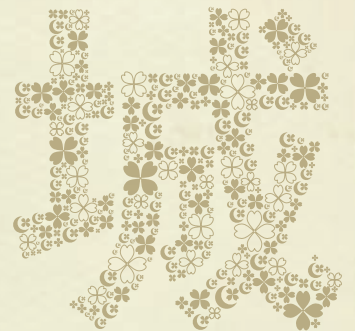


绿城房产

GREENTOWN



Building has an art form

**Greentown China Holdings Limited**

绿城中國控股有限公司\*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 3900)

Annual Report 2008

\*For identification purpose only

The homes built by Greentown lead lifestyle. Our premier class of architecture fully demonstrates dynamic blend of taste and culture. The architecture characteristics embrace the culture of city and show respect to natural landscape. Join us to live elegantly and delicately.

Since its establishment, Greentown is determined to create beauty for the city with an idealistic human-oriented spirit adopted through the course of development and after-sales services for its property products, and bring ideal life for its customers with quality properties.





# Contents

Corporate Information	2
Corporate Profile	5
Portfolio	8
Chairman's Statement	34
CEO's Review	35
Management Discussion and Analysis	44
Directors and Senior Management	60
Corporate Governance Report	68
Report of the Directors	75



# Corporate Information

## Directors

### Executive Directors

Mr. SONG Weiping (*Chairman*)  
Mr. SHOU Bainian (*Executive Vice-Chairman*)  
Mr. CHEN Shunhua  
Mr. GUO Jiafeng

### Independent Non-Executive Directors

Mr. JIA Shenghua  
Mr. JIANG Wei  
Mr. SZE Tsai Ping, Michael  
Mr. TSUI Yiu Wa, Alec  
Mr. TANG Shiding

## Company Secretary

Mr. LAM Jim

## Qualified Accountant

Mr. LAM Jim

## Authorized Representatives

Mr. SHOU Bainian  
Mr. LAM Jim

## Audit Committee

Mr. TSUI Yiu Wa, Alec  
Mr. SZE Tsai Ping, Michael  
Mr. JIA Shenghua  
Mr. TANG Shiding  
Mr. JIANG Wei

## Remuneration Committee

Mr. JIA Shenghua  
Mr. SZE Tsai Ping, Michael  
Mr. CHEN Shunhua

## Nomination Committee

Mr. SZE Tsai Ping, Michael  
Mr. TSUI Yiu Wa, Alec  
Mr. SHOU Bainian  
Mr. TANG Shiding

## Auditors

Deloitte Touche Tohmatsu

## Cayman Islands Principal Share Registrar

Butterfield Fund Services (Cayman) Limited  
Butterfield House, 68 Fort Street  
P.O. Box 705, George Town  
Grand Cayman, Cayman Islands  
British West Indies

## Hong Kong Branch Registrar

Computershare Hong Kong Investor Services Limited  
Shops 1712-1716, 17th Floor  
Hopewell Centre  
183 Queen's Road East  
Wanchai, Hong Kong



# Corporate Information

## Hong Kong Office

Room 1406-08, New World Tower 1  
16-18 Queen's Road Central  
Hong Kong

## Legal Advisors to Our Company

as to Hong Kong law and U.S. law:  
Sidley Austin

as to PRC law:  
Zhejiang T&C Law Firm

as to Cayman Islands law and  
British Virgin Islands law:  
Maples and Calder

## Principal Bankers

Standard Chartered Bank (Hong Kong) Limited  
Bank of China Limited  
Industrial and Commercial Bank of China Limited  
Agricultural Bank of China  
China Construction Bank  
Bank of Communications  
Shanghai Pudong Development Bank

## Investor Relations

Email: [ir@chinagreentown.com](mailto:ir@chinagreentown.com)  
Tel: (852) 2523 3137  
Fax: (852) 2523 6608

## Stock Code

HKEX: 3900.HK

## Website

[www.chinagreentown.com](http://www.chinagreentown.com)  
[www.greentownchina.com](http://www.greentownchina.com)





## Corporate Profile

Greentown China Holdings Limited (“Greentown” or “the Company”, together with its subsidiaries (“the Group” or “Greentown Group”)), is one of the leading property developers in China. It plays a leading role in the industry leveraging on its quality properties. From 2005 to 2009, we have been ranked for five consecutive years as one of the TOP 10 property enterprises in China jointly by four institutions, including Enterprise Research Institute of the Development Research Center of the State Council, China Real Estate Association, Qinghua University Real Estate Research Center and China Index Institute.

Since its establishment 14 years ago, the Group has been based on Zhejiang province, one of the most economically dynamic and developed provinces in Mainland China, with significant operations in the most prosperous cities in Zhejiang such as Hangzhou, Ningbo, Wenzhou, Taizhou, Shaoxing, and other places on the list of the Top 100 most competitive counties and county-level cities of China in Zhejiang Province. It has aroused wide awareness towards its brand and gained fame. With its national expansion strategy commenced in 2000, Greentown Group has become a quality national residential property developer and has its operations extended to other important cities in Yangtze River Delta including Shanghai, Nanjiang, Wuxi and Nantong, important cities in Bohai Rim Economic Belt including Beijing, Qingdao, Jinan and Dalian, and other provincial cities such as Hefei of Anhui province, Zhengzhou of Henan province, Changsha of Hunan province and Urumqi of Xinjiang province.

As at 31 December 2008, the Group’s premier land bank comprises of nearly 19 million square meters of saleable and property held-for-operation area, ensuring that the Group’s sustainable and steady development in the next five years is guaranteed. Most importantly, our quality human resources, highly effective group management structure, successful establishment of our quality brand in Zhejiang and other cities with our presence, and the accumulation of excellent project development and operational capability have all provided a sound foundation for the Group’s rapid development.












# Portfolio

	Proportion to total land bank	Cities with presence	No. of projects	Site Area (sq.m.)	Total GFA (sq.m.)
<b>Zhejiang</b>	62.1%	Hangzhou	23	2,823,861	5,166,247
		Zhoushan	4	4,294,806	4,098,316
		Ningbo	2	211,675	682,170
		Shaoxing	2	306,531	703,458
		Chun'an	2	287,116	471,055
		Deqing	2	135,497	260,467
		Tonglu	2	124,959	148,527
		Haining	1	438,772	778,817
		Wenzhou	1	130,899	656,318
		Huzhou	1	289,359	359,323
		Taizhou	3	467,010	908,736
		Changxing	1	112,889	343,717
		Lin'an	2	1,208,772	468,208
		Xinchang	1	251,071	157,212
		Xiangshan	1	89,514	198,237
		Cixi	1	121,988	225,203
<b>Jiangsu</b>	4.3%	Nantong	2	208,626	401,324
		Nanjing	1	239,441	85,169
		Wuxi	1	180,826	591,320
<b>Shanghai (Municipality)</b>	2.5%	Shanghai	4	762,036	625,319
<b>Beijing (Municipality)</b>	2.7%	Beijing	3	522,668	680,434
<b>Shandong</b>	16.2%	Qingdao	1	1,110,476	2,193,874
		Jinan	1	874,093	1,884,492
<b>Liaoning</b>	0.4%	Dalian	1	10,800	111,710
<b>Anhui</b>	1.2%	Hefei	3	97,200	309,299
<b>Hunan</b>	1.2%	Changsha	2	1,104,416	297,007
<b>Henan</b>	0.7%	Zhengzhou	1	84,609	173,752
<b>Xinjiang</b>	1.7%	Urumqi	2	427,167	428,240
<b>Hainan</b>	7.0%	Lingshui	1	1,991,706	1,754,910
<b>Total</b>			71	18,908,783	25,162,861

# Portfólio



## Greentown in China

 Provinces and municipalities that Greentown has presence

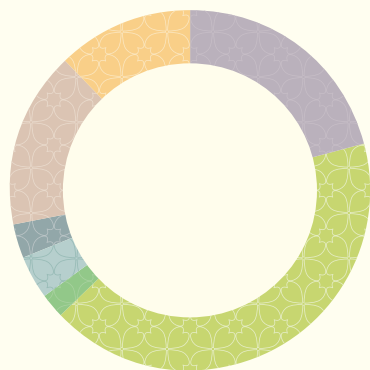


# Portfolio

An analysis by region of the Company's land bank as at 31 December 2008 (not including the projects and phases completed prior to 31 December 2008) is carried out in this section.

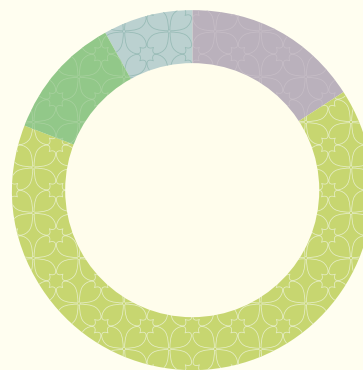
	No. of projects	Site Area (sq.m.)	Total GFA (sq.m.)
Hangzhou	23	2,823,861	5,166,247
Zhejiang (exclude Hangzhou)	26	8,470,858	10,459,764
Jiangsu	4	628,893	1,077,813
Shanghai	4	762,036	625,319
Beijing	3	522,668	680,434
Shandong	2	1,984,569	4,078,366
Liaoning	1	10,800	111,710
Other provincial cities	8	3,705,098	2,963,208
<b>Total</b>	<b>71</b>	<b>18,908,783</b>	<b>25,162,861</b>

Total GFA analysis by region:



- 20% Hangzhou
- 42% Zhejiang (exclude Hangzhou)
- 3% Shanghai
- 4% Jiangsu
- 3% Beijing
- 16% Shandong
- 12% Other provincial cities

Total GFA analysis by property type:



- 16% Low-rise
- 65% High-rise
- 11% Villa
- 8% Commercial

Portfolio



# Yangtze River Delta Region

Hangzhou Majestic Mansion



Hangzhou New Green Garden



Hangzhou Lijiang Apartment



# Portfolio



# Portfolio



Property projects	Type	Interest attributable to us	Site Area (sq.m.)	Total GFA (sq.m.)
1 Hangzhou Lijiang Apartment	High-rise apartment	100%	100,809	326,381
2 Hangzhou Jiuxi Rose Garden	Hotel	100%	18,351	5,623
3 Hangzhou Sky Blue Apartment	High-rise apartment	95.5%	17,501	59,553
4 Hangzhou Yulan Apartment	High-rise apartment	95.5%	15,486	62,789
5 Hangzhou Blue Patio	Integrated community	85%	356,432	655,991
6 Hangzhou Blue Sapphire Mansion	Hotel, high-rise apartment	60%	84,255	411,353
7 Hangzhou Future World Project	Townhouse	51%	223,654	83,500
8 Hangzhou Baochulu Project	High-rise apartment	100%	25,041	69,690
9 Hangzhou Taohuayuan South	Villa	51%	537,999	199,055
10 Hangzhou Hangqifa Project	Hotel, commercial, high-rise apartment	50%	104,070	446,503
11 Hangzhou Tulip Bank	High-rise apartment	50%	98,503	193,770
12 Hangzhou New Green Garden	High-rise apartment	50%	27,666	113,848
13 Hangzhou Xiaoshan Project	High-rise apartment	50%	51,175	108,480
14 Hangzhou Hope Town	Integrated community	45%	653,066	1,151,824
15 Hangzhou Majestic Mansion	Low-rise apartment	45%	51,062	77,567
16 Hangzhou Xingqiao Purple Osmanthus Apartment	Low-rise and high-rise apartment	35%	75,776	135,291
17 Hangzhou Ziwei Apartment	High-rise apartment	35%	57,666	116,466
18 Hangzhou Taohuayuan Jinlan Garden	Townhouse	26%	14,871	4,500
19 Hangzhou Jiangcun Lot No. 1-2	High-rise apartment	50%	89,534	247,492
20 Hangzhou Jiangcun Lot No. 10	High-rise apartment	50%	61,461	154,935
21 Hangzhou Jiangcun Lot No. 7	High-rise apartment	49%	62,972	175,077
22 Linping Renmin Road Project	High-rise apartment	100%	78,386	302,290
23 Hangzhou Dadou Road Project	High-rise apartment	30%	18,125	64,269
Total			2,823,861	5,166,247



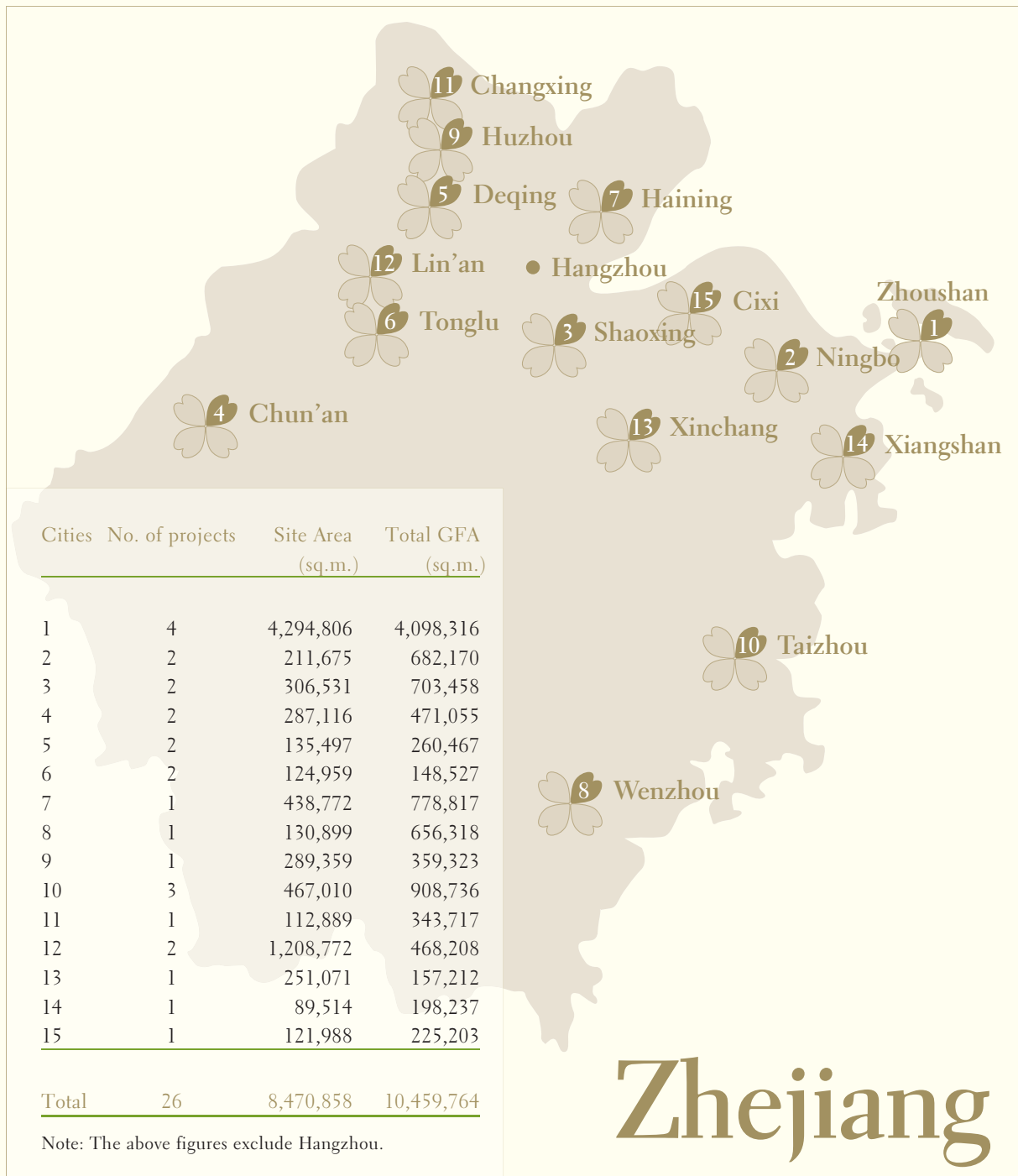
# Portfolio

## Schedule for completion of projects at Hangzhou:

Property projects	Total GFA (sq.m.)	Saleable Area (sq.m.)	Area sold as of end of 2008 (sq.m.)	Historical average selling price (Rmb/sq.m.)	Present/ Estimated selling price (Rmb/sq.m.)
2009					
Hangzhou Blue Patio Phase 2	99,270	70,159	38,280	8,089	8,357
Hangzhou Hope Town (Commercial centre and kindergarten)	58,284	-	-	-	-
Hangzhou Hope Town Phase 5-1	47,496	36,365	25,819	10,027	10,542
Hangzhou Hope Town Phase 7-1	42,200	25,808	3,297	12,400	11,840
Hangzhou Majestic Mansion	77,567	57,307	42,994	Mansion33,596 Single Apartment20,614	Mansion32,989 Single Apartment19,631
Hangzhou Jiuxi Rose Garden Part 3	5,623	-	-	-	-
Hangzhou Lijiang Apartment Phase 1	177,581	135,371	68,231	14,745	13,000
Hangzhou Tulip Bank Block 3	20,050	11,873	8,767	8,314	10,070
Hangzhou New Green Garden Phase 1 (Partial)	90,730	57,670	55,207	25,500	26,400
Hangzhou Taohuayuan South Lot F	25,351	19,581	4,217	40,054	40,636
Hangzhou Taohuayuan South (Low-rise Apartment)	17,343	16,325	6,994	5,183	5,015
<b>Total</b>	<b>661,495</b>	<b>430,459</b>	<b>253,806</b>	<b>-</b>	<b>-</b>
2010					
Hangzhou Sky Blue Apartment Phase 1	59,553	43,233	38,684	Apartment25,210 Retail Spaces38,460	Apartment29,281 Retail Spaces39,146
Hangzhou Yulan Apartment Phase 1	62,789	42,809	31,817	15,806	18,881
Hangzhou Blue Patio Phase 3	100,611	73,925	4,680	5,734	7,000
Hangzhou Xingqiao Purple Osmanthus Apartment Phase 1	65,354	46,884	To be launched	-	-
Hangzhou Hope Town Phase 5-2	51,342	33,769	297	10,478	9,968
Hangzhou Tulip Bank Phase 2	173,720	112,160	22,186	Apartment10,036 Townhouse19,224	Apartment10,395 Townhouse23,524
Hangzhou Ziwei Apartment Residence (High-rise)	102,128	83,771	41,534	9,487	9,748
Hangzhou Ziwei Apartment Facilities (School)	14,338	-	-	-	-
Hangzhou Future World Project Phase 1	18,000	10,000	To be launched	-	-
Hangzhou Future World Project Phase 2	27,000	18,039	To be launched	-	-
Hangzhou Future World Project Phase 3	23,000	13,800	To be launched	-	-
Hangzhou Future World Project Phase 4	11,500	7,000	To be launched	-	-
Hangzhou Future World Project (Hotel)	4,000	-	-	-	-
Hangzhou Taohuayuan South E1	8,750	6,250	To be launched	-	-
Hangzhou Taohuayuan South G	18,038	12,265	7,161	30,872	33,424
Hangzhou Taohuayuan South E2	22,892	14,576	To be launched	-	-
Hangzhou New Green Garden Phase 1 Remaining	23,118	22,117	14,725	27,823	26,192
<b>Total</b>	<b>786,133</b>	<b>540,598</b>	<b>161,085</b>	<b>-</b>	<b>-</b>
Beyond 2010	3,718,619	2,560,243	-	-	-



# Portfolio





# Portfolio

Wenzhou Lucheng Plaza



# Portfolio



## Schedule for completion of projects at Zhejiang (excluding Hangzhou):

Property projects	Interest attributable to us	Total GFA (sq.m.)	Saleable Area (sq.m.)	Area sold as of end of 2008 (sq.m.)	Historical average selling price (Rmb/sq.m.)	Present selling price (Rmb/sq.m.)
2009						
Xinchang Rose Garden (hotel main building)	80%	37,657	-	-	-	-
Xinchang Rose Garden (staff dormitory)	80%	-	-	-	-	-
Xinchang Rose Garden (entertainment centre)	80%	13,007	-	-	-	-
Xinchang Rose Garden (hotel villa)	80%	-	-	-	-	-
Haining Lily New Town High-rise Phase 1	50%	77,632	61,201	55,983	Apartment 4,455 Retail spaces 11,115	Apartment 5,741 Retail spaces sold out
Haining Lily New Town Villa Phase 4	50%	57,274	40,807	20,541	19,207	18,554
Chun'an 1000-Island Lake Resort Condo Phase 1 Block 1	80%	49,003	36,629	26,885	17,896	20,187
Tonglu Sweet Osmanthus Garden Phase 2	100%	102,865	80,754	10,422	6,181	5,510
Tonglu Rose Garden	51%	16,229	11,912	To be launched	-	-
Deqing Sweet Osmanthus Town Phase 2	46.6%	120,353	97,237	19,907	5,866	5,729
<b>Total</b>	<b>-</b>	<b>474,020</b>	<b>328,540</b>	<b>133,738</b>	<b>-</b>	<b>-</b>
2010						
Xinchang Rose Garden Phase 1A	80%	57,733	51,565	7,576	Flat mansion 6,739 Villa with a small garden 11,051 Separate villa 1,565	Flat mansion 6,926 Villa with a small garden 12,419 Separate villa 12,288
Xinchang Rose Garden Phase 1B	80%	32,652	31,289	To be launched	-	-
Ningbo Crown Garden Phase 2 (High-rise)	60%	188,833	132,414	To be launched	-	-
Shaoxing Jada Garden 1	51%	23,554	14,528	To be launched	-	-
Shaoxing Jada Garden 2	51%	40,640	27,931	To be launched	-	-
Shaoxing Jada Garden 3	51%	13,030	9,500	To be launched	-	-
Haining Lily New Town Villa Phase 5	50%	24,767	17,535	To be launched	-	-
Haining Lily New Town High-rise Phase 2	50%	71,377	53,270	14,327	5,952	5,253
Huzhou Majestic Mansion Phase 1	70%	101,662	56,860	To be launched	-	-
Chun'an 1000-Island Lake Resort Condo (hotel)	80%	92,608	-	-	-	-
Tonglu Sweet Osmanthus Garden Phase 3	100%	29,433	19,774	To be launched	-	-
Lin'an Qingshan Lake Rose Garden Phase 1	50%	57,149	30,907	17,473	18,954	17,155
Deqing Lily Apartment Phase 2	24.5%	140,114	108,122	8,080	5,745	5,858
Changxing Plaza Phase 1 (High-rise)	51%	94,239	74,535	2,462	Apartment 5,855 Retail spaces 28,320	Apartment 6,564 Retail spaces 19,381
Xiangshan Lily Apartment	50%	198,237	133,179	7,732	9,326	9,401
Chun'an 1000-Island Lake Resort Condo Phase 1 remaining	80%	15,678	13,215	1,594	26,308	22,831
<b>Total</b>	<b>-</b>	<b>1,181,706</b>	<b>774,624</b>	<b>59,243</b>	<b>-</b>	<b>-</b>
Beyond 2010	-	8,804,038	5,882,928	-	-	-



# Portfolio

 Chun'an 1000-Island Lake Resort Condo



 Xinchang Rose Garden

# Portfolio



## Jiangsu

Property projects	Type	Interest attributable to us	Site Area (sq.m.)	Total GFA (sq.m.)
1 Nantong Yulan Apartment	High-rise apartment	75%	76,261	173,710
2 Wuxi Taihu New City Project	High-rise apartment, commercial	85%	180,826	591,320
3 Nantong Rudong Hupanju	Low-rise and high-rise apartment	50%	132,365	227,614
4 Nanjing Rose Garden	Villa	70%	239,441	85,169
Total			628,893	1,077,813



 Nanjing Rose Garden



# Portfolio

## Schedule for completion of projects at Jiangsu:

Property projects	Total GFA (sq.m.)	Saleable Area (sq.m.)	Area sold as of end of 2008 (sq.m.)	Historical average selling price (Rmb/sq.m.)	Present selling price (Rmb/sq.m.)
2009 Nantong Rudong Hupanju Phase 2	46,557	28,892	18,175	Apartment 3,124 Retail spaces 6,997	Apartment 3,195 Retail spaces 5,104
Nantong Rudong Hupanju Phase 3-1	31,373	23,803	5,875	3,618	3,839
Nanjing Rose Garden (Clubhouse)	4,475	-	-	-	-
<b>Total</b>	<b>82,405</b>	<b>52,695</b>	<b>24,050</b>	<b>-</b>	<b>-</b>
2010 Nantong Yulan Apartment Phase 1	52,791	41,008	-	9,500	9,500
Nantong Rudong Hupanju Phase 3-2	44,681	32,479	116	3,450	3,700
Nanjing Rose Garden Phase 2	22,250	16,210	To be launched	-	-
<b>Total</b>	<b>119,722</b>	<b>89,697</b>	<b>116</b>	<b>-</b>	<b>-</b>
Beyond 2010	875,686	607,862	-	-	-



 Nanjing Rose Garden

# Portfolio



Property projects	Type	Interest attributable to us	Site Area (sq.m.)	Total GFA (sq.m.)
1 Shanghai Rose Garden	Villa	100.0%	634,681	188,311
2 Shanghai Bund House*	High-rise apartment	51.0%	63,360	255,349
3 Shanghai East Sea Plaza	Office	49.0%	4,741	38,117
4 Shanghai Xinjiangwan City Project	High-rise apartment	100.0%	59,254	143,542
Total			762,036	625,319

\* Note: Formerly known as Shanghai Dongjiadu Project



# Portfolio

## Schedule for completion of projects at Shanghai:

Property projects	Total GFA (sq.m.)	Saleable Area (sq.m.)	Area sold as of end of 2008 (sq.m.)	Historical average selling price (Rmb/sq.m.)	Present selling price (Rmb/sq.m.)
2009 Shanghai Rose Garden Phase 2-1	34,677	21,483	5,359	46,201	46,629
2010 Shanghai Rose Garden Phase 2-2	12,149	7,534	To be launched	-	-
Beyond 2010	578,493	362,714	-	-	-



☺ Shanghai Bund House



# Portfolio



 Shanghai Rose Garden



# Portfolio

## Bohai Rim Region



Property projects	Type	Interest attributable to us	Site Area (sq.m.)	Total GFA (sq.m.)
1	Beijing Majestic Mansion	Flat mansion	323,010	307,464
2	Beijing Lily Apartment	Integrated community	167,430	268,550
3	Beijing Nanshatan Project	High-rise apartment	32,228	104,420
Total			522,668	680,434

# Portfolio



## Beijing Majestic Mansion



### Schedule for completion of projects at Beijing:

Property projects	Total GFA (sq.m.)	Saleable Area (sq.m.)	Area sold as of end of 2008 (sq.m.)	Historical average selling price (Rmb/sq.m.)	Present selling price (Rmb/sq.m.)
2009					
Beijing Lily Apartment Phase 6	52,177	38,868	26,854	Apartment 6,279 Retail spaces 9,806	Apartment 6,882 Retail spaces 9,804
Beijing Lily Apartment (School and kindergarten)	13,341	-	-	-	-
Beijing Majestic Mansion Phase 1 Block 1 and Phase 2 (west clubhouse)	14,397	2,770	2,420	42,202	sold out
<b>Total</b>	<b>79,915</b>	<b>41,638</b>	<b>29,274</b>	<b>-</b>	<b>-</b>
2010					
Beijing Lily Apartment Phase 7	57,449	38,639	2,442	7,146	7,163
Beijing Lily Apartment Phase 8	54,191	42,737	4,319	6,200	6,422
Beijing Majestic Mansion Phase 2 (Partial)	62,040	43,239	To be launched	-	-
Beijing Nanshatan Project Phase 1	19,192	-	To be launched	-	-
<b>Total</b>	<b>192,872</b>	<b>124,615</b>	<b>6,761</b>	<b>-</b>	<b>-</b>
Beyond 2010	407,647	284,732	-	-	-



# Portfolio

Beijing Lily Apartment



Beijing Majestic Mansion

# Portfolio



## Jinan National Games Project



## Qingdao, Jinan and Dalian

Property projects	Type	Interest attributable to us	Site Area (sq.m.)	Total GFA (sq.m.)
1 Qingdao Ideal City	Large-scale community	80%	1,110,476	2,193,874
2 Jinan National Games Project	Large-scale community	45%	874,093	1,884,492
3 Dalian Project	High-rise apartment	100%	10,800	111,710
Total			1,995,369	4,190,076



# Portfolio

## Schedule for completion of projects at Bohai Rim region:

Property projects	Total GFA (sq.m.)	Saleable Area (sq.m.)	Area sold as of end of 2008 (sq.m.)	Historical average selling price (Rmb/sq.m.)	Present selling price (Rmb/sq.m.)
2009 Qingdao Ideal City Phase 1	237,944	173,914	74,232	Low-rise 6,624 High-rise 5,642	Low-rise 7,065 High-rise 6,131
Jinan National Games Project (hotel)	79,523	-	-	Retail spaces 11,251	Retail spaces 10,930
Total	317,467	173,914	74,232	-	-
2010 Jinan National Games Project (Serviced Apartment)	138,336	98,510	-	-	-
Jinan National Games Project Phase 1	562,513	370,174	25,819	Low-rise 8,273 High-rise 7,791	Low-rise 8,094 High-rise 7,806
Total	700,849	468,684	25,819	-	-
Beyond 2010	3,171,760	2,253,949	-	-	-



 Qingdao Ideal City



## Other provincial cities

### Hefei Sweet Osmanthus Garden



	Property projects	Type	Interest attributable to us	Site Area (sq.m.)	Total GFA (sq.m.)
1	Hefei Sweet Osmanthus Garden	High-rise apartment	90%	21,568	53,541
2	Hefei Lily Apartment	High-rise apartment	70.2%	16,952	46,462
3	Hefei Yulan Apartment	High-rise apartment	70.2%	58,680	209,296
4	Hainan Lingshui Project	Villa, low-rise and high-rise apartment	51%	1,991,706	1,754,910
5	Zhengzhou Lily Apartment	Low-rise apartment	37.7%	84,609	173,752
6	Changsha Green Bamboo Garden	Villa	52.5%	1,104,416	297,007
7	Xinjiang Rose Garden	Villa	61.2%	29,760	12,662
8	Xinjiang Lily Apartment	Low-rise apartment	50%	397,407	415,578
	Total			3,705,098	2,963,208



# Portfolio

## Schedule for completion of projects at other provincial capitals:

Property projects	Total GFA (sq.m.)	Saleable Area (sq.m.)	Area sold as of end of 2008 (sq.m.)	Historical average selling price (Rmb/sq.m.)	Present selling price (Rmb/sq.m.)
2009					
Hefei Sweet Osmanthus Garden Phase 5	53,541	37,033	12,980	4,991	5,188
Hefei Lily Apartment Phase 4	46,462	35,150	14,499	5,828	6,011
Changsha Green Bamboo Garden North Phase 3	12,876	12,660	To be launched	-	-
Changsha Green Bamboo Garden South Phase 1	7,350	4,703	To be launched	-	-
Xinjiang Rose Garden Phase 4	12,662	12,662	1,063	14,328	15,665
Zhengzhou Lily Apartment Phase 3 Lot D	94,170	69,318	19,589	8,213	8,195
Zhengzhou Lily Apartment Phase 4	79,582	57,835	To be launched	-	-
<b>Total</b>	<b>306,643</b>	<b>229,361</b>	<b>48,132</b>	<b>-</b>	<b>-</b>
2010					
Hefei Yulan Apartment Phase 1	148,550	116,348	7,030	5,367	5,835
Hefei Yulan Apartment Phase 2	60,746	44,072	To be launched	-	-
Changsha Green Bamboo Garden North Phase 4	10,128	10,128	To be launched	-	-
Xinjiang Lily Apartment Phase 1	30,664	20,592	To be launched	-	-
<b>Total</b>	<b>250,088</b>	<b>191,140</b>	<b>7,030</b>	<b>-</b>	<b>-</b>
Beyond 2010	2,406,477	2,100,130	-	-	-



 Xinjiang Rose Garden



# Portfolio



🏠 Zhengzhou Lily Apartment




🏠 Hefei Lily Apartment



☺ Zhoushan Sweet Osmanthus Town





# Chairman's Statement



Dear Shareholders,

2008 was an exceptional year for the Company development history. During the year, the market fluctuated enormously and various policies were implemented. As an industry closely related to the macro-economy, the property industry went through severe changes and the Company also met difficult challenges in 2008.

The Company achieved a slightly better sales performance than 2007 amid the changing market. The reason would be that the products of the Company were recognized and loved by the market and they were good choices under the uncertain market, rather than a matter of luck. This provided more confidence for the Company to adhere to quality in its strategies.

Abrupt changes of the market may be mind-clearing to drive the Company to notice those problems easily neglected during robust market condition. Good quality implies a deep understanding and reasonable interpretation and it does not fulfilled by high cost or extravagance. Efficient cost control is the usual main focus of the Company's management. The introduction and implementation of full budget management in response to market condition will be one of the priorities of the Company's management.

