



恆大地產集團®

EVERGRANDE REAL ESTATE GROUP

Evergrande Real Estate Group Limited

恒大地產集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 3333



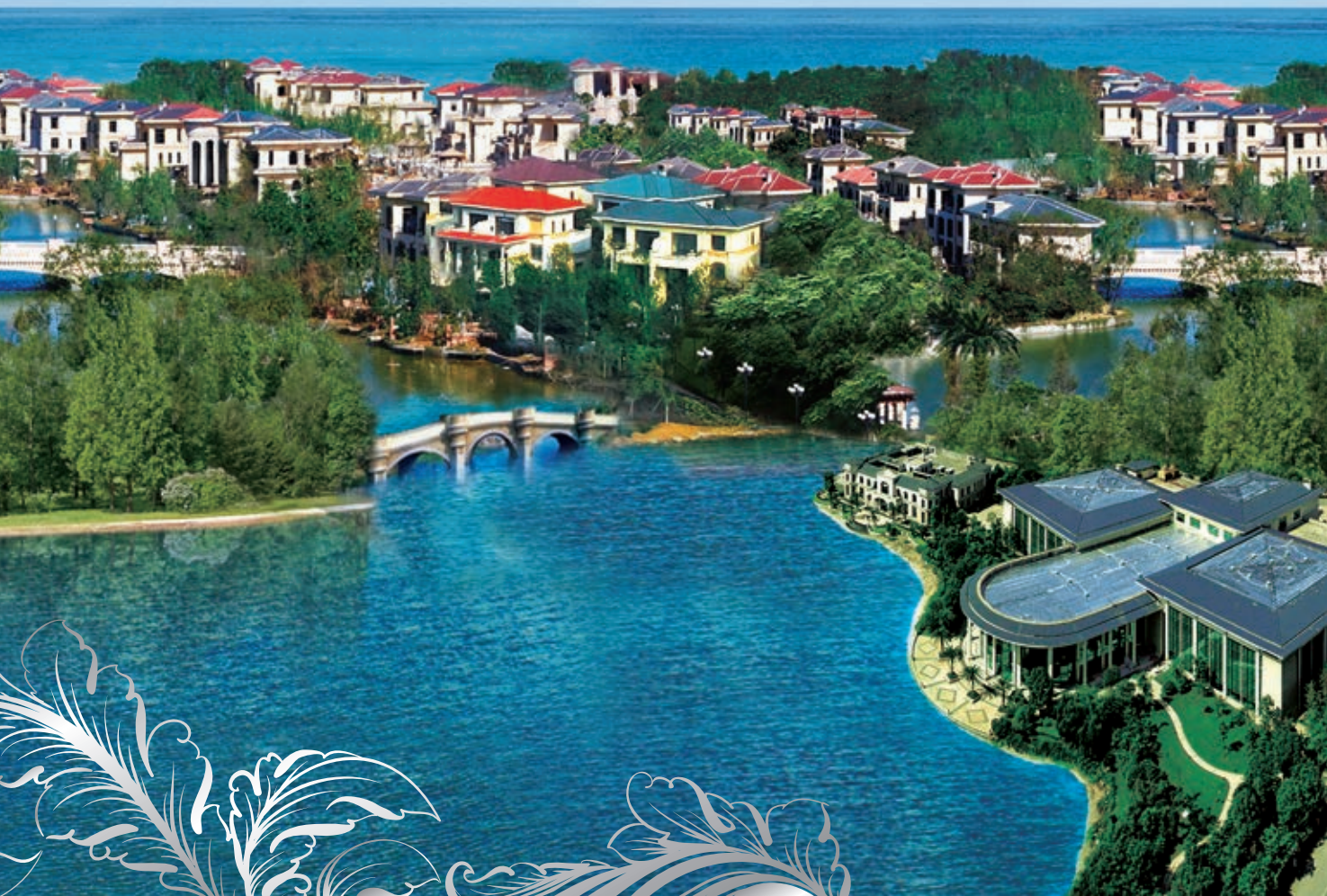
Annual Report 2013

Develop  
Stably





# Extend Stably



## 1 BEIJING CITY

- 1 Evergrande City Beijing
- 2 Evergrande Royal Scenic Bay Beijing
- 3 Evergrande Palace Beijing

## 2 SHANGHAI CITY

- 4 Evergrande Palace Shanghai
- 5 Evergrande Royal Scenic Bay Shanghai
- 6 Evergrande Sheshan Capital Shanghai
- 7 Evergrande Royal View Garden Shanghai
- 8 Evergrande Metropolis Shanghai

## 3 GUANGDONG PROVINCE

- 9 The Second Jinbi Garden
- 10 The Third Jinbi Garden
- 11 Evergrande Royal View Garden Guangzhou
- 12 Evergrande Scenic Garden Guangzhou
- 13 Zhujiang New Town Project Guangzhou
- 14 Evergrande Royal Scenic Peninsular Foshan
- 15 Evergrande Royal Scenic Bay Foshan
- 16 Evergrande Metropolis Foshan
- 17 Caiwuwei Project Shenzhen
- 18 Evergrande Gentleman Hill Shenzhen
- 19 Evergrande Royal View Garden Dongguan
- 20 Evergrande Atrium Dongguan
- 21 Evergrande Palace Dongguan
- 22 Evergrande Royal Scenic Dongguan
- 23 Evergrande Oasis Zhongshan
- 24 Evergrande Splendor Qingyuan
- 25 Evergrande Silverlake City Qingyuan
- 26 Evergrande City Yunfu
- 27 Evergrande City Shaoguan
- 28 Evergrande Hawaii on the sea
- 29 Evergrande Spring City Enping
- 30 Evergrande City Chaozhou
- 31 Evergrande Oasis Zhanjiang
- 32 Evergrande Metropolis Heyuan

## 4 ZHEJIANG PROVINCE

- 33 Evergrande Royal View Garden Hangzhou
- 34 Evergrande Oasis Jiaxing
- 35 Evergrande Royal Scenic Haiyan
- 36 Evergrande Metropolis Pinghu
- 37 City Lights Ningbo
- 38 Evergrande Scenic Garden Ningbo
- 39 Peninsula on the sea Ningbo
- 40 Evergrande Royal Scenic Peninsular Quzhou

## 5 TIANJIN CITY

- 41 Evergrande Oasis Tianjin
- 42 Evergrande Scenic Garden Tianjin
- 43 Evergrande Splendor Tianjin
- 44 Evergrande Metropolis Tianjin
- 45 Evergrande Royal Scenic Peninsular Tianjin
- 46 Evergrande Royal View Garden Tianjin

## 6 JIANGSU PROVINCE

- 47 Evergrande Splendor Nanjing
- 48 Evergrande Oasis Nanjing
- 49 Evergrande Palace Nanjing
- 50 Evergrande Emerald Court Nanjing
- 51 Evergrande Venice on the sea
- 52 Evergrande Metropolis Danyang
- 53 Evergrande City Danyang
- 54 Evergrande Oasis Zhenjiang
- 55 Evergrande Atrium Jurong
- 56 Evergrande Metropolis Huai'an
- 57 Evergrande Palace Suqian
- 58 Evergrande Oasis Suqian
- 59 Evergrande City Lianyungang
- 60 Evergrande Metropolis Lianyungang
- 61 Evergrande Metropolis Yancheng
- 62 Evergrande City Wuxi
- 63 Evergrande Oasis Wuxi
- 64 Evergrande Emerald Court Changzhou
- 65 Evergrande Royal View Garden Yangzhou
- 66 Evergrande Royal Scenic Jiangying

## 7 CHONGQING CITY

- 67 Evergrande City Chongqing
- 68 Evergrande Oasis Chongqing
- 69 Evergrande Metropolis Chongqing
- 70 Evergrande Atrium Chongqing
- 71 Evergrande Splendor Chongqing
- 72 Evergrande Royal View Garden Chongqing
- 73 Evergrande Emerald Court Chongqing
- 74 Evergrande Royal Scenic Peninsular Chongqing
- 75 Evergrande Scenic Garden Chongqing
- 76 Evergrande Emerald Court Yongchuan
- 77 Evergrande Scenic Garden Fuling
- 78 Evergrande Royal Scenic Bay Chongqing

## 8 HUNAN PROVINCE

- 79 Evergrande Palace Changsha
- 80 Evergrande Metropolis Changsha
- 81 Evergrande City Changsha
- 82 Evergrande Oasis Changsha
- 83 Evergrande Atrium Changsha
- 84 Evergrande Bay Changsha
- 85 Evergrande Palace Liuyang
- 86 Evergrande Emerald Court Changsha
- 87 Evergrande Royal Scenic Bay Changsha
- 88 Evergrande Palace Changde
- 89 Evergrande Palace Chenzhou
- 90 Evergrande Metropolis Zhuzhou
- 91 Evergrande Metropolis Yueyang
- 92 Evergrande Oasis Hengyang
- 93 Evergrande Oasis Yiyang

## 9 HAINAN PROVINCE

- 94 Evergrande Culture Tourist City Haikou
- 95 Evergrande Bay Haikou
- 96 Evergrande Bund Haikou
- 97 Lufulai Project Sanya
- 98 Evergrande Metropolis Danzhou
- 99 Evergrande Splendor Danzhou
- 100 Evergrande Royal Scenic Bay Hainan
- 101 Changjiangqizi Bay Project Hainan

## 10 SICHUAN PROVINCE

- 102 Evergrande Oasis Chengdu
- 103 Evergrande City Chengdu
- 104 Evergrande Scenic Garden Chengdu
- 105 Evergrande Royal Scenic Peninsular Chengdu
- 106 Evergrande Metropolis Chengdu
- 107 Evergrande Atrium Chengdu
- 108 Evergrande Royal View Garden Chengdu
- 109 Evergrande New City Chengdu
- 110 Evergrande Splendor Pengshan
- 111 Evergrande Oasis Nanchong
- 112 Evergrande City Ziyang
- 113 Evergrande Emerald Court Qionglai
- 114 Evergrande Oasis Zigong
- 115 Evergrande Metropolis Zigong
- 116 Evergrande City Panzhuhua

26

31





151 million  
square metres of land reserve

291 Projects

147 Cities under coverage







## 11 HENAN PROVINCE

- 117 Evergrande Oasis Zhengzhou
- 118 Evergrande Metropolis Zhengzhou
- 119 Evergrande Oasis Luoyang
- 120 Evergrande Metropolis Xinyang
- 121 Evergrande Palace Wugang
- 122 Evergrande Oasis Anyang
- 123 Evergrande Atrium Xinxiang
- 124 Evergrande Splendor Xinxiang
- 125 Evergrande Oasis Xuchang
- 126 Evergrande Metropolis Luohe
- 127 Evergrande Royal Scenic Luohe
- 128 Evergrande Metropolis Pingdingshan

## 12 SHANDONG PROVINCE

- 129 Evergrande Metropolis Jinan
- 130 Evergrande Oasis Jinan
- 131 Evergrande City Jinan
- 132 Evergrande Atrium Jinan
- 133 CBD project Jinan
- 134 Evergrande Royal View Garden Jinan
- 135 Evergrande Splendor L aiwu
- 136 Evergrande Metropolis Weifang
- 137 Evergrande Yellow River Eco-City Dongying
- 138 Evergrande City Tai'an
- 139 Evergrande Palace Linyi
- 140 Evergrande Oasis Linyi
- 141 Evergrande Metropolis Jining
- 142 Evergrande Emerald Court Weifang
- 143 Evergrande Royal View Garden Zibo
- 144 Evergrande Metropolis Liaocheng

## 13 ANHUI PROVINCE

- 145 Evergrande City Hefei
- 146 Evergrande Royal View Garden Hefei
- 147 Evergrande International Center Hefei
- 148 Evergrande Central Plaza Hefei
- 149 Evergrande Oasis Tongling
- 150 Evergrande Palace Wuhu
- 151 Evergrande Metropolis Huaibei
- 152 Evergrande Atrium Huaibei
- 153 Evergrande Oasis Huainan
- 154 Evergrande City Bozhou
- 155 Evergrande Oasis Anqing
- 156 Evergrande Royal Scenic Bay Lu'an
- 157 Evergrande Royal Scenic Bay Bengbu
- 158 Evergrande Royal Scenic Bay Ma'anshan
- 159 Evergrande Metropolis Chuzhou
- 160 Evergrande Oasis Chuzhou
- 161 Evergrande Royal Scenic Bay Suzhou

## 14 LIAONING PROVINCE

- 162 Evergrande Oasis Shenyang
- 163 Evergrande City Shenyang
- 164 Evergrande Metropolis Shenyang
- 165 Evergrande Palace Shenyang
- 166 Evergrande Bay Shenyang
- 167 Evergrande Atrium Shenyang
- 168 Evergrande Emerald Court Shenyang
- 169 Evergrande Royal Scenic Bay Shenyang
- 170 Evergrande Oasis Liaoyang
- 171 Evergrande Tanxijun Dalian
- 172 Evergrande Oasis Anshan
- 173 Evergrande Metropolis Anshan
- 174 Evergrande Oasis Yingkou
- 175 Evergrande City Yingkou
- 176 Evergrande Bay Yingkou
- 177 Evergrande Palace Panjin
- 178 Evergrande Palace Fushun
- 179 Evergrande Plaza Fushun
- 180 Evergrande Oasis Benxi
- 181 Evergrande Royal Scenic Bay Huludao

## 15 HUBEI PROVINCE

- 182 Evergrande Palace Wuhan
- 183 Evergrande Oasis Wuhan
- 184 Evergrande City Wuhan
- 185 Evergrande Metropolis Wuhan
- 186 Evergrande Royal Scenic Bay Wuhan
- 187 Evergrande Splendor E'zhou
- 188 Evergrande Oasis Yichang
- 189 Evergrande Royal View Garden Yichang
- 190 Evergrande Metropolis Xiangyang

## 16 SHANXI PROVINCE

- 191 Evergrande Oasis Taiyuan
- 192 Evergrande Metropolis Taiyuan
- 193 Evergrande Scenic Garden Taiyuan
- 194 Evergrande Palace Taiyuan
- 195 Evergrande Oasis Yuncheng
- 196 Evergrande Metropolis Yuncheng
- 197 Evergrande Royal Scenic Lvliang
- 198 Evergrande Oasis Datong
- 199 Evergrande Palace Linfen
- 200 Evergrande Royal View Garden Yangquan

## 17 SHAANXI PROVINCE

- 201 Evergrande Oasis Xi'an
- 202 Evergrande Royal Scenic Xi'an
- 203 Evergrande Royal View Garden Xi'an
- 204 Evergrande City Hanzhong
- 205 Evergrande City Yangling

## 18 GUIZHOU PROVINCE

- 206 Evergrande City Guiyang
- 207 Evergrande Metropolis Guiyang
- 208 Evergrande Atrium Guiyang
- 209 Evergrande Emerald Court Guiyang
- 210 Evergrande City Zunyi
- 211 Evergrande City Kaili

## 19 INNER MONGOLIA AUTONOMOUS REGION

- 212 Evergrande Atrium Hohhot
- 213 Evergrande Metropolis Hohhot
- 214 Evergrande Palace Hohhot
- 215 Evergrande Palace Baotou
- 216 Evergrande Metropolis Baotou
- 217 Evergrande Oasis Ulanhot
- 218 Evergrande Oasis Wuhai

## 20 YUNNAN PROVINCE

- 219 Evergrande Splendor Kunming
- 220 Evergrande Atrium Kunming
- 221 Evergrande Metropolis Qujing

## 21 JIANGXI PROVINCE

- 222 Evergrande City Nanchang
- 223 Evergrande Oasis Nanchang
- 224 Evergrande Metropolis Nanchang
- 225 Evergrande Metropolis Jingdezhen
- 226 Evergrande Atrium Xinyu
- 227 Evergrande City Xinyu
- 228 Evergrande Oasis Yingtian
- 229 Evergrande Royal Scenic Jiujiang
- 230 Evergrande Royal View Garden Ji'an

## 22 HEBEI PROVINCE

- 231 Evergrande City Shijiazhuang
- 232 Evergrande Atrium Shijiazhuang
- 233 Evergrande Oasis Shijiazhuang
- 234 Evergrande Metropolis Shijiazhuang
- 235 Evergrande Royal Scenic Peninsular Shijiazhuang
- 236 Evergrande Splendor Luquan
- 237 Evergrande Emerald Court Langfang
- 238 Evergrande City Qinhuangdao
- 239 Evergrande City Cangzhou
- 240 Evergrande International Spring Tourist City Baoding
- 241 Evergrande City Xingtai
- 242 Evergrande Royal View Garden Xingtai
- 243 Evergrande Metropolis Xingtai
- 244 Evergrande Metropolis Handan
- 245 Evergrande Palace Tangshan
- 246 Evergrande City Hengshui
- 247 Evergrande Metropolis Langfang

## 23 GUANGXI ZHUANG AUTONOMOUS REGION

- 248 Evergrande Oasis Nanning
- 249 Evergrande International Center Nanning
- 250 Evergrande Oasis Qinzhou
- 251 Evergrande Royal Scenic Peninsular Beihai
- 252 Evergrande Metropolis Beihai
- 253 Evergrande Plaza Guilin
- 254 Evergrande Royal Scenic Bay Fangchenggang
- 255 Evergrande Emerald Dargon Court Liuzhou

## 24 JILIN PROVINCE

- 256 Evergrande Oasis Changchun
- 257 Evergrande City Changchun
- 258 Evergrande Center Changchun
- 259 Evergrande Royal Scenic Changchun
- 260 Evergrande Emerald Court Changchun
- 261 Evergrande Metropolis Changchun
- 262 Evergrande City Plaza Changchun
- 263 Evergrande Royal Summit Changchun
- 264 Evergrande Atrium Changchun
- 265 Evergrande Palace Jilin
- 266 Evergrande Royal Scenic Bay Songyuan

## 25 GANSU PROVINCE

- 267 Evergrande City Lanzhou
- 268 Evergrande Oasis Lanzhou
- 269 Evergrande City Plaza Lanzhou
- 270 Evergrande Scenic Garden Lanzhou
- 271 Evergrande Oasis Wuwei

## 26 XINJIANG UYGHUR AUTONOMOUS REGION

- 272 Evergrande Splendor Wujiaqi
- 273 Evergrande Atrium Yining
- 274 Evergrande Oasis Yining

## 27 NINGXIA HUI AUTONOMOUS REGION

- 275 Evergrande Metropolis Yinchuan
- 276 Evergrande Royal Scenic Yinchuan
- 277 Evergrande Oasis Shizuishan
- 278 Evergrande Metropolis Wuzhong

## 28 HEILONGJIANG PROVINCE

- 279 Evergrande Oasis Harbin
- 280 Evergrande Metropolis Harbin
- 281 Evergrande City Harbin
- 282 Evergrande Royal View Garden Harbin
- 283 Evergrande Royal Scenic Bay Harbin
- 284 Evergrande Oasis Daqing
- 285 Evergrande Oasis Mudanjiang
- 286 Evergrande Emerald Court Mudanjiang
- 287 Evergrande Emerald Court Qiqihar
- 288 Evergrande Metropolis Qiqihar

## 29 FUJIAN PROVINCE

- 289 Evergrande Metropolis Shishi

## 30 QINGHAI PROVINCE

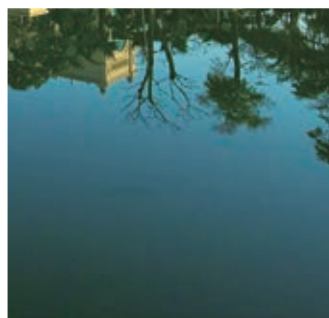
- 290 Evergrande Metropolis Xi'ning

## 31 TIBET ZANG AUTONOMOUS REGION

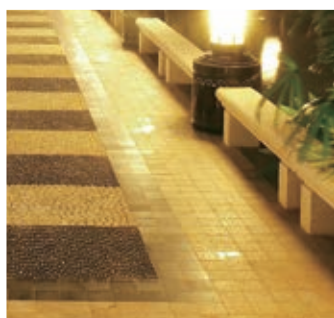
- 291 Yuan Zang Project Linzhi











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# Board of Directors and Committees

## Chairman of the Board of Directors

Hui Ka Yan

## Executive Directors

Xia Haijun (*Vice Chairman and Chief Executive Officer*)

Li Gang (*Vice Chairman and Executive Vice President*)

(*resigned with effect from 1 May 2014*)

Xu Wen

Tse Wai Wah

Huang Xiangui

He Miaoling (*appointed with effect from 1 May 2014*)

## Independent Non-Executive Directors

Chau Shing Yim, David

He Qi

Xie Hongxi

## Audit Committee

Chau Shing Yim, David (*Chairman*)

He Qi

Xie Hongxi

## Remuneration Committee

He Qi (*Chairman*)

Hui Ka Yan

Xie Hongxi

## Nomination Committee

Hui Ka Yan (*Chairman*)

He Qi

Chau Shing Yim, David

## Authorised Representatives

Hui Ka Yan

Fong Kar Chun, Jimmy





# Corporate and Shareholder Information

## Head Office

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](http://www.evergrande.com)

## Company Secretary

Fong Kar Chun, Jimmy  
Hong Kong solicitor

## Auditor

PricewaterhouseCoopers

## Principal Bankers

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

## 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

1,350,000,000 US\$13.00% Senior Notes due 2015

CUSIP: 300151AA5/G3225AAAI

Common Code: 048317278/048284361

ISIN: US300151AA58/USG3225AAA19

1,500,000,000 US\$8.75% Senior Notes due 2018

CUSIP: 300151AB3/G3225AAD5

Common Code: 098624279/098129359

ISIN: US300151AB32/USG3225AA057

### Investor Relationship

For enquiries, please contact:  
Investor relationship department  
Email: [evergrandelR@evergrande.com](mailto:evergrandelR@evergrande.com)  
Telephone: (852) 2287 9218/2287 9207

### Financial Calendar

Announcement of final results:	31 March 2014
Closure of register of members to ascertain shareholders' entitlement to attend the annual general meeting ("AGM"):	12 June 2014 to 16 June 2014
AGM:	16 June 2014
Distribution of final dividend:	4 July 2014




# Financial Summary

## Summary of Balance Sheet

As at 31 December

	2013	2012	Changes
Total cash (including cash and cash equivalents and restricted cash) (RMB billion)	<b>53.65</b>	25.19	113.0%
Total assets (RMB billion)	<b>348.15</b>	238.99	45.7%
Borrowings included in current liabilities (RMB billion)	<b>35.80</b>	19.03	88.1%
Borrowings included in non-current liabilities (RMB billion)	<b>73.02</b>	41.24	77.1%
Total equity (RMB billion)	<b>79.34</b>	41.69	90.3%
Capital and reserves attributable to shareholders of the Company (RMB billion)	<b>48.59</b>	38.26	27.0%
Net borrowing <sup>1</sup> /total equity	<b>69.5%</b>	84.2%	-14.7 percentage points

<sup>1</sup> Net borrowing equals to total borrowings after deducting cash and cash equivalents and restricted cash.





## Summary of Income Statement

For the year ended 31 December

	2013	2012	Changes
Revenue (RMB billion)	<b>93.67</b>	65.26	43.5%
Gross profit margin	<b>29.5%</b>	27.9%	1.6 percentage points
Net profit (RMB billion)	<b>13.71</b>	9.18	49.3%
Profit from core businesses excluding the revaluation gains on investment properties (RMB billion)	<b>10.31</b>	6.20	66.3%
Profit margin from core businesses excluding the revaluation gains on investment properties	<b>11.0%</b>	9.5%	1.5 percentage points
Profit attributable to Shareholders (RMB billion)	<b>12.61</b>	9.17	37.5%
Basic earnings per share (RMB)	<b>0.789</b>	0.613	28.7%





the Group  
was  
**successful**  
in establishing  
its footprint across

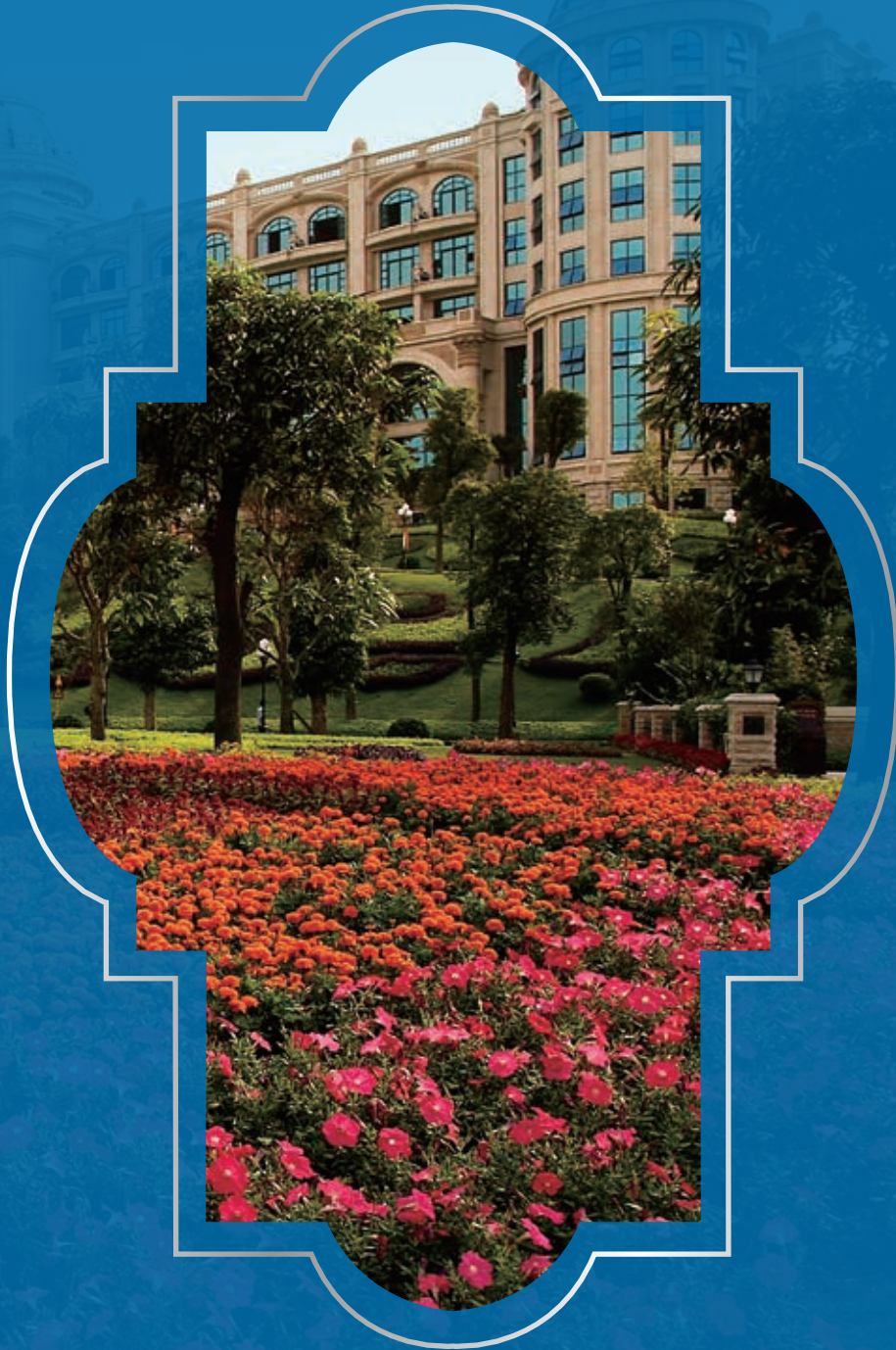
**147**

major cities in

**China**



# Report of Chairman







the Group  
was  
successful  
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its footprint across

147

major cities in

China









# Report of Chairman



Dear Shareholders,

I am pleased to present the report of Evergrande Real Estate Group Limited (“Evergrande” or the “Company”) and its subsidiaries (the “Group”) for the year ended 31 December 2013. Turnover and gross profit of the Group for the year amounted to RMB93.67 billion and RMB27.65 billion respectively, representing year-on-year growth of 43.5% and 51.8% respectively. Net profit was RMB13.71 billion, representing year-on-year growth of 49.3%; profit attributable to shareholders was RMB12.61 billion, representing year-on-year growth of 37.5%; basic earning per share was RMB0.789 and proposed dividend was RMB0.43 per share.

