绿城房产
GREENTOWN

GREENTOWN CHINA HOLDINGS LIMITED

綠城中國控股有限公司 *

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 03900)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2009

Operational Review

- The amount in respect of contracted pre-sales of the Group together with its associates and jointly controlled entities (the "Greentown Group") in 2009 reached RMB51.3 billion, representing an increase of 238% from the same period of 2008.

- In respect of the Greentown Group, the total recognized area was 1.6 million sq.m. and the total revenue recognized was RMB15.6 billion (RMB10.4 billion was attributable to the Group) in 2009. The revenue of RMB8.7 billion was achieved by the Group, representing an increase of 31.5% from the same period of 2008 and recording a historic new high.

- In the Year, the net profit amounted to RMB1,092 million, representing an increase of 92.6% from 2008, among which, RMB1,012 million was attributable to owners of the Company. The basic earnings per share was RMB0.64 for the Year. The Board proposes to declare a final dividend for 2009 of HK26 cents per share.

- Continuous improvement of product quality enables the Greentown Group to strengthen its foothold as a leading player in the high-end property market in the PRC. In particular, Greentown Group's market share in Zhejing Province was 9.1% while its overall market share in Hangzhou stood at 10.1%, ranking the top position.

- As at 31 December 2009, the sales revenue of the Greentown Group from contracts but not yet recognized accumulated to RMB48.2 billion (RMB31.4 billion was attributable to the Group), among which, the revenue to be recognised in 2010 and 2011 were RMB16.4 billion (RMB10.5 billion was attributable to the Group) and RMB23.4 billion (RMB14.2 billion was attributable to the Group) respectively. The remaining RMB8.4 billion (RMB6.7 billion was attributable to the Group) is expected to be recognized in 2012 or later.

- During 2009, the above-ground saleable area of completed projects held by the Greentown Group was 1.27 million sq.m., 92% of which was sold. The above-ground saleable area to be completed in 2010 was 1.96 million sq.m., 78% of which was sold.

- Due to the robust sales as well as the Group's ample bank credit and diversified financing channels, the Group has had healthy cashflows. As at 31 December 2009, the Group had cash balance of RMB11.8 billion and accounts receivable from pre-sales of RMB9.6 billion. The total borrowings amounted to RMB24.9 billion, with the net gearing level decreased from 140% at the end of 2008 to 105% at the end of 2009.

- 37 plots of land were newly acquired by the Greentown Group in 2009, with planned above-ground GFA of 7.97 million sq.m. As at 31 December 2009, the total gross floor area under development for the Greentown Group reached 8.17 million sq.m. while GFA of the total land bank reached 30.83 million sq.m.

The board of directors (the "Board") of Greentown China Holdings Limited (the "Company" or "Greentown") are pleased to present the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2009 (the "Year"), together with comparative figures. The annual results have been reviewed by the audit committee of the Company (the "Audit Committee").

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2009

		2009	2008
	NOTES	***RMB'000***	*RMB'000*
Revenue	*3*	**8,727,429**	6,635,357
Cost of sales		**(6,415,278)**	(4,765,728)
Gross profit		**2,312,151**	1,869,629
Other income	*4*	**241,144**	329,145
Reversal of impairment losses on properties under development		**42,433**	–
Selling expenses		**(435,095)**	(293,686)
Administrative expenses		**(811,382)**	(443,565)
Finance costs	*5*	**(657,798)**	(401,290)
Impairment losses on property, plant and equipment		**–**	(53,000)
Decrease in fair value of investment property		**–**	(1,052)
Impairment losses on properties under development		**–**	(190,433)
Impairment losses on completed properties for sale		**–**	(30,816)
Net gain on redemption of 2006 Convertible Bonds and fair value changes on embedded financial derivatives of 2006 Convertible Bonds		**11,494**	19,477
Fair value changes on Trust-related financial derivatives		**(78,900)**	–
Net gain on repurchase of senior notes		**327,967**	–
Net gain on disposal of an associate		**–**	27
Net gain on partial disposal of subsidiaries		**2,824**	7,543
Share of results of associates		**456,031**	242,158
Share of results of jointly controlled entities		**159,341**	141,573
Profit before taxation	*6*	**1,570,210**	1,195,710
Taxation	*7*	**(478,078)**	(629,088)
Profit and total comprehensive income for the year		**1,092,132**	566,622

	NOTES	2009 RMB'000	2008 RMB'000
Attributable to:			
Owners of the Company		**1,012,120**	540,285
Minority interests		**80,012**	26,337
		1,092,132	566,622
Earnings per share	*9*		
Basic		**RMB0.64**	RMB0.35
Diluted		**RMB0.62**	RMB0.34

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2009

	NOTES	2009 RMB'000	2008 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**1,965,833**	1,321,909
Investment property		**25,000**	25,000
Interests in associates		**1,762,099**	1,434,510
Interests in jointly controlled entities		**235,543**	326,217
Available-for-sale investments		**204,074**	8,500
Prepaid lease payment		**150,882**	148,647
Rental paid in advance		**13,026**	11,664
Deferred tax assets		**451,859**	260,832
Amount due from related party		**10,000**	–
Other receivables		**60,359**	–
		4,878,675	3,537,279
CURRENT ASSETS			
Properties for development		**14,162,037**	6,152,221
Properties under development		**29,980,628**	23,250,049
Completed properties for sale		**1,669,485**	1,962,108
Inventories		**19,962**	11,954
Embedded financial derivatives		**–**	157
Trade and other receivables, deposits and prepayments	10	**3,706,736**	1,334,601
Amounts due from related parties		**7,102,762**	4,215,415
Prepaid income taxes		**946,883**	297,522
Prepaid other taxes		**1,226,415**	335,532
Pledged bank deposits		**2,376,822**	220,217
Bank balances and cash		**9,405,347**	1,498,021
		70,597,077	39,277,797
CURRENT LIABILITIES			
Trade and other payables		**5,033,225**	3,392,250
Pre-sale deposits		**23,300,783**	6,136,522
Amounts due to related parties		**5,362,052**	5,279,321
Dividend payable		**1,367**	1,367
Income taxes payable		**1,672,212**	1,204,898
Other taxes payable		**911,754**	269,849
Embedded financial derivatives		**–**	22,725
Bank and other borrowings – due within one year		**8,465,194**	3,867,741
Convertible bonds		**2,188,166**	–
Senior notes		**–**	2,701,186
		46,934,753	22,875,859
NET CURRENT ASSETS		**23,662,324**	16,401,938
TOTAL ASSETS LESS CURRENT LIABILITIES		**28,540,999**	19,939,217

	NOTES	2009 RMB'000	2008 RMB'000
NON-CURRENT LIABILITIES			
Bank and other borrowings – due after one year		**13,946,235**	7,385,305
Amount due to related party		**1,367,015**	–
Trust-related financial derivatives		**338,080**	–
Convertible bonds		**–**	2,163,523
Senior notes		**261,514**	–
Deferred tax liabilities		**179,579**	109,063
		16,092,423	9,657,891
		12,448,576	10,281,326
CAPITAL AND RESERVES			
Share capital		**166,605**	157,395
Reserves		**9,437,541**	8,052,075
Equity attributable to owners of the Company		**9,604,146**	8,209,470
Minority interests		**2,844,430**	2,071,856
		12,448,576	10,281,326

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

1. GENERAL

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 of Hong Kong Limited (the "Stock Exchange") with effect from 13 July 2006.

The consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company.

The Company is an investment holding company. The principal activity of its subsidiaries is the development of residential properties in the People's Republic of China (the "PRC").