Under the changing market situation, only staff and management team with firm belief and good behavior who are set to meet challenges can create outstanding results. Talented staff is always the core assets of the Company and staff development is the first priority in the management of the Company at all times. The Company's long term strategy is to be determined to turning Greentown into an academy and strengthen the training and teaching for our staff.

Looking into the new year, the market has already showed some signs of recovery. While the market is still discussing about the sustainability of the boom, we hope the new "spring" will come earlier than all of us expected. We also believe that there is solid demand for the PRC property market driven by rapid urbanization, and this unprecedented urbanization will be far more powerful than we can expect.

I should like to take this opportunity to thank the shareholders and directors for their comprehension and support and all of the staff for their hard work.

**Song Weiping**  
*Chairman*  
26 April 2009

# CEO's Review



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Dear Shareholders,

2008 was a fruitful yet challenging year for the Company and it was also a milestone year for the development history of Greentown. Since the successful listing in 2006, sales of the Company surpassed Rmb10 billion in 2007. In 2008, the Company further expanded its scale of operation and enhanced the quality of its products and services, maintaining its competitive edge in the industry in China. In addition to the successful acquisitions of numerous premium land bank in 2008, the launch of projects such as Sky Blue Apartment, Yulan Apartment, Wenzhou Lucheng Plaza, Ningbo Crown Garden, Jinan National Games Project which were acquired after listing achieved outstanding sales record. Nevertheless, as a result of the domestic and international economic slowdown, the sales in the second half of 2008 were far below expectation. Slower sales and new project financings also led to a significant increase in gearing level in 2008.

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## CEO'S REVIEW

Greentown is growing amid the challenges in this fluctuating market situation. From a private company to a public listed company, from a foothold in one city to more than 30 cities across the nation, and from Orange Osmanthus Garden to Sweet Osmanthus Garden, Taohuayuan, Lily Apartment and Rose Garden, we have been developing and growing despite difficulties and are not afraid of short term adjustment of the market. We believe that the development of our Company has been driven mainly by the continuous exploration, pursuit and practice on urban civilization, living standard, as well as property and service value, and the recognition of our products, service and brand from our customers is established by the prolonged core value of the Company. We are confident that, through self-examination and learning by the Company and the management, we will continue to gain assurance and trust from our customers and shareholders.

### I. Stable development – the major achievement and introspection in 2008

2008 was apparently an unusual year. The continuous escalation of the financial crisis led to enormous fluctuation in the global economy. While the fundamentals of the Chinese economy and its financial institutions were relatively sound, the residential market was nevertheless affected by the slackened real economy and the lowered expectation on future income of the consumers. Looking back at year 2008, the Company's operation was praiseworthy and yet there were things for regret and self-examination.

#### Achievements in this year

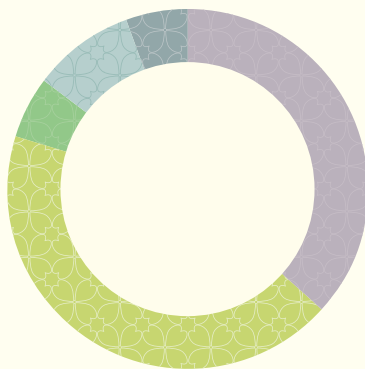
1. **Further enhancement of product and service quality.** The Company consistently focused on the combination of uniqueness of its product design, farsighted product position, innovation of products, continual operation and premium community service and adhered to quality in its development. The Company conducted special researches on topics like the second generation high-rise apartments, townhouses and villas. The luxurious decor of the Company's products was well received and the landscape design and quality was greatly enhanced, which further solidified the Company's competitive advantages of its products. In the meantime, the "Premium Community Service System" was implemented in the Company comprehensively. This system organized premium resources in the community, and provided one-stop services of living, health and education to the residents. This added value and competitiveness to Greentown's products.

# CEO'S REVIEW

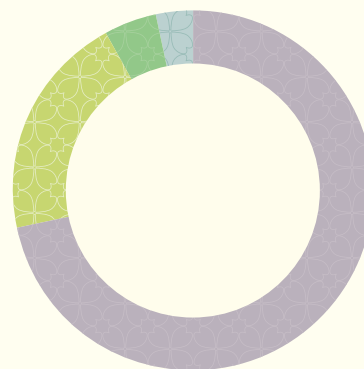


2. **Outstanding sales.** In 2008, the sales/pre-sales were approximately Rmb15.2 billion, of which sales/pre-sales attributable to the Company were approximately Rmb10.2 billion, a record high for the Company. For regional sales, the sold area and sales of Hangzhou were 340,000 sq.m. and Rmb5.6 billion and the sold area and sales of other regions in Zhejiang were 570,000 sq.m. and Rmb6.5 billion, which accounted for 37% and 43% of the total sales revenue of the Company in 2008 respectively. The overall pre-sales rate of projects in Zhejiang reached 57%, of which the overall pre-sales rates of projects such as Hangzhou Sky Blue Apartment, Hangzhou Yulan Apartment and Ningbo Crown Garden were more than 80%, further strengthening the brand effect and market share of the Company in Zhejiang market.

## Sales breakdown in 2008



- 37% Hangzhou
- 43% Zhejiang (exclude Hangzhou)
- 5% Other cities in the Yangtze River Delta Region
- 9% Major cities in the Bohai Rim Region
- 6% Other provincial cities in the central and western part



- 72% Apartment
- 20% Villa
- 5% Office
- 3% Shop



## CEO'S REVIEW

- Reasonable adjustment of development scale.** In view of the slackened property market, the Company began to reduce the newly commenced projects in the third quarter of 2008. In 2008, the newly commenced projects amounted to 3 million sq.m., representing a decrease of 22% from 3.86 million sq.m. in 2007. To reserve cash flow, after considering the near and medium term cash flow generation capability of each project, the Company adjusted the pace of development of its projects, resulting in a reduction in the newly commenced projects. As at the end of 2008, the number of projects under development amounted to 47 and the area under development was 6.31 million sq.m., representing an increase of 17% from the same period of 2007.
- Strengthened cooperation strategy.** The project development cooperation strategy based on the principle of “complementary edges for a win-win situation” was further enhanced. Further to the previous successful cooperation, in 2008, the Company joined hands again with strategic partners including Zhejiang Daily Group, Zhejiang Energy Group, Zhejiang Provincial Railway Investment Group, China CYTS Tours Holding and Xizi Elevator Group to expand the property market. Among the newly added land bank in 2008, 12 projects with 3.87 million sq.m. were acquired through cooperation, representing 90% of the newly added land bank in 2008.

### Introspection

- Increase of land bank led to high gearing level.** In 2008, the Company acquired 14 projects by cooperation and acquisitions and the newly added total GFA was 4.28 million sq.m., of which 2.41 million sq.m. was attributable to the Company. As at the end of 2008, the Company had 71 projects under development or to be developed, with a total GFA of 25.16 million sq.m., representing an increase of 13% over last year. Total land bank attributable to the Company was 15.29 million, an increase of 12% over last year. The acquisition of premium land was beneficial to the further development and national expansion of the Company, but excess land bank would reduce the overall liquidity of the Company during market downturns. In addition, the increase of bank finance for new projects resulted in the increase of gearing ratio (net liabilities over net assets) from 88% as at 31 December 2007 to 140% in 2008.
- Supervision of projects needed to be strengthened.** In 2008, 7 projects or phrases of projects with a total GFA of 270,000 sq.m. did not complete on time. The delay in completion of projects resulted in a decrease of 7% of completed area in 2008 than those disclosed in 2007 annual report, which affected the results in the financial year of 2008 to a certain extent. There is an urgent need to strengthen the supervision and management on projects in order to ensure that projects will be developed and completed in a timely manner.



# CEO'S REVIEW



## 2. Future prospects and analysis – the main strategy for 2009

The continual spread of the global financial crisis in 2008 changed the domestic economic situation significantly. The fluctuations of the mainland property market brought severe challenges for the development of the Company. Nevertheless, the stimulus policies and a series of important measures implemented by the PRC government from the fourth quarter of 2008 have resulted in some signs of recovery in China's economy.

While we are confident on the long term development of the PRC property market given the recovery of China's economy and rapid urbanization, we believe that 2009 will still be a challenging year. The existing global financial crisis imposed uncertainties to the full recovery of China's economy and the property market may undergo further adjustment. The Company, however, is determined and confident of meeting challenges in 2009 with sound enforcement of considered plans to enhance efficiency and effectiveness.

Based on our market analysis, we are continuous on the business of each of the Company's project companies. It is estimated that the newly commenced project will be 2.14 million sq.m., representing a decrease of 29% over 2008, and the total completed GFA will be 1.96 million sq.m.. The overall development progress will be appropriately adjusted according to the property market condition and we will focus on the following:

1. **Strengthen human resources management and cultivate corporate culture.** The Company firmly believes that "human resources is the Company's first product" and it is a crucial factor for the overall quality of the Company. The Company strives to establish a corporation of learning and turn Greentown into an academy, which greatly enhances the behavior, skill and quality of the staff. It will also further cultivate corporate culture which combines the enhancement of corporate culture with inherent value of staff to provide a foundation for the development of the Company.
2. **Centurion Product Quality Enhancement Strategy.** The Company will put great efforts in the continuous enhancement of the quality of its products and services, optimization of the quality edges and brand value to create a product that represents a combination of basic, beauty, lifestyle service and wealth.
3. **Reinforce sales effort.** At the beginning of 2009, the saleable area of the Company amounted to 1.12 million sq.m. and the newly added saleable area in 2009 is estimated to be 1.98 million sq.m.. Premium projects/phases of projects situated in the core area of various cities including Hangzhou Blue Sapphire Mansion, Shanghai Bund House, Wenzhou Lucheng Plaza, Beijing Majestic Mansion and Jinan National Games Project will be launched for the first time in 2009. The Company will fully capitalized on the value of its products and adopt flexible marketing and reasonable pricing strategies in order to maximize sales.



## CEO'S REVIEW

### Available saleable GFA in 2009

*Unit: sq.m.*

City	Available saleable GFA at the beginning of 2009	Newly added saleable GFA in 2009	Total available saleable GFA in 2009
Hangzhou	289,835	535,044	824,879
Zhejiang (exclude Hangzhou)	384,075	1,003,334	1,387,409
Jiangsu	91,483	85,742	177,225
Shanghai	21,441	57,051	78,492
Beijing	21,623	67,568	89,191
Other cities	315,355	233,644	548,999
<b>Total</b>	<b>1,123,812</b>	<b>1,982,383</b>	<b>3,106,195</b>

- Strengthen the management of projects and improve asset turnover.** The Company will adhere to the target of “enhancing the management standard” to implement full budget management, strengthen cost analysis and control on project planning and design to reduce project management cost and increase the profitability of products. At the same time, the Company will implement a model-driven and standardization strategy on product development to shorten the cycle of project development. It will also reasonably adjust the scale and development speed of project under development to improve the efficiency of asset management.
- Improve financial management and optimize capital structure.** The Company will strengthen cash flow management and assess the cash flow management of the group companies and project companies to enhance financial management. The Company will continue to strengthen financial management and increase financing channels to further improve the gearing level. By setting reasonable price and accelerating sales pace, slowing down land addition and reducing cash outflow, the Company will actively manage its liabilities to achieve the optimization of overall capital structure and enhance the risk management of the Company.

## CEO'S REVIEW



In 2009, the Company will maintain its core value and core capabilities to implement full budget management, optimize resources allocation and enhance asset structure. By leveraging on quality products, services and solid financial performance, it will gain recognition from the customers and markets and improve competitiveness to realize an all-winning situation for the Company, shareholders, partners and its staff.

I would like to take this opportunity to thank our shareholders and directors for their continual support, comprehension and trust for the Company during the fluctuating market in 2008. I would also like to thank all the employees for their hard work during the year.

**Shou Bainian**

*Chief Executive Officer*

26 April 2009







# Management Discussion and Analysis

## Business Review

During the previous year, the Group adhered to the rationale of “Creating Beauty for the City and Creating Value for Customers” and committed to create a civilized, harmonious, warm and elegant living culture. Based on the mindset of honest, kindhearted, delicate and perfect corporate, there has been a continuous enhancement in product and service quality. Key performance of the reporting period is as follows:

## Project Development

The Company responded to the market condition and adjusted the progress and scale according to the actual situation of every project. Besides, the Company fully leveraged on its existing mature product series and its experienced management team to shorten project development cycle. 38 projects or phases of projects had commenced construction. The GFA of newly commenced projects amounted to 3.00 million sq.m., a decrease of 22% over the same period last year.

As at 31 December 2008, the Group had 47 projects under development. The total GFA amounted to 6.31 million sq.m..


The Company had completed 30 projects or phases of projects. Total GFA completed amounted to 2.07 million sq.m., an increase of 29% over the same period last year. Completed saleable area amounted to 1.56 million sq.m., of which 87%, representing 1.35 million sq.m., has been sold before December 2008. The remaining 0.21 million sq.m. of completed properties for sale include 30,000 sq.m. of commercial facilities that have not launched for sale.

# Management Discussion and Analysis



## Schedule of property projects completed during 2008

	Region	Project	Phases	Interest attributable to us	Total GFA (sq.m.)	Saleable area (sq.m.)	Sold area as of the end of 2008 (sq.m.)
Subsidiaries	Hangzhou	Hangzhou Taohuayuan South	Phase 1 C	51%	34,800	23,495	23,109
	Hangzhou	Hangzhou Taohuayuan South	Phase 1 D2	51%	4,500	4,300	3,010
	Hangzhou	Hangzhou Taohuayuan Shijinyuan		100%	3,000	2,948	2,036
	Hangzhou	Hangzhou Blue Patio	Phase 1	85%	117,768	80,055	74,280
	Zhejiang	Zhoushan Rose Garden		100%	6,786	4,079	3,521
	Zhejiang	Ningbo R&D Park	Phase 1	60%	216,302	155,017	149,266
	Zhejiang	Ningbo Crown Garden	Phase 1	60%	194,366	132,604	121,507
	Zhejiang	Tonglu Sweet Osmanthus Garden	Phase 1	100%	22,988	16,221	10,987
	Zhejiang	Zhoushan Sweet Osmanthus Town	Phase 2	100%	211,569	165,335	119,815
	Shanghai	Shanghai Rose Garden	Phase 1(Partial)	100%	32,734	19,384	15,494
	Beijing	Beijing Lily Apartment	Phase 5	80%	42,293	34,930	34,930
	Jiangsu	Nanjing Rose Garden	Phase 1	70%	29,631	21,590	17,506
	Anhui	Hefei Lily Apartment	Phase 1(Partial)	70.2%	2,273	2,273	
	Anhui	Hefei Lily Apartment	Phase 3	70.2%	100,256	78,480	75,093
	Anhui	Hefei Sweet Osmanthus Garden	Phase 4	90%	56,948	45,411	43,364
	Hunan	Changsha Sweet Osmanthus Town	Phase 3	51%	96,394	75,563	52,876
	Hunan	Changsha Green Bamboo Garden	North Phase 2 (Partial)	52.5%	15,789	15,789	2,732
	Xinjiang	Xinjiang Rose Garden	Phase 3	61.2%	18,874	18,874	11,186
	Sub-total					1,207,271	896,348



# Management Discussion and Analysis

## Schedule of property projects completed during 2008 (continued)

	Region	Project	Phases	Interest attributable to us	Total GFA (sq.m.)	Saleable area (sq.m.)	Sold area as of the end of 2008 (sq.m.)
Associates	Hangzhou	Hangzhou Hope Town	Phase 2	45%	32,902	20,945	20,945
	Hangzhou	Hangzhou Hope Town	Phase 3	45%	125,837	90,512	86,517
	Hangzhou	Hangzhou Tulip Bank	Phase 1	50%	114,619	99,873	97,688
	Zhejiang	Haining Lily New City	Low-rise Phase 4	50%	65,736	40,729	40,639
	Zhejiang	Haining Lily New City	Commercial facilities	50%	30,749	8,599	
	Zhejiang	Haining Lily New City	Villa Phase 2	50%	30,313	30,061	28,594
	Zhejiang	Haining Lily New City	Villa Phase 3	50%	18,999	18,999	18,999
	Zhejiang	Deqing Sweet Osmanthus Town	Phase 1(Partial)	46.6%	45,350	38,976	32,976
	Zhejiang	Ningbo Green Garden		50%	137,961	99,953	62,919
	Zhejiang	Ningbo Sweet Osmanthus Garden	Phase 2	60%	60,478	49,034	48,869
	Shanghai	Shanghai East Sea Plaza	Phase 1	49%	81,247	71,667	71,667
	Jiangsu	Nantong Rudong Hupanju	Phase 1	50%	39,153	32,630	25,997
	Henan	Zhengzhou Lily Apartment	Phase 3 C	37.7%	80,047	59,414	55,913
	Sub-total					863,391	661,392
Total					2,070,662	1,557,740	1,352,433

## Property Sales

During the reporting period, a total of 1.23 million sq.m. had been sold/pre-sold for the year. The sold/pre-sold amount was approximately Rmb15.2 billion, which was about the same as last year, of which the sold/pre-sold amount of Hangzhou was Rmb5.6 billion, representing 37% of the total amount and a slight increase over the same period last year; the sold/pre-sold amount of Zhejiang (excluding Hangzhou) was Rmb6.5 billion, representing 43% of the total amount and an increase of 56% over the same period last year, further consolidating the strategic position in Zhejiang among the national presence of the Company. The area sold/pre-sold attributable to the Company was approximately 800,000 sq.m. and the sold/pre-sold amount was approximately Rmb10.2 billion. The average price of property was Rmb11,910/sq.m., of which the average price of apartment and villa was Rmb11,168/sq.m. and Rmb23,877/sq.m. respectively.

The Company fully implemented its “Product Quality Refining Strategy” in every aspect. The quality in property projects and the impact of the Company’s brand continued to enhance. Through means sales tactics such as live view demonstration and field preview and marketing, the Company ensured the outstanding competitiveness of its products in the market. As of 31 December 2008, the proportion of area completed in 2008 and 2009 for sale/pre-sale was approximately 87% and 44% respectively.



# Management Discussion and Analysis



## Land Bank

In 2008, leveraging on its products, services and brand effect, the Company prudently looked for opportunities and strengthened the cooperation with prestigious corporations such as the Zhejiang Daily Group, Zhejiang Energy Group, Zhejiang Provincial Railway Investment Group, China CYTS Tours Holding and Xizi Group which have strong financial position and reputable brands. Jointly with those corporations, the Company acquired quality projects in Jiangcun Lot, Cixi Project and Taizhou West Business area Lot C2 and shared resources to better control financial risk and increase returns. The Company consistently placed emphasis on the market of Zhejiang Province, which has enjoyed very high brand name effect, with a focus on Hangzhou and devoted to develop major cities in Yangtze River Delta region.

During the reporting period, the Company expanded into 4 cities, namely Xiangshan, Cixi in Zhejiang, Lingshui in Hainan, and Dalian in Liaoning. The number of new projects amounted to 14, of which 12 projects were acquired with other partners. Site area of land bank added amounted to approximately 3.16 million sq.m., and total GFA to be built on the land bank added amounted to 4.28 million sq.m, of which 2.41 million sq.m. attributable to the Company. The newly added land bank further consolidated our foundation for the expansion towards the whole country and our sustainable development.



# Management Discussion and Analysis

Means of acquiring the property	Region	Project	Site area (sq.m.)	Total GFA (sq.m.)	Interest attributable to us
Participation of auction and tender in open market	Hangzhou	Hangzhou Jiangcun Lot No. 1-2	89,534	247,492	50%
	Hangzhou	Hangzhou Jiangcun Lot No. 7	62,972	175,077	49%
	Hangzhou	Hangzhou Jiangcun Lot No. 10	61,461	154,935	50%
	Hangzhou	Linping Renmin Road Project	78,386	302,290	100%
	Zhejiang	Xiangshan Lily Apartment	89,514	198,237	50%
	Zhejiang	Cixi Project	121,988	225,203	49%
	Zhejiang	Taizhou West Business area Lot C2	32,101	120,347	40%
	Zhejiang	Zhoushan Daishan Duigangdao	142,800	269,700	60%
	Zhejiang	Lin'an Shilin Road South Lot No. 1,2,3	138,930	178,059	50%
	Beijing	Beijing Nanshatan Project	32,228	104,420	50%
	Hainan	Hainan Lingshui Project	1,991,706	1,754,910	51%
	Liaoning	Dalian Project	10,800	111,710	100%
Sub-total			2,852,420	3,842,380	
Acquisition of equity interests	Hangzhou	Hangzhou Dadou Road Project	18,125	64,269	30%
	Zhejiang	Taizhou Luqiao Project	294,240	376,611	60%
Sub-total			312,365	440,880	
Total			3,164,785	4,283,260	



# Management Discussion and Analysis

As at 31 December 2008, the Group has entered into 29 cities and has 71 projects in progress and to be commenced. Total GFA of land bank increased to 25.16 million sq.m. from 22.22 million sq.m. as at 31 December 2007, with GFA attributable to the Company amounted to 15.29 million sq.m.. There were 23 projects in progress/to be commenced in Hangzhou with total GFA of 5.17 million sq.m. and there were 26 projects in progress/to be commenced in Zhejiang (excluding Hangzhou) with total GFA of 10.46 million sq.m., adding up to 62% of total land bank. Looking ahead, the Company aimed at developing the existing land bank which is sufficient to satisfy the demand of the Company in the following 5 years.


## Financial Analysis

### Revenue

Revenue consists of revenue from sales of properties, sales of construction materials, computer system design and installation and hotel operations. Our revenue increased by 15.6% to Rmb6,635 million in 2008 from Rmb5,739 million in 2007. Revenue from property sales represented 98.8% of our revenue in 2008. Property sales increased by 15.2% to Rmb6,553 million in 2008 from Rmb5,690 million in 2007. The GFA of sales recognized in the accounts decreased by 35.7% to 884,918 square meters in 2008 from 652,158 square meters in 2007. The average selling price per square meter for the properties sold decreased by 15.1% to Rmb7,404 in 2008 from Rmb8,725 in 2007.

Six projects by the Group's subsidiaries with a total GFA of 194,555 square meters were not completed as scheduled in the plan announced at the beginning of 2008. These projects were Taohuayuan South Phase 2 Lot F, Shanghai Rose Garden Phase 2 and Changsha Green Bamboo Garden North Phase 2 (partial), which were affected by the slowdown of construction progress due to adjustments in sales plan; Beijing Majestic Mansion Phase 1 (partial), which was affected by the delay of urban facilities outside the project; and Qingdao Ideal City Phase 1 (partial) and Hangzhou Jiuxi Rose Garden Part 3, which were affected by a delay and adjustment in construction progress, respectively.

Property sales in 2008 were mainly derived from projects in Ningbo, Hangzhou, Zhoushan and Anhui. Sales derived from projects in Ningbo reached Rmb2,003 million, representing 30.6% of total property sales and ranked top in proportion of property sales. Property sales derived from projects in Hangzhou, Zhoushan and Anhui in 2008 ranked second, third and fourth, respectively, representing 19.9%, 11.9% and 10.1%, respectively, of total property sales in 2008. Compared to 2007, our property sales increased in 2008 mainly because we delivered more projects in 2008, especially in Ningbo. Our average selling price per square meter decreased in 2008 mainly because we sold more projects in Ningbo, Zhoushan and Anhui in 2008, compared to 2007 when we sold more projects in Shanghai (32.9% of our 2007 revenue) and Beijing (represented 21.2% of our 2007 revenue), which yield higher property prices due to geographical advantages and full capitalization of the Greentown brand in these regions. Additionally, we sold less villas, which have higher selling price per square meter than other properties, in 2008 which contributed to the decrease of our average selling price per square meter in 2008. As a percentage of revenue, our sales from villas decreased from 38.1% in 2007 to 30.7% in 2008. Set out below is a table that illustrates the saleable area, revenue, and interest attributable to the Group.



# Management Discussion and Analysis

Project	Saleable Area (sq.m.)	Revenue Rmb million	Interest attributable to the Group
<b>Hangzhou</b>			
Taohuayuan South	36,030	680	51%
Blue Patio	76,470	392	85%
Taohuayuan West	3,113	85	100%
Chunjiang Huayue	4,006	64	100%
Tonglu Sweet Osmanthus Garden	9,510	63	100%
Others	732	23	
	129,861	1,307	
<b>Zhejiang Province Region (excluding Hangzhou)</b>			
Ningbo Crown Garden	123,393	1,181	60%
Ningbo R&D Park	179,255	822	60%
Zhoushan Osmanthus Town	122,818	780	100%
Shangyu Osmanthus Garden	2,493	10	51%
	427,959	2,793	
<b>Anhui</b>			
Hefei Sweet Osmanthus Garden	50,622	220	90%
Hefei Lily Apartment	86,405	444	70%
	137,027	664	
<b>Shanghai</b>			
Shanghai Rose Garden	25,492	542	100%
Shanghai Greentown	7,344	62	100%
	32,836	604	
<b>Hunan</b>			
Changsha Sweet Osmanthus Town	75,126	340	51%
Changsha Green Bamboo Garden	11,661	167	52%
	86,787	507	
<b>Jiangsu</b>			
Nanjing Rose Garden	24,122	300	70%
<b>Beijing</b>			
Beijing Lily Apartment	35,177	160	80%
Beijing Majestic Mansion	817	33	100%
	35,994	193	
<b>Xinjiang</b>			
Xinjiang Rose Garden	10,332	185	61%
<b>Total</b>	<b>884,918</b>	<b>6,553</b>	



# Management Discussion and Analysis

## Gross Profit Margin


Gross profit margin decreased from 36.1% in 2007 to 27.8% in 2008. Because the Group is dedicated to improving product quality and enhancing its product tier ranking, the Group incurred higher construction cost in respect of its property projects and therefore affected gross profit margin. The acquisition of the Ningbo Crown project, which accounted for 18.0% of total property sales in 2008, in March 2008 at a time when construction of the first phase of the project was nearly completed, resulted in higher acquisition cost and a lower gross profit margin of 25.9%. The Ningbo Research & Development Park project, which accounted for 12.5% of total property sales in 2008, was a project with property prices fixed by the PRC government, and therefore had a lower gross profit margin of 15.6%. Further, our gross profit margin in 2008 decreased because Shanghai Greentown and Shanghai Rose Garden projects, which accounted for an aggregate of 32.9% of total property sales in 2007, are located in Shanghai, which is more economically developed and fully recognizes the brand premium of Greentown projects. As a result, these projects have higher selling prices, and hence higher gross profit margins. The gross profit margin of Shanghai Greentown and Shanghai Rose Garden were 46.7% and 44.6% respectively in 2007.

## Other Income

Other income includes interest income, government subsidy and foreign exchange gains. Other income of Rmb329 million was recorded during 2008, representing an increase of 21.4% from Rmb271 million for 2007. The foreign exchange gain in 2008 was Rmb228 million, mainly due to the successive appreciation in Rmb of approximately 7% and substantial foreign exchange gain generated by the US dollar-denominated Notes. Interest income was Rmb59 million during 2008, which decreased substantially from Rmb134 million for 2007. The decrease was attributable to higher interest income generated by temporary deposit of funds overseas following the placing of shares of the Company and the issue of Rmb-denominated convertible bonds in 2007.

## Selling and Administrative Expenses

Selling and administrative expenses increased by Rmb247 million, or 50.4%, to Rmb737 million in 2008. As a percentage of revenue, our selling and administrative expenses increased from 8.6% in 2007 to 11.1% in 2008. Administrative expenses increased by 50.7% to Rmb443 million in 2008 from Rmb294 million in 2007. Human resource cost of Rmb121 million was the single largest item under administrative expenses in 2008, representing an increase of Rmb24 million, or 24.7%, from Rmb97 million in 2007. This increase was due to the increase in the number of property projects of the Group and the strengthening of human resources of the Group. Depreciation under administrative expenses increased by 200.0% to Rmb69 million in 2008 from Rmb23 million in 2007. Depreciation accrued on fixed assets with respect to Zhoushan Sheraton Hotel and Hangzhou Rose Garden Hotel newly added in 2008 amounted to Rmb25 million. Selling expenses increased 50.0% to Rmb294 million in 2008 from Rmb196 million in 2007. As a percentage of pre-sale proceeds received by our subsidiaries, our selling expenses increased from 2.3% in 2007 to 2.8% in 2008. The biggest increase in selling expenses was in sales and marketing activities as well as advertising expense, which increased by 50.5% to Rmb146 million in 2008 from Rmb97 million in 2007.



# Management Discussion and Analysis

## Impairment Provision

The impairment provision in 2008 was Rmb274 million, of which Shanghai Xinjiangwan Project, Zhoushan Sheraton Hotel, Hefei Sweet Osmanthus Garden, Nantong Yulan Apartment and Thousand-Island Lake Rose Garden accounted for Rmb148 million, Rmb53 million, Rmb28 million, Rmb21 million and Rmb21 million, respectively.

## Finance Costs

Interest expenses charged to the Company's consolidated income statement for 2008 increased by 84.8% to Rmb401 million in 2008 from Rmb217 million in 2007. Total interest expenses increased by 89.3%, to Rmb1,386 million in 2008 from Rmb732 million in 2007. The increase was mainly attributable to an increase in the number of projects in 2008, an increase in average debt amounts and an increase in average interest rate of bank loans from 6.7% in 2007 to 7.7% in 2008. In 2008, Rmb985 million of such interest expenses was capitalized and the capitalization rate was 71.1%. In 2007, Rmb515 million of such interest expenses was capitalized and the capitalization rate was 70.4%.

## Share of Profit (loss) of Associates and Jointly Controlled Entities

Share of profit of associates and jointly controlled entities in 2008 was Rmb384 million, representing an increase of Rmb264 million from Rmb120 million in 2007. The GFA sold by our associates and jointly controlled entities increased by 6.2% to 660,973 square meters in 2008 from 622,602 square meters in 2007. The average selling price per square meter of projects sold by our associates and jointly controlled entities increased to Rmb8,886 in 2008 from Rmb4,610 in 2007. Gross profit margin from sales by our associates and jointly controlled entities increased from 25.2% in 2007 to 29.0% in 2008. The Shanghai East Sea Plaza Phase 1, delivered as a whole successfully, directly contributed Rmb175 million to our share of profit of our associates and jointly controlled entities in 2008. Shanghai East Sea Plaza Phase 1, an office project, has a selling price per square meter of Rmb23,459, which directly contributed significantly to the rapid increase in the average selling price per square meter achieved by our associates and jointly controlled entities in 2008. The growth in the gross profit margin of our associates and jointly controlled entities in 2008 was primarily attributable to the growth in gross profit margin of our Zhengzhou Lily Apartment project. Because the Zhengzhou Lily Apartment project has entered into the market for a relatively long time, the advantage enjoyed by the Greentown brand in this property project has been gradually reflected locally. Hence, the selling price of the project has increased gradually year after year. The selling price per square meter of this project in 2008 was Rmb5,992, an increase of 44.7% from the selling price per square meter of Rmb4,141 in 2007. In the meantime, the gross profit margin of this project also increased from 18.0% for 2007 to 41.0% for the period.

## Taxation Charges

Taxation in 2008 included land appreciation tax of Rmb346 million and enterprise income tax of Rmb283 million. As a percentage of revenue from property sales, land appreciation tax in 2008 decreased to 5.3% from 7.3% in 2007 as there were more villa projects delivered in 2007. Effective tax rate for enterprise income tax was 63.3% (after eliminating share of profit of associates and jointly controlled entities and gain from revaluation of convertible bonds). Certain deferred tax assets not taken into account on loss from subsidiaries not yet commencing pre-sales and certain non-deductible expenses resulted in the difference between the effective tax rate and the standard tax rate of 25%.

## Earnings for the Period and Profit Attributable to the Equity Holders

Earnings decreased by 43.6% to Rmb567 in 2008 from Rmb1,006 million in 2007. Net profit margin decreased to 8.5% in 2008 from 17.5% in 2007. If the gains or losses from revaluation of the convertible bonds and properties were excluded, earnings for 2008 was Rmb822 million and net profit margin in 2008 was 12.4%. Corresponding earnings for 2007 was Rmb1,018 million and net profit margin was 17.7%. The profit attributable to the equity holders of the Group for 2008 was Rmb540 million, a decrease of 41.5% from Rmb923 million for 2007.



# Management Discussion and Analysis

In 2008, basic and diluted earnings per share were Rmb0.35 and Rmb0.34, respectively. Return on equity for 2008 was 6.6%. In 2007, basic and diluted earnings per share were Rmb0.63 and Rmb0.61 respectively. Return on equity for 2007 was 14.8%. The decrease in earnings per share and return on equity for 2008 was due to the decrease in profits attributable to equity holders and the increase in weighted average number of ordinary shares and average shareholder equity for the period. Weighted average number of ordinary shares and average shareholder equity increased by 62,391,650 shares and Rmb1,918 million in 2008 over 2007, respectively.

