


**Market Facts**
**HKEx:** 3900

*\* As at 16 Jul 2008*
**Share Price:** HK\$6.40 \*

**Range Since Debut:**

Low: HK\$ 5.85 (20 Mar 2008)

High: HK\$ 19.72 (24 July 2007)

**Shares Outstanding:** 1,537M

**Market Cap:** HK\$9,839 M\*

**FYE:** 31 Dec

**Recommendation**

BUY	9	56.25%
HOLD	5	31.25%
SELL	2	12.50%

Total: 16 analysts

**Target Price Range:**

HK\$7.20 – HK\$20.00

# 2008 July Newsletter

**Half year Pre-sale Overview**

As at 30 June, the Company's aggregate sales amounted to RMB7.8 billion (incl. contract sales and agreement; the interest attributable to the Company amounted to RMB5.5 billion), representing an increase of 53% over same period last year. It has already achieved over 1/3 of the yearly sales target. The achieved sale is already higher than our target sales for the first half of 2008 per our plan.

Details of the major projects launched in the first half of 2008:

Project	Category	Sales rate	GFA (sqm)	Average Selling price (RMB/sqm)
Ningbo Crown Garden*	bare-shell apartments	94%	119,200	10,047
Hangzhou Sky Blue Apartment*	fully fitted apartments	91%	35,541	25,199
Hangzhou Lijiang Apartment*	fully fitted apartments	89%	60,452	14,732
Hangzhou Majestic Mansion	town houses	86%	3,733	33,361
	single apartments	50%	5,905	20,513
Haining Lily New Town	villa	82%	10,140	21,293
Hangzhou Hope Town	bare-shell & fully fitted apartments	65%	23,294	9,987
Deqing Sweet Osmanthus Town	apartments	69%	15,622	5,957

*\*Newly launched projects this period*

The Company plans to launch new projects such as Qingdao Ideal City, Wenzhou Lucheng Plaza, Hangzhou Yulan Apartment and Lin'an Qingshan Lake Rose Garden in the coming two months.

**Project Delivery**

The Company has completed and delivered our projects in accordance with our schedule in the first half of 2008. East Sea Plaza in Shanghai, which was originally delivered in FY2007 due to the Government relocation issue, has already been delivered during the first half of 2008.

/ To be cont'd



## 2008 July Newsletter

### Dialogue with CEO

It is our pleasure to talk to the CEO, Mr. Shou today. Following are questions on China property market and Greentown's strategies.

#### **Q1. The policy in China and volatile share market in the first half of 2008, in a way, have resulted in a bearish view on the PRC property counters. How will Greentown overcome it?**

The Chinese Government's austerity measures aimed to maintain a healthy development and stability in the property market. In fact, the measures are favourable for long term development of the property market and established mainland developer like Greentown as well. Mainland citizens still have ultimately strong demand for housing. As the property market is growing healthily, there will be more needs for the citizens to buy properties from quality developer such as Greentown.

In order to maintain healthy development under current market situation, Greentown will continue to adopt effective 'Win-win partnership' strategy. In other words, Greentown will partner with mainland and overseas enterprises (not limited to property companies) having sufficient cash resources. The partners will be mainly responsible for funding whereas Greentown will be in charge of developing quality properties and project execution. Greentown not only seizes the opportunity to maintain our scale of development, but also reduces risk on cash flow.

#### **Q2. Could you please explain the "Win-win partnership" strategy? Any successful cases?**

Greentown has implemented this partnership strategy since 2005. We worked together with SOEs of strong capital base such as Zhejiang Daily Group ("ZDG") and Zhejiang Energy Group ("ZEG"). Recently, we jointly cooperated with the ZDG and ZEG for three prime land parcels in Zhejiang Province for a total consideration of RMB3.1billion and Greentown is only to contribute a minor portion of capital investment, so it will not pose any pressure on our cash flow. We have partnered with ZDG for four projects, some of which are already on sale. We have 2 JV projects with ZEG so far. Parties involved are all comfortable of the partnership. They share with Greentown not only on margins from property development, but also reputable and strong brand of Greentown.

Partnership with Hai'er Group is another good example. It is a project of National Games in Jinan which we obtained in November 2007. Hai'er would like to work with developer of high capability and strong brand. They eventually co-developed with Greentown for this project and Greentown owns 45% stake of the project. In fact, Greentown is only required to pay up to 22.5% of the total investment while remaining will be contributed by the partner. In this case, ROE for Greentown investment is high.

#### **Q3. Currently, market sentiment on sales of mainland property counters is pessimistic. Both selling price and GFA sales are generally reducing in the whole market. How about Greentown?**

For the first half of 2008, Greentown has already achieved over 1/3 of our yearly sales target. The figures are indeed higher than our planned figure for the first half. It is resulted from customers' recognition of superior status and high quality of Greentown projects. As a result, we are still able to maintain our pricing premium and a high pre-sale rate.

Thank you Mr. Shou. Looking forward to talking to you again in the future.

- End -

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