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

In the current year, the Group has applied the following new and revised standards, amendments and interpretations ("new and revised IFRSs") issued by the International Accounting Standards Board (the "IASB") and the International Financial Reporting Interpretations Committee (the "IFRIC") of the IASB.

IAS 1 (Revised in 2007)	Presentation of Financial Statements
IAS 23 (Revised 2007)	Borrowing Costs
IAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
IFRS 1 & IAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
IFRS 2 (Amendment)	Vesting Conditions and Cancellations
IFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
IFRS 8	Operating Segments
IFRIC 9 & IAS 39 (Amendments)	Embedded Derivatives
IFRIC 13	Customer Loyalty Programmes
IFRIC 15	Agreements for the Construction of Real Estate
IFRIC 16	Hedges of a Net Investment in a Foreign Operation
IFRIC 18	Transfers of Assets from Customers
IFRSs (Amendments)	Improvements to IFRSs issued in 2008, except for the amendment to IFRS 5 that is effective for annual periods beginning or after 1 July 2009
IFRSs (Amendments)	Improvements of IFRSs issued in 2009 in relation to the amendment to paragraph 80 of IAS 39

Except as described below, the adoption of the new and revised IFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

New and revised IFRSs affecting presentation and disclosure only

IAS 1 (Revised 2007) Presentation of Financial Statements

IAS 1 (Revised 2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.

IFRS 8 Operating Segments

IFRS 8 is a disclosure standard that has resulted in a redesignation of the Group's reportable segments (see Note 3).

Improving Disclosures about Financial Instruments (Amendments to IFRS 7 Financial Instruments: Disclosures)

The amendments to IFRS 7 expand the disclosures required in relation to fair value measurements in respect of financial instruments which are measured at fair value. The amendments also expand and amend the disclosures required in relation to liquidity risk. The Group has not provided comparative information for the expanded disclosures in accordance with the transitional provision set out in the amendments.

Amendments to IAS 1 Presentation of Financial Statements

As part of Improvements to IFRSs (2008), IAS 1 *Presentation of Financial Statements* has been amended to clarify whether derivatives that are classified as held for trading in accordance with IAS 39 *Financial Instruments: Recognition and Measurement* should be presented as current or non-current. The amendment requires derivatives that are held primarily for trading purposes to be presented as current regardless of their maturity dates. In addition, the amendment requires derivatives that are not held for trading purposes to be classified as current or non-current on the basis of their settlement date. Prior to the amendment, the Group presented, as current, all derivatives that are classified as held for trading in accordance with IAS 39. The amendment has had no impact on the Group's results for the reported periods.

The Group has not early applied the following new and revised Standards, Amendments or Interpretations that have been issued but are not yet effective.

IFRSs (Amendments)	Amendment to IFRS 5 as part of Improvements to IFRSs 2008[1]
IFRSs (Amendments)	Improvements to IFRSs 2009[2]
IAS 24 (Revised)	Related Party Disclosures[6]
IAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
IAS 32 (Amendment)	Classification of Rights Issues[4]
IAS 39 (Amendment)	Eligible Hedged Items[1]
IFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[3]
IFRS 1 (Amendment)	Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters[5]
IFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[3]
IFRS 3 (Revised)	Business Combinations[1]
IFRS 9	Financial Instruments[7]
IFRIC 14 (Amendment)	Prepayments of a Minimum Funding Requirement[6]
IFRIC 17	Distribution of Non-cash Assets to Owners[1]
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments[5]

1 Effective for annual periods beginning on or after 1 July 2009
2 Amendments that are effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate
3 Effective for annual periods beginning on or after 1 January 2010
4 Effective for annual periods beginning on or after 1 February 2010
5 Effective for annual periods beginning on or after 1 July 2010
6 Effective for annual periods beginning on or after 1 January 2011
7 Effective for annual periods beginning on or after 1 January 2013

The application of IFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1 January 2010. IAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary.

IFRS 9 Financial Instruments introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The standard requires all recognised financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of IFRS 9 might affect the classification and measurement of the Group's financial assets.

The directors of the Company (the "Directors") anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

An analysis of the Group's revenue from its major products and services is as follows:

	2009	2008
	RMB'000	*RMB'000*
Property sales	**8,631,978**	6,552,608
Hotel operations	**72,229**	50,078
Sales of construction materials	**2,613**	11,620
Other business	**20,609**	21,051
	8,727,429	6,635,357

The Group has adopted IFRS 8 *Operating Segments* with effect from 1 January 2009. IFRS 8 is a disclosure standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The predecessor standard, IAS 14 *Segment Reporting*, required the identification of two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group did not present any segment information because (i) the Group engages in principally one business segment – property development; (ii) substantially all of its customers are located in the PRC; and (iii) substantially all of its assets and liabilities are located in the PRC. The application of IFRS 8 has resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with IAS 14.

The Group's operating and reportable segments under IFRS 8 are as follows:

1 Property development

2 Hotel operations

3 Others (including sales of construction materials, electronic engineering, design and decoration, etc.)

The chief operating decision-maker of the Group has been identified as the executive directors and certain senior management (collectively referred to as the "CODM"). The management determines the operating segments based on the Group's internal reports, which are then submitted to the CODM for performance assessment and resources allocation.

The Group's consolidated revenue and results are attributable to the market in the PRC (country of domicile) and almost all of the Group's consolidated assets are located in the PRC. The Group has identified two reportable segments, namely property development and hotel operations.

For the property development operations, the CODM reviews the financial information of each property development project which constitutes a separate operating segment. However, the property development projects possess similar economic characteristics, development and selling activities as well as similar customer bases. Therefore, all property development projects are aggregated into one reportable segment.

The CODM assesses the performance of the operating segments based on the post-tax profit of the group entities engaged in the respective segment activities which includes share of results of associates and jointly controlled entities and related finance costs. Financial information provided to the CODM is measured in a manner consistent with the accounting policies adopted in the preparation of the consolidated financial statements.

Sales between segments are carried out on terms agreed between the counterparties.

No customers account for 10% or more of the Group's revenue.

An analysis of the Group's revenue and results by reportable segment is as follows:

	Property development *RMB'000*	**Hotel operations** *RMB'000*	**All other segments** *RMB'000*	**Segment total** *RMB'000*	**Eliminations** *RMB'000*	**Total** *RMB'000*
For the year ended 31 December 2009						
Revenue						
External revenue	**8,631,978**	**72,229**	**23,222**	**8,727,429**	**–**	**8,727,429**
Inter-segment revenue	**–**	**4,264**	**431,193**	**435,457**	**(435,457)**	**–**
Total	**8,631,978**	**76,493**	**454,415**	**9,162,886**	**(435,457)**	**8,727,429**
Segment results	**1,191,718**	**(44,063)**	**(11,104)**	**1,136,551**	**(3,193)**	**1,133,358**
Unallocated administrative expenses						**(144,925)**
Unallocated other income						**353**
Unallocated finance costs						**(119,744)**
Fair value changes on Trust-related financial derivatives						**(78,900)**
Net gain on repurchase of senior notes						**327,967**
Net gain on redemption of 2006 Convertible Bonds						**11,494**
Unallocated taxation						**(37,471)**
Profit for the year						**1,092,132**