**Hui Ka Yan**  
Chairman



“ In order to reciprocate the trust and support of shareholders, the Board of Directors proposed to distribute a final dividend of RMB0.43 per share for 2013, subject to approval at the general meeting of the Group. ”

## Business Review

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

Following polarization market conditions experienced in 2012, regional market activity and the competitive landscape further transmute the PRC real estate sector. In the year ended 31 December 2013, among the 70 medium and large sized cities, 69 experienced year-on-year growth in the prices of newly built commodity housing. Moreover, housing prices in all of the first-tier cities increased by over 20%, and growth in other main provincial cities spiked as well<sup>3</sup>. Key developers not just benefited from destocking policy, but optimize their

geographical layout and fine tune their product mix by relying on their land bank, financial and human resources. During the year, the collective sales of China's top ten real estate developers accounted for 13.27% of the property sales market, representing an increase of 0.51 percentage points over 2012, whereas the floor area sold accounted for 8.37%, representing an increase of 0.65 percentage points over 2012<sup>4</sup>.

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

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

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

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

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

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



## Report of Chairman

### Land Reserves

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

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

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

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

### Contracted Sales

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

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

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

With respect to our products structure, in order to cope with the robust market demand and the needs of the end-user, the Group accelerated the promotion of the middle-small style units, and





## Report of Chairman

continued to cultivate our presence in the second and third-tier cities. During the reporting period, the proportion of mass-market residential units of less than 144 square meters developed by the Group accounted for over 78.2% of total supply, and the products launched were mainly small-to-medium sized units.

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

### Property Development

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

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

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

### Premium Standardization

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

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





## Report of Chairman

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

The Group is also committed to implementing upgrades to certain areas, including facades, building materials, interior decoration, construction and landscape gardens to significantly reduce unit cost. For example, the Group insists on a unified and versatile new decoration standard, and through strategic cooperative alliances, the Group has achieved centralized resource delivery with the aim of minimizing costs, shortening the construction duration and assuring the quality of the housing. During the year, the qualified rate for the quality of decoration materials reached 99.2%, representing a year-on-year growth of 2.2 percentage points, whereby the price of over 300

suppliers experienced a steady decrease. The Group introduced 167 high grade suppliers for the construction of landscape garden and the average sourcing price of new suppliers has experienced a year-on-year decrease of 35%. Meanwhile, the Group carried out the Project Group Responsibility System (項目組負責制), exploring construction subcontracting opportunities, and as a result, the proportion of labor costs in the pilot projects out of the total construction expense have experienced year-on-year decreases of approximately 47% and 32%, respectively. Through controlling the contents of concrete and steel, consumption was reduced by 10% to 15%, while quality control was still maintained. By optimizing the design of foundation, earthwork, basement, equipment and specialized projects during the year, construction expenses cumulatively reduced by RMB1.43 billion.

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





### Financial Resource

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

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

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

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

### Corporate Governance

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

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

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

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

## Report of Chairman

### Corporate Social Responsibility and Awards

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

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

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

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

During the reporting period, the Group, again, won multiple awards. In the assessment of the Top 500 China Real Estate Developers, the Group ranked second in the Top 500 China Real



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

Additionally, the Group has been awarded the "Guangdong Poverty Alleviation Hongmian Gold Cup" by the Leading Group of Poverty Alleviation Development of Guangdong Province and was conferred "The China Charity Award", the highest honor in China's charity sector, by the State's Ministry of Civil Affairs for six consecutive years. The abovementioned awards demonstrate a high degree of recognition by society of the Group's achievements in operating results, corporate social responsibility and brand influence.

### Business Outlook

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





## Report of Chairman

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

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

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

### Land Reserves

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

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

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





## Report of Chairman

### Contracted Sales

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

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

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

### Financial Resource

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

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

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

### Final Dividend

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

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

### Annual General Meeting

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

### Closure of Register of Members

For determining the entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from 12 June 2014 to 16 June 2014, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the annual general meeting, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the



Company's share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4: 30 p.m. on 11 June 2014.

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

### **Purchase, Sale or Redemption of the Company's Listed Securities**

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

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

Save as disclosed, there was no purchase, sale or repurchase of any listed securities of the Company by the Company or any of its subsidiaries during the year ended 31 December 2013.

### **Subsequent Event**

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

### **Securities Transactions Conducted by the Directors**

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

### **Review of Consolidated Financial Information**

The Audit Committee of the Company consists of all of the independent non-executive directors of the Company, Mr. Chau Shing Yim, David, Mr. He Qi and Ms. Xie Hongxi. The Audit Committee assists the Board in providing an independent review of the completeness, accuracy and fairness of the financial statements of the Group, as well as the efficiency and effectiveness of the Group's operations and internal controls. The Audit Committee has reviewed the annual results of the Group for the year ended 31 December 2013.

### **Announcement of full year Results on the Stock Exchange's Website and the Company's Website**

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

### **Acknowledgement**

The steady development of the Group has always been trusted and supported by its shareholders, investors and business partners as well as the loyalty of our staff members. On behalf of the Board, I express my heartfelt gratitude.

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

Hong Kong, 31 March 2014



the number of  
**projects**  
increased by  
**27.1%**  
to **291**  
from 229 projects  
**in 2012**



Management  
Discussion  
and  
Analysis







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# Management Discussion and Analysis



## OVERALL PERFORMANCE

In 2013, the Group recorded revenue of RMB93.67 billion, representing a year-on-year growth of 43.5%. Profit attributable to shareholders amounted to RMB12.61 billion, representing a year-on-year growth of 37.5%. Basic earnings per share amounted to RMB0.789.

The Group's total equity as at 31 December 2013 was RMB79.34 billion, representing a year-on-year growth of 90.3%, in which, RMB48.59 billion was attributable to shareholders. Total assets amounted to RMB348.15 billion, representing a year-on-year growth of 45.7%.



## Revenue

During the year, revenue of the Group amounted to RMB93.67 billion, representing a year-on-year growth of 43.5%, of which revenue generated from the property business amounted to RMB92.23 billion, representing a year-on-year growth of 45.2%; revenue generated from property management amounted to RMB742 million, an increase of 46.4% from last year; revenue generated from investment properties amounted to RMB126 million, an increase of 27.2% from last year; revenue from construction, hotel operation and other property development related business amounted to RMB569 million, representing a decrease of RMB579 million from last year.

## Gross Profit

Gross profit of the Group amounted to RMB27.65 billion, representing a year-on-year growth of 51.8%, which was mainly attributable to the increase both in GFA and average sales price of properties delivered during the period. Gross profit margin was 29.5%, an increase of 1.6 percentage points from last year, which was mainly benefited from our stringent cost control advantage with which the increase of unit cost was slight and much less than price growth of properties delivered.

## Selling and Marketing Costs

During the year, selling and marketing costs of the Group rose from RMB3.02 billion in 2012 to RMB4.31 billion, which was principally due to (i) number of projects launched, as a result, corresponding nationwide marketing and brand publicity activities increased; (ii) an increase in both selling employee numbers and their remuneration level.

## Administrative Expenses

During the year, administrative expenses of the Group increased by RMB0.87 billion to RMB3.47 billion from RMB2.60 billion in 2012, which was mainly due to an increase in employee numbers and their remuneration as a result of our continued expansion by which our total projects increased by 27.1% for the year ended December 31, 2012.

## Financial Review

### Borrowings

As at 31 December 2013, the borrowings of the Group amounted to RMB108.82 billion with the following maturities:

	<b>31 December 2013</b>	<b>As percentage of total borrowings</b>	31 December 2012	As percentage of total borrowings
	(RMB billion)		(RMB billion)	
Less than 1 year	<b>35.80</b>	<b>32.9%</b>	19.03	31.6%
1-2 years	<b>44.34</b>	<b>40.7%</b>	20.13	33.4%
2-5 years	<b>27.88</b>	<b>25.6%</b>	20.41	33.9%
More than 5 years	<b>0.80</b>	<b>0.8%</b>	0.70	1.1%
	<b>108.82</b>	<b>100%</b>	60.27	100%



## Management Discussion and Analysis

As at 31 December 2013, loans of RMB36.68 billion bore interests at floating rate, and the remaining loans of RMB72.14 billion bore interests at fixed rate.

The above loans were pledged against the property and equipment, land use rights, investment properties, properties under development, completed properties held for sale, cash at bank of the Group and the shares of certain subsidiaries of the Group at an average effective interest rate of 9.52% per annum (2012: 10.05%).

### **Foreign Exchange Exposure**

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

### **Liquidity**

As at 31 December 2013, the total amount of cash and cash equivalents and restricted cash of the Group was RMB53.65 billion. The Group had available funds of RMB102.04 billion together with unutilized banking facilities of RMB48.39 billion as at 31 December 2013. The abundant working capital provides great financial support for our quest for the best business opportunities and speedy expansion.

### **Financial Leverage**

As at 31 December 2013, the Group's net debt ratio (the ratio of net borrowing to total shareholders equity) was 69.5% (31 December 2012: 84.2%), a decrease of 14.7 percentage points as compared with that of 31 December 2012. It was mainly attributable to the Group's strong sales proceed collection and the good financial performance improving the equity position.

### **Contingent liabilities**

As at 31 December 2013, the Group arranged bank financing for certain property buyers and provided guarantees in relation to the repayment obligations of approximately RMB75.31 billion for those buyers. The Group had not suffered from significant loss resulting from the above guarantees in the past, which was mainly because the guarantees concerned were only a transitional arrangement for property buyers prior to the completion of mortgage registration and were pledged against property rights, in addition to the fact that they will be released once the mortgage registration is completed. Considering the above factors, the Board is of the view that the possibility of default by buyers is minimal, thus the financial guarantees measured at fair value is immaterial.



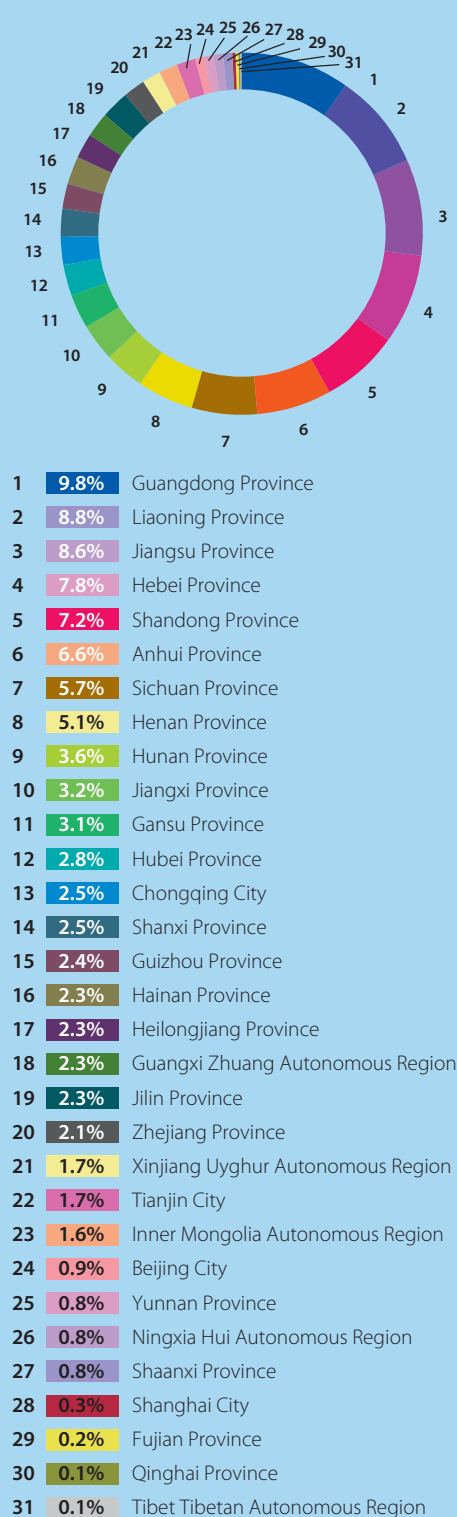
### Land Reserve

As at 31 December 2013, the Group's total GFA of land reserves was approximately 151 million m<sup>2</sup> across 147 cities in China. The Group currently has 291 projects and the average cost of its land reserves is RMB949 per m<sup>2</sup>. The distribution of land reserves of the Group by regions is set out in the following table.

#### List of land reserve distribution of the Group

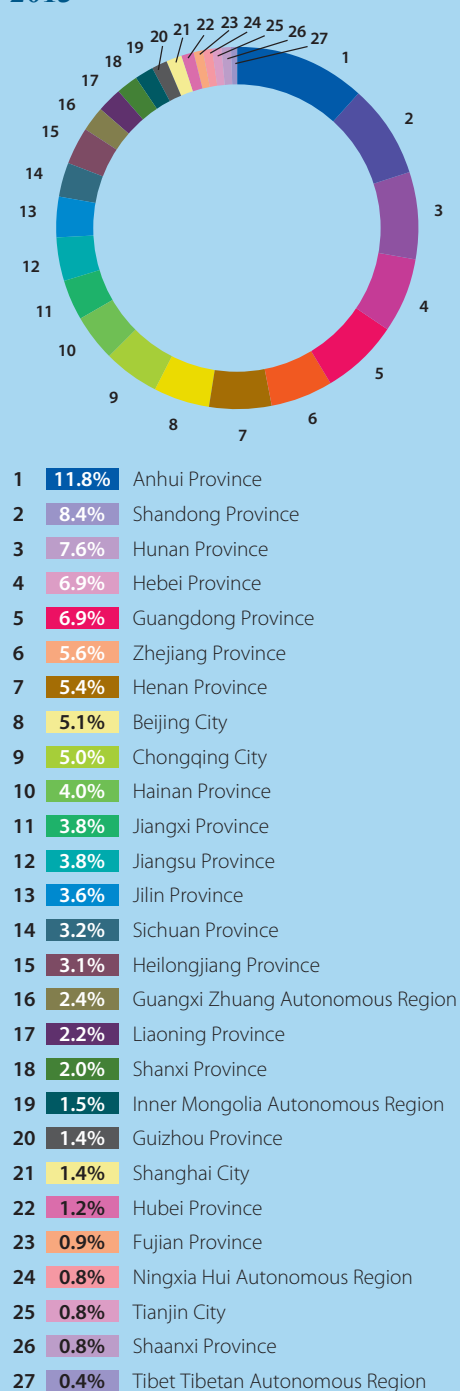
No.	Province	No. of projects	Site area ('000 m <sup>2</sup> )	Total land reserve		Proportion
				Total GFA ('000 m <sup>2</sup> )	GFA ('000 m <sup>2</sup> )	
1	Guangdong Province	24	10,560	19,885	14,847	9.8%
2	Liaoning Province	20	5,082	18,229	13,224	8.8%
3	Jiangsu Province	20	7,973	16,458	12,928	8.6%
4	Hebei Province	17	6,459	14,274	11,740	7.8%
5	Shandong Province	16	4,803	13,857	10,786	7.2%
6	Anhui Province	17	3,605	13,052	9,960	6.6%
7	Sichuan Province	15	6,238	12,532	8,525	5.7%
8	Henan Province	12	3,285	10,130	7,692	5.1%
9	Hunan Province	15	2,843	9,596	5,359	3.6%
10	Jiangxi Province	9	3,692	6,904	4,753	3.2%
11	Gansu Province	5	1,967	4,711	4,711	3.1%
12	Hubei Province	9	3,720	7,073	4,213	2.8%
13	Chongqing City	12	3,286	7,666	3,829	2.5%
14	Shanxi Province	10	2,262	6,712	3,814	2.5%
15	Guizhou Province	6	1,322	4,592	3,683	2.4%
16	Hainan Province	8	2,400	4,129	3,482	2.3%
17	Heilongjiang Province	10	1,565	4,152	3,405	2.3%
18	Guangxi Zhuang Autonomous Region	8	1,451	3,963	3,405	2.3%
19	Jilin Province	11	1,577	4,585	3,397	2.3%
20	Zhejiang Province	8	1,258	3,441	3,144	2.1%
21	Xinjiang Uyghur Autonomous Region	3	2,412	2,931	2,652	1.7%
22	Tianjin City	6	3,474	3,638	2,524	1.7%
23	Inner Mongolia Autonomous Region	7	1,209	3,272	2,446	1.6%
24	Beijing City	3	390	1,365	1,365	0.9%
25	Yunnan Province	3	1,216	2,305	1,278	0.8%
26	Ningxia Hui Autonomous Region	4	562	1,676	1,272	0.8%
27	Shaanxi Province	5	623	2,067	1,261	0.8%
28	Shanghai City	5	222	511	511	0.3%
29	Fujian Province	1	98	252	252	0.2%
30	Qinghai Province	1	138	346	191	0.1%
31	Tibet Tibetan Autonomous Region	1	131	105	105	0.1%
<b>Total</b>		<b>291</b>	<b>85,823</b>	<b>204,406</b>	<b>150,753</b>	<b>100.0%</b>

#### List of land reserve distribution of the Group



## Management Discussion and Analysis

### Distribution of newly acquired land reserves of the Group for 2013



In 2013, the Group made new presence in 26 cities, adding 62 projects and 10.570 million m<sup>2</sup> of GFA of land reserves, representing an increase of 7.5%.

Throughout 2013, the Group has acquired 66 new projects which spread across 49 cities, including 4 in first-tier cities (accounting for 8.2%), 16 in second-tier cities (accounting for 32.6%) and 29 in third-tier cities (accounting for 59.2%). The GFA of land reserves increased by 26.849 million m<sup>2</sup>, representing an increase of 3.2% as compared to 26.004 million m<sup>2</sup> in 2012. The costs for newly acquired land amounted to RMB70.70 billion and the average cost for new land reserves increased to RMB2,633 per m<sup>2</sup> since the new projects in first and second-tier cities took larger proportion. However, the Group is expected to deliver satisfying results benefiting from the greater increase in sales price and sales revenue of the new projects.

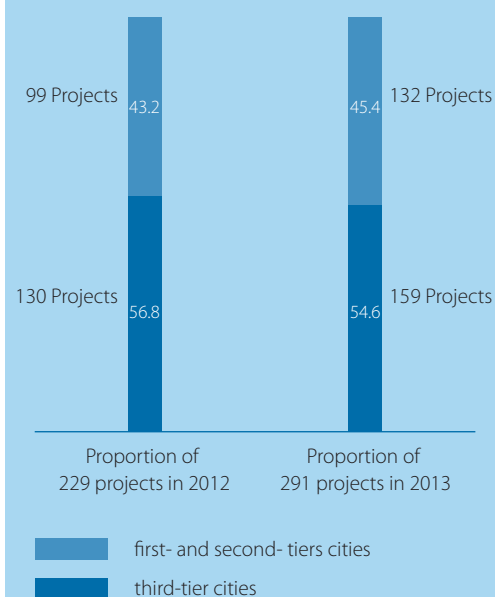
The Group has 291 projects in total which spread across 147 cities, including 15 in first-tier cities (accounting for 5.2%), 117 in second-tier cities (accounting for 40.2%) and 159 in third-tier cities (accounting for 54.6%). After a period of improvement and adjustment, the Group has firstly met its strategic target, namely transfer to the first and second-tier cities from the third-tier cities, realizing an overall balance between the projects in first and second-tier cities and those in third-tier cities preliminarily.



**List of newly acquired land reserves of the Group for 2013**

No.	Project name	City	Site area ('000 m <sup>2</sup> )	GFA ('000 m <sup>2</sup> )	Land reserve
					GFA ('000 m <sup>2</sup> )
1	Evergrande City Beijing	Beijing	182.6	709.8	709.8
2	Evergrande Royal Scenic Bay Beijing	Beijing	118.0	446.6	446.6
3	Evergrande Palace Beijing	Beijing	89.5	208.4	208.4
4	Evergrande Royal Scenic Bay Shanghai	Shanghai	51.0	127.4	127.4
5	Evergrande Sheshan Capital Shanghai	Shanghai	40.1	72.2	72.2
6	Evergrande Royal View Garden Shanghai	Shanghai	69.9	111.9	111.9
7	Evergrande Metropolis Shanghai	Shanghai	30.9	61.8	61.8
8	Evergrande Royal View Garden Guangzhou	Guangzhou	44.3	218.3	218.3
9	Evergrande Gentleman Hill Shenzhen	Shenzhen	52.6	275.8	275.8
10	Evergrande Palace Nanjing	Nanjing	51.1	153.2	153.2
11	Evergrande Emerald Court Nanjing	Nanjing	78.7	218.1	218.1
12	Evergrande Royal Scenic Bay Hangzhou	Hangzhou	98.3	245.8	245.8
13	Peninsula on the sea Ningbo	Ningbo	233.0	517.2	517.2
14	Evergrande Royal View Garden Tianjin	Tianjin	113.6	227.1	227.1
15	Evergrande Emerald Court Chongqing	Chongqing	193.5	335.9	335.9
16	Evergrande Royal Scenic Peninsula Chongqing	Chongqing	142.3	247.0	247.0
17	Evergrande Scenic Garden Chongqing	Chongqing	336.1	583.3	583.3
18	Evergrande Royal Scenic Bay Chongqing	Chongqing	31.5	97.8	97.8
19	Evergrande International Center Hefei	Hefei	134.6	987.5	987.5
20	Evergrande Central Plaza Hefei	Hefei	242.2	1,371.9	1,371.9
21	Evergrande Tanxijun Dalian	Dalian	56.9	79.6	79.6
22	Evergrande Royal View Garden Xi'an	Xi'an	63.3	221.7	221.7
23	Evergrande City Plaza Changchun	Changchun	125.0	511.3	511.3
24	Evergrande Atrium Changchun	Changchun	125.1	312.7	312.7
25	Evergrande Royal Summit Changchun	Changchun	59.5	130.9	130.9

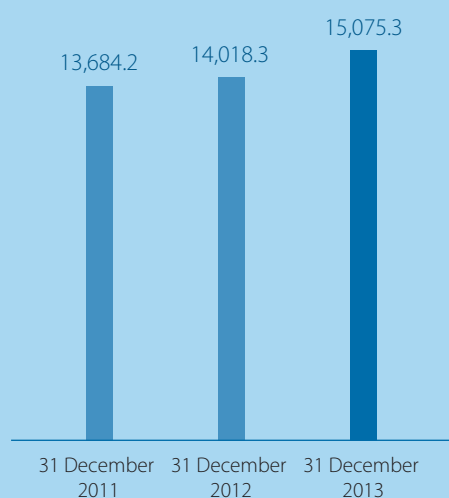
**Distribution of projects of the Group by cities in 2013 and 2012**



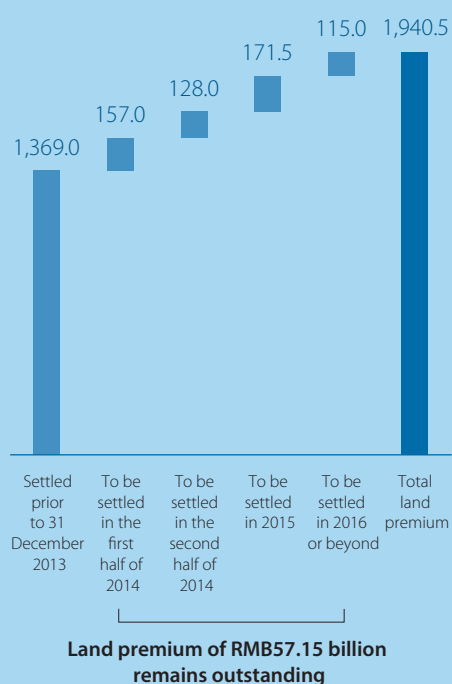
## Management Discussion and Analysis

### Indicative diagram of growth of land reserves of the Group from 2011 to 2013 (Ten thousand m<sup>2</sup>)

#### Area of Land reserve (Ten thousand m<sup>2</sup>)



#### Indicative diagram of land premium payment schedule of the Group (RMB100 million)



No.	Project name	City	Site area ('000 m <sup>2</sup> )	GFA ('000 m <sup>2</sup> )	Land reserve
					GFA ('000 m <sup>2</sup> )
26	Evergrande Royal View Garden Harbin	Harbin	99.8	273.6	273.6
27	Evergrande Royal Scenic Bay Harbin	Harbin	166.7	548.3	548.3
28	Evergrande Royal View Garden Yichang	Yichang	121.3	320.7	320.7
29	Evergrande Royal View Garden Yangzhou	Yangzhou	105.9	178.4	178.4
30	Evergrande Royal Scenic Jiangyin	Wuxi	120.9	302.3	302.3
31	Evergrande Royal Scenic Bay Shenyang	Shenyang	61.0	165.0	165.0
32	Evergrande Royal View Garden Zibo	Zibo	143.4	716.3	716.3
33	Evergrande Metropolis Liaocheng	Liaocheng	76.2	252.3	252.3
34	Evergrande Bay Changsha	Changsha	178.6	607.5	607.5
35	Evergrande Oasis Yiyang	Yiyang	204.5	747.1	747.1
36	Evergrande Palace Changde	Changde	264.9	688.6	688.6
37	Evergrande Royal Scenic Peninsula Quzhou	Quzhou	181.1	462.0	462.0
38	Evergrande Oasis Zhanjiang	Zhanjiang	127.8	490.4	490.4
39	Evergrande Metropolis Heyuan	Heyuan	250.8	855.8	855.8
40	Evergrande Metropolis Chuzhou	Chuzhou	68.9	204.2	204.2
41	Evergrande Oasis Chuzhou	Chuzhou	84.5	259.0	259.0
42	Evergrande Royal Scenic Bay Suzhou	Suzhou	90.8	335.3	335.3
43	Evergrande Metropolis Xingtai	Xingtai	88.7	436.9	436.9
44	Evergrande Palace Tangshan	Tangshan	17.0	81.7	81.7
45	Evergrande City Hengshui	Hengshui	64.2	245.2	245.2
46	Evergrande Metropolis Langfang	Langfang	101.4	285.5	285.5
47	Evergrande Emerald Court Langfang	Langfang	133.3	273.3	273.3
48	Evergrande Bund Haikou	Haikou	115.4	720.0	720.0
49	Changjiangqizi Bay Project Hainan	Changjiang Li Autonomous County	169.8	94.2	94.2
50	Lufulai Project Sanya	Sanya	118.7	59.3	59.3



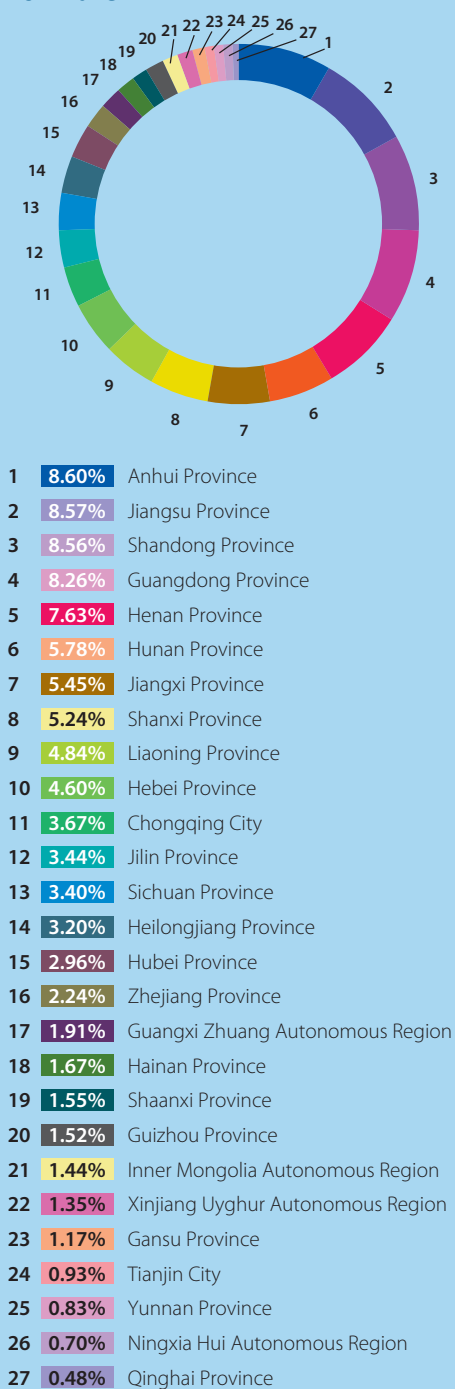
## Management Discussion and Analysis

No.	Project name	City	Site area ('000 m <sup>2</sup> )	GFA ('000 m <sup>2</sup> )	Land reserve
					GFA ('000 m <sup>2</sup> )
51	Evergrande Metropolis Luohe	Luohe	170.1	570.5	570.5
52	Evergrande Royal Scenic Luohe	Luohe	50.8	203.2	203.2
53	Evergrande Metropolis Pingdingshan	Pingdingshan	100.5	377.0	377.0
54	Evergrande New City Chengdu	Chengdu	118.9	645.2	645.2
55	Evergrande City Panzhihua	Panzhihua	49.4	205.5	205.5
56	Evergrande Emerald Court Guiyang	Guiyang	70.9	387.7	387.7
57	Evergrande Royal Scenic Jiujiang	Jiujiang	70.1	303.0	303.0
58	Evergrande Royal View Garden Ji'an	Ji'an	244.2	724.7	724.7
59	Evergrande Royal View Garden Yangquan	Yangquan	179.6	538.9	538.9
60	Evergrande Metropolis Hohhot	Hohhot	64.3	216.9	216.9
61	Evergrande Palace Hohhot	Hohhot	69.7	174.3	174.3
62	Evergrande Metropolis Shishi	Quanzhou	98.5	252.4	252.4
63	Evergrande Royal Scenic Yinchuan	Yinchuan	93.3	233.3	233.3
64	Evergrande International Center Nanning	Nanning	67.3	313.1	313.1
65	Evergrande Emerald Dargon Court Liuzhou	Liuzhou	92.6	268.5	268.5
66	Yuan Zang Project Linzhi	Linzhi	131.0	104.8	104.8
	Evergrande Splendor Chongqing (Expansion Land)*	Chongqing	35.2	87.9	87.9
	Evergrande Atrium Jurong (Expansion Land)*	Zhenjiang	58.0	174.0	174.0
	Evergrande Emerald Court Shenyang (Expansion Land)*	Shenyang	53.9	129.4	129.4
	Evergrande Palace Fushun (Expansion Land)*	Fushun	52.5	183.6	183.6
	Evergrande Plaza Fushun (Expansion Land)*	Fushun	17.6	28.1	28.1
	Evergrande Splendor Laiwu (Expansion Land)*	Laiwu	78.1	57.7	57.7
	Evergrande Metropolis Jining (Expansion Land)*	Jining	139.9	478.1	478.1
	Evergrande Splendor Laiwu (Expansion Land)*	Laiwu	74.5	81.9	81.9
	Evergrande City Jinan (Expansion Land)*	Jinan	157.3	658.8	658.8
	Evergrande Scenic Garden Ningbo (Expansion Land)*	Ningbo	125.1	287.7	287.7
	Evergrande Royal Scenic Peninsula Shijiazhuang (Expansion Land)*	Shijiazhuang	61.0	262.9	262.9
	Evergrande Palace Tangshan Phase 2 (Expansion Land)*	Tangshan	45.8	183.2	183.2
	Evergrande Palace Tangshan Phase 3 (Expansion Land)*	Tangshan	21.9	87.5	87.5
	Changjiangqizi Bay Project Hainan (Expansion Land)*	Changjiang	249.9	199.5	199.5
	Evergrande Oasis Anyang (Expansion Land)*	Anyang	82.4	288.3	288.3
	Evergrande Royal Scenic Peninsula Beihai (Expansion Land)*	Beihai	21.6	64.7	64.7
<b>Total</b>			<b>8,865.0</b>	<b>26,848.6</b>	<b>26,848.6</b>

\* Extra land reserves for current projects

## Management Discussion and Analysis

### Regional distribution of GFA of contracted sales of the Group for 2013



As at 31 December 2013, the accumulated cost for the Group's existing land reserves was RMB194.05 billion, of which the settled and outstanding amounts were RMB136.90 billion and RMB57.15 billion respectively. In particular, RMB15.70 billion and RMB12.80 billion are scheduled to be paid in the first and second half of 2014 respectively, RMB17.15 billion in 2015 and RMB11.50 billion in 2016 and afterwards. As at 31 December 2013, the Group had a total of 56 projects adopting the cooperation development model, and a total cost for land reserves of RMB37.58 billion was saved. In particular, land cost of RMB12.58 billion for 32 projects were financed with the shareholders' contribution, and approximately RMB25.0 billion for 24 projects were financed with proceeds from issuance of perpetual bonds.

