of subsidiaries	41,525	—
	141,943	94,769

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37 RELATED PARTY TRANSACTIONS

(A) NAME AND RELATIONSHIP WITH RELATED PARTIES

Name	Relationship
許家印博士 Dr. Hui Ka Yan ("Dr. Hui")	The ultimate controlling shareholder and also the director of the Company
Jinan Xikai Property Co., Ltd. 濟南西開置業有限公司	Associate of the Group
Jinan Xiye Property Co., Ltd. 濟南西業置業有限公司	Associate of the Group
Jinan Xichuang Property Co., Ltd. 濟南西創置業有限公司	Associate of the Group
Jinan Xishi Property Co., Ltd. 濟南西實置業有限公司	Associate of the Group
Dongying Yujing Property Co., Ltd. 東營御景置業有限公司	Associate of the Group
Shanghai Shencheng Culture Investment Co., Ltd. 上海申城影視傳媒有限公司	Associate of the Group
Qianhai Kaiyuan Asset Management (Shenzhen) Co., Ltd. 前海開源資產管理(深圳)有限公司	Associate of the Group
Hunan Repulse Bay Xiangya Hot Spring Garden Co., Ltd. 湖南淺水灣湘雅溫泉花園有限公司	Associate of the Group
Guangzhou Evergrande Taobao Football Club Corp., Ltd. 廣州恒大淘寶足球俱樂部股份有限公司	Joint venture of the Group
Inner Mongolia Luqiao Property Co., Ltd. 內蒙古魯橋置業有限公司	Joint venture of the Group
Evergrande Life Insurance Co., Ltd. 恒大人壽保險有限公司	Joint venture of the Group
Hangzhou Jingli Property Co., Ltd. 杭州晶立置業有限公司	Joint venture of the Group

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37 RELATED PARTY TRANSACTIONS (Continued)

(B) TRANSACTIONS WITH RELATED PARTIES

During the years ended 31 December 2015 and 2014, the Group had the following significant transactions with related parties, which are carried out in the normal course of the Group's business:

	Year ended 31 December	
	2015 RMB million	2014 RMB million
Revenue		
Sales of goods to associates	77	36
Provision of services to a joint venture	23	—
Rental income from joint ventures	4	
	104	36
Cost		
Advertisement service fees charged by joint ventures	39	—
Purchase of goods from a joint venture	77	10
	116	10

Aforementioned revenue and cost were charged in accordance with the terms of the underlying agreements which, in the opinion of the directors of the Company, were determined with reference to the market price of the prescribed year. In the opinion of the directors of the Company, the above related party transactions were carried out in the normal course of business and at terms mutually negotiated between the Group and the respective related parties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37 RELATED PARTY TRANSACTIONS (Continued)

(C) BALANCES WITH RELATED PARTIES

As at 31 December 2015 and 2014, the Group had the following significant non-trade balances with related parties:

	31 December	
	2015 RMB million	2014 RMB million
Due from related parties (i)		
Included in trade and other receivables:		
— Associates	575	1,774
— Joint ventures	1,687	1
	2,262	1,775
Due to related parties (i)		
Included in trade and other payables:		
— Associates	701	1,102
— Joint ventures	598	—
	1,299	1,102

Note (i): The balances are cash advances in nature, which are unsecured, interest-free and repayable on demand.

(D) KEY MANAGEMENT COMPENSATION

Key management includes directors and heads of major operational departments. The compensation paid or payable to key management for employee services is shown below:

	Year ended 31 December	
	2015 RMB million	2014 RMB million
Salaries and other employee benefits	318	190
Retirement scheme contributions	1	1
	319	191

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

38 CHANGE IN OWNERSHIP INTERESTS IN SUBSIDIARIES WITHOUT CHANGE OF CONTROL

During the year ended 31 December 2015, the Group acquired certain equity interests of certain subsidiaries from non-controlling shareholders at a total consideration of RMB141 million. The difference between consideration paid and the carrying amount of equity interests acquired, which amounted to RMB56 million, was recognised as a decrease in reserves.

39 ACQUISITION OF SUBSIDIARIES

During the year ended 31 December 2015, the Group acquired controlling interests of certain property development companies in the PRC at consideration totalling approximately RMB30,381 million. These companies only held parcels of land and did not conduct any substantial operation before they were acquired by the Group. Thus, the directors are of the view that the acquisitions do not constitute acquisition of businesses, and should be treated as acquisition of land use rights. These acquisitions resulted in an increase in the non-controlling interests of the Group totalling RMB1,649 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

40 BUSINESS COMBINATIONS

During the year ended 31 December 2015, the Group acquired controlling interests of certain property development companies and other companies in the PRC and Hong Kong to increase its land reserve, optimize its regional layout and diversify its business. These companies have conducted substantial operation before they were being acquired by the Group. Thus, the directors are of the view that the acquisitions constitute acquisition of businesses.