	Property development *RMB'000*	Hotel operations *RMB'000*	All other segments *RMB'000*	Segment total *RMB'000*	Eliminations *RMB'000*	Total *RMB'000*
For the year ended 31 December 2008						
Revenue						
External revenue	6,552,608	50,078	32,671	6,635,357	–	6,635,357
Inter-segment revenue	–	7,400	365,485	372,885	(372,885)	–
Total	6,552,608	57,478	398,156	7,008,242	(372,885)	6,635,357
Segment results	644,747	(64,399)	(16)	580,332	2,076	582,408
Unallocated administrative expenses						(19,166)
Unallocated other income						303,469
Unallocated finance costs						(298,809)
Fair value changes on embedded financial derivatives						19,477
Unallocated taxation						(20,757)
Profit for the year						566,622

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segment:

Segment assets

	2009 *RMB'000*	2008 *RMB'000*
Property development	**70,525,033**	40,937,232
Hotel operations	**1,898,790**	1,250,845
All other segments	**2,021,740**	492,644
Total segment assets	**74,445,563**	42,680,721
Unallocated	**1,030,189**	134,355
Consolidated assets	**75,475,752**	42,815,076

Segment liabilities

	2009 *RMB'000*	2008 *RMB'000*
Property development	**57,446,642**	26,422,849
Hotel operations	**105,044**	173,718
All other segments	**1,618,585**	521,743
Total segment liabilities	**59,170,271**	27,118,310
Unallocated	**3,856,905**	5,415,440
Consolidated liabilities	**63,027,176**	32,533,750

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to reportable segments except bank balances and cash, property, plant and equipment, trade and other receivables, prepayments and deposits, and deferred tax assets pertaining to those non-operating group entities.
- all liabilities are allocated to reportable segments except senior notes, convertible bonds, trust-related financial derivatives, bank and other borrowings, and deferred tax liabilities pertaining to those non-operating group entities.

Other segment information

For the year ended 31 December 2009

	Property development *RMB'000*	**Hotel operations** *RMB'000*	**All other segments** *RMB'000*	**Reportable segment total** *RMB'000*	**Adjustments** *RMB'000*	**Total** *RMB'000*
Amounts included in the measure of segment profit or loss or segments assets:						
Addition to non-current assets *(Note)*	**237,518**	**671,173**	**57,525**	**966,216**	**27**	**966,243**
Interests in associates	**1,762,099**	**–**	**–**	**1,762,099**	**–**	**1,762,099**
Interests in jointly controlled entities	**235,543**	**–**	**–**	**235,543**	**–**	**235,543**
Depreciation of property, plant and equipments	**48,443**	**28,126**	**3,246**	**79,815**	**1,333**	**81,148**
Reversal of impairment losses on property under development	**(42,433)**	**–**	**–**	**(42,433)**	**–**	**(42,433)**
(Gains) losses on disposal of property, plant and equipment	**(540)**	**–**	**20**	**(520)**	**–**	**(520)**
Interest income	**(101,978)**	**(73)**	**(1,035)**	**(103,086)**	**(96)**	**(103,182)**
Finance costs	**535,389**	**670**	**1,995**	**538,054**	**119,744**	**657,798**
Share of results of associates	**(456,031)**	**–**	**–**	**(456,031)**	**–**	**(456,031)**
Share of results of jointly controlled entities	**(159,341)**	**–**	**–**	**(159,341)**	**–**	**(159,341)**
Taxation	**439,358**	**–**	**1,249**	**440,607**	**37,471**	**478,078**

For the year ended 31 December 2008

	Property development *RMB'000*	Hotel operations *RMB'000*	All other segments *RMB'000*	Reportable segment total *RMB'000*	Adjustments *RMB'000*	Total *RMB'000*
Amounts included in the measure of segment profit or loss or segments assets:						
Addition to non-current assets *(Note)*	394,116	345,174	1,780	741,070	3	741,073
Interests in associates	1,434,510	–	–	1,434,510	–	1,434,510
Interests in jointly controlled entities	326,217	–	–	326,217	–	326,217
Depreciation of property, plant and equipments	44,159	24,882	2,781	71,822	2,074	73,896
Impairment losses on property, plant and equipment	–	53,000	–	53,000	–	53,000
Gains on disposal of property, plant and equipment	(5,609)	–	–	(5,609)	–	(5,609)
Impairment losses on properties under development and completed properties for sale	221,249	–	–	221,249	–	221,249
Interest income	(57,178)	(266)	(526)	(57,970)	(1,104)	(59,074)
Finance costs	102,383	–	98	102,481	298,809	401,290
Share of results of associates	(242,158)	–	–	(242,158)	–	(242,158)
Share of results of jointly controlled entities	(141,573)	–	–	(141,573)	–	(141,573)
Taxation	621,247	(13,250)	334	608,331	20,757	629,088

Note: Non-current assets excluded available-for-sale investments, deferred tax assets, amount due from related party and other receivables.

4. OTHER INCOME

	2009	2008
	RMB'000	*RMB'000*
Interest income on bank balances	**23,416**	22,311
Interest income on amounts due from related parties	**79,766**	36,763
Government grants *(Note)*	**15,335**	8,590
Net foreign exchange (losses) gains	**(2,117)**	227,652
Brand usage fees	**91,702**	10,093
Others	**33,042**	23,736
	241,144	329,145

Note: Government grants mainly represent subsidies received from local authorities in accordance with the relevant rules and regulations.

5. FINANCE COSTS

	2009	2008
	RMB'000	*RMB'000*
Interest on:		
– bank borrowings wholly repayable within five years	**964,011**	909,147
– bank borrowings not wholly repayable within five years	**31,482**	1,088
– other borrowings	**441,917**	111,190
Effective interest expense on Trust-related amount due to related party	**199,363**	–
Effective interest expense on 2006 Convertible Bonds	**–**	10,032
Effective interest expense on 2007 Convertible Bonds	**98,066**	93,670
Interest on senior notes	**118,632**	261,128
	1,853,471	1,386,255
Less: Capitalised in properties under development	**(1,144,669)**	(973,515)
Capitalised in construction in progress	**(51,004)**	(11,450)
	657,798	401,290

Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 7.04% (2008: 7.66%) per annum to expenditure on the development of properties for sale and for own use.

6. PROFIT BEFORE TAXATION

	2009	2008
	RMB'000	*RMB'000*
Profit before taxation has been arrived at after charging (crediting):		
Salaries and other benefits	**580,998**	312,596
Equity-settled share-based payments	**107,413**	–
Retirement benefits scheme contributions	**16,402**	19,393
Staff costs (including directors' emoluments)	**704,813**	331,989
Less: Capitalised in properties under development	**(125,521)**	(103,105)
	579,292	228,884
Depreciation of property, plant and equipment	**81,148**	73,896
Less: Capitalised in properties under development	**(4,740)**	(3,016)
	76,408	70,880
Amortisation of prepaid lease payment (included in administrative expenses)	**4,147**	3,825
Auditors' remuneration	**7,815**	8,079
Cost of properties and inventories recognised as an expense	**6,415,278**	4,765,728
Share of tax of associates (included in share of results of associates)	**255,058**	116,425
Share of tax of jointly controlled entities (included in share of results of jointly controlled entities)	**73,232**	81,162
Gain on disposal of property, plant and equipment	**(520)**	(5,609)

7. TAXATION

	2009	2008
	RMB'000	*RMB'000*
Current tax:		
PRC enterprise income tax	**392,391**	359,160
Land Appreciation Tax ("LAT")	**285,351**	345,975
	677,742	705,135
(Over)/Under-provision in prior years:		
PRC enterprise income tax	**38,302**	1,892
LAT	**(117,455)**	–
	(79,153)	1,892
Deferred tax:		
Current year	**(120,511)**	(77,939)
	(120,511)	(77,939)
	478,078	629,088

No provision for income tax has been made for the Company and group entities incorporated in Hong Kong as they have no assessable profits derived from Hong Kong.

No provision for income tax has been made for the Company and group entities established in the British Virgin Islands ("BVI") as they are not subject to any income tax.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards, except for the following entities:

		Enterprise income tax rate	
	Notes	**2009**	2008
Shanghai Lvyu Real Estate Development Co., Ltd. ("Shanghai Lvyu")	*(i)*	**20%**	18%
Xinjiang Sunshine Greentown Real Estate Development Co., Ltd. ("Xinjiang Sunshine")	*(ii)*	**12.5%**	12.5%

Notes:

(i) Shanghai Lvyu is established in Shanghai Pudong New Area and is therefore subject to a reduced enterprise income tax rate of 20% (2008:18%).

(ii) Xinjiang Sunshine is exempted from enterprise income tax for three years starting from its first profit-making year in 2005, followed by a 50% reduction for the next three years.

In addition, the EIT Law provides that qualified dividend income between two "resident enterprises" that have a direct investment relationship is exempted from income tax. Otherwise, such dividends will be subject to a 5% or 10% withholding tax under the EIT Law. A 10% withholding tax rate is applicable to the Group.

The tax charge for the year ended 31 December 2009 can be reconciled to the profit as per the consolidated statement of comprehensive income as follows:

	2009	2008
	RMB'000	*RMB'000*
Profit before taxation	**1,570,210**	1,195,710
Tax at the applicable PRC enterprise income tax rate of 25% (2008: 25%)	**392,553**	298,927
Effect of different tax rates	**(54,452)**	(24,626)
Tax effect of share of results of associates	**(114,008)**	(60,539)
Tax effect of share of results of jointly controlled entities	**(39,835)**	(35,393)
Tax effect of income not taxable for tax purposes	**(851)**	(10,017)
Tax effect of expenses not deductible for tax purposes	**125,464**	89,271
Under-provision in respect of prior year	**38,302**	1,892
Tax effect of tax losses not recognised	**60,645**	57,786
Tax effect of deductible temporary differences not recognised	**9,477**	42,337
Recognition of deferred tax assets on tax losses previously not recognised	**(49,268)**	(9,833)
Utilisation of tax losses previously not recognised	**(1,698)**	(3,589)
Utilisation of deductible temporary differences previously not recognised	**(37,000)**	–
LAT provision for the year	**285,351**	345,975
LAT reversal	**(117,455)**	–
Tax effect of LAT	**(69,147)**	(83,859)
Tax effect of undistributed profits	**50,000**	20,756
Tax charge for the year	**478,078**	629,088

PRC LAT

According to the requirements of the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例) effective from 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例實施細則) effective from 27 January 1995, all income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for property sales of ordinary residential properties (普通標準住宅) if their appreciation values do not exceed 20% of the sum of the total deductible items.

Effective from 1 September 2002 in Hunan, 1 January 2003 in Zhoushan and Xinjiang, 1 January 2004 in Shangyu, 1 July 2004 in Anhui, 1 October 2004 in Hangzhou, 1 October 2006 in Shanghai Pudong New Area and 1 January 2007 in Beijing, the local tax bureau requires pre-payment of LAT on the pre-sale and sale proceeds of property developments. According to the Notices for the Strengthening of Administration on LAT (關於加強土地增值稅管理工作的通知), the Group is required to pre-pay LAT on pre-sale proceeds at 0.5%-3% for ordinary residential properties and 1%-6% for other properties.

As at the date of approval of these consolidated financial statements, the relevant local tax bureaus responsible for the enforcement of LAT regulations have not required the Group to pay any LAT other than the aforesaid LAT pre-payments.

For the year ended 31 December 2009, the Group estimated and made a provision for LAT in the amount of RMB285,351,000 (2008: RMB345,975,000), according to the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for LAT is calculated.

In 2009, the Group decided to dissolve one of its PRC property development subsidiaries and commenced liquidation procedures on it. As at the date of this announcement, it has completed its tax registration revocation and has received the tax registration revocation notices from the relevant tax bureau. The Directors are of the opinion that the tax obligations of this subsidiary are considered duly terminated by law, and have therefore written back during the year ended 31 December 2009 the LAT provision amounting to RMB117,455,000 (2008: nil) made by this subsidiary in previous years.

8. DIVIDENDS

On 30 May 2008, a dividend of HK32 cents per share, or RMB438,283,000 in total, was paid to shareholders as the final dividend for 2007.

On 16 July 2009, a special dividend for 2008 of RMB18 cents per share, or RMB276,725,000 in total, was paid to shareholders.

On 23 October 2009, an interim dividend for 2009 of HK9.6 cents per share, or RMB130,185,000 in total, was paid to shareholders.

A final dividend of HK26 cents per share (2008: Nil) has been proposed by the Directors and is subject to approval by the shareholders at the forthcoming annual general meeting of the Company.

9. EARNINGS PER SHARE

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

Earnings

	2009	2008
	RMB'000	*RMB'000*
Earnings for the purpose of basic earnings per share (profit for the year attributable to owners of the Company)	**1,012,120**	540,285
Effect of dilutive potential shares:		
Fair value changes on embedded financial derivatives	**–**	(19,477)
Interest on 2006 Convertible Bonds	**–**	10,032
Net gain on redemption of 2006 Convertible Bonds	**(11,494)**	–
Effect of foreign exchange rate changes	**–**	(7,109)
Earnings for the purpose of diluted earnings per share	**1,000,626**	523,731

Number of shares

	2009	2008
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,584,339,528**	1,537,361,607
Effect of dilutive potential ordinary shares:		
2006 Convertible Bonds	**324,301**	10,760,900
Share options	**22,806,031**	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,607,469,860**	1,548,122,507

The computation of diluted earnings per share for both 2008 and 2009 does not assume the conversion of the Company's outstanding 2007 Convertible Bonds since their exercise would result in an increase in earnings per share.

10. OTHER CURRENT ASSETS

Trade and other receivables, deposits and prepayments

	2009	2008
	RMB'000	*RMB'000*
Trade receivables	**179,933**	205,844
Other receivables	**1,177,975**	207,864
Prepayments and deposits	**2,348,828**	920,893
	3,706,736	1,334,601

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group continued to adhere to its mission of "building platforms for our staff and creating value for our customers; bringing beauty to our cities and wealth to our society" during 2009, as well as its corporate culture based on sincerity, goodwill, gracefulness, and striving for perfection. The Group achieved promising results by tirelessly devoting itself to improving the quality of its properties. Some of the key highlights of the financial year ended 2009 are described below.

Project Development

Responding to changes in the market during 2009, the Group formulated a strategy of "earlier, faster and greater sales". We adjusted our construction targets in accordance with market conditions in order to increase our stock of saleable properties. The Greentown Group commenced construction of new projects with a total gross floor area ("GFA") of 3.88 million sq.m., which was 81% more than we had planned for at the beginning of the year.

Meanwhile, the Greentown Group completed a total GFA of 1.93 million sq.m. during 2009, of which 1.27 million sq.m. were above-ground saleable area. As of 31 December 2009, 92% of these completed above-ground saleable area had been sold.

As at 31 December 2009, the Greentown Group had 57 projects with a total GFA of 8.17 million sq.m. under construction.

Property Sales

The Greentown Group's annual contracted sales amounted to RMB51.3 billion, with contracted GFA totalled 3.5 million sq.m. during 2009, representing increases of 238% and 184% respectively as compared to 2008. Both the total contracted sales and GFA sold set new records for the Greentown Group, and they placed the Greentown Group among one of the top China's real estate developers. The Group accounted for 2.00 million sq.m. of the contracted GFA sold and RMB33.9 billion of the contracted sales, representing increases of 142% and 219% respectively as compared to the 2008 figures.

The Greentown Group further enlarged its market share in Zhejiang Province. In Hangzhou, the Greentown Group recorded contracted sales of RMB16.3 billions with total GFA sold amounted to 0.9 million sq.m., representing an increase of 191% over 2008. The total contracted sales generated in Hangzhou, which contributed to 32% of the Greentown Group's total contracted sales, accounted for 10.1% of the market share in Hangzhou during 2009. Apart from Hangzhou, the Greentown Group contracted to sell a total GFA of 1.56 million sq.m. for a total of RMB22.4 billion in other areas of Zhejiang Province, which represented 44% of our total contracted sales and was 243% higher than those of 2008. They accounted for 9.1% of all property transactions in Zhejiang Province. The Greentown Group's business in Shanghai, Beijing and Shandong has likewise increased in 2009. The combined sales of the Greentown Group in the aforesaid three regions amounted to RMB8.2 billion, a 486% increase over 2008. The Greentown Group's first project in Jinan – the Jinan National Games Project achieved sales of RMB2.3 billion in 2009, the highest figure for any property project in the city and accounted for 13.2% of all property market transactions there in 2008.

The Greentown Group's property projects, ranging from standard apartments to high-end villas, all achieved exceptional sales performances. In fact, our overall pre-sale rate leapt from 52% in 2008 to 89% in 2009, representing an increase of 37 percentage points. The pre-sale rate of apartments even reached 93%.

The average selling price of the Greentown Group's above-ground properties increased from RMB11,910 per sq.m. in 2008 to RMB14,684 per sq.m. in 2009, representing an increase of 23%. Our apartments were sold for an average of RMB13,514 per sq.m. and our villas for RMB26,364 per sq.m.

Classified by category of properties, apartments, villas and commercial buildings (offices and shops) accounted for 76%, 17% and 4% respectively of the Greentown Group's total contracted sales.

Land bank

The Greentown Group's land bank strategy continued to focus on the Yangtze River Delta Region and the Bohai Rim Region during 2009. The sizeable bank of quality land we have accumulated has laid strong foundations for our development for the next three years.

In accordance with our development strategy and market conditions, the Greentown Group acquired 37 new projects with a total site area of 4.21 million sq.m. via land auctions and equity acquisitions during 2009, of which 3.19 million sq.m. was directly attributable to the Group. The planned above-ground GFA of these newly acquired projects was 7.97 million sq.m., of which 5.67 million sq.m. was attributable to the Group. The Greentown Group paid a total of RMB45.6 billion in land premiums (calculation based on the acquisition cost), while the average cost of saleable area (calculated according to planned above-ground GFA) was RMB5,716 per sq.m. Most of the new additions to the Greentown Group's land bank during the year were located in downtown areas and regional centres in Zhejiang (including Hangzhou), Jiangsu, Shanghai, Hefei, Beijing, Tianjin, Dalian, Qingdao and Zhengzhou, etc.

As of 31 December 2009, the Greentown Group had 96 projects in 34 cities of the PRC. Their total GFA amounted to 30.83 million sq.m., of which 20.76 million sq.m. was attributable to the Group. The land bank's total above-ground saleable area was 21.27 million sq.m., of which 14.27 million sq.m. was attributable to the Group. The average cost of the land bank's above-ground saleable area and properties held was RMB4,260 per sq.m. A total of 3.38 million sq.m. of above-ground saleable area came to the market and 90% of them was sold.

Financial analysis

Earnings of the Year and profit attributable to the owners of the Company

Earnings of the Year was RMB1,092 million, which was increased by RMB525 million or 92.6% from RMB567 million in the same period of 2008. The net profit margin was 12.5%, with an increment of 4 percentage points compared with 8.5% in the same period of 2008.

The basic earnings per share for the Year was RMB0.64 and the diluted earnings per share was RMB0.62, with rate of return on equity of 11.4%. In 2008, the basic and diluted earnings per share were RMB0.35 and RMB0.34 respectively and the rate of return on equity was 6.6%. The profit attributable to the owners of the Company was RMB1,012 million, representing an increase of 87.4% from RMB540 million in 2008.

Revenue

Revenue hit a historic record high in the Year. As at 31 December 2009, revenue recognized was RMB8,727 million, representing an increase of 31.5% from RMB6,635 million in 2008. From 2007 to 2009, the growth rate of revenue for these two consecutive years were 15.6% and 31.5% respectively, with a compound annual growth rate of 23.3%. Revenue of the Group primarily consists of revenue from sales of properties, construction materials, computer system design and installation and hotel operations, etc. The revenue from property sales represented 98.9% of the total revenue of the Year, a rise of 31.7% to RMB8,632 million for the Year from RMB6,553 million in 2008. The GFA of sales recognized amounted to 943,504 sq.m., representing an increase of 6.6% from 884,918 sq.m. in 2008.

Property sales revenue of 2009 was mainly derived from projects in Hangzhou, Shanghai and Qingdao. Sales derived from projects in Hangzhou amounted to RMB4,133 million with area sold of 368,064 sq.m., representing 47.9% of the total property sales and 39.0% of the total area sold. In terms of proportion to sales and areas sold, sales in Hangzhou ranked the first, followed by Shanghai and Qingdao, which accounted for 14.9% and 12.3% of property sales respectively, and 6.3% and 20.3% of total GFA sold respectively.

The net average price (net of business tax) improved significantly, a rise of 23.6% to RMB9,149 per sq.m. during the Year from RMB7,404 per sq.m. in 2008. The main reasons driving up the net average price were the changes of the regions and the property types. Firstly, in respect of the differences in regions, during the Year, the proportion of sales in first-tier cities was relatively large, mainly focused on projects in Hangzhou region (accounted for 47.9% of the property sales, with a net average price of RMB11,229 per sq.m.) and Shanghai (accounted for 14.9% of the property sales, with a net average price of RMB21,809 per sq.m.). In 2008, the proportion of sales in second-tier cities was relatively large, mainly focused on projects in Ningbo (accounted for 30.6% of the property sales, with a net average price of RMB6,618 per sq.m.) and Zhoushan (accounted for 11.8% of the property sales, with a net average price of RMB6,351 per sq.m.). Secondly, in respect of property type, the GFA sold for apartments as a proportion of total GFA sold improved to 87.2% for the Year from 67.1% in 2008. Especially, as the office building project in Ningbo R&D Park was a project with property prices fixed by the local government, its price was relatively low. GFA sold from Ningbo R&D Park for the Year was only 4,501 sq.m. (accounted for 0.5% of the total GFA sold), significantly reduced from the 179,255 sq.m. in 2008 (accounted for 20.3% of the total GFA sold).

Costs of Sales of Properties

The costs of sales of properties included cost of land, construction cost, cost of renovation and decoration and capitalized interest expenses, etc. The costs of sales of properties for the Year increased by 35.0% from RMB4,734 million in 2008 to RMB6,392 million in 2009, representing 99.6% of the total costs of sales. The costs of sales per sq.m. increased by 26.6%, from RMB5,350 per sq.m. in 2008 to RMB6,775 per sq.m. in 2009. The cost increase is due to firstly, the GFA sold for apartment with higher cost as a proportion of total GFA sold rose from 67.1% in 2008 to 87.2% in the Year, whereas the GFA sold for office building project with lower cost as a proportion of total GFA sold experienced a sharp decline from 20.3% in 2008 to 0.5% in the Year, which directly drove up the costs of sales per sq.m. Secondly, the Group always adhered to its strategy of providing exquisite products, by updating its products, implementing its comprehensive community living system and enhancing the additional value for its products, which drove up the cost in a certain extent.

Gross Profit Margin

Gross profit margin of property sales decreased from 27.8% in 2008 to 25.9% in 2009. The consolidated gross profit margin of the Year decreased because, firstly, part of the revenue recognized during the Year was derived from contracted sales of 2008 when the market was depressed while the Group insisted not to cut price but to provide additional value for its products, causing the increase in cost. Secondly, Qingdao Ideal City, the first project the Group performed when entering Qingdao, accounted for 12.3% of property sales revenue in the Year and only had a gross profit margin of 4.8%. Thirdly, the Group adhered to its strategy of 'earlier, faster and greater sales', which accelerated its assets turnover ratio but also affected the pricing of our products to a certain extent.

Other Income

Other income included interest income, government subsidy, foreign exchange gain/(loss) and brand usage fees, etc. Other income of RMB241 million was recorded for the year, representing a decrease of 26.7% from RMB329 million for 2008, mainly due to the drop in foreign exchange gain. During 2008, the Group achieved a foreign exchange gain of RMB228 million, which was primarily due to the successive appreciation in RMB amounted to approximately 7%, resulting in substantial exchange gain arising from the US dollar denominated senior notes due in 2013 and convertible bonds issued in 2006. The exchange rate for RMB in the Year was relatively stable. Moreover, the Group repurchased part of the senior notes in advance (90.3% of senior notes was repurchased), and the US dollar denominated convertible bonds issued in 2006 were all redeemed. Therefore, exchange gain generated was only a small amount. After the deduction of exchange loss incurred from foreign currency deposits, a net exchange loss of RMB2 million was resulted. Interest income during the Year was RMB103 million, representing an increase of 74.6% from RMB59 million in 2008 due to the increase in interest income from associates and jointly controlled entities over 2008. Brand usage fees for the Year amounted to RMB92 million, a significant increase from the RMB10 million in 2008, which was due to the increase in brand usage fees which are linked to property pre-sales.

Gains from Repurchase of Senior Notes and Redemption of Convertible Bonds

The Company repurchased in advance part of the senior notes due in 2013 (90.3% of senior notes was repurchased) in May 2009 and generated a gain of RMB328 million. The redemption of convertible bonds issued in 2006 incurred a gain of RMB11 million in January 2009.

Fair Value Changes on Trust-related Financial Derivatives

The losses arising from the fair value changes in trust-related financial derivatives in the Year were RMB79 million. A trust agreement was entered into between Greentown Real Estate Group Co., Ltd (綠城房地產集團有限公司) and Zhonghai Trust Company Ltd (中海信託有限公司). The Trust Put Option, the Guarantee and RMB1 Options relating to the above agreement were deemed as derivatives and were measured according to their fair values.

Selling and Administrative Expenses

Selling and administrative expenses in the Year increased by RMB509 million or 69.1% from RMB737 million in the same period of 2008 to RMB1,246 million, with the percentage in turnover growing from 11.1% in 2008 to 14.3%. Specifically, administrative expenses increased by 83.1% to RMB811 million from RMB444 million in 2008. Human resources cost was the single largest item under administrative expenses, increased 183.5% to RMB343 million from RMB121 million in

2008. The sharp increase was mainly due to the grant of four lots of share options during the Year as well as increased property projects and more employees recruited. The human resources cost recognized due to the grant of share options was RMB107 million in the Year. Selling expenses increased 48.0% to RMB435 million during the Year from RMB294 million in 2008. The largest increase in selling expenses was the human resources cost in the sales system, which was increased by 121.2% to RMB115 million from RMB52 million in 2008, owing to the rise in the incentive remuneration and expenditure of the sales persons resulting from robust sales. The second largest increase was expenses in sales and marketing activities as well as advertising expense, which was increased by 42.5% to RMB208 million from RMB146 million in 2008, owing to the increase in the properties launched. The increase in sales expenses was relatively large, but compared with the contracted pre-sales of the Group, the percentage was 1.3%, substantially lower than 2.8% in 2008.

Reversal of Impairment Provision

The impairment provision in 2008 was RMB275 million, of which Shanghai Xinjiangwan Project, Zhoushan Sheraton Hotel, Hefei Sweet Osmanthus Garden, Nantong Yulan Apartment, Thousand-Island Lake Rose Garden and Zhoushan Sweet Osmanthus Town accounted for RMB148 million, RMB53 million, RMB28 million, RMB21 million, RMB21 million and RMB3 million, respectively. As the market revived, no new impairment existed in the Year. The impairment provision taken for Nantong Yulan Apartment and Thousand-Island Lake Rose Garden were written back.

Finance Costs

Interest expenses during the Year increased by 64.1% to RMB658 million from RMB401 million in 2008. Total interest expenses increased by 33.7% to RMB1,853 million from RMB1,386 million in 2008. The increase was caused by the surge in the number of projects and hence the increase in average debt amounts. RMB1,196 million of such interest expenses was capitalized and the capitalization rate was 64.5%. In 2008, RMB985 million of such interest expenses was capitalized and the capitalization rate was 71.1%. The capitalization rate decreased primarily because most of the projects newly acquired in 2009 have not commenced construction yet.

Share of Profit of Associates and Jointly Controlled Entities

Share of profit of associates and jointly controlled entities was RMB615 million for 2009, increased RMB231 million from RMB384 million in 2008. The GFA sold by associates and jointly controlled entities was 660,877 sq.m., approximately the same as 660,973 sq.m. in 2008. However, the net average selling price per sq.m. increased to RMB10,387 in 2009 from RMB8,886 in 2008, and at the same time gross profit margin increased from 29.0% in 2008 to 32.2% during the Year. The delivery of the Phase 1 of Hangzhou New Green Garden was completed during the Year and it achieved sales of RMB1,423 million, representing 20.7% of the total sales from associates and jointly controlled entities and contributing a total profit of RMB211 million to the Group in 2009. The net average selling price per sq.m. reached RMB20,874 with gross profit margin of 42.5%, which directly led to large improvement in the gross profit margin of sales of associates and jointly controlled entities during the Year. The delivery of the entire Hangzhou Majestic Mansion achieved sales of RMB1,530 million, representing 22.3% of the total sales from associates and jointly controlled entities and contributing a total profit of RMB130 million to the Group in 2009. The net average selling price per sq.m. reached RMB28,790, directly resulted in the swift increase in the net average selling price per sq.m. during the Year.

Taxation Charges

Taxation for the Year included LAT of RMB168 million and enterprise income tax of RMB310 million. The LAT accounted for 1.9% of revenue from property sales during the Year, which was lower than 5.3% in 2008. It was mainly due to the relatively low gross profit margin of certain projects and the write-back of the over provisions of LAT for Shanghai Greentown project. The effective tax rate for enterprise income tax for the Year was 22.1%, which was decreased by 11.2% from 33.3% in 2008. The drop in tax rate was due to firstly, the gain incurred from the repurchase of senior notes and the redemption of 2006 convertible bonds during the Year was not subject to any enterprise income tax and secondly, more was gained from the Group's associates and jointly controlled entities and the enterprise income tax of which was not included in this item.

Pre-sale Deposits

As at 31 December 2009, the balance of pre-sale deposits of the Group was RMB23,301 million, representing an increase of 279.7% from RMB6,137 million in 2008, and the balance of pre-sale deposits of associates and jointly controlled entities was RMB14,670 million, a rise of 190% from RMB5,058 million in 2008.

Financial Resources and Liquidity

As at 31 December 2009, the Group's cash balance amounted to RMB11,782 million (2008: RMB1,718 million) with total borrowings of RMB24,861 million (2008: RMB16,118 million). Net gearing ratio (i.e. net debt divided by net assets) decreased from 140.1% in 2008 to 105.1% as at 31 December 2009.

Foreign Exchange Fluctuation Risks

The principal place of operation of the Group is the PRC. Most of the income and expenditures are denominated in RMB. Since the Group had deposits, borrowings and third party loans in foreign currency and both the convertible bonds issued in 2006 and senior notes were denominated in US dollars, the Group was exposed to foreign exchange risks. However, the Group's operating cash flow or liquidity was not significantly affected by any exchange rate fluctuations. The Group did not enter into any foreign exchange hedging arrangement as at 31 December 2009, other than a US dollar swap rate contract with a term of one year entered into with the Bank of China, in order to lock the exchange rate of two loans in foreign currency during the Year.

Financial Guarantees

As at 31 December 2009, the Group provided guarantees of RMB10,106 million (2008: RMB3,900 million) to certain banks in favour of its customers in respect of the mortgage loans provided by the banks to these customers for the purchase of the Group's properties.

Pledge of Assets

As at 31 December 2009, the Group had pledged buildings, hotels buildings, prepaid lease payment, construction in progress, properties for development, properties under development, completed properties for sale, bank deposits, amount due from associates and interests in associates with an aggregate carrying amount of RMB23,207 million (2008: RMB12,216 million) to secure general banking facilities granted to the Group.

Capital Commitments

As at 31 December 2009, the Group had contracted capital expenditure in respect of properties for development, properties under development and construction in progress but not provided for amounting to RMB21,485 million (31 December 2008: RMB7,904 million).

Employees

As at 31 December 2009, the Company had 2,880 employees, compared with 2,637 employees in 2008. Of these, 1,493 employees or approximately 52% of the workforce had a bachelor's degree or higher educational qualification. There were 767 employees with middle or senior professional titles, approximately 27% of the total. There were 258 operations and management officers with the rank of department manager within the Group itself, or assistant general manager or above within our project companies, accounting for approximately 9% of the total.

Awards

Despite the challenges in the market, the Group continued to grow steadily during 2009 while maintaining a good image and reputation in the industry and among our customers. The Company was named as one of the "China's Top 10 Real Estate Companies in terms of tax contribution in 2009", and one of the "Top 10 of the Top 100 Real-Estate Companies in China" respectively for the sixth consecutive year, as well as one of the "10 Most Valuable Real Estate Brands in China".

Remuneration Policies

The remuneration of the Group's employees is determined based on their performance, experience and prevailing industry practices. The Company reviews its remuneration policies regularly and appraises individual staff members according to their performance. Bonuses and cash awards may be distributed to employees as an incentive to motivate their enthusiasm and sense of responsibility.

OUTLOOK

The Group expects that 2010 will contain a mixture of opportunities and challenges. However, we believe that the real estate industry will develop in a healthy way in the long run and we remain committed to our strategic focus on product sophistication. In our opinion, the real estate market will continue to move forward during 2010; and we will closely monitor market trends and adjust our development strategies accordingly in the coming months. Meanwhile, the Group also expects that the promulgation of macroeconomic tightening measures will further consolidate the market. This consolidation and optimisation will create benefits for companies which have solid fundamentals and good reputations, and enable them to increase their competitive edge over their peers.

Project Development

In accordance with our judgment of market conditions, the Greentown Group has adjusted the pace for our project development in 2010. The Greentown Group expects to begin construction of 70 projects (or phases of projects) with a total GFA of 11.13 million sq.m., representing an increase of 187% compared with that of 2009.

In 2010, the Greentown Group expects to complete 28 projects (or phases of projects) with a total GFA of 2.89 million sq.m., representing an increase of 50% over 2009, of which 1.7 million sq.m. is attributable to the Greentown Group. The total above-ground saleable GFA of these projects is expected to be 1.96 million sq.m., of which 1.13 million sq.m. is attributable to the Group.

Property sales

The Greentown Group will continue to implement a reasonable sales plan and adjust the pace of project launching in line with market conditions. In 2010, the Greentown Group expects to launch 75 projects (or phases of projects) with a total above-ground saleable area of approximately 5.94 million sq.m., among which, a total of 1.61 million sq.m. in Hangzhou, and a total of 2.06 million sq.m. area is in other area of Zhejiang region.

FORWARD LOOKING STATEMENTS

This announcement includes forward-looking statements. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believe", "estimate", "anticipate", "expect", "intend", "may", "will" or "should" or, in each case, their negative, or other variations or similar terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this announcement and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects and growth strategies, and the industry in which the Greentown Group operates.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, and the development of the industry in which the Greentown Group operates may differ materially from those made in, or suggested by, the forward-looking statements contained in this announcement. In addition, even if our results of operations, financial condition and liquidity, and the development of the industry in which the Greentown Group operates are consistent with the forward-looking statements contained in this announcement, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that could cause those differences include, but are not limited to:

- general economic and business conditions in the PRC;
- our business and operating strategies;
- our capital expenditure plans;
- various business opportunities that we may pursue;
- our dividend policy;
- our financial condition and results of operations;
- availability and changes of bank loans and other forms of financing;
- the industry outlook generally;

- future developments in the property market in Zhejiang Province and other areas of PRC;
- the performance of the property market in Zhejiang Province and other areas of the PRC in which the Greentown Group has engaged in property development;
- changes in political, economic, legal and social conditions in the PRC, including the PRC government's specific policies, particularly those of the Zhejiang provincial government specific policies, which affect land supply, ability and cost of financing, and pre-sale, pricing and volume of our property developments;
- the timely repayments by our purchasers of mortgage loans guaranteed by us;
- changes in competitive conditions and our ability to compete under these conditions;
- the performance of the obligations and commitments of our joint venture partners under the existing and future joint venture agreements;
- the performance of the obligations and undertakings of the independent contractors under various construction, building, interior decoration and installation contracts;
- significant delay in obtaining the occupation permits, proper legal titles or government approvals for our properties under development or held for future development;
- changes in the value of the RMB and other currencies;
- changes in the PRC and international interest rates;
- changes in foreign exchange control regulations in the PRC;
- terrorist attacks;
- failure to retain key employees;
- incurrence of material weaknesses in internal controls over financial reporting and disclosure controls; and
- other factors beyond our control.

In light of the above risks, uncertainties and assumptions, the forward-looking events described in this announcement may not occur.

The Company undertakes no obligation to publicly update or publicly revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to the Company or to persons acting on the Company's behalf are expressly qualified in their entirety by the cautionary statements as above and contained elsewhere in this announcement.

SUBSEQUENT EVENTS

1. On 6 January 2010, Zhoushan Greentown Real Estate Development Co., Ltd. ("Zhoushan Greentown"), a wholly-owned subsidiary of the Company, and Beijing Urban Investment & Development Co., Ltd. ("Beijing Urban") entered into an equity transfer agreement pursuant to which, (a) Zhoushan Greentown agreed to buy, and Beijing Urban agreed to sell, the 40% equity interests owned by Beijing Urban in Beijing Urban Construction Sino-Stately Industry & Development Co., Ltd. ("Beijing Urban Construction") for RMB250,000,000; and (b) Zhoushan Greentown agreed to repay the shareholder's loan provided by Beijing Urban to Beijing Urban Construction and the accrued interest thereon to Beijing Urban.

   Beijing Urban Construction was 40% owned by Beijing Urban, 30% owned by Zhongji Group (HK) International Financial Investment Limited ("Zhongji Group") and 30% owned by De He International Industrial Limited ("De He"). Zhongji Group and De He are both indirectly wholly-owned by the Company. Upon completion of this acquisition, the Company would indirectly wholly own Beijing Urban Construction, which, in turn, directly or indirectly, owns certain interests in Urban Construction Zhongji (Zhejiang) Industry & Development Co., Ltd., Zhoushan Mingcheng Real Estate Development Co., Ltd., Zhoushan Qianyuan Real Estate Development Co., Ltd. and Zhoushan Ruifeng Real Estate Development Co., Ltd. and the Chang Zhi Dao Project.

2. On 27 January 2010, Greentown Real Estate, Shanghai Greentown Woods Golf Villas Development Co., Ltd. ("Shanghai Greentown"), a wholly-owned subsidiary of the Company, and Zhongtai Trust Co., Ltd. ("Zhongtai Trust") entered into a framework cooperation agreement. Pursuant to the framework cooperation agreement, (a) Zhongtai Trust shall establish a trust with a capital of not more than RMB1,650,000,000 and not less than RMB880,000,000 for the purposes of (i) the capital injection of RMB96,080,000 by Zhongtai Trust into Shanghai Greentown for the subscription of a 49% equity interest in Shanghai Greentown; and (ii) the acquisition of the part of a shareholders' loan in the amount of not less than RMB783,920,000 to be provided by Greentown Real Estate to Shanghai Greentown (the "Assigned Shareholders' Loan"); (b) Zhongtai Trust shall act as the trustee of the trust; (c) Greentown Real Estate shall subscribe for all the ordinary units of the trust in cash by its internal resources; (d) Zhongtai Trust shall use part of the trust capital in the amount of RMB96,080,000 for the capital injection into Shanghai Greentown for the subscription of a 49% equity interest in Shanghai Greentown; (e) before the trust establishment date, Greentown Real Estate shall enter into an entrusted loan agreement with a financial institution in the PRC to provide the shareholders' loan through the financial institution to Shanghai Greentown; (f) after the establishment of the trust, Greentown Real Estate shall assign the Assigned Shareholders' Loan to Zhongtai Trust and the consideration for the Assigned Shareholders' Loan shall be the balance of the trust capital after deducting the amount for the capital injection; (g) Greentown Real Estate shall provide a guarantee in favour of Zhongtai Trust in respect of the repayment obligations of Shanghai Greentown in relation to the Assigned Shareholders' Loan and the interest accrued thereon; (h) Greentown Real Estate shall provide a share pledge in respect of its 51% direct equity interest in Shanghai Greentown in favour of Zhongtai Trust to secure the performance of the repayment obligations of Shanghai Greentown in relation to the Assigned Shareholders' Loan and the interest accrued thereon; (i) Greentown Real Estate shall provide a guarantee on return and a guarantee on net asset value to Zhongtai Trust; and (j) Greentown Real Estate shall deposit the escrow dividends in an escrow account to secure the payment obligations of Greentown Real Estate under the various documents.

On or before the trust establishment date, Greentown Real Estate and Zhongtai Trust would enter into a custodian agreement with a custodian bank. Pursuant to the custodian agreement, Greentown Real Estate shall pay a custodian fee in an amount of not more than RMB30,000,000 to the custodian bank for the holding of the trust capital.

Before the capital injection, Greentown Real Estate held all of the equity interest in Shanghai Greentown. After the capital injection, Zhongtai Trust would directly hold a 49% equity interest in Shanghai Greentown, and Greentown Real Estate would directly hold the remaining 51% equity interest in Shanghai Greentown.

3. On 31 March 2010, Hangzhou Greentown Real Estate Investment Co., Ltd. ("Hangzhou Greentown Investment"), a wholly-owned subsidiary of the Company, and Greentown Real Estate entered into an equity transfer framework agreement with Qingdao Haixin Real Estate Co., Ltd. ("Qingdao Haixin ") and Jinan Haixin Real Estate Co., Ltd. ("Jinan Haixin"), a wholly-owned subsidiary of Qingdao Haixin, whereby Hangzhou Greentown Investment agreed to acquire a 100% equity interest in Shandong Dongcheng Real Estate Co., Ltd. from Jinan Haixin for an aggregate consideration of RMB1,240,330,000.

4. On 16 April 2010, the deadline for the submission of the put exercise notice in respect of the 2007 Convertible Bonds, the Company received from certain bondholders put exercise notices requiring the Company to redeem part of the 2007 Convertible Bonds with an aggregate principal amount of RMB2,128,700,000, representing 92.15% of the total principal amount of the 2007 Convertible Bonds outstanding as at 31 December 2009. Such portion of the 2007 Convertible Bonds will be redeemed for RMB2,199,926,000 on 18 May 2010.

   In addition, certain holders of the 2007 Convertible Bonds with an aggregate principal amount of RMB1,700,000 opted to convert their holdings into 78,540 shares in the Company at a conversion price of HK$21.99 per share. Such conversion shares were issued on 16 April 2010.

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 year ended 31 December 2009.

CORPORATE GOVERNANCE PRACTICES

The Company recognises the value and importance of achieving high corporate governance standards to enhance corporate performance and accountability. The Board will strive to apply 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 complied with the code provisions in the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") during the year ended 31 December 2009, save for the below code provision:

Code provision A.4.2 of the Code stipulates that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment. However, the Company's articles of association (the "Articles") provides that any director so appointed shall hold office until the next following annual general meeting when he shall then be eligible for re-election.

To confirm with code provision A.4.2 of the Code, a special resolution shall be proposed at the forthcoming annual general meeting of the Company to amend the Company's Articles so that any new director appointed by the Board to fill a casual vacancy shall be subject to re-election by shareholders at the first general meeting after appointment.

ANNUAL GENERAL MEETING

It is proposed that the 2010 annual general meeting (the "AGM") of the Company will be held on 3 June 2010 (Thursday). A notice convening the AGM will be published and despatched to the shareholders of the Company in the manner as required by the Listing Rules in due course.

DIVIDENDS

The Board recommends the payment of a final dividend of HK26 cents per share for the year ended 31 December 2009 (the "2009 Final Dividend"), to shareholders of the Company whose names appear on the Company's Register of Members on 3 June 2010 (Thursday). The 2009 Final Dividend will be paid on or before 11 June 2010 (Friday) following approval by shareholders at the 2010 AGM of the Company.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 1 June 2010 (Tuesday), to 3 June 2010 (Thursday), both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the entitlement to dividend and to attend and vote at the 2010 AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m., 31 May 2010 (Monday).

PUBLICATION OF ANNUAL REPORT ON THE STOCK EXCHANGE WEBSITE

The annual report of the Company for the year ended 31 December 2009 containing all the information required by the Listing Rules will be despatched to the Company's shareholders and published on the website of the Stock Exchange at www.hkexnews.com and the website of the Company at www.chinagreentown.com or www.greentownchina.com in due course.

APPRECIATION

Lastly, on behalf of the Board, I would like to take this opportunity to express my sincere gratitude to our management and all our fellow staff for their contributions to our development. Also, I would like to extend my deepest 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, 19 April 2010

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

* *For identification purposes only*