### Contracted Sales

In 2013, the Group successfully satisfied its sales target with contracted sales of RMB100.40 billion, representing a year-on-year growth of 8.8%; the GFA of contracted sales was 14.894 million m<sup>2</sup>, and the average selling price was RMB6,741 per m<sup>2</sup>, representing a year-on-year growth of 13.1%.

The Group launched 44 new projects spanning across 21 cities, including Shenzhen, Zhengzhou, Shenyang, Kunming, Harbin, Changchun, Guiyang, Lanzhou, Zhenjiang, Changzhou, Jiaxing and Dongguan, among which, 11 projects were in first and second-tier cities (accounting for 27.3% of the sales amount of newly launched projects) and 33 projects were in third-tier cities (accounting for 72.7% of the sales amount of newly launched projects).

### List of newly launched projects of the Group for 2013

No.	Project name	City	Time of launch
1	Evergrande Royal Scenic Bay Bengbu	Bengbu	January 2013
2	Evergrande Royal Scenic Bay Ma'anshan	Ma'anshan	January 2013
3	Evergrande Emerald Court Shenyang	Shenyang	January 2013
4	Evergrande Emerald Court Changzhou	Changzhou	January 2013
5	Evergrande City Danyang	Zhenjiang	January 2013
6	Evergrande Oasis Wuxi	Wuxi	January 2013
7	Evergrande City Chaozhou	Chaozhou	January 2013
8	Evergrande Oasis Wuwei	Wuwei	January 2013
9	Evergrande Oasis Yi'ning	Yili	January 2013
10	Evergrande Splendor Xinxiang	Xinxiang	May 2013
11	Evergrande Metropolis Pinghu	Jiaxing	May 2013
12	Evergrande Royal View Garden Dongguan	Dongguan	May 2013
13	Evergrande Atrium Kunming	Kunming	May 2013
14	Evergrande Emerald Court Qiqihar	Qiqihar	June 2013
15	Evergrande Metropolis Xingtai	Xingtai	June 2013
16	Evergrande Atrium Guiyang	Guiyang	June 2013
17	Evergrande Metropolis Plaza Lanzhou	Lanzhou	June 2013
18	Evergrande Royal Scenic Bay Yangjiang	Yangjiang	June 2013



No.	Project name	City	Time of launch
19	Evergrande Emerald Court Weifang	Weifang	July 2013
20	Evergrande Metropolis Jining	Jining	July 2013
21	Evergrande Oasis Mudanjiang	Mudanjiang	July 2013
22	Evergrande Royal Scenic Bay Fangchenggang	Fangchenggang	July 2013
23	Evergrande Oasis Zhengzhou	Zhengzhou	August 2013
24	Evergrande Scenic Garden Ningbo	Ningbo	August 2013
25	Evergrande Metropolis Liaocheng	Liaocheng	October 2013
26	Evergrande Metropolis Chuzhou	Chuzhou	October 2013
27	Evergrande Oasis Chuzhou	Chuzhou	October 2013
28	Evergrande Oasis Yiyang	Yiyang	October 2013
29	Evergrande Royal Scenic Jiujiang	Jiujiang	October 2013
30	Evergrande Emerald Court Mudanjiang	Mudanjiang	October 2013
31	Evergrande Royal View Garden Harbin	Harbin	October 2013
32	Evergrande City Hengshui	Hengshui	October 2013
33	Evergrande Royal Scenic Peninsula Quzhou	Quzhou	October 2013
34	Evergrande Metropolis Beihai	Beihai	October 2013
35	Evergrande Plaza Guilin	Guilin	October 2013
36	Evergrande Metropolis Plaza Changchun	Changchun	October 2013
37	Evergrande Metropolis Hohhot	Hohhot	October 2013
38	Evergrande Oasis Lanzhou	Lanzhou	November 2013
39	Evergrande Royal Scenic Xi'an	Xi'an	November 2013
40	Evergrande Royal Scenic Bay Suzhou	Suzhou	December 2013
41	Evergrande Plaza Fushun	Fushun	December 2013
42	Evergrande Metropolis Heyuan	Heyuan	December 2013
43	Evergrande Royal View Garden Ji'an	Ji'an	December 2013
44	Evergrande Gentleman Hill Shenzhen	Shenzhen	December 2013

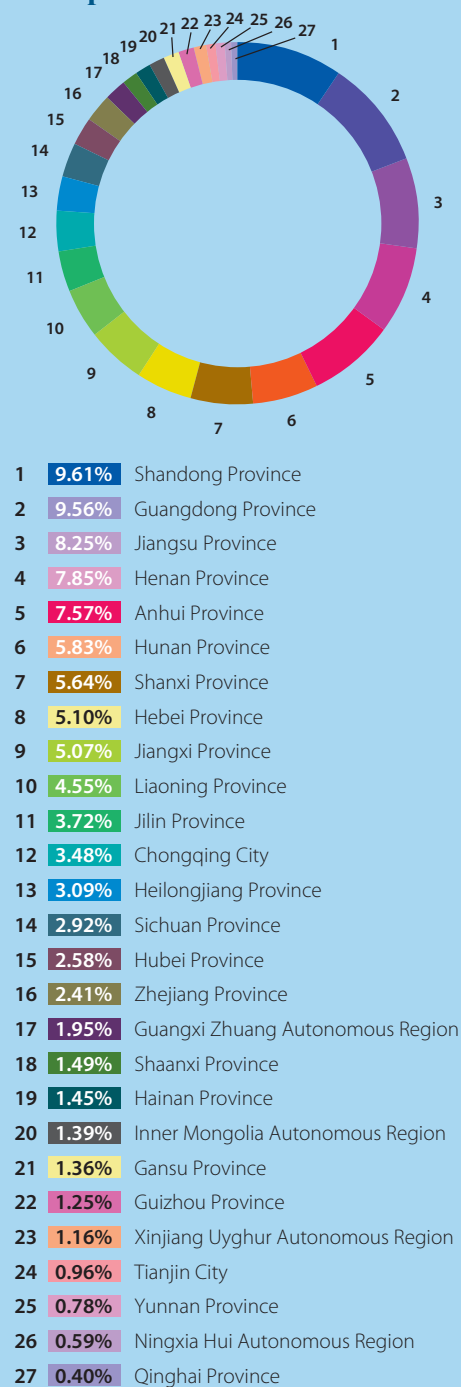
As at 31 December 2013, the Group had 223 projects on sale spreading across 125 cities, including 94 in first and second-tier cities (accounting for 44.2% of the total sales amount of the Group for the year) and 129 in third-tier cities (accounting for 55.8% of the total sales amount of the Group for the year).

The Group targets to realize a contracted sales of RMB110.0 billion in 2014, whereas the Group currently has 68 projects to be launched in major cities including Beijing, Shanghai, Guangzhou, Shenzhen, Tianjin, Chongqing, Jinan, Nanjing, Hefei, Hangzhou, Haikou, Ningbo and Dalian and the surrounding areas. These projects, most of which are scheduled to be launched for sale in 2014, would contribute to further outstanding sales performance of the Group.

## Property Development

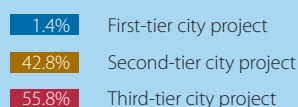
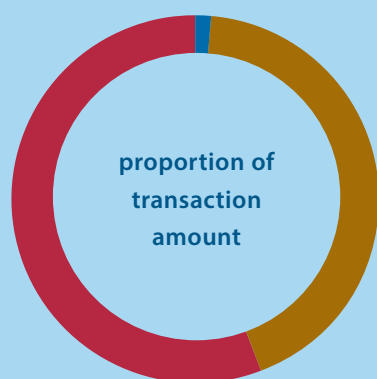
In 2013, the Group had a total of 183 completed projects situated in 26 different regions in China with a completed GFA of 19.382 million m<sup>2</sup>. The status of the completed GFA by projects is set out in the following table.

## Regional distribution of contracted sales amount of the Group for 2013

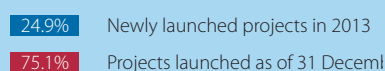
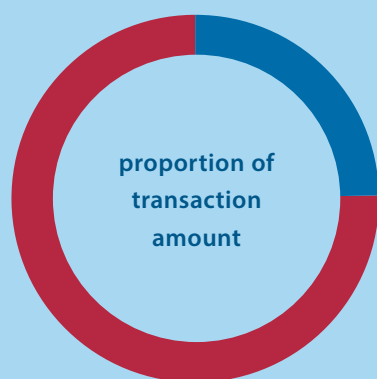


## Management Discussion and Analysis

### Proportion of transaction amount for 223 projects in sales of the Group



### Proportion of transaction amount for new and old projects of the Group



### List of completed projects of the Group for 2013

No.	Project name	City	Phase of project	Completed GFA ('000 m <sup>2</sup> )
1	Evergrande Royal Scenic Peninsular Foshan	Foshan	Phase 5, Phase 6	53.0
2	Evergrande Royal Scenic Bay Foshan	Foshan	Phase 2	23.8
3	Evergrande Royal View Garden Dongguan	Dongguan	Phase 1	48.7
4	Evergrande Atrium Dongguan	Dongguan	Phase 4	23.6
5	Evergrande Oasis Zhongshan	Zhongshan	Phase 2, Phase 3	143.4
6	Evergrande Splendor Qingyuan	Qingyuan	Phase 2	57.2
7	Evergrande Silverlake City Qingyuan	Qingyuan	Phase 2, Phase 3	132.1
8	Evergrande City Yunfu	Yunfu	Phase 3	45.0
9	Evergrande City Shaoguan	Shaoguan	Phase 1, Phase 2, Phase 3	180.0
10	Evergrande Hawaii on the sea	Yangjiang	Phase 1	101.1
11	Evergrande Spring City Enping	Jiangmen	Phase 1	115.0
12	Evergrande City Chaozhou	Chaozhou	Phase 1, Phase 2, Phase 3	194.2
13	Evergrande City Chongqing	Chongqing	Phase 6	21.7
14	Evergrande Oasis Chongqing	Chongqing	Phase 4	54.6
15	Evergrande Metropolis Chongqing	Chongqing	Phase 5	83.3
16	Evergrande Atrium Chongqing	Chongqing	Phase 4, Phase 5	87.2
17	Evergrande Splendor Chongqing	Chongqing	Phase 5, Phase 6, Phase 7	205.6
18	Evergrande Royal View Garden Chongqing	Chongqing	Phase 2, Phase 3	119.8
19	Evergrande Emerald Court Yongchuan	Chongqing	Phase 2	61.5
20	Evergrande Scenic Garden Fuling	Chongqing	Phase 2	38.6
21	Evergrande Oasis Tianjin	Tianjin	Phase 3	31.9
22	Evergrande Scenic Garden Tianjin	Tianjin	Phase 2, Phase 3	104.7
23	Evergrande Metropolis Tianjin	Tianjin	Phase 2	34.3
24	Evergrande Royal Scenic Peninsular Tianjin	Tianjin	Phase 2	27.0
25	Evergrande Palace Wuhan	Wuhan	Phase 3	16.2
26	Evergrande Oasis Wuhan	Wuhan	Phase 5	40.1
27	Evergrande City Wuhan	Wuhan	Phase 3	18.2
28	Evergande Metropolis Wuhan	Wuhan	Phase 3	220.9
29	Evergrande Splendor E'zhou	E'zhou	Phase 4, Phase 5	133.1
30	Evergrande Oasis Yichang	Yichang	Phase 2, Phase 3	102.2
31	Evergrande Metropolis Xiangyang	Xiangyang	Phase 2	50.0





## Management Discussion and Analysis

No.	Project name	City	Phase of project	Completed GFA ('000 m <sup>2</sup> )
32	Evergrande Oasis Chengdu	Chengdu	Phase 3, Phase 4	44.5
33	Evergrande City Chengdu	Chengdu	Phase 3, Phase 4	36.0
34	Evergrande Scenic Garden Chengdu	Chengdu	Phase 1, Phase 2	32.9
35	Evergrande Royal Scenic Peninsular Chengdu	Chengdu	Phase 2, Phase 3	154.0
36	Evergrande Metropolis Chengdu	Chengdu	Phase 2	16.8
37	Evergrande Atrium Chengdu	Chengdu	Phase 2	69.4
38	Evergrande Royal View Garden Chengdu	Chengdu	Phase 1	158.1
39	Evergrande Splendor Pengshan	Meishan	Phase 5	158.3
40	Evergrande Oasis Nanchang	Nanchong	Phase 2	144.7
41	Evergrande City Ziyang	Ziyang	Phase 2	149.6
42	Evergrande Emerald Court Qionglai	Chengdu	Phase 1	42.8
43	Evergrande Oasis Zigong	Zigong	Phase 2	131.0
44	Evergrande Metropolis Zigong	Zigong	Phase 1	60.3
45	Evergrande Oasis Shenyang	Shenyang	Phase 7	165.9
46	Evergrande City Shenyang	Shenyang	Phase 5	36.6
47	Evergrande Metropolis Shenyang	Shenyang	Phase 4	207.8
48	Evergrande Palace Shenyang	Shenyang	Phase 3	38.2
49	Evergrande Bay Shenyang	Shenyang	Phase 4	192.8
50	Evergrande Atrium Shenyang	Shenyang	Phase 1	100.9
51	Evergrande Emerald Court Shenyang	Shenyang	Phase 1	38.8
52	Evergrande Oasis Liaoyang	Liaoyang	Phase 3	142.9
53	Evergrande Oasis Anshan	Anshan	Phase 2	105.5
54	Evergrande Metropolis Anshan	Anshan	Phase 1	95.8
55	Evergrande Oasis Yingkou	Yingkou	Phase 2	33.9
56	Evergrande City Yingkou	Yingkou	Phase 1	70.5
57	Evergrande Palace Panjin	Panjin	Phase 2	94.9
58	Evergrande Palace Fushun	Fushun	Phase 1	188.2
59	Evergrande Oasis Benxi	Benxi	Phase 1	159.9
60	Evergrande Royal Scenic Bay Huludao	Huludao	Phase 1	125.6
61	Evergrande Oasis Xi'an	Xi'an	Phase 3, Phase 4	186.1
62	Evergrande City Hanzhong	Hanzhong	Phase 2	133.7
63	Evergrande City Yangling	Xianyang	Phase 2	82.1
64	Evergrande Splendor Nanjing	Nanjing	Phase 4	205.5
65	Evergrande Venice on the sea	Nantong	Phase 2	226.0
66	Evergrande Metropolis Danyang	Zhenjiang	Phase 1, Phase 2	182.2
67	Evergrande City Danyang	Zhenjiang	Phase 1	118.3
68	Evergrande Oasis Zhenjiang	Zhenjiang	Phase 2	72.3
69	Evergrande Atrium Jurong	Zhenjiang	Phase 2	211.8
70	Evergrande Metropolis Huai'an	Huai'an	Phase 3	96.9
71	Evergrande Palace Suqian	Suqian	Phase 1	315.3
72	Evergrande Oasis Suqian	Suqian	Phase 1	112.8
73	Evergrande Metropolis Lianyungang	Lianyungang	Phase 1	93.5
74	Evergrande Metropolis Yancheng	Yancheng	Phase 2	169.6
75	Evergrande Oasis Wuxi	Wuxi	Phase 1	59.1
76	Evergrande Emerald Court Changzhou	Changzhou	Phase 1	54.7
77	Evergrande Splendor Kunming	Kunming	Phase 5	61.4
78	Evergrande Atrium Kunming	Kunming	Phase 1	28.5
79	Evergrande Metropolis Qujing	Qujing	Phase 2	24.0
80	Evergrande Atrium Hohhot	Hohhot	Phase 1	84.1
81	Evergrande Palace Baotou	Baotou	Phase 2	9.6

## Management Discussion and Analysis

No.	Project name	City	Phase of project	Completed GFA ('000 m <sup>2</sup> )
82	Evergrande Metropolis Baotou	Baotou	Phase 2	52.5
83	Evergrande Oasis Ulanhot	Ulanhot	Phase 1	106.9
84	Evergrande Oasis Taiyuan	Taiyuan	Phase 6	123.3
85	Evergrande Metropolis Taiyuan	Taiyuan	Phase 2	119.8
86	Evergrande Scenic Garden Taiyuan	Taiyuan	Phase 1	238.2
87	Evergrande Palace Taiyuan	Taiyuan	Phase 1	172.3
88	Evergrande Oasis Yuncheng	Yuncheng	Phase 2	44.0
89	Evergrande Metropolis Yuncheng	Yuncheng	Phase 1	110.0
90	Evergrande Royal Scenic Lvliang	Lvliang	Phase 1	18.3
91	Evergrande Oasis Datong	Datong	Phase 1	192.2
92	Evergrande Palace Linfen	Linfen	Phase 1	157.6
93	Evergrande City Guiyang	Guiyang	Phase 3	137.1
94	Evergrande Metropolis Guiyang	Guiyang	Phase 2	7.0
95	Evergrande Atrium Guiyang	Guiyang	Phase 1	51.5
96	Evergrande City Zunyi	Zunyi	Phase 1	11.7
97	Evergrande City Kaili	Kaili	Phase 1	106.9
98	Evergrande City Hefei	Hefei	Phase 2	224.2
99	Evergrande Royal View Garden Hefei	Hefei	Phase 2	49.4
100	Evergrande Oasis Tongling	Tongling	Phase 2	74.7
101	Evergrande Palace Wuhu	Wuhu	Phase 2	103.3
102	Evergrande Metropolis Huaibei	Huaibei	Phase 3	65.0
103	Evergrande Atrium Huaibei	Huaibei	Phase 2	53.5
104	Evergrande Oasis Huainan	Huainan	Phase 2	101.0
105	Evergrande City Bozhou	Bozhou	Phase 2	153.4
106	Evergrande Oasis Anqing	Anqing	Phase 2	134.1
107	Evergrande Oasis Lu'an	Lu'an	Phase 2	146.0
108	Evergrande Royal Scenic Bay Bengbu	Bengbu	Phase 1	144.4
109	Evergrande Royal Scenic Bay Ma'anshan	Ma'anshan	Phase 1	130.0
110	Evergrande Palace Changsha	Changsha	Phase 6	88.0
111	Evergrande Metropolis Changsha	Changsha	Phase 6	23.1
112	Evergrande City Changsha	Changsha	Phase 3	164.5
113	Evergrande Oasis Changsha	Changsha	Phase 2, Phase 3	60.7
114	Evergrande Atrium Changsha	Changsha	Phase 2	59.9
115	Evergrande Palace Liuyang	Changsha	Phase 2	111.5
116	Evergrande Emerald Court Changsha	Changsha	Phase 1	166.3
117	Evergrande Royal Scenic Bay Changsha	Changsha	Phase 1	71.7
118	Evergrande Palace Chenzhou	Chenzhou	Phase 2	164.3
119	Evergrande Metropolis Zhuzhou	Zhuzhou	Phase 2	120.9
120	Evergrande Metropolis Yueyang	Yueyang	Phase 2	84.4
121	Evergrande Oasis Hengyang	Hengyang	Phase 1	167.2
122	Evergrande Oasis Qinzhou	Qinzhou	Phase 2	133.7
123	Evergrande Royal Scenic Peninsular Beihai	Beihai	Phase 2	90.0
124	Evergrande Royal Scenic Bay Fangchenggang	Fangchenggang	Phase 1	71.2
125	Evergrande Oasis Luoyang	Luoyang	Phase 5, Phase 6	386.9
126	Evergrande Metropolis Xinyang	Xinyang	Phase 4	162.5
127	Evergrande Palace Wugang	Pingdingshan	Phase 2	23.0
128	Evergrande Oasis Anyang	Anyang	Phase 2	31.9
129	Evergrande Atrium Xinxiang	Xinxiang	Phase 1	135.6
130	Evergrande Splendor Xinxiang	Xinxiang	Phase 1	130.5
131	Evergrande Oasis Xuchang	Xuchang	Phase 1	149.3
132	Evergrande City Nanchang	Nanchang	Phase 2	122.0
133	Evergrande Oasis Nanchang	Nanchang	Phase 4	153.6



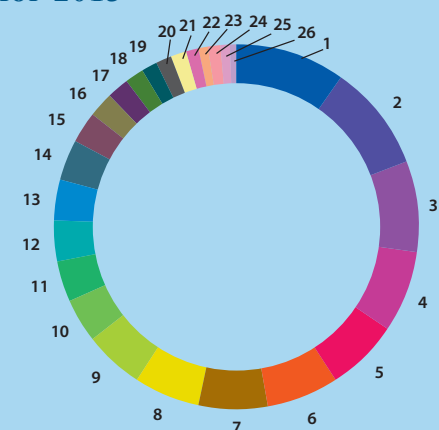


## Management Discussion and Analysis

No.	Project name	City	Phase of project	Completed GFA ('000 m <sup>2</sup> )
134	Evergrande Metropolis Nanchang	Nanchang	Phase 2	34.9
135	Evergrande Metropolis Jingdezhen	Jingdezhen	Phase 3	65.6
136	Evergrande Atrium Xinyu	Xinyu	Phase 2	74.3
137	Evergrande City Xinyu	Xinyu	Phase 2	120.3
138	Evergrande Oasis Yingtan	Yingtan	Phase 3, Phase 4	200.0
139	Evergrande City Shijiazhuang	Shijiazhuang	Phase 5	78.5
140	Evergrande Atrium Shijiazhuang	Shijiazhuang	Phase 4, Phase 5	138.2
141	Evergrande Oasis Shijiazhuang	Shijiazhuang	Phase 3, Phase 4	198.4
142	Evergrande Metropolis Shijiazhuang	Shijiazhuang	Phase 1	16.5
143	Evergrande Royal Scenic Peninsular Shijiazhuang	Shijiazhuang	Phase 2, Phase 3	141.8
144	Evergrande City Qihuangdao	Qihuangdao	Phase 2	72.5
145	Evergrande City Cangzhou	Cangzhou	Phase 1	39.6
146	Evergrande Metropolis Danzhou	Danzhou	Phase 3	84.8
147	Evergrande Splendor Danzhou	Danzhou	Phase 2	62.5
148	Evergrande Royal Scenic Bay Hainan	Chengmai	Phase 2	118.4
149	Evergrande Metropolis Jinan	Jinan	Phase 3	29.3
150	Evergrande Oasis Jinan	Jinan	Phase 5, Phase 6	276.3
151	Evergrande City Jinan	Jinan	Phase 2, Phase 3	208.5
152	Evergrande Atrium Jinan	Jinan	Phase 1	88.3
153	Evergrande Royal View Garden Jinan	Jinan	Phase 1	75.0
154	Evergrande Splendor Laiwu	Laiwu	Phase 2	32.6
155	Evergrande Metropolis Weifang	Weifang	Phase 1	175.5
156	Evergrande Yellow River Eco-City Dongying	Dongying	Phase 2	286.1
157	Evergrande City Tai'an	Tai'an	Phase 2	76.1
158	Evergrande Palace Linyi	Linyi	Phase 1	213.2
159	Evergrande Oasis Linyi	Linyi	Phase 1	132.6
160	Evergrande Oasis Changchun	Changchun	Phase 3	216.9
161	Evergrande City Changchun	Changchun	Phase 1	65.1
162	Evergrande Royal Scenic Changchun	Changchun	Phase 2	166.2
163	Evergrande Emerald Court Changchun	Changchun	Phase 1	64.1
164	Evergrande Metropolis Changchun	Changchun	Phase 1	119.3
165	Evergrande Palace Jilin	Jilin	Phase 1	49.2
166	Evergrande Royal Scenic Bay Songyuan	Songyuan	Phase 1	27.3
167	Evergrande Metropolis Yinchuan	Yinchuan	Phase 2	174.4
168	Evergrande Oasis Shizuishan	Shizuishan	Phase 2	110.2
169	Evergrande Metropolis Wuzhong	Wuzhong	Phase 2	84.8
170	Evergrande Oasis Jiaxing	Jiaxing	Phase 2	38.4
171	Evergrande Royal Scenic Haiyan	Jiaxing	Phase 1	109.4
172	Evergrande Metropolis Pinghu	Jiaxing	Phase 1	9.7
173	Evergrande Scenic Garden Ningbo	Ningbo	Phase 1	44.5
174	Evergrande Oasis Harbin	Harbin	Phase 2, Phase 3	178.6
175	Evergrande Metropolis Harbin	Harbin	Phase 1, Phase 2	161.6
176	Evergrande City Harbin	Harbin	Phase 1, Phase 2	141.4
177	Evergrande Oasis Daqing	Daqing	Phase 1, Phase 2	116.3
178	Evergrande Emerald Court Qiqihar	Qiqihar	Phase 1	25.7
179	Evergrande Metropolis Qiqihar	Qiqihar	Phase 1	75.4
180	Evergrande Metropolis Xi'ning	Xi'ning	Phase 1	155.3
181	Evergrande Splendor Wujiaqu	Wujiaqu	Phase 2	135.1
182	Evergrande Atrium Yining	Yili	Phase 1	51.5
183	Evergrande Oasis Yining	Yili	Phase 1	28.8
<b>Total</b>				<b>19,382.0</b>

## Management Discussion and Analysis

### Regional distribution of completed GFA of the Group for 2013



1	9.9%	Jiangsu Province
2	9.3%	Liaoning Province
3	8.2%	Shandong Province
4	7.1%	Anhui Province
5	6.6%	Hunan Province
6	6.2%	Sichuan Province
7	6.1%	Shanxi Province
8	5.8%	Guangdong Province
9	5.3%	Henan Province
10	4.0%	Jiangxi Province
11	3.7%	Jilin Province
12	3.6%	Heilongjiang Province
13	3.5%	Hebei Province
14	3.5%	Chongqing City
15	3.0%	Hubei Province
16	2.1%	Shaanxi Province
17	1.9%	Ningxia Hui Autonomous Region
18	1.6%	Guizhou Province
19	1.5%	Guangxi Zhuang Autonomous Region
20	1.4%	Hainan Province
21	1.3%	Inner Mongolia Autonomous Region
22	1.1%	Xinjiang Uyghur Autonomous Region
23	1.0%	Zhejiang Province
24	1.0%	Tianjin City
25	0.8%	Qinghai Province
26	0.5%	Yunnan Province

As at 31 December 2013, the Group delivered a total of 197 projects for the year with a transaction amount of RMB92.23 billion, representing a year-on-year increase of 45.2%. The GFA of properties delivered was 14.958 million m<sup>2</sup>, representing a year-on-year increase of 40.6%. The average price of properties delivered was RMB6,166 per m<sup>2</sup>, representing a year-on-year increase of 3.2%.

### Overall Situation of Projects under Construction of the Group

As at 31 December 2013, the Group had 227 projects under construction with a GFA of approximately 39,480 million m<sup>2</sup>, representing a year-on-year increase of 1.3%. The table below sets out the GFA under construction of the Group by projects.

### List of GFA under construction of the Group by projects for 2013

No.	Project name	City	GFA under construction ('000 m <sup>2</sup> )
1	Evergrande Scenic Garden Guangzhou	Guangzhou	38.8
2	Guangzhou Zhujiang New Town Project	Guangzhou	63.7
3	Evergrande Royal Scenic Peninsula Foshan	Foshan	44.4
4	Evergrande Royal Scenic Bay Foshan	Foshan	188.5
5	Evergrande Metropolis Foshan	Foshan	448.4
6	Evergrande Gentleman Hill Shenzhen	Shenzhen	225.5
7	Evergrande Royal View Garden Dongguan	Dongguan	84.7
8	Evergrande Atrium Dongguan	Dongguan	185.9
9	Evergrande Palace Dongguan	Dongguan	156.8
10	Evergrande Oasis Zhongshan	Zhongshan	283.6
11	Evergrande Splendor Qingyuan	Qingyuan	756.1
12	Evergrande Silver Lake City Qingyuan	Qingyuan	96.2
13	Evergrande City Yunfu	Yunfu	84.7
14	Evergrande City Shaoguan	Shaoguan	437.0
15	Evergrande Hawaii on the sea Yangjiang	Yangjiang	86.7
16	Evergrande Spring City Enping	Jiangmen	194.3
17	Evergrande City Chaozhou	Chaozhou	524.9
18	Evergrande Metropolis Heyuan	Heyuan	151.2
19	Evergrande City Chongqing	Chongqing	103.0
20	Evergrande Oasis Chongqing	Chongqing	44.7
21	Evergrande Metropolis Chongqing	Chongqing	65.7
22	Evergrande Atrium Chongqing	Chongqing	496.4





## Management Discussion and Analysis

No.	Project name	City	GFA under construction ('000 m <sup>2</sup> )
23	Evergrande Splendor Chongqing	Chongqing	155.5
24	Evergrande Royal View Garden Chongqing	Chongqing	146.3
25	Evergrande Emerald Court Yongchuan	Chongqing	62.2
26	Evergrande Scenic Garden Fuling	Chongqing	374.3
27	Evergrande Oasis Tianjin	Tianjin	695.7
28	Evergrande Scenic Garden Tianjin	Tianjin	229.8
29	Evergrande Splendor Tianjin	Tianjin	84.8
30	Evergrande Metropolis Tianjin	Tianjin	60.4
31	Evergrande Royal Scenic Peninsula Tianjin	Tianjin	116.9
32	Evergrande Palace Wuhan	Wuhan	150.9
33	Evergrande Oasis Wuhan	Wuhan	40.2
34	Evergrande City Wuhan	Wuhan	253.7
35	Evergrande Metropolis Wuhan	Wuhan	295.0
36	Evergrande Royal Scenic Bay Wuhan	Wuhan	106.0
37	Evergrande Splendor E'zhou	E'zhou	353.9
38	Evergrande Oasis Yichang	Yichang	257.6
39	Evergrande Metropolis Xiangyang	Xiangyang	158.7
40	Evergrande City Chengdu	Chengdu	64.8
41	Evergrande Scenic Garden Chengdu	Chengdu	23.0
42	Evergrande Royal Scenic Peninsula Chengdu	Chengdu	508.6
43	Evergrande Atrium Chengdu	Chengdu	95.4
44	Evergrande Royal View Garden Chengdu	Chengdu	155.0
45	Evergrande Splendor Pengshan	Meishan	593.6
46	Evergrande Oasis Nanchong	Nanchong	46.5
47	Evergrande City Ziyang	Ziyang	101.0
48	Evergrande Emerald Court Qionglai	Chengdu	119.9
49	Evergrande Oasis Zigong	Zigong	488.4
50	Evergrande Metropolis Zigong	Zigong	79.3
51	Evergrande City Panzhihua	Panzhihua	205.5
52	Evergrande Oasis Shenyang	Shenyang	246.2
53	Evergrande City Shenyang	Shenyang	207.5
54	Evergrande Metropolis Shenyang	Shenyang	151.1
55	Evergrande Palace Shenyang	Shenyang	63.6
56	Evergrande Bay Shenyang	Shenyang	165.8
57	Evergrande Atrium Shenyang	Shenyang	6.8
58	Evergrande Emerald Court Shenyang	Shenyang	10.6
59	Evergrande Oasis Liaoyang	Liaoyang	311.0
60	Evergrande Tanxijun Dalian	Dalian	79.6
61	Evergrande Oasis Anshan	Anshan	183.1
62	Evergrande Metropolis Anshan	Anshan	633.0
63	Evergrande Oasis Yingkou	Yingkou	282.2
64	Evergrande City Yingkou	Yingkou	315.8
65	Evergrande Bay Yingkou	Yingkou	211.2
66	Evergrande Palace Panjin	Panjin	28.6
67	Evergrande Palace Fushun	Fushun	151.5
68	Evergrande Plaza Fushun	Fushun	80.0
69	Evergrande Oasis Benxi	Benxi	140.6
70	Evergrande Royal Scenic Bay Huludao	Huludao	117.1
71	Evergrande Oasis Xi'an	Xi'an	134.8
72	Evergrande Royal Scenic Xi'an	Xi'an	166.5
73	Evergrande City Hanzhong	Hanzhong	93.7
74	Evergrande City Yangling	Xianyang	142.8
75	Evergrande Splendor Nanjing	Nanjing	101.0
76	Evergrande Oasis Nanjing	Nanjing	75.5

## Management Discussion and Analysis

No.	Project name	City	GFA under construction ('000 m <sup>2</sup> )
77	Evergrande Venice on the sea	Nantong	1,161.7
78	Evergrande Metropolis Danyang	Zhenjiang	224.5
79	Evergrande City Danyang	Zhenjiang	23.6
80	Evergrande Oasis Zhenjiang	Zhenjiang	24.5
81	Evergrande Atrium Jurong	Zhenjiang	121.2
82	Evergrande Metropolis Huai'an	Huai'an	75.5
83	Evergrande Palace Suqian	Suqian	91.2
84	Evergrande Oasis Suqian	Suqian	135.2
85	Evergrande Metropolis Lianyungang	Lianyungang	170.3
86	Evergrande Metropolis Yancheng	Yancheng	278.0
87	Evergrande City Wuxi	Wuxi	177.3
88	Evergrande Oasis Wuxi	Wuxi	250.0
89	Evergrande Emerald Court Changzhou	Changzhou	161.6
90	Evergrande Royal View Garden Yangzhou	Yangzhou	99.5
91	Evergrande Splendor Kunming	Kunming	293.9
92	Evergrande Atrium Kunming	Kunming	123.2
93	Evergrande Metropolis Qujing	Qujing	82.4
94	Evergrande Atrium Hohhot	Hohhot	236.6
95	Evergrande Metropolis Hohhot	Hohhot	102.0
96	Evergrande Palace Baotou	Baotou	21.8
97	Evergrande Metropolis Baotou	Baotou	222.3
98	Evergrande Oasis Ulanhot	Ulanhot	141.9
99	Evergrande Oasis Wuhai	Wuhai	197.9
100	Evergrande Oasis Taiyuan	Taiyuan	234.8
101	Evergrande Metropolis Taiyuan	Taiyuan	82.5
102	Evergrande Scenic Garden Taiyuan	Taiyuan	79.7
103	Evergrande Palace Taiyuan	Taiyuan	316.0
104	Evergrande Oasis Yuncheng	Yuncheng	103.4
105	Evergrande Metropolis Yuncheng	Yuncheng	31.2
106	Evergrande Royal Scenic Lvliang	Lvliang	185.2
107	Evergrande Oasis Datong	Datong	145.9
108	Evergrande Palace Linfen	Linfen	262.4
109	Evergrande City Guiyang	Guiyang	128.9
110	Evergrande Metropolis Guiyang	Guiyang	142.6
111	Evergrande Atrium Guiyang	Guiyang	152.7
112	Evergrande City Zunyi	Zunyi	101.0
113	Evergrande City Kaili	Kaili	72.7
114	Evergrande City Hefei	Hefei	124.2
115	Evergrande Royal View Garden Hefei	Hefei	89.4
116	Evergrande Central Plaza Hefei	Hefei	282.6
117	Evergrande Oasis Tongling	Tongling	62.1
118	Evergrande Palace Wuhu	Wuhu	86.3
119	Evergrande Metropolis Huaibei	Huaibei	362.3
120	Evergrande Atrium Huaibei	Huaibei	7.3
121	Evergrande Oasis Huainan	Huainan	130.2
122	Evergrande City Bozhou	Bozhou	148.8
123	Evergrande Oasis Anqing	Anqing	129.1
124	Evergrande Royal Scenic Bay Lu'an	Lu'an	305.1
125	Evergrande Royal Scenic Bay Bengbu	Bengbu	54.6
126	Evergrande Royal Scenic Bay Ma'anshan	Ma'anshan	158.6
127	Evergrande Metropolis Chuzhou	Chuzhou	165.4
128	Evergrande Oasis Chuzhou	Chuzhou	135.0
129	Evergrande Royal Scenic Bay Suzhou	Suzhou	165.0
130	Evergrande Palace Changsha	Changsha	6.0





## Management Discussion and Analysis

No.	Project name	City	GFA under construction ('000 m <sup>2</sup> )
131	Evergrande Metropolis Changsha	Changsha	54.9
132	Evergrande City Changsha	Changsha	45.8
133	Evergrande Oasis Changsha	Changsha	4.4
134	Evergrande Atrium Changsha	Changsha	586.5
135	Evergrande Palace Liuyang	Changsha	186.1
136	Evergrande Emerald Court Changsha	Changsha	93.1
137	Evergrande Royal Scenic Bay Changsha	Changsha	63.2
138	Evergrande Palace Chenzhou	Chenzhou	24.4
139	Evergrande Metropolis Zhuzhou	Zhuzhou	67.6
140	Evergrande Metropolis Yueyang	Yueyang	30.4
141	Evergrande Oasis Hengyang	Hengyang	186.4
142	Evergrande Oasis Yiyang	Yiyang	123.7
143	Evergrande Oasis Qinzhou	Qinzhou	76.8
144	Evergrande Royal Scenic Peninsular Beihai	Beihai	269.6
145	Evergrande Metropolis Beihai	Beihai	69.3
146	Evergrande Plaza Guilin	Guilin	162.2
147	Evergrande Royal Scenic Bay Fangchenggang	Fangchenggang	23.0
148	Evergrande Oasis Zhengzhou	Zhengzhou	232.9
149	Evergrande Metropolis Zhengzhou	Zhengzhou	21.5
150	Evergrande Oasis Luoyang	Luoyang	344.8
151	Evergrande Metropolis Xinyang	Xinyang	303.4
152	Evergrande Palace Wugang	Pingdingshan	1.9
153	Evergrande Oasis Anyang	Anyang	3.1
154	Evergrande Atrium Xinxiang	Xinxiang	186.1
155	Evergrande Splendor Xinxiang	Xinxiang	428.9
156	Evergrande Oasis Xuchang	Xuchang	150.6
157	Evergrande City Nanchang	Nanchang	309.4
158	Evergrande Oasis Nanchang	Nanchang	279.0
159	Evergrande Metropolis Nanchang	Nanchang	278.8
160	Evergrande Metropolis Jingdezhen	Jingdezhen	304.0
161	Evergrande Atrium Xinyu	Xinyu	200.1
162	Evergrande City Xinyu	Xinyu	176.0
163	Evergrande Oasis Yingtan	Yingtan	328.9
164	Evergrande Royal Scenic Jiujiang	Jiujiang	143.1
165	Evergrande Royal View Garden Ji'an	Ji'an	204.5
166	Evergrande City Shijiazhuang	Shijiazhuang	33.3
167	Evergrande Atrium Shijiazhuang	Shijiazhuang	123.6
168	Evergrande Oasis Shijiazhuang	Shijiazhuang	3.7
169	Evergrande Metropolis Shijiazhuang	Shijiazhuang	17.3
170	Evergrande Royal Scenic Peninsular Shijiazhuang	Shijiazhuang	208.9
171	Evergrande Splendor Luquan	Shijiazhuang	7.4
172	Evergrande City Qihuangdao	Qihuangdao	372.2
173	Evergrande City Cangzhou	Cangzhou	232.1
174	Evergrande City Xingtai	Xingtai	146.8
175	Evergrande Palace Tangshan	Tangshan	90.0
176	Evergrande City Hengshui	Hengshui	118.3
177	Evergrande Bay Haikou	Haikou	129.7
178	Evergrande Metropolis Danzhou	Danzhou	45.3
179	Evergrande Splendor Danzhou	Danzhou	93.2
180	Evergrande Royal Scenic Bay Hainan	Chengmai	339.5
181	Evergrande Metropolis Jinan	Jinan	42.1
182	Evergrande Oasis Jinan	Jinan	183.2
183	Evergrande City Jinan	Jinan	434.6
184	Evergrande Atrium Jinan	Jinan	247.2

## Management Discussion and Analysis

No.	Project name	City	GFA under construction ('000 m <sup>2</sup> )
185	Evergrande Royal View Garden Jinan	Jinan	187.8
186	Evergrande Splendor Laiwu	Laiwu	471.6
187	Evergrande Metropolis Weifang	Weifang	229.4
188	Evergrande Yellow River Eco-City Dongying	Dongying	181.7
189	Evergrande City Tai'an	Tai'an	46.7
190	Evergrande Palace Linyi	Linyi	150.5
191	Evergrande Oasis Linyi	Linyi	64.8
192	Evergrande Metropolis Jining	Jining	131.5
193	Evergrande Emerald Court Weifang	Weifang	209.9
194	Evergrande Metropolis Liaocheng	Liaocheng	104.5
195	Evergrande Oasis Changchun	Changchun	106.7
196	Evergrande City Changchun	Changchun	203.8
197	Evergrande Royal Scenic Changchun	Changchun	96.6
198	Evergrande Emerald Court Changchun	Changchun	1.8
199	Evergrande Metropolis Changchun	Changchun	205.2
200	Evergrande City Plaza Changchun	Changchun	112.7
201	Evergrande Palace Jilin	Jilin	241.4
202	Evergrande Royal Scenic Bay Songyuan	Songyuan	160.8
203	Evergrande City Lanzhou	Lanzhou	221.9
204	Evergrande Oasis Lanzhou	Lanzhou	120.9
205	Evergrande Oasis Wuwei	Wuwei	119.3
206	Evergrande Metropolis Yinchuan	Yinchuan	208.6
207	Evergrande Oasis Shizuishan	Shizuishan	87.9
208	Evergrande Metropolis Wuzhong	Wuzhong	69.1
209	Evergrande Oasis Jiaxing	Jiaxing	220.6
210	Evergrande Royal Scenic Haiyan	Jiaxing	211.2
211	Evergrande Metropolis Pinghu	Jiaxing	89.3
212	City Lights Ningbo	Ningbo	83.8
213	Evergrande Scenic Garden Ningbo	Ningbo	213.5
214	Evergrande Royal Scenic Peninsular Quzhou	Quzhou	107.7
215	Evergrande Oasis Harbin	Harbin	293.8
216	Evergrande Metropolis Harbin	Harbin	201.0
217	Evergrande City Harbin	Harbin	148.7
218	Evergrande Royal View Garden Harbin	Harbin	98.0
219	Evergrande Oasis Daqing	Daqing	95.4
220	Evergrande Oasis Muanjiang	Muanjiang	124.7
221	Evergrande Emerald Court Mudanjiang	Muanjiang	157.5
222	Evergrande Emerald Court Qiqihar	Qiqihar	205.4
223	Evergrande Metropolis Qiqihar	Qiqihar	196.3
224	Evergrande Metropolis Xi'ning	Xi'ning	118.3
225	Evergrande Splendor Wujiaqu	Wujiaqu	431.7
226	Evergrande Atrium Yi'ning	Yili	78.1
227	Evergrande Oasis Yi'ning	Yili	86.0
<b>Total</b>			<b>39,479.3</b>



### **Investment Properties**

During the year, the Group appropriately improved its investment properties portfolio of shops and car parking spaces, with an aim to benefit from the long-term and stable growth of cash flow to supplement its property operations. As at 31 December 2013, the Group possessed approximately 1,672,384 m<sup>2</sup> of investment properties including shops and complexes and 140,889 car parking spaces in 159 projects in total across the PRC. Evergrande Center in Guangzhou is one of the most representative projects with a total of 348 car parking spaces. Shops and office buildings of approximately 41,000 m<sup>2</sup> are utilized for investment purposes. The full operation of Evergrande Center in March 2013 makes positive contributions to the rental income of the entire investment properties portfolio. Given the large number of investment properties in the portfolio, no individual property held solely for investment purposes is considered to be material with reference to the total assets of the Group. General details about investment properties are set out in Note 8 to the consolidated financial statements. During the year, we achieved a total rental income of RMB126 million, a year-on-year increase of 27.2%; segmental profit was RMB6.26 billion, in which the increase in fair value of the investment properties of RMB5.82 billion was included (net profit after tax was approximately RMB3.40 billion).

### **Property Management**

During the year, the Group recorded revenue from property management of RMB742 million, representing a year-on-year growth of 46.4%. The increase was mainly attributable to the additional property management fees received as a result of the increase in the total GFA of properties completed and delivered during the year.

### **Property Construction, Land Clearance and Other Property Development Related Services**

During the year, the Group recorded revenue of RMB569 million from property construction, land clearance and other property development related services, representing a decrease of RMB579 million, which was mainly attributable to less construction work was provided during the year.

### **Human Resources**

As at 31 December 2013, the Group had a total of 47,330 employees and approximately 90% of which are graduates with bachelor's degree or above on property development or construction.

In 2013, the Group hired a total of 1,100 fresh graduates, among which, 223 were from the top 10 domestic universities in terms of comprehensive strengths including Peking University and Tsinghua University. An aggregate of 8,201 professionals were hired from the society, including 502 for our headquarter, 2,746 for the respective branches and 4,953 for the subsidiaries like Mineral Water Group (礦泉水集團). Our various departments organised approximately 24,353 training sessions and professional seminars for the staff throughout the year and trained approximately 355,169 staff in aggregate. The total trainings amounted to approximately 39,176 hours with approximately 1.6 hours per session.

The Group firmly believes that people is the most important resource for an enterprise, and has been adhering to a people-oriented human resources development strategy. This helps us to create a working environment with harmonious development and positive interaction between the Group and its staff. As at 31 December 2013, total staff cost (including directors' emoluments) of the Group was approximately RMB5.89 billion (the corresponding period of 2012: approximately RMB4.72 billion).

GFA of **land  
reserves**

**151**

**million m<sup>2</sup>,**  
representing  
an increase of

**7.5%**

**compared to  
the end  
of 2012**



# Directors and Administrative Structure







GFA of **land  
reserves**

**151**

**million m<sup>2</sup>,**  
representing  
an increase of

**7.5%**

**compared to  
the end  
of 2012**







# Directors and Administrative Structure

## Executive Directors



**Hui Ka Yan (許家印)**

aged 55, chairman of the Board. Dr. 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, Dr. 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. Dr. 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 50, vice chairman of the Board and president of the Group. Dr. Xia has 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



### **Li Gang (李鋼) (Resigned with effect from 1 May 2014)**

aged 50, vice chairman of the Board and executive vice president of the Group. Mr. Li has more than 19 years of experience in property development and corporate management. Mr. Li is solely responsible for the Group's construction system management, marketing management, property management, projects development, brand establishment management, management of compliance and filing matters, and legal affairs, etc.



### **Xu Wen (徐文)**

aged 50, our executive Director and vice president. Mr. Xu is responsible for the Group's materials procurement, delivery and planning, and landscape design and construction. He 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.



## Directors and Administrative Structure



### **Tse Wai Wah (謝惠華)**

aged 47, 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").



### **Huang Xiangui (黃賢貴)**

aged 43, our vice president. He was appointed as the executive Director of the Company on 14 February 2014. 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 16 years of experience in marketing, human resource management, foreign capital operation and management.



### **He Miaoling (何妙玲)**

aged 48, our vice president. She will become an executive Director of the Company with effect from 1 May 2014. Ms. He is responsible for the Group's real estate projects marketing management and business administration. She has more than 15 years of experience in marketing strategies and brand promotion in the property industry. 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.



### Independent Non-executive Directors

#### **Chau Shing Yim, David (周承炎)**

aged 49, our independent non-executive Director. Mr. Chau has been our independent non-executive Director since 14 October 2009. Mr. Chau has over 23 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 55, 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 54, 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.



## Directors and Administrative Structure

### Senior Management

#### **Lai Lixin (賴立新) (Resigned as executive director on 14 February 2014)**

aged 41, the chairman of the Changsha Company. He resigned as executive director of the Company on 14 February 2014. Mr. Lai is responsible for the daily operations of the Changsha Company and the property related business of the Group in Hunan province. He has more than 19 years of experience in the operation and management of real estate projects and has a master's degree in project management.

#### **Xiao En (肖恩)**

aged 42, our executive vice president. Mr. Xiao joined us in November 2013, and is currently responsible for the management of the Group's engineering and construction systems, marketing management and property management and supervision. Mr. Xiao graduated from Southwest University of Political Science and Law and has a master degree in economic law.

#### **Wang Chuan (王川)**

aged 47, our executive vice president and the general manager of Evergrande Future Business Group (恒大未來產業集團). Ms. Wang is responsible for the planning and design of Haihua Island (海花島), the landmark urban complex and famous cultural and tourism center of the Group. She has over 24 years of experience in research and development, design and management, and has a professional degree in construction engineering.

#### **Lin Manjun (林漫俊)**

aged 44, our vice president. Mr. Lin is responsible for various tender and bidding, contract management and budget and final account as well as audit works in the course of the development and construction of real estate projects in the PRC. He has over 20 years of experience in project design and tender and bidding management.

#### **Shi Shouming (時守明)**

aged 40, our vice president and the chairman of the Beijing Company. Mr. Shi is responsible for project development and project cooperation. He has more than 15 years of experience in project development, operation and management, and has a professional degree in engineering management.





## Directors and Administrative Structure

### Senior Management (Continued)

#### **Liu Jiang Nan (劉江南)**

aged 58, our vice president and the executive principal of Evergrande International Football School. He is solely responsible for the daily management of Evergrande International Football School. Mr. Liu graduated from Guangxi Normal University in 1982, and was conferred the doctor's degree in education psychology by South China Normal University in 2004. Mr. Liu has over 31 years of experience in sports education.

#### **Peng Jianjun (彭建軍)**

aged 43, our vice president. Mr. Peng is responsible for the management and operation of our hotel segment. He has extensive experience in hotel management. Mr. Peng obtained a PhD degree in management from Jinan University in 2005 and was accredited as senior economist, and won numerous awards as a distinguished hotel manager.

#### **Liu Yongzhuo (劉永灼)**

aged 33, our vice president and the chairman of Evergrande health sector group (恒大健康產業集團). He is responsible for projects development and management, land contracts management, implementation and supervision, and our health sector group (健康產業集團), Evergrande mineral water group (恒大礦泉水集團), football clubs and volleyball clubs. He has a professional degree in business administration.

#### **Ke Peng (柯鵬)**

aged 34, our vice president and chairman for culture sector group. Mr. Ke is mainly responsible for the Group's brand image, corporate culture and public relations. He has a bachelor's degree in international economic laws.

#### **Zhang Chang Qing (張常青)**

aged 49, our vice president. Mr. Zhang is mainly responsible for the domestic financial management and operation management of the Group, and holds a master's degree in management and accounting.



## Directors and Administrative Structure

### Senior Management (Continued)

#### **Xu Jianhua (許建華)**

aged 51, our vice president. Mr. Xu is currently responsible for the Group's equity financing and trust financing. He has 15 years of experience in fund operations and holds a doctor's degree in business administration and is a senior economist.

#### **Xu Xiaojun (許曉軍)**

aged 42, our vice president. Mr. Xu is responsible for the fund raising and financing management of the Group in some regions. He has over 16 years of experience in property development and management. He has a master's degree in mechanical engineering and is a certified commercial investment manager.

#### **Chen Dong Feng (陳東鋒)**

aged 48, our vice president. Mr. Chen joined us in 2011, and is mainly responsible for the management and construction of the Group's information system. He holds a master's degree in communication and electronic engineering and a doctor's degree in management.

#### **Qin Li Yong (秦立永)**

aged 36, our vice president. Mr. Qin joined us in 2005, and is responsible for system and supervision management for the Group's construction projects. He holds a master's degree in management science and engineering of Tongji University.

#### **Sun Yunchi (孫雲馳)**

aged 41, our vice president. Mr. Sun is responsible for the fund raising and financing management of the Group in some regions. He has more than 18 years of experience in capital operations and management.

#### **Wei Keliang (魏克亮)**

aged 56, our vice president. Mr. Wei is responsible for the fund raising and financing management of the Group in some regions. He has more than 25 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.





## Directors and Administrative Structure

### Senior Management (Continued)

#### **Wu Liqun (伍立群)**

aged 50, our vice president. Ms. Wu is responsible for external affairs. She has over 19 years of experience in corporate management.

#### **Meng Li Lin (孟立林)**

aged 41, our vice president and general manager for property management center. Mr. Meng is fully responsible for the daily management of the property management center. He holds a professional degree in tourism management.

### Company Secretary

#### **Fong Kar Chun, Jimmy (方家俊)**

aged 39, our company secretary. Mr. Fong is a member of the Law Society of Hong Kong and has been a qualified solicitor in Hong Kong since 2001. Mr. Fong joined us in June 2009 and is responsible for investor relationship and the management of foreign legal matters of the Group. Mr. Fong obtained his bachelor's degree in laws and a postgraduate certificate in laws from the University of Hong Kong in 1997 and 1998 respectively. Mr. Fong obtained his master's degree in laws in banking and finance from the London School of Economics and Political Science, University of London in 2000.

# Investor Relationship Report



**恒大地產集團有限公司**

(股票代碼：3333)

二零一三年全年業績發佈會



In 2013, through different means such as regular publications of results announcements, launching global roadshows, organization of site visits for investors and participation in annual conferences of investment banks, the Group has further strengthened its communication system and kept a constant interactive exchange with investors. Our relationship with investors has reached new stage, developing into an interactive relationship steadily. The Group, through various kinds of channels, has met 1,594 investors of all sorts from 1,302 investment institutions worldwide in aggregate during the year.





# Investor Relationship Report

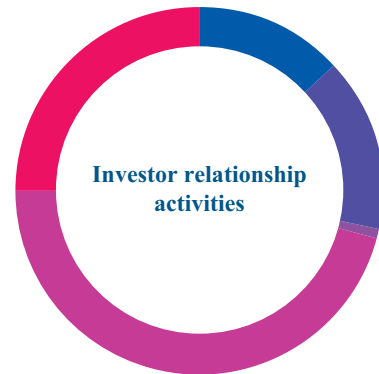
In particular, the management of the Group places high emphasis on the exchange with investors. During the year, the management organized 2 large-scale results roadshows (non-deal), 3 reverse roadshows for senior investors and an annual general meeting. Those 2 results roadshows (non-deal) organized by Citibank, Deutsche Bank, Bank of America Merrill Lynch, Credit Suisse, JP Morgan, DBS Bank and UBS. The management has visited the world's key financial centers, such as Hong Kong, Singapore, London, Los Angeles, New York and Boston, and had frequent interactions with over 360 investment institutions on issues of the Group, such as development strategies, industry prospects and future plans.

In 2013, the management of the Group has also participated in 28 annual conferences and exchange meetings of all sorts held by securities brokers and investment banks, namely Citibank, Deutsche Bank, Bank of America Merrill Lynch, Credit Suisse, JP Morgan, BOCI, DBS Bank, HSBC, CLSA, UBS, Morgan Stanley, Barclays Bank PLC, Nomura Securities, Macquarie Securities, CICC, Haitong International, Mizuho Securities, Ji Asia, Guoyuan Securities and Mirae Asset in Beijing, Hong Kong, Macau, Singapore and Shenzhen, having met 740 investors of all sorts from 594 investment institutions worldwide in aggregate. On the foundation of exchanging the latest operating strategies and results of the Group, the management widely listens to the opinions and advices of the investment sector, and is committed to enhance the Group's management level and optimize the governance structure.

In mid June 2013, the Group successfully organized a large-scale reverse roadshow with analysts from more than a dozen of international investment banks, including, Citibank, Goldman Sachs, Deutsche Bank, Bank of America Merrill Lynch, Credit Suisse, UBS, BOCI, Macquarie, DBS Bank, Barclays Bank PLC, Jefferies, CIMB and Mizuho Capital (瑞穗資本). The Group, with the organization by Citibank and Goldman Sachs, also invited dozens of investment institutions to visit our projects in Jinan, Hefei, Zhengzhou and Xi'an, demonstrating to all investment institutions that we are a quality property developer, with standardized operation process.

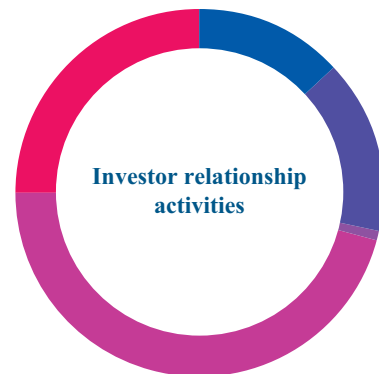
In 2013, to comply with the revised Listing Rules of the Stock Exchange, the Group further revised and standardized its monthly contracted sales publication process. Other than issuing of press releases regarding annual sales targets and monthly sales figures, the Group will also publish the abovementioned information regularly on the website of the Stock Exchange, in order to improve the transparency of its information disclosure, which is highly praised by investors. As the supplements to its results publication, the Group will also deliver to its investors its latest information regarding development strategies, development process, sales results and market overlook through various kinds of communications, such as website and emails. Currently, the Group has 1,142 investment institutions and 1,643 investors as our regular receivers of the materials.

## Number of institutions



171	Project visits
201	Exchange meetings
11	Teleconferences (with records)
594	Annual conferences
325	Roadshows

## Number of investors



225	Project visits
250	Exchange meetings
14	Teleconferences (with records)
740	Annual conferences
365	Roadshows

## Investor Relationship Report

### Summary of the Group's Investor Relations Activities for 2013

Month	Venue	Activity
January	Hong Kong	Attending Nomura Securities' annual conference on real estate sector
	Singapore	Attending CICC's investor exchange meeting
	Singapore	Attending DBS Bank's Asia summit
	Hong Kong	Attending Credit Suisse's conference on real estate sector
	Shenzhen	Attending investors annual conference organized by Guoyuan Securities
	Beijing	Attending investors annual conference organized by Deutsche Bank
	Shanghai	Attending UBS' 13th Greater China annual conference
March	Hong Kong	Convening 2012 annual results press conference and briefing for analysts
	Hong Kong	Attending 2012 annual results roadshow in Hong Kong organized by Bank of America Merrill Lynch
	Hong Kong	Attending 2012 annual results roadshow in Hong Kong organized by Citibank
	Singapore	Attending 2012 annual results roadshow in Singapore organized by UBS
April	Los Angeles	Attending 2012 annual results roadshow in Los Angeles organized by Deutsche Bank
	London	Attending 2012 annual results roadshow in London organized by JP Morgan
	New York	Attending 2012 annual results roadshow in New York organized by Deutsche Bank
	Boston	Attending 2012 annual results roadshow in Boston organized by Deutsche Bank
	Hong Kong	Attending investors annual conference organized by Mirae Asset
	Hong Kong	Attending investors annual conference organized by HSBC
May	Hong Kong	Attending investors annual conference organized by UBS
	Beijing	Attending investors annual conference organized by BOCI
	Hong Kong	Attending investors seminar organized by Macquarie Securities
	Shenzhen	Attending investors annual conference organized by Haitong International
	Hong Kong	Attending investors seminar organized by Morgan Stanley
June	Singapore	Attending investors seminar organized by Deutsche Bank
	Hong Kong	Attending investors annual conference organized by Barclays Bank PLC
	Hong Kong	Attending annual conference on real estate sector for Asia Pacific region organized by Citibank
	Beijing	Attending the 9th annual summit organized by JP Morgan
	Hong Kong	Convening the annual general meeting
	Guangzhou	Organizing a large-scale reverse roadshow
	Zhengzhou, Xi'an	Organizing a large-scale reverse roadshow through Goldman Sachs
Hefei, Jinan	Organizing a large-scale reverse roadshow through Citibank	





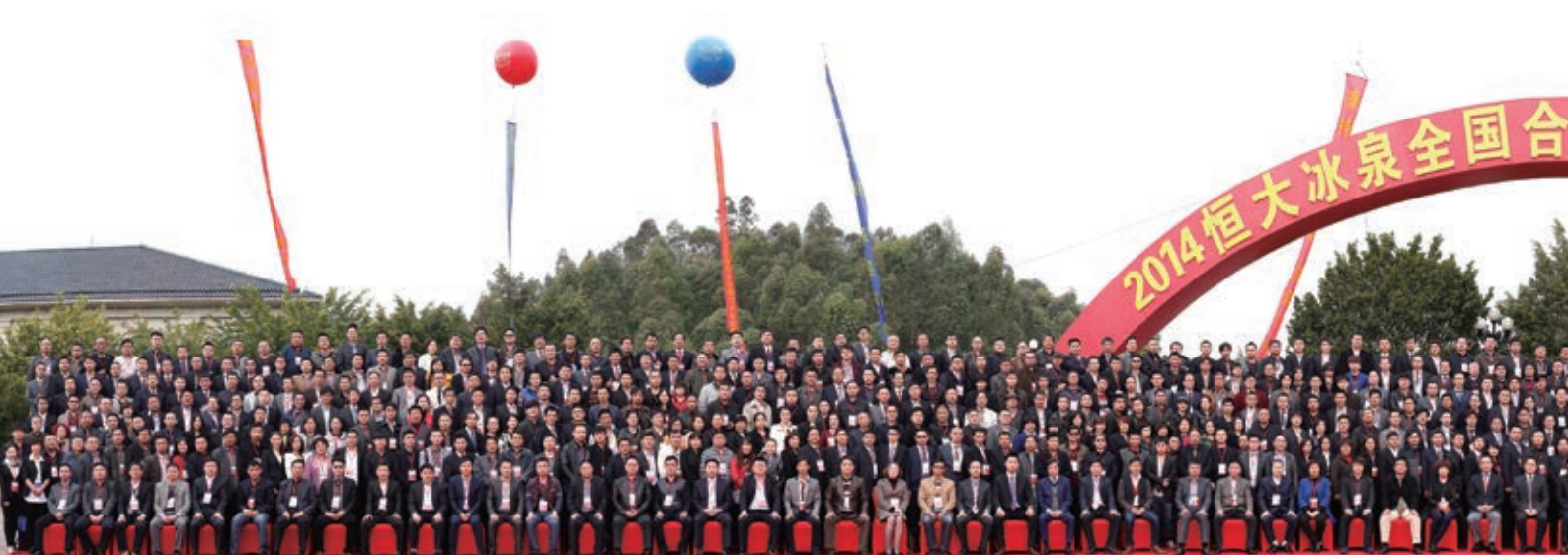
## Investor Relationship Report

Month	Venue	Activity
July	Hong Kong Singapore Hong Kong	Attending investors annual conference organized by Bank of America Merrill Lynch Attending investors summit organized by DBS Bank Attending investors annual conference organized by Macquarie Securities
August	Hong Kong Hong Kong Hong Kong Singapore Singapore New York Boston	Convening 2013 interim results press conference and briefing for analysts Attending 2013 interim results roadshow in Hong Kong organized by Citibank Attending 2013 interim results roadshow in Hong Kong organized by UBS Attending 2013 interim results roadshow in Singapore organized by DBS Bank Attending 2013 interim results roadshow in Singapore organized by JP Morgan Attending 2013 interim results roadshow in New York organized by Credit Suisse Attending 2013 interim results roadshow in Boston organized by Credit Suisse
September	London Los Angeles	Attending 2013 interim results roadshow in London organized by Deutsche Bank Attending 2013 interim results roadshow in New York organized by Credit Suisse
October	Hong Kong	Attending investors conference organized by Credit Suisse
November	Macao Beijing Singapore Hong Kong	Attending Citibank's investors conference for Greater China region Attending CICC's investors annual conference Attending Morgan Stanley's investors summit for Asia Pacific region Attending Mizuho's investors annual conference
December	Hong Kong Hong Kong	Attending CLSA's investors conference Attending Ji Asia's investors conference

# Corporate Citizenship Report



Under the new social and market environment, the Group upheld its concept on “catering for people’s livelihood and serving the homeland”, and took a more active role in undertaking corresponding social responsibilities to achieve mutually benign and sustainable advancement of its growth and social development.







In 2013, the Group integrated social responsibilities into its strategies to a more thorough extent, which has become our operation approach. The Group continued to support the charitable activities such as livelihood, sports and environmental protection, and to endeavor to foster the harmonious development of the society with the joint improvement with our shareholders, staff, upstream and downstream industry chains and customers. Throughout the past 18 years, the Group has in aggregate provided hundreds of thousands of households with high value-for-money residential developments, made or agreed to make charitable donations of nearly RMB2.3 billion. The Group was awarded “The China Charity Award” for six consecutive years, and topped the “Forbes China Philanthropy List” and obtained the “China Poverty Eradication Award”. The Group will continue to concern with people’s livelihood and respond to the request from different social groups, while sustaining its devotion to charitable activities that support livelihood, education, poverty alleviation, sports and culture as well as environmental protection. With the joint development 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

Developing properties for people’s livelihood is the development approach of the Group. The Group adhered to enhance its quality and benefit the public in various development stages so as to provide ordinary civilians with high quality and high value-for-price residential properties at an average selling price of only over RMB6,000 per square meter, which were widely adored by ordinary civilians in China.

In 2013, the Group integrated its operational wisdom into charitable activities and proactively supported the charitable activities nationwide.



On 20 April, after the earthquake in Ya’an, Sichuan, the Group immediately donated RMB20 million to the disaster area in Ya’an Sichuan through the China Foundation for Poverty Alleviation. We were among the first large-sized conglomerates to respond immediately after the disaster as well as the conglomerates topping the donations that day. On 30 June, the Group donated RMB20 million in “Guangdong Poverty Alleviation Day” campaign to sustain its support for poverty alleviation in Guangdong. On 23 June, in order to promote the Chinese Yu-opera culture, the Group donated RMB5 million to the Chinese Yu-opera Culture Promotion Society.

In addition, the Group established a center for protection of rights and interests of migrant workers on 2 December to fully guarantee the legal rights and interests of migrant workers of its projects nationwide such as contract signing and wage payment. In 2013, the Group employed a total of over 600,000 migrant workers.



## Corporate Citizenship Report



### Green Homes

Adhering to the construction objectives of “Alliances with premium suppliers” and “Green ecology, energy conservation and environmental protection”, the Group is committed to delivering fully-refurbished properties to reduce environmental pollution from refurbishment works, while cooperating with strategic upstream and downstream partners along the industry chain to apply advanced technologies from project design to construction, thereby boosting product quality and the environmental protection level of the industry to be continually increased.

The Group promoted product upgrades, and comprehensively applied the new standards of second-generation products of residential standardization. The Group also carried out national planning and style adjustments and increased additional community facilities, with 226 ancillary facilities adjusted and 75 small-sized buildings adjusted, with a view to further enhancing the quality of properties and convenience of life of residents.

In order to further intensify standardization construction, the Group established a standardization group and entered into a Strategic Cooperation Agreement of Architectural Design for 2013 with Shenzhen General Institute of Architectural Design and Research Co., Ltd.

The Group focused on technological innovation, and reached a strategic cooperation with the world's first elite school Harvard University and China's first elite school Tsinghua University to build green residential properties. The Group has provided the society with hundreds of thousands of quality properties by advocating the philosophy of quality life in all of its projects.

To improve service quality, the Group's property management companies managed 304 property projects with an area of

over 30 million square meters. The average completion ratio of maintenance and warranty was up by 90% during the year. The Group implemented special assessments in respect of quality of property services, collection of property service fees and property safety management so as to further regulate property services.

### Staff Development

Talents are capital of Evergrande and sharing its development results with its staff has been the direction of Evergrande. In 2013, the Group continued to take various measures to protect occupational health and safety and legitimate rights and interests of its staff, striving to create a platform and space for growth of its staff.

The Group launched a master program of project management with Tsinghua University, which officially enrolled new students in 2013, while inviting well-known economists to lecture for its staff in order to improve their comprehensive quality. In particular, the Group hit another record high in terms of society and school recruitments in 2013, further fostering employment. 4,498 talents with management and technology skills were hired through society recruitments, and 1,100 people were hired through school recruitments, 223 of whom were graduates from top domestic institutes and colleges, thereby nurturing a great pool of potential talents for the country and the society.

The Group offered industry-competitive remuneration in accordance with market-oriented principles, and substantially increased salaries of all positions during the year. The salary level of each position was up by 16.7% on average and the salary level of property related positions was raised by 24.3%, therefore, salaries of its staff were further improved.

The Group continued to strengthen construction of its integrity system. While the anti-corruption propaganda video made jointly





with the professional manufacturing teams of the China Central Television (CCTV) and The Supreme People's Procuratorate was launched in May, the Group carried out the activity of staff-wide "study on the anti-corruption propaganda video", penetrating the anti-corruption culture further.

### Creditworthy Cooperation

Since its establishment, the Group has adhered to creditworthy operation principles and advocated transparent trading and tax payment in accordance with laws. Under the cooperation with hundreds of strategic business partners and adoption of transparent trading principles, the establishment of the "creditworthy alliance" is jointly fostered and a win-win partnership is thus achieved.

In 2013, the Group continued to increase its efforts on strategic cooperation and centralized procurement. The Group also shared its development results with its strategic business partners and established a mechanism of core strategy for supporting major suppliers.

The Group constantly refined its supply chain system. The Group reached a strategic cooperation with the internationally famous enterprises, namely SAP and IBM to jointly construct the ERP project. The ERP SAP procurement and supply chain management system was put into trial operation, which significantly increased the procurement efficiency and transparency.

To achieve quality control from the source of procurement, the Group further strengthened supply chain management and promoted steadily sustained improvement of its product quality through the measures such as implementation of stringent control on delivery terms, establishment of the quality assurance

system with 360-degree control throughout the process, setting of the control red line of the "one-vote veto system of product quality" and formulation of the comprehensive assessment incentives and elimination system of suppliers.

### Supporting Sports and Culture Development

Evergrande has been always promoting sports development in China with a mode of occupation-oriented operation and enterprise-based management wisdom. In 2013, Guangzhou Evergrande Football Club, one of subsidiaries of the Group, won Asian Champions League title for the first time, participated in the FIFA Club World Cup for the first time and ranked the fourth place, and was the triple champion of Chinese Football Association Super League. The Evergrande volleyball team was the champion of the Asian Club Cup in female volleyball for the first time. Evergrande Football School was top No. 1 worldwide in respect of size. The Group established the first football college in China with Renmin University of China, and built the strongest basic education by introducing The High School Affiliated to Renmin University of China to form the one-stop growth ladder from the primary school to the university.

The Group propelled national culture development in several fields. The Evergrande music company has copyrights of over 22,000 songs, and has successfully operated nearly 30 "Evergrande Starlight" music carnivals and other major events. "The Rooftop" and "Timeless Love", films of Evergrande, were well recognized. The Evergrande Song and Dance Troupe participated in over 100 major performances nationwide, and "Spring Flowers" ("春花烂漫") ranked the first place in the contest of "Straight to Spring Festival Gala" ("直通春晚) of the CCTV.

# 2013 Major Awards and Prizes



Top Ten Real Estate Developers in China by Integrated Capability – No. 2	March 2013	Top 10 of Top 100 Real Estate Enterprises in China by Integrated Capability – No. 2	March 2013
Real Estate Developer with Saleable Area over “Ten Million Square Meters” in China	March 2013	Top 100 Real Estate Enterprises in China by Saleable Area – No. 1	March 2013
Top Ten Real Estate Developers in China by Comprehensive Development – No. 1	March 2013	Top 10 of Top 100 Real Estate Enterprises in China by Operating Efficiency – No. 1	March 2013
Top Ten City Coverage’s Real Estate Developers in China – No. 1	March 2013	Top 10 of Top 100 Real Estate Enterprises in China by Scale – No. 1	March 2013
Top Ten Real Estate Developers in China by Responsible Property – No. 2	March 2013	Top 10 of Top 100 Real Estate Enterprises in China by Profitability – No. 2	March 2013





## 2013 Major Awards and Prizes



Top 10 of Top 100 Real Estate Enterprises in China by Financing Capability – No. 2	March 2013	Blue-chip China Real Estate Enterprise	June 2013
The Eighth China Charity Award	April 2013	2013 Real Estate Outstanding Achievements Award	July 2013
2013 Forbes China Philanthropy List – No. 1	April 2013	The Eleventh Best Employer for University Graduates in China	July 2013
Top 10 China Real Estate Companies Listed in Hong Kong by Integrated Capability – No. 1	May 2013	Top Twenty China Real Estate Companies Listed in Hong Kong by Integrated Values- No. 1	September 2013
Top 10 Valued China Real Estate Companies Listed in Hong Kong	May 2013	Most Valued Real Estate Listed Companies in China	September 2013
Top 10 China Real Estate Companies Listed in Hong Kong by Wealth Stability	May 2013	Top 10 China Real Estate Companies by Brand – No. 1	September 2013
2013 China Real Estate Oscars Award	May 2013	China Poverty Eradication Award	October 2013
		2013 China Best Employer Award	November 2013

# 2013 Milestones

## January

The Group raised funds of over RMB3.5 billion through the share placing, immediately lowering its net debt ratio by approximately 10%.

The Group officially announced its contracted sales target for 2013 as RMB100 billion.

## March

The Group ranked No. 2 in Top 500 China Real Estate Enterprises again, and was conferred the Ten Million Salable Area Award in the annual enterprise award presentation ceremony.

The Group issued its annual results report for 2012 in Hong Kong, realizing operating revenue of RMB65.26 billion, representing an increase of 5.4% as compared with that in 2011. Total assets amounted to RMB238.99 billion, representing a year-on-year increase of 33.5%. Contracted sales amount was RMB92.32 billion, representing a year-on-year increase of 14.8%. GFA sold was 15.485 million square meters, representing a year-on-year increase of 27%.

The headquarters of the Group was moved to the "Evergrande Center" located in Zhujiang New Town, Guangzhou.

The Group executed a strategic cooperation agreement in respect of ERP with SAP and IBM to establish a top-tier core business information management system in the real estate industry.







## 2013 Milestones

### April

The Group was conferred The China Charity Award, the highest honor in China's charity sector, by the government for the sixth time.

### May

Based on the Assessment and Research Report on Real Estate Listed Companies in China for 2013 jointly issued by China Real Estate Research Institute, China Real Estate Association and China Real Estate Assessment Center as well as the Top 100 Real Estate Listed Companies in China by Integrated Capability for 2013, Evergrande ranked No. 1 for two consecutive years and also topped two sub-rankings, namely "Top Five by Development Pace" and "Top Five by Operating Results".

### June

The Group tapped into Dalian, signifying further deepening of its deployment in Bohai Rim Economic Circle.

In the "2013 Guangdong Poverty Alleviation Day" campaign, Evergrande made one-off donation of RMB20 million for the purpose of poverty alleviation in Guangdong, and was awarded the "Guangdong Poverty Alleviation Gold Cup for the Year 2012".

### July

The Group acquired a quality land in Beijing, entering into the Beijing market for the first time, thereby further consolidating its leading position in the real estate industry in China.





## 2013 Milestones

### August

The Group announced its interim results for 2013. Total Assets surged 14.9% to RMB274.59 billion. Turnover amounted to RMB41.95 billion. Net profit increased to RMB6.51 billion. Total cash was RMB41.97 billion. Available capital exceeded RMB80 billion.

### September

Based on the Assessment and Research Report on the Brand Value of China Real Estate Enterprises for 2013 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 RMB26.78 billion.

### October

The Group successfully issued senior notes for successive twice, which amounted to US\$1.5 billion, lowering the coupon rate of its 5-year US dollar bonds from 13% to 8.75%.

The Group achieved contracted sales of RMB16.62 billion for the month, hitting a single-month record high of sales.

Hui Ka Yan, Chairman of the Board of Directors of the Group, was awarded the "China Poverty Eradication Award", the highest award for charitable activities of poverty alleviation in China.







## 2013 Milestones

### November

The Group established an after-sales service center and assigned after-sales service personnel in over 200 properties for sale nationwide, offering services to 500,000 property owners.

Guangzhou Evergrande defeated FC Seoul, South Korea to be the champion of Asian Football Confederation Champions League 2013.

The Group announced to launch a high-end mineral water product, being "Evergrande Ice Water" natural mineral water from Changbai Mountain.

The Group reached a strategic cooperation with Renmin University of China and The High School Affiliated to Renmin University of China.



### December

In 2013, the Group hit another new record in contracted sales, which reached RMB100.39 billion.

The Group acquired the land parcel No. 43-05 in Malu Town, Jiading District, the land parcel No. 36A-04A in a large-sized residential community located in the north of Sheshan, Songjiang District and several residential lands No. 26-02 and No. 27-02 in the SJC10010 unit, Zhongshan Street, Songjiang District in Shanghai, and acquired two core lands in Nanjing.

The Group signed an agreement with Harvard University to jointly establish the Harvard Center for Green Buildings and Cities, the Evergrande Center for Immunologic Diseases and the Center for Mathematical Sciences and Applications to carry out scientific research and industrial development in the fields such as green buildings, healthy medicine and applied science.





# 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, fair disclosure and accountability to the shareholders of the Company.

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 2013.

## Board of Directors

### Composition of the Board

During the year ended 31 December 2013 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.

Dr. Hui Ka Yan (*Chairman*)

Dr. Xia Haijun (*Vice Chairman and Chief Executive Officer*)

Mr. Li Gang (*Vice Chairman and Executive Vice President*)  
(*resigned with effect from 1 May 2014*)

Mr. Xu Wen (*Executive Director*)

Mr. Lai Lixin (*Executive Director*) (*resigned on 14 February 2014*)

Mr. Huang Xiangui (*Executive Director*)

(*appointed on 14 February 2014*)

Ms. He Miaoling (*Executive Director*)

(*appointed with effect from 1 May 2014*)

Mr. Tse Wai Wah (*Executive Director and Chief Financial Officer*)

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 50 to page 57 of this annual report.

During the year ended 31 December 2013, 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 term 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 separate 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 Dr. 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 2013, the Directors reviewed the overall effectiveness of the internal control system of the Group. An internal audit department has been established to perform regular financial and operational reviews and conduct audit on the Company and its subsidiaries. The work carried out by the internal audit department will ensure the internal controls 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 Board will be 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.

Twelve Board meetings were convened by the Company during the year from 1 January 2013 to 31 December 2013. 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

The attendance of individual Directors at the Board meetings and general meetings held during the year ended 31 December 2013 is set out below:

Director	Number of meetings attended/ Number of meetings held		
	Annual General Meeting	Extraordinary General Meeting	Board Meeting
<b>Executive Director</b>			
Hui Ka Yan	✓	✗	10/12
Xia Haijun	✓	✓	10/12
Li Gang	✓	✗	10/12
Xu Wen	✗	✗	12/12
Lai Lixin	✓	✗	12/12
Tse Wai Wah	✓	✓	12/12
<b>Independent non-executive Director</b>			
Chau Shing Yim, David	✓	✓	12/12
He Qi	✓	✗	12/12
Xie Hongxi	✓	✓	12/12

## 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 training sessions conducted by Sidley Austin.

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 3 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, re-appointment 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;





## Corporate Governance Report

- to review the financial control, internal control and risk management systems of the Company;
- to discuss the internal control system with the management and to ensure that the management has discharged its duties of setting up an effective internal control system;
- to review the financial and accounting policies and 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 22 March 2013 and 23 August 2013, respectively, to review the Group's 2012 annual results and 2013 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 2014 at the forthcoming annual general meeting of the Company.

For the year ended 31 December 2013, the emolument of the external auditors of the Group amounted to RMB14,913,000. For the year ended 31 December 2013, the external auditors had not provided any non-audit service. Pursuant to the Articles, the tenure of the auditor of the Company will expire upon the conclusion of the 2013 annual general meeting.

The audit committee recommended the Board to propose the re-appointment of PricewaterhouseCoopers as the auditor of the Company at the 2013 annual general meeting.

### 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 2013, the members of the remuneration committee included Dr. 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.



## Corporate Governance Report

No meeting was convened by the remuneration committee for the year ended 31 December 2013 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 2013, the members of the nomination committee included Dr. 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 2013, no meeting was convened by the nomination committee because there has been no change in the membership of the Board of Directors. The terms of reference of the nomination committee were amended during the year to include the diversity policy of the Group.

### **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 2013.

### **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 Dr. 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 Dr. 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 Dr. Hui Ka Yan has complied with the Deed for the year ended 31 December 2013.

### **Amendments to the Company's Constitutional Documents**

During the year ended 31 December 2013, 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.

#### **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".



## Corporate Governance Report

### **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 9218/2287 9207

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

By email: [evergrandeir@evergrande.com](mailto: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 2013 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 analysis of the revenue of the Group during the year is set out in Note 5 to the financial statements.

## 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 2013 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 17 to the financial statements.

## Final Dividend

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

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

## Closure of Register of Members

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

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

## Reserve

Details of the changes in reserve of the Group during the year are set out in Note 18 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 single largest supplier accounted for approximately 9% of the Group's total purchases, and the purchases from the Group's five largest suppliers accounted for 33% of the Group's total purchases.



## Report of the Board of Directors

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.

### Donation

During the year, the charitable contributions and other donations made in Hong Kong and China by the Group totalled RMB262 million.

### Directors

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

#### Executive Directors

Dr. Hui Ka Yan

Dr. Xia Haijun

Mr. Li Gang (*resigned with effect from 1 May 2014*)

Mr. Xu Wen

Mr. Lai Lixin (*resigned on 14 February 2014*)

Mr. Tse Wai Wah

Mr. Huang Xiangui (*appointed on 14 February 2014*)

Ms. He Miaoling (*appointed with effect from 1 May 2014*)

#### 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, Chau Shing Yim, David, He Qi and Xie Hongxi will retire in the forthcoming AGM, and being eligible, will offer themselves for re-election. Pursuant to Article 16.2 of the Articles, Huang Xiangui and He Miaoling, being Directors appointed to fill a casual vacancy, will only hold office until the next following annual general meeting. Accordingly, each of Huang Xiangui and He Miaoling will retire at the forthcoming AGM, and being eligible, will offer himself/herself 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, Dr. 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.



## Report of the Board of Directors

### 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.

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.

Each grantee shall pay a consideration of HK\$1.00 at the time the option is granted.

The Share Option Scheme shall take effect and remain effective within a period of 10 years from the date of adoption. Other details of the Share Option Scheme are set out in the prospectus.



## Report of the Board of Directors

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 Shares issued by the Company 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 as at 1 January 2013	Number of options exercised/ lapsed/ cancelled during the year	Number of options outstanding as at 31 December 2013
7 Directors (Note 2)	18 May 2010	Note 1	2.40	179,000,000	150,000,000	–	150,000,000
130 other employees	18 May 2010	Note 1	2.40	534,000,000	418,613,000	(58,477,000)	360,136,000
				713,000,000	568,613,000	(58,477,000)	510,136,000

### Notes:

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

- 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;
- 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;
- 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;
- 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
- 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.

2. The grantees included Mr. Xu Xiangwu and Ms. He Miaoling, who resigned as Directors in June 2012, and Mr. Lai Lixin, who resigned as a Director in February 2014. Ms. He Miaoling will be re-appointed as Director with effect from 1 May 2014.

3. The closing price of the Shares on the date of grant of the options was HK\$2.27 per share.

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 2010 was determined based on the binomial model with the following assumptions:

Date of grant	18 May 2010
Closing share price on the date of grant	HK\$2.27
Exercise price per share	HK\$2.40
Annual risk free rate	2.88% p.a.
Expected volatility	42% p.a.
Term of the options	6.4 years
Expected dividend yield	1.80% p.a.

The fair value of each option:

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

## Pre-IPO Share Option Scheme

The Company adopted a pre-IPO share option scheme on 14 October 2009 ("Pre-IPO Share Option Scheme"). The purposes and main terms of the Pre-IPO Share Option Scheme are similar to 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 2013, the total number of Shares involved in the Pre-IPO Share Option Scheme was 167,929,000 shares, representing approximately 1.05% of the Shares in issue of the Company; 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 outstanding 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 2013	Number of options exercised/ cancelled/lapsed during the year	Number of Pre- IPO share options outstanding as at 31 December 2013
Directors*	14 October 2009	70,000,000	57,080,000	–	57,080,000
Other employees	14 October 2009	138,000,000	120,799,000	(9,950,000)	110,849,000
<b>Total</b>		<b>208,000,000</b>	<b>177,879,000</b>	<b>(9,950,000)</b>	<b>167,929,000</b>

Note: Including Mr. Xu Xiangwu and Ms. He Miaoling, who resigned as Directors in June 2012, and Mr. Lai Lixin, who resigned in February 2014. Ms. He Miaoling will be re-appointed as Director will effect from 1 May 2014.

## 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 2013, 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)	63.43%

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 Dr. Hui Ka Yan, and 791,248,238 Shares were held by Even Honour Holdings Limited, a company wholly owned by Dr. 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) Pre-IPO Share Option Scheme

Names of Director	Nature of interest	Number of Shares involved in the options granted under the Pre-IPO Share Option Scheme	Approximate percentage of shareholding of those options granted and exercised under the Pre-IPO Share Option Scheme based on the existing issued share capital of the Company
Xia Haijun	Beneficial owner	20,000,000	0.13%
Li Gang	Beneficial owner	13,080,000	0.09%
Tse Wai Wah	Beneficial owner	6,000,000	0.04%
Xu Wen	Beneficial owner	6,000,000	0.04%
Lai Lixin (Note)	Beneficial owner	6,000,000	0.04%

Note: The Pre-IPO Share Options are exercisable at HK\$3.50 per Share. Mr. Lai Lixin resigned as a Director on 14 February 2014.



**(b) Share Option Scheme**

<b>Names of Director</b>	<b>Nature of interest</b>	<b>Number of Shares involved in the options granted under the Share Option Scheme</b>	<b>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</b>
Xia Haijun	Beneficial owner	80,000,000	0.53%
Li Gang	Beneficial owner	30,000,000	0.20%
Tse Wai Wah	Beneficial owner	9,000,000	0.06%
Xu Wen	Beneficial owner	11,000,000	0.07%
Lai Lixin (Note)	Beneficial owner	9,000,000	0.06%

Note: The exercise price of the share options granted on 18 May 2010 was HK\$2.40 per Share. Mr. Lai Lixin resigned as a Director on 14 February 2014.

**(iii) Interest in associated corporation of the Company**

<b>Names of Director</b>	<b>Name of associated corporation</b>	<b>Number of securities</b>	<b>Approximate percentage of shareholding</b>
Hui Kai Yan (Note 1)	Xin Xin (BVI) Limited	100 shares	100%
	Even Honour Holdings Limited	1 share	100%

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

## Report of the Board of Directors

### (iv) Interest in debentures of the Company

Names of Director	Currency of debentures	Amount of debenture bought	Amount of debentures in same class in issue
Xia Haijun	CNY	17,000,000	5,550,000,000
	US\$	1,500,000	1,500,000,000
Tse Wai Wah	CNY	1,500,000	3,700,000,000
Lai Lixin	CNY	2,000,000	3,700,000,000

Save as disclosed above, as at 31 December 2013, 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 2013, 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)	63.43%
Xin Xin (BVI) Limited	Beneficial owner	9,370,871,497(L) (Note 2)	58.49%
Even Honour Holdings Limited	Beneficial owner	791,248,238(L) (Note 3)	4.94%

Notes:

- 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.
- Xin Xin (BVI) Limited is beneficially owned by Dr. Hui Ka Yan.
- Even Honour Holdings Limited is wholly owned by Mrs. Hui.



## Report of the Board of Directors

### Connected Transaction

On 15 October 2013, Shengjian (BVI) Limited and Dynamic Grand Limited entered into a sale and purchase agreement pursuant to which we agreed to acquire from Dynamic Grand Limited its 49% interest in Grandday Group Limited ("Grandday"), a 51% owned subsidiary of the Group, at a consideration of US\$550 million. After completion of the acquisition, Grandday became a wholly-owned subsidiary of the Group.

### Subsidiaries

Details of the major subsidiaries of the Company as at 31 December 2013 are set out in Note 42 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 2013, the Group had an aggregate of 47,330 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.

### 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.

### Purchase, Sale and Repurchase of Shares

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

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

Save as disclosed, there was no purchase, sale or repurchase of any listed securities of the Company by the Company or any of its subsidiaries during the year ended 31 December 2013.

### 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

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





## Report of the Board of Directors

### **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 171 to 172.

### **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 2013. 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.

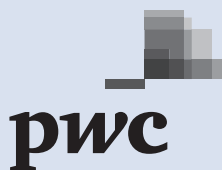
For and on behalf of the Board

**Hui Ka Yan**

*Chairman*

Hong Kong, 31 March 2014

# 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 (together, the "Group") set out on pages 91 to 170, which comprise the consolidated and company balance sheets as at 31 December 2013, 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.

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*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 state of affairs of the Company and of the Group as at 31 December 2013, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

### **PricewaterhouseCoopers**

Certified Public Accountants

Hong Kong, 31 March 2014



# Consolidated Balance Sheet

	Note	31 December 2013 RMB'000	31 December 2012 RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	6	11,377,719	8,559,167
Land use rights	7	2,796,471	2,347,117
Investment properties	8	36,038,688	24,941,627
Properties under development	9	354,842	–
Trade and other receivables	11	2,626,439	1,112,242
Intangible assets		439,600	446,989
Available-for-sale financial assets	14	3,845,234	–
Deferred income tax assets	21	1,290,772	1,039,782
		<b>58,769,765</b>	<b>38,446,924</b>
<b>Current assets</b>			
Properties under development	9	160,543,684	133,293,609
Completed properties held for sale	10	24,288,831	15,158,843
Trade and other receivables	11	9,511,811	5,785,030
Prepayments	12	39,632,002	19,871,222
Income tax recoverable		1,748,660	1,245,324
Restricted cash	15	13,534,985	7,399,279
Cash and cash equivalents	16	40,118,454	17,790,320
		<b>289,378,427</b>	<b>200,543,627</b>
<b>Total assets</b>		<b>348,148,192</b>	<b>238,990,551</b>
<b>EQUITY</b>			
<b>Capital and reserves attributable to shareholders of the Company</b>			
Share capital	17	1,109,703	1,043,317
Share premium	17	4,227,525	2,901,986
Reserves	18	4,232,261	6,546,500
Retained earnings		39,020,303	27,771,925
		<b>48,589,792</b>	<b>38,263,728</b>
Perpetual capital instruments	19	25,023,773	–
Non-controlling interests		5,729,069	3,427,597
<b>Total equity</b>		<b>79,342,634</b>	<b>41,691,325</b>

## Consolidated Balance Sheet

	Note	31 December 2013 RMB'000	31 December 2012 RMB'000
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	20	73,021,273	41,243,149
Other payables	22	870,475	738,516
Deferred income tax liabilities	21	6,716,307	4,939,761
		<b>80,608,055</b>	<b>46,921,426</b>
<b>Current liabilities</b>			
Borrowings	20	35,796,065	19,030,706
Trade and other payables	22	99,895,408	77,788,431
Receipt in advance from customers		39,000,386	44,833,483
Current income tax liabilities	23	13,505,644	8,725,180
		<b>188,197,503</b>	<b>150,377,800</b>
<b>Total liabilities</b>		<b>268,805,558</b>	<b>197,299,226</b>
<b>Total equity and liabilities</b>		<b>348,148,192</b>	<b>238,990,551</b>
<b>Net current assets</b>		<b>101,180,924</b>	<b>50,165,827</b>
<b>Total assets less current liabilities</b>		<b>159,950,689</b>	<b>88,612,751</b>

The notes on pages 97 to 170 are an integral part of these consolidated financial statements.

**Hui Ka Yan**  
Director

**Tse Wai Wah**  
Director

# Balance Sheet

	Note	31 December 2013 RMB'000	31 December 2012 RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investments in subsidiaries	42	2,070,064	1,911,480
Property and equipment	6	13,830	4,427
		<b>2,083,894</b>	1,915,907
<b>Current assets</b>			
Amounts due from subsidiaries and other receivables	11	30,579,870	18,254,711
Restricted cash	15	3,652,671	–
Cash and cash equivalents	16	3,430,108	555,479
		<b>37,662,649</b>	18,810,190
<b>Total assets</b>		<b>39,746,543</b>	20,726,097
<b>EQUITY</b>			
<b>Capital and reserves attributable to shareholders of the Company</b>			
Share capital	17	1,109,703	1,043,317
Share premium	17	4,227,525	2,901,986
Reserves	18	1,563,332	1,553,206
Retained earnings/(accumulated losses)	30	1,079,740	(3,764,140)
<b>Total equity</b>		<b>7,980,300</b>	1,734,369
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	20	21,240,063	18,017,442
		<b>21,240,063</b>	18,017,442
<b>Current liabilities</b>			
Borrowings	20	6,645,254	–
Trade and other payables	22	3,880,926	974,286
		<b>10,526,180</b>	974,286
<b>Total liabilities</b>		<b>31,766,243</b>	18,991,728
<b>Total equity and liabilities</b>		<b>39,746,543</b>	20,726,097
<b>Net current assets</b>		<b>27,136,469</b>	17,835,904
<b>Total assets less current liabilities</b>		<b>29,220,363</b>	19,751,811

The notes on pages 97 to 170 are an integral part of these financial statements.

**Hui Ka Yan**  
Director

**Tse Wai Wah**  
Director



# Consolidated Statement of Comprehensive Income

	Note	Year ended 31 December	
		2013 RMB'000	2012 RMB'000
Revenue	5	93,671,780	65,260,838
Cost of sales	25	(66,023,022)	(47,050,471)
<b>Gross profit</b>		<b>27,648,758</b>	<b>18,210,367</b>
Fair value gains on investment properties	8	5,815,221	4,459,506
Other income	24	1,041,322	635,525
Selling and marketing costs	25	(4,309,728)	(3,017,664)
Administrative expenses	25	(3,472,494)	(2,600,664)
Other operating expenses	25	(1,679,337)	(1,164,213)
<b>Operating profit</b>		<b>25,043,742</b>	<b>16,522,857</b>
Finance income/(costs)	28	352,618	(33,056)
<b>Profit before income tax</b>		<b>25,396,360</b>	<b>16,489,801</b>
Income tax expenses	29	(11,687,328)	(7,307,880)
<b>Profit for the year</b>		<b>13,709,032</b>	<b>9,181,921</b>
<b>Other comprehensive income</b>			
Item that may be reclassified to profit or loss			
Fair value loss on available-for-sale financial assets, net of tax		(157,235)	–
<b>Other comprehensive income for the year, net of tax</b>		<b>(157,235)</b>	<b>–</b>
<b>Total comprehensive income for the year</b>		<b>13,551,797</b>	<b>9,181,921</b>
<b>Profit attributable to:</b>			
Shareholders of the Company		12,611,778	9,170,837
Holders of perpetual capital instruments		656,559	–
Non-controlling interests		440,695	11,084
		<b>13,709,032</b>	<b>9,181,921</b>
<b>Total comprehensive income attributable to:</b>			
Shareholders of the Company		12,454,543	9,170,837
Holders of perpetual capital instruments		656,559	–
Non-controlling interests		440,695	11,084
		<b>13,551,797</b>	<b>9,181,921</b>
Earnings per share for profit attributable to shareholders of the Company for the year (expressed in RMB per share)			
– Basic earnings per share	31	0.789	0.613
– Diluted earnings per share	31	0.782	0.604

The notes on pages 97 to 170 are an integral part of these consolidated financial statements.

	Note	Year ended 31 December	
		2013 RMB'000	2012 RMB'000
Dividends	32	6,265,659	2,291,947

# Consolidated Statement of Changes in Equity

	Attributable to shareholders of the Company					Perpetual capital instruments	Non-controlling interests	Total
	Share capital	Share premium	Reserves	Retained earnings	Total			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Balance as at 1 January 2012</b>	1,037,199	5,423,466	5,601,609	19,897,438	31,959,712	-	2,171,041	34,130,753
<b>Comprehensive income</b>								
Profit for the year	-	-	-	9,170,837	9,170,837	-	11,084	9,181,921
<b>Transactions with owners</b>								
Transfer to statutory reserves	-	-	1,296,350	(1,296,350)	-	-	-	-
Employee share option schemes	6,118	279,074	41,844	-	327,036	-	-	327,036
Dividends	-	(2,800,554)	-	-	(2,800,554)	-	-	(2,800,554)
Changes in ownership interests in subsidiaries								
without change of control	-	-	(393,303)	-	(393,303)	-	(1,018,993)	(1,412,296)
Distribution to non-controlling interest	-	-	-	-	-	-	(561,840)	(561,840)
Capital injection from non-controlling interests	-	-	-	-	-	-	416,104	416,104
Acquisition of subsidiaries	-	-	-	-	-	-	2,410,201	2,410,201
<b>Total transactions with owners</b>	6,118	(2,521,480)	944,891	(1,296,350)	(2,866,821)	-	1,245,472	(1,621,349)
<b>Balance as at 31 December 2012</b>	1,043,317	2,901,986	6,546,500	27,771,925	38,263,728	-	3,427,597	41,691,325
<b>Balance as at 1 January 2013</b>	1,043,317	2,901,986	6,546,500	27,771,925	38,263,728	-	3,427,597	41,691,325
<b>Comprehensive income</b>								
Profit for the year	-	-	-	12,611,778	12,611,778	656,559	440,695	13,709,032
<b>Other comprehensive income</b>								
Fair value loss on available-for-sale financial assets	-	-	(157,235)	-	(157,235)	-	-	(157,235)
<b>Total comprehensive income</b>	-	-	(157,235)	12,611,778	12,454,543	656,559	440,695	13,551,797
<b>Transactions with owners</b>								
Transfer to statutory reserves	-	-	1,363,400	(1,363,400)	-	-	-	-
Issuance of shares pursuant to the option scheme	3,489	154,227	(45,278)	-	112,438	-	-	112,438
Employee share option schemes	-	-	55,404	-	55,404	-	-	55,404
Issuance of shares	62,897	3,463,259	-	-	3,526,156	-	-	3,526,156
Dividends (note 32)	-	(2,291,947)	-	-	(2,291,947)	-	-	(2,291,947)
Issuance of perpetual capital instruments (note 19)	-	-	-	-	-	24,367,214	-	24,367,214
Changes in ownership interests in subsidiaries								
without change of control (note 38)	-	-	(3,530,530)	-	(3,530,530)	-	(136,939)	(3,667,469)
Capital injection from non-controlling interests	-	-	-	-	-	-	1,025,017	1,025,017
Acquisition of subsidiaries (note 39)	-	-	-	-	-	-	972,699	972,699
<b>Total transactions with owners</b>	66,386	1,325,539	(2,157,004)	(1,363,400)	(2,128,479)	24,367,214	1,860,777	24,099,512
<b>Balance as at 31 December 2013</b>	1,109,703	4,227,525	4,232,261	39,020,303	48,589,792	25,023,773	5,729,069	79,342,634

The notes on pages 97 to 170 are an integral part of these consolidated financial statements.

# Consolidated Statement of Cash Flows

	Note	Year ended 31 December	
		2013	2012
		RMB'000	RMB'000
<b>Cash flows of operating activities</b>			
Net cash (used in)/generated from operations	33	(25,195,048)	6,952,184
PRC corporate income tax paid		(3,452,120)	(4,665,364)
PRC land appreciation tax paid		(2,397,485)	(2,231,642)
Interest paid		(7,826,587)	(5,628,799)
<b>Net cash used in operating activities</b>		<b>(38,871,240)</b>	<b>(5,573,621)</b>
<b>Cash flows of investing activities</b>			
Addition of property, equipment and investment properties		(11,781,545)	(6,866,816)
Purchase of land use rights		(476,978)	(751,192)
Purchase of intangible assets		(195,797)	(350,833)
Purchase of available-for-sale financial assets		(4,054,881)	–
Acquisition of a subsidiary, net of cash paid	40	(109,044)	–
Interest received		120,396	108,444
Proceeds from disposal of investment properties		3,363,353	49,498
Movement of amounts due from related parties		–	530
<b>Net cash used in investing activities</b>		<b>(13,134,496)</b>	<b>(7,810,369)</b>
<b>Cash flows of financing activities</b>			
Proceeds from senior notes		9,109,469	–
Proceeds from borrowings		65,258,558	26,807,986
Repayments of borrowings		(25,462,919)	(17,721,336)
Issuance of ordinary shares pursuant to share option scheme		112,438	206,154
Issuance of ordinary shares		3,526,156	–
Advances from non-controlling interests		8,011,361	4,842,151
Restricted cash pledged for bank borrowings		(5,575,656)	300,708
Proceeds from perpetual capital instruments		24,367,214	–
Contribution from non-controlling interests		1,025,017	416,104
Payments for acquisition of non-controlling interests in subsidiaries		(3,667,469)	(955,456)
Dividends paid		(2,291,947)	(2,800,554)
Advances from related parties		–	(371)
<b>Net cash generated from financing activities</b>		<b>74,412,222</b>	<b>11,095,386</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>22,406,486</b>	<b>(2,288,604)</b>
Cash and cash equivalents at beginning of year		17,790,320	20,081,945
Exchange losses on cash and cash equivalents		(78,352)	(3,021)
<b>Cash and cash equivalents at end of year</b>		<b>40,118,454</b>	<b>17,790,320</b>

The notes on pages 97 to 170 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 and other property development related services in the People’s Republic of China (the “PRC”). The address of its registered office is P.O. Box 1586, Royal Bank House, Grand Cayman, KY1-1110, Cayman Islands.

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

These consolidated financial statements are presented in Renminbi Yuan (“RMB”) thousands, unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors of the Company on 31 March 2014.

## 2 Summary of significant accounting policies

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

### (a) Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (the “HKFRS”). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and investment properties which are carried at fair value.

The preparation of financial statements in conformity with the HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. 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) New and amended standards adopted by the Group

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

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

## Notes to the Consolidated Financial Statements

### 2 Summary of significant accounting policies (Continued)

#### (a) Basis of preparation (Continued)

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

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

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

## 2 Summary of significant accounting policies (Continued)

### (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.

#### (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, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

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 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

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.

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)

##### (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.

##### (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) 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.

## 2 Summary of significant accounting policies (Continued)

### (d) Foreign currency translation

#### (i) Functional and presentation currency

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

#### (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)

#### (e) Property and equipment

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

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

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

Buildings	20-30 years
Machinery	5-10 years
Transportation equipment	4-10 years
Furniture, fitting and equipment	3-8 years

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

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

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

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

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



## 2 Summary of significant accounting policies (Continued)

### (f) Investment properties

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

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

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

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

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

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

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



## Notes to the Consolidated Financial Statements

### 2 Summary of significant accounting policies (Continued)

#### (g) Intangible asset

##### (i) Sport players

The Group operates certain sport clubs. The costs associated with the acquisition of players' registrations are capitalised as intangible assets at the fair value of the consideration payable, including an estimate of the fair value of any contingent consideration. Costs associated with the acquisition of players' registrations include transfer fees, agents' fees and other directly attributable costs. These costs are amortised over the period covered by the player's contract. To the extent that a player's contract is extended, the remaining book value is amortised over the remaining revised contract life. The Group will perform an impairment review on intangible assets, including player registrations, if adverse events indicate that the amortised carrying value of the asset may not be recoverable.

##### (ii) Mining rights

Mining rights acquired in a business combination are recognised at fair value at the acquisition date. Mining 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 mining rights over their estimated useful lives.

#### (h) Impairment of non-financial assets

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.

#### (i) Financial assets

##### (i) Classification

The Group classifies its financial assets as 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.

##### 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.

## **2 Summary of significant accounting policies (Continued)**

### **(i) Financial assets (Continued)**

#### **(i) Classification (Continued)**

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.

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

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.





## Notes to the Consolidated Financial Statements

### 2 Summary of significant accounting policies (Continued)

#### (j) Impairment of financial assets

##### (i) Assets carried at amortised cost

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

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
  - (i) adverse changes in the payment status of borrowers in the portfolio;
  - (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The Group first assesses whether objective evidence of impairment exists.

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 has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

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

## 2 Summary of significant accounting policies (Continued)

### (j) 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 for available-for-sale financial assets, 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.

### (k) Properties under development

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

Development cost of property comprises 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.

### (l) Completed properties held for sale

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

Cost comprises development costs attributable to the unsold properties.

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

### (m) Trade and other receivables

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

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



## Notes to the Consolidated Financial Statements

### 2 Summary of significant accounting policies (Continued)

#### (n) Cash and cash equivalents

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

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

#### (o) Share capital

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

Where any group company purchases the company's 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.

#### (p) 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.

#### (q) 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.

#### (r) Borrowings

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

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

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



## 2 Summary of significant accounting policies (Continued)

### (s) 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.

### (t) Current and deferred income tax

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

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

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

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

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



## Notes to the Consolidated Financial Statements

### 2 Summary of significant accounting policies (Continued)

#### (u) Employee benefits

##### (i) Employee leave entitlements

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

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

##### (ii) Retirement benefits

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

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

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

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

##### (iii) Termination benefits

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

## 2 Summary of significant accounting policies (Continued)

### (v) Share-based payments

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

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

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

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

The options granted by the Company over its equity instruments to the employees of subsidiary undertakings in the Group 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.

### (w) 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.





## Notes to the Consolidated Financial Statements

### 2 Summary of significant accounting policies (Continued)

#### (w) Provisions and contingent liabilities (Continued)

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.

#### (x) Revenue recognition

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

The Group recognises revenue when the amount of revenue can be reliably measured, it is probably that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, and type of transaction and the specifics of each arrangement.

#### (i) Sales of properties

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

As disclosed in note 35, the Group provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. These guarantees will normally be discharged upon issuance of the real estate ownership certificate. In order to obtain mortgages, the purchasers would have settled no less than 30% of the total contract amount in accordance with related PRC regulations upon signing the sales contract. The directors of the Company are of the opinion that such settlements provide sufficient evidence of the purchasers' commitment to honour contractual obligation of the bank loans. In addition, based on the past experiences, defaults of mortgage facilities by the purchasers which resulted in the bank guarantees were called upon were rare and the financial impact was immaterial. Further, as disclosed in note 3(a)(iv), the credit risk of the Group under the circumstance that a purchaser defaults on the payment of its mortgage during the term of the guarantee is very low. Accordingly, the directors believe that significant risks and rewards associated to the ownership of the properties have been transferred to the purchasers.

## 2 Summary of significant accounting policies (Continued)

### (x) Revenue recognition (Continued)

#### (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.

#### (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) Advertising revenue

Advertising revenue is recognised when the related advertisement appears before the public.

#### (viii) Sales of mineral water

The Group manufactures and sells bottled mineral water products. Revenue from sales of mineral water are recognised when the products have been delivered.



## Notes to the Consolidated Financial Statements

### 2 Summary of significant accounting policies (Continued)

#### (y) 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.

##### (iii) The Group is the lessor

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

#### (z) Dividend distribution

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

#### (aa) Financial guarantee liabilities

Financial guarantee liabilities are recognised in respect of the financial guarantee provided by the Group to the banks for property purchasers for the Company's holding company.

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

#### (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 2013, the non-RMB assets and liabilities of the Group are mainly cash proceeds from US\$ borrowings deposited in banks, bank borrowings and senior notes denominated in US\$. The Group has not entered into forward exchange contract to hedge its exposure to foreign exchange risk.

As at 31 December 2013 and 2012, if RMB had strengthened/weakened by 5% against US\$, with all other variables held constant, post-tax profit for the years ended 31 December 2013 and 2012 would have been approximately RMB359 million and RMB300 million higher/lower.

#### (ii) Price risk

The Group is exposed to equity securities price risk in connection with the available-for-sale financial assets held by the Group, which are publicly traded in stock exchange. The Group closely checks the fluctuation of the price and assesses the impact on the Group's financial statements.

#### (iii) Interest rate risk

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

As at 31 December 2013 and 2012, if interest rate on borrowings had been 100 basis point higher/lower with all variables held constant, post-tax profit for the years ended 31 December 2013 and 2012 would have been approximately RMB105 million and RMB76 million lower/higher, respectively, mainly as a result of more/less interest expense on borrowings at variable rates.

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



## Notes to the Consolidated Financial Statements

### 3 Financial risk management (Continued)

#### (a) Financial risk factor (Continued)

##### (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.

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.

### 3 Financial risk management (Continued)

#### (a) Financial risk factor (Continued)

##### (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.

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 bank, 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 basing on its assessment of relevant future costs and benefits.

The table below analyses the Group's financial liabilities that will be settled on a net basis into relevant maturity grouping based on the remaining period at the balance sheet to the contractual maturity date.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
At 31 December 2013					
Borrowings	43,586,111	48,296,022	29,092,374	925,971	121,900,478
Trade and other payables*	98,640,481	979,315	52,800	–	99,672,596
<b>Total</b>	<b>142,226,592</b>	<b>49,275,337</b>	<b>29,145,174</b>	<b>925,971</b>	<b>221,573,074</b>
At 31 December 2012					
Borrowings	24,818,348	23,123,605	21,733,784	756,628	70,432,365
Trade and other payables*	76,485,539	738,516	–	–	77,224,055
<b>Total</b>	<b>101,303,887</b>	<b>23,862,121</b>	<b>21,733,784</b>	<b>756,628</b>	<b>147,656,420</b>

\* Excluding other taxes payable and salaries payables.



## Notes to the Consolidated Financial Statements

### 3 Financial risk management (Continued)

#### (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.

During the year, the Group's strategy was to maintain a gearing ratio within 20% to 50%. The gearing ratios were as follows:

	31 December	
	2013	2012
	RMB'000	RMB'000
Total borrowings	108,817,338	60,273,855
Total assets	348,148,192	238,990,551
Gearing ratio	31%	25%

#### (c) Fair value estimation

The available-for-sale financial assets are measured subsequent to initial recognition at fair value which are grouped into Level 1 fair value measurements. Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

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

## 4 Critical accounting estimates and judgements

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

### (a) PRC corporate income taxes and deferred taxation

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

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

### (b) PRC land appreciation taxes

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

### (c) Estimated fair value of investment properties

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

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

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

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

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

Revenue for the year ended 31 December 2013 consists of sales of properties, rental income of investment properties, property management services and income from other businesses, which are set out below:

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



## 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 2013 are as follows:

	Property development RMB'000	Property investment RMB'000	Property management services RMB'000	Other businesses RMB'000	Group RMB'000
Gross segment revenue	92,234,923	151,803	1,284,872	11,198,075	104,869,673
Inter-segment revenue	–	(25,913)	(542,845)	(10,629,135)	(11,197,893)
Revenue	92,234,923	125,890	742,027	568,940	93,671,780
Segment results	19,514,283	6,260,443	(57,947)	(673,037)	25,043,742
Finance income					352,618
Profit before income tax					25,396,360
Income tax expenses					(11,687,328)
Profit for the year					13,709,032
Depreciation and amortisation	354,550	–	5,752	666,662	1,026,964
Fair value gains on investment properties	–	5,815,221	–	–	5,815,221

## 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 2012 are as follows:

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

## Notes to the Consolidated Financial Statements

### 5 Segment information (Continued)

Segment assets and liabilities as at 31 December 2013 are as follows:

	Property development RMB'000	Property investment RMB'000	Property management services RMB'000	Other businesses RMB'000	Group RMB'000
Segment assets	291,031,738	36,038,688	635,147	13,557,953	341,263,526
Unallocated assets					6,884,666
Total assets					348,148,192
Segment liabilities	131,914,156	–	669,159	7,182,954	139,766,269
Unallocated liabilities					129,039,289
Total liabilities					268,805,558
Capital expenditure	1,053,556	8,302,428	10,440	3,087,896	12,454,320

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

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

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



## Notes to the Consolidated Financial Statements

### 5 Segment information (Continued)

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

Segment liabilities consist of operating liabilities.

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

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

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

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

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

## Notes to the Consolidated Financial Statements

### 6 Property and equipment

#### Group

	Buildings RMB'000	Machinery RMB'000	Transportation equipment RMB'000	Furniture, fitting and equipment RMB'000	Construction in progress RMB'000	Total RMB'000
Year ended 31 December 2012						
Opening net book amount	1,303,842	35,377	380,535	809,692	2,334,996	4,864,442
Additions	–	5,510	64,893	148,938	3,348,993	3,568,334
Transfers from investment properties	–	–	–	–	532,119	532,119
Transfers	1,647,433	15,723	530,195	704,001	(2,897,352)	–
Disposals	(3,533)	(30)	(845)	(452)	–	(4,860)
Depreciation	(100,609)	(7,700)	(96,703)	(195,856)	–	(400,868)
Closing net book amount	2,847,133	48,880	878,075	1,466,323	3,318,756	8,559,167
At 31 December 2012						
Cost	3,034,045	78,099	1,155,991	1,879,107	3,318,756	9,465,998
Accumulated depreciation	(186,912)	(29,219)	(277,916)	(412,784)	–	(906,831)
Net book amount	2,847,133	48,880	878,075	1,466,323	3,318,756	8,559,167
Year ended 31 December 2013						
Opening net book amount	2,847,133	48,880	878,075	1,466,323	3,318,756	8,559,167
Additions	78,459	19,858	85,600	193,750	3,101,450	3,479,117
Acquisition of a subsidiary (note 40)	10,200	77,954	–	1	36,936	125,091
Transfers	1,963,207	27,249	–	513,073	(2,503,529)	–
Disposals	(12,051)	(515)	(8,661)	(10,852)	–	(32,079)
Depreciation	(253,940)	(12,112)	(138,362)	(349,163)	–	(753,577)
Closing net book amount	4,633,008	161,314	816,652	1,813,132	3,953,613	11,377,719
At 31 December 2013						
Cost	5,073,860	202,645	1,232,930	2,575,079	3,953,613	13,038,127
Accumulated depreciation	(440,852)	(41,331)	(416,278)	(761,947)	–	(1,660,408)
Net book amount	4,633,008	161,314	816,652	1,813,132	3,953,613	11,377,719

## Notes to the Consolidated Financial Statements

### 6 Property and equipment (Continued)

#### Group (Continued)

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

	Year ended 31 December	
	2013	2012
	RMB'000	RMB'000
Cost of sales	201,544	122,880
Selling and marketing costs	111,120	61,363
Administrative expenses	440,913	216,625
	<b>753,577</b>	400,868

During the year, the Group capitalised borrowing costs amounting to RMB354,944,000 (2012: RMB435,262,000) on the construction in progress. Borrowing costs were capitalised at the weighted average rate of its general borrowings of 9.52% (2012: 10.05%).

As at 31 December 2013, property and equipment of RMB4,753,048,000 (2012: RMB2,275,585,000) were pledged as collateral for the Group's bank borrowings (note 20).



## Notes to the Consolidated Financial Statements

### 6 Property and equipment (Continued)

#### Company

	Transportation equipment RMB'000	Furniture, fitting and equipment RMB'000	Total RMB'000
Year ended 31 December 2012			
Opening net book amount	5,093	1,851	6,944
Additions	–	12	12
Depreciation	(1,834)	(695)	(2,529)
Closing net book amount	3,259	1,168	4,427
At 31 December 2012			
Cost	9,059	2,927	11,986
Accumulated depreciation	(5,800)	(1,759)	(7,559)
Net book amount	3,259	1,168	4,427
Year ended 31 December 2013			
Opening net book amount	3,259	1,168	4,427
Additions	–	12,201	12,201
Depreciation	(1,834)	(964)	(2,798)
Closing net book amount	1,425	12,405	13,830
At 31 December 2013			
Cost	9,059	15,128	24,187
Accumulated depreciation	(7,634)	(2,723)	(10,357)
Net book amount	1,425	12,405	13,830

## Notes to the Consolidated Financial Statements

### 7 Land use rights – Group

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

	Year ended 31 December	
	2013	2012
	RMB'000	RMB'000
Opening net book amount	2,347,117	445,758
Additions	476,978	751,192
Acquisition of a subsidiary (note 40)	8,376	–
Transfer from investment properties	–	1,157,884
Amortisation	(36,000)	(7,717)
Closing net book amount	2,796,471	2,347,117

Land use rights comprise cost of acquiring rights to use certain land, which are located in various areas of the PRC other than Hong Kong, for hotel buildings and self-use buildings over fixed periods.

As at 31 December 2013, land use rights of RMB1,736,133,000 (2012: RMB1,292,834,000) were pledged as collateral for the Group's bank borrowings (note 20).

## 8 Investment properties – Group

	Year ended 31 December	
	2013 RMB'000	2012 RMB'000
Opening net book amount	24,941,627	18,918,630
Additions	8,302,428	3,298,482
Transfer to property and equipment (note 6)	–	(532,119)
Transfer to land use rights (note 7)	–	(1,157,884)
Disposals	(3,020,588)	(44,988)
Fair value gains on investment properties	5,815,221	4,459,506
Closing net book amount	36,038,688	24,941,627
Comprise of:		
Completed	23,954,586	20,543,142
Under construction	12,084,102	4,398,485

### (a) Valuation processes of the Group

The Group measures its investment properties at fair value. The fair value of the Group's investment properties as at 31 December 2013 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 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.
- (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, interest payment and profit on land.

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

## Notes to the Consolidated Financial Statements

### 8 Investment properties – Group (Continued)

#### (c) Information about fair value measurements using significant unobservable inputs (level 3)

	Fair value as at 31 December 2013	Valuation techniques	Unobservable inputs	Range of unobservable inputs
Completed investment properties	23,954,586	Income capitalisation	Terminal yield and Reversionary yield	4%-5.5%
			Capitalisation rate	4%-8%
			Expected vacancy rate	0%-10%
			Monthly rental (RMB/sqm/month)	34-616
		Direct comparison	Adjusted market price (RMB/square meter)	6,057-77,700
Investment properties under construction	12,084,102	Residual method	Adjusted market price (RMB/square meter)	5,604-19,000
			Budgeted construction cost to be incurred (RMB/square meter)	100-3,910
			Remaining percentage to completion	5%-90%
			Anticipated developer's profit margin	2%-30%

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 remaining percentage to completion, the lower fair value;
- The higher the anticipated developer's profit margin, the lower fair value.



## 8 Investment properties – Group (Continued)

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

	Year ended 31 December	
	2013	2012
	RMB'000	RMB'000
Rental income	125,890	99,000
Direct operating expenses arising from investment properties that generate rental income	(9,213)	(8,451)
Direct operating expenses that did not generate rental income	(6,934)	(4,950)

As at 31 December 2013, investment properties of RMB2,055,615,000 (2012: RMB3,783,213,000) were pledged as collateral for the Group's bank and other borrowings (note 20).

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

	31 December	
	2013	2012
	RMB'000	RMB'000
Not later than one year	91,314	71,201
Later than one year and not later than five years	211,743	142,149
Later than five years	104,873	54,696
	407,930	268,046

The investment properties are all located in the PRC and have lease periods of between 10 years to 50 years.

## Notes to the Consolidated Financial Statements

### 9 Properties under development – Group

	Year ended 31 December	
	2013 RMB'000	2012 RMB'000
Properties under development expected to be completed:		
– Within one operating cycle included under current assets	160,543,684	133,293,609
– Beyond one operating cycle included under non-current assets	354,842	–
Properties under development comprise:		
– Construction costs and capitalised expenditures	65,921,473	59,616,030
– Interests capitalised	12,181,119	7,818,635
– Land use rights	82,795,934	65,858,944
	160,898,526	133,293,609

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

As at 31 December 2013, properties under development of approximately RMB57,143,818,000 (2012: RMB30,929,172,000) were pledged as collateral for the Group's bank and other borrowings (note 20).

As at 31 December 2013, land use rights included in properties under development of RMB224,605,000 (2012: RMB256,632,000) were pledged as collateral for the bank borrowings of the lands' previous owners, which will be released upon the Group's settlement of the remaining considerations for acquisition of the related land use rights amounting to RMB50,000,000.

The capitalisation rate of borrowing costs for the year ended 31 December 2013 is 9.52% (2012: 10.05%).

### 10 Completed properties held for sale – Group

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

As at 31 December 2013, completed properties held for sale of approximately RMB7,011,290,000 (2012: RMB3,415,813,000) were pledged as collateral for the Group's bank borrowings (note 20).

## Notes to the Consolidated Financial Statements

### 11 Trade and other receivables

	Group		Company	
	31 December		31 December	
	2013	2012	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables – third parties (note (a))	7,207,708	3,600,288	–	–
Other receivables:	4,930,542	3,296,984	30,579,870	18,254,711
– subsidiaries	–	–	30,572,895	18,246,932
– non-controlling interests (note (b))	919,241	–	–	–
– third parties	4,011,301	3,296,984	6,975	7,779
	12,138,250	6,897,272	30,579,870	18,254,711
Less: non-current portion	(2,626,439)	(1,112,242)	–	–
Trade receivables – third parties (note (a))	(2,255,742)	(742,972)	–	–
Other receivables – third parties	(370,697)	(369,270)	–	–
Current portion	9,511,811	5,785,030	30,579,870	18,254,711

As at 31 December 2013 and 2012, 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	
	2013	2012
	RMB'000	RMB'000
Within 90 days	2,780,845	2,809,586
Over 90 days and within 180 days	2,496,617	136,922
Over 180 days and within 365 days	1,886,747	440,929
Over 365 days	43,499	212,851
	7,207,708	3,600,288

## Notes to the Consolidated Financial Statements

### 11 Trade and other receivables (Continued)

As of 31 December 2013, trade receivables of RMB43,499,000 (31 December 2012: RMB212,851,000) were past due but not impaired. These accounts are mainly related to a number of customers who did not have a recent history of default. The ageing analysis of these trade receivables is as follows:

	31 December	
	2013	2012
	RMB'000	RMB'000
Over 365 days	43,499	212,851

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

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

(b) Amounts are unsecured and interest free.

### 12 Prepayments – Group

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



### 13 Financial instruments by category

#### (a) Group

Assets as per consolidated balance sheet	31 December	
	2013 RMB'000	2012 RMB'000
<b>Loans and receivables</b>		
Trade and other receivables	12,138,250	6,897,272
Restricted cash	13,534,985	7,399,279
Cash and cash equivalents	40,118,454	17,790,320
	65,791,689	32,086,871
<b>Available-for-sale financial assets</b>	3,845,234	–
Total	69,636,923	32,086,871

Liabilities as per consolidated balance sheet	31 December	
	2013 RMB'000	2012 RMB'000
<b>Other financial liabilities at amortised cost</b>		
Borrowings	108,817,338	60,273,855
Trade and other payables and accruals, excluding staff welfare benefit payable and other taxes payable	99,334,083	77,224,055
Total	208,151,421	137,497,910

#### (b) Company

Assets as per balance sheet	31 December	
	2013 RMB'000	2012 RMB'000
<b>Loans and receivables</b>		
Trade and other receivables	30,579,870	18,254,711
Restricted cash	3,652,671	–
Cash and cash equivalents	3,430,108	555,479
Total	37,662,649	18,810,190

## Notes to the Consolidated Financial Statements

### 13 Financial instruments by category (Continued)

#### (b) Company (Continued)

Liabilities as per balance sheet	31 December	
	2013 RMB'000	2012 RMB'000
<b>Other financial liabilities at amortised cost</b>		
Borrowings	27,885,317	18,017,442
Trade and other payables and accruals, excluding staff welfare benefit payable and other taxes payable	3,836,585	922,744
<b>Total</b>	<b>31,721,902</b>	<b>18,940,186</b>

### 14 Available-for-sale financial assets – Group

	31 December	
	2013 RMB'000	2012 RMB'000
As at 1 January	–	–
Additions	4,054,881	–
Fair value losses	(209,647)	–
<b>As at 31 December</b>	<b>3,845,234</b>	<b>–</b>

As at 31 December 2013, available-for-sale financial assets represented the Group's equity investments in certain China A-share listed companies, which are quoted in active market.

As at 31 December 2013, available-for-sale financial assets are denominated in RMB.

There were no impairment provisions on available-for-sale financial assets made during the year (2012: nil).

## Notes to the Consolidated Financial Statements

### 15 Restricted cash

	Group 31 December		Company 31 December	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
Guarantee deposit for construction of projects (note (a))	4,992,469	4,660,258	–	–
Guarantee deposit for bank acceptance notes and bank loans (note (b))	7,463,550	1,887,894	3,652,671	–
Guarantee deposit for land acquisitions	287,067	394,253	–	–
Others	791,899	456,874	–	–
	<b>13,534,985</b>	<b>7,399,279</b>	<b>3,652,671</b>	<b>–</b>

- (a) In accordance with relevant documents issued by the PRC local State-Owned Land and Resource Bureau, certain property development companies of the Group are required to place certain of the proceeds received from pre-sale of properties as guarantee deposits for construction of properties. The deposits can only be used to pay for construction fees and purchase of construction materials of the relevant projects when approvals are obtained from the PRC local State-Owned Land and Resource Bureau. The restriction will be released upon the construction is completed or real estate ownership certificate of the pre-sold properties is issued, whichever is earlier.
- (b) The Group placed certain cash deposits with designated banks as security for bank acceptance notes and bank loans.

The restricted cash is denominated in the following currencies:

	Group 31 December		Company 31 December	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
– Denominated in RMB	8,613,242	7,399,279	–	–
– Denominated in other currencies	4,921,743	–	3,652,671	–
	<b>13,534,985</b>	<b>7,399,279</b>	<b>3,652,671</b>	<b>–</b>

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

Restricted cash earns interest at floating daily bank deposit rates.

## Notes to the Consolidated Financial Statements

### 16 Cash and cash equivalents

	Group 31 December		Company 31 December	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
Cash at bank and in hand:				
– Denominated in RMB	36,011,489	16,944,290	–	–
– Denominated in other currencies	4,106,965	846,030	3,430,108	555,479
	40,118,454	17,790,320	3,430,108	555,479

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.

### 17 Share capital and premium

			Number of ordinary shares	Nominal value of ordinary shares US\$
Authorised:				
As at 1 January 2012, 31 December 2012 and 2013			100,000,000,000	1,000,000,000
	Number of ordinary shares	Nominal value of ordinary shares US\$	Equivalent nominal value of ordinary share RMB'000	Share premium RMB'000
Issued and fully paid:				
As at 1 January 2012	14,893,628,000	148,936,280	1,037,199	5,423,466
Issuance of shares pursuant to the option scheme	97,054,000	970,540	6,118	279,074
Dividends	–	–	–	(2,800,554)
As at 31 December 2012	14,990,682,000	149,906,820	1,043,317	2,901,986
Issuance of shares pursuant to the option scheme	55,877,000	558,770	3,489	154,227
Issuance of shares (note (a))	1,000,000,000	10,000,000	62,897	3,463,259
Dividends (note 32)	–	–	–	(2,291,947)
As at 31 December 2013	16,046,559,000	160,465,590	1,109,703	4,227,525

(a) On 17 January 2013, 1,000,000,000 shares of the Company were placed to certain investors at a price of HK\$4.35 per share.



## Notes to the Consolidated Financial Statements

### 18 Reserves

#### Group

	Merger reserve RMB'000 (note (a))	Other reserves RMB'000	Statutory reserves RMB'000 (note (b))	Employee share option reserve RMB'000 (note (c))	Capital redemption reserve RMB'000	Total RMB'000
Balance at 1 January 2012	(986,474)	4,829,117	1,262,140	489,671	7,155	5,601,609
Retained earnings appropriated to statutory reserves	–	–	1,296,350	–	–	1,296,350
Changes in ownership interests in subsidiaries without change of control	–	(393,303)	–	–	–	(393,303)
Employee share option scheme	–	–	–	120,882	–	120,882
Issuance of shares pursuant to the option scheme	–	–	–	(79,038)	–	(79,038)
Balance at 31 December 2012	(986,474)	4,435,814	2,558,490	531,515	7,155	6,546,500
Retained earnings appropriated to statutory reserves	–	–	1,363,400	–	–	1,363,400
Changes in ownership interests in subsidiaries without change of control (note 38)	–	(3,530,530)	–	–	–	(3,530,530)
Employee share option scheme (note (c))	–	–	–	55,404	–	55,404
Issuance of shares pursuant to the option scheme	–	–	–	(45,278)	–	(45,278)
Fair value losses of available-for-sale financial assets, net of tax	–	(157,235)	–	–	–	(157,235)
Balance at 31 December 2013	(986,474)	748,049	3,921,890	541,641	7,155	4,232,261

#### (a) Merger reserve

The merger reserve represents the aggregate nominal value of the share capital/paid-in capital of the subsidiaries acquired by the Company less considerations paid and payable to the then shareholders of the Group during the Reorganisation undertaken in 2006 for preparing listing of the Company on the Stock Exchange (note 1).

## Notes to the Consolidated Financial Statements

### 18 Reserves (Continued)

#### (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 completing certain time's service (the vesting period). The Group has no legal or constructive obligation to repurchase or settle the options in cash.

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

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

Movements of share options are as follows:

	Number of share options
<b>Year ended 31 December 2012</b>	
Balance at 1 January 2012	884,346,000
Exercised during the year	(97,054,000)
Lapsed during the year	(40,800,000)
Balance at 31 December 2012	746,492,000
<b>Year ended 31 December 2013</b>	
Balance at 1 January 2013	746,492,000
Exercised during the year	(55,877,000)
Lapsed during the year	(12,550,000)
Balance at 31 December 2013	678,065,000

## Notes to the Consolidated Financial Statements

### 18 Reserves (Continued)

#### (c) Employee share option reserve (Continued)

Particulars of share options as at 31 December 2013 and 2012 are as follows:

Date of grant	Vesting period	Exercise period	Exercise price	Number of outstanding shares as at 31 December	
				2013	2012
<b>Pre-IPO Options:</b>					
14 October 2009	1 year	5 November 2010- 5 November 2015	HK\$3.5	33,269,000	39,719,000
14 October 2009	2 years	5 November 2011- 5 November 2015	HK\$3.5	57,140,000	58,640,000
14 October 2009	3 years	5 November 2012- 5 November 2015	HK\$3.5	77,520,000	79,520,000
<b>2010 Options:</b>					
18 May 2010	7 Months	31 December 2010- 31 December 2015	HK\$2.4	–	47,813,000
18 May 2010	19 Months	31 December 2011- 31 December 2016	HK\$2.4	127,534,000	130,200,000
18 May 2010	31 Months	31 December 2012- 31 December 2017	HK\$2.4	127,534,000	130,200,000
18 May 2010	43 Months	31 December 2013- 31 December 2018	HK\$2.4	127,534,000	130,200,000
18 May 2010	55 Months	31 December 2014- 13 October 2019	HK\$2.4	127,534,000	130,200,000
				<b>678,065,000</b>	<b>746,492,000</b>

The weighted average fair value of both options granted was determined by reference to valuation prepared by an independent valuer, Real Actuarial Consulting Limited, using the Binomial Model. The significant inputs into the model were share price at the date of grant, annual risk free rate, expected volatility, life of the option and expected dividend yield, which are based on the best estimate of the Company's directors. The value of an option varies with different variables of certain subjective assumption.

## Notes to the Consolidated Financial Statements

### 18 Reserves (Continued)

#### Company

	Other reserve RMB'000	Share option reserve RMB'000	Capital redemption reserve RMB'000	Total RMB'000
Balance at 1 January 2012	1,014,536	489,671	7,155	1,511,362
Employee share option schemes	–	120,882	–	120,882
Issuance of shares pursuant to the option scheme	–	(79,038)	–	(79,038)
Balance at 31 December 2012	1,014,536	531,515	7,155	1,553,206
Employee share option schemes	–	55,404	–	55,404
Issuance of shares pursuant to the option scheme	–	(45,278)	–	(45,278)
Balance at 31 December 2013	1,014,536	541,641	7,155	1,563,332

### 19 Perpetual Capital Instruments

In 2013, certain wholly owned subsidiaries of the Company issued subordinated perpetual capital instruments (the “Perpetual Capital Instruments”) with the aggregate principal amount of RMB24,557,214,000. Net proceeds after deducting the issuance cost amounted to RMB24,367,214,000.

The Perpetual Capital Instruments are jointly guaranteed by the Company and certain subsidiaries, secured by pledges of the shares of the subsidiaries. There is no maturity of the instruments and the payments of distribution can be deferred at the discretion of the issuers of the Perpetual Capital Instruments.



## Notes to the Consolidated Financial Statements

### 20 Borrowings

	Group		Company	
	31 December 2013	2012	31 December 2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Borrowings included in non-current liabilities:				
Bank borrowings – secured	43,195,988	30,008,266	1,158,411	502,840
Senior notes	26,422,061	17,514,602	26,422,061	17,514,602
– Senior notes issued in 2010 ("2010 Senior Notes") (note (a))	8,168,593	8,372,268	8,168,593	8,372,268
– Senior notes issued in 2011 ("2011 Senior Notes") (note (b))	9,206,870	9,142,334	9,206,870	9,142,334
– Senior notes issued in 2013 ("2013 Senior Notes") (note (c))	9,046,598	–	9,046,598	–
Other borrowings – secured	26,510,092	9,575,341	–	–
	96,128,141	57,098,209	27,580,472	18,017,442
Less: current portion of non-current borrowings	(23,106,868)	(15,855,060)	(6,340,409)	–
	73,021,273	41,243,149	21,240,063	18,017,442
Borrowings included in current liabilities:				
Bank borrowings – secured	6,404,361	1,813,500	304,845	–
Current portion of non-current borrowings	23,106,868	15,855,060	6,340,409	–
Other borrowings – secured	6,284,836	1,362,146	–	–
	35,796,065	19,030,706	6,645,254	–
Total borrowings	108,817,338	60,273,855	27,885,317	18,017,442
The total borrowings are denominated in the following currencies:				
RMB	86,863,306	51,398,747	9,206,870	9,142,334
US dollar	21,954,032	8,875,108	18,678,447	8,875,108
	108,817,338	60,273,855	27,885,317	18,017,442

#### (a) 2010 Senior Notes

On 27 January 2010, the Company issued 13%, five-year senior notes with an aggregated principal amount of US\$750,000,000 (equivalent to approximately RMB5,120,400,000) at 100% of the face value. On 13 April 2010, the Company further issued additional senior notes in the same terms with an aggregated principal amount of US\$600,000,000 (equivalent to approximately RMB4,095,600,000) at 100% of the face value.

## Notes to the Consolidated Financial Statements

### 20 Borrowings (Continued)

#### (b) 2011 Senior Notes

On 13 January 2011, the Company issued 7.50%, three-year senior notes with an aggregated principal amount of RMB5,550,000,000 and 9.25%, five-year senior notes with an aggregated principal amount of RMB3,700,000,000 at 100% of the face value.

#### (c) 2013 Senior Notes

On 31 October 2013, the Company issued 8.75%, five-year senior notes with an aggregated principal amount of US\$1,000,000,000 (equivalent to approximately RMB6,141,200,000) 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\$500,000,000 (equivalent to approximately RMB3,070,600,000) at 100% of the face value.

The above senior notes are jointly guaranteed by certain subsidiaries and secured by pledges of the shares of the subsidiaries. The net assets of these subsidiaries as at 31 December 2013 were approximately RMB10,438,504,000 (2012: RMB9,610,030,000).

#### (d) 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, have fixed repayment terms, and are secured by the properties under development of the group companies or the equity interests of certain group companies. The net assets of these subsidiaries as at 31 December 2013 were approximately RMB10,482,705,000 (2012: RMB5,407,680,000).

As at 31 December 2013, the Group's bank and other borrowings of RMB82,395,277,000 (2012: RMB42,759,253,000) were secured by its property and equipment, land use rights, investment properties, properties under development, completed properties held for sale and cash in bank.

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'000	6-12 months RMB'000	1-5 years RMB'000	Total RMB'000
<b>Group</b>				
At 31 December 2013	<b>31,670,086</b>	<b>20,206,013</b>	<b>30,519,178</b>	<b>82,395,277</b>
At 31 December 2012	18,158,567	8,537,816	16,062,870	42,759,253

## Notes to the Consolidated Financial Statements

### 20 Borrowings (Continued)

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

	31 December	
	2013	2012
	RMB'000	RMB'000
<b>Group</b>		
Bank and other borrowings and senior notes:		
1 – 2 years	44,343,322	20,131,120
2 – 5 years	27,876,659	20,410,811
Over 5 years	801,292	701,218
<b>Total</b>	<b>73,021,273</b>	<b>41,243,149</b>
<b>Company</b>		
Bank borrowings and senior notes:		
1 – 2 years	8,534,406	6,003,393
2 – 5 years	12,705,657	12,014,049
<b>Total</b>	<b>21,240,063</b>	<b>18,017,442</b>

The effective interest rates were as follows:

	2013		2012	
	RMB'000	Effective interest rate	RMB'000	Effective interest rate
<b>Group</b>				
Bank and other borrowings	82,395,277	8.25%	42,759,253	8.75%
Senior notes	26,422,061	10.52%	17,514,602	11.27%
<b>Company</b>				
Bank borrowings	1,463,256	4.40%	502,840	4.61%
Senior notes	26,422,061	10.52%	17,514,602	11.27%

## Notes to the Consolidated Financial Statements

### 20 Borrowings (Continued)

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

	2013		2012	
	Carrying amount RMB'000	Fair value RMB'000	Carrying amount RMB'000	Fair value RMB'000
<b>Group</b>				
Bank and other borrowings	52,147,024	52,147,024	23,728,547	23,728,547
Senior notes	20,874,249	21,823,131	17,514,602	18,492,052
<b>Company</b>				
Bank and other borrowings	365,814	365,814	502,840	502,840
Senior notes	20,874,249	21,823,131	17,514,602	18,492,052

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

The fair values of senior notes as at 31 December 2013 are determined directly by references to the price quotations published by the Singapore Exchange Limited and Hong Kong Exchanges and Clearing Limited on 31 December 2013, the last dealing date of 2013.

### 21 Deferred income tax – Group

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

	31 December	
	2013 RMB'000	2012 RMB'000
Deferred income tax assets to be recovered within 12 months	(861,501)	(616,731)
Deferred income tax assets to be recovered after more than 12 months	(429,271)	(423,051)
Deferred income tax assets	(1,290,772)	(1,039,782)
Deferred income tax liabilities to be settled within 12 months	721,925	280,293
Deferred income tax liabilities to be settled after more than 12 months	5,994,382	4,659,468
Deferred income tax liabilities	6,716,307	4,939,761
	5,425,535	3,899,979



## Notes to the Consolidated Financial Statements

### 21 Deferred income tax – Group (Continued)

The net movements on the deferred taxation are as follows:

	Year ended 31 December	
	2013 RMB'000	2012 RMB'000
Beginning of the year	3,899,979	2,942,432
Acquisition of a subsidiary (note 40)	17,373	–
Tax credit relating to components of other comprehensive income	(52,412)	–
Recognised in income tax expenses (note 29)	1,560,595	957,547
End of the year	5,425,535	3,899,979

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

#### Deferred income tax assets

	Temporary difference on unrealised profit of inter-company transactions RMB'000	Tax losses RMB'000	Temporary difference on recognition of the cost of sales RMB'000	Revaluation of available- for-sale financial assets RMB'000	Total RMB'000
As at 1 January 2012	(127,411)	(281,099)	(245,384)	–	(653,894)
Credited to the income tax expenses	(38,587)	(342,463)	(10,333)	–	(391,383)
As at 31 December 2012	(165,998)	(623,562)	(255,717)	–	(1,045,277)
Credited to other comprehensive income	–	–	–	(52,412)	(52,412)
(Credited)/charged to the income tax expenses	(76,486)	(152,083)	35,486	–	(193,083)
As at 31 December 2013	(242,484)	(775,645)	(220,231)	(52,412)	(1,290,772)

## Notes to the Consolidated Financial Statements

### 21 Deferred income tax – Group (Continued)

#### Deferred income tax assets (Continued)

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 RMB748,425,000 (2012: RMB496,613,000) in respect of tax losses amounting to RMB2,993,700,000 (2012: RMB1,986,452,000) in certain subsidiaries, which will expire in the following years:

Year	RMB'000
2014	199,304
2015	263,172
2016	568,492
2017	905,820
2018	1,056,912
	2,993,700

#### Deferred income tax liabilities

	Excess of carrying amount of land use rights and intangible assets over the tax bases RMB'000	Temporary difference on recognition of fair value gain of investment properties RMB'000	Withholding tax on profit to be distributed in future RMB'000	Total RMB'000
As at 1 January 2012	454,548	3,141,778	–	3,596,326
(Credited)/charged to the income tax expenses	(120,115)	1,469,045	–	1,348,930
As at 31 December 2012	334,433	4,610,823	–	4,945,256
Acquisition of a subsidiary (note 40)	17,373	–	–	17,373
(Credited)/charged to the income tax expenses	(41,214)	1,583,319	211,573	1,753,678
As at 31 December 2013	310,592	6,194,142	211,573	6,716,307

## Notes to the Consolidated Financial Statements

### 22 Trade and other payables

	Group		Company	
	31 December 2013	2012	31 December 2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables				
– third parties	65,836,287	53,963,729	–	–
Other payables:	32,605,660	22,483,445	2,920,052	151,816
– subsidiaries	–	–	2,854,259	98,269
– third parties	10,083,844	6,595,191	65,793	53,547
– payables for acquisition of land use rights	8,749,063	11,046,103	–	–
– amounts owing to non-controlling interests (note (i))	13,772,753	4,842,151	–	–
Accrued expenses	1,586,543	1,479,990	960,874	822,470
Other taxes payable	737,393	599,783	–	–
	100,765,883	78,526,947	3,880,926	974,286
Less: non-current portion				
Other payables:	(870,475)	(738,516)	–	–
– third parties	(78,893)	(268,250)	–	–
– amounts owing to non-controlling interests (note (i))	(791,582)	(470,266)	–	–
Current portion	99,895,408	77,788,431	3,880,926	974,286

- (i) Amounts included certain cash advances from non-controlling interests of approximately RMB1,665,800,000 (2012: nil) which are unsecured and bear interest bearing at average 12.49% per annum.

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

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

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

## Notes to the Consolidated Financial Statements

### 23 Current income tax liabilities – Group

The current income tax liabilities are analysed as follows:

	31 December	
	2013 RMB'000	2012 RMB'000
Income tax payables		
– PRC corporate income tax	4,476,314	2,396,611
– PRC land appreciation tax	9,029,330	6,328,569
	<b>13,505,644</b>	<b>8,725,180</b>

### 24 Other income

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

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



## Notes to the Consolidated Financial Statements

### 25 Expenses by nature

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

	Year ended 31 December	
	2013 RMB'000	2012 RMB'000
Cost of properties sold	59,673,649	41,531,607
Business tax and other levies (note (a))	5,350,119	3,750,383
Staff costs – including directors' emoluments (note 26)	5,886,797	4,717,674
Advertising costs	2,336,670	1,768,959
Sales commissions	513,246	336,951
Consultancy fees (note (b))	202,730	98,103
Depreciation	753,577	400,868
Amortisation	273,387	187,078
Auditors' remuneration	14,913	17,902
Operating lease expenses	182,789	102,012
Donations to governmental charity	262,086	169,936

#### (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%

#### (b) Consultancy fees

The consultancy fees for the years ended 31 December 2013 and 2012 are mainly related to market promotion, planning and consultancy services provided by real estate consulting firms and commercial banks.

### 26 Staff costs – including directors' emoluments

	Year ended 31 December	
	2013 RMB'000	2012 RMB'000
Wages and salaries	4,833,463	3,779,652
Pension costs – statutory pension (note 34)	379,377	293,261
Staff welfare	456,429	399,693
Medical benefits	162,124	124,186
Employee share option schemes	55,404	120,882
	5,886,797	4,717,674

## Notes to the Consolidated Financial Statements

### 27 Emoluments for directors and five highest paid individuals

#### (a) Directors' and chief executives' emoluments

The remuneration of directors of the Company for the year ended 31 December 2013 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	40,621	12	8,171	49,044
Mr. Li Gang	240	29,870	50	3,520	33,680
Mr. Tse Wai Wah	240	6,690	12	1,226	8,168
Mr. Xu Wen	240	2,073	38	1,389	3,740
Mr. Lai Lixin	240	7,963	50	1,226	9,479
Mr. Chau Shing Yim David	360	–	–	–	360
Mr. He Qi	360	–	–	–	360
Ms. Xie Hongxi	360	–	–	–	360
	2,520	87,217	162	15,532	105,431

The remuneration of directors of the Company for the year ended 31 December 2012 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	54,423	11	16,193	70,867
Mr. Li Gang	240	30,104	46	6,976	37,366
Mr. Tse Wai Wah	240	5,008	11	2,429	7,688
Mr. Xu Xiangwu(note(a))	115	2,054	35	–	2,204
Mr. Xu Wen	240	6,771	35	2,753	9,799
Ms. He Miaoling(note(a))	115	5,872	35	2,753	8,775
Mr. Lai Lixin	240	4,197	46	2,429	6,912
Mr. Yu Kam Kee Lawrence (note(a))	143	–	–	–	143
Mr. Chau Shing Yim David	300	–	–	–	300
Mr. He Qi	300	–	–	–	300
Ms. Xie Hongxi (note(b))	157	–	–	–	157
	2,570	108,429	219	33,533	144,751

Note (a): Resigned on 23 June 2012.

Note (b): Appointed on 23 June 2012.

**27 Emoluments for directors and five highest paid individuals (Continued)****(b) Five highest paid individuals**

During the year ended 31 December 2013, the five highest paid individuals include 2 directors (2012: 2). The aggregate amounts of emoluments of the five highest paid individuals for the year ended 31 December 2013 are set out below:

	Year ended 31 December	
	2013	2012
	RMB'000	RMB'000
Salaries and other benefits	318,993	281,692
Retirement scheme contributions	61	90
	319,054	281,782

The emoluments fell within the following bands:

	Year ended 31 December	
	2013	2012
RMB20,000,000 to RMB40,000,000	2	2
RMB40,000,000 to RMB60,000,000	1	–
RMB60,000,000 to RMB80,000,000	–	2
RMB80,000,000 to RMB100,000,000	1	1
RMB100,000,000 to RMB120,000,000	1	–

- (c) During the year ended 31 December 2013, 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 (2012: nil).

**28 Finance income/(costs)**

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

## Notes to the Consolidated Financial Statements

### 29 Income tax expenses

	Year ended 31 December	
	2013 RMB'000	2012 RMB'000
Current income tax		
– Hong Kong profits tax	–	–
– PRC corporate income tax	5,255,211	3,701,366
– PRC land appreciation tax	4,871,522	2,648,967
Deferred income tax (note 21)		
– PRC corporate income tax	903,854	594,562
– PRC land appreciation tax	656,741	362,985
	<b>11,687,328</b>	<b>7,307,880</b>

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	
	2013 RMB'000	2012 RMB'000
Profit before income tax	25,396,360	16,489,801
Calculated at PRC corporate income tax rate	6,349,090	4,122,450
PRC land appreciation tax deductible for PRC corporate income tax purposes	(1,382,066)	(752,988)
Income not subject to tax (note (a))	(97,152)	(16,279)
Expenses not deductible for tax purposes (note (b))	719,542	596,619
Tax losses for which no deferred income tax asset was recognised	264,228	226,445
PRC corporate income tax	5,853,642	4,176,247
Withholding tax on profit to be distributed from PRC subsidiaries	305,423	119,681
PRC land appreciation tax	5,528,263	3,011,952
	<b>11,687,328</b>	<b>7,307,880</b>

(a) Income not subject to tax for the year ended 31 December 2013 mainly comprised the exchange gain recognised for the senior notes in the Company and income recognised in the overseas companies.

(b) Expenses not deductible for tax purpose for the year ended 31 December 2013 mainly comprised: (i) the cost of land premium without official invoices resulting from the land acquisitions through acquisitions of companies; and (ii) expenses incurred by offshore group companies.

The weighted average applicable tax rate for the year ended 31 December 2013 is 25% (2012: 25%).



## 29 Income tax expenses (Continued)

### Overseas income tax

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

### Hong Kong profits tax

No Hong Kong profits tax has been provided for as there is no business operation that is subject to Hong Kong profits tax during the year ended 31 December 2013 (2012: nil).

### PRC corporate income tax

The income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate of 25% (2012: 25%) on the estimated assessable profits for the year, based on the existing legislation, interpretations and practices in respect thereof.

### PRC withholding income tax

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

### PRC land appreciation tax

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

## 30 Retained earnings/(accumulated losses) – Company

	Year ended 31 December	
	2013	2012
	RMB'000	RMB'000
Opening balance	(3,764,140)	(3,787,449)
Profit for the year	4,843,880	23,309
Closing balance	1,079,740	(3,764,140)

## Notes to the Consolidated Financial Statements

### 31 Earnings per share

#### (a) Basic

Basic earnings per share are calculated by dividing the profits attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the year.

	Year ended 31 December	
	2013	2012
Profit attributable to shareholders of the Company (RMB'000)	12,611,778	9,170,837
Weighted average number of ordinary shares in issue (thousands)	15,980,880	14,951,754
Basic earnings per share (RMB)	0.789	0.613

#### (b) Diluted

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

	Year ended 31 December	
	2013	2012
Profit attributable to equity holders of the Company (RMB'000)	12,611,778	9,170,837
Weighted average number of ordinary shares in issue (thousands)	15,980,880	14,951,754
Adjustments for share options (thousands)	143,360	222,606
Weighted average number of ordinary shares for diluted earnings per share (thousands)	16,124,240	15,174,360
Diluted earnings per share (RMB)	0.782	0.604

## Notes to the Consolidated Financial Statements

### 32 Dividends

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

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

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

### 33 Net cash generated from operations

	Year ended 31 December	
	2013 RMB'000	2012 RMB'000
Profit for the year	13,709,032	9,181,921
Adjustments for:		
Income tax expense	11,687,328	7,307,880
Interest income from bank deposits (note 24)	(120,396)	(108,444)
Interest income from non-current receivables (note 24)	(2,059)	(5,963)
Interest expense (note 28)	33,932	53,667
Exchange gain (note 28)	(386,550)	(20,611)
Depreciation (note 6)	753,577	400,868
Amortisation	273,387	187,078
Employee share option schemes (note 26)	55,404	120,882
Fair value gains on investment properties	(5,815,221)	(4,459,506)
Gain on disposal of investment properties (note 24)	(342,765)	(4,510)
Loss on disposal of property and equipment, and intangible assets	137,188	4,860
Changes in working capital:		
Properties under development and completed properties held for sale	(27,610,430)	(41,764,297)
Restricted cash as guarantee for construction of projects and other operating activities	(560,050)	422,418
Trade and other receivables and prepayments	(24,082,517)	(1,140,122)
Trade and other payables and receipt in advance from customers	7,075,092	36,776,063
Net cash (used in)/generated from operations	(25,195,048)	6,952,184

## Notes to the Consolidated Financial Statements

### 34 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	
	2013	2012
	RMB'000	RMB'000
Gross scheme contributions	379,377	293,261

### 35 Financial guarantees

	31 December	
	2013	2012
	RMB'000	RMB'000
Guarantees in respect of mortgage facilities for certain purchasers of the Group's property units	75,309,953	56,272,505

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 therefore the financial guarantees measured at fair value is immaterial.



**36 Commitments****(a) Operating leases commitments**

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

	31 December	
	2013	2012
	RMB'000	RMB'000
Property and equipment:		
Not later than one year	195,246	105,863
Later than one year and not later than five years	202,345	105,073
Later than five years	23,045	53,919
	<b>420,636</b>	<b>264,855</b>

**(b) Commitments for property development expenditure**

	31 December	
	2013	2012
	RMB'000	RMB'000
Contracted but not provided for		
– Property development activities	67,264,984	55,404,349
– Acquisition of land use rights	45,592,059	23,342,110
	<b>112,857,043</b>	<b>78,746,459</b>

## 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

#### (b) 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	
	2013	2012
	RMB'000	RMB'000
Salaries and other employee benefits	175,213	239,210
Retirement scheme contributions	861	789
	176,074	239,999

### 38 Change in ownership interests in subsidiaries without change of control

During the year ended 31 December 2013, the Group has acquired certain non-controlling interests in the subsidiaries at total considerations of RMB3,667,469,000. The excess of considerations paid over the carrying amounts of equity interests acquired, which amounting to RMB3,530,530,000, was recognised as a reduction of equity attributable to shareholders of the Company.

### 39 Acquisition of subsidiaries

During the year ended 31 December 2013, the Group acquired controlling interests of certain property development companies in the PRC at consideration totaling approximately RMB10,356,875,000. 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 increase in the non-controlling interests of the Group totaling RMB972,699,000.

## Notes to the Consolidated Financial Statements

### 40 Business combination

On 31 October 2013, the Group acquired 100% shares in Jilin Province Gold Beverage Company Limited ("Gold Beverage"), at a consideration of RMB109,044,000. Gold Beverage is principally engaged in mineral water production and sales.

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

	RMB'000
Cash consideration	109,044
<b>Recognised amounts of identifiable assets acquired and liabilities assumed</b>	
Cash and cash equivalents	–
Property and equipment (note 6)	125,091
Intangible asset-mining right	139,310
Land use rights (note 7)	8,376
Trade and other receivables	15,381
Trade and other payables	(161,741)
Deferred tax liabilities (note 20)	(17,373)
<b>Total identifiable net assets</b>	<b>109,044</b>

The acquired business contributed revenues of RMB22,049,000 and net loss of RMB10,388,000 to the Group for the period from 1 November 2013 to 31 December 2013. If the acquisition had occurred on 1 January 2013, consolidated revenue and consolidated profit for the year ended 31 December 2013 would have been RMB93,671,780,000 and RMB13,693,446,000 respectively.

### 41 Subsequent events

From 7 January to 31 March 2014, the Company repurchased an aggregate of 1,602,846,000 of its own shares through the Stock Exchange, at a consideration of HK\$5,305,348,000 (including transaction costs, equivalent to approximately RMB4,182,187,000). The shares were cancelled after the repurchase.

## Notes to the Consolidated Financial Statements

### 42 Investments in subsidiaries – Company

	31 December	
	2013	2012
	RMB'000	RMB'000
Investment in subsidiaries – unlisted shares	2	2
Employee share option schemes (note 18 (c))	668,966	613,562
Amounts due from subsidiaries (note (i))	1,401,096	1,297,916
	<b>2,070,064</b>	1,911,480

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

Particulars of principal subsidiaries are set out below:

Name	Date of incorporation/ Establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest		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



## Notes to the Consolidated Financial Statements

### 42 Investments in subsidiaries – Company (Continued)

Name	Date of incorporation/ Establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest		Principal activities
			Directly	Indirectly	
<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 June 1996	RMB2,500,000,000	–	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 September 2001	RMB677,000,000	–	100%	Property development
恒大地產集團重慶有限公司 Hengda Real Estate Group (Chongqing) Company Limited	17 July 2006	RMB841,000,000	–	100%	Property development
恒大地產集團江津有限公司 Hengda (Jiangjin) Real Estate Group Company Limited	27 July 2006	RMB330,000,000	–	100%	Property development
恒大長基(瀋陽)置業有限公司 Hengda Changji (Shenyang) Property Company Limited	1 December 2006	RMB1,575,375,090	–	100%	Property development
金碧物業有限公司 Jinbi Property Management Company Limited	10 September 1997	RMB177,600,000	–	100%	Property management and related consulting services
恒大地產集團太原有限公司 Hengda (Taiyuan) Real Estate Group Company Limited	11 September 2007	RMB891,000,000	–	100%	Property development
西安曲江投資建設有限公司 Xi'an Qujiang Investment Construction Company Limited	9 September 2002	RMB453,462,000	–	100%	Property development
廣州市越秀住宅建設有限公司 Guangzhou Yuexiu Property Construction Company Limited	20 May 2005	RMB53,280,000	–	100%	Construction

## Notes to the Consolidated Financial Statements

### 42 Investments in subsidiaries – Company (Continued)

Name	Date of incorporation/ Establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest		Principal activities
			Directly	Indirectly	
<i>Incorporated in the PRC with limited liability and operating in the PRC (Continued)</i>					
濟南恒大綠洲置業有限公司 Jinan Hengdalvzhou Property Corporation Limited	18 January 2010	RMB870,000,000	–	100%	Property development
恒大地產集團石家莊有限公司 Hengda (Shijiazhuang) Real Estate Group Property Company Limited	18 August 2009	RMB600,000,000	–	100%	Property development
石家莊盛宇房地產開發有限公司 Shijiazhuang Shengyu Real Estate Development Company Limited	24 May 2010	RMB300,000,000	–	100%	Property development
河北高傑士房地產開發有限公司 Hebei Gaojieshi Real Estate Development Company Limited	23 April 2003	RMB300,000,000	–	100%	Property development
河南大有房地產開發有限公司 Henan Dayou Real Estate Group Company Limited	23 May 2008	RMB100,000,000	–	100%	Property development
濟南恒大金碧房地產開發有限公司 Jinan Hengda Jinbi Real Estate Development Corporation Limited	18 May 2010	RMB740,000,000	–	100%	Property development
恒大地產集團(中山)有限公司 Hengda Real Estate (Zhongshan) Corporation Limited	13 May 2010	RMB400,000,000	–	100%	Property development
深圳市建設集團有限公司 Shenzhen Construction Group Corporation Limited	25 December 2003	RMB300,000,000	–	100%	Property development

## Notes to the Consolidated Financial Statements

### 42 Investments in subsidiaries – Company (Continued)

Name	Date of incorporation/ Establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest		Principal activities
			Directly	Indirectly	
<i>Incorporated in the PRC with limited liability and operating in the PRC (Continued)</i>					
廣州恒大足球俱樂部有限公司 Guangzhou Hengda Football Club Corporation Limited	24 February 2006	RMB100,000,000	–	100%	Football Club
太原俊景房地產開發有限公司 Taiyuan Junjing Real Estate Development Corporation Limited	2 April 2010	RMB782,200,000	–	65.58%	Property development
衡陽寶瑞置業有限公司 Hengyang Baorui Property Company Limited	16 June 2011	RMB100,000,000	–	69.5%	Property development
恒大地產集團銀川有限公司 Hengda (Yinchuan) Real Estate Group Company Limited	16 December 2010	RMB418,660,000	–	100%	Property development
長春泰基房地產開發有限公司 Taiji (Changchun) Real Estate Company Limited	24 December 2010	RMB600,000,000	–	100%	Property development
恒大地產鷹潭有限公司 Hengda (Yingtán) Real Estate Group Company Limited	21 February 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 September 2009	RMB45,000,000	–	100%	Property development

## Notes to the Consolidated Financial Statements

### 42 Investments in subsidiaries – Company (Continued)

Name	Date of incorporation/ Establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest		Principal activities
			Directly	Indirectly	
<i>Incorporated in the PRC with limited liability and operating in the PRC (Continued)</i>					
北海南國天堂房地產開發有限公司 Beihai Nanguo Tiantang Real Estate Company Limited	19 January 1993	RMB38,686,000	–	100%	Property development
南京恒大富豐置業有限公司 Nanjing Hengda Fufeng Property Company Limited	10 April 2007	RMB872,697,940	–	100%	Property development
啟東通譽置業有限公司 Tongyu (Qidong) Property Company Limited	1 January 2007	RMB512,608,680	–	100%	Property development
啟東寶豐置業有限公司 Qidong Baofeng Property Company Limited	1 January 2007	RMB224,907,930	–	100%	Property development
啟東鑫華置業有限公司 Qidong Xinhua Property Company Limited	1 January 2007	RMB225,750,080	–	100%	Property development
恒大地產集團洛陽有限公司 Hengda (Luoyang) Real Estate Group Property Company Limited	5 September 2007	RMB457,000,000	–	100%	Property development
江西省翠林山莊有限公司 Cuilin (Jiangxi) Company Limited	7 July 2003	RMB699,365,785	–	100%	Property development
安徽三林置業有限公司 Sanlin (Anhui) Property Company Limited	2 November 2001	RMB300,000,000	–	100%	Property development
太原得一房地產開發有限公司 Taiyuan Deiyi Real Estate Company Limited	14 December 2009	RMB232,500,000	–	100%	Property development



**42 Investments in subsidiaries – Company (Continued)**

Name	Date of incorporation/ Establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest		Principal activities
			Directly	Indirectly	
<i>Incorporated in the PRC with limited liability and operating in the PRC (Continued)</i>					
恒大地產集團大邑有限公司 Hengda (Dayi) Real Estate Group Company Limited	16 March 2010	RMB500,000,000	–	100%	Property development
廣州市佳穗置業有限公司 Guangzhou Jiasui Property Company Limited	31 May 2006	RMB10,000,000	–	100%	Property development
武漢華力置業有限公司 Wuhan Huali Property Company Limited	28 October 2003	RMB350,000,000	–	100%	Property development
石家莊地益嘉房地產開發有限公司 Shijiazhuang Diyijia Real Estate Company Limited	8 November 2006	RMB5,000,000	–	100%	Property development
宿遷恒大華府置業有限公司 Suqian Hengda Huaifu Property Company Limited	6 January 2011	RMB310,000,000	–	100%	Property development
東營恒大華府置業有限公司 Dongying Hengda Huaifu Property Company Limited	7 January 2011	RMB400,000,000	–	100%	Property development
哈爾濱市恒大偉業房地產開發 有限公司 Haerbin Hengda Weiye Real Estate Company Limited	28 January 2011	RMB780,000,000	–	100%	Property development
五家渠卓越房地產開發有限公司 Wujiaqu Zhuoyue Real Estate Company Limited	14 April 2011	RMB246,000,000	–	100%	Property development
恒大地產集團鹽城有限公司 Hengda (Yancheng) Real Estate Group Company Limited	20 April 2011	RMB673,384,000	–	100%	Property development

## Notes to the Consolidated Financial Statements

### 42 Investments in subsidiaries – Company (Continued)

Name	Date of incorporation/ Establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest		Principal activities
			Directly	Indirectly	
<i>Incorporated in the PRC with limited liability and operating in the PRC (Continued)</i>					
句容天工置業有限公司 Jurong Tiangong Property Company Limited	6 November 2009	RMB327,333,800	–	100%	Property development
臨沂華府置業有限公司 Linyi Huaifu Property Company Limited	2 September 2010	RMB430,000,000	–	100%	Property development
濰坊金碧置業有限公司 Weifang Jinbi Property Company Limited	4 March 2011	RMB600,000,000	–	100%	Property development
大同俊景房地產開發有限公司 Datong Junjing Real Estate Company Limited	28 April 2011	RMB235,000,000	–	100%	Property development
哈爾濱市恒大興業房地產開發有限公司 Haerbin Hengda Xingye Real Estate Company Limited	17 May 2011	RMB200,000,000	–	100%	Property development
成都晨明置業有限公司 Chengdu Chenming Property Company Limited	5 July 2010	RMB20,000,000	–	100%	Property development
蚌埠恒通置業有限公司 Bengbu Hengtong Property Company Limited	27 June 2012	RMB295,000,000	–	100%	Property development
新鄉禦景置業有限公司 Xinxiang Yujing Property Company Limited	23 May 2012	RMB100,000,000	–	100%	Property development
許昌帝景置業有限公司 Xuchang Dijing Property Company Limited	27 April 2012	RMB30,000,000	–	100%	Property development

**42 Investments in subsidiaries – Company (Continued)**

Name	Date of incorporation/ Establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest		Principal activities
			Directly	Indirectly	
<i>Incorporated in the PRC with limited liability and operating in the PRC (Continued)</i>					
濟南恒大翡翠華庭置業有限公司 Jinan Hengda Feicuihuating Property Company Limited	5 March 2012	RMB750,000,000	–	100%	Property development
臨汾市紫旌房地產開發有限公司 Linfen Zijin Real Estate Development Company Limited	2 April 2007	RMB30,000,000	–	100%	Property development
潮州市恒大置業有限公司 Chaozhou Hengda Property Company Limited	10 July 2012	RMB280,000,000	–	100%	Property development
長春信基房地產開發有限公司 Xinji (Changchun) Real Estate Company Limited	8 June 2011	RMB450,000,000	–	100%	Property development
甘肅昱盛房地產開發有限公司 Gansu Yusheng Real Estate Company Limited	25 September 2007	RMB35,000,000	–	100%	Property development
長沙恒壘置業有限公司 Changsha hengxi Property Company Limited	24 February 2012	RMB140,000,000	–	100%	Property development
恒大長白山礦泉水有限公司 Hengda Changbaishan Kuangquanshui Company Limited	11 September 2006	RMB80,000,000	–	100%	Mineral water production
江西宏吉投資有限公司 Jiangxi Hongji Investment Construction Company Limited	19 April 2004	RMB34,100,000	–	100%	Property development

## Notes to the Consolidated Financial Statements

### 42 Investments in subsidiaries – Company (Continued)

Name	Date of incorporation/ Establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest		Principal activities
			Directly	Indirectly	
<i>Incorporated in the PRC with limited liability and operating in the PRC (Continued)</i>					
丹陽恒大置業有限公司 Danyang Hengda Property Company Limited	26 September 2010	RMB 734,942,000	–	100%	Property development
撫順嘉鑫置業有限公司 Fushun Jiaxin Property Company Limited	24 February 2011	RMB 300,000,000	–	100%	Property development
恒大地產集團韶關有限公司 Hengda Real (Shaoguan) Estate Group Company Limited	16 March 2011	RMB230,000,000	–	100%	Property development
安慶恒遠置業有限公司 Anqing Hengyuan Property Company Limited	18 July 2011	RMB361,000,000	–	100%	Property development
恒大園林集團有限公司 Hengda yuanlin Group Company Limited	24 January 2002	RMB120,000,000	–	100%	Landscaping services

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)

	2009 RMB'000	2010 RMB'000	2011 RMB'000	2012 RMB'000	2013 RMB'000
<b>ASSETS</b>					
Non-current assets	4,631,203	12,856,479	25,502,220	38,446,924	58,769,765
Current assets	58,440,061	91,595,985	153,521,188	200,543,627	289,378,427
<b>Total assets</b>	<b>63,071,264</b>	<b>104,452,464</b>	<b>179,023,408</b>	<b>238,990,551</b>	<b>348,148,192</b>
<b>EQUITY</b>					
<b>Total equity</b>	<b>13,157,146</b>	<b>21,366,225</b>	<b>34,130,753</b>	<b>41,691,325</b>	<b>79,342,634</b>
<b>LIABILITIES</b>					
Non-current liabilities	8,416,541	25,656,334	45,089,711	46,921,426	80,608,055
Current liabilities	41,497,577	57,429,905	99,802,944	150,377,800	188,197,503
<b>Total liabilities</b>	<b>49,914,118</b>	<b>83,086,239</b>	<b>144,892,655</b>	<b>197,299,226</b>	<b>268,805,558</b>
<b>Total equity and liabilities</b>	<b>63,071,264</b>	<b>104,452,464</b>	<b>179,023,408</b>	<b>238,990,551</b>	<b>348,148,192</b>

## Five Years Financial Summary

	2009 RMB'000	2010 RMB'000	2011 RMB'000	2012 RMB'000	2013 RMB'000
Revenue	5,722,657	45,801,401	61,918,185	65,260,838	93,671,780
Cost of sales	(3,776,308)	(32,432,232)	(41,310,558)	(47,050,471)	(66,023,022)
<b>Gross profit</b>	1,946,349	13,369,169	20,607,627	18,210,367	27,648,758
Fair value gains on investment properties	842,570	3,350,857	4,235,953	4,459,506	5,815,221
Other gains	347,554	184,369	755,806	635,525	1,041,322
Selling and marketing costs	(1,075,142)	(1,574,262)	(2,720,756)	(3,017,664)	(4,309,728)
Administrative expenses	(744,960)	(1,384,263)	(2,161,218)	(2,600,664)	(3,472,494)
Other operating expenses	(63,890)	(124,957)	(791,162)	(1,164,213)	(1,679,337)
<b>Operating profit</b>	1,252,481	13,820,913	19,926,250	16,522,857	25,043,742
Fair value change on embedded financial derivatives	197,403	–	–	–	–
Finance (costs)/income, net	(3,709)	271,798	448,598	(33,056)	352,618
<b>Profit before income tax</b>	1,446,175	14,092,711	20,374,848	16,489,801	25,396,360
Income tax expenses	(329,371)	(6,068,035)	(8,648,255)	(7,307,880)	(11,687,328)
<b>Profit for the year</b>	1,116,804	8,024,676	11,726,593	9,181,921	13,709,032
Other comprehensive income	–	–	–	–	(157,235)
Total comprehensive income for the year	1,116,804	8,024,676	11,726,593	9,181,921	13,551,797
<b>Attributable to:</b>					
Shareholders of the Company	1,046,428	7,588,786	11,323,663	9,170,837	12,454,543
Holders of perpetual capital instruments	–	–	–	–	656,559
Non-controlling interests	70,376	435,890	402,930	11,084	440,695





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