(I) ACQUISITION OF STARHIGH INTERNATIONAL LIMITED AND ITS SUBSIDIARIES

In July 2015, the Group acquired 60% equity interest of Starhigh International Limited and its subsidiaries which are engaged in real estate development in the PRC at a total consideration of RMB5,500 million.

The following table summarises the consideration paid for the acquisition, the fair value of assets acquired and liabilities assumed at the acquisition date.

	RMB million
Cash consideration	5,500
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	883
Property, plant and equipment	105
Investment properties	326
Intangible assets	4
Available-for-sale financial assets	282
Properties under development	6,872
Completed properties held for sale	3,640
Trade and other receivables	759
Prepayments	170
Borrowings	(212)
Trade and other payables	(2,677)
Receipt in advance from customers	(883)
Deferred income tax liabilities	(1,678)
Total identifiable net assets	7,591
Non-controlling interest	(2,091)
Identifiable net assets acquired	5,500
Goodwill	—

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

40 BUSINESS COMBINATIONS (Continued)

(II) ACQUISITION OF LUCKY BENEFIT LIMITED AND RISING SHEEN LIMITED AND THEIR SUBSIDIARIES

In July 2015, the Group acquired 100% equity interest of Lucky Benefit Limited and Rising Sheen Limited and their subsidiaries which are engaged in real estate development in the PRC at a total consideration of HK\$6,500 million (equivalent to RMB5,205 million).

The following table summarises the consideration paid for the acquisition, the fair value of assets acquired and liabilities assumed at the acquisition date.

	RMB million
Cash consideration	5,205
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	921
Property, plant and equipment	721
Land use right	132
Intangible assets	3
Properties under development	5,479
Trade and other receivables	1,000
Prepayments	9
Borrowings	(2,200)
Trade and other payables	(354)
Current income tax liabilities	(6)
Deferred income tax liabilities	(500)
Total identifiable net assets	5,205
Non-controlling interest	—
Identifiable net assets acquired	5,205
Goodwill	—

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

40 BUSINESS COMBINATIONS (Continued)

(III) ACQUISITION OF BENEFIT EAST INVESTMENT LIMITED AND ITS SUBSIDIARIES

In October 2015, the Group acquired 100% equity interest of Benefit East Investments limited and its subsidiaries, which are engaged in real estate development in the PRC at a total consideration of HK\$7,000 million (equivalent to RMB5,738 million).

The following table summarises the consideration paid for the acquisition, the fair value of assets acquired and liabilities assumed at the acquisition date.

	RMB million
Cash consideration	5,738
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	561
Property, plant and equipment	1
Properties under development	5,800
Trade and other receivables	55
Trade and other payables	(113)
Receipt in advance from customers	(469)
Current income tax liabilities	(2)
Deferred income tax liabilities	(95)
Total identifiable net assets	5,738
Non-controlling interest	—
Identifiable net assets acquired	5,738
Goodwill	—

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

40 BUSINESS COMBINATIONS (Continued)

(IV) ACQUISITION OF WUHAN SANJIANG HANGTIAN REAL ESTATE DEVELOPMENT COMPANY LIMITED AND ITS SUBSIDIARIES

In September 2015, the Group acquired 67.08% equity interest of Wuhan Sanjiang Hangtian Real Estate Development Company Limited and its subsidiaries at a total consideration of RMB1,607 million.

The following table summarises the consideration paid for the acquisition, the fair value of assets acquired and liabilities assumed at the acquisition date.

	RMB million
Cash consideration	1,607
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	664
Property, plant and equipment	7
Investment properties	579
Deferred income tax assets	45
Properties under development	6,473
Trade and other receivables	907
Prepayments	47
Borrowings	(954)
Trade and other payables	(3,853)
Receipt in advance from customers	(1,050)
Deferred income tax liabilities	(464)
Total identifiable net assets	2,401
Non-controlling interest	(794)
Identifiable net assets acquired	1,607
Goodwill	—

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

40 BUSINESS COMBINATIONS (Continued)

(V) OTHER ACQUISITIONS

In February 2015, the Group acquired 74.99% equity interest of New Media Group Holdings Limited (“New Media Group”), which is a company listed on the Main Board of the Stock Exchange and subsequently renamed to Evergrande Health Industry Group Limited, at a total consideration of HK\$950 million (equivalent to RMB744 million).

In May 2015, the Group acquired 70% equity interest of Jinan Huafu Property Co., Ltd., an associate which the Company held 30% equity interest before the acquisition, at a total consideration of RMB400 million. Jinan Huafu Property Co., Ltd., became a wholly owned subsidiary of the Company after the acquisition. The transaction has been accounted for as a disposal of investment in associate and an acquisition of subsidiary.

In October 2015, the Group acquired 55% equity interest of Mascotte Holding Limited, which is a company listed on the Main Board of the Stock Exchange and subsequently renamed to HengTen Networks Group Limited, at a total consideration of HK\$493 million (equivalent to RMB413 million).