## Pre-sale Deposits

As of December 31, 2008, our subsidiaries had a balance of pre-sale deposits of Rmb6,137 million, an increase of 71.3% from Rmb3,583 million in 2007. As of December 31, 2008, our associates and jointly controlled entities had a balance of pre-sale deposits of Rmb5,058 million, a decrease of 23.4% from Rmb6,603 million in 2007.

## Financial Resources and Liquidity

As of December 31, 2008, the Group had cash on hand of Rmb1,718 million (Rmb3,383 million in 2007) and total borrowings of Rmb16,118 million (Rmb11,754 million in 2007). Gearing ratio, measured by net debt over equity, increased from 88.2% as of December 31, 2007 to 140.1% as of December 31, 2008. The Group had cash on hand of Rmb4,363 million and total borrowings of Rmb19,724 million as of March 31, 2009.

## Foreign Exchange Fluctuation Risks

The principal place of operation for the Group is the PRC. Most of the Group's income and expenditure are denominated in Rmb. Because the proceeds from the issue of convertible bonds and the Senior Notes were received in US dollars, the Group is exposed to foreign exchange risks. However, the Group's operating cash flow or liquidity had not been subject to any exchange rate fluctuations. The Group did not enter into any foreign exchange hedging arrangements as of December 31, 2008.

## Financial Guarantees


Certain banks provided secured lending to the buyers of the Group's properties. The Group had provided guarantees for such secured lending. As of December 31, 2008, the Group had provided guarantees to secure loans in the aggregate amount of Rmb3,900 million (Rmb1,989 million as of December 31, 2007).

## Pledge of Assets

As of December 31, 2008, the Group had pledged its buildings, hotel buildings, prepaid lease payment, construction in progress, properties for development, properties under development, completed properties for sale and bank deposits of approximately Rmb12,216 million to banks to secure general banking facilities granted to the Group, representing an increase of Rmb5,212 million (Rmb7,004 million as of December 31, 2007).

## Employees

As at 31 December 2008, the Company had a total of 2,637 employees (as of 31 December 2007: 1,755 employees). Of which, there were 1,260 employees with bachelor's degree or a higher qualification, representing approximately 48%. There were 740 employees with middle and senior professional titles, representing approximately 28%. There were 242 operation and management officers (referring to those ranking as department managers at the Group and assistant general manager or above within project companies), representing approximately 9%.



# Management Discussion and Analysis

## Awards

In 2008, facing the challenges from the market, the Company maintained stable development and its good image and reputation in the industry and among its customers. The Company was chosen as the “Top 10 Tax Payable by Real-Estate Companies in China for 2008”, and became “Top 10 of the top 100 Real-Estate Companies in China” for five consecutive years and “Top 10 Brand Value of Real-Estate Companies in China”.

## Remuneration Policies

Employees were remunerated on the basis of their performance, experience and prevailing industry practices. The Company reviews its remuneration policies on a regular basis, and appraises individual staffs according to their performances. Bonuses and cash awards may be distributed to employees as an incentive, so as to adequately motivate the enthusiasm and responsibilities of employees towards their work.

## Future Prospects

2009 will still be a difficult and uncertain year for Greentown. The continual global financial crisis and the suppressed growth momentum of the overall macro-economy of China inevitably affected the real estate industry. Meanwhile, we can see that the active fiscal policy, relaxed monetary policy and the series of stimulus strategies implemented by the central and local governments since the fourth quarter of 2008 were paying off and the economy and property market of the PRC may revive progressively. We believe that as there is no change in the fundamentals including the bright prospect of China’s economy, acceleration of urbanization, the real estate industry as the pillar industry and the continuous demand to improve living standards of the people. We are confident of the long term development of the property market in China; however, we recognize and are also geared up for uncertainties on the recovery of China’s economy in the short term under the global impact and the continual adjustment of the property market.

## Project Development

In view of the increasing market uncertainties, in 2009, the Company will place more emphasis on planning and the implementation of process management and the pace of development of land bank will be reasonably adjusted. It is expected that a total of 43 projects or phases of projects will commence construction, including the projects of joint ventures that the Company has interests in. The GFA of newly commenced projects will amount to 2.14 million sq.m., a decrease of 29% over the same period in 2008. The Company may make corresponding changes to the development plan in 2009 basing on market situation.

In 2009, the Company estimates that a total of 35 projects or phases of projects will be completed and delivered. The total GFA delivered will amount to 1.96 million sq.m., a slight decrease of 5% over the same period in 2008, of which 1.28 million sq.m. will be saleable GFA. The total GFA attributable to the projects completed by the Company is estimated to be approximately 1.30 million sq. m., of which the saleable GFA will be approximately 850,000 sq.m..




# Management Discussion and Analysis



## Projects newly commenced in 2009, analysed by region

Region	Total GFA (sq.m.)	Proportion
Hangzhou	759,816	35%
Zhejiang	1,025,833	48%
Shanghai	17,421	1%
Jiangsu	62,883	3%
Beijing	104,420	5%
Xinjiang	30,664	1%
Hainan	29,000	1%
Liaoning	111,700	5%
Total	2,141,737	100%



# Management Discussion and Analysis

## Schedule of projects completed in 2009

	Region	Project	Phases	Interest attributable to us	Total GFA delivered (sq.m.)	Saleable area (sq.m.)	Sold area as of the end of 2008 (sq.m.)
Subsidiaries	Hangzhou	Hangzhou Blue Patio	Phase 2	85%	99,270	70,159	38,280
	Hangzhou	Hangzhou Jiuxi Rose Garden	Part 3	100%	5,623	N/A	
	Hangzhou	Hangzhou Lijiang Apartment	Phase 1	100%	177,581	135,371	68,231
	Hangzhou	Hangzhou Taohuayuan South	Lot F	51%	25,351	19,581	4,217
	Hangzhou	Hangzhou Taohuayuan South	Low-rise apartment	51%	17,343	16,325	6,994
	Zhejiang	Xinchang Rose Garden	Hotel main building and staff dormitory	80%	37,657	N/A	
	Zhejiang	Xinchang Rose Garden	Entertainment centre, hotel villa	80%	13,007	N/A	
	Zhejiang	Chun'an 1000-Island Lake Resort Condo	Phase 1 (Partial)	80%	49,003	36,629	26,885
	Zhejiang	Tonglu Sweet Osmanthus Garden	Phase 2	100%	102,865	80,754	10,422
	Zhejiang	Tonglu Rose Garden		51%	16,229	11,912	
	Shanghai	Shanghai Rose Garden	Phase 2-2	100%	34,677	21,483	5,359
	Beijing	Beijing Lily Apartment	Phase 6	80%	52,177	38,868	26,854
	Beijing	Beijing Lily Apartment	School and kindergarten	80%	13,341	N/A	
	Beijing	Beijing Majestic Mansion	Phase 1 (Partial) and Phase 2 (clubhouse)	100%	14,397	2,770	2,420
	Jiangsu	Nanjing Rose Garden	clubhouse	70%	4,475	N/A	
	Anhui	Hefei Sweet Osmanthus Garden	Phase 5	90%	53,541	37,033	12,980
	Anhui	Hefei Lily Apartment	Phase 4	70.2%	46,462	35,150	14,499
	Hunan	Changsha Green Bamboo Garden	North Phase 3	52.5%	12,876	12,660	
	Hunan	Changsha Green Bamboo Garden	South Phase 1	52.5%	7,350	4,703	
	Shandong	Qingdao Ideal City	Phase 1	80%	237,944	173,914	74,232
	Xinjiang	Xinjiang Rose Garden	Phase 4	61.2%	12,662	12,662	1,063
Sub-total					1,033,831	709,974	292,436

# Management Discussion and Analysis



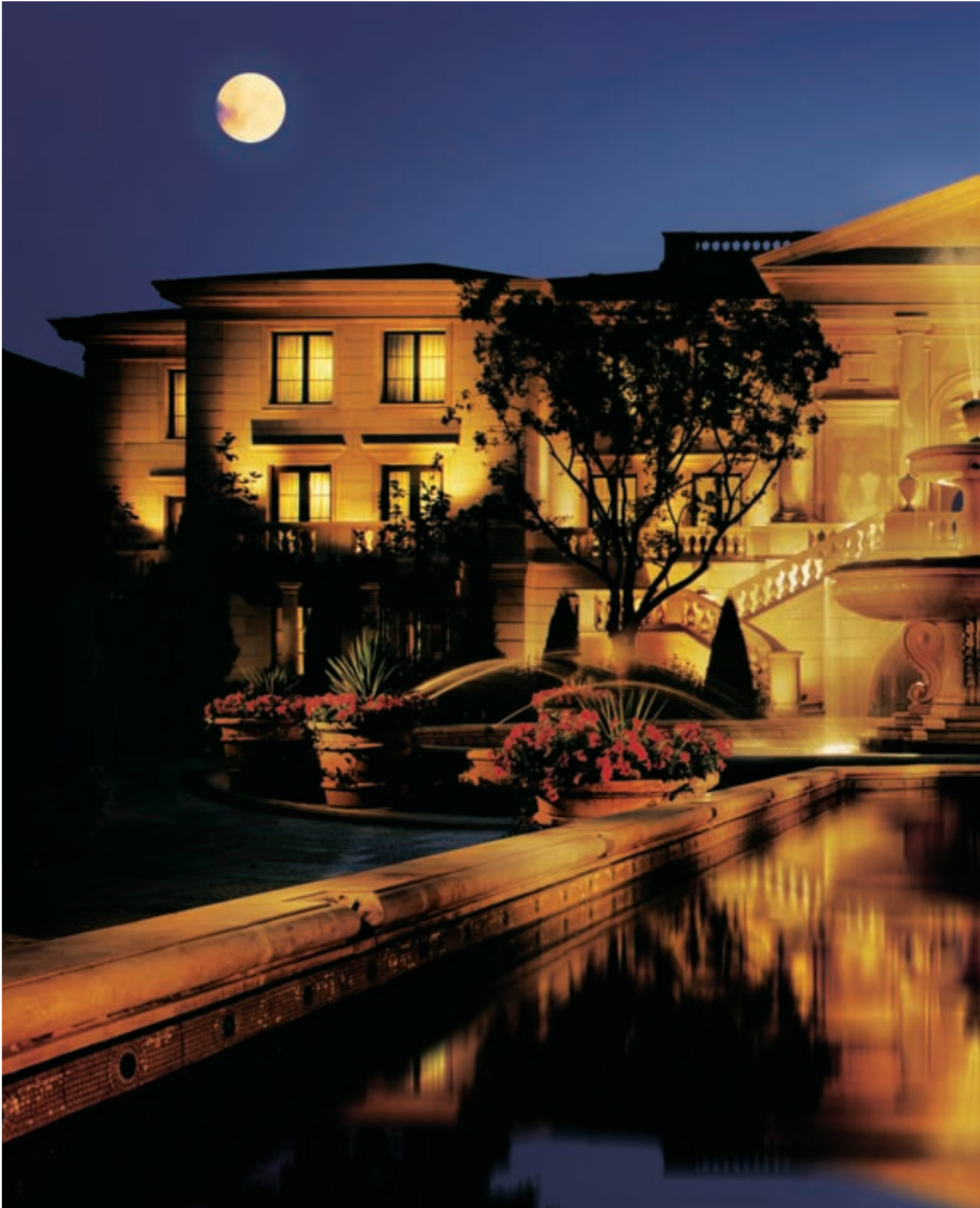
## Schedule of projects completed in 2009 (continued)

	Region	Project	Phases	Interest attributable to us	Total GFA delivered (sq.m.)	Saleable area (sq.m.)	Sold area as of the end of 2008 (sq.m.)
Associates	Hangzhou	Hangzhou Hope Town	Commercial centre and kindergarten	45%	58,284	N/A	
	Hangzhou	Hangzhou Hope Town	Phase 5-1	45%	47,496	36,365	25,819
	Hangzhou	Hangzhou Hope Town	Phase 7-1	45%	42,200	25,808	3,297
	Hangzhou	Hangzhou Majestic Mansion		45%	77,567	57,307	42,994
	Hangzhou	Hangzhou Tulip Bank	Block 3	50%	20,050	11,873	8,767
	Hangzhou	Hangzhou New Green Garden	Phase 1 (Partial)	50%	90,730	57,670	55,207
	Zhejiang	Haining Lily New City	High-rise Phase 1	50%	77,632	61,201	55,983
	Zhejiang	Haining Lily New City	Villa Phase 4	50%	57,274	40,807	20,541
	Zhejiang	Deqing Sweet Osmanthus Town	Phase 2	46.6%	120,353	97,237	19,907
	Henan	Zhengzhou Lily Apartment	Phase 3 D	37.7%	94,170	69,318	19,589
	Henan	Zhengzhou Lily Apartment	Phase 4	37.7%	79,582	57,835	
	Jiangsu	Nantong Rudong Hupanju	Phase 2	50%	46,557	28,892	18,175
	Jiangsu	Nantong Rudong Hupanju	Phase 3-1	50%	31,373	23,803	5,875
	Shandong	Jinan National Games Project	Hotel	45%	79,523	N/A	
Sub-total					922,791	568,116	276,154
Total					1,956,622	1,278,090	568,590

## Property Sales

The Company will focus on the newly added saleable projects in 2009 and capture the market sentiment to formulate plans for the launch and sale of projects. The Company has stated its commitment to continuous quality improvement and the implementation of the “Centurion Product Quality Enhancement Strategy”. This is the direction for Greentown and the theme for the Company’s development in the following years, and is also the most powerful way to mitigate market risk as well as to pave the way to a genuinely excellent enterprise.

In 2009, the Company estimates that a total of 63 projects or phases of projects will commence sales. Additioned saleable area will amount to approximately 1.98 million sq.m., together with the saleable area of projects launched in late 2008, the saleable area in 2009 will be approximately 3.10 million sq.m..







## Directors and Senior Management




Executive Director and  
Executive General Manager  
**GUO Jiafeng**

Chairman  
**SONG Weiping**

Executive Vice Chairman  
and Chief Executive Officer  
**SHOU Bainian**

Executive Director and  
Chief Operating Officer  
**CHEN Shunhua**

# Directors and Senior Management



The following table sets forth the position(s) held by our directors (the “Directors”) and senior management with the Company:

Name	Age	Title
Mr. SONG Weiping	50	Executive Director and Chairman of the Board of Directors (the “Board”)
Mr. SHOU Bainian <sup>(3)</sup>	55	Executive Director and Executive Vice Chairman of the Board and Chief Executive Officer
Mr. CHEN Shunhua <sup>(2)</sup>	46	Executive Director and Chief Operating Officer
Mr. GUO Jiafeng	44	Executive Director and Executive General Manager
Mr. JIA Shenghua <sup>(1)(2)</sup>	47	Independent Non-Executive Director
Mr. JIANG Wei <sup>(1)</sup>	46	Independent Non-Executive Director
Mr. SZE Tsai Ping, Michael <sup>(1)(2)(3)</sup>	63	Independent Non-Executive Director
Mr. TSUI Yiu Wa, Alec <sup>(1)(3)</sup>	58	Independent Non-Executive Director
Mr. TANG Shiding <sup>(1)(3)</sup>	67	Independent Non-Executive Director
Mr. MA Li	51	Executive General Manager
Mr. YING Guoyong	47	Executive General Manager
Mr. QIAN Xiaohua	45	Executive General Manager
Mr. YANG Zuoyong	46	Executive General Manager
Mr. WANG Hongbin	40	Executive General Manager
Mr. KUO Xiaoming	37	Executive General Manager
Mr. HAN Bo	35	Executive General Manager
Mr. LAM Jim	38	Chief Financial Officer, Company Secretary and qualified accountant

Notes:

- (1) Member of the audit committee of the Board (the “Audit Committee”)
- (2) Member of the remuneration committee of the Board (the “Remuneration Committee”)
- (3) Member of the nomination committee of the Board (the “Nomination Committee”)

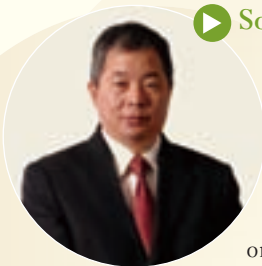


# Directors and Senior Management

## Board of Directors

Our Board consists of nine Directors, five of whom are Independent Non-Executive Directors. The powers and duties of our Board include: convening shareholders' meetings and reporting the Board's work at the shareholders' meetings, implementing the resolutions passed in the shareholders' meetings, determining our business plans and investment plans, formulating our annual budget and final accounts, formulating our proposals for profit distributions and for the increase or reduction of registered capital as well as exercising other powers, functions and duties as conferred by the articles of association of the Company (the "Articles of Association"). We have entered into service contracts with each of our Executive Directors and Independent Non-Executive Directors.

## Executive Directors



▶ **Song Weiping**

Executive Director and Chairman of the Board

Age: 50

**Song Weiping** is primarily responsible for the formulation of our development strategies, as well as supervising our project planning, design and marketing. He is also a director of certain subsidiaries or associates of the Company. Mr. Song graduated from Hangzhou University with a bachelor's degree in history in 1982. He founded our Company in January 1995. In 2004 and 2005, Mr. Song was honored with the Ten Leaders of the Residential Property Sector in Zhejiang Award jointly by the Zhejiang Daily, the China Housing Industry Association and Special Committee of the China Construction Industry Association. In 2004, Mr. Song received the China Construction Architecture Award (Individual Contribution Award). He is a vice-chairman of Zhejiang Provincial Real Estate Association. Mr. Song is a controlling shareholder of the Company and a director of Delta House Limited and Wisearn Limited, companies controlled by himself and his spouse, Ms. Xio Yibo, respectively.

**Shou Bainian**



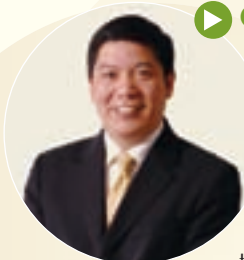
Executive Director and Executive Vice Chairman  
of the Board and Chief Executive Officer

Age: 55

**Shou Bainian** is primarily responsible for our overall business operations and financial management. He is also a director of certain subsidiaries or associates of the Company. Mr. Shou graduated from Hangzhou University with a bachelor's degree in history in 1982. Between 1982 and 1998, he worked at the government office of Yin County of Zhejiang Province, the general office of Ningbo Municipal Government and China Huaneng Group's Zhejiang subsidiary. Mr. Shou joined us in April 1998. He is a vice-chairman of Hangzhou Real Estate Association. Mr. Shou is a controlling shareholder of the Company by holding shares in his own name and through his controlled corporation, Profitwise Limited. He is also a director of Profitwise Limited.



# Directors and Senior Management



▶ **Chen Shunhua**

Executive Director and Chief Operating Officer

Age: 46

**Chen Shunhua** is primarily responsible for the management of our daily operations including human resources, sales and customer relations as well as the property developments of more than 20 projects in Beijing city, Hangzhou, Jinan, Qingdao, Ningbo etc. He received a diploma in management science and engineering from Zhejiang University in 1999 and a master's degree in business administration from the Open University of Hong Kong in 2002. Between 1992 and 2002, he worked at Zhejiang Radio & Television Real Estate Limited as a chief accountant and general manager. He joined the Company in December 2002.

**Guo Jiafeng** ◀

Executive Director and Executive General Manager

Age: 44



**Guo Jiafeng** is primarily responsible for the property developments of more than 10 projects in Hunan Changsha, Zhejiang Zhoushan, Anhui Hefei etc. He graduated from Zhejiang School of Construction with a diploma in industrial and civil architecture in 1981. Mr. Guo has over 25 years ample experience in project development and construction. He joined us in April 2000.



# Directors and Senior Management

## Independent Non-Executive Directors



▶ **Jia Shenghua**

Independent Non-Executive Director

Age: 47

**Jia Shenghua** is currently an associate director of the Department of Social Sciences of Zhejiang University, as well as a director of Zhejiang University Property Research Center. Mr. Jia is an independent non-executive director of Zhejiang Jiali Technology Holding Ltd., Cosmos Group Co., Ltd., a company listed on the Shenzhen Stock Exchange, and Zhejiang Zhongda Group Co., Ltd., a company listed on the Shanghai Stock Exchange. Between 1989 and 1995, Mr. Jia taught and conducted research in property economics, property development, and enterprise management in China and studied in Germany during 1993 to 1994. Mr. Jia graduated from the Northwest Agricultural University with a doctorate degree in agricultural economics and management. He is currently a member of Zhejiang Enterprises Management Research Society, Hangzhou Land Academy and Zhejiang Land Academy. He was appointed as our Independent Non-Executive Director on 22 June 2006.

**Jiang Wei** ◀

Independent Non-Executive Director

Age: 46



**Jiang Wei** is currently the director, vice president and chief financial officer of China Resources (Holdings) Company Limited (“CRC”), a company listed on the Stock Exchange, an integrated and diversified conglomerate with major business operations involving the manufacture and distribution of consumer products, property development, infrastructure, utilities and related industries. Mr. Jiang has a bachelor’s degree in international trade and a master’s degree in international business and finance, both from the University of International Business and Economics in Beijing, China. Mr. Jiang is a director of China Vanke Company Limited, a Shenzhen Stock Exchange listed company primarily engaging in property development business in China. He is also a non-executive director of the following Hong Kong listed companies: China Resources Enterprise Limited, China Resources Land Limited, China Resources Power Holdings Company Limited, China Resources Microelectronics Limited as well as China Assets (Holdings) Limited. He is also an executive director of Cosmos Machinery Enterprises Limited, a company listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Mr. Jiang has extensive experience in business planning and financial control. He was appointed as our Independent Non-Executive Director on 22 June 2006.

# Directors and Senior Management



▶ **Sze Tsai Ping, Michael**

Independent Non-Executive Director

Age: 63

**Sze Tsai Ping, Michael** has over 30 years of experience in the financial and securities field. He graduated with a Master of Laws (LLM) Degree from the University of Hong Kong. He is currently a member of the Disciplinary Appeals Committee of the Stock Exchange and a member of the Market Misconduct Tribunal. He was a former council member, member of the Main Board Listing Committee of the Stock Exchange, member of the Cash Market Consultative Panel of Hong Kong Exchanges and Clearing Limited. Mr. Sze is a non-executive director of Burwill Holdings Limited and an independent non-executive director of GOME Electrical Appliances Holding Limited, Harbour Centre Development Limited, C Y Foundation Group Limited and Walker Group Holdings Limited, all of which are listed on the Stock Exchange. Mr. Sze is a fellow of the Institute of Chartered Accountants in England and Wales, the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. He is also a fellow of the Hong Kong Institute of Directors Limited. He was appointed as our Independent Non-executive Director on 22 June 2006.

**Tsui Yiu Wa, Alec** ◀

Independent Non-Executive Director

Age: 58



**Tsui Yiu Wa, Alec** is currently the chairman of WAG Worldsec Corporate Finance Limited and vice-chairman of China Mergers and Acquisitions Association. He was formerly the chairman of the Hong Kong Securities Institute, the chief operating officer of The Hong Kong Exchanges and Clearing Limited, the chief executive of the Stock Exchange and the adviser and council member of the Shenzhen Stock Exchange. In the last three years, Mr. Tsui held past directorships in the following listed companies in Hong Kong as an independent non-executive director: CITIC 21CN Company Limited, Stockmartnet Holdings Ltd and Synergis Holdings Limited. Currently Mr. Tsui serves as an independent non-executive director at various Hong Kong listed companies, including: Industrial & Commercial Bank of China (Asia) Limited, Vertex Group Limited, China Chengtong Development Group Ltd., Pacific Online Limited, COSCO International Holdings Limited, China Power International Development Limited, China Bluechemical Limited and China Huiyuan Juice Group Limited. In addition, Mr. Tsui is an independent non-executive director of NASDAQ listed companies, including: Meleo PBL Entertainment (Macau) Limited and ATA Inc. He graduated from the University of Tennessee, the United States, with a bachelor's degree in science and a master's degree in industrial engineering. He completed the Program for Senior Managers in Government at the John F. Kennedy School of Government of Harvard University. He has numerous experience in finance and administration, corporate and strategic planning, information technology and human resources management. He was appointed as our Independent Non-executive Director on 22 June 2006.



# Directors and Senior Management



**Tang Shiding**

Independent Non-Executive Director

Age: 67

**Tang Shiding** served as the deputy director of Zhejiang Province Construction Department between 1992 and 2002. He is currently the chairman of Zhejiang Provincial Real Estate Association, a consultant of the Real Estate Association of China and a specialist on the Comprehensive Real Estate Development Committee under the China Real Estate and Residence Research Society. Mr. Tang has also been a member of the Residential Guidance Working Committee of the China Civil Engineering Institute since December 2003. His publications include “Growth Pattern and Development Trend of the Real Estate Industry in Zhejiang”. Currently, he serves as an independent non-executive director of Lander Real Estate Co., Ltd, a company listed on Shenzhen Stock Exchange and Qianjiang Water Resources Development Co., Ltd., a company listed on Shanghai Stock Exchange. Mr. Tang was appointed as our Independent Non-executive Director on 22 June 2006.

## Senior Management

**Ma Li**, aged 51, is an Executive General Manager of the Company. He is primarily responsible for supervising project construction, decoration management and development budgets. He graduated from Zhejiang University with a bachelor’s degree in industrial and civil construction engineering in 1982. From 1982 to 1993, he worked at P&T Plan-design Institute of Zhejiang Province and acted as a deputy chief engineer from 1989 to 1992. From 1993 to 2000, he worked at Zhejiang Huaneng Real Estate Development Company and acted as its general manager from 1996 to 2000. He joined the Company in June 2000.

**Ying Guoyong**, aged 47, is an Executive General Manager of the Company, and is the general manager of Zhejiang Greentown Xizi Real Estate Group Co., Ltd. and Zhejiang Zhongqinglv Greentown Real Estate Investment Company Limited. He is primarily responsible for the project management, supervision and strategy coordination in our 10 projects with Xizi Group and Zhongqinglv. He graduated from Hangzhou University with a bachelor’s degree in law in 1985. Between 1985 to 2001, he worked at various entities including Zhejiang Province CPC. School, CPC Youth of Zhejiang Province Committee and Zhejiang Youth Travel Service Co. Ltd.. He joined the Company in June 2001.

**Qian Xiaohua**, aged 45, is an Executive General Manager of the Company. He is primarily responsible for the management of our commercial property development. He is also the general manager of Shanghai Jingyu Real Estate Co., Ltd.. He graduated from Beijing Institute of Aeronautics with a bachelor’s degree in solid mechanics in 1984 and from China – Europe International Business School with a master degree in business administration in 2002. From 1995 to 2005, he worked at Shanghai Midway Infrastructure (Holdings) Limited as a director and a chief executive officer. He joined the Company in February 2005.



## Directors and Senior Management

**Yang Zuoyong**, aged 46, is an Executive General Manager of the Company, and mainly responsible for the management of over 10 Project's development in Hangzhou, Wenzhou, Taizhou and Changxing. He is also the chairman and general manager of Wenzhou Greentown Real Estate Development Company Limited. He graduated from China Communist Party School with major in economics in 1999. Between 1984-2006, Mr. Yang held senior management positions at various government departments in Hangzhou City Westlake District. He joined the Company in January 2007.

**Wang Hongbin**, aged 40, is an Executive General Manager of the Company. He is primarily responsible for the development and administration of six project companies in Shanghai region and Dalian region. He graduated from Tongji University in 1989 with a major in civil engineering. Between 1989 and 1997, he was employed by Zhoushan Real Estate Corporation. He joined the Company in January 1997 as the Deputy General Manager. Between 2002 and November 2004, he was employed as the senior officer of Shanghai Nando Land Development Co., Ltd. and Shanghai Depo Land Development Co., Ltd., respectively. He was the general manager of Shanghai Greentown Forest Golf Villa Development Co., Ltd since December 2004.

**Kuo Xiaoming**, aged 37, is the Executive General Manager of the Company. He is primarily responsible for the development and administration of eight projects in Hangzhou, Nanjing and Hainan. Between 1996 and 1999, he was the project officer of the Company's Hangzhou Jiuxi Rose Garden Project and the deputy manager of the engineering department. Between 1999 and 2007, he was the deputy manager of the engineering department, manager of the engineering department, Assistant to General Manager, deputy general manager and general manager of Hangzhou Taohuayuan Real Estate Development Co., Ltd. Mr. Kuo is experienced in construction operation. He joined the Company in August 1996.

**Han Bo**, aged 35, is the Executive General Manager of the Company. He is primarily responsible for the development and administration of six projects in Hangzhou, 1000-Island Lake and Wuzhou. He graduated from Zhejiang University with a bachelor's degree in civil engineering in 1996. From 1996 to 1998, he worked at Zhejiang Urban Construction Management Limited. Mr. Han joined the Company in November 1998 as the construction manager of Hangzhou Sweet Osmanthus Town Project and the construction director of Purple Osmanthus Garden Project. From 2001 to 2006, he was the deputy manager, manager, assistant general manager and deputy general manager of the engineering department of Hangzhou Greentown Real Estate Development Co., Ltd. (Chunjiang Huayue Project). He has been the general manager of Zhejiang Jiahe Industrial Co., Ltd. (Lijiang Apartment) since May 2006.

**Lam Jim**, aged 38, is the Chief Financial Officer, Company Secretary and qualified accountant of the Company. Prior to joining the Company in October 2008, Mr. Lam worked in a major international investment bank and has more than 10 years of experience in the field of auditing and investment banking. Mr. Lam holds a bachelor's degree in business administration from the Chinese University of Hong Kong and a master's degree in accounting and finance from the London School of Economics and Political Science and is a member of the Hong Kong Institute of Certified Public Accountants.



# Corporate Governance Report

The Company recognises the value and importance of 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 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 (the “Listing Rules”) during the year ended 31 December 2008.

## **(A) The Board of Directors**

Our Board consists of nine Directors including Mr. SONG Weiping (chairman), Mr. SHOU Bainian (Chief Executive officer), Mr. Chen Shunhua and Mr. Guo Jiafeng as the Executive Directors and Mr. JIA Shenghua, Mr. JIANG Wei, Mr. SZE Tsai Ping, Michael, Mr. TSUI Yiu Wa, Alec and Mr. TANG Shiding as the Independent Non-Executive Directors. The overall management of the Company’s operation is vested in the Board.

The Board takes responsibility to oversee all major matters of the Company, including the formulation and approval of all policy matters, overall strategies, internal control and risk management systems, and monitoring the performance of the senior management. The Directors have to make decisions objectively in the interests of the Company. Currently, the Board comprises nine Directors, including four Executive Directors and five Independent Non-Executive Directors. Their biographical details are set in the section entitled “Directors and Senior Management” in this annual report.

### **Compliance with the Model Code for Directors’ Securities Transactions**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Listing Rules as the standard for securities transactions by the Directors. The Company has made specific enquiries of all the Directors and all the Directors confirmed that they have complied with the required standards set out in the Model Code throughout the year ended 31 December 2008.

### **Directors’ Responsibilities for Financial Statements**

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

# Corporate Governance Report



The reporting responsibilities of our Company's external auditors on the financial statements of the Group are set out on page 2 of the "Independent Auditor's Report" in this annual report.

## **Chairman and Chief Executive Officer**

In order to reinforce their respective independence, accountability and responsibility, the role of the Chairman is separate from that of the Chief Executive Officer. The Chairman plays a leadership role and is responsible for the effective functioning of the Board in accordance with the good corporate governance practice adopted by the Company. He is also responsible for instilling corporate culture and developing strategic plans for the Company. The Chief Executive Officer focuses on developing and implementing objectives and policies approved and delegated by the Board. The Chief Executive Officer is also primarily responsible for the Group's day-to-day management and operations and the formulation of the organization structure, control systems and internal procedures and processes of the Company for the Board's approval.

The Chairman of the Board is Mr. Song Weiping and the Chief Executive Officer of the Company is Mr. Shou Bainian.

## **Independent Non-Executive Directors**

Independent Non-Executive Directors have played a significant role in the Board by virtue of their independent judgment and their views carry significant weight in the Board's decision. In particular, they bring an impartial view to bear on issues of the Company's strategy, performance and control. All Independent Non-Executive Directors possess extensive academic, professional and industry expertise and management experience and have provided their professional advices to the Board. According to the Articles of Association, a majority of the Board members shall be Independent Non-Executive Directors. The Board also considers that the independent Non-Executive Directors can provide independent advice on the Company's business strategy, results and management so that the interests of the Company and the shareholders can be taken into account and protected as a whole. For the year ended 31 December 2008, all Independent Non-Executive Directors of the Company had confirmed their independence to the Company in accordance with the Listing Rules.



# Corporate Governance Report

One of our Independent Non-Executive Directors will retire at the forthcoming annual general meeting (“AGM”) of the Company and will be subject to re-election.

## *Meetings*

The Board meets regularly to discuss the overall strategy as well as the operation and financial performance of the Group. Directors may participate either in person or through electronic means of communications. Four Board meetings were convened in the year under review. The attendance of individual Directors at these Board meetings is set out below:

	Number of meetings attended/held
<b>Executive Directors</b>	
Mr. SONG Weiping (Chairman)	4/4
Mr. SHOU Bainian (Chief Executive Officer)	4/4
Mr. CHEN Shunhua	4/4
Mr. GUO Jiafeng	3/4
<b>Independent Non-Executive Directors</b>	
Mr. JIA Shenghua	4/4
Mr. JIANG Wei	3/4
Mr. SZE Tsai Ping, Michael	3/4
Mr. TSUI Yiu Wa, Alec	4/4
Mr. TANG Shiding	4/4

All Directors are provided with relevant materials relating to the matters brought before the meetings. They have separated access to the senior management and the Company Secretary at all time and may seek independent professional advice at the Company’s expense. All Directors have the opportunity to include matters in the agenda for Board meetings. Reasonable notices of Board meetings are given to the Directors and Board procedures complied with the articles of association of the Company, as well as relevant rules and regulations.

## *Appointments, Re-election and Removal of directors*

Each of the Executive Directors and Independent Non-Executive Directors of the Company has entered into a service contract with the Company for a specific term and the details of which are described in the section headed “Report of the Directors – Directors’ Service Contracts”. Such term is subject to his re-appointment by the Company at an annual general meeting upon retirement. In accordance with the Articles of Association, at every annual general meeting of the Company, one third of the Directors for the time being or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years.



# Corporate Governance Report



## *Board Committees*

The Board has established the Nomination Committee, the Audit Committee and the Remuneration Committee with defined terms of reference. The terms of reference of the Board Committees are now available on the Company's website. The Board Committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses.

### **Nomination Committee**

The Nomination Committee is primarily responsible to consider and recommend to the Board suitably 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 include SZE Tsai Ping, Michael (Chairman), TSUI Yiu Wa, Alec, SHOU Bainian and TANG Shiding.

During the year ended 31 December 2008, there is no meeting held by the Nomination Committee, but members of the Nomination Committee have reviewed the composition of the Board which are determined by Directors' skills and experience appropriate to the Company's business.

### **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 of the Code. The Audit Committee comprises five members and all of whom are Independent Non-Executive Directors. The chairman of the Audit Committee is TSUI Yiu Wa, Alec.

The Audit Committee met three times during the year ended 31 December 2008. The attendance of individual members of the Audit Committee at its meetings is set out below:

<u>Independent Non-Executive Directors</u>	<u>Number of meetings attended/held</u>
TSUI Yiu Wa, Alex (Chairman)	3/3
JIA Shenghua	2/3
JIANG Wei	2/3
SZE Tsai Ping, Michael	3/3
TANG Shiding	3/3



# Corporate Governance Report

During both meetings, the Audit Committee has reviewed the annual results and interim results of the Group and also considered the report prepared by the external auditors relating to accounting issues and major findings in the course of their review. All members of the Audit Committee attended both meetings.

## **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 are reasonable. Their written terms of reference are in line with the code provisions of the Code. Members of the Remuneration Committee include JIA Shenghua (Chairman), SZE Tsai Ping, Michael and CHEN Shunhua.

During the year, there is no meeting held by the Remuneration Committee, but members of the Remuneration Committee have reviewed the remuneration packages of the Directors and the remuneration policies of the Company as set out in the section headed "Report of the Directors – Remuneration Policy".

## **(B) Financial Reporting and Internal Control**

### **Financial Reporting**

The Board, supported by the finance department, is responsible for the preparation of the financial statements of the Company and the Group. In the preparation of financial statements, international financial reporting standards have been adopted and appropriate accounting policies have been consistently used and applied.

The Board aims to present a clear and balanced assessment of the Group's performance in the annual and interim reports to the shareholders, and make appropriate disclosure and announcements in a timely manner.

The working scope and responsibilities of Deloitte Touche Tohmatsu, the Company's external auditors, are stated in the section entitled "Report of the Auditors" in this annual report.

### **External Auditors' Remuneration**

Deloitte Touche Tohmatsu has been appointed as the Company's external auditors since 2004.

# Corporate Governance Report



During the year under review, the fee payable to Deloitte Touche Tohmatsu in respect of its statutory audit services provided to the Company was HKD4,298,000. Fees for non-audit services amounted to an aggregate amount of HKD1,010,000, comprising services charge for the followings:

	HKD
Review of 2008 interim result	1,001,000

## Internal Control

The Board is responsible for the internal control of the Group and for reviewing its effectiveness. Procedures have been designed for safeguarding assets against unauthorized use or disposition, ensure the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, ensure compliance of applicable laws, rules and regulations. The Directors have conducted a review of the effectiveness of the system of internal control of the Group. The Company has conducted general review and monitor of the Company's internal management and operation during the year. An internal audit department has been established to conduct audit of the Company, its subsidiaries, associates and jointly-controlled entities. The work carried out by the internal audit department will ensure the internal controls are in place and functioning properly as intended.

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

## (C) Communications with Shareholders and Investor Relations

The Company has established and maintained various channels of communication with the Company's shareholders and the public to ensure that they are kept abreast of the Company's latest news and development. Information relating to the Company's financial results, corporate details, property projects and major events are disseminated through publication of interim and annual reports, announcements, circulars, press release and newsletters.

The Board believes that effective investor relations can contribute towards lowering cost of capital, improving market liquidity for the Company's stock and building a more stable shareholder base. Therefore, the Company is committed to maintain a high level of corporate transparency and follow a policy of disclosing relevant information to shareholders, investors, analysts and bankers in a timely manner. Keeping them aware of our corporate strategies and business operations is one of the key missions of our investor relations team.

The Company's dedicated investor relations team held regular meetings with investors to keep them abreast of the Company's latest business development and its corporate strategies. A series of public events have been hosted right after certain significant events of the Company such as result announcements, important business development or financial activities. Directors and senior management will attend the events to answer investors' questions and address their concerns. The post-results analyst briefings and press conferences are also webcasted for more timely dissemination of information and broader reach of investors.



# Corporate Governance Report

As at 31 December 2008, the Company has a diversified shareholding structure and maintained sufficient public float as required under the Listing Rules.

Key investor relations events held in 2008:

<u>Events</u>	<u>Date</u>
2007 Annual Results Announcement – Press Conference and Analyst Briefing	April
Hong Kong and International Roadshow	April
Annual general meeting	May
2008 Interim Results Announcement – Press Conference and Analyst Briefing	September
International Roadshow (HK, Singapore, US and Europe)	September to October

Looking forward, our investor relations team will continue to enhance the communication between the Company and its investors and maintain corporate transparency. To ensure easy access to the Company's updated information, all of our published information including statutory announcements, press releases and newsletters, is promptly posted on our website [www.greentownchina.com](http://www.greentownchina.com). General public can also make enquiries to the Board or senior management by contacting the investor relations department at (852) 2523 3137 or by email to [ir@chinagreentown.com](mailto:ir@chinagreentown.com) or directly through question at an annual general meeting or extraordinary general meeting.

Key investor relations events to be held in 2009:

<u>Events</u>	<u>Tentative Date</u>
2008 Annual Results Announcement – Press Conference and Analyst Briefing	April
Hong Kong and International Roadshow	September
Annual general meeting	June
2009 Interim Results Announcement – Press Conference and Analyst Briefing	September

# Report of the Directors



The Directors present their annual report and the consolidated audited financial statements of the Group for the year ended 31 December 2008.

## Corporate Reorganisation

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law (2004 Second Revision) of the Cayman Islands on 31 August 2005.

The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 13 July 2006.

## Principal Activities

The Company is an investment holding company. The activities of its subsidiaries, jointly controlled entities and associates are set out in notes 39, 16 and 17 respectively to the consolidated financial statements.

## Results and Appropriations

The results of the Group for the year ended 31 December 2008 are set out in the consolidated income statement on page 4 of “Independent Auditor’s Report” in this annual report.

The directors are not recommending any final dividends to be declared and paid at this time in respect of the financial year ended 31 December 2008. However, the directors reserve the right to declare and pay dividends in respect of the financial year ended 31 December 2008 on or after the date of this annual report.

## Property, Plant and Equipment

Details of the movements in property, plant and equipment of the Group during the year are set out in note 14 to the consolidated financial statements.

## Share Capital

Details of movements during the year in the share capital of the Company are set out in note 28 to the consolidated financial statements.

## Convertible Bonds

Details of movements during the year in the 2006 Convertible Bonds and the 2007 Convertible Bonds are set out in note 26 to the consolidated financial statements.



# Report of the Directors

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

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 2008.

## **Distributable Reserves**

The Group's reserves as at 31 December 2008 are set out in the section "Consolidated Statement of Changes in Equity" of the annual report.

## **Directors**

During the year ended 31 December 2008 and up to the date of this report, the Directors were as follows:

### **Executive Directors**

SONG Weiping  
SHOU Bainian  
CHEN Shunhua  
GUO Jiafeng

### **Independent Non-Executive Directors**

JIA Shenghua  
JIANG Wei  
SZE Tsai Ping, Michael  
TANG Shiding  
TSUI Yiu Wa, Alec

In accordance with Article 130 of the Articles of Association, Mr. SONG Weiping, Mr. SHOU Bainian and Mr. TANG Shiding shall retire from the office by rotation at the forthcoming annual general meeting ("AGM") and, being eligible, offer themselves for re-election.

The Company has received, from each of the Independent Non-Executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the Independent Non-Executive Directors are independent.

# Report of the Directors



## Directors' Service Contracts

Each of the Executive Directors has entered into a service contract with the Company for a term of three years commencing from 22 June 2006, and which will continue thereafter until termination by either party thereto by giving not less than three months' prior notice in writing.

Each of the Independent Non-Executive Directors has been appointed by the Company for a term of one year commencing from 1 January 2008.

Apart from the foregoing, no Director proposed for re-election at the AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

## Directors' and Chief Executive Officer's Interests in Securities

As at 31 December 2008, the interests and short positions of Directors, Chief Executive Officer of the Company and their associates in the shares, underlying shares and debentures of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO"), or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

### Long position:

Name of Director	Personal interests	Family interests	Corporate interests	Other interests	Total	Approximate shareholding percentage in the Company
Mr. Song Weiping	-	68,859,000(L) <sup>(1)</sup>	492,124,000(L) <sup>(1)</sup>	-	560,983,000(L)	36.49%
Mr. Shou Bainian	-	-	384,490,500(L) <sup>(2)</sup>	-	384,490,500(L)	25.00%

### Notes:

- (1) Included interests in 492,124,000(L) shares held via a controlled corporation, Delta House Limited and deemed interest in 68,859,000(L) shares held by Wisearn Limited, a controlled corporation owned by his spouse, Ms. Xia Yibo.
- (2) Interests held through a controlled corporation, Profitwise Limited.

Other than as disclosed above, none of the Directors, Chief Executive Officer, and their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as at 31 December 2008.



# Report of the Directors

## Substantial Shareholders

The register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that, as at 31 December 2008, the following shareholders, other than those disclosed in the section headed “Directors’ and Chief Executive’s interests in securities”, had notified the Company of relevant interests in the issued share capital of the Company:

Name	Number of Ordinary Shares held	Nature of Interest	Percentage of shareholding in the Company
Ms. Xia Yibo	560,983,000(L) <sup>(1)</sup>	Interest of a controlled corporation and interest of spouse	36.49%
Delta House Limited	492,124,000(L) <sup>(2)</sup>	Beneficial owner	32.01%
Profitwise Limited	384,490,500(L) <sup>(3)</sup>	Beneficial owner	25.01%
Lehman Brothers	101,400,450(L) <sup>(4)</sup>	Interest of controlled corporations	6.60%
Holdings Inc.	31,868,575(S) <sup>(4)</sup>	Interest of controlled corporations	2.07%
Warburg Pincus & Co.	92,289,000(L) <sup>(5)</sup>	Interest of controlled corporations	6.00%
Warburg Pincus Private Equity IX, L.P.	92,289,000(L) <sup>(5)</sup>	Beneficial owner	6.00%

### Notes:

- (1) Ms. Xia Yibo held interests in 68,859,000(L) shares via Wisearn Limited, and deemed interest in 492,124,000(L) shares held by Delta House Limited, a controlled corporation owned by her spouse, Mr. Song Weiping.
- (2) Interests held by Mr. Song Weiping through a controlled corporation, duplicates to those disclosed in the section “Directors’ Interests and Short Positions in Shares” above.
- (3) Interests held by Mr. Shou Bainian through a controlled corporation, duplicates to those disclosed in the section “Directors’ Interests and Short Positions in Shares” above.



# Report of the Directors



- (4) Lehman Brothers Holdings Inc. held interest in a total of 101,400,450(L) shares and 31,868,575(S) shares in the company by virtue of its control over the following corporations, which held direct interests in the company:
- Lehman Brothers Commercial Corporation Asia Limited held 10,768,010(L) shares in the company. Lehman Brothers Commercial Corporation Asia Limited was 50% owned by LBCCA Holdings I LLC and 50% owned by LBCCA Holdings II LLC. LBCCA Holdings I LLC and LBCCA Holdings II LLC were respectively wholly owned by Lehman Brothers Holdings Inc..
  - Lehman Brothers International (Europe) held 34,157,882(L) shares and 23,917,500(S) shares in the company. Lehman Brothers International (Europe) was wholly owned by Lehman Brothers Holdings Inc..
  - Lehman Brothers Inc. held 2,009,575(L) shares and 2,009,575(S) shares in the company. Lehman Brothers Inc. was wholly owned by Lehman Brothers Holdings Inc.
  - Lehman Brothers Finance S.A. held 54,464,983(L) shares and 5,941,500(S) shares in the company. Lehman Brothers Finance S.A. was wholly owned by Lehman Brothers Holdings Inc.

Among the entire interest of Lehman Brothers Holdings Ltd. in the company, 35,065,892(L) shares and 3,773,000(S) shares were held through derivatives as follows:

- 35,065,892(L) shares through physically settled derivatives (off exchange)
  - 173,000(S) shares through physically settled derivatives (off exchange)
  - 3,600,000(S) shares through cash settled derivatives (off exchange)
- (5) Warburg Pincus Private Equity IX, L.P. was wholly owned by Warburg Pincus IX LLC which in turn was wholly owned by Warburg Pincus Partners LLC which was then wholly owned by Warburg Pincus & Co..
- (6) The letter “L” denotes a long position. The letter “S” denotes a short position.

Other than the interests disclosed above, the Company has not been notified of any other notifiable interests or short positions in the issued share capital of the Company as at 31 December 2008.

## Share Options

Particulars of the Company’s share option scheme are set out in note 33 to the consolidated financial statements.

No option has been granted under the Company’s share option scheme up to 31 December 2008.

## Arrangements to Purchase Shares or Debentures

Other than those as disclosed under the paragraph headed “Share Options” above, at no time during the year was the Company, its holding company, or any of its subsidiaries, a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debt securities including debentures of, the Company or any other body corporate.



# Report of the Directors

## Directors' Interests in Contracts of Significance

Other than as disclosed in note 37 to the consolidated financial statements, no contract of significance to which the Company, its holding company or subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 December 2008.

## Connected Transactions and Continuing Connected Transactions

Significant related party transactions entered by the Group for the year ended 31 December 2008 are disclosed in note 37 to the consolidated financial statements.

Details of some of the said related party transactions, which also constitute connected transactions or continuing connected transactions on the part of the company required to be disclosed in accordance with Chapter 14A of the Listing Rules, are listed as follows:

### (A) Acquisition

On 4 August 2008, Ying Bao, Song Shuping, Xia Jueying (collectively as the "Vendors"), 綠城房地產集團有限公司(Greentown Real Estate Group Co., Ltd.)("Greentown Real Estate"), a wholly-owned subsidiary of the Company (as purchaser) and 杭州綠城裝飾工程有限公司(Hangzhou Greentown Decoration Engineering Co. Ltd.) ("HZGD") (as the Vendors' guarantor) entered into a transfer agreement (the "Transfer Agreement") pursuant to which, Greentown Real Estate agreed to acquire 100% of the equity interests in 浙江華能裝飾工程有限公司(Zhejiang Huaneng Decoration Engineering Co. Ltd.) ("ZJHD") from the Vendors for an aggregate consideration of Rmb6,460,295.69 (the "Acquisition"). HZGD agreed to act as the guarantor of the Vendors and undertake to indemnify Greentown Real Estate for all the losses and damages it may suffer arising out of or in connection with the non-performance of any of the Vendors' obligations under the Transfer Agreement. Song Shuping is the sister of Song Weiping, the Chairman and an executive director of the Company, and Xia Jueying is the aunt of Xia Yibo, the spouse of Song Weiping. Pursuant to the Listing Rules, Song Shuping and Xia Jueying are connected persons of the Company. Therefore, the acquisition of the respective equity interests of Song Shuping and Xia Jueying in ZJHD by Greentown Real Estate constitutes a connected transaction for the Company under the Listing Rules.

Details of the Acquisition were disclosed in the Company's announcement dated 4 August 2008.

In the opinion of the Directors (including the Independent Non-Executive Directors), the consideration for the Acquisition was arrived at arm's length negotiations between the Vendors and Greentown Real Estate. The Directors (including the Independent Non-Executive Directors) also considered that the terms of the Transfer Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole.

# Report of the Directors



## (B) Exempt Continuing Connected Transactions

### Trademarks Licence

On 22 June 2006, the Company and Greentown Holdings Group Limited (“Greentown Holdings Group”), an affiliate owned by Song Weiping together with his spouse, Xia Yibo and Shou Bainian (collectively as the “Original Shareholders”) which is the registered owner of the trademarks and service marks of “綠城” (Greentown) and “綠城房產” (Greentown Real Estate) in the form of Romanized spelling, Chinese characters (including both simplified and traditional forms) as well as in the form of logos (the “Trademarks”) in the PRC, entered into a trademarks licence agreement (the “Trademarks License Agreement”) pursuant to which, Greentown Holdings Group has granted the Group an irrevocable and exclusive right to use the Trademarks in the Group’s property development business, on a free-of-charge basis. The term of the Trademarks License Agreement is ten years subject to an automatic extension for a further ten years if so requested by the Company one month before the expiry date of such term.

Pursuant to the Listing Rules, Greentown Holdings Group and other associates of the Original Shareholders constitute the connected persons to the Company and therefore the above transaction constitutes connected transaction of the Company. Details of the transaction contemplated under the Trademarks License Agreement were disclosed in the prospectus of the Company dated 30 June 2006 (the “Prospectus”) under the section headed “Connected Transactions – Exempt Continuing Connected Transactions”.

## (C) Non-exempt Continuing Connected Transactions

### (a) Existing Continuing Connected Transactions

Prior to the Global Offering (as defined in the Prospectus), the Company entered into, among others, the following agreements (the “Existing Continuing Connected Transaction Agreements”) for a period of three financial years ended on 31 December 2008:

- (1) (i) a properties leasing agreement dated 22 June 2006 with Greentown Holdings Group in relation to certain premises and properties situated at (a) Level 10 of Zone A, (b) Room 111 on Level 1 of Zone B, and (c) Level 9 of Zone B, Huanglong Century Plaza, No. 1 Hangda Road, Xihu District, Hangzhou, Zhejiang Province, the PRC (the “Existing Commercial Properties”) with an aggregate gross floor area of approximately 3,457.6 square meters for general commercial uses; and (ii) a properties leasing agreement dated 22 June 2006 with Zhejiang Century Square Investment Company Limited (“Zhejiang Century Square”) in relation to certain premises and properties for general commercial uses (collectively as the “Properties Leasing Agreements”). The term of the Properties Leasing Agreements was three years commenced from 1 January 2006 and the aggregate annual rental payable pursuant by the Company under the Properties Leasing Agreements was Rmb6.35 million for the three years ended 31 December 2008, which was accordingly determined as the annual caps of the Properties Leasing Agreements. There were no rent review provisions. Zhejiang Century Square is owned as to 40% by Greentown Holdings Group and is therefore an associate of Greentown Holdings Group;



# Report of the Directors

- (2) an advertising services agreement dated 22 June 2006 (the “Advertising Services Agreement”) with Zhejiang Greentown Football Club Company Limited (“Greentown Football Club”), a company wholly owned by Greentown Holdings Group pursuant to which, Greentown Football Club provided advertising services to the Company including advertising the Company’s Greentown Real Estate brand name at the football games and events participated by Greentown Football Club as a marketing campaign which allowed the brand name of the Company to be publicized to spectators and the wider public through various public media reporting the football events. The Advertising Services Agreement was for a term of three years commenced from 1 January 2006. On the assumption that Greentown Football Club would successfully advance into China Football Super League, with reference to the market rate of other football clubs in China Football Super League providing similar advertising and promotion services, an annual advertising fee of Rmb40 million was paid to Greentown Football Club in 2007 and 2008, which was accordingly determined as the annual caps of the Advertising Services Agreement. Since Greentown Football Club is wholly owned by Greentown Holdings Group, Greentown Football Club is therefore an associate of Greentown Holdings Group and a connected person of the Company for the purpose of the Listing Rules; and
- (3) a comprehensive services agreement dated 22 June 2006 (the “Comprehensive Services Agreement”) with the Original Shareholders and Greentown Holdings Group relating to the following transactions:
  - (i) the Original Shareholders, through their associates, agreed to provide interior decoration services to the Company for property development upon terms not less favourable than those they offered to any third parties from time to time, but the Company was not obliged to use such services exclusively or at all from the Original Shareholders or their affiliates. The Company may terminate the interior decoration services provided by the Original Shareholders or their affiliates with respect to any projects by serving three months’ prior written notice. The annual fees in respect of interior decoration services for the three years ended 31 December 2008 were estimated to be not more than Rmb30 million, Rmb40 million and Rmb50 million respectively, which accordingly were determined as the annual caps of the interior decoration services pursuant to the Comprehensive Services Agreement;

# Report of the Directors



- (ii) Greentown Holdings Group, through its subsidiary, Zhejiang Greentown Property Management Company (“Zhejiang Greentown Property”), agreed to provide pre-delivery property management services (including certain property management advisory services, security services and other related services) to the Company for the Company’s property development upon terms not less favourable than those it offered to any third parties from time to time, but the Company was not obliged to use such services exclusively or at all from Greentown Holdings Group. The Company may terminate the property management services provided by the Greentown Holdings Group with respect to any projects by serving three months’ prior written notice. The annual expenditures in respect of property management services provided by Greentown Holdings Group for the three years ended 31 December 2008 were estimated to be not more than Rmb11 million, Rmb12 million and Rmb14 million respectively, which accordingly were determined as the annual caps of the property management services pursuant to the Comprehensive Services Agreement; and
- (iii) Greentown Holdings Group, through its associates, agreed to supply certain landscaping raw materials to the Company for its property developments upon terms not less favourable than those it offered to any third parties from time to time but the Company was not obliged to use such services exclusively or at all from Greentown Holdings Group. The Company may terminate the supply of landscaping raw materials from Greentown Holdings Group in relation to any specific supply contract by serving three months’ prior written notice. The annual cost in respect of purchase of landscaping raw materials supplied by Greentown Holdings Group for the three years ended 31 December 2008 were estimated to be not more than Rmb2 million, Rmb3 million and Rmb4 million respectively, which accordingly were determined as the annual caps of the supply of landscaping raw materials pursuant to the Comprehensive Services Agreement.

Pursuant to the Listing Rules, Greentown Holdings Group and other associates of the Original Shareholders constitute the connected persons to the Company and therefore the above transactions constitute connected transactions of the Company. Details of the transactions contemplated under the Existing Continuing Connected Transaction Agreements were disclosed in the Prospectus under the section headed “Connected Transactions – Non-exempt Continuing Connected Transactions”.



# Report of the Directors

Pursuant to the Existing Continuing Connected Transaction Agreements, the annual amounts for each of these transactions for the year ended 31 December 2008 were as follows:

<b>Expenses paid by the Company for the year ended 31 December 2008</b>	<b>Rmb'000</b>
Annual rental pursuant to the Properties Leasing Agreements	4,949
Advertising fee pursuant to the Advertising Services Agreement	40,000
Interior decoration service fees pursuant to the Comprehensive Services Agreement	21,304
Property management service fees pursuant to the Comprehensive Services Agreement	11,153
Purchase of raw materials pursuant to the Comprehensive Services Agreement	1,460

(b) Renewed Continuing Connected Transactions

In view of the continuous development of the Group and based on the internal forecasts of forthcoming demand, the Company entered into the following agreements (the “Renewed Continuing Connected Transaction Agreements”) on 1 December 2008 for a term of three years commenced from 1 January 2009 and expiring on 31 December 2011:

- (1) (i) a properties leasing agreement with Greentown Holdings Group in relation to the Existing Commercial Properties for general commercial uses; (ii) a lease with Greentown Holdings Group in relation to the property situated at Level 3 of Zone A, Huanglong Century Plaza, No. 1 Hangda Road, Xihu District, Hangzhou, Zhejiang Province, the PRC with a gross floor area of approximately 700 square meters (the “Additional Commercial Property”) for general commercial uses; and (iii) a framework property leasing agreement in relation to the lease of 30 residential units, of which 26 are situated at Zigui Garden, Wenexi Road, Xihu District, Hangzhou, Zhejiang Province, the PRC and four are situated at No. 532 Wenyixi Road, Xihu District, Zhejiang Province, the PRC (the “Staff Quarters”) from Greentown Holdings Group to be used as staff quarters for the Group (collectively as the “Renewed Properties Leasing Agreements”). The aggregate annual rental payable by the Company under the Renewed Properties Leasing Agreements is Rmb8.06 million (as to Rmb7.56 million for the Existing Commercial Properties and the Additional Commercial Properties and Rmb0.50 million for the Staff Quarters) for the three years ending 31 December 2011, which accordingly are determined as the annual caps of the Renewed Properties Leasing Agreements. There are no rent review provisions;

# Report of the Directors



- (2) an advertising services agreement (the “Renewed Advertising Services Agreement”) with Greentown Football Club on similar terms to those in the Advertising Services Agreement. The annual advertising service fees payable by the Company under the Renewed Advertising Services Agreement is Rmb40 million for the three years ending 31 December 2011, which accordingly are determined as the annual caps of the Renewed Advertising Services Agreement; and
- (3) a comprehensive services agreement (the “Renewed Comprehensive Services Agreement”) with the Original Shareholders and Greentown Holdings Group relating to the following transactions:
  - (i) the Original Shareholders agreed to provide internal decoration services to the Company for property development on similar terms to the Comprehensive Services Agreement. The aggregate annual fees in respect of interior decoration services payable by the Company under the Renewed Comprehensive Services Agreement is Rmb10 million for the three years ending 31 December 2011, which accordingly are determined as the annual caps of the interior decoration services pursuant to the Renewed Comprehensive Services Agreement;
  - (ii) Greentown Holdings Group, through its subsidiary, Zhejiang Greentown Property, agreed to provide, among others, property management services to the Company for the Company’s property development on similar terms to those in the Comprehensive Services Agreement. The annual expenditures in respect of property management services provided by the Company under the Renewed Comprehensive Services Agreement for the three years ending 31 December 2011 are estimated to be Rmb14 million, Rmb16 million and Rmb18 million respectively, which accordingly are determined as the annual caps of the property management services pursuant to the Renewed Comprehensive Services Agreement;
  - (iii) Greentown Holdings Group, through its associate, agreed to supply certain landscaping raw materials to the Company for its property developments on similar terms to those in the Comprehensive Services Agreement. The annual cost payable by the Company in respect of purchase of landscaping raw materials to be supplied by Greentown Holdings Group for the three years ending 31 December 2011 are estimated to be Rmb2 million, Rmb2.5 million and Rmb3 million respectively, which accordingly are determined as the annual caps of the supply of landscaping raw materials pursuant to the Renewed Comprehensive Services Agreement; and



# Report of the Directors

- (iv) Greentown Holdings Group, through its associate, agreed to provide, among other services, pre-delivery hotel management services (including certain advisory services and other related services) and post-delivery hotel management and operation services (including leasing business) to the Company upon terms not less favourable than those it offered to any third parties from time to time but the Company was not obliged to use such services exclusively or at all from Greentown Holdings Group. The Company may terminate the hotel management services provided by the Greentown Holdings Group with respect to any project by serving three months' prior written notice. The aggregate annual expenditure payable by the Company is Rmb2 million for the three years ending 31 December 2011, which accordingly are determined as the annual caps of the hotel management services pursuant to the Renewed Comprehensive Services Agreement.

Details of the transactions contemplated under the Renewed Continuing Connected Transaction Agreements were disclosed in the Company's announcement dated 1 December 2008.

The Independent Non-Executive Directors of the Company have reviewed the transactions contemplated under the Trademarks License Agreement and the Existing Continuing Connected Transaction Agreements and confirmed that they were:

- (a) entered into by members of the Company in the ordinary and usual course of its business;
- (b)
  - (i) on normal commercial terms; or
  - (ii) on terms no less favourable to the Company than those available to (or from) independent third parties; or
  - (iii) on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole; and
- (c) entered into in accordance with the relevant agreements governing them.

The auditors of the Company have reviewed the transactions contemplated under the Trademarks License Agreement and the Existing Continuing Connected Transaction Agreements and confirmed to the Company that they:

- (a) have been approved by the Board;
- (b) are in accordance with the pricing policies set out in note 37(i) to the consolidated financial statements of the Company;
- (c) have been entered into in accordance with the relevant agreements governing the transactions; and
- (d) have not exceeded the caps as disclosed in the Prospectus or the announcements of the Company made in respect of those transactions.



# Report of the Directors



In the opinion of the Directors, all the above transactions have been entered into in the ordinary course of the Group's business and are conducted on normal commercial terms and are fair and reasonable and in the interest of the Company's shareholders as a whole.

## Directors' Interests In Competing Business

Greentown Holdings Group is engaged in various lines of businesses, including certain property development and sale.

On 22 June 2006, each of the Original Shareholders entered into a deed of non-competition (the "Deed of Non-Competition") with the Company to undertake that they will not, and shall procure their controlled affiliates (other than subsidiaries and associates of the Company) not to engage in any property development business (except for hotel development and property management) in the PRC, provided that Greentown Holdings Group may continue with the development and sale of the eight property projects (the "Non-inclusion Projects"). Pursuant to the Deed of Non-Competition, Greentown Holdings Group granted an option to the Company to acquire the Non-inclusion Projects. Details of the terms of the Deed of Non-Competition are described in the "Business Section" of the Company's prospectus dated 30 June 2006.

Pursuant to the ordinary resolutions passed at the Extraordinary General Meeting held on 26 March 2007, three out of eight Non-inclusion Projects were acquired by the Company. During the year ended 31 December 2007, Greentown Holdings Group Limited disposed one Non-inclusion Project to an independent third party. As at 31 December 2008, there are still four Non-inclusion Projects pursuant to the Deed of Non-Competition.

## Remuneration Policy

The remuneration policy of the employees of the Group is set up by the Remuneration Committee on the basis of the employees' performance, qualifications and experiences.

Details of the remuneration of the Directors are set out in note 10 to the consolidated financial statements, which are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance of the Directors and comparable market statistics.

The Company has adopted a share option scheme as an incentive to Directors and eligible employees, details of the share option scheme is set out in note 33 to the consolidated financial statements.



# Report of the Directors

## Major Customers and Suppliers

The aggregate sales attributable to the Group's five largest customers were less than 30% of the Group's total sales and the sales attributable to the Group's largest customer were less than 10% of the Group's total sales for the year.

The aggregate purchases attributable to the Group's five largest suppliers were less than 30% of the Group's total purchases and the purchases attributable to the Group's largest supplier were less than 10% of the Group's total purchases for the year.

At no time during the year ended 31 December 2008 a Director, an associate of a Director or a shareholder of the Company (who to the knowledge of the Directors own more than 5% of the Company's share capital) had any interest in any of the Group's five largest suppliers or customers.

## Pre-Emptive Rights

There are no provisions for pre-emptive rights under the Company's Articles of Association, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

## Sufficiency of Public Float

The Company has maintained the public float as required by the Listing Rules throughout the year ended 31 December 2008.

## Donations

During the year ended 31 December 2008, the Group made charitable donations amounting to Rmb1,267,164.

## Post Balance Sheet Events

Subsequent to the date of the balance sheet, significant post balance sheet events of the Group occurred and their details are set out in note 38 to the consolidated financial statements.

## Auditors

Messrs. Deloitte Touche Tohmatsu were appointed as auditors of the Company since 2004 and will retire at the forthcoming AGM. A resolution will be proposed at the forthcoming AGM to re-appoint Deloitte Touche Tohmatsu as the auditors of the Company.

On behalf of the Board  
**SONG Weiping**  
*Chairman*

26 April 2009

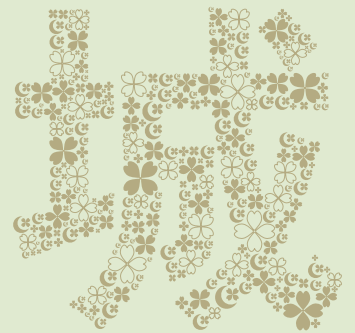
## **Greentown China Holdings Limited**

### **Hangzhou Head Office**

10/F, Block A, Century Plaza, No. 1 Hangda Road,  
Hangzhou, Zhejiang, PRC (Postcode: 310007)  
Tel: (86-571) 8898 8888 Fax: (86-571) 8790 1717

### **Hong Kong Office**

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16-18 Queen's Road Central, Hong Kong  
Tel: (852) 2523 3137 Fax: (852) 2523 6608



Creating value for the customers

**Greentown China Holdings Limited**

**绿城中国控股有限公司\***

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 3900)

**Annual Report 2008**

\* For identification purpose only

# Contents



Independent Auditor's Report	2-3
Consolidated Income Statement	4
Consolidated Balance Sheet	5-6
Consolidated Statement of Changes in Equity	7-8
Consolidated Cash Flow Statement	9-10
Notes to the Consolidated Financial Statements	11-111
Five Years Financial Summary	112-113
Valuation Report and Analysis	114-148



# Independent Auditor's Report

**Deloitte.**

**德勤**

**TO THE MEMBERS OF GREENTOWN CHINA HOLDINGS LIMITED**

*(incorporated in the Cayman Islands with limited liability)*

We have audited the consolidated financial statements of Greentown China Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 4 to 111, which comprise the consolidated balance sheet as at 31 December 2008, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

## **Directors' responsibilities for the consolidated financial statements**

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

## **Auditor's responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

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

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

# Independent Auditor's Report



## Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2008 and of the Group's profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*  
Hong Kong  
26 April 2009



# Consolidated Income Statement

For the year ended 31 December 2008

	Notes	2008 Rmb'000	2007 Rmb'000
Revenue	6	6,635,357	5,738,791
Cost of sales		(4,765,728)	(3,675,198)
Gross profit		1,869,629	2,063,593
Other income	7	329,145	271,237
Selling expenses		(293,686)	(196,197)
Administrative expenses		(443,565)	(293,654)
Finance costs	8	(401,290)	(217,269)
Fair value gain on transfer from completed properties for sale to investment property		–	16,658
Impairment losses on property, plant and equipment	14	(53,000)	–
Decrease in fair value of investment property	15	(1,052)	–
Impairment losses on properties under development		(190,433)	–
Impairment losses on completed properties for sale		(30,816)	–
Fair value changes on embedded financial derivatives	26	19,477	(29,090)
Net gain on disposal of an associate		27	–
Net gain on partial disposal of subsidiaries		7,543	–
Net gain on purchase of additional interest in a subsidiary		–	14
Share of results of associates		242,158	66,650
Share of results of jointly controlled entities		141,573	53,531
Profit before taxation	9	1,195,710	1,735,473
Taxation	11	(629,088)	(729,884)
Profit for the year		566,622	1,005,589
Attributable to:			
Equity holders of the Company		540,285	923,376
Minority interests		26,337	82,213
		566,622	1,005,589
Dividends	12	438,283	490,170
Earnings per share	13		
Basic		Rmb0.35	Rmb0.63
Diluted		Rmb0.34	Rmb0.61



# Consolidated Balance Sheet

As at 31 December 2008



	Notes	2008 Rmb'000	2007 Rmb'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	14	1,321,909	1,154,844
Investment property	15	25,000	26,052
Interests in associates	16	1,434,510	955,621
Interests in jointly controlled entities	17	326,217	193,644
Available-for-sale investments	18	8,500	1,000
Prepaid lease payment	19	148,647	34,413
Rental paid in advance		11,664	13,312
Deferred tax assets	20	260,832	163,491
		<b>3,537,279</b>	<b>2,542,377</b>
<b>CURRENT ASSETS</b>			
Properties for development	21	6,152,221	10,293,210
Properties under development	22	23,250,049	11,094,981
Completed properties for sale		1,962,108	1,127,401
Inventories		11,954	5,139
Embedded financial derivatives	26	157	17,378
Trade and other receivables, deposits and prepayments	23	1,334,601	2,260,651
Amounts due from related parties	37(ii)	4,215,415	1,772,763
Prepaid income taxes		297,522	166,996
Prepaid other taxes		335,532	201,742
Prepaid pledged bank deposits	23, 34	220,217	506,282
Bank balances and cash	23	1,498,021	2,876,925
		<b>39,277,797</b>	<b>30,323,468</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	24	3,392,250	1,913,882
Pre-sale deposits		6,136,522	3,583,055
Amounts due to related parties	37(ii)	5,279,321	4,865,677
Dividend payable		1,367	1,367
Income taxes payable		1,204,898	912,301
Other taxes payable		269,849	197,794
Embedded financial derivatives	26	22,725	61,622
Bank and other borrowings			
– due within one year	25	3,867,741	2,436,272
Senior notes	27	2,701,186	–
		<b>22,875,859</b>	<b>13,971,970</b>
<b>NET CURRENT ASSETS</b>		<b>16,401,938</b>	<b>16,351,498</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>19,939,217</b>	<b>18,893,875</b>



# Consolidated Balance Sheet

As at 31 December 2008

	Notes	2008 Rmb'000	2007 Rmb'000
<b>NON-CURRENT LIABILITIES</b>			
Bank and other borrowings			
– due after one year	25	7,385,305	4,368,130
Convertible bonds	26	2,163,523	2,069,821
Senior notes	27	–	2,879,761
Deferred tax liabilities	20	109,063	89,661
		9,657,891	9,407,373
		10,281,326	9,486,502
<b>CAPITAL AND RESERVES</b>			
Share capital	28	157,395	157,395
Reserves		8,052,075	7,950,073
Equity attributable to equity holders of the Company		8,209,470	8,107,468
Minority interests		2,071,856	1,379,034
		10,281,326	9,486,502

The consolidated financial statements on pages 4 to 111 were approved and authorised for issue by the Board of Directors on 26 April 2009 and are signed on its behalf by:

**Shou Bainian**  
*Director*

**Chen Shunhua**  
*Director*

# Consolidated Statement of Changes in Equity

For the year ended 31 December 2008



	Attributable to equity holders of the Company								
	Share capital Rmb'000	Share premium Rmb'000	Special reserve Rmb'000 (Note i)	Statutory reserve Rmb'000 (Note ii)	Conversion option reserve Rmb'000	Retained earnings Rmb'000	Subtotal Rmb'000	Minority interests Rmb'000	Total Rmb'000
At 1 January 2007	138,690	2,800,030	(551)	147,941	-	1,287,663	4,373,773	364,861	4,738,634
Profit for the year	-	-	-	-	-	923,376	923,376	82,213	1,005,589
Total recognised income for the year	-	-	-	-	-	923,376	923,376	82,213	1,005,589
Capitalisation issue	-	-	-	-	-	-	-	-	-
Dividends (Note 12) (Shares issued)	-	-	-	-	-	(490,170)	(490,170)	(14)	(490,184)
Issue of shares on conversion of convertible bonds	4,779	674,576	-	-	-	-	679,355	-	679,355
Issue of new shares	13,926	2,263,045	-	-	-	-	2,276,971	-	2,276,971
Transaction costs attributable to issue of new shares	-	(6,643)	-	-	-	-	(6,643)	-	(6,643)
Equity component of convertible bonds (Note 26)	-	-	-	-	350,806	-	350,806	-	350,806
Transfer (Note iii)	-	-	(127)	(79,351)	-	79,478	-	-	-
Purchase of additional interest in subsidiaries	-	-	-	-	-	-	-	(12,753)	(12,753)
Capital contribution from minority shareholders of subsidiaries (Disposal of subsidiaries)	-	-	-	-	-	-	-	873,943	873,943
Liquidation of subsidiaries	-	-	-	-	-	-	-	(518)	(518)
Acquisition of subsidiaries	-	-	-	-	-	-	-	71,302	71,302
Transfer (Note ii)	-	-	-	186,455	-	(186,455)	-	-	-
At 31 December 2007	157,395	5,731,008	(678)	255,045	350,806	1,613,892	8,107,468	1,379,034	9,486,502
Profit for the year	-	-	-	-	-	540,285	540,285	26,337	566,622
Total recognised income for the year	-	-	-	-	-	540,285	540,285	26,337	566,622
Dividends (Note 12)	-	-	-	-	-	(438,283)	(438,283)	(9,740)	(448,023)
Purchase of additional interest in subsidiaries	-	-	-	-	-	-	-	(216,536)	(216,536)
Capital contribution from minority shareholders of subsidiaries	-	-	-	-	-	-	-	277,140	277,140
Partial disposal of subsidiaries	-	-	-	-	-	-	-	81,493	81,493
Acquisition of subsidiaries	-	-	-	-	-	-	-	534,128	534,128
Transfer (Note ii)	-	-	-	24,871	-	(24,871)	-	-	-
At 31 December 2008	157,395	5,731,008	(678)	279,916	350,806	1,691,023	8,209,470	2,071,856	10,281,326



# Consolidated Statement of Changes in Equity

For the year ended 31 December 2008

## Notes:

- (i) The amount as at 1 January 2007 represents the net of the gain on disposal of subsidiaries and associates to related companies with common controlling shareholders of the Group, which is considered capital contribution and recognised as a special reserve, and the distribution to shareholders in excess of paid-in capital upon the group reorganisation (the “Group Reorganisation”) prior to the listing of the Company’s shares on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).
- (ii) The statutory reserve is non-distributable and the transfer to this reserve is determined by the board of directors of the relevant companies in accordance with the relevant laws and regulations of the People’s Republic of China (the “PRC”). This reserve can be used to offset accumulated losses and increase capital upon approval from the relevant authorities.
- (iii) The transfer in 2007 was made on the closure of Zhejiang Green Garden Real Estate Development Co., Ltd. (“Zhejiang Green Garden”), Hangzhou Greentown Real Estate Development Co., Ltd. (“Hangzhou Greentown”), Hangzhou Osmanthus City Real Estate Development & Operation Co., Ltd. (“Hangzhou Osmanthus City”) and Hangzhou Jiuxi Property Services Company Limited (“Hangzhou Jiuxi”).

# Consolidated Cash Flow Statement

For the year ended 31 December 2008



	2008 Rmb'000	2007 Rmb'000
<b>OPERATING ACTIVITIES</b>		
Profit before taxation	1,195,710	1,735,473
Adjustments for:		
Share of results of associates	(242,158)	(66,650)
Share of results of jointly controlled entities	(141,573)	(53,531)
Depreciation and amortisation	74,705	24,114
Impairment loss on property, plant and equipment	53,000	–
Impairment losses on properties under development	190,433	–
Impairment losses on completed properties for sale	30,816	–
Interest income	(59,074)	(134,423)
Finance costs	401,290	217,269
Net unrealised foreign exchange gain	(184,476)	(186,735)
Fair value gain on transfer from completed properties for sale to investment property	–	(16,658)
Gain on disposal of property, plant and equipment	(5,609)	–
Decrease in fair value of investment property	1,052	–
Fair value changes on embedded financial derivatives	(19,477)	29,090
Gain on liquidation of a subsidiary	–	(18)
Net gain on partial disposal of subsidiaries	(7,543)	–
Net gain on purchase of additional interest in a subsidiary	–	(14)
Net gain on disposal of associates	(27)	–
Operating cash flows before movements in working capital	1,287,069	1,547,917
Decrease (increase) in properties for development	5,216,292	(5,309,955)
Increase in properties under development	(9,443,689)	(4,924,926)
Increase in completed properties for sale	(866,476)	(17,743)
Increase in inventories	(6,767)	(2,855)
Decrease (increase) in trade and other receivables, deposits and prepayments	479,915	(1,350,251)
Increase in amounts due from related parties	(2,006,838)	(1,325,067)
Increase in prepaid other taxes	(127,813)	(130,403)
Decrease in rental paid in advance	1,648	637
Increase in pre-sale deposits	2,553,467	1,911,465
Increase in trade and other payables	219,244	384,835
Decrease in amounts due to related parties	(609,220)	(2,336,329)
Increase in other taxes payable	72,044	104,936
Cash used in operations	(3,231,124)	(11,447,739)
Income taxes paid	(544,239)	(939,621)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(3,775,363)</b>	<b>(12,387,360)</b>



# Consolidated Cash Flow Statement

For the year ended 31 December 2008

	Notes	2008 Rmb'000	2007 Rmb'000
<b>INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(297,258)	(755,552)
Proceeds from disposal of property, plant and equipment		12,609	8,218
Increase in prepaid lease payment		(6,777)	–
Investments in associates		(321,485)	(254,900)
Investments in jointly controlled entities		–	(51,000)
Dividends received from associates and JCE		19,260	24,912
Proceeds from disposal of interests in associates		38,909	12,000
Acquisition of subsidiaries (net of cash and cash equivalents acquired)	29	(75,722)	(333,240)
Purchase of additional interests in subsidiaries		(217,873)	(22,501)
Proceeds from disposal of subsidiaries (net of cash and cash equivalents disposed of)	30	–	246,362
Proceeds from partial disposal of subsidiaries		89,036	–
Advance to third parties		(12,478)	(4,242)
Advance to (repayment from) related parties		(435,814)	132,112
Decrease in pledged bank deposits		286,065	124,098
Interest received		54,906	136,293
Purchase of available-for-sale investments		(7,500)	–
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(874,122)</b>	<b>(737,440)</b>
<b>FINANCING ACTIVITIES</b>			
Bank and other borrowings raised		7,186,555	6,004,602
Repayment of bank and other borrowings		(3,107,911)	(3,148,402)
Advance from related parties		654,182	5,650,958
Contribution by minority shareholders of subsidiaries		277,140	873,943
Interest paid		(1,285,240)	(665,164)
Dividends paid to equity holders of the Company		(438,283)	(490,170)
Dividends paid to minority interests		(9,740)	(14)
Proceeds on issue of convertible bonds	26	–	2,291,097
Payment to minority equity holders on liquidation of a subsidiary		–	(500)
Proceeds on issue of shares		–	2,276,971
Payment for share issue expenses		–	(6,643)
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<b>3,276,703</b>	<b>12,786,678</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(1,372,782)</b>	<b>(338,122)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		<b>2,876,925</b>	<b>3,249,014</b>
Effects of exchange rate changes on the balance of cash held in foreign currencies		(6,122)	(33,967)
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<b>1,498,021</b>	<b>2,876,925</b>
<b>REPRESENTED BY BANK BALANCES AND CASH</b>		<b>1,498,021</b>	<b>2,876,925</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008



## 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 with effect from 13 July 2006. The address of the registered office of the Company is disclosed in the section headed “Corporate Information” of the annual report.

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 (together with the Company referred to as the “Group”) is the development of residential properties in the PRC.

## 2. Application of new and revised international financial reporting standards (“IFRSs”)

In the current year, the Group has applied, for the first time, the following 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 or have become effective.

IAS 39 & IFRS 7 (Amendments)	Reclassification of Financial Assets
IFRIC 11	IFRS 2: Group and Treasury Share Transactions
IFRIC 12	Service Concession Arrangements
IFRIC 14	IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of the new IFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008

## 2. Application of new and revised international financial reporting standards (“IFRSs”) (Continued)

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)	Improvements to IFRSs May 2008 <sup>1</sup>
IFRSs (Amendments)	Improvements to IFRSs April 2009 <sup>2</sup>
IAS 1 (Revised)	Presentation of Financial Statements <sup>3</sup>
IAS 23 (Revised)	Borrowing Costs <sup>3</sup>
IAS 27 (Revised)	Consolidated and Separate Financial Statements <sup>4</sup>
IAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation <sup>3</sup>
IAS 39 (Amendment)	Eligible Hedged Items <sup>4</sup>
IFRS 1 & IAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate <sup>3</sup>
IFRS 2 (Amendment)	Vesting Conditions and Cancellations <sup>3</sup>
IFRS 3 (Revised)	Business Combinations <sup>4</sup>
IFRS 7 (Amendment)	Improving Disclosures about Financial Instruments <sup>3</sup>
IFRS 8	Operating Segments <sup>3</sup>
IFRIC 9 & IAS 39 (Amendments)	Embedded Derivatives <sup>5</sup>
IFRIC 13	Customer Loyalty Programmes <sup>6</sup>
IFRIC 15	Agreements for the Construction of Real Estate <sup>3</sup>
IFRIC 16	Hedges of a Net Investment in a Foreign Operation <sup>7</sup>
IFRIC 17	Distributions of Non-cash Assets to Owners <sup>4</sup>
IFRIC 18	Transfers of Assets from Customers <sup>8</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2009 except the amendments to IFRS 5, which are effective for annual periods beginning on or after 1 July 2009

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2009, 1 July 2009 and 1 January 2010, as appropriate

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2009

<sup>4</sup> Effective for annual periods beginning on or after 1 July 2009

<sup>5</sup> Effective for annual periods ending on or after 30 June 2009

<sup>6</sup> Effective for annual periods beginning on or after 1 July 2008

<sup>7</sup> Effective for annual periods beginning on or after 1 October 2008

<sup>8</sup> Effective for transfers on or after 1 July 2009

The adoption of IFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after 1 January 2010. IAS 27 (Revised) will affect the Group’s accounting treatment for changes in the Group’s ownership interest in a subsidiary that do not result in a loss of control. The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008



## 3. Principal accounting policies

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments and investment property, which are measured at fair values, as explained in the accounting policies set out below.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

### **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All significant intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008

## 3. Principal accounting policies (Continued)

### Business combinations

The acquisition of businesses is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 "Business Combinations" are recognised at their fair values at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

### Acquisition of assets

When the Group acquires a group of assets or net assets that does not constitute a business, the cost of the acquisition is allocated between the individual identifiable assets and liabilities in the group based on their relative fair values at the acquisition date.

Acquisition of additional interests in subsidiaries or associates which are not a business is accounted for as an acquisition of additional interests in assets. The difference between the consideration paid or payable and the carrying amount of minority interests attributable to the acquired interest is allocated to the value of the underlying assets acquired. No goodwill or discount on acquisition is recognised from this transaction.

### Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor a joint venture.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associates, less any identified impairment loss. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008



## 3. Principal accounting policies (Continued)

### Jointly controlled entities

Joint venture arrangements that involve the establishment of a separate entity in which venturers have joint control over the economic activity of the entity are referred to as jointly controlled entities.

The results and assets and liabilities of jointly controlled entities are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in jointly controlled entities are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the jointly controlled entities, less any identified impairment loss. When the Group's share of losses of a jointly controlled entity equals or exceeds its interest in that jointly controlled entity (which includes any long-term interests that, in substance, form part of the Group's net investment in the jointly controlled entity), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that jointly controlled entity.

When a group entity transacts with a jointly controlled entity of the Group, profits or losses are eliminated to the extent of the Group's interest in the jointly controlled entity.

### Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales-related taxes.

Income from properties developed for sale is recognised when the respective properties have been completed and delivered to the buyers. Deposits received from forward sales of properties are carried as pre-sale deposits.

Revenue from sales of other goods is recognised when the goods are delivered and title has passed.

Service income is recognised when services are provided.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Rental income, including rental invoiced in advance from properties let under operating leases, are recognised on a straight line basis over the period of the relevant leases.

### Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008

## 3. Principal accounting policies (Continued)

### Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the year in which they are incurred.

### Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008



## 3. Principal accounting policies (Continued)

### **Government grants**

Government grants are recognised as other income in the consolidated income statement when there is reasonable assurance that the grants will be received and become unconditional.

### **Leasing**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

#### *The Group as lessor*

Rental income from operating leases is recognised in the consolidated income statement on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

#### *The Group as lessee*

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

#### *Leasehold land and buildings*

The land and building elements of a lease of land and buildings are considered separately for the purpose of lease classification, unless the lease payments cannot be allocated reliably between the land and building elements, in which case, the entire lease is generally treated as a finance lease and accounted for as property, plant and equipment. To the extent the allocation of the lease payments can be made reliably, leasehold interests in land are accounted for as operating leases.

### **Retirement benefit costs**

The Group participates in state-managed retirement benefit schemes, which are defined contribution schemes, pursuant to which the Group pays a fixed percentage of its qualifying staff's wages as contributions to the plans. Payments to such retirement benefit schemes are charged as an expense when employees have rendered service entitling them to the contributions.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008

## 3. Principal accounting policies (Continued)

### Property, plant and equipment

Property, plant and equipment, including land and buildings held for use in the production or supply of goods or services, or for administrative purposes other than construction in progress, are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost of items of property, plant and equipment, other than construction in progress, over their estimated useful lives, and after taking into account of their estimated residual value, using the straight-line method.

Construction in progress represents property, plant and equipment in the course of construction for production or for its own use purposes. Construction in progress is carried at cost less any recognised impairment loss. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated income statement in the year in which the item is derecognised.

### *Leasehold land and buildings under development for future owner-occupied purpose*

When the leasehold land and buildings are in the course of development for production or for administrative purposes, the leasehold land component is classified as a prepaid lease payment and amortised over a straight-line basis over the lease term. During the construction period, the amortisation charge provided for the leasehold land is included as part of costs of buildings under construction. Buildings under construction are carried at cost, less any identified impairment losses. Depreciation of buildings commences when they are available for use (i.e. when they are in the location and condition necessary for them to be capable of operating in the manner intended by management).

### Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008



## 3. Principal accounting policies (Continued)

### Investment properties (Continued)

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated income statement in the year in which the item is derecognised.

### Impairment of tangible assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

### Properties for development

Properties for development represent leasehold land located in the PRC for development for future sale in the ordinary course of business. Cost comprises the costs of land use rights and other directly attributable costs. Properties for development are stated at cost less any identified impairment loss.

### Properties under development

Properties under development, representing leasehold land located in the PRC under development for future sale in the ordinary course of business, are stated at the lower of cost and net realisable value. Cost comprises the costs of land use rights, construction costs, borrowing costs capitalised and other direct development expenditure. Net realisable value represents the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008

## 3. Principal accounting policies (Continued)

### Completed properties for sale

Completed properties for sale are stated at the lower of cost and net realisable value. Cost comprises the costs of land use rights, construction costs, borrowing costs capitalised and other direct development expenditure. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

The Group transfers a property from completed properties for sale to investment property when there is a change of intention to hold the property to earn rentals or/and for capital appreciation rather than for sale in the ordinary course of business, which is evidenced by the commencement of an operating lease to another party. Any difference between the fair value of the property at the date of transfer and its previous carrying amount is recognised in profit or loss.

### Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method.

### Financial instruments

Financial assets and financial liabilities are recognised on the consolidated balance sheet when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

### *Financial assets*

The Group's financial assets are classified into one of the three categories, including financial assets at fair value through profit or loss ("FVTPL"), loans and receivables and available-for-sale financial assets.

### *Effective interest method*

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Interest income is recognised on an effective interest basis.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008



## 3. Principal accounting policies (Continued)

### Financial instruments (Continued)

#### *Effective interest method (Continued)*

#### *Financial assets at fair value through profit or loss*

Financial assets at FVTPL include financial assets held for trading.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

At each balance sheet date subsequent to initial recognition, financial assets at FVTPL are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise.

#### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including trade and other receivables, amounts due from related parties, pledged bank deposits, bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

#### *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost less any identified impairment losses at each balance sheet date subsequent to initial recognition (see accounting policy on impairment loss on financial assets below).



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008

## 3. Principal accounting policies (Continued)

### Financial instruments (Continued)

#### *Impairment of financial assets*

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade and other receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 90 days, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade or other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008



## 3. Principal accounting policies (Continued)

### Financial instruments (Continued)

#### *Impairment of financial assets (Continued)*

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

#### *Financial liabilities and equity*

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The Group's financial liabilities are generally classified into financial liabilities at FVTPL and other financial liabilities.

#### *Effective interest method*

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest expense is recognised on an effective interest basis.

#### *Financial liabilities at fair value through profit or loss*

Financial liabilities at FVTPL has two subcategories, including financial liabilities held for trading and those designated at FVTPL on initial recognition.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

At each balance sheet date subsequent to initial recognition, financial liabilities at FVTPL are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008

## 3. Principal accounting policies (Continued)

### Financial instruments (Continued)

#### *Effective interest method (Continued)*

##### *Other financial liabilities*

Other financial liabilities including bank and other borrowings, trade and other payables, amounts due to related parties and dividend payable are subsequently measured at amortised cost, using the effective interest method.

##### *Convertible bonds*

- (i) Convertible bonds containing liability component, conversion option derivative and early redemption derivatives

Convertible bonds issued by the Group that contain liability, conversion option and early redemption options (which are not closely related to the host liability component) are classified separately into respective items on initial recognition. Conversion option that will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is a conversion option derivative. At the date of issue, the liability, conversion option and redemption option components are recognised at fair value.

In subsequent periods, the liability component of the convertible bonds is carried at amortised cost using the effective interest method. The conversion option and redemption option derivatives are measured at fair value with changes in fair value recognised in profit or loss.

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability, conversion option and redemption option components in proportion to their relative fair values. Transaction costs relating to the conversion option and redemption option derivatives are charged to profit or loss immediately. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible bonds using the effective interest method.

- (ii) Convertible bonds containing liability and equity components, and closely-related early redemption option

Convertible bonds were issued by the Group that contain liability, conversion option and early redemption options. The early redemption options are closely related to the host liability component and are therefore not separately accounted for. The liability and conversion option are classified separately into respective items on initial recognition. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is classified as an equity instrument. At the date of issue, the fair value of the liability component is determined using the prevailing market interest rates of similar non-convertible debts. The difference between the gross proceeds of the issue of the convertible bonds and the fair value assigned to the liability component, representing the conversion option for the holder to convert the bonds into equity, is included in equity (conversion option reserve).

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008



## 3. Principal accounting policies (Continued)

### Financial instruments (Continued)

#### Effective interest method (Continued)

##### Convertible bonds (Continued)

- (ii) Convertible bonds containing liability and equity components, and closely-related early redemption option (Continued)

In subsequent periods, the liability component of the convertible bonds is carried at amortised cost using the effective interest method. The early redemption options are measured at fair value with changes in fair value recognised in profit or loss.

The equity component, representing the option to convert the liability component into ordinary shares of the Company, will remain in conversion option reserve until the embedded conversion option is exercised (in which case the balance stated in conversion option reserve will be transferred to share premium), where the conversion option remains unexercised at the expiry date, the balance stated in conversion option reserve will be released to the retained earnings. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability, equity and early redemption option components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the early redemption options are charged to profit or loss immediately. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible bonds using the effective interest method.

#### Senior notes

Senior notes issued by the Company that contain both liability and early redemption option (which is not closely related to the host contract) are classified separately into respective items on initial recognition. At the date of issue, both the liability and early redemption option components are recognised at fair value.

In subsequent periods, the liability component of the senior notes is carried at amortised cost using the effective interest method. The early redemption option is measured at fair value with changes in fair value recognised in profit or loss.

Transaction costs that relate to the issue of the senior notes are allocated to the liability and early redemption option components in proportion to their relative fair values. Transaction costs relating to the early redemption option are charged to profit or loss immediately. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the senior notes using the effective interest method.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008

## 3. Principal accounting policies (Continued)

### Financial instruments (Continued)

#### *Equity instruments*

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

#### *Embedded derivatives*

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

#### *Financial guarantee contracts*

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount determined in accordance with IAS 37 “Provisions, Contingent Liabilities and Contingent Assets”; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with IAS 18 “Revenue”.

#### *Derecognition*

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

## 4. Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below.

### **Net realisable value for properties under development and completed properties for sale**

Properties under development and completed properties remaining unsold at the end of each financial period are stated at the lower of cost and net realisable value.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008



## 4. Key sources of estimation uncertainty (Continued)

### Net realisable value for properties under development and completed properties for sale (Continued)

Net realisable value for properties under development is determined by reference to management estimates of the selling price based on prevailing market conditions, less applicable variable selling expenses and the anticipated costs to completion. Net realisable value for completed properties for sale is determined by reference to management estimates of the selling price based on prevailing market conditions, less applicable variable selling expenses. During the course of their assessment, management will also make reference to property valuations conducted by independent qualified professional valuers based on comparable market prices. Management are required to revise these estimates if there is a change in market condition or demand. If actual market conditions are less favourable than those projected by management, additional adjustments to the value of properties under development and completed properties for sale may be required. As at 31 December 2008, the carrying amounts of properties under development and completed properties for sale are Rmb23,250,049,000 (2007: Rmb11,094,981,000) and Rmb1,962,108,000 (2007: Rmb1,127,401,000) respectively (net of accumulated impairment loss of Rmb190,433,000 (2007: nil) and Rmb30,816,000 (2007: nil) respectively.)

### Estimated impairment of trade receivable

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows to determine impairment loss. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective increase rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise.

### Land Appreciation Tax

The provision for Land Appreciation Tax ("LAT") amounting to Rmb640,056,000 (2007: Rmb479,249,000) (included in income taxes payable) is estimated and made 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.

### Convertible bonds

As described in Note 26, the Company's convertible bonds contain a number of embedded derivatives that are remeasured to fair value through profit or loss at subsequent reporting dates. The Company engaged an independent appraiser to assist it in determining the fair value of these embedded derivatives. The determination of fair value was made after consideration of a number of factors, including: the Group's financial and operating results; the global economic outlook in general and the specific economic and competitive factors affecting the Group's business; the nature and prospects of the PRC property market; the Group's business plan and prospects; business risks the Group faces; and market yields and return volatility of comparable corporate bonds. This conclusion of value was based on generally accepted valuation procedures and practices that rely extensively on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008

## 5. Financial instruments

### (a) Categories of financial instruments

	2008 Rmb'000	2007 Rmb'000
<b>Financial assets</b>		
Fair value through profit or loss (FVTPL)		
Held for trading	157	17,378
Loans and receivables (including cash and cash equivalents)	6,347,361	5,647,171
Available-for-sale financial assets	8,500	1,000
<b>Financial liabilities</b>		
Fair value through profit or loss (FVTPL)		
Held for trading	22,725	61,622
Amortised cost	24,790,693	18,534,910

### (b) Financial risk management objectives and policies

The Group's major financial instruments include available-for-sale investments, embedded financial derivatives, trade and other receivables, amounts due from related parties, pledged bank deposits, bank balances and cash, trade and other payables, amounts due to related parties, dividend payable, bank and other borrowings, convertible bonds, senior notes. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. There has been no significant change in the Group's exposure to these risks or the manner in which it manages and measures risks.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008



## 5. Financial instruments (Continued)

### (b) Financial risk management objectives and policies (Continued)

#### Market risk

##### (i) Currency risk

The Group has bank balances amounts due to related parties, convertible bonds and senior notes denominated in foreign currencies, which expose the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities		Assets	
	2008	2007	2008	2007
	Rmb'000	Rmb'000	Rmb'000	Rmb'000
Hong Kong dollars ("HKD")	450,646	647,039	42,729	38,120
United States dollars ("USD")	2,792,334	3,014,774	50,797	469,274

The Group does not use any derivative contracts to hedge against its exposure to currency risk.

#### Sensitivity analysis

The Group is mainly exposed to the fluctuations in exchange rates between Rmb and HKD/USD. The exposure in USD arises mainly from the Company's convertible bonds and senior notes.

The following table details the Group's sensitivity to a 5% increase and decrease in Rmb against the relevant foreign currencies. 5% represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rates. A positive number below indicates an increase in post-tax profit where Rmb strengthens 5% against the relevant currency. For a 5% weakening of Rmb against the relevant currency, there would be an equal and opposite impact on post-tax profit.

	HKD Impact		USD Impact	
	2008	2007	2008	2007
	Rmb'000	Rmb'000	Rmb'000	Rmb'000
Profit or loss	19,425	28,996	130,787	121,214



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008

## 5. Financial instruments (Continued)

### (b) Financial risk management objectives and policies (Continued)

#### *Market risk (Continued)*

#### *(ii) Interest rate risk*

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank deposits, amounts due from related parties, bank and other borrowings, convertible bonds and senior notes (see Notes 23, 25, 26, 27 and 37 for details).

The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank deposits, amounts due to related parties and bank and other borrowings (see Notes 23, 25 and 37 for details).

The Group does not use any derivative contracts to hedge against its exposure to interest rate risk.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

#### *Sensitivity analysis*

The sensitivity analyses below have been determined based on the exposure to market lending interest rates for non-derivative instruments at the balance sheet date. For variable-rate bank and other borrowings and amounts due to related parties, the analysis is prepared assuming the balances outstanding at the balance sheet date were outstanding for the whole year. A 50 basis point increase or decrease represents management's assessment of the reasonably possible change in interest rates.

If the market lending interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2008 would decrease/increase by Rmb17,185,000 (2007: decrease/increase by Rmb13,376,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank and other borrowings and amounts due to related parties.

#### *(iii) Other price risk*

The Group is exposed to equity price risk mainly through the conversion option and redemption options embedded in its convertible bonds which allow the convertible bonds to be converted into the Company's shares or redeemed. The fair value of the conversion option and redemption options will be affected either positively and negatively by, inter alia, the changes in short-term (risk free) rate, the Company's share price and share price volatility.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008



## 5. Financial instruments (Continued)

### (b) Financial risk management objectives and policies (Continued)

#### *Market risk (Continued)*

#### *(iii) Other price risk (Continued)*

##### Sensitivity analysis

The fair value of the financial derivatives embedded in the convertible bonds was estimated using the binomial option pricing model. The sensitivity analyses below have been determined based on the exposure to the Company's share price risks at the reporting date only as the management considers that the other variables may not have a significant financial impact on the embedded financial derivatives.

If the Company's share price had been 5% higher/lower and all other variables were held constant, post-tax profit for the year ended 31 December 2008 would have decreased by Rmb212,000/increased by Rmb355,000 (2007: decreased by Rmb3,718,000/increased by Rmb5,018,000).

In management's opinion, the sensitivity analyses are unrepresentative of the inherent market risk as the pricing model used in the valuation of the financial derivatives embedded in the convertible bonds involves multiple variables and certain of them are interdependent.

#### *Credit risk*

As at 31 December 2008, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group arises from:

- the carrying amount of the respective recognised financial assets as stated in the consolidated balance sheet; and
- the amount of contingent liabilities disclosed in Note 36.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue trade debts and amounts due from related parties. In addition, the Group reviews the recoverable amount of each overdue debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Group's concentration of credit risk by geographical locations is mainly in the PRC. The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008

## 5. Financial instruments (Continued)

### (b) Financial risk management objectives and policies (Continued)

#### Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank and other borrowings, convertible bonds and senior notes as a significant source of liquidity.

The following table details the Group's remaining contractual maturity for its financial liabilities. For non-derivative financial liabilities, the table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

#### Liquidity and interest risk tables

	Weighted average interest rate %	Less than 1 year Rmb'00	1-5 years Rmb'000	5+ years Rmb'000	Total undiscounted cash flows Rmb'000	Carrying amount at 31/12/2008 Rmb'000
2008						
Non-derivative financial liabilities						
Trade and other payables	-	3,136,040	256,210	-	3,392,250	3,392,250
Dividend payable	-	1,367	-	-	1,367	1,367
Bank and other borrowings						
- fixed-rate	7.42%	3,495,376	7,269,820	-	10,765,196	9,554,036
- variable-rate	7.77%	1,213,353	672,892	15,810	1,902,055	1,699,010
Amounts due to related parties						
- interest-free	-	2,345,151	-	-	2,345,151	2,345,151
- fixed-rate	6.12%	53,423	-	-	53,423	50,669
- variable-rate	7.96%	3,113,027	-	-	3,113,027	2,883,501
2006 Convertible Bonds	6%	4,921	86,936	-	91,857	73,423
2007 Convertible Bonds	-	-	2,440,238	-	2,440,238	2,090,100
Senior notes	9%	246,046	3,677,016	-	3,923,062	2,701,186
		13,608,704	14,403,112	15,810	28,027,626	24,790,693

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008



## 5. Financial instruments (Continued)

### (b) Financial risk management objectives and policies (Continued)

#### Liquidity risk (Continued)

#### Liquidity and interest risk tables (Continued)

	Weighted average interest rate %	Less than 1 year Rmb'00	1-5 years Rmb'000	5+ years Rmb'000	Total undiscounted cash flows Rmb'000	Carrying amount at 31/12/2008 Rmb'000
<b>2007</b>						
<b>Non-derivative</b>						
<b>financial liabilities</b>						
Trade and other payables	-	1,835,216	78,666	-	1,913,882	1,913,882
Dividend payable	-	1,367	-	-	1,367	1,367
Bank and other borrowings						
- fixed-rate	7.21%	1,463,391	3,966,162	-	5,429,553	4,815,768
- variable-rate	6.78%	1,454,747	425,173	335,561	2,215,481	1,988,634
Amounts due to related parties						
- interest-free	-	2,813,566	-	-	2,813,566	2,813,566
- fixed-rate	6.12%	50,623	-	-	50,623	47,869
- variable-rate	7.69%	2,158,368	-	-	2,158,368	2,004,242
2006 Convertible Bonds	6%	5,259	98,173	-	103,432	73,391
2007 Convertible Bonds	-	-	2,440,238	-	2,440,238	1,996,430
Senior notes	9%	262,966	1,051,864	3,140,978	4,455,808	2,879,761
		10,045,503	8,060,276	3,476,539	21,582,318	18,534,910

### (c) Fair value

The fair value of financial assets and financial liabilities (including derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices or rates from observable current market transactions as input. For an option-based derivative, the fair value is estimated using option pricing model (for example, the binomial model).

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values:

	2008		2007	
	Carrying amount of liability component Rmb'000	Fair value Rmb'000	Carrying amount of liability component Rmb'000	Fair value Rmb'000
<b>Financial liabilities</b>				
2006 Convertible Bonds	73,423	64,009 <sup>1</sup>	73,391	77,994 <sup>1</sup>
2007 Convertible Bonds	2,090,100	900,900 <sup>2</sup>	1,996,430	Not available
Senior notes	2,701,186	1,011,521 <sup>2</sup>	2,879,761	2,658,874 <sup>2</sup>

<sup>1</sup> Based on discounted cash flow analysis using market interest rate

<sup>2</sup> Based on quoted price



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008

## 5. Financial instruments (Continued)

### (d) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes the borrowings disclosed in Notes 25 to 27 (net of cash and cash equivalents) and equity attributable to equity holders of the Company, comprising issued share capital, reserves and retained earnings.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

## 6. Revenue

	2008	2007
	Rmb'000	Rmb'000
Property sales	6,552,608	5,690,089
Computer system design and installation services	17,834	4,629
Sales of construction materials	11,620	32,202
Hotel operations	50,078	7,390
Other business	3,217	4,481
	<u>6,635,357</u>	<u>5,738,791</u>

Substantially all of the Group's activities are engaged in properties development and sales and substantially all of the Group's sales are to customers located in the PRC. The directors consider that these activities constitute one business segment and one geographical segment since these activities are related and subject to common risk and returns. Accordingly, no business or geographical analysis of revenue is presented. No geographical analysis of the Group's assets and liabilities is presented as the Group's assets and liabilities are substantially located in the PRC.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008



## 7. Other income

	2008 Rmb'000	2007 Rmb'000
Interest income on bank balances	22,311	111,226
Interest income on amounts due from related parties	36,763	23,197
Government grants (Note)	8,590	34,094
Net foreign exchange gains	227,652	69,224
Others	33,829	33,496
	329,145	271,237

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

## 8. Finance costs

	2008 Rmb'000	2007 Rmb'000
Interest on:		
– bank borrowings wholly repayable within five years	909,147	350,756
– bank borrowings not wholly repayable within five years	1,088	21,750
– other borrowings	111,190	3,875
Effective interest expense on 2006 Convertible Bonds (Note 26)	10,032	25,065
Effective interest expense on 2007 Convertible Bonds (Note 26)	93,670	56,139
Interest on senior notes (Note 27)	261,128	274,534
	1,386,255	732,119
Less: Capitalised in properties under development	(973,515)	(477,175)
Capitalised in construction in progress	(11,450)	(37,675)
	401,290	217,269

Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 7.66% (2007: 7.31%) per annum to expenditure on the development of properties for sale and for own use.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008

## 9. Profit before taxation

	2008	2007
	Rmb'000	Rmb'000
Profit before taxation has been arrived at after charging (crediting):		
Salaries and other benefits	312,596	208,086
Retirement benefits scheme contributions	19,393	11,257
Less: Capitalised in properties under development	(103,105)	(60,068)
	228,884	159,275
Depreciation of property, plant and equipment	73,896	27,213
Less: Capitalised in properties under development	(3,016)	(3,099)
	70,880	24,114
Amortisation of prepaid lease payment (included in selling and administrative expenses)	3,825	–
Auditors' remuneration	8,079	8,714
Cost of inventories recognised as an expense	4,765,728	3,675,198
Share of tax of associates (included in share of results of associates)	116,425	96,069
Share of tax of jointly controlled entities (included in share of results of jointly controlled entities)	81,162	36,460
Gain or loss on disposal of property, plant and equipment	(5,609)	–



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008



## 10. Directors' and employees' emoluments

The emoluments paid or payable to each of the 9 (2007: 9) directors of the Company were as follows:

	Song Weiping	Shou Bainian	Chen Shunhua	Guo Jiafeng	Jia Shenghua	Sze Tsai Ping, Michael	Tsui Yiu Wa, Alec	Tang Shiding	Jiang Wei	2008 Total
	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000
Fees	-	-	-	-	120	181	181	120	181	783
Other emoluments										
Salaries and other benefits	1,500	1,500	1,200	1,000	-	-	-	-	-	5,200
Contributions to retirement benefits/pension schemes	67	67	58	105	-	-	-	-	-	297
Performance related incentive payments (Note)	450	450	360	300	-	-	-	-	-	1,560
<b>Total emoluments</b>	<b>2,017</b>	<b>2,017</b>	<b>1,618</b>	<b>1,405</b>	<b>120</b>	<b>181</b>	<b>181</b>	<b>120</b>	<b>181</b>	<b>7,840</b>

	Song Weiping	Shou Bainian	Chen Shunhua	Guo Jiafeng	Jia Shenghua	Sze Tsai Ping, Michael	Tsui Yiu Wa, Alec	Tang Shiding	Jiang Wei	2007 Total
	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000
Fees	-	-	-	-	120	194	194	120	194	822
Other emoluments										
Salaries and other benefits	1,500	1,500	1,200	1,000	-	-	-	-	-	5,200
Contributions to retirement benefits/pension schemes	64	64	55	82	-	-	-	-	-	265
Performance related incentive payments (Note)	450	450	360	360	-	-	-	-	-	1,620
<b>Total emoluments</b>	<b>2,014</b>	<b>2,014</b>	<b>1,615</b>	<b>1,442</b>	<b>120</b>	<b>194</b>	<b>194</b>	<b>120</b>	<b>194</b>	<b>7,907</b>

Note: The performance related incentive payments is determined as a percentage of the turnover of the Group for both years.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008

## 10. Directors' and employees' emoluments (Continued)

No directors waived any emoluments in both years.

Of the five individuals with the highest emoluments in the Group, four (2007: four) were directors of the Company whose emoluments are included in the disclosure above. The emoluments of the remaining one (2007: one) individual were as follows:

	2008 Rmb'000	2007 Rmb'000
Salaries and benefits	1,045	1,382
Contributions to retirement benefits/pension schemes	9	12
Performance related incentive payments	–	–
	<u>1,054</u>	<u>1,394</u>

His emoluments were within the following bands:

	2008 No. of employees	2007 No. of employees
HKD1,000,001 to HKD1,500,000	<u>1</u>	<u>1</u>

During the year, no emoluments were paid by the Group to any of the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors waived any emoluments during the year.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008



## 11. Taxation

	2008 Rmb'000	2007 Rmb'000
Current tax:		
PRC enterprise income tax	359,160	454,870
LAT	345,975	416,883
	<u>705,135</u>	<u>871,753</u>
Under-provision in prior years:		
PRC enterprise income tax	1,892	–
Deferred tax (Note 20):		
Current year	(77,939)	(108,410)
Attributable to a change in tax rate	–	(33,459)
	<u>(77,939)</u>	<u>(141,869)</u>
	<u>629,088</u>	<u>729,884</u>

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

All PRC group entities are subject to enterprise income tax levied at a rate of 25% (2007: 33%), except for the following entities:

	Notes	Enterprise income tax rate	
		2008	2007
Shanghai Lvyu Real Estate Development Co., Ltd. (“Shanghai Lvyu”)	(i)	18%	15%
Hangzhou Rose Garden Property Services Co., Ltd. (“Hangzhou Rose Garden”)	(ii)	25%	27%
Xinjiang Sunshine Greentown Real Estate Development Co., Ltd. (“Xinjiang Sunshine”)	(iii)	12.5%	Exempted



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008

## 11. Taxation (Continued)

Notes:

- (i) Shanghai Lvyu is established in Shanghai Pudong New Area and is therefore subject to a reduced enterprise income tax rate of 18% (2007:15%).
- (ii) Hangzhou Rose Garden is established in Hangzhou Zhijiang National Tourism and Resort Zone in Zhejiang Province and was therefore subject to a reduced enterprise income tax rate of 27% in 2007.
- (iii) 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.

On 16 March 2007, the National People's Congress promulgated the Law of the People's Republic of China on Enterprise Income Tax (the "New EIT Law") by order No. 63 of the President of the PRC which was effective from 1 January 2008.

On 6 December 2007, the State Council issued Implementation Regulation of the New EIT Law. Pursuant to the New EIT Law and Implementation Regulation, a uniform income tax rate of 25% was imposed for both domestic and foreign-invested enterprises.

On 26 December 2007, the New EIT Law's Detailed Implementation Rules and the details of the transitional arrangement were promulgated respectively. They contemplate various transition periods and measures for existing preferential tax policies, including a grace period of a maximum of five years for the enterprises which are currently entitled to a lower income tax rate under the previous tax law and continued implementation of preferential tax treatment with a fixed term until the expiration of such fixed term. In addition, the New 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 new EIT Law.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008



## 11. Taxation (Continued)

The tax charge for the year can be reconciled to the profit per the consolidated income statement as follows:

	2008 Rmb'000	2007 Rmb'000
Profit before taxation	1,195,710	1,735,473
Tax at the applicable PRC enterprise income tax rate of 25% (2007: 33%)	298,927	572,707
Effect of different tax rates	(24,626)	(128,547)
Tax effect of share of results of associates	(60,539)	(21,994)
Tax effect of share of results of jointly controlled entities	(35,393)	(17,665)
Tax effect of income not taxable for tax purposes	(10,017)	(11,031)
Tax effect of expenses not deductible for tax purposes	89,271	47,300
Under-provision in respect of prior year	1,892	–
Tax effect of tax losses not recognised	57,786	25,889
Tax effect of deductible temporary differences not recognised	42,337	–
Recognition of deferred tax assets on tax losses previously not recognised/utilisation of tax losses previously not recognised	(13,422)	(50,270)
Effect on opening deferred tax balances of changes in applicable tax rates	–	(33,459)
LAT provision for the year	345,975	416,883
Tax effect of LAT	(83,859)	(89,599)
Effect on deferred tax recognised of changes in applicable tax rate	–	19,670
Tax effect of undistributed profits	20,756	–
Tax charge for the year	629,088	729,884

Details of deferred taxation for the year ended 31 December 2008 are set out in Note 20.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008

## 11. Taxation (Continued)

### 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 0.5-2% for ordinary residential properties and 1-6% for other properties.

As at the date 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-payment.

For the year ended 31 December 2008, the Group estimated and made a provision for LAT in the amount of Rmb345,975,000 (2007: Rmb416,883,000), 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.

## 12. Dividends

On 21 May 2007, a dividend of HK36 cents per share, or Rmb490,170,000 in total, was paid to shareholders as the final dividend for 2006.

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.

The directors are not recommending any final dividends to be declared and paid this time in respect of the financial year ended 31 December 2008. However, the directors reserve the right to declare and pay dividends in respect of the financial year ended 31 December 2008 on or after the date of this annual report.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008



## 13. Earnings per share

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

	2008 Rmb'000	2007 Rmb'000
Earnings for the purposes of basic earnings per share (profit for the year attributable to equity holders of the Company)	540,285	923,376
Effect of dilutive potential shares:		
Fair value changes on embedded financial derivatives	(19,477)	–
Interest on 2007 Convertible Bonds (as defined in Note 26)	–	21,852
Interest on 2006 Convertible Bonds (as defined in Note 26)	10,032	–
Effect of foreign exchange rate changes	(7,109)	–
Earnings for the purposes of diluted earnings per share	523,731	945,228

### Number of shares

	2008	2007
Weighted average number of ordinary shares for the purposes of basic earnings per share	1,537,361,607	1,474,969,957
Effect of dilutive potential ordinary shares:		
2007 Convertible Bonds (as defined in Note 26)	–	66,213,853
2006 Convertible Bonds (as defined in Note 26)	10,760,900	–
Weighted average number of ordinary shares for the purposes of diluted earnings per share	1,548,122,507	1,541,183,810

The computation of diluted earnings per share for 2007 does not assume the conversion of the Company's outstanding 2006 Convertible Bonds (as defined in Note 26) since their exercise would result in an increase in earnings per share.

The computation of diluted earnings per share for 2008 does not assume the conversion of the Company's outstanding 2007 Convertible Bonds (as defined in Note 26) since their exercise would result in an increase in earnings per share.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008

## 14. Property, plant and equipment

	Hotel buildings Rmb'000	Land and buildings Rmb'000	Leasehold improvements Rmb'000	Machinery Rmb'000	Furniture, fixtures and equipment Rmb'000	Transportation equipment Rmb'000	Construction in progress Rmb'000	Total Rmb'000
<b>COST</b>								
At 1 January 2007	-	67,170	22,691	1,354	26,186	110,334	283,558	511,293
Additions	-	3,011	3,576	284	54,011	37,045	695,300	793,227
Transfer	904,441	-	-	-	-	-	(904,441)	-
Transfer to prepaid lease payment	-	-	-	-	-	-	(34,413)	(34,413)
Acquired on acquisition of subsidiaries	-	-	-	-	205	1,650	-	1,855
Disposals	-	(22)	(606)	(12)	(3,963)	(15,361)	-	(19,964)
Reclassification	-	-	-	(921)	921	-	-	-
At 31 December 2007	904,441	70,159	25,661	705	77,360	133,668	40,004	1,251,998
Additions	-	72	12,597	1,402	31,249	29,094	222,844	297,258
Transfer	24,847	-	-	-	-	-	(24,847)	-
Transfer to prepaid lease payment	(537)	-	-	-	-	-	-	(537)
Acquired on acquisition of subsidiaries	-	365	-	137	548	3,190	-	4,240
Disposals	-	(1,985)	(281)	(25)	(634)	(6,175)	-	(9,100)
Reclassification	(4,192)	4,192	-	-	-	-	-	-
At 31 December 2008	924,559	72,803	37,977	2,219	108,523	159,777	238,001	1,543,859
<b>DEPRECIATION AND AMORTISATION</b>								
At 1 January 2007	-	(11,471)	(8,371)	(430)	(14,840)	(46,575)	-	(81,687)
Provided for the year	-	(4,668)	(2,912)	(104)	(4,513)	(15,016)	-	(27,213)
Eliminated on disposals	-	6	498	12	2,800	8,430	-	11,746
Reclassification	-	-	-	287	(287)	-	-	-
At 31 December 2007	-	(16,133)	(10,785)	(235)	(16,840)	(53,161)	-	(97,154)
Provided for the year	(24,882)	(2,455)	(7,958)	(318)	(19,128)	(19,155)	-	(73,896)
Impairment loss recognised in the consolidated income statement	(53,000)	-	-	-	-	-	-	(53,000)
Eliminated on disposals	-	294	11	-	370	1,425	-	2,100
Reclassification	-	-	-	-	-	-	-	-
At 31 December 2008	(77,882)	(18,294)	(18,732)	(553)	(35,598)	(70,891)	-	(221,950)
<b>CARRYING VALUES</b>								
At 31 December 2008	846,677	54,509	19,245	1,666	72,925	88,886	238,001	1,321,909
At 31 December 2007	904,441	54,026	14,876	470	60,520	80,507	40,004	1,154,844



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008



## 14. Property, plant and equipment (Continued)

The above items of property, plant and equipment other than construction in progress are depreciated on a straight-line basis at the following rates per annum:

Hotel buildings	Over the shorter of the term of the land use rights or 40 years
Land and buildings	Over the shorter of the term of the land use rights or 20 years
Leasehold improvements	Over the shorter of the lease term or five years
Machinery	10% to 33 $\frac{1}{3}$ %
Furniture, fixtures and equipment	10% to 33 $\frac{1}{3}$ %
Transportation equipment	10% to 20%

During the year, the Group engaged DTZ Debenham Tie Leung Limited, independent qualified professional valuers not connected with the Group, to conduct a review of the Group's hotel buildings and determined that one of those buildings was impaired due to the economic downturn and the performance of the hotel building being adversely affected. Accordingly, an impairment loss of Rmb53,000,000 (2007: nil) has been recognised in respect of hotel buildings. The recoverable amount of the relevant hotel building has been determined on the basis of its value in use. The discount rate adopted in measuring the amount of value in use of the relevant hotel building was 10%.

The land and buildings shown above are located on:

	2008 Rmb'000	2007 Rmb'000
Land in the PRC:		
Medium-term lease	54,509	54,026

Details of the land and buildings and construction in progress pledged to secure banking facilities granted to the Group are disclosed in Note 34.

## 15. Investment property

	Rmb'000
<b>FAIR VALUE</b>	
At 1 January 2007	–
Transfer from completed properties for sale	26,052
At 31 December 2007	26,052
Decrease in fair value recognised in the consolidated income statement	(1,052)
At 31 December 2008	25,000



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008

## 15. Investment property (Continued)

The fair value of the Group's investment property at 31 December 2008 have been arrived at on the basis of a valuation carried out on that date by DTZ Debenham Tie Leung Limited, independent qualified professional valuers not connected with the Group. The professional valuers from DTZ Debenham Tie Leung Limited are members of the Hong Kong Institute of Surveyors, and have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation was arrived at by reference to market evidence of transaction prices for similar properties.

The investment property shown above is located on:

	2008 Rmb'000	2007 Rmb'000
Land in the PRC		
Medium-term lease	25,000	26,052

## 16. Interests in associates

	2008 Rmb'000	2007 Rmb'000
Cost of unlisted investments in associates	1,175,255	944,550
Share of post-acquisition profits	259,255	11,071
	1,434,510	955,621

As at 31 December 2007 and 2008, the Group had interests in the following associates established and operating in the PRC:

Name of associate	Registered capital	Attributable equity interest held by the Group		Principal activities
		2008	2007	
杭州集美房地產開發有限公司 Hangzhou Jimei Real Estate Development Co., Ltd.	Rmb32,000,000	30%	30%	Real estate development
杭州余杭綠城九洲房地產 開發有限公司 Hangzhou Yuhang Greentown Jiuzhou Real Estate Development Co., Ltd.	Rmb85,000,000	35%	35%	Real estate development

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008



## 16. Interests in associates (Continued)

As at 31 December 2007 and 2008, the Group had interests in the following associates established and operating in the PRC:

Name of associate	Registered capital	Attributable equity interest held by the Group		Principal activities
		2008	2007	
杭州翡翠城房地產開發有限公司 Hangzhou Jade City Real Estate Development Co., Ltd.	Rmb50,000,000	45%	45%	Real estate development
上海靜宇置業有限公司 Shanghai Jingyu Real Estate Co., Ltd.	Rmb100,000,000	49%	49%	Property investment
杭州錢新綠城房地產開發有限公司 Hangzhou Qianxin Greentown Real Estate Development Co. Ltd. ("Hangzhou Qianxin Greentown")	Rmb30,000,000	50% (i)	50% (i)	Real estate development
浙江發展綠城房地產開發有限公司 Zhejiang Fazhan Greentown Real Estate Development Co., Ltd.	Rmb50,000,000	45%	45%	Real estate development
杭州濱綠房地產開發有限公司 Hangzhou Binlv Real Estate Development Co., Ltd. ("Hangzhou Binlv")	Rmb389,140,188	50% (v)	40% (v)	Real estate development
浙江中青旅綠城投資置業有限公司 Zhejiang Zhongqinglv Greentown Real Estate Investment Co., Ltd. ("Zhejiang Zhongqinglv")	Rmb200,000,000	49%	49%	Investment and consulting
河南中州綠城置業投資有限公司 Henan Zhongzhou Greentown Real Estate Development Co., Ltd. ("Henan Zhongzhou")	Rmb60,000,000	38% (ii)	38% (ii)	Real estate development
德清西子房地產開發有限公司 Deqing Xizi Real Estate Development Co., Ltd. ("Deqing Xizi")	Rmb30,000,000	25% (ii)	25% (ii)	Real estate development
德清綠城中田房地產有限公司 Deqing Greentown Zhongtian Real Estate Development Co., Ltd. ("Deqing Zhongtian")	Rmb50,000,000	47% (ii)	47% (ii)	Real estate development
紹興金線泉房地產開發有限公司 Shaoxing Jinlvquan Real Estate Development Co., Ltd. ("Shaoxing Jinlvquan")	Rmb580,000,000	35%	35%	Real estate development



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008

## 16. Interests in associates (Continued)

Name of associate	Registered capital	Attributable equity interest held by the Group		Principal activities
		2008	2007	
濟南海爾綠城房地產有限公司 Jinan Haier Greentown Real Estate Co., Ltd. ("Jinan Haier Greentown")	Rmb200,000,000	45% (iii)	45% (iii)	Real estate development
無錫綠城房地產開發有限公司 Wuxi Greentown Real Estate Development Co., Ltd. ("Wuxi Greentown")	Rmb102,000,000	– (iv)	39% (iv)	Real estate development
無錫太湖綠城房地產開發有限公司 Wuxi Taihu Greentown Real Estate Development Co., Ltd.	Rmb100,000,000	–	39%	Real estate development
慈溪綠城投資置業有限公司 Cixi Greentown Real Estate Investment Co.Ltd. ("Cixi Greentown")	Rmb98,000,000	49% (ii)	–	Real estate development
台州浙能綠城置業有限公司 Taizhou Zheneng Greentown Real Estate Co.Ltd. ("Taizhou Zheneng")	Rmb300,000,000	49% (vi)	–	Real estate development
杭州浙能綠城置業有限公司 Hangzhou Zheneng Greentown Real Estate Co.Ltd. ("Hangzhou Zheneng")	Rmb100,000,000	49% (vi)	–	Real estate development
台州浙信綠城房地產開發有限公司 Taizhou Zhexin Greentown Real Estate Development Co.Ltd. ("Taizhou Zhexin")	Rmb10,000,000	40%	–	Real estate development

Notes:

- (i) Only two out of five directors of Hangzhou Qianxin Greentown are appointed by the Group, while a valid board resolution requires two-thirds of the total votes. The Group does not have the power to direct the financial and operating policies of Hangzhou Qianxin Greentown. Therefore, Hangzhou Qianxin Greentown is accounted for as an associate of the Group.
- (ii) Henan Zhongzhou, Deqing Xizi, Deqing Zhongtian and Cixi Greentown are subsidiaries of Zhejiang Zhongqinglv.
- (iii) The equity interest in Jinan Haier Greentown is held by 海爾集團公司 (Haier Group) in trust for the Group.
- (iv) Wuxi Greentown became a subsidiary of the Group in 2008 (see Note 30).
- (v) Only two out of five directors of Hangzhou Binlv are appointed by the Group, while a valid board resolution requires half of the total votes. The Group does not have the power to direct or jointly control the financial and operational policies of Hangzhou Binlv. Therefore, Hangzhou Binlv is accounted for as an associate of the Group.
- (vi) Hangzhou Zheneng is a subsidiary of Taizhou Zheneng. Both entities were newly established in 2008.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008



## 16. Interests in associates (Continued)

The summarised financial information in respect of the Group's associates is set out below:

	2008 Rmb'000	2007 Rmb'000
Total assets	19,525,949	11,916,880
Total liabilities	(16,041,310)	(9,818,443)
Net assets	3,484,639	2,098,437
Group's share of net assets of associates	1,434,510	948,621
Revenue	3,423,220	1,891,402
Profit for the year	468,690	124,965
Group's share of results of associates for the year	242,158	66,650

The Group has discontinued recognition of its share of losses of certain associates as its share of losses of those associates equals or exceeds its interests in those associates. The amounts of unrecognised share of losses of those associates, extracted from the relevant management accounts of those associates, both for the year and cumulatively, are as follows:

	2008 Rmb'000	2007 Rmb'000
Unrecognised share of losses of associates for the year	–	6,350
Accumulated unrecognised share of losses of associates	–	7,000

## 17. Interests in jointly controlled entities

	2008 Rmb'000	2007 Rmb'000
Cost of unlisted investments in jointly controlled entities	153,036	153,036
Share of post-acquisition profits	173,181	40,608
	326,217	193,644



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008

## 17. Interests in jointly controlled entities (Continued)

As at 31 December 2007 and 2008, the Group had interests in the following jointly controlled entities established and operating in the PRC:

Name of jointly controlled entity	Registered capital	Attributable equity interest held by the Group		Principal activities
		2008	2007	
浙江報業綠城投資有限公司 Zhejiang Newspapering Greentown Investment Co., Ltd. ("Zhejiang Newspapering Greentown")	Rmb80,000,000	50%	50%	Investment holding
寧波浙報綠城房地產開發有限公司 Ningbo Zhebao Greentown Real Estate Development Co., Ltd.	Rmb60,000,000	50%	50%	Real estate development
寧波綠城桂花園房地產開發有限公司 Ningbo Greentown Osmanthus Garden Real Estate Development Co., Ltd. ("Ningbo Greentown Osmanthus Garden")	Rmb20,000,000	60% (i)	60% (i)	Real estate development
海寧綠城新湖房地產開發有限公司 Haining Greentown Sinhoo Real Estate Development Co., Ltd. ("Haining Greentown")	Rmb20,000,000	50%	50%	Real estate development
浙江綠城西子房地產集團有限公司 Zhejiang Greentown Xizi Real Estate Group Co., Ltd. ("Zhejiang Greentown Xizi")	Rmb100,000,000	50%	50%	Investment holding
臨安西子房地產開發有限公司 Linan Xizi Real Estate Development Co., Ltd. ("Linan Xizi")	Rmb80,000,000	50% (ii)	50% (ii)	Real estate development

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008



## 17. Interests in jointly controlled entities (Continued)

Name of jointly controlled entity	Registered capital	Attributable equity interest held by the Group		Principal activities
		2008	2007	
南通嘉匯置業有限公司 Nantong Jiahui Real Estate Co., Ltd. ("Nantong Jiahui")	Rmb30,000,000	50% (ii)	50% (ii)	Real estate development
浙江西子置業有限公司 Zhejiang Xizi Real Estate Co., Ltd. ("Zhejiang Xizi")	Rmb80,000,000	50% (ii)	50% (ii)	Real estate development
浙江綠城新興置業有限公司 Zhejiang Greentown Xinxing Real Estate Co., Ltd. ("Greentown Xinxing")	Rmb80,000,000	35% (ii)	35% (ii)	Real estate development
紹興綠城寶業房地產開發有限公司 Shaoxing Greentown Baoye Real Estate Co., Ltd. ("Shaoxing Greentown Baoye")	Rmb100,000,000	51% (iii)	51% (iii)	Real estate development
杭州凱喜雅房地產開發有限公司 Hangzhou kaixiya Real Estate Development Co.Ltd. ("Hangzhou Kaixiya")	Rmb10,000,000	30% (ii)	–	Real estate development
浙江報業綠城房地產開發有限公司 Zhejiang Newspapering Greentown Real Estate Development Co. Ltd. ("Zhejiang Newspapering Greentown Real Estate")	Rmb100,000,000	50% (iv)	–	Real estate development
南通金管家物業管理有限公司 Nantong Goldsteward Property Management Co., Ltd. ("Nantong Goldsteward")	Rmb500,000	50% (ii)	–	Property management
浙江綠城新湖商業管理有限公司 Zhejiang Greentown Sinhoo Commerce Management Co., Ltd. ("Zhejiang Greentown Sinhoo")	Rmb5,000,000	30% (v)	–	Commerce management



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008

## 17. Interests in jointly controlled entities (Continued)

Notes:

- (i) Zhejiang Newspapering Greentown and Richwise Holdings Limited (“Richwise”), a subsidiary of the Group, respectively hold 70% and 25% of the equity interest in Ningbo Greentown Osmanthus Garden. Ningbo Greentown Osmanthus Garden is therefore a subsidiary of Zhejiang Newspapering Greentown. Only one out of five directors of Ningbo Greentown Osmanthus Garden directly appointed by the Group, while a valid board resolution requires two-thirds of the total votes. The Group does not have the power to direct the financial and operational policies of Ningbo Greentown Osmanthus Garden. Therefore, Ningbo Greentown Osmanthus Garden is accounted for as a jointly controlled entity of the Group.
- (ii) Linan Xizi, Nantong Jiahui, Zhejiang Xizi, Greentown Xinxing and Hangzhou Kaixiya and Nantong Goldsteward are subsidiaries of Zhejiang Greentown Xizi.
- (iii) Three out of five directors of Shaoxing Greentown Baoye are appointed by the Group, while a valid board resolution requires unanimous approval from all directors. The Group does not have the power to direct the financial and operational policies of Shaoxing Greentown Baoye. Therefore, Shaoxing Greentown Baoye is accounted for as a jointly controlled entity of the Group.
- (iv) Zhejiang Newspapering Greentown Real Estate is a newly established wholly owned subsidiary of Zhejiang Newspapering Greentown.
- (v) Zhejiang Greentown Sinhoo is a newly established non-wholly owned subsidiary of Haining Greentown.

The summarised financial information in respect of the Group’s jointly controlled entities which are accounted for using the equity method is set out below:

	2008 Rmb’000	2007 Rmb’000
Current assets	3,804,530	3,064,320
Non-current assets	21,962	14,234
Current liabilities	(2,825,360)	(2,340,266)
Non-current liabilities	(682,925)	(539,833)
Income	1,260,895	546,293
Expenses	(1,137,172)	(492,762)



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008



## 17. Interests in jointly controlled entities (Continued)

The Group has discontinued recognition of its share of losses of certain jointly controlled entities as its share of losses of those jointly controlled entities equals or exceeds its interests in those jointly controlled entities. The amounts of unrecognised share of losses of these jointly controlled entities, both for the year and cumulatively, are as follows:

	2008 Rmb'000	2007 Rmb'000
Unrecognised share of losses of jointly controlled entities for the year	25,919	–
Accumulated unrecognised share of losses of jointly controlled entities	25,919	–

## 18. Available-for-sale investments

Available-for-sale investments represent unlisted equity securities. They are measured at cost less impairment at each balance sheet date because the range of reasonable fair value estimates is so significant that the directors are of the opinion that their fair values cannot be measured reliably.

## 19. Prepaid lease payment

	2008 Rmb'000	2007 Rmb'000
The Group's prepaid lease payment comprises:		
Leasehold land in the PRC:		
Medium-term lease	152,917	34,413
	152,917	34,413
Analysed for reporting purposes as:		
Current asset (included in trade and other receivables)	4,270	–
Non-current asset	148,647	34,413
	152,917	34,413



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008

## 20. Deferred taxation

The following are the major deferred tax assets (liabilities) recognised and movements thereon during the current and prior years:

	Temporary differences on revenue recognition and related cost of sales Rmb'000	Impairment losses Rmb'000	Tax losses Rmb'000	Fair value adjustments Rmb'000	LAT provision Rmb'000	Undistributed profit Rmb'000	Others Rmb'000	Total Rmb'000
At 1 January 2007	9,660	-	24,191	(129,961)	30,013	-	(1,942)	(68,039)
Credit to the consolidated income statement for the year	534	-	23,530	3,631	72,739	-	7,976	108,410
Effect of change in tax rate	(441)	-	(1,512)	40,834	(6,003)	-	581	33,459
At 31 December 2007	9,753	-	46,209	(85,496)	96,749	-	6,615	73,830
Credit (charge) to the consolidated income statement for the year	(6,849)	26,225	46,874	4,468	54,448	(20,756)	(26,471)	77,939
At 31 December 2008	2,904	26,225	93,083	(81,028)	151,197	(20,756)	(19,856)	151,769

Others represent mainly deferred tax liabilities recognised in respect of temporary differences arising from accelerated tax depreciation.

For the purpose of balance sheet presentation, deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same legal entity and fiscal authority. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2008 Rmb'000	2007 Rmb'000
Deferred tax assets	260,832	163,491
Deferred tax liabilities	(109,063)	(89,661)
	151,769	73,830

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008



## 20. Deferred taxation (Continued)

At the balance sheet date, the Group had unutilised tax losses of Rmb893,880,000 (2007: Rmb533,113,000) available for offset against future profits. A deferred tax asset has been recognised in respect of Rmb391,217,000 (2007: Rmb182,638,000) of such losses. No deferred tax asset has been recognised in respect of the remaining Rmb502,671,000 (2007: Rmb350,475,000) due to the unpredictability of future profit streams. Pursuant to the relevant laws and regulations in the PRC, the unrecognised tax losses at the balance sheet date will expire in the following years:

	2008 Rmb'000	2007 Rmb'000
2008	–	16,933
2009	66,798	68,996
2010	24,220	29,079
2011	58,054	74,704
2012	122,454	160,763
2013	231,145	–
	502,671	350,475

Based on the latest budgets, management believes that there will be sufficient future profits for the realisation of the deferred tax assets recognised in respect of tax losses.

At the balance sheet date, the Group has deductible temporary differences of Rmb169,348,000 (2007: nil) in respect of which no deferred tax asset has been recognised as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

## 21. Properties for development

Included in properties for development is an amount of Rmb2,712,195,000 (2007: Rmb7,873,257,000) as at 31 December 2008 which represents prepayments made in respect of the long-term leasehold land. As at 31 December 2008, the Group was in the process of obtaining the land use rights certificates for such land included in the balance of properties for development.

All properties for development are expected to be recovered after more than 12 months.

## 22. Properties under development

	2008 Rmb'000	2007 Rmb'000
Long-term leasehold land – at cost	16,645,854	6,304,871
Development costs	5,117,146	3,867,732
Finance costs capitalised	1,487,049	922,378
	23,250,049	11,094,981

Properties under development amounting to Rmb18,822,664,000 (2007: Rmb7,885,905,000) are expected to be recovered after more than 12 months.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008

## 23. Other current assets

### Trade and other receivables, deposits and prepayments

	2008 Rmb'000	2007 Rmb'000
Trade receivables	205,844	246,965
Other receivables	207,864	244,236
Prepayments and deposits	920,893	1,769,450
	<b>1,334,601</b>	<b>2,260,651</b>

The Group allows an average credit period of 90 days to its trade customers. The aged analysis of trade receivables is stated as follows:

	2008 Rmb'000	2007 Rmb'000
0 – 30 days	133,976	196,988
31 – 90 days	34,123	27,935
91 – 180 days	125	14,798
181 – 365 days	1,025	3,756
Over 365 days	36,595	3,488
Trade receivables	<b>205,844</b>	<b>246,965</b>

Most of the Group's customers take out mortgages from banks to buy their properties. Should a customer fail to obtain a mortgage and honour the property sale and purchase agreement between himself and the Group, the Group has the right to revoke the agreement, reclaim the property and re-sell it in the market.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008



## 23. Other current assets (Continued)

Included in other receivables were advances to third parties of Rmb58,025,000 (2007: Rmb45,547,000) as at 31 December 2008. The advances are interest free, unsecured and repayable on demand.

Other receivables are repayable on demand.

No allowance was made for trade receivables. An allowance was made for estimated irrecoverable amounts of other receivables, the movement in which is set out as follows:

### Movement in the allowance for doubtful debts

	2008 Rmb'000	2007 Rmb'000
Balance at beginning of the year	–	8,087
Amounts written off as uncollectible	–	(8,087)
Balance at end of the year	–	–

### Bank balances and cash/pledged bank deposits

Bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. Bank balances carry interest at market rates which range from 0.36% to 4.41% (2007: 0.72% to 4.60%) per annum.

Pledged bank deposits represent deposits pledged to banks to secure short-term banking facilities granted to the Group. The pledged bank deposits carry interest at market rates which range from 1.98% to 5.58% (2007: 2.25% to 5.80%) per annum.

As at 31 December 2008, the Group had bank balances and cash (including pledged bank deposits) denominated in Renminbi amounting to Rmb1,624,869,000 (2007: Rmb2,893,191,000). Renminbi is not freely convertible into other currencies.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008

## 23. Other current assets (Continued)

### Bank balances and cash/pledged bank deposits (Continued)

Bank balances and cash/pledged bank deposits that are denominated in currencies other than the functional currency of the respective group entities are set out below:

	HKD Rmb'000	USD Rmb'000
As at 31 December 2008	42,729	50,640
As at 31 December 2007	38,120	451,896

## 24. Trade and other payables

Trade payables principally comprise amounts outstanding for trade purchases. The aged analysis of trade payables is stated as follows:

	2008 Rmb'000	2007 Rmb'000
0 – 30 days	1,693,002	998,408
31 – 90 days	193,780	8,895
91 – 180 days	109,312	3,939
181 – 365 days	441,368	72,638
Over 365 days	187,846	220,165
Trade payables	2,625,308	1,304,045
Other payables and accrued expenses	766,942	609,837
	3,392,250	1,913,882

Trade payables and other payables principally comprise amounts outstanding for trade purposes and ongoing costs.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008



## 25. Bank and other borrowings

	2008 Rmb'000	2007 Rmb'000
Secured bank loans (See Note 34)	8,125,826	5,378,402
Unsecured bank loans	1,690,140	1,350,000
	<u>9,815,966</u>	<u>6,728,402</u>
Secured other loans (See Note 34)	517,400	–
Unsecured other loans	919,680	76,000
	<u>1,437,080</u>	<u>76,000</u>
	<u>11,253,046</u>	<u>6,804,402</u>
Carrying amount repayable:		
Within one year	3,867,741	2,436,272
More than one year, but not exceeding two years	5,180,566	1,614,530
More than two years, but not exceeding three years	1,923,138	2,434,134
More than three years, but not exceeding four years	3,350	4,530
More than four years, but not exceeding five years	263,581	4,530
More than five years	14,670	310,406
	<u>11,253,046</u>	<u>6,804,402</u>
Less: Amounts due within one year shown under current liabilities	<u>(3,867,741)</u>	<u>(2,436,272)</u>
Amounts due after one year	<u>7,385,305</u>	<u>4,368,130</u>

Bank and other borrowings can be further analysed as follows:

	2008 Rmb'000	2007 Rmb'000
Fixed-rate	9,554,035	4,815,768
Variable-rate	1,699,011	1,988,634
	<u>11,253,046</u>	<u>6,804,402</u>



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008

## 25. Bank and other borrowings (Continued)

The average interest rates paid were as follows:

	2008	2007
Bank loans	7.82%	6.73%
Other loans	8.14%	7.98%

At the balance sheet date, certain bank loans are supported by guarantees from the following companies:

	2008 Rmb'000	2007 Rmb'000
Secured bank loans:		
Independent third parties	30,610	33,056

## 26. Convertible bonds

### (i) 2006 Convertible Bonds

On 10 January 2006, the Company issued convertible bonds (the "2006 Convertible Bonds") in an aggregate principal amount of USD130,000,000, comprising USD65,000,000 secured mandatory convertible bonds due 2011 and USD65,000,000 secured non-mandatory convertible bonds due 2011. There were two tranches within the mandatory convertible bonds, USD40,000,000 in principal amount of tranche A mandatory convertible bonds and USD25,000,000 in principal amount of tranche B mandatory convertible bonds. The convertible bonds are listed on the Singapore Exchange Securities Trading Limited. In connection with the issuance of the convertible bonds, 51% of the shares of each shareholder of the Company held by the relevant shareholders, namely SONG Weiping, SHOU Bainian and XIA Yibo (the "Shareholders"), and 51% of the shares of Richwise held by the Company, are charged with the security trustee for the benefit of all the holders of the convertible bonds. Such share charges were released upon consummation of the Company's initial public offering (the "Global Offering").



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008



## 26. Convertible bonds (Continued)

### (i) 2006 Convertible Bonds (Continued)

The principal terms of the mandatory convertible bonds are as follows:

#### (i) *Mandatory conversion*

Immediately before consummation of the Global Offering, unless previously redeemed or purchased and cancelled, the mandatory convertible bonds shall mandatorily be converted, in certain circumstances, into fully paid shares at the mandatory conversion price, which will initially be 90.25% of the offer price of the shares of the Company in the Global Offering, if the Global Offering is effected on or before the maturity date.

#### (ii) *Optional conversion*

The tranche B mandatory convertible bonds may be converted at the option of the holders at any time on or after 180 days subsequent to the listing date up to the seventh business day prior to the maturity date of the convertible bonds, which is 10 January 2011. Subject to adjustments upon the occurrence of various events described in the trust deed relating to the convertible bonds, the initial conversion price for the tranche B convertible bonds will be 104% of the offer price of the shares of the Company in the Global Offering.

#### (iii) *Redemption*

##### – *Redemption at the option of the Company*

The Company may, having given not less than 30 nor more than 60 days' notice to the trustee, the principal agent and the bondholders, redeem all or some of the tranche B mandatory convertible bonds then outstanding at their principal amount together with any accrued interest together with accrued and unpaid interest, if any, on or after the day which is seven calendar months after the listing date.

##### – *Final redemption*

Unless previously redeemed, converted or purchased and cancelled as provided herein, the Company will redeem the mandatory convertible bonds at a redemption amount that would provide bondholders with an annualised rate of return of 20% per annum on the maturity date together with any accrued interest.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008

## 26. Convertible bonds (Continued)

### (i) 2006 Convertible Bonds (Continued)

The principal terms of the non-mandatory convertible bonds are as follows:

#### (i) *Optional conversion*

The non-mandatory convertible bonds may be converted at the option of the holders at any time on or after 180 days subsequent to the listing date up to the seventh business day prior to the maturity date of the convertible bonds, which is 10 January 2011. Subject to adjustments upon the occurrence of various events described in the trust deed relating to the convertible bonds, the initial conversion price for the non-mandatory convertible bonds will be 104% of the offer price of the shares of the Company in the Global Offering.

#### (ii) *Redemption*

##### – *Redemption at the option of the Company*

Subsequent to the Global Offering, the Company will have the right to require holders of the non-mandatory convertible bonds to redeem their non-mandatory convertible bonds (having given not less than 30 nor more than 60 days' prior written notice) as follows:

- The Company may, at its option, redeem the non-mandatory convertible bonds in whole, but not in part, at any time after 10 July 2008 but not less than seven business days prior to 10 January 2011 if the closing price of the Company's shares for each of any 20 trading days falling within a period of 30 consecutive trading days, with the last day of such period occurring no more than five trading days prior to the date upon which the early redemption notice is given, was for each such 20 trading day at least 140% of the principal amount of the non-mandatory convertible bonds divided by the conversion ratio, which is equal to the principal amount of the convertible bonds divided by the then applicable conversion price translated into USD at USD1.00 = HKD7.75, subject to specific adjustments relating to the non-mandatory convertible bonds; and
- The Company may, at its option, redeem the non-mandatory convertible bonds in whole, but not in part, if less than 10% of the aggregate principal amount of non-mandatory convertible bonds originally issued remains outstanding.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008



## 26. Convertible bonds (Continued)

### (i) 2006 Convertible Bonds (Continued)

#### (ii) Redemption (Continued)

##### – Redemption at the option of the bondholders

Holders of the non-mandatory convertible bonds have the right to require the Company to redeem the convertible bonds at their outstanding principal amount plus accrued interest (including any default interest) with respect to such non-mandatory convertible bonds as follows:

- to redeem, at the option of such holders, all or a part of the non-mandatory convertible bonds on 10 January 2009, being the third anniversary of their issue date;
- to redeem in whole, but not in part, the non-mandatory convertible bonds upon the occurrence of a change of control when (a) any person or persons, acting together, other than any Shareholders, acquires more than 50% of the voting rights of the Company's issued share capital or the right to appoint and/or remove all or the majority of the Company's directors or (b) the Company consolidate with or merge into or sell or transfer all or substantially all of its assets to any other person resulting in any person or persons, acting together, other than any Shareholders, acquiring control over more than 50% of the voting rights of the Company's issued share capital or the right to appoint and/or remove all or the majority of the Company's directors; and
- to redeem in whole, but not in part, the non-mandatory convertible bonds upon the Company's shares ceasing to be listed or admitted to trading on the Stock Exchange subsequent to the Global Offering.

Prior to consummation of the Global Offering, the convertible bonds carried an initial annual interest rate of 10%. The annual interest rate applicable to the non-mandatory convertible bonds would be adjusted to 6% upon completion of the Global Offering, while the Company on 21 June 2006 provided an undertaking to one bondholder under which the Company agreed to pay this bondholder an additional 1% per annum of the principal amount outstanding on the non-mandatory convertible bonds it held with effect from 13 July 2006, the date on which the shares of the Company were listed on the Stock Exchange.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008

## 26. Convertible bonds (Continued)

### (i) 2006 Convertible Bonds (Continued)

Pursuant to an agreement entered into between the holders of the convertible bonds and the Company on 23 June 2006, the holders of the mandatory convertible bonds elected to require the Company to redeem their mandatory convertible bonds at a redemption amount that would provide bondholders with an annualised rate of return of 20% per annum, in USD, on the principal amount of the mandatory convertible bonds, together with any accrued interest upon consummation of the Global Offering.

The net proceeds received from the issue of the convertible bonds have been split between a liability component and a number of embedded derivatives as follows:

- (i) Liability component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the embedded derivatives.

The interest charged for the year is calculated by applying an effective interest rate of approximately 14% per annum to the liability component since the convertible bonds were issued.

- (ii) Embedded derivatives, comprising:
  - (a) The fair value of the option of the bondholders to convert the convertible bonds into equity of the Company at a conversion price linked to the offer price of the Company's shares in the Global Offering;
  - (b) The fair value of the option of the Company to require the bondholders to redeem the convertible bonds; and
  - (c) The fair value of the option of the bondholders to require the Company to redeem the convertible bonds.

On 18 January 2007, 2 February 2007 and 12 April 2007, non-mandatory convertible bonds in an aggregate principal amount of USD22,000,000, USD10,000,000 and USD5,000,000 respectively were converted into the Company's shares at a conversion price of HKD8.55 per share. On 14 August 2007, 29 August 2007 and 5 November 2007, non-mandatory convertible bonds in an aggregate principal amount of USD9,800,000, USD1,900,000 and USD4,300,000 respectively were converted into the Company's shares at a conversion price of HKD8.31 per share. As a result of the conversion, 48,459,107 new shares were issued.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008



## 26. Convertible bonds (Continued)

### (i) 2006 Convertible Bonds (Continued)

#### (ii) Embedded derivatives, comprising: (Continued)

As at 31 December 2008, non-mandatory convertible bonds in an aggregate principal amount of USD12,000,000 (2007: USD12,000,000) remained outstanding.

The binomial model is used in the valuation of these embedded derivatives. Inputs into the model at the respective valuation dates are as follows:

	18 January 2007	2 February 2007	12 April 2007
Exercise price	100%	100%	100%
Risk-free rate of interest	5.28%	5.33%	5.11%
Dividend yield	3.00%	3.00%	3.00%
Time to expiration	4.0 years	3.9 years	3.7 years
Volatility	48.00%	48.00%	48.00%

	14 August 2007	29 August 2007	5 November 2007
Exercise price	100%	100%	100%
Risk-free rate of interest	5.09%	4.82%	4.55%
Dividend yield	3.00%	3.00%	2.00%
Time to expiration	3.4 years	3.4 years	3.2 years
Volatility	48.00%	48.00%	47.00%

	31 December 2007	31 December 2008
Exercise price	100%	100%
Risk-free rate of interest	4.35%	3.00%
Dividend yield	2.00%	2.64%
Time to expiration	3.0 years	2.0 years
Volatility	48%	62%



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008

## 26. Convertible bonds (Continued)

### (i) 2006 Convertible Bonds (Continued)

#### (ii) Embedded derivatives, comprising: (Continued)

Notes:

- (a) The risk-free rate of interest adopted was the market yield of China International Bond maturing in 2011.
- (b) The dividend yield adopted prior to 31 December 2007 was based on the dividend yield of comparable companies in the past three to four years. The dividend yield adopted as at 31 December 2008 was based on the dividend yield of the company over the past two years.
- (c) The volatility adopted prior to 31 December 2007 was based on the median share price volatility of comparable companies in the past three to four years. The volatility adopted as at 31 December 2008 was based on the share price volatility of the company over the past two years.
- (d) The fair value of the redemption options was developed by the “with and without approach”, i.e. the fair value of the conversion option/liability component with or without the redemption option.

The variables and assumptions used in computing the fair value of the embedded derivatives are based on the directors' best estimates. The value of embedded derivatives varies with different variables of certain subjective assumptions.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008



## 26. Convertible bonds (Continued)

### (i) 2006 Convertible Bonds (Continued)

The movements of the liability component and embedded derivatives of the convertible bonds for the year are set out below:

	Liability component Rmb'000	Conversion option Rmb'000	Bondholder redemption option Rmb'000	Issuer redemption option Rmb'000	Total Rmb'000
At 1 January 2007	392,849	412,518	38,020	(70,911)	772,476
Exchange realignment	(9,526)	(11,361)	(919)	1,984	(19,822)
Interest charged during the year	25,065	–	–	–	25,065
Interest paid/payable during the year	(9,819)	–	–	–	(9,819)
Changes in fair value	–	7,045	(29,504)	51,549	29,090
Conversion during the year	(325,178)	(354,177)	–	–	(679,355)
At 31 December 2007	73,391	54,025	7,597	(17,378)	117,635
Exchange realignment	(4,910)	(1,832)	(932)	565	(7,109)
Interest charged during the year	10,032	–	–	–	10,032
Interest paid/payable during the year	(5,090)	–	–	–	(5,090)
Changes in fair value	–	(49,480)	13,347	16,656	(19,477)
At 31 December 2008	73,423	2,713	20,012	(157)	95,991



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008

## 26. Convertible bonds (Continued)

### (ii) 2007 Convertible Bonds

On 18 May 2007, the Company issued USD settled zero coupon convertible bonds (the “2007 Convertible Bonds”) in an aggregate principal amount of Rmb2,310,000,000 due 2012. The 2007 Convertible Bonds are also listed on the Singapore Exchange Securities Trading Limited. The net proceeds from the issue of the 2007 Convertible Bonds are mainly used to finance the development of the Group’s existing projects and new projects (including land acquisition costs), with the remainder being applied to the Group’s general working capital requirement.

The 2007 Convertible Bonds constitute direct, unsubordinated, unconditional and unsecured obligations of the Company, and shall at all times rank *pari passu* and without any preference or priority among themselves.

The principal terms of the 2007 Convertible Bonds are as follows:

#### (i) *Guarantee*

Each initial Subsidiary Guarantor (as defined below) has unconditionally and irrevocably guaranteed, on a joint and several basis, the due payment of all sums expressed to be payable by the Company under the 2007 Convertible Bonds and the trust deed (as amended or supplemented from time to time, the “Trust Deed”) dated 18 May 2007 constituting the 2007 Convertible Bonds. Each Subsidiary Guarantor’s obligations in respect of the 2007 Convertible Bonds and the Trust Deed (the “Guarantee”) are contained in the Trust Deed.

The initial Subsidiary Guarantors (comprising all of the Subsidiary Guarantors which guarantee the payment of the senior notes (as described in Note 27) as of 18 May 2007) are Richwise Holdings Limited (BVI), Green Sea International Limited (BVI), Hua Yick Investments Limited (BVI), Best Smart Enterprises Limited (BVI), Addgenius Enterprises Limited (BVI), Active Way Development Limited (BVI) and Zest Rich Investments Limited (BVI).

The Company will cause each of its future Subsidiaries (as defined in the indenture dated 8 November 2006 constituting the senior notes) which guarantees the payment of amounts payable under the senior notes or the indenture to guarantee the payment of any amount payable under the 2007 Convertible Bonds or the Trust Deed.

A Subsidiary Guarantor shall be simultaneously released from its obligations under the Guarantee upon the release of the Subsidiary Guarantor from its Subsidiary Guarantee under the indenture.

The payment obligations of the Subsidiary Guarantors under the Guarantee shall at all times rank at least equally with all their other present and future unsecured and unsubordinated obligations.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008



## 26. Convertible bonds (Continued)

### (ii) 2007 Convertible Bonds (Continued)

#### (ii) *USD settlement*

All amounts due under, and all claims arising out of or pursuant to, the 2007 Convertible Bonds, the Guarantee and/or the Trust Deed from or against the Company and/or any Subsidiary Guarantor shall be payable and settled in USD only.

#### (iii) *Conversion right*

The conversion right attaching to any 2007 Convertible Bonds may be exercised, at the option of the holder thereof, at any time on and after 28 June 2007 up to the close of business (at the place where the certificate evidencing such bonds is deposited for conversion) on 11 May 2012 or, if such bonds shall have been called for redemption before 18 May 2012 (the "Maturity Date"), then up to the close of business (at the place aforesaid) on a date no later than seven business days prior to the date fixed for redemption thereof.

The number of shares to be issued on conversion of the 2007 Convertible Bonds will be determined by dividing the Rmb principal amount of the 2007 Convertible Bonds to be converted (translated into Hong Kong dollars at the fixed exchange rate of HKD1.00 = Rmb0.9843) by the Conversion Price (as defined below) in effect at the conversion date.

The price at which shares will be issued upon conversion (the "Conversion Price") will initially be HKD22.14 per share but will be subject to adjustment for, among other things, subdivision or consolidation of shares, bonus issues, rights issues, distributions and other dilutive events.

#### (iv) *Final redemption*

Unless previously redeemed, converted or purchased and cancelled, the Company will redeem the 2007 Convertible Bonds on the Maturity Date at the USD equivalent of their Rmb principal amount multiplied by 105.638%.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008

## 26. Convertible bonds (Continued)

### (ii) 2007 Convertible Bonds (Continued)

#### (v) *Redemption at the option of the Company*

At any time after 18 May 2009 and prior to the Maturity Date, the Company may, having given not less than 30 nor more than 60 days' notice to the bondholders, the trustee and the principal agent (which notice will be irrevocable), redeem all or some only of the 2007 Convertible Bonds at the USD equivalent of their Early Redemption Amount (as defined below) on the redemption date, provided, however, that no such redemption may be made unless the closing price of the shares (as derived from the daily quotations sheet of the Stock Exchange) translated into Rmb at the prevailing rate applicable to the relevant trading day, for 20 out of 30 consecutive trading days, where the last day of such 30-trading day period falls within five trading days prior to the date upon which notice of such redemption is given, was at least 120% of the Conversion Price then in effect translated into Rmb at the fixed rate of exchange of HKD1.00 to Rmb0.9843.

The Company may, having given not less than 30 nor more than 60 days' notice to the bondholders, the trustee and the principal agent (which notice will be irrevocable), redeem all and not some only of the 2007 Convertible Bonds at the USD equivalent of their Early Redemption Amount (as defined below) on the redemption date if at any time at least 90% in principal amount of the 2007 Convertible Bonds has already been converted, redeemed or purchased and cancelled.

"Early Redemption Amount" of the 2007 Convertible Bonds, for each Rmb100,000 principal amount of the 2007 Convertible Bonds, is determined so that it represents for the bondholder a gross yield of 1.1% per annum, calculated on a semi-annual basis. The applicable Early Redemption Amount for each Rmb100,000 principal amount of the 2007 Convertible Bonds is calculated on a semi-annual basis in accordance with the following formula, rounded (if necessary) to two decimal places with 0.005 being rounded upwards (provided that if the date fixed for redemption is a Semi-Annual Date (as set out below), such Early Redemption Amount shall be as set out in the table below in respect of such Semi-Annual Date):

$$\text{Early Redemption Amount} = \text{Previous Redemption Amount} \times (1+r/2)^{d/p}$$

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008



## 26. Convertible bonds (Continued)

### (ii) 2007 Convertible Bonds (Continued)

#### (v) *Redemption at the option of the Company (Continued)*

Previous Redemption Amount = the Early Redemption Amount for each Rmb100,000 principal amount on the Semi-Annual Date immediately preceding the date fixed for redemption as set out below:

Semi-Annual Date	Early redemption amount Rmb
18 November 2007	100,550.00
18 May 2008	101,103.03
18 November 2008	101,659.09
18 May 2009	102,218.22
18 November 2009	102,780.42
18 May 2010	103,345.71
18 November 2010	103,914.11
18 May 2011	104,485.64
18 November 2011	105,060.31
18 May 2012	105,638.14

$r = 1.1\%$  expressed as a fraction

$d =$  number of days from and including the immediately preceding Semi-Annual Date to, but excluding, the date fixed for redemption, calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed

$p = 180$

#### (vi) *Redemption at the option of the bondholders*

On 18 May 2010, the holders of the 2007 Convertible Bonds will have the right, at such holders' option, to require the Company to redeem all or some only of the 2007 Convertible Bonds of such holders at the USD equivalent of their Rmb principal amount multiplied by 103.346%.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008

## 26. Convertible bonds (Continued)

### (ii) 2007 Convertible Bonds (Continued)

The net proceeds received from the issue of the 2007 Convertible Bonds have been split between a liability component and an equity component as follows:

- (i) Liability component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, with the bondholder redemption option but without the conversion option. The issuer redemption option is not separately accounted for because it is considered to be closely related to the host liability component.

The interest charged for the period is calculated by applying an effective interest rate of approximately 4.69% to the liability component since the convertible bonds were issued.

- (ii) Equity component represents the option of the bondholders to convert the convertible bonds into equity of the Company, which is equal to the difference between the net proceeds received and the fair value of the liability component.

The movements of the liability component and equity component of the 2007 Convertible Bonds for the year are set out below:

	Liability component Rmb'000	Equity component Rmb'000	Total Rmb'000
Convertible bonds issued on 18 May 2007	1,940,291	350,806	2,291,097
Interest charged during the year	56,139	–	56,139
As at 31 December 2007	1,996,430	350,806	2,347,236
Interest charged during the year	93,670	–	93,670
As at 31 December 2008	2,090,100	350,806	2,440,906

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008



## 27. Senior notes

On 10 November 2006, the Company issued senior notes in an aggregate principal amount of USD400,000,000. The senior notes are designated for trading in the National Association of Securities Dealer Inc.'s PORTAL market and are listed on the Singapore Exchange Securities Trading Limited. The senior notes carry interest at the rate of 9% per annum, payable semi-annually in arrears, and will mature on 8 November 2013, unless redeemed earlier.

The principal terms of the senior notes are as follows:

The senior notes are:

- (i) general obligations of the Company;
- (ii) guaranteed by the Subsidiary Guarantors, subsidiaries other than those organised under the laws of the PRC, on a senior basis, subject to certain limitations (the "Subsidiary Guarantees");
- (iii) senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the senior notes;
- (iv) at least pari passu in right of payment with all other unsecured, unsubordinated indebtedness of the Company (subject to any priority rights of such unsubordinated indebtedness pursuant to applicable law); and
- (v) effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries, subsidiaries organised under the laws of the PRC.

After the charge of the Collateral (as defined below) by the Company and the Subsidiary Guarantor Chargor (as defined below) and subject to certain limitations, the senior notes will:

- (i) be entitled to a first priority lien on the Collateral charged by the Company and the Subsidiary Guarantor Chargor (subject to any permitted liens);
- (ii) rank effectively senior in right of payment to unsecured obligations of the Company with respect to the value of the Collateral charged by the Company securing the senior notes; and
- (iii) rank effectively senior in right of payment to unsecured obligations of the Subsidiary Guarantor Chargors with respect to the value of the Collateral charged by each Subsidiary Guarantor Chargor securing the senior notes (subject to priority rights of such unsecured obligations pursuant to applicable law).



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008

## 27. Senior notes (Continued)

The Company has agreed, for the benefit of the holders of the senior notes, to charge, or cause the initial Subsidiary Guarantor Chargor to charge, as the case maybe, the capital stock of each initial Subsidiary Guarantor (collectively, the “Collateral”) in order to secure the obligations of the Company under the senior notes and the indenture and of the Subsidiary Guarantor Chargor under its Subsidiary Guarantee. The initial Subsidiary Guarantor Chargor will be Richwise. The Collateral securing the senior notes and the Subsidiary Guarantees may be released or reduced in the event of certain asset sales and certain other circumstances.

At any time and from time to time on or after 8 November 2010, the Company may redeem the senior notes, in whole or in part, at a redemption price equal to the percentage of principal amount set forth below plus accrued and unpaid interest to the redemption date if redeemed during the twelve-month period beginning on 8 November of each of the years indicated below.

<u>Period</u>	<u>Redemption price</u>
2010	104.50%
2011	102.25%
2012 and thereafter	100.00%

At any time prior to 8 November 2010, the Company may at its option redeem the senior notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the senior notes plus the Applicable Premium (as defined below) as of, and accrued and unpaid interest, if any, to the redemption date.

“Applicable Premium” means with respect to the senior notes at any redemption date, the greater of (1) 1.00% of the principal amount of such senior notes and (2) the excess of (A) the present value at such redemption date of (i) the redemption price of such senior notes on 8 November 2010 plus (ii) all required remaining scheduled interest payments due on such senior notes through 8 November 2010 (but excluding accrued and unpaid interest to such redemption date), computed using a discount rate equal to the Adjusted Treasury Rate, the rate per annum equal to the semi-annual equivalent yield in maturity of the comparable US Treasury security, plus 100 basis points, over (B) the principal amount of such senior notes on such redemption date.

At any time and from time to time prior to 8 November 2009, the Company may redeem up to 35% of the aggregate principal amount of the senior notes at a redemption price of 109% of the principal amount of the senior notes, plus accrued and unpaid interest, if any, with the proceeds from sales of certain kinds of its capital stock, subject to certain conditions.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008



## 27. Senior notes (Continued)

The senior notes contain a liability component and an early redemption option:

- (i) Liability component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the embedded derivatives.

The interest charged for the year is calculated by applying an effective interest rate of approximately 9% per annum to the liability component since the senior notes were issued.

- (ii) Early redemption option is regarded as an embedded derivative not closely related to the host contract. The directors consider that the fair value of the early redemption option is insignificant on initial recognition on 31 December 2007 and 2008.

The movements of the senior notes during the year are set out below:

	Rmb'000
At 1 January 2007	3,070,822
Exchange realignment	(198,241)
Interest charged during the year	274,534
Interest paid/payable during the year	(267,354)
At 31 December 2007	2,879,761
Exchange realignment	(185,293)
Interest charged during the year	261,128
Interest paid/payable during the year	(254,410)
At 31 December 2008	2,701,186



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008

## 27. Senior notes (Continued)

According to the indenture of the senior notes issued by the Company, the officers of the Company must certify, on or before a date not more than 120 days after the end of each fiscal year, that a review has been conducted of the activities of the Company and its Restricted Subsidiaries (as defined in the Indenture) and the Company's and its Restricted Subsidiaries' performance under the indenture and that the Company has fulfilled all obligations thereunder, or, if there has been a default in the fulfillment of any such obligation, specifying each such default and the nature and status thereof. The Company will also be obligated to notify the trustee of any default or defaults in the performance of any covenants or agreements under the indenture.

During the course of this review, it came to the Company's attention that the Company had defaulted in the performance of or breached certain covenants contained in the indenture (the "Events of Default"). According to the indenture, if any of such Events of Default occurs and is continuing under the indenture, the trustee or the holders of at least 25% in aggregate principal amount of the senior notes then outstanding, by written notice to the Company (and to the trustee if such notice is given by the holders), may, and the trustee at the request of such holders shall, declare the principal of, premium, if any, and accrued and unpaid interest on the senior notes to be immediately due and payable. Upon a declaration of acceleration, such principal, premium, if any, and accrued and unpaid interest shall be immediately due and payable. The directors of the Company are of the opinion that the Group had not received such a notice of acceleration in writing up to the date on which these consolidated financial statements are authorised for issuance.

On 21 April 2009, the Company commenced a tender offer to purchase for cash all outstanding senior notes. Please refer to Note 38(v) for details.

Since the holders have not agreed to waive their right to accelerate repayment as at the balance sheet date, the senior notes have been classified as a current liability in the consolidated financial statements for the year ended 31 December 2008.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008



## 28. Share capital

	Number of shares	Share capital HKD'000
<i>Authorised</i>		
Ordinary shares of HKD0.10 each		
At 31 December 2007 and 2008	10,000,000,000	1,000,000
<i>Issued and fully paid</i>		
Ordinary shares of HKD0.10 each		
At 1 January 2007	1,347,402,500	134,740
Issue of shares on conversion of convertible bonds	48,459,107	4,846
Issue of new shares	141,500,000	14,150
At 31 December 2007 and 2008	1,537,361,607	153,736
		Rmb'000
Shown on the consolidated balance sheet		
As at 31 December 2007 and 2008		157,395

On 18 January 2007, 2 February 2007 and 12 April 2007, the 2006 Convertible Bonds in an aggregate principal amount of USD22,000,000, USD10,000,000 and USD5,000,000 respectively were converted into the Company's shares at a conversion price of HKD8.55 per share. On 14 August 2007, 29 August 2007 and 5 November 2007, the 2006 Convertible Bonds in an aggregate principal amount of USD9,800,000, USD1,900,000 and USD4,300,000 respectively were converted into the Company's shares at a conversion price of HKD8.31 per share. As a result of the conversion, 48,459,107 new shares were issued.

On 4 May 2007, Profitwise Limited ("Profitwise"), a substantial shareholder of the Company owned by SHOU Bainian, entered into a placing and subscription agreement with its joint bookrunners and the Company. Pursuant to the agreement, Profitwise agreed to place, through its joint bookrunners, 141,500,000 shares in the Company to independent investors at a price of HKD16.35 per share. On 8 May 2007, pursuant to the agreement, Profitwise subscribed for 141,500,000 new shares in the Company at a price of HKD16.35 per share, being the same as the placing price.

All shares issued rank pari passu with other shares in issue in all respects.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008

## 29. Acquisition of subsidiaries

Particulars of the subsidiaries acquired during 2007 were as follows:

Acquired company	Principal activities	Acquisition date	Group's effective equity interest acquired	Consideration Rmb'000
養生堂浙江千島湖 房地產有限公司 Yangshengtang Zhejiang Qiandaohu Real Estate Co., Ltd.	Real estate development	12 November 2007	51%	68,330
中稷集團(香港)國際金融 投資有限公司 Zhongji Group (HK) Int'l Financial Investment Limited ("Zhongji Group")	Investment holding	19 December 2007	100%	135,010
德和國際實業有限公司 De He International Industrial Limited ("De He")	Investment holding	19 December 2007	100%	135,000
舟山瑞豐房地產開發有限公司 Zhoushan Ruifeng Real Estate Development Co., Ltd. ("Zhoushan Ruifeng")	Real estate development	19 December 2007	48% (Note)	—
舟山順帆房地產開發有限公司 Zhoushan Shunfan Real Estate Development Co., Ltd. ("Zhoushan Shunfan")	Real estate development	19 December 2007	58% (Note)	—
舟山卓成房地產開發有限公司 Zhoushan Zhuocheng Real Estate Development Co., Ltd. ("Zhoushan Zhuocheng")	Real estate development	19 December 2007	58% (Note)	—
舟山明程房地產開發有限公司 Zhoushan Mingcheng Real Estate Development Co., Ltd. ("Zhoushan Mingcheng")	Real estate development	19 December 2007	58% (Note)	—

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008



## 29. Acquisition of subsidiaries (Continued)

Acquired company	Principal activities	Acquisition date	Group's effective equity interest acquired	Consideration Rmb'000
舟山乾源房地產開發有限公司 Zhoushan Qianyuan Real Estate Development Co., Ltd. ("Zhoushan Qianyuan")	Real estate development	19 December 2007	58% (Note)	–
城建中稷(浙江)實業發展有限公司 City Construction (Zhejiang) Industrial Development Co., Ltd. ("City Construction")	Real estate development	19 December 2007	58% (Note)	–
北京城建中稷實業發展有限公司 Beijing Urban Construction Sino-Stately Industry & Development Co., Ltd. ("Beijing Urban Construction")	Real estate development	19 December 2007	60% (Note)	–
				338,340

Note: Beijing Urban Construction, City Construction, Zhoushan Ruifeng, Zhoushan Shunfan, Zhoushan Zhuocheng, Zhoushan Mingcheng and Zhoushan Qianyuan are subsidiaries of Zhongji Group and De He.

Particulars of the subsidiaries acquired during 2008 were as follows:

Acquired company	Principal activities	Acquisition date	Group's effective equity interest acquired	Consideration Rmb'000
新疆燁城萬順房地產開發有限公司 Xinjiang Yecheng Wanshun Real Estate Development Co., Ltd.	Real estate development	8 January 2008	51%	12,372
杭州金馬房地產有限公司 Hangzhou Golden Horse Real Estate Development Co. Ltd	Real estate development	27 June 2008	51%	45,983



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008

## 29. Acquisition of subsidiaries (Continued)

Acquired company	Principal activities	Acquisition date	Group's effective equity interest acquired	Consideration Rmb'000
無錫綠城房地產開發有限公司 Wuxi Greentown Real Estate Development Co., Ltd. ("Wuxi Greentown")	Real estate development	3 February 2008	46% (i)	46,920
湖州新錦江房地產開發有限公司 Huzhou Xinjinjiang Real Estate Development Co. Ltd ("Huzhou Xinjinjiang")	Real estate development	17 January 2008	80%	237,400
寧波太平洋實業有限公司 Ningbo Pacific Industry Co. Ltd	Real estate development	31 March 2008	60%	581,118
浙江華能裝飾工程有限公司 Zhejiang Huaneng Decoration Project Co. Ltd	Property design and decoration services	4 August 2008	100%	6,460
台州吉利嘉苑房地產有限公司 Taizhou Jilijiyuan Real Estate Development Co.Ltd ("Taizhou Jilijiyuan")	Real estate development	10 June 2008	60%	24,000
台州翡翠物業管理有限公司 Taizhou Jadeite Property Management Co.Ltd ("Taizhou Jadeite Property Management")	Property management	10 June 2008	60% (ii)	–
				954,253

Notes:

- (i) Wuxi Greentown was previously a 39%-owned associate of the Group. After the acquisition, the Group held 85% equity interest in Wuxi Greentown.
- (ii) Taizhou Jadeite Property Management is a subsidiary of Taizhou Jilijiyuan.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008



## 29. Acquisition of subsidiaries (Continued)

A summary of the effects of acquisitions of these subsidiaries is as follows:

	2008 Rmb'000	2007 Rmb'000
Net assets acquired:		
Property, plant and equipment	4,240	1,855
Deferred tax assets	36	–
Properties for development	1,071,144	1,054,364
Properties under development	2,026,444	–
Inventories	48	50
Trade and other receivables	228,403	528
Prepaid income taxes	680	–
Prepaid other taxes	5,977	–
Bank balances and cash	146,693	5,100
Trade and other payables	(1,216,810)	(138,847)
Amounts due to related parties	(368,682)	(473,333)
Other taxes payable	(11)	(75)
Bank borrowings	(370,000)	(40,000)
	1,528,162	409,642
Minority interests	(534,129)	(71,302)
	994,033	338,340
Less:		
Interest previously acquired and classified as associates	(39,780)	–
	954,253	338,340
Total consideration, satisfied by:		
Other payables	44,823	–
Cash	222,415	338,340
Prepayments and deposits	687,015	–
	954,253	338,340
Net cash (outflow) inflow arising on acquisition		
Cash paid	(222,415)	(338,340)
Bank balances and cash acquired	146,693	5,100
	(75,722)	(333,240)

These acquisitions have been accounted for as acquisitions of assets and liabilities as the subsidiaries acquired are not businesses.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008

## 30. Disposal of subsidiaries

On 18 February 2007, the Group disposed of its entire equity interest in Gainwise International Limited (“Gainwise”), a wholly owned subsidiary, to Greentown Holdings Group Limited at a consideration of Rmb81,000.

On 20 September 2007, the Group disposed of its 65% equity interest in Shaoxing Jinlvquan (formerly known as Ningbo Chuangfu Real Estate Co., Ltd.), which was established on 14 May 2007, at a consideration of Rmb247,000,000. It became a 35%-owned associate of the Group afterwards.

The net assets of the subsidiaries disposed of at the respective dates of disposal were as follows:

	2008 Rmb'000	2007 Rmb'000
Net assets disposed of		
Properties for development	–	569,200
Trade and other receivables, deposits and prepayments	–	40
Bank balances and cash	–	719
Amounts due to related parties	–	(189,878)
	–	380,081
Transfer to interests in associates	–	(133,000)
Total consideration, satisfied by cash	–	247,081
Net cash inflow (outflow) arising on disposal		
Cash consideration received	–	247,081
Bank balances and cash disposed of	–	(719)
	–	246,362

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008



## 31. Operating leases

### The Group as lessee

	2008 Rmb'000	2007 Rmb'000
Minimum lease payments made under operating leases in respect of buildings during the year	22,378	14,156

At the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2008 Rmb'000	2007 Rmb'000
Within one year	13,849	12,434
In the second to fifth year inclusive	44,699	17,490
After five years	33	2,857
	58,581	32,781

Operating lease payments represent rentals payable by the Group for certain office premises. Leases are negotiated for a term ranging from two to 10 years with fixed rentals.

### The Group as lessor

	2008 Rmb'000	2007 Rmb'000
Property rental income, net of negligible outgoings	5,681	3,447

At the balance sheet date, the Group had contracted with tenants for the following future minimum lease payments:

	2008 Rmb'000	2007 Rmb'000
Within one year	2,730	2,141
In the second to fifth year inclusive	7,227	7,338
After five years	8,983	11,323
	18,940	20,802

Property rental income represents rentals receivable by the Group. Leases are negotiated for a term ranging from two to 15 years with fixed rentals.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008

## 32. Commitments

	2008	2007
	Rmb'000	Rmb'000
Commitments contracted for but not provided in the consolidated financial statements in respect of properties for development, properties under development and construction in progress	7,903,986	5,814,769

In addition to the above, the Group's share of the commitments of its jointly controlled entities are as follows:

	2008	2007
	Rmb'000	Rmb'000
Contracted for but not provided	2,262,631	239,505

## 33. Share option

The Company's share option scheme (the "Scheme") was adopted pursuant to the shareholders' resolution passed on 22 June 2006 for the primary purpose of providing incentives and/or reward to directors and employees of the Group and will expire on 21 June 2016. Under the Scheme, the Board of Directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company.

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to independent non-executive directors and substantial shareholders of the Company in excess of 0.1% of the Company's share capital or with a value in excess of HKD5 million must be approved in advance by the Company's shareholders.

No consideration is payable on the grant of an option. Options may be exercised at any time from the date of grant of the share option to the expiry of the Scheme, unless otherwise specified in the Scheme. The exercise price is determined by the directors of the Company, and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant; (ii) the average closing price of the share for the five business dates immediately preceding the date of grant; and (iii) the nominal value of the Company's shares.

Since the adoption of the Scheme and up to 31 December 2008, no options have been granted, exercised or cancelled.

Certain options were subsequently granted on 22 January 2009. Please refer to Note 38(ii) for details.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008



## 34. Pledge of assets

At the balance sheet date, the following assets were pledged to banks to secure general banking facilities granted to the Group:

	2008 Rmb'000	2007 Rmb'000
Land and buildings	35,724	35,469
Hotel buildings	873,990	745,016
Prepaid lease payment	41,999	8,501
Construction in progress	31,023	22,322
Properties for development	749,267	1,102,836
Properties under development	10,101,999	4,349,082
Completed properties for sale	161,448	234,208
Bank deposits	220,217	506,282
	<hr/> 12,215,667	<hr/> 7,003,716

## 35. Retirement benefits plans

The employees of the Group's subsidiaries in the PRC are members of the state-managed retirement benefits schemes operated by the PRC government. The PRC subsidiaries are required to contribute a certain percentage of payroll costs to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes is to make the specified contributions.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008

## 36. Contingent liabilities

### Guarantees

The Group provided guarantees of Rmb3,900,370,000 (2007: Rmb1,988,688,000) at 31 December 2008 to banks in favour of its customers in respect of the mortgage loans provided by the banks to those customers for the purchase of the Group's developed properties. These guarantees provided by the Group to the banks will be released upon receiving the building ownership certificate of the respective properties by the banks from the customers as a pledge for security to the mortgage loans granted.

The Group also provided guarantees to banks in respect of bank facilities utilised by the following companies:

	2008 Rmb'000	2007 Rmb'000
Associates	179,800	118,750
Jointly controlled entities	465,500	218,200
	645,300	336,950

Contingent liabilities arising from interests in associates at the balance sheet date:

	2008 Rmb'000	2007 Rmb'000
Mortgage loan guarantees provided by an associate to banks in favour of its customers	933,780	604,366

Contingent liabilities arising from interests in jointly controlled entities at the balance sheet date:

	2008 Rmb'000	2007 Rmb'000
Mortgage loan guarantees provided by jointly controlled entities to banks in favour of its customers	623,284	476,781

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008



## 37. Related party disclosures

- (i) During the year, in addition to those disclosed in Notes 33 and 35, the Group entered into the following transactions with related parties:

	2008 Rmb'000	2007 Rmb'000
Sale of properties to Shareholders, net of return	13,160	3,893
Sale of properties to officers	233,100	22,222
Sale of properties to minority shareholders of subsidiaries	216,019	–
Sale of materials to associates and jointly controlled entities	7,260	34,089
Construction service income from associates	4,525	–
Construction service income from jointly controlled entities	1,427	–
Construction service income from Shareholders' Companies	2,037	1,659
Rental fees paid/payable to:		
– shareholder's Companies	5,098	4,949
– minority shareholders	173	–
Purchases from Shareholders' Companies (Note)	1,460	301
Interior decoration service fees paid/payable to Shareholders' Companies	21,304	25,995
Sales commission paid/payable to minority shareholders	6,301	–
Property management fees paid/payable to Shareholders' Companies	11,153	10,415
Interest income arising from amounts due from:		
– associates	72,491	18,918
– jointly controlled entities	82,572	2,517
Interest expense arising from amounts due to:		
– associates	90,620	16,252
– jointly controlled entities	77,138	14,637
– minority shareholders	69,809	9,114
Advertising expenses paid/payable to Shareholders' Companies	40,000	40,000
Other service fees to Shareholders' Companies	4,506	1,061
Construction design fees paid/payable to Shareholders' Companies	–	–
Service income from jointly controlled entities	10,093	–
Hotel service income from jointly controlled entities	148	–
Hotel service income from associates	502	–
Hotel service income from Shareholders' Companies	275	–

Note: Purchases from Shareholders' Companies represent raw materials purchased for use by construction contractors, the costs of which are included in the overall construction contracts.

The directors considered that the transactions above were carried out in the Group's normal course of business and in accordance with the terms agreed with the counterparties.

Shareholders' Companies represent companies owned by the Shareholders.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008

## 37. Related party disclosures (Continued)

(ii) As at the balance sheet date, the Group had balances with related parties as follows:

	2008					
	Project-related		Non-project related		Total	
	Interest bearing	Non-interest bearing	Interest bearing	Non-interest bearing	Interest bearing	Non-interest bearing
	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000
Due from						
Shareholders' Companies	-	6,793	-	158	-	6,951
Minority shareholders	-	268,415	-	493,834	-	762,249
Associates	953,197	1,644,077	-	44	953,197	1,644,121
Jointly controlled entities	753,759	68,095	-	15	753,759	68,110
Officers	-	25,546	-	1,482	-	27,028
	1,706,956	2,012,926	-	495,533	1,706,956	2,508,459
Due to						
Shareholders	-	13,115	-	-	-	13,115
Shareholders' Companies	-	138	-	4,007	-	4,145
Minority shareholders	560,419	1,696,406	-	570,515	560,419	2,266,921
Associates	-	12,807	1,679,199	-	1,679,199	12,807
Jointly controlled entities	184,258	-	510,294	-	694,552	-
Officers	-	48,163	-	-	-	48,163
	744,677	1,770,629	2,189,493	574,522	2,934,170	2,345,151

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008



## 37. Related party disclosures (Continued)

(ii) As at the balance sheet date, the Group had balances with related parties as follows: (Continued)

	2007					
	Project-related		Non-project related		Total	
	Interest bearing Rmb'000	Non-interest bearing Rmb'000	Interest bearing Rmb'000	Non-interest bearing Rmb'000	Interest bearing Rmb'000	Non-interest bearing Rmb'000
Due from						
Shareholders' Companies	-	3,994	-	-	-	3,994
Minority shareholders	-	89,892	-	59,502	-	149,394
Associates	468,369	546,104	-	-	468,369	546,104
Jointly controlled entities	19	603,136	-	-	19	603,136
Officers	-	1,530	-	217	-	1,747
	468,388	1,244,656	-	59,719	468,388	1,304,375
Due to						
Shareholders	-	-	-	-	-	-
Shareholders' Companies	-	14,011	-	-	-	14,011
Minority shareholders	-	2,720,708	-	2,040	-	2,722,748
Associates	-	63,207	1,063,491	-	1,063,491	63,207
Jointly controlled entities	313,000	-	675,620	-	988,620	-
Officers	-	13,600	-	-	-	13,600
	313,000	2,811,526	1,739,111	2,040	2,052,111	2,813,566

In respect of project-related balances with related parties:

- The trade balances due from officers arise mainly from property sales and are with a normal credit term of two months.
- The trade balances due from Shareholders' Companies are mainly construction prepayments and trade receivables.

Construction prepayments are billed according to the construction contracts and are settled within one to two months after the construction cost incurred are verified and agreed.

Trade receivables arise mainly from materials sales and are with a normal credit terms of two months.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008

## 37. Related party disclosures (Continued)

- (ii) As at the balance sheet date, the Group had balances with related parties as follows: (Continued)
- (c) The project-related balances due from minority shareholders/associates/jointly controlled entities are mainly project advances to these minority shareholders/associates/jointly controlled entities and are tied to the project development cycle. In the opinion of the directors, these balances are expected to be settled when the projects concerned commence pre-sales.
  - (d) The trade balances due to Shareholders and officers are mainly pre-sale deposits.
  - (e) The trade balances due to Shareholders' Companies arise mainly from construction purchases and are with a normal credit term of one to two months after the construction costs incurred are verified and agreed. Typically as much as 85% of the construction costs incurred will be settled by the time the construction of a project is completed and up to 95% by the time the amount of the aggregate construction costs are finally agreed. A warranty fee of up to 5% of the aggregate construction cost will be withheld and settled within two to five years.
  - (f) The project-related balances due to minority shareholders/jointly controlled entities are mainly project advances from these minority shareholders/jointly controlled entities and are tied to the project development cycle. In the opinion of the directors, these balances are expected to be settled when the projects concerned commence pre-sales.
  - (g) The project-related balances due to associates/jointly controlled entities are mainly prepaid distributions.

The non-interest bearing balance due from (to) related parties are unsecured and repayable on demand. The key terms of the interest bearing balance due from (to) related parties are as follows:

- (a) The project-related amounts due from associates of Rmb254,277,000 (2007: Rmb61,671,000) at 31 December 2008 carried interest at fixed rates ranging from 8.29% to 10.98% (2007: 10.98%) per annum.  
  
The project-related amounts due from associates of Rmb698,920,000 (2007: Rmb406,698,000) at 31 December 2008 carried interest at variable rates ranging from 7.30% to 7.85% (2007: 6.56% to 7.20%) per annum.
- (b) The project-related amounts due from jointly controlled entities of Rmb727,689,000 (2007: nil) at 31 December 2008 carried interest at a fixed rate 10.98% per annum.  
  
The project-related amounts due from jointly controlled entities of Rmb26,070,000 (2007: Rmb19,000) at 31 December 2008 carried interest at a variable rate of 9.01% (2007: 6.46%) per annum.
- (c) The project-related amounts due to minority shareholders of Rmb560,419,000 (2007: nil) at 31 December 2008 carried interest at a variable rate ranging from 7.06% to 15.00% per annum.
- (d) The project-related amounts due to jointly controlled entities of Rmb184,258,000 (2007: Rmb313,000,000) at 31 December 2008 carried interest at a variable rate of 7.12% (2007: 8.29%) per annum.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008



## 37. Related party disclosures (Continued)

- (ii) As at the balance sheet date, the Group had balances with related parties as follows: (Continued)
- (e) The non-project related amounts due to associates of Rmb50,669,000 at 31 December 2008 (2007: Rmb47,869,000) carried interest at a fixed rate of 6.12% (2007: 6.12%) per annum.
- The non-project related amounts due to associates of Rmb1,628,530,000 at 31 December 2008 (2007: Rmb1,015,622,000) carried interest at a variable rate of ranging from 7.17% to 8.26% (2007: 6.81% to 8.61%) per annum.
- (f) The non-project related amounts due to jointly controlled entities of Rmb510,294,000 (2007: Rmb675,620,000) at 31 December 2008 carried interest at a variable rate ranging from 7.97% to 9.01% (2007: 7.42% to 8.87%) per annum.
- (iii) (a) During the year, in addition to those disclosed in Note 29, the Group made acquisitions from related parties as follows:

	2008 Rmb'000	2007 Rmb'000
Acquisition of interests in associate from Shareholder's Company (i)	–	122,000
Partial acquisition of interest in a subsidiary from minority shareholders (ii)	214,357	17,500

Notes:

- (i) On 13 February 2007, the Group entered into an acquisition agreement with Greentown Holdings Group Limited to acquire 49% equity interest held in Zhejiang Zhongqinglv for a consideration of Rmb122,000,000. The Shareholders which are the substantial shareholders of the Company hold an aggregate of 100% in the share capital of Greentown Holdings Group Limited. Since Greentown Holdings Group Limited holds 49% equity interest in Zhejiang Zhongqinglv, Greentown Holdings Group Limited and Zhejiang Zhongqinglv are connected persons of the Company. Therefore, this acquisition constitutes a connected transaction of the Company. The Company's circular in respect of this acquisition was issued on 9 March 2007. Pursuant to the special general meeting held on 26 March 2007, the acquisition was approved by the shareholders.
- (ii) On 5 January 2007, the Group entered into an agreement to acquire a 35% equity interest held by Xinshidai Properties Company Limited ("Xinshidai Properties") in Beijing Xingye Wanfa Real Estate Development Company Limited ("Beijing Xingye Wanfa"), a subsidiary of the Company, for a consideration of Rmb17,500,000. As Xinshidai Properties is a substantial shareholder of Beijing Xingye Wanfa, this acquisition constitutes a connected transaction of the Company.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008

## 37. Related party disclosures (Continued)

- (iii) (a) During the year, in addition to those disclosed in Note 28, the Group made acquisitions from related parties as follows: (Continued)

Notes: (Continued)

- (iii) On 14 January 2008, the Group entered into an agreement to acquire a 40% equity interest held by Hangzhou Binjiang Properties Limited in Hangzhou Lvbin Real Estate Development Co., Ltd., a subsidiary of the Company, for a consideration of Rmb155,007,000.

On 6 October 2008, the Group entered into an agreement to acquire a 20% equity interest held by DOU Zhenggang in Huzhou Xin Jinjiang, a subsidiary of the Company, for a consideration of Rmb59,350,000.

On 15 December 2008, the Group contributed an additional capital of Rmb27,000,000 to Anhui Greentown Lianhua Real Estate Development Co., Ltd., a subsidiary of the Company, thereby increasing its equity interest from 54% to 70%. This transaction has been deemed as a purchase of additional interests in a subsidiary from minority shareholders.

- (iii) (b) During the year, in addition to those disclosed in Note 30, the Group made disposals to related parties as follows:

	2008	2007
	Rmb'000	Rmb'000
Disposal of interests in subsidiaries to a Shareholders' Company	–	81

### (iv) Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	2008	2007
	Rmb'000	Rmb'000
Short-term benefits	25,970	26,007
Post-employment benefits	506	453
	26,476	26,460

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008



## 38. Post balance sheet events

The following significant events took place subsequent to 31 December 2008:

- (i) On 12 January 2009, the Company redeemed the outstanding 2006 Convertible Bonds at USD12,360,000, representing their outstanding principal amount plus accrued interest, upon the holders of the outstanding 2006 Convertible Bonds exercising their redemption option.
- (ii) On 22 January 2009, under the Scheme, the Company granted a total of 45,280,000 share options (the “Share Options”) to its executive directors and other employees to subscribe for the ordinary shares of HKD0.10 each (the “Shares”) in the Company, subject to acceptance of the grantees (the “Grantees”). Each Share Option shall entitle the holder of the Share Option to subscribe for one Share upon exercise of such Share Option at an exercise price of HKD2.89 per Share, which represents the highest of (i) the closing price of HKD2.75 per share on 22 January 2009, being the date of the grant (the “Date of Grant”); (ii) the average closing price of HKD2.89 per Share for the five business days immediately preceding the Date of Grant; and (iii) the nominal value of the Share. The Share Options are exercisable during the following periods: (i) up to 50% of the Share Options granted to each Grantee at any time after 22 January 2009; (ii) up to 75% of the Share Options granted to each Grantee at any time after the expiration of 12 months from 22 January 2009; and (iii) all the remaining Share Options granted to each Grantee at any time after the expiration of 24 months from 22 January 2009, and in each case, not later than 21 January 2019. 3,474,000 Share Options out of the aggregate of 45,280,000 Share Options were granted to the following executive directors of the Company with details as follows:

<u>Name of Directors</u>	<u>Number of Share Options</u>
Mr. Song Weiping	1,089,000
Mr. Shou Bainian	1,056,000
Mr. Chen Shunhua	753,000
Mr. Guo Jiafeng	576,000

The directors of the Company are in the process of assessing the financial effect of the grant of Share Options.

- (iii) On 10 April 2009, the Company entered into a sale and purchase agreement with, inter alia, Harbour Centre Development Limited (“Harbour Centre”), pursuant to which (i) Harbour Centre conditionally agreed to procure the sale to Greentown Real Estate Group Co., Ltd. (“Greentown Real Estate”), a wholly-owned subsidiary of the Group, of its 40% equity interest in Hangzhou Greentown Haiqi Real Estate Development Co., Ltd. (“Hangzhou Greentown Haiqi”), a 60%-owned subsidiary of the Group, held by Harbour Centre’s wholly owned subsidiary, Nanjing Julong Property Development Company (“Nanjing Julong”), and shareholder loan made by Nanjing Julong to Hangzhou Greentown Haiqi for an aggregate consideration of Rmb1,382,392,000; and (ii) the Company conditionally agreed to procure the sale to Nanjing Julong of its 100% equity interest in Shanghai Lvyuan Real Estate Development Co., Ltd. (“Shanghai Lvyuan”) and shareholder loans made by the Company’s subsidiaries to Shanghai Lvyuan for a total consideration of Rmb1,230,174,000. The transactions under the sale and purchase agreement were completed on 16 April 2009 as a result of which Hangzhou Greentown Haiqi became a wholly-owned subsidiary of the Company and Shanghai Lvyuan ceased to be a subsidiary of the Company.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008

## 38. Post balance sheet events (Continued)

The following significant events took place subsequent to 31 December 2008: (Continued)

- (iv) On 14 April 2009, a trust agreement was entered into between Greentown Real Estate and Zhonghai Trust Company Ltd. (the “Trustee”), as trustee of the Zhonghai Greentown No. 1 Real Estate Investment Fund (the “Trust”). Pursuant to the terms of the Trust, on or around 20 April 2009, a major financial institution in the PRC subscribed for a total of 1,700,000,000 senior trust units of the Trust, comprising 100% of the total senior trust units and 85% of the total trust units available for subscription under the Trust, at a consideration of approximately Rmb1,683,000,000. On 17 April 2009, Greentown Real Estate subscribed for a total of 180,000,000 junior trust units of the Trust, comprising 60% of the total junior trust units and 9% of the total trust units available for subscription under the Trust, at a consideration of Rmb180,000,000. The remaining junior units of the Trust available for subscription under the Trust, comprising 6% of the total trust units available for subscription under the Trust, were subscribed by qualified investors in the PRC for a total consideration amount of Rmb120,000,000. The trust was fully constituted on 20 April 2009 (the “Trust Establishment Date”) and the initial Trust capital was approximately Rmb1,983,000,000. Pursuant to the terms of the Trust, the following agreements were entered into between Greentown Real Estate and Hangzhou Kangju Investment Management Company Limited (“Hangzhou Kangju”), a wholly-owned subsidiary of the Group, and the Trustee:
  - (a) On 14 April 2009 and 17 April 2009, Greentown Real Estate and Hangzhou Kangju entered into separate equity sale and purchase agreements with the Trustee for the sale of 45% of Greentown Real Estate’s interest in Wuxi Greentown Real Estate Development Co., Ltd. (“Wuxi Greentown”), an 85%-owned subsidiary of the Group, and 25% of Hangzhou Kangju’s interest in Hangzhou Greentown Haiqi, for a consideration of Rmb45,900,000 and Rmb250,000,000, respectively (collectively, the “Equity Sale”). The sale by Greentown Real Estate of its 45% interest in Wuxi Greentown was completed on 15 April 2009. The sale by Hangzhou Kangju of its 25% interest in Hangzhou Greentown Haiqi was completed on 17 April 2009.
  - (b) On 20 April 2009, the Trustee entered into separate loan agreements with each of Wuxi Greentown and Hangzhou Greentown Haiqi pursuant to which the Trust provided a loan in the principal amount of Rmb437,100,000 to Wuxi Greentown and a loan in the principal amount of Rmb1,250,000,000 to Hangzhou Greentown Haiqi (collectively, the “Trust Loans”). The Trust Loans bear an interest rate of 14%, and are repayable in full on the 33rd month after the disbursement, subject to certain early repayment rights of Wuxi Greentown and Hangzhou Greentown Haiqi.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008



## 38. Post balance sheet events (Continued)

The following significant events took place subsequent to 31 December 2008: (Continued)

(iv) (Continued)

- (c) In connection with the Equity Sale and the Trust Loans, Greentown Real Estate and Hangzhou Kangju entered into various additional agreements with the Trustee in respect of:
  - (i) The equity interests sold in the Equity Sale, pursuant to which the Trust has a put option (the “Equity Put”) to require Greentown Real Estate or its nominees to repurchase the equity interest sold in the Equity Sale at a pre-agreed purchase price (the “Equity Put Price”) upon expiry of the 33rd month after the Trust Establishment Date, the occurrence of certain material adverse events affecting Wuxi Greentown, Hangzhou Greentown Haiqi, or Greentown Real Estate, or if the Trust Loans are repaid prior to their maturity;
  - (ii) The outstanding equity interests in Wuxi Greentown and Hangzhou Greentown Haiqi held by Greentown Real Estate and Hangzhou Kangju immediately after the Equity Sale (the “Remaining Equity Interests”), pursuant to which the Trustee has the right to acquire the Remaining Equity Interests for a consideration of Rmb1 if certain material adverse events occur. However, each of Greentown Real Estate and Hangzhou Kangju has been granted a call option to repurchase the relevant Remaining Equity Interests from the Trust for a consideration of Rmb1 if the Trust Loans have been repaid and if the realization value of the Equity Put is not less than the Equity Put Price; and
  - (iii) Trust units held by beneficiaries of the Trust (other than Greentown Real Estate), pursuant to which such beneficiaries of the Trust have been granted a put option (the “Trust Put”) to procure Greentown Real Estate to purchase all outstanding Trