



GREENTOWN CHINA HOLDINGS LIMITED

綠城中國控股有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock code: 3900)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2006

Operational Highlights

- Succeeded in listing on the Stock Exchange via IPO in raising US\$367 million and successfully issued 7-year senior notes of US\$400 million
- Achieved record high level of revenue and Pre-Adjustment Profit which jumped by 152% and 141% to RMB6,400 million and RMB1,503 million respectively
- High profitability with gross margin of 42%
- Land bank increased considerably from 8.85 million sq.m to 12.27 million sq.m
- Brand promotion extended to a number of areas beyond Zhejiang province
- Leveraged on strong brand equity and extensive project management experience to foster alliances with renowned enterprises
- Robust property sales in 2006 with contracted sales reached RMB7,100 million (including those of associates)
- The Board proposes to distribute a final dividend of HK36 cents for the year ended 31 December 2006

Greentown China Holding Limited (“the Company”) and its subsidiaries (“the Group”) are pleased to announce the first annual results of the Company since its listing on the Main Board of the Stock Exchange of Hong Kong Limited (“the Stock Exchange”) on 13 July 2006, and to share with you our successes including the surge in our profit during 2006, the continued expansion of our scale of development, the intensifying of our brand name effect and the rapid increase in our land bank. I also share with you our analysis and strategy under the current austerity measures of the State and the transformation of industry policies.

2006 is the twelfth year in the development of the Company. It is also a very memorable year in the development of Greentown. During the year, by the issue of convertible notes in January, the Company introduced JPMorgan and Stark Investment, as strategic investors. By July, our shares were listed on the Stock Exchange, and by November, we issued the seven-year senior notes, thereby the Company had changed from a regional private company into an international public company in no time. As a result, our capital structure has improved, and the capital we need for development had been replenished accordingly. The change has afforded the Company better opportunities for its growth and development and brought tremendous implications to the Company.

1. Huge improvements in operating results

In 2006, the Company achieved an operating revenue of approximately RMB6,400 million, of which revenue from our property sales accounted for 99%, which represented a significant increase of 152% over last year. Excluding the fair value adjustment of un-redeemed convertible notes, we realized a profit attributable to equity holders of RMB1,503 million, a huge increase of 141% over last year. After the accounting adjustment for the potential fair value of option and net changes in conversion price of the convertible bonds, our profit attributable to the shareholders of the Company was RMB1,269 million, an increase of 104% over last year, and basic earnings per share was RMB1.09.

In 2006, our (including associates) construction-in-progress carried forward from the previous year amounted to approximately 2.34 million sq.m., newly commenced projects amounted to 1.68 million sq.m., and the total area of construction-in-progress by the end of the year amounted to 2.96 million sq.m.. There were 14 projects/phases completed and delivered during the year with an aggregate GFA of 1.06 million sq.m., in which saleable GFA amounted to 0.79 million sq.m., whereas the GFA sold amounted to 0.70 million sq.m.

Thanks to the continued growth in our financial results and our overall strength, in 2006, the Company was once again ranked Number 1 among real estate companies in Zhejiang province in terms of overall strength, and was named for the fourth consecutive year as a company among the top 10 of real estate companies in China, and ranked third among the Top 10 in profit making by Top Hundred China Real Estate Enterprises.

In view of our strong operational and financial performance, the Board of Directors (“the Board”) recommends the payment of a final dividend of HK36 cents per share for the year ended 31 December 2006.

2. Intensifying brand name marginal effect

In 2006, adhering to the central idea of “creating value for customers”, we proceeded with magnificent customer service and service value-added activities, which were well-received and which led to a wider recognition and consolidation of the brand name of the Company.

Since 2006, the Company’s projects outside Zhejiang province had continued to be well-rated by the local markets and governments and the Changsha Qingzhu Garden Villa project was awarded the title of “Quality Villa Most Worthy To Long For In Changsha In 2006” (the only project selected) by Changsha Planning Bureau and Changsha Real Estate Bureau; our Beijing Baihe Apartments project was awarded the title of “Regional Standard Development (Fangshan District) in 2006”; our Beijing Yuyuan (namely the Qinglongqiao project) was awarded the title of “National Harmonious Residence Classical Project” by the Ministry of Construction and Ministry of Culture at the Architectural Art Biennial Exhibition; our Hefei Guihua Garden project was awarded the title of “Landmark Development of Cities in China”. With our brand name having been well-established in markets outside Zhejiang province and with our subsequent projects to be developed, our products is sold at a premium above the average market prices.

In 2006, our brand name has been ranked by three authoritative institutions including the Enterprise Research Institute of the Development Research Center of the State Council, as one of the Top ten most valuable property brands in China for the third consecutive year. Hence, our nationwide brand name status and advantage have been well-established.

In 2006, by leveraging on our advantages in brand name and management, the Company carried out our strategic development with entities both within and beyond Zhejiang province, and signed strategic cooperation agreements with China Gezhouba Group and Warburg Pincus, whereby both parties reached consensus in relation to jointly developed real estate projects by leveraging on each other’s advantages. The Company also signed a strategic cooperation agreement with Xizi Elevator Group such

that a piece of land of approximately 1.52 million sq.m. and a land bank of approximately 0.77 million sq.m. in GFA under the name of Xizi Elevator Group will be developed and managed by a company jointly established by both parties.

We believe that by leveraging on and strengthening our advantage in brand name and consolidating and enhancing our brand name status, tapping and leveraging on the intrinsic value and marginal effect our respective brand names, thereby combining a strong one with another and leading to more and lasting vitality and room of development for the Company.

3. Rapid increase in land bank, further structural optimization

Over the year, through taking part in tendering, auction, acquisition of equity interests and other means of cooperation with other companies, the Company had increased its land bank by approximately 3.74 million sq.m., and the GFA of newly added land bank was approximately 4.48 million sq.m., with approximately 3.32 million sq.m. attributable to the Company. As at the end of 2006, our land bank was approximately 12.27 million sq.m. in GFA, an increase of 39% over last year, area attributable to the Company was 7.92 million sq.m., an increase of 45% over last year. Our quality and sizeable land bank has laid a very solid foundation for our development in the five years to come.

In line with the implementation of our “fine-product strategy”, in 2006 after our listing, the Company strategically increased the land bank for landmark residential composite projects in the centre of cities. In September, we jointly obtained a landmark residential project in the centre of Hangzhou with an GFA area of approximately 0.31 million sq.m. — Hangzhou Hushu project with a renowned developer; in December, the Company joined efforts in a tendering process with a renowned developer and successfully obtained Tiansheng project for residential, commercial and hotel use in the centre of Wenzhou, Zhejiang, one of the most active hub of economic activities of the private sector in China, which has an GFA area of approximately 0.41 million sq.m.. The obtaining of these projects will bring about considerable financial returns for Company.

The Company’s investment properties, including the five-star Zhoushan Sheraton — Greentown Hotel managed by Sheraton Hotel Management Company which the Company has engaged, the five-star Hangzhou Qiandaohu Bishui Qingfeng Hotel project and Hangzhou Rose Garden Resort Hotel project, all of which are smoothly underway. The completion of these projects will effectively improve our revenue and income structure and bring forth even more steady cashflow for the Company.

The brilliant success for 2006 was the result of the concept of management which we have been adhering to, which is “The Assets of the Company of the Utmost Importance are People” and the continued hard work of our staff and the quality of our product as well as our continuous improving efficiency in management.

4. Market review

In 2006, the Ministry of Construction, the National Development and Reform Commission, the Ministry of State Land Resources, the State Administration of Taxation and the People’s Bank of China either individually or jointly introduced austerity measures including strengthening the procedures for the transfer of State land use rights and for regulating the entry into the real estate market and transfer of real estate and its marketability, the policy to increase the deposit/lending ratio, all of which are aimed at guiding the continued and healthy development of the real estate industry.

Introduction of the austerity measures brought about profound changes to the real estate market, where people are becoming more rational to think of spending only for their residential purpose, so that industry consolidation has become more and more extensive. Eventually, only enterprises with the advantage of the necessary capital, brand name and management can seize a vantage point in the market.

Premier Wen Jiabao had pointed out in the work report of the government was that “real estate is of vital importance to economic development and improvement to the living conditions of the people, and therefore its continued and healthy development should be promoted”. In 2006, the GDP of China was RMB20,940.3 billion, and the per capital income of people of cities and towns amounted to RMB11,759, an increase of 10.4% over last year. In particular in Beijing, Shanghai and Hangzhou, the per capita GDP in 2006 was RMB64,465, RMB75,265 and RMB51,871, respectively, and the per capita income of people of cities and towns amounted to RMB19,978, RMB20,068 and RMB19,027 respectively, which represented an increase of 13.2%, 10.8% and 14.6% over last year respectively.

The Company is convinced that with the continued development of China’s economy, the increasing income level of city and town people, the acceleration of urbanization and the increasing desire of people to improve their living conditions have formed a solid basis for the sustainable development of the real estate industry.

5. Business outlook and strategy

After 12 years’ of development, the Company has established its advantages in high quality products and national famous brand, and formed an experienced management team with strong project operations ability. Quality and sizable land bank has established a sound foundation for the development of the Company, in particular the capital structure has been improved after the listing on the Stock Exchange of the Company in 2006.

In 2007, the Company’s (including associates) scale of development will hit an all-time high, and it is anticipated that the area on which construction will be commenced will amount to 3.97 million sq.m., area planned to be completed estimated and delivered will amount to 1.73 million sq.m. of which area sold amounted to 1.26 million sq.m., and by the end of the year the area for construction-in-progress will amount to 5.20 million sq.m..

In 2007, amid the opportunities and challenges as a result of the austerity measures and the industry consolidation of the real estate industry, the Company will move along firmly in the direction of “providing quality products and services” and fully implement its “fine-product strategy”, particularly in the following five areas:

1. “Moral character means product”, “Life is wonderful and products are also wonderful”. The Company is convinced that quality staff represents the top-drawer product of the Company, which also represents the essential guarantee of our development. We must continue to train and temper our staff by different means and at different levels to enhance their operating standards and professional attainments; we have to equip our staff at senior level who are responsible for the frontline project management and the overall operation management of the Group to cope with any new requirement in the management of the Company. We must adhere to our mechanism of “survival of the fittest” in order to promote the keen-wittedness, high efficiency and vitality of our team of human resources.
2. We have to enhance both product and service quality. By the full-scale implementation of our “fine-product strategy”, we continue to increase the added value of our products and increase our competitiveness in the market and further consolidate our leading position in the industry. We have to condense, summarize, crystallize and enhance the quality features and key points of quality control of our four major product series; we also have to step up our efforts in product research and innovations to improve our product quality continuously. We also have to put more effort in our market research and sales and marketing, thereby improving our service standard and creating value by our service, which not only provides services of even higher standard, but also improves our operating results.
3. We have to complete our business plans successfully. We have to quicken our pace to increase our land bank and push forward expediently with our construction plans, our plans of sales and marketing, our plans of completion and delivery and we have to implement our costing and

budgeting and control. In particular, we leverage on our advantage in brand name in Zhejiang and regions outside Zhejiang in project development and sales in future, continue to enhance add-value of high quality product brands and to enhance the brand name premium for bringing better returns to the shareholders.

4. We have to leverage on our advantage in management human resources and brand name, and continue to increase and maintain our advantage in capital and land bank and efforts with our strategic partners, with Hangzhou, Wenzhou, Taizhou and Ningbo in Zhejiang, Shanghai and Beijing as the focused regions of our development, and expand into Shandong and Jiangsu to develop our presence in order to strategically increase our land bank in quality land, hence our market shares, and improve the cash flow of the Company.
5. We have to bring on the quality of our management. We have to streamline our management structure, define our management process and ascertain our work standards; by means of promoting construction with the use of IT, we advance the upgrading of systems, processes and standards to improve the quality of management continuously. We also have to establish a management that is transparent and highly efficient to strictly comply with the Code on Corporate Governance Practices (the “Code”) and the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and improve and strengthen investor relations to heighten our overall standard of operation as a listed company.

The Board of the Company is pleased to present the audited condensed consolidated results of the Group for the year ended 31 December 2006 (“FY Results 2006”), together with comparative figures. The annual results have been reviewed by the audit committee of the Company (the “Audit Committee”).

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER

	NOTES	2006 RMB'000	2005 RMB'000
Continuing operations			
Revenue	3	6,400,467	2,535,075
Cost of sales		<u>(3,711,616)</u>	<u>(1,639,634)</u>
Gross profit		2,688,851	895,441
Other operating income		237,824	84,072
Selling and administrative expenses		(382,952)	(273,958)
Finance costs	5	(64,202)	(70,790)
Fair value changes on embedded financial derivatives		(233,925)	—
Loss on redemption of convertible bonds		(70,396)	—
Net gain on disposal of an associate		1,360	573
Net gain on disposal of subsidiaries		—	44,993
Share of results of associates		(38,784)	35,735
Share of results of jointly controlled entities		<u>2,054</u>	<u>(4,507)</u>
Profit before taxation	4	2,139,830	711,559
Taxation	6	<u>(851,336)</u>	<u>(125,112)</u>
Profit for the period from continuing operations		1,288,494	586,447
Discontinued operations			
Loss for the period from discontinued operations		<u>—</u>	<u>322</u>
Profit for the year		<u>1,288,494</u>	<u>586,769</u>
Attributable to:			
Equity holders of the Company		1,269,066	622,688
Minority interests		<u>19,428</u>	<u>(35,919)</u>
		<u>1,288,494</u>	<u>586,769</u>
Dividends	7	<u>396,975</u>	<u>198,420</u>
Earnings per share	8		
From continuing and discontinued operations:			
Basic and diluted		<u>RMB1.09</u>	<u>RMB0.62</u>
From continuing operations:			
Basic and diluted		<u>RMB1.09</u>	<u>RMB0.62</u>

CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2006

	<i>NOTES</i>	2006 <i>RMB'000</i>	2005 <i>RMB'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		429,606	244,074
Intangible asset		—	288
Interests in associates		538,595	443,983
Interests in jointly controlled companies		90,371	35,344
Available-for-sale investments		1,000	1,000
Rental paid in advance		13,949	14,161
Deferred tax assets		66,402	74,135
		<u>1,139,923</u>	<u>812,985</u>
CURRENT ASSETS			
Properties for development		4,498,091	2,506,091
Properties under development		5,680,019	5,654,287
Completed properties for sale		1,119,052	699,233
Inventories		2,234	12,419
Embedded financial derivatives		70,911	—
Trade and other receivables, deposits and prepayments	9	905,670	383,880
Amounts due from related parties		390,008	1,081,009
Income taxes recoverable		67,186	60,039
Other taxes recoverable		86,045	235,647
Pledged bank deposits		630,380	276,699
Bank balances and cash		3,249,014	859,393
		<u>16,698,610</u>	<u>11,768,697</u>
CURRENT LIABILITIES			
Trade and other payables		1,404,449	1,000,291
Pre-sale deposits		1,671,590	4,823,954
Amounts due to related parties		1,077,793	652,086
Dividend payable		1,367	1,367
Income taxes payable		785,869	57,908
Other taxes payable		201,979	175,509
Embedded financial derivatives		450,538	—
Bank and other borrowings — due within one year		1,939,347	2,510,841
		<u>7,532,932</u>	<u>9,221,956</u>
NET CURRENT ASSETS		<u>9,165,678</u>	<u>2,546,741</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>10,305,601</u>	<u>3,359,726</u>
NON-CURRENT LIABILITIES			
Bank and other borrowings — due after one year		1,968,855	2,368,512
Convertible bonds		392,849	—
Senior notes		3,070,822	—
Deferred tax liabilities		134,441	128,081
		<u>5,566,967</u>	<u>2,496,593</u>
		<u>4,738,634</u>	<u>863,133</u>

	<i>NOTES</i>	2006 <i>RMB'000</i>	2005 <i>RMB'000</i>
CAPITAL AND RESERVES			
Paid-in capital		138,690	—
Reserves		4,235,083	665,938
Equity attributable to equity holders of the Company		4,373,773	665,938
Minority interests		364,861	197,195
		4,738,634	863,133

NOTES TO CONDENSED FINANCIAL INFORMATION

1. BASIS OF PREPARATION

The Company was incorporated in the Cayman Islands on 31 August 2005 as an exempted company with limited liability under the Companies Law (2004 Revision) and its shares have been listed on the Main Board of the Stock Exchange with effect from 13 July 2006.

To rationalise its corporate structure in anticipation of the listing of its shares on the Stock Exchange, the Company underwent a group reorganisation (the “Group Reorganisation”) to take up all subsidiaries and associates carrying on the real estate development and property investment and management businesses (the “Property Related Entities”) from the shareholders, namely Song Weiping, Shou Bainian and Xia Yibo (the “Shareholders”) of the Property Related Entities and to dispose of all subsidiaries and associates carrying on other non-property development and investment holding businesses (the “Non-property Related Entities”) to the companies owned by the Shareholders (the “Shareholders’ Companies”). The Group Reorganisation was completed on 14 November 2005 and the Company became the holding company of the Property Related Entities.

The Group comprising the Company and its subsidiaries resulting from the Group Reorganisation is regarded as a continuing entity. Richwise Holdings Limited (“Richwise”), Greentown Real Estate Group Co., Ltd. (“Greentown Real Estate”), Shanghai Lvyu Real Estate Development Co., Ltd. (“Shanghai Lvyu”), Hangzhou Jiuxi Property Services Company Limited (“Hangzhou Jiuxi”) and Hangzhou Greentown Real Estate Development Co., Ltd. (“Hangzhou Greentown”) are considered to be companies under common control as the Shareholders have been working as a single management team that governs the financial and operating policies of the Group prior to and after the Group Reorganisation. Accordingly, the consolidated financial statements of the Group have been prepared using the principles of merger accounting as if the group structure under the Group Reorganisation had been in existence throughout the year ended 31 December 2005 or since their respective dates of incorporation/establishment or date of acquisition, whichever is the shorter period.

The principal activity of the Group is the development of residential properties in the PRC.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”)

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values. The consolidated financial statements have been prepared in accordance with IFRSs.

In the current year, the Group has applied, for the first time, a number of new standard, amendments and interpretations (“new IFRSs”) issued by the International Accounting Standards Board (the “IASB”) and the International Financial Reporting Interpretations Committee (the “IFRIC”) of the IASB, which are either effective for accounting periods beginning on or after 1 December 2005 or 1 January 2006. The adoption of the new IFRSs had no material effect on how the results for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new standard, amendment or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these standard, amendment or interpretations will have no material impact on the results and the financial position of the Group.

IAS1 (Amendment)	Capital Disclosures ¹
IFRS 7	Financial Instruments: Disclosures ¹
IFRS 8	Operating Segments ²
IFRIC 7	Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies ³
IFRIC 8	Scope of IFRS 2 ⁴
IFRIC 9	Reassessment of Embedded Derivatives ⁵
IFRIC 10	Interim Financial Reporting and Impairment ⁶
IFRIC 11	Group and Treasury Shares Transactions ⁷
IFRIC 12	Service Concession Arrangements ⁸

¹ Effective for annual periods beginning on or after 1 January 2007

² Effective for annual periods beginning on or after 1 January 2009

³ Effective for annual periods beginning on or after 1 March 2006

⁴ Effective for annual periods beginning on or after 1 May 2006

⁵ Effective for annual periods beginning on or after 1 June 2006

⁶ Effective for annual periods beginning on or after 1 November 2006

⁷ Effective for annual periods beginning on or after 1 March 2007

⁸ Effective for annual periods beginning on or after 1 January 2008

3. REVENUE

	2006 <i>RMB'000</i>	2005 <i>RMB'000</i>
Property sales	6,341,316	2,441,886
Construction contracts	—	66,655
Computer system design and installation	3,139	4,615
Sales of construction materials	50,031	18,571
Other business	<u>5,981</u>	<u>3,348</u>
	<u>6,400,467</u>	<u>2,535,075</u>

Over 90% of the Group's activities are engaged in properties development and sales and over 90% of the Group's sales are to customers in the PRC. The directors consider that these activities constitute one business segment since these activities are related and subject to common risks and returns. Accordingly, no business and geographical analysis of revenue is presented in accordance with IAS 14 "Segment Reporting".

4. PROFIT BEFORE TAXATION

	2006 <i>RMB'000</i>	2005 <i>RMB'000</i>
Profit before taxation has been arrived at after charging:		
Staff costs	141,982	82,575
Retirement benefit scheme contributions	7,234	7,389
<i>Less:</i> Capitalised in properties under development	<u>(47,287)</u>	<u>(31,429)</u>
Total staff costs	<u>101,929</u>	<u>58,535</u>
Depreciation of property, plant and equipment	21,415	27,514
<i>Less:</i> Capitalised in properties under development	<u>(2,953)</u>	<u>(3,160)</u>
	<u>18,462</u>	<u>24,354</u>
Auditors' fees	5,584	936
Amortisation of intangible assets (included in selling and administrative expenses)	288	288
Cost of inventories recognised as an expense	3,579,946	1,582,644
Allowance for bad and doubtful debts	—	3,357
Write-down of properties for development/completed prospectus for sale	—	11,000
Exchange (loss) gain, net	(19,257)	91
Share of tax of associates (included in share of results of associates)	(4,110)	23,314
Share of tax of jointly controlled entities (included in share of results of jointly controlled entities)	<u>2,719</u>	<u>—</u>

5. FINANCE COSTS

	2006 <i>RMB'000</i>	2005 <i>RMB'000</i>
Interest on:		
— bank borrowings wholly repayable within five years	227,232	217,519
— bank borrowings wholly repayable after five years	2,085	206
— other borrowings	7,624	33,054
Effective interest expense on convertible bonds	87,605	—
Interest on senior notes	40,781	—
<i>Less:</i> Capitalised in properties under development	<u>(301,125)</u>	<u>(179,989)</u>
	<u>64,202</u>	<u>70,790</u>

6. TAXATION

	2006 <i>RMB'000</i>	2005 <i>RMB'000</i>
Current PRC income tax	873,173	150,246
Deferred tax	<u>(21,837)</u>	<u>(25,134)</u>
	<u>851,336</u>	<u>125,112</u>

The Group, except for Shanghai Lvyu, Xinjiang Sunshine, Hangzhou Jiuxi and Hangzhou Rose Garden which, was subject to enterprise income tax levied at a rate of 33% of taxable income based on income for financial reporting purposes prepared in accordance with the laws and regulations in the PRC. Shanghai Lvyu, Hangzhou Jiuxi and Hangzhou Rose Garden are subject to enterprise income tax levied at a rate of 15%, 27% and 27% respectively, whereas Xinjiang Sunshine is exempted from enterprise income tax for three years starting from its profit-making year in 2005, followed by a 50% reduction for the next three years.

7. DIVIDENDS

On 19 March 2006, the Group declared a special dividend of US\$50 million (equivalent to approximately RMB396,975,000) to the Company's shareholders whose names appeared on the register of members on the record date of 1 January 2006. The special dividend was paid in March and April 2006.

During the year ended 31 December 2005, the following companies paid dividends to their then existing shareholders prior to the Group Reorganisation who are the equity holders of the Company.

	<i>RMB'000</i>
Richwise Holdings Limited	11,173
Greentown Real Estate Group Co., Ltd.	<u>187,247</u>
	<u><u>198,420</u></u>

The final dividend of HK36 cents per share has been proposed by the directors and is subject to approval by the shareholders in the forthcoming general meeting.

8. EARNINGS PER SHARE

From continuing and discontinued operations

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

Earnings

	2006	2005
	<i>RMB'000</i>	<i>RMB'000</i>
Earnings for the purposes of basic and diluted earnings per share (profit for the year attributable to equity holders of the Company)	<u>1,269,066</u>	<u>622,688</u>

Number of shares

	2006	2005
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	<u>1,162,773,488</u>	<u>1,000,000,000</u>

The weighted average number of ordinary shares for the purpose of basic earnings per share has been adjusted for the capitalisation issue in June 2006.

The computation of diluted earnings per share does not assume the conversion of the Company's outstanding convertible bonds since their exercise would result in an increase in profit per share from continuing operations.

From continuing operations

The calculation of the basic and diluted earnings per share from continuing operations attributable to the equity holders of the Company is based on the following data:

Earnings figures are calculated as follows:

	2006 <i>RMB'000</i>	2005 <i>RMB'000</i>
Profit for the year attributable to equity holders of the Company	1,269,066	622,688
Profit for the year from discontinued operations	<u>—</u>	<u>(322)</u>
Earnings for the purposes of basic and diluted earnings per share from continuing operations	<u><u>1,269,066</u></u>	<u><u>622,306</u></u>

The denominators used are the same as those detailed above for both basic and diluted earnings per share.

From discontinued operations

Basic loss per share for discontinued operations is nil per share (2005: nil per share), and diluted earnings per share for discontinued operations is nil per share (2005: nil per share), based on the loss for the period from discontinued operations of nil (2005: RMB322,000) and the denominators detailed above for both basic and diluted earnings per share.

9. OTHER CURRENT FINANCIAL ASSETS

The Group allows an average credit period of 60 days to its trade customers. The aged analysis of trade receivables is stated as follows:

	2006 <i>RMB'000</i>	2005 <i>RMB'000</i>
0– 30 days	113,231	5,619
31–90 days	8,291	1,968
91–180 days	2,062	4,486
181–365 days	743	3,188
Over 365 days	<u>1,612</u>	<u>4,669</u>
Trade receivables	125,939	19,930
Other receivables	264,560	187,342
Prepayments and deposits	<u>515,171</u>	<u>176,608</u>
	<u><u>905,670</u></u>	<u><u>383,880</u></u>

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE

In 2006, the Group's revenue, profit and gross profit margin had seen staggering increases over 2005. For the year ended 31 December 2006, the Group's operating revenue amounted to RMB6,400 million, an increase of 152% over 2005. Increase in operating revenue was mainly due to a significant increase in the GFA delivered during the year over 2005, and the average selling price had also experienced significant increase. Gross profit margin increased from 35% in 2005 to 42% in 2006, which was mainly due to the significant increase in market prices, the favorable market performance as a result of our quality products and leading brand name, and moreover, the gross profit margins of certain projects such as Chunjiang Huayue, Deep Blue Plaza, Jingui Plaza and Dingxiang Apartment were high. The profit attributable to shareholders for 2006 was RMB1,503 million (before adjustment of convertible notes), our profit attributable to shareholders was RMB1,269 million, and our operating targets in 2006 had been successfully accomplished.

BUSINESS REVIEW

Milestones of our corporate development

In 2006, the group made significant progress in accessing the international capital market and in strategic cooperation, thereby laying a solid foundation for the Group's future development:

Month	Event
January	We successfully issued five-year convertible bonds in the sum of US\$130,000,000 and placed shares in the sum of US\$20,000,000 to JP Morgan and Stark Investment
July	We were successfully listed on the Stock Exchange and raised US\$367,000,000
August	We entered into a strategic cooperation agreement with Gezhouba Group, to jointly develop the real estate market of China
September	We concluded the strategic cooperation framework agreement with Xizi Elevator Group Limited, whereby a number of real estate project under Xizi Elevator Group have been placed with the Group for joint development
November	We issued seven-year high yield notes in the sum of US\$400,000,000
December	We jointly announced the strategic cooperation framework agreement with Warburg Pincus to establish long-term cooperation and focus on the development and investment in the real estate market of China

PROJECT DEVELOPMENT

In 2006, the Group achieved brilliant results in project development; the number of newly commenced projects and their GFA, and the number of completed projects and their GFA saw considerable increase over 2005; Deep Blue Plaza and Dingxiang Apartments represent the first group of finely decorated projects in the history of Greentown which have been successfully completed and delivered; our project construction continued to maintain its high quality with a number of our project having been awarded prizes.

NEWLY COMMENCED PROJECTS AND GFA STEADILY INCREASE

In 2006, the Group fully leveraged on its existing mature product series to transfer such quality to new projects, and its proven successful product design and mature project management had shortened the development cycle and speeded up the development of its existing land bank. During the year, the Group (including associates) had a total of 19 projects or phases of projects which had commenced construction, and the GFA of newly commenced projects amounted to 1.68 million sq.m., of which the GFA attributable to the Company amounted to 1.09 million sq.m..

NEWLY COMMENCED PROJECTS FOR THE YEAR ENDED 31 DECEMBER 2006

Project	Site area (<i>sq.m.</i>)	Total GFA (<i>sq.m.</i>)	Saleable GFA (<i>sq.m.</i>)
Greentown Lanting Phase I	74,866	131,285	82,721
Ningbo Guihua Garden Phase II	24,181	66,173	54,889
Bishui Qingfeng Phase I	90,274	187,209	112,531
Zhoushan Dangxiao	19,065	5,180	4,930
Zhoushan Guihua City Phase II	82,882	202,154	167,496
Shanghai Rose Garden Phase II	138,250	41,059	41,059
Beijing Baihe Apartment Phase V	39,315	42,294	35,379
Hefei Baihe Apartment Phase III	41,221	106,735	80,710
Changsha Guihua City Phase II	28,289	68,349	68,349
Hunan Qingzhu Garden North Phase I (Part)	94,421	23,665	23,665
Ningbo Yanfayuan Project Phase I	73,331	195,987	148,980
Haining Baihe New City High-rise Phase I	28,500	77,632	60,227
Haining Baihe New City Villa Phase II	73,500	30,313	30,087
Haining Baihe New City Villa Phase III	63,618	18,978	18,788
Rose Creek Valley Phase I	566,100	114,050	109,050
Ningbo Green Garden	37,680	140,454	100,947
Hupanju Phase I	26,363	34,272	37,288
New Green Garden	27,666	117,758	80,246
Liu Zhuang	51,062	77,567	57,307
Total	1,580,584	1,681,113	1,314,649

PROJECTS DELIVERED AS SCHEDULED

In 2006, the Group (including associates) had a total of 14 projects completed and delivered for occupation by buyers. The total completed and delivered GFA amounted to 1.06 million sq.m., in which salesable areas reached 0.79 million sq.m., GFA sold reached 0.7 million sq.m..

PROJECTS COMPLETED FOR THE YEAR ENDED 31 DECEMBER 2006

Project	GFA (<i>sq.m.</i>)	Saleable GFA (<i>sq.m.</i>)	Pre-sold/sold GFA (<i>sq.m.</i>)
Chunjiang Huayue Phase III	59,595	39,465	37,501
Chunjiang Huayue Phase IV	77,185	60,513	56,690
Chunjiang Huayue Phase V	66,884	53,743	44,528
Taohuayuan West (Part)	59,443	59,443	59,443
Deep Blue Plaza	132,695	97,834	94,842
Dingxiang Apartment	31,468	23,745	23,453
Jingui Plaza	33,776	24,164	20,616
Zhoushan Guihua City Phase I	155,151	110,007	88,661
Hefei Guihua Garden Phase III	61,568	43,324	35,040
Xinjiang Rose Garden Phase I	11,073	11,074	9,851
Shangyu Guihua Garden	184,490	143,025	124,009
Changsha Guihua City Phase I (Part)	89,392	66,616	56,690
Haining Baihe New City Low-rise Phase II	64,590	36,808	35,680
Haining Baihe New City Low-rise Phase III (Part)	34,002	24,708	16,816
Total	1,061,302	794,459	703,810

PROPERTY SALES

In spite of the austerity measures to control the real estate market being implemented by the government were increasing rigorously, the property sales of the Group in 2006 enjoyed a marked increase all the same, and a total of 0.745 million sq.m. had been sold/pre-sold for the year, the sold/pre-sold amount was approximately RMB7,100 million, an increase of 82% over 2005. Since the Group has been strictly adhering to its development for high quality products, the brand name of Greentown for high quality has been well-recognized by customers. In addition, the Group has been seeking improvement of its products, which has afforded the Group strong competitiveness in the market. As at 31 December 2006, the sold/pre-sold ratio are approximately 89% of projects completed in 2006, and 52% of projects that will be completed in 2007.

LAND BANK

The Group has been obtaining quality land for its land bank at the right time and by various means to strengthen its capability of sustainable development. In 2006, the Group seized upon the opportunity afforded by the austerity measures to fully leverage on our brand name advantage, product advantage and capital advantage and obtain new land bank by tender, acquiring equity interests, cooperation or re-negotiation, resulting in the considerable increase in land bank. In 2006, our newly added land bank GFA amounted to 4.48 million sq.m., thus increasing our land bank to 12.27 million sq.m., of which the GFA attributable to the Group amounted to 7.92 million sq.m.. At present, 8.70 million sq.m. of the land bank's land use right certificate has been obtained.

Acquisition/increasing Our Equity Interests In Projects

In the year under review, the Group increased its land bank by means of acquisitions or increasing our equity interests in projects, and particulars of the project acquired or in which we had increased our equity interests are as follows:

- in January 2006, we acquired the Jiahe Jiubao project in Hangzhou, Zhejiang;
- in September 2006, we acquired the Nanjing Rose Garden project in Nanjing, Jiangsu;
- in September 2006, we increased our equity interest in the Bishui Qingfeng project in Chunan, Zhejiang;
- in November 2006, we acquired the Tonglu Jiuzhou project in Tonglu, Zhejiang.

Strategic Cooperation

Our outstanding project implementation and supervision together with our strong brand name effect attracted a number of business partners, which enabled the Group to form strategic alliances with these business partners and to develop new projects at lower costs. Upon having concluded the strategic cooperation framework agreement with Xizi Elevator Holdings Limited ("Xizi Elevator Group") to explore the business opportunities of the real property of China on 18 September 2006; in October of the same year, Zhejiang Greentown Xizi Real Estate Group Company Limited ("Greentown Xizi"), a company held 50% each by the Group and Zhejiang Xizi Real Estate Group Company Limited ("Xizi Real Estate Group", an associate of "Xizi Elevator"), acquired 100% of the equity interests in 4 real estate development companies of Xizi Elevator Group for the sake of increasing our land bank, strengthening our cooperation and further consolidating our leading position in the real estate market of Zhejiang. These 4 projects include:

- the Rose Creek Valley Villa project in Lin An, Zhejiang;
- the Tulip Bank comprehensive residential project in Wenyan County, Xiaoshan District, Hangzhou, Zhejiang;
- the Kunshan Greentown Villa project located at the side of Dianshan Lake in Kunshan, Jiangsu; and

- the Hupanju low-rise apartment project in Rudong County, Nantong, Jiangsu.

Re-negotiation

- In November, upon negotiations with the government, the Company's GFA held in respect of the Ningbo Yanfayuan project increased from 246,784 sq.m. to 511,043 sq.m.

Tender and Auction

Moreover, the Group leveraged on the favourable opportunity afforded by the austerity measures which undermined the competitiveness of other developers, to take active moves and obtain many pieces of quality land by the tendering process, which include:

- In August 2006, we obtained the Tonglu Greentown project in Tonglu city, Zhejiang;
- In September 2006, we obtained the Hangzhou Hushu Project in Hangzhou, Zhejiang;
- In October 2006, we obtained the Hangzhou Fengqi project in Hangzhou, Zhejiang;
- In November 2006, we obtained the Tiancheng Project in Hangzhou, Zhejiang;
- In December 2006, we obtained the Hefei Tongcheng project in Hefei, Anhui province;
- In December 2006, we obtained the Panlong Lake project in Xinchang, Zhejiang;
- In December 2006, we obtained the Tiansheng project in Wenzhou, Zhejiang.

Land Acquisition and contract Arrangement

We signed a project framework agreement in January with the government for the Qingdao project and became the developer of the project.

List of newly acquired land

	Interest attributable	City	Increase in Site Area	Increase in GFA	Attributable Increase in GFA
Jiahe Jiubao Project	100%	Hangzhou	100,809	314,715	314,715
Qingdao Project	80%	Qingdao	1,185,247	1,743,970	1,395,176
Tonglu Jiuzhou	51%	Tonglu	33,087	15,580	7,946
Tonglu Greentown	100%	Tonglu	107,671	145,906	145,906
Hangzhou Husu Project	50%	Hangzhou	104,070	309,000	154,500
Hangzhou Fengqi Project	94%	Hangzhou	17,501	56,873	53,461
Tiancheng Project	94%	Hangzhou	15,486	52,600	49,444
Panlong Lake Project	100%	Xinchang	144,862	102,885	102,885
Hefei Tongcheng Project	54%	Hefei	67,334	202,220	109,199
Tiansheng Project	60%	Wenzhou	132,325	410,000	246,000
Nanjing Rose Garden	70%	Nanjing	306,541	91,962	64,373
Rose Creek Valley	50%	Linan	1,069,842	179,734	89,867
Tulip Bank	50%	Hangzhou	151,333	309,467	154,733
Kunshan Greentown	50%	Kunshan	146,252	81,000	40,500
Hupanju	50%	Nantong	155,333	201,380	100,690
Ningbo Yanfayuan Project	60%	Ningbo	—	264,259	158,555
Bishui Qingfeng ¹	80%	Qiandaohu	—	—	127,134
Total			<u>3,737,693</u>	<u>4,481,551</u>	<u>3,315,084</u>

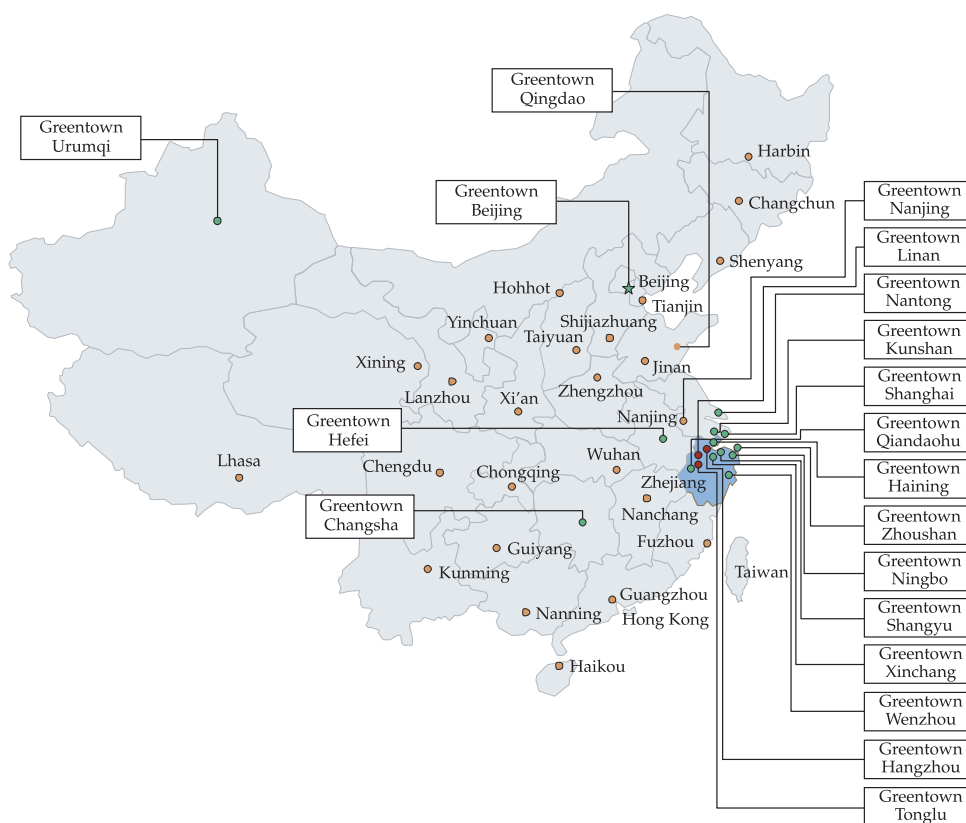
¹ Increase in interest of projects from 29% to 80%. The area of Bishui Qingfeng project is approximately 1,381,410 sq.m. and total GFA is approximately 249,282 sq.m..

In short, as at 31 December 2006, the number of projects we had developed or planned to develop amounted to a total of 44 with a total site area of approximately 11.3 million sq.m. and a total GFA of approximately 12.3 million sq.m., of which the site area and GFA attributable to the Group amounted to approximately 7.2 million sq.m. and 7.9 million sq.m. respectively. These projects which are in progress or have been planned to proceed are as follows:

- 13 are located in Hangzhou with a total GFA of approximately 3.55 million sq.m.;
- 14 are located in other cities in Zhejiang with a total GFA of approximately 3.65 million sq.m.;
- 5 are located in Shanghai with a GFA of approximately 1 million sq.m.;
- 2 are located in Beijing with a total GFA of approximately 0.74 million sq.m.;
- 10 are located in Anhui, Jiangsu, Qingdao of Shandong, Changsha of Hunan and Urumqi of Xinjiang with a total GFA of approximately 3.26 million sq.m.

There were 128 projects or phases of projects which were in progress or planned to proceed, and we have not yet to obtain the land use right certificates for 34 sites of approximately 2,613,314 sq.m. in area for projects or phases of projects. We are in the process of going through the formalities for these projects, including the payment of land premium and the cost of relocation so as to ensure our eventual obtaining of all the land use right certificates.

The chart below shows the geographic locations of our 128 property projects or project phases under development or held for future development across 19 cities in China.



BUSINESS OUTLOOK

In terms of operation, the Group will strengthen its control in project construction, project sales and marketing, implement and complete our project on scheduled. According to our development plan, it is estimated that the total area that will be completed in 2007 will amount to 1.73 million sq.m., of which the area attributable to the Group will amount to 1.04 million sq.m. At present, construction of all the projects is under way smoothly and satisfactorily.

Estimated number of projects to be completed in 2007

Project	Total GFA (Sq.m.)	Saleable GFA (Sq.m.)	Pre-sold/sold GFA (Sq.m.)
Jiuxi Rose Garden Holiday Village	26,200	2,836	—
Taohuayuan South Phase I (Part)	78,501	65,741	31,149
Taohuayuan West (Part)	4,102	4,102	1,102
Ningbo Guihua Garden Phase I	164,090	122,035	66,965
Zhoushan Dangxiao	5,180	4,930	—
Zhoushan Grand Hotel Phase I	87,484	—	not for sale
Shanghai Greentown Phase III	150,833	110,607	53,140
Shanghai Rose Garden Phase I	47,177	46,997	—
Beijing Baihe Apartment Phase III	64,392	52,273	47,004
Beijing Baihe Apartment Phase IV	65,444	50,342	35,973
Beijing Qinglongqiao Phase I (Part)	19,143	12,940	—
Hefei Baihe Apartments Phase I	80,166	62,567	55,261
Hefei Baihe Apartments Phase II	24,315	20,547	—
Changsha Guihua City Phase I (Part)	78,231	59,125	15,193
Changsha Guihua City Phase II (Part)	45,618	32,840	—
Hunan Qingzhu Garden North Phase I (Part)	23,665	23,665	—
Xinjiang Rose Garden Phase II	9,947	9,947	—
Haining Baihe New City Low-rise Phase III (Part)	78,082	56,816	41,222
Haining New City Villa Phase I	30,173	29,926	22,781
Jade City Phase I (Part)	119,821	89,490	79,888
East Sea Plaza Phase I	81,457	71,667	71,667
Deqing Baihe Apartment Phase I	70,920	52,203	9,688
Deqing Guihua City Phase I	181,325	139,800	42,121
Zhengzhou Baihe Apartment Phase I	93,767	65,740	45,259
Zhengzhou Baihe Apartment Phase II	96,320	69,179	30,180
Total	<u>1,726,353</u>	<u>1,256,315</u>	<u>648,593</u>

Moreover, the Group also places a lot of emphasis on risk management and has pushed forward systematically the establishment and control of various operation risk management systems. It puts more effort in policy study to increase its grasp of the market. As people are the momentum for the development of enterprises, the Group will commit resources to strengthen its team and to enhance the quality of its human resources. By internal training and introduction from outside, we put much effort in improving the quality of our human resources. We are confident that with these strategies, our future results will scale new heights and take our shareholders to a new horizon.

FINANCIAL ANALYSIS

Financial performance:

Net Profit: Before the accounting adjustment for the fair value changes on embedded derivations in respect of convertible bonds, our profit attributable to the shareholders of the Company was RMB1,503 million, an increase of 141% over last year. After the accounting adjustment for the potential fair value of option and net changes in conversion price of the convertible bonds, our profit attributable to the shareholders of the Company was RMB1,269 million, an increase of 104% over last year.

Revenue: The revenue from principal operations was RMB6,400 million in 2006, an increase of RMB3,865 million over RMB2,535 million of 2005, or approximately 152%; the significant increase in revenue from operation was mainly due to the GFA delivered amounted to 785,117m², and increase of 75% over 448,877m² of 2005. The average selling price was 8,077/m², an increase of RMB2,637/m² over RMB5,440/m² in 2005 or 48%.

Gross Profit: Gross profit margin increased from 35% in 2005 to 42% in 2006. The increase in gross profit margin was mainly due to the significant increase in market price in recent years, and the Chunjiang Huayue, Deep Blue Plaza, Jingui Plaza and Dingxing Apartment delivered in the year which are located in Hangzhou and are subsequent phases of the same land lot which resulted in a significant increase in selling price as the previous phases have been delivered thereby achieving the advantage of Greentown brand name.

Land appreciation tax provision amounted to RMB132 million and RMB5 million charged in the income statement in 2006 and 2005 respectively.

Selling and administrative expenses: Selling and administrative expenses increased from RMB274 million of the same period of last year of RMB383 million in the year, an increase of 40%. The increase was mainly due to the non-capitalization of IPO fees in 2006, increase in wages, benefits of staff and expansion of the Company's scale results in an increase of staff costs.

Share of results of associates: Share of profits of associates in investment was RMB36 million in 2005 and was mainly the profit recognized of the delivery of Qilixiangqi project. Loss on associates investment was RMB39 million for the year and was mainly due to the development expenses of associates such as Development Greentown, Ningbo Zhebao, Jade City and Shanghai Jinyu for the year.

Income tax: Income tax increased from RMB125 million of last year to RMB851 million of the year and the effective tax rate increased from 18% of the same period of last year to 36%. The reason was no provision of deferred tax for the loss arising from the subsidiaries which had not yet commenced pre-sales and interest loss arising from the Company as well as non-capitalisation of professional fee in respect of the Company's IPO. As a result, the effective tax rate becomes higher. On the other hand, since no provision for income tax were made for the share of gain on associates and the main profit contribution project Shanghai Lvyu entitled to a preferential tax rate of 15% last year, hence the effective rate was lower than normal tax rate. Both impacts significantly increased the actual tax for the year.

Minority interest: The delivery of Shangyu Guihua Garden and Hunan Greentown Changsha Guihua City contributed to minority interest of RMB19 million.

Pre-sale deposit: Pre-sale deposit was RMB4,824 million in the end of 2005, pre-sale deposit was RMB1,672 million in the end of 2006. The significant decrease in prepayment received was due to the fact that revenue contribution in 2006 was mainly from subsidiaries and amount shown in pre-sale deposits statements in 2005 was higher accordingly. The income of 2007 will mainly form associates which its pre-sale deposits amount cannot be reflected in our balance sheet such as RMB1,900 million from Shanghai Jinyu.

In the profit forecast as set out in our prospectus ("Prospectus") dated 30 June 2006, it was disclosed that for the year ended 31 December 2006, before adjustment to the changes in net fair value of the embedded option of our convertible bonds ("adjustment to fair value of convertible bonds"), the net profit attributable to the equity holders of the Company ("profit before adjustment") was unlikely to be less than RMB1,480 million, and the profit after adjustment to the fair value of convertible bonds was unlikely to be less than RMB1,471 million.

For the year ended 31 December 2006, the profit before adjustment was RMB1,503 million, which is higher than the profit forecast of RMB1,480 million in the Prospectus. The net profit is also higher than the net profit attributable to shareholders for the year ended 31 December 2005 by 104%.

In view of the profit after adjustment as disclosed in the Prospectus, the adjustment to fair value of convertible bonds for profit before adjustment is calculated based on the hypothetical closing price (“hypothetical closing price”) as at 31 December 2006 for our shares was HK\$9.86 per share (i.e., the maximum price range for Global Offering).

Performance of our shares was excellent by the end of 2006. On 29 December 2006 (the last trading day for the year ended 31 December 2006), the closing price of which was HK\$14.48 per share, approximately 47% higher than the hypothetical closing price. Therefore, the adjustment to fair value of convertible bonds was RMB234 million, represented a significant increase as compared to RMB9 million based on the hypothetical closing price. The adjustment to fair value of convertible bonds has no effect on our cash flow.

Financial Resources and Liquidity

As 31 December 2006, the Group’s cash on hand amounted to RMB3,249 million (31 December 2005: RMB859 million) with total borrowings of RMB7,372 million (31 December 2005 RMB4,879 million). Gearing ratio, measured by net debt over equity, decreased significantly from 434% as at 31 December 2005 to 74% as at 31 December 2006.

All borrowings, except for convertible bonds and senior notes, were denominated in Renminbi, while the convertible bonds and senior notes were denominated in United States Dollars.

FOREIGN EXCHANGE RISKS

Most of the Group’s revenues and operating costs were denominated in Renminbi. As the proceeds from the Global Offering were received in Hong Kong Dollars, the Group is exposed to foreign exchange risks. For 2006, the Group has recorded an exchange loss of approximately RMB19 million. The Group’s operating cash flow or liquidity is not subject to any exchange into fluctuations. The Group did not enter into any foreign exchange hedging arrangements as at 31 December 2006.

Financial Guarantees

As at 31 December 2006, the Group provided guarantees of approximately RMB2,394 million (2005: RMB2,876 million) to banks in favour of its customers in respect of the mortgage loans provided by the banks to customers for the purchase of the Group’s developed properties.

Pledge of assets

As at 31 December 2006, the Group pledged its buildings, properties for development, properties under development, completed properties for sale and bank deposits of approximately RMB4,314 million (2005: RMB4,568 million) to banks to secure general banking facilities granted to the Group.

USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING

The Company’s shares were listed on the Main Board of the Stock Exchange on 13 July 2006, and the Group has raised the net proceeds of approximately HK\$2,765 million from the Initial Public Offerings. The Company has applied approximately HK\$606 million for the redemption of convertible bonds, approximately HK\$812 million for property development, approximately HK\$868 million for land acquisition and approximately HK\$479 million for repayment of bank borrowings, which is in compliance with the intended use of proceeds as detailed on pages 201 and 202 of the Prospectus.

EMPLOYEES

As at 31 December 2006, the Group employed a total of 1,306 employees. Employees were remunerated on the basis of their performance, experience and prevailing industry practices. The Group’s remuneration policies and packages were reviewed on a regular basis. As an incentive for the employees, bonuses and cash awards may also be given to employees based on individual performance evaluation.

The Company adopted a share option scheme on 22 June 2006, details of which have been disclosed in the Prospectus. As at 31 December 2006, no option had been granted under the share option scheme.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the twelve months ended 31 December 2006.

CORPORATE GOVERNANCE

The Company recognises the value and importance to achieving high corporate governance standards to enhance corporate performance and accountability. The Board will strive to the principles of corporate governance and adopt sound corporate governance practices to meet the legal and commercial standards, focusing on areas such as internal control, fair disclosure and accountability to all shareholders.

The Company has been complying with the provisions of the Code as set out in Appendix 14 of the Listing Rules throughout the year ended 31 December 2006.

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules as the standard for securities transactions by directors. The Company has made enquiries of all the directors and all the directors confirmed that they have complied with the required standards throughout the year ended 31 December 2006.

Audit Committee

The Audit Committee is responsible for the review and supervision of the Group's financial reporting process, internal controls and review of the Company's financial statements. The Audit Committee meets regularly with the Company's external auditors to discuss the audit process and accounting issues. Their written terms of reference are in line with the Code provisions. Members of the Audit Committee comprise Tsui Yiu Wa, Alec, Jia Shenghua, Jiang Wei, Sze Tsai Ping, Michael and Tang Shiding. The chairman of the Audit Committee is Tsui Yiu Wa, Alec.

Nomination Committee

The Nomination Committee is primarily responsible for considering and recommending to the Board suitable qualified persons to become the member of the Board and is also responsible for reviewing the structure, size and composition of the Board on a regular basis and as required. Members of the Nomination Committee comprise Sze Tsai Ping, Michael, Tsui Yiu Wa, Alec, Shou Bainian and Tang Shiding.

Remuneration Committee

The Remuneration Committee is responsible for making recommendations to the directors' remuneration and other benefits. The remuneration of all directors is subject to regular monitoring by the Remuneration Committee to ensure that level of their remuneration and compensation is reasonable. Their written terms of reference are in line with the Code provisions. Members of the Remuneration Committee comprise Jia Shenghua, Sze Tsai Ping, Michael and Chen Shunhua.

ANNUAL GENERAL MEETING

The 2007 annual general meeting (the "AGM") of the Company will be held on 11 May 2007. A notice convening the AGM will be published and dispatched to the shareholders of the Company in the manner as required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

The proposed final dividend of HK36 cents per share, the payment of which is subject to approval of the shareholders at the forthcoming AGM, is to be payable on 22 May 2007, to shareholders whose names appear on the Register of Members of the Company on Monday, 7 May 2007.

The Register of Members of the Company will be closed from Monday, 7 May 2007, to Friday, 11 May 2007, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend and to determine who are entitled to attend the AGM of the Company, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Friday, 4 May 2007.

PUBLICATION OF ANNUAL REPORT ON THE STOCK EXCHANGE WEBSITE

The Company's 2006 annual report as of 31 December 2006 will be submitted to the Stock Exchange for uploading onto the Stock Exchange's website (www.hkex.com.hk) in due course.

APPRECIATION

The Group's outstanding results for the year of 2006 were attributed by continuous contributions and dedicated efforts made by the management and all staff. On behalf of the Board, I would like to take this opportunity to express my sincere thankfulness to our staff for their contributions to our success. Also, we extend our appreciation to our shareholders, business partners, customers and professional advisors for their support and confidence in making the Company a more prosperous and fruitful future.

By Order of the Board of
Greentown China Holdings Limited
Song Weiping
Chairman

Hangzhou, the PRC, 1 April 2007

As at the date hereof, Mr. Song Weiping, Mr. Shou Bainian, Mr. Chen Shunhua and Mr. Guo Jiafeng are the executive directors of the Company; Mr. Tsui Yiu Wa, Alec, Mr. Jia Shenghua, Mr. Jiang Wei, Mr. Sze Tsai Ping, Michael and Mr. Tang Shiding are the independent non-executive directors of the Company.

* *For identification purpose only*

*“Please also refer to the published version of this announcement in **The Standard**.”*