During the year ended 31 December 2015, except for the aforementioned companies, the Group also acquired certain property development companies at a total consideration of RMB4,986 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

40 BUSINESS COMBINATIONS (Continued)

(V) OTHER ACQUISITIONS (Continued)

The following table summarises the consideration paid for acquisition of these subsidiaries, the fair value of assets acquired and liabilities assumed at the acquisition date.

	RMB million
Cash consideration	6,543
Fair value of investment in an associate held before business combination	171
Total consideration	6,714
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	1,412
Property, plant and equipment	26
Investment properties	17
Intangible assets	9
Properties under development	8,602
Trade and other receivables	854
Prepayments	50
Income tax recoverable	143
Financial assets at fair value through profit or loss	46
Borrowings	(498)
Trade and other payables	(675)
Receipt in advance from customers	(2,793)
Current income tax liabilities	(88)
Deferred income tax liabilities	(442)
Total identifiable net assets	6,663
Non-controlling interest	(348)
Identifiable net assets acquired	6,315
Goodwill	399

The goodwill of RMB399 million arose from the acquisition of New Media Group. The directors of the Group consider that no impairment charge was required after performing the impairment assessment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

40 BUSINESS COMBINATIONS (Continued)

(V) OTHER ACQUISITIONS (Continued)

Reconciliation of total cash considerations of business combinations and cash outflow on acquisitions is as follows:

	RMB million
Cash considerations	24,593
Cash and cash equivalents acquired	(4,441)
Considerations deferred	(16,267)
Cash outflow on acquisitions	(3,885)

Acquisition-related costs of RMB17.2 million have been charged to administrative expenses in the consolidated statement of comprehensive income for the year ended 31 December 2015.

No contingent liability has been recognised for the business combination.

The acquired businesses contributed revenues of RMB4,910 million and net profit of RMB656 million to the Group for the period from the respective acquisition dates to 31 December 2015. If the acquisitions had occurred on 1 January 2015, consolidated revenue and consolidated profit for the year ended 31 December 2015 would have been RMB134,891 million and RMB17,725 million respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

41 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

BALANCE SHEET OF THE COMPANY

	31 December 2015 RMB million	31 December 2014 RMB million
ASSETS		
Non-current assets		
Investments in subsidiaries	15,412	3,491
Property, plant and equipment	16	10
	15,428	3,501
Current assets		
Amounts due from subsidiaries	68,969	50,687
Other receivables	790	253
Restricted cash	304	4
Cash and cash equivalents	326	706
	70,389	51,650
Total assets	85,817	55,151
EQUITY		
Capital and reserves attributable to shareholders of the Company		
Share capital and premium	971	1,021
Other reserves	1,424	1,461
Retained earnings	5,404	12,232
	7,799	14,714
Perpetual capital instruments	9,643	—
Total equity	17,442	14,714
LIABILITIES		
Non-current liabilities		
Borrowings	16,155	14,645
Current liabilities		
Borrowings	35,094	3,211
Amounts due to subsidiaries	16,304	18,400
Other payables	822	4,181
	52,220	25,792
Total liabilities	68,375	40,437
Total equity and liabilities	85,817	55,151

The balance sheet of the Company was approved by the Board on 29 March 2016 and was signed on its behalf.

Hui Ka Yan
Director

Tse Wai Wah
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

41 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

RESERVE MOVEMENT OF THE COMPANY

	Other reserves RMB million	Retained earnings RMB million
At 1 January 2014	1,563	1,080
Profit for the year	—	17,012
Dividends paid relating to 2013	—	(5,348)
Issuance of shares pursuant to the option scheme	(252)	—
Employee share option schemes	42	—
Repurchase of shares	108	(512)
At 31 December 2014	1,461	12,232
At 1 January 2015	1,461	12,232
Profit for the year	—	3,633
Dividends paid relating to 2014	—	(6,732)
Issuance of shares pursuant to the option scheme	(268)	—
Employee share option schemes	112	—
Repurchase of shares	119	(3,729)
At 31 December 2015	1,424	5,404

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

42 SUBSEQUENT EVENTS

Reference to the announcement made by the Company on 12 November 2015, the Group entered into an agreement with Great System Investment Limited to acquire a property at an aggregate consideration of HK\$12,500 million. The property is located in Wanchai, Hong Kong. The transaction was completed in March 2016.

Reference to the announcement made by the Company on 2 December 2015, the Group entered into three agreements with New World Development (China) Limited to acquire three property development companies located in Hai Kou, Huiyang and Wuhan at considerations of RMB8,600 million RMB1,100 million and RMB3,800 million respectively. These transactions were completed in March 2016.

Reference to the announcement made by the Company on 29 December 2015, the Group entered into three agreements with Chow Tai Fook Enterprises Limited and its subsidiary to acquire three property development companies located in Qingdao, Shanghai and Beijing at considerations of RMB2,000 million RMB3,500 million and RMB7,600 million respectively. These transactions were completed in March 2016.

From 4 January 2016 to 8 January 2016, the Company has repurchased an aggregate of 127,665,000 of its own shares through the Stock Exchange, at a consideration of HK\$822 million (equivalent to approximately RMB692 million). The shares have been cancelled after the repurchase.

On 11 January 2016, the Company issued 7.8%, three-year senior notes with an aggregated principal amount of US\$400 million at the face value and 8%, four-year senior notes with an aggregated principal amount of US\$300 million at the face value ("2016 Senior Notes"). The net proceeds from 2016 Senior Notes amounted to approximately US\$694 million (approximately equivalent to RMB4,554 million).

On 11 January 2016, a subsidiary of the Company issued 6.98%, four-year PRC bonds with an aggregated principal amount of RMB10,000 million at 100% of the face value.

In February and March 2016, the Group acquired 577,180,500 shares of a Hong Kong listed company, Shengjing Bank Co., Ltd ("Shengjing Bank"), which represented approximately 9.96% of the existing issued shares of Shengjing Bank.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

43 BENEFITS AND INTERESTS OF DIRECTORS

(A) DIRECTORS' AND CHIEF EXECUTIVES' EMOLUMENTS

The remuneration of directors of the Company for the year ended 31 December 2015 is set out below:

	Fees RMB'000	Salary RMB'000	Contribution to pension scheme RMB'000	Employees share option scheme RMB'000	Total RMB'000
Dr. Hui	251	—	—	—	251
Mr. Xia Haijun (Chief executive)	251	146,359	15	21,379	168,004
Mr. Tse Wai Wah	393	8,988	15	2,352	11,748
Mr. Xu Wen	240	6,857	43	1,710	8,850
Ms. He Miaoling	240	5,196	35	2,637	8,108
Mr. Andrew Huang	251	7,427	15	1,069	8,762
Mr. Chau Shing Yim David	614	—	—	214	828
Mr. He Qi	360	—	—	214	574
Ms. Xie Hongxi	360	—	—	214	574
	2,960	174,827	123	29,789	207,699

The remuneration of directors of the Company for the year ended 31 December 2014 is set out below:

	Fees RMB'000	Salary RMB'000	Contribution to pension scheme RMB'000	Employees share option scheme RMB'000	Total RMB'000
Dr. Hui	240	—	—	—	240
Mr. Xia Haijun (Chief executive)	240	66,626	13	5,659	72,538
Mr. Li Gang	80	28,656	48	471	29,255
Mr. Tse Wai Wah	240	7,362	13	1,178	8,793
Mr. Xu Wen	240	1,740	40	1,272	3,292
Ms. He Miaoling	160	1,536	40	864	2,600
Mr. Andrew Huang	210	3,399	53	306	3,968
Mr. Lai Lixin	30	355	9	—	394
Mr. Chau Shing Yim David	360	—	—	47	407
Mr. He Qi	360	—	—	47	407
Ms. Xie Hongxi	360	—	—	47	407
	2,520	109,674	216	9,891	122,301

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

43 BENEFITS AND INTERESTS OF DIRECTORS (Continued)

(B) DIRECTORS' RETIREMENT BENEFITS

During the year ended 31 December 2015, there were no additional retirement benefit received by the directors except for the attribution to a retirement benefit scheme as disclosed in note (a) above (2014: same).

(C) DIRECTORS' TERMINATION BENEFITS

During the year ended 31 December 2015, there was no termination benefits received by the directors (2014: same).

(D) CONSIDERATION PROVIDED TO THIRD PARTIES FOR MAKING AVAILABLE DIRECTORS' SERVICES

During the year ended 31 December 2015, no consideration was paid for making available the services of the directors of the Company (2014: same).

(E) INFORMATION ABOUT LOANS, QUASI-LOANS AND OTHER DEALINGS IN FAVOUR OF DIRECTORS, CONTROLLED BODIES CORPORATE BY AND CONNECTED ENTITIES WITH SUCH DIRECTORS

During year ended 31 December 2015, there were no loans, quasi-loans and other dealings entered into by the Company or subsidiaries undertaking of the Company, where applicable, in favour of directors.

(F) DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

44 PARTICULARS OF PRINCIPAL SUBSIDIARIES

The following is a list of the particulars of principal subsidiaries at 31 December 2015:

Name	Date of incorporation/ Establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest		Principal activities
			Directly	Indirectly	
<i>Incorporated in the BVI with limited liability and operating in the PRC</i>					
ANJI (BVI) Limited	26 June 2006	US\$100	100%	—	Investment holding
Shengjian (BVI) Limited	29 January 2007	US\$100	—	100%	Investment holding
Ever Grace Group Limited	18 September 2008	US\$100	—	100%	Investment holding
<i>Incorporated in Hong Kong with limited liability and operating in the PRC</i>					
Success Will Group Limited	5 July 2007	HK\$1,000	—	100%	Investment holding
Shui Wah Investment Limited	18 June 1992	HK\$4	—	100%	Property development
Wisdom Gain Group Limited	13 June 2003	US\$10,000	—	100%	Property development
Full Hill Limited	3 January 2002	US\$1	—	100%	Investment holding
Grandday Group Limited	16 January 2008	US\$100	—	100%	Investment holding
<i>Incorporated in the PRC with limited liability and operating in the PRC</i>					
恒大地產集團有限公司 Hengda Real Estate Group Company Limited	24/06/1996	RMB2,500,000,000	—	100%	Property development
恒大長基(瀋陽)置業有限公司 Hengda Changji (Shenyang) Property Company Limited	01/12/2006	RMB1,575,375,090	—	99%	Property development

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

44 PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name	Date of incorporation/ Establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest		Principal activities
			Directly	Indirectly	
南寧銀象房地產開發有限責任公司 Nanning Yinxiang Real Estate Development Company Limited	06/05/2010	RMB20,000,000	—	100%	Property development
佛山市南海新中建房地產發展有限公司 Foshan Nanhai Xinzhongjian Real Estate Development Company Limited	11/09/2001	RMB677,000,000	—	100%	Property development
海南東方明珠房地產有限公司 Hainan Oriental Pearl Real Estate Company Limited	16/12/2009	RMB70,000,000	—	100%	Property development
太原俊景房地產開發有限公司 Taiyuan Junjing Real Estate Development Corporation Limited	02/04/2010	RMB782,200,000	—	66%	Property development
恒大地產集團蘭州置業有限公司 Hengda (Lanzhou) Real Estate Group Company Limited	14/04/2010	RMB495,748,985	—	100%	Property development
城博(寧波)置業有限公司 Chengbo(Ningbo) Property Company Limited	18/01/2011	USD328,000,000	—	80%	Property development
潮州市恒大置業有限公司 Chaozhou Hengda Property Company Limited	10/07/2012	RMB280,000,000	—	100%	Property development
西安金圖置業有限公司 Xi'an Jintu Property Company Limited	19/06/2012	USD99,000,000	—	100%	Property development
鄭州御邦置業有限公司 Zhengzhou Yubang Property Company Limited	16/02/2013	RMB30,000,000	—	100%	Property development

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

44 PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name	Date of incorporation/ Establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest		Principal activities
			Directly	Indirectly	
哈爾濱市誠業房地產開發有限公司 Haerbin Chengye Real Estate Company Limited	12/04/2013	RMB450,000,000	—	100%	Property development
重慶恒大鑫泉置業有限公司 Hengda Xinquan (Chongqing) Property Company Limited	06/06/2013	RMB1,200,000,000	—	100%	Property development
北京沙河恒大置業有限公司 Shahe Hengda (Beijing) Property Company Limited	12/07/2013	RMB1,330,000,000	—	100%	Property development
江陰盛建置業有限公司 Jiangyin Shengjian Property Company Limited	12/07/2013	RMB98,039,200	—	51%	Property development
合肥粵誠置業有限公司 Yuecheng (Hefei) Property Company Limited	09/09/2013	RMB1,920,000,000	—	100%	Property development
合肥粵泰置業有限公司 Yuetai (Hefei) Property Company Limited	11/09/2013	RMB30,000,000	—	100%	Property development
常德鑫澤置業有限公司 Xinze (Changde) Property Company Limited	26/08/2013	RMB110,000,000	—	60%	Property development
恒大地產集團北京有限公司 Hengda (Beijing) Real Estate Group Company Limited	11/09/2013	RMB1,830,000,000	—	100%	Property development
柳州恒大金碧置業有限公司 Hengda Jinbi (Liuzhou) Property Company Limited	12/10/2013	RMB1,010,000,000	—	100%	Property development

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

44 PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name	Date of incorporation/ Establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest		Principal activities
			Directly	Indirectly	
北京恒興盛房地產開發有限公司 Hengxingsheng (Beijing) Real Estate Company Limited	08/11/2013	RMB3,520,000,000	—	100%	Property development
東莞市鴻郡置業有限公司 Hongjun (Dongguan) Property Company Limited	11/01/2013	RMB20,000,000	—	100%	Property development
邯鄲市大業房地產開發有限公司 Daye (Handan) Real Estate Company Limited	30/05/2012	RMB150,000,000	—	70%	Property development
北京正浩置業有限公司 Zhenghao (Beijing) Property Company Limited	04/03/2014	RMB1,750,000,000	—	100%	Property development
北京恒龍置業有限公司 Henglong (Beijing) Property Company Limited	12/03/2014	RMB1,200,000,000	—	100%	Property development
成都恒大新北城置業有限公司 Hengda New North City Property Company Limited	02/04/2014	RMB800,000,000	—	63%	Property development
成都市恒大新西城置業有限公司 Hengda New West City Property Company Limited	29/04/2014	RMB710,000,000	—	51%	Property development
太原盛世君泰房地產開發有限公司 Shengshi Juntai (Taiyuan) Real Estate Company Limited	28/07/2014	RMB261,428,600	—	70%	Property development
太原金世恒房地產開發有限公司 Jinshiheng (Taiyuan) Real Estate Company Limited	27/11/2014	RMB589,530,000	—	100%	Property development

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

44 PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name	Date of incorporation/ Establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest		Principal activities
			Directly	Indirectly	
鄭州恒林置業有限公司 Henglin (Zhengzhou) Property Company Limited	06/09/2013	RMB378,200,000	—	51%	Property development
中山長信宏展房地產有限公司 Changxin Hongzhan (Zhongshan) Real Estate Company Limited	22/08/2013	RMB10,000,000	—	100%	Property development
重慶中渝物業發展有限公司 Zhongyu (Chongqing) Property Management Company Limited	10/07/2015	USD131,000,000	—	100%	Property development
儋州信恒房地產開發有限公司 Xinheng (Danzhou) Real Estate Company Limited	19/08/2015	RMB20,000,000	—	100%	Property development
重慶尖置房地產有限公司 Jianzhi (Chongqing) Real Estate Company Limited	27/10/2015	HKD5,880,000,000	—	100%	Property development
恒大地產集團重慶有限公司 Hengda Real Estate Group (Chongqing) Company Limited	17/07/2006	RMB4,821,000,000	—	100%	Property development
湖北怡清雅築房地產開發有限公司 Yiqing Yazhu (Hubei) Real Estate Company Limited	20/03/2007	RMB320,000,000	—	100%	Property development
恒大地產集團洛陽有限公司 Hengda (Luoyang) Real Estate Group Property Company Limited	05/09/2007	RMB457,000,000	—	100%	Property development
江西宏吉投資有限公司 Jiangxi Hongji Investment Construction Company Limited	05/07/2009	RMB34,100,000	—	100%	Property development

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

44 PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name	Date of incorporation/ Establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest		Principal activities
			Directly	Indirectly	
長沙寶瑞房地產開發有限公司 Baorui (Changsha) Property Company Limited	05/03/2010	RMB470,000,000	—	100%	Property development
恒大地產集團海南有限公司 Hengda (Hainan) Real Estate Group Company Limited	30/12/2009	RMB352,000,000	—	100%	Property development
濟南恒大綠洲置業有限公司 Jinan Hengdalvzhou Property Corporation Limited	18/01/2010	RMB870,000,000	—	100%	Property development
石家莊地益嘉房地產開發有限公司 Shijiazhuang Diyijia Real Estate Company Limited	05/04/2010	RMB5,000,000	—	100%	Property development
恒大地產集團呼和浩特有限公司 Hengda (Huhehaote) Real Estate Group Company Limited	06/09/2010	RMB390,000,000	—	100%	Property development
安陽通瑞達房地產開發有限公司 Tongdatui (Anyang) Property Company Limited	08/10/2010	RMB50,000,000	—	100%	Property development
濟南恒大西區置業有限公司 Hengda West District (Jinan) Property Company Limited	16/10/2012	RMB1,000,000,000	—	60%	Property development
長春泰基房地產開發有限公司 Hengda (Huhehaote) Real Estate Group Company Limited	24/12/2010	RMB600,000,000	—	100%	Property development
佛山市南海盈裕房地產發展有限公司 Foshan Nanhai Yingyu Real Estate Development Company Limited	06/04/2012	RMB980,000,000	—	100%	Property development

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

44 PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name	Date of incorporation/ Establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest		Principal activities
			Directly	Indirectly	
恒大地產鷹潭有限公司 Hengda (Yingtán) Real Estate Group Company Limited	21/02/2011	RMB452,789,200	—	100%	Property development
清遠市銀湖城投資有限公司 Yinhucheng (Qingyuan) Investment Company Limited	28/09/2009	RMB45,000,000	—	100%	Property development
恒大地產集團韶關有限公司 Hengda Real (Shaoguan) Estate Group Company Limited	16/03/2011	RMB230,000,000	—	100%	Property development
河北龍威房地產開發有限公司 Longwei (Hebei) Real Estate Company Limited	24/02/2011	RMB10,000,000	—	100%	Property development
句容天工置業有限公司 Jurong Tiangong Property Company Limited	06/11/2009	USD50,000,000	—	100%	Property development
蘭州神駿置業有限公司 Shenjun (Lanzhou) Property Company Limited	29/06/2011	RMB200,000,000	—	100%	Property development
東莞市城邦房地產開發有限公司 Dongguan Chengbang Real Estate Group Company Limited	08/01/2008	RMB301,000,000	—	100%	Property development
齊齊哈爾恒大永興房地產開發 有限公司 Hengda Yongxing (Qiqihaer) Real Estate Company Limited	25/10/2011	RMB291,000,000	—	100%	Property development
濟南恒大翡翠華庭置業有限公司 Jinan Hengda Feicuihuating Property Company Limited	05/03/2012	RMB750,000,000	—	100%	Property development

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

44 PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name	Date of incorporation/ Establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest		Principal activities
			Directly	Indirectly	
新鄉御景置業有限公司 Xinxiang Mingdu Property Company Limited	23/05/2012	RMB100,000,000	—	100%	Property development
邢台雙達房地產開發有限公司 Xingtai Shuangda Real Estate Company Limited	06/03/2012	RMB21,430,000	—	72%	Property development
唐山兆瑞投資有限公司 Tangshan Zhaorui Investment Company Limited	10/01/2013	RMB50,000,000	—	60%	Property development
長春永基房地產開發有限公司 Yongji (Changchun) Real Estate Company Limited	20/03/2013	RMB950,000,000	—	100%	Property development
衢州恒大盛建置業有限公司 Hengda Shengjian (Quzhou) Property Company Limited	22/03/2013	RMB250,000,000	—	100%	Property development
恒大地產集團湛江御景置業有限公司 Hengda (Zhanjiang) Real Estate Group Company Limited	18/04/2013	RMB350,000,000	—	100%	Property development
漯河御盛房地產開發有限公司 Luohe Yusheng Real Estate Company Limited	21/05/2013	RMB355,000,000	—	100%	Property development
四川省仁基恒業投資有限公司 Renji Hengye (Sichuan) Investment Company Limited	13/05/2013	RMB875,000,000	—	60%	Property development
恒大廊坊房地產開發有限公司 Hengda Langfang Real Estate Company Limited	27/06/2013	RMB10,000,000	—	100%	Property development

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

44 PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name	Date of incorporation/ Establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest		Principal activities
			Directly	Indirectly	
宜昌楚天恒大房地產開發有限公司 Chutian Hengda (Yichang) Real Estate Company Limited	10/09/2013	RMB150,000,000	—	60%	Property development
長春京高房地產開發有限公司 Changchun Jinggao Real Estate Company Limited	10/10/2013	RMB621,000,000	—	100%	Property development
寧夏昊天房地產開發有限公司 Haotian (Ningxia) Real Estate Company Limited	11/10/2013	RMB486,010,000	—	100%	Property development
柳州恒大房地產開發有限公司 Hengda (Liuzhou) Real Estate Company Limited	11/10/2013	RMB20,000,000	—	100%	Property development
啟東寶豐置業有限公司 Qidong Baofeng Property Company Limited	01/01/2007	USD29,900,000	—	100%	Property development
金碧物業有限公司 Jinbi Property Management Company Limited	10/09/1997	RMB177,600,000	—	100%	Property management
杭州穗華置業有限公司 Hangzhou Suihua Property Company Limited	25/09/2013	RMB1,500,000,000	—	100%	Property development
西安盈裕置業有限公司 Xi'an Yingyu Property Company Limited	10/10/2013	USD120,000,000	—	100%	Property development

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

44 PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name	Date of incorporation/ Establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest		Principal activities
			Directly	Indirectly	
平頂山恒榮置業有限公司 Pingdingshan Hengrong Property Company Limited	21/08/2012	RMB50,000,000	—	57%	Property development
南京旭泰房地產開發有限公司 Nanjing Xutai Real Estate Company Limited	20/11/2013	RMB970,000,000	—	100%	Property development
南京美旭房地產開發有限公司 Nanjing Meixu Real Estate Company Limited	20/11/2013	RMB1,503,000,000	—	100%	Property development
石獅金碧置業有限公司 Shishi Jinbi Property Company Limited	06/09/2013	RMB20,000,000	—	100%	Property development
上海悅安置業有限公司 Shanghai Yuean Property Company Limited	24/12/2013	RMB325,000,000	—	100%	Property development
太原市俊恒房地產開發有限公司 Taiyuan Junheng Real Estate Company Limited	16/01/2014	RMB50,000,000	—	100%	Property development

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

44 PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name	Date of incorporation/ Establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest		Principal activities
			Directly	Indirectly	
大連世誠房地產開發有限公司 Dalian Shicheng Real Estate Company Limited	10/04/2014	RMB50,000,000	—	60%	Property development
濟南華府置業有限公司 Jinan Huafu Property Company Limited	27/05/2015	RMB100,000,000	—	100%	Property development
鄭州合廣置業有限公司 Zhengzhou Huguang Property Company Limited	23/01/2015	RMB30,000,000	—	100%	Property development
南寧金碧恒大置業有限公司 Nanning Jinbi Hengda Property Company Limited	11/05/2015	RMB50,000,000	—	100%	Property development
莆田金碧置業有限公司 Putian Jinbi Property Company Limited	02/04/2015	RMB20,000,000	—	100%	Property development
啟東通譽置業有限公司 Xinxiang Mingdu Property Company Limited	01/01/2007	USD74,900,000	—	100%	Property development
武漢三江航天投資發展有限公司 Sanjiang Spaceflight (Wuhan) Investment Development Company Limited	28/10/2015	RMB10,000,000	—	100%	Property development

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

44 PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name	Date of incorporation/ Establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest		Principal activities
			Directly	Indirectly	
愛美高房地產(成都)有限公司 Evergo (Chengdu) Real Estate Company Limited	14/07/2015	USD100,000,000	—	100%	Property development
安圖恒大長白山礦泉水有限公司 Hengda Mineral Water (Antu) Limited	18/02/2014	RMB530,000,000	—	100%	Mineral water production
深圳市恒大飲品有限公司 Hengda Beverage (Shenzhen) Limited	30/10/2013	RMB300,000,000	—	100%	Mineral water production
恒大世紀城(清遠)酒店有限公司 Hengda Central City (Qingyuan) Hotel limited	13/08/2012	RMB6,000,000	—	100%	Hotel
恒大地產集團天津薊縣酒店有限公司 Hengda (Tianjin) Jixian Hotel Limited	05/12/2012	RMB8,000,000	—	100%	Hotel
恒大企業集團有限公司 Hengda Enterprise Company Limited	08/01/2014	RMB10,000,000,000	—	100%	Holding company
泰來恒大綠色米業有限公司 Tailai Hengda Organic Rice Company Limited	18/08/2014	RMB100,000,000	—	100%	Food production

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

44 PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name	Date of incorporation/ Establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest		Principal activities
			Directly	Indirectly	
深圳市恒大糧油銷售有限公司 Hengda Grain and Oil (Shenzhen) Sales Company Limited	11/10/2014	RMB20,000,000	—	100%	Food production
興安恒大糧油有限公司 Xingan Hengda Grain and Oil Company Limited	27/10/2014	RMB57,000,000	—	100%	Food production
綏化恒大非轉基因壓榨大豆油 有限公司 Suihua Hengda Non-GMO Compressing Soybean Oil Company Limited	20/08/2014	RMB55,000,000	—	100%	Food production
深圳恒大母嬰用品有限公司 Hengda Maternal and Child Products (Shenzhen) Company Limited	23/10/2014	RMB20,000,000	—	100%	Dairy Production
GMP DAIRY LTD	26/10/2014	NZD2,000,000	—	51%	Dairy Production
深圳市建設集團有限公司 Shenzhen Construction Group Corporation Limited	21/01/2011	RMB300,000,000	—	100%	Construction

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

FIVE YEARS FINANCIAL SUMMARY

CONSOLIDATED ASSETS, EQUITY AND LIABILITIES

(as at 31 December)

	2011 RMB Million	2012 RMB Million	2013 RMB Million	2014 RMB Million	2015 RMB Million
ASSETS					
Non-current assets	25,502	38,447	58,770	90,812	144,691
Current assets	153,521	200,544	289,378	383,650	612,344
Total assets	179,023	238,991	348,148	474,462	757,035
EQUITY					
Total equity	34,131	41,691	79,343	112,378	142,142
LIABILITIES					
Non-current liabilities	45,089	46,922	80,608	93,847	158,212
Current liabilities	99,803	150,378	188,197	268,237	456,681
Total liabilities	144,892	197,300	268,805	362,084	614,893
Total equity and liabilities	179,023	238,991	348,148	474,462	757,035

FIVE YEARS FINANCIAL SUMMARY

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(for the year ended 31 December)

	2011 RMB Million	2012 RMB Million	2013 RMB Million	2014 RMB Million	2015 RMB Million
Revenue	61,918	65,261	93,672	111,398	133,130
Cost of Sales	(41,311)	(47,051)	(66,023)	(79,614)	(95,717)
Gross profit	20,607	18,210	27,649	31,784	37,413
Fair value gains on investment properties	4,236	4,460	5,815	9,393	12,859
Other gains	—	—	—	534	323
Other income	756	636	1,041	1,431	2,262
Selling and marketing costs	(2,721)	(3,018)	(4,310)	(9,154)	(13,325)
Administrative expenses	(2,161)	(2,601)	(3,472)	(4,039)	(6,139)
Other operating expenses	(791)	(1,164)	(1,679)	(1,396)	(1,077)
Operating profit	19,926	16,523	25,044	28,553	32,316
Fair value gain on financial assets at fair value through profit or loss	—	—	—	3,757	2,515
Finance (costs)/income, net	449	(33)	352	(1,015)	(2,994)
Share of loss of investments accounted for using equity method	—	—	—	(104)	(392)
Profit before income tax	20,375	16,490	25,396	31,191	31,445
Income tax expenses	(8,648)	(7,308)	(11,687)	(13,175)	(14,105)
Profit for the year	11,727	9,182	13,709	18,016	17,340
Other comprehensive income, net of tax	—	—	(157)	157	30
Total comprehensive income for the year	11,727	9,182	13,552	18,173	17,370
Total comprehensive income attributable to:					
Shareholders of the Company	11,324	9,171	12,454	12,761	10,490
Holders of perpetual capital instruments	—	—	657	4,339	5,088
Non-controlling interests	403	11	441	1,073	1,792
Total comprehensive income for the year	11,727	9,182	13,552	18,173	17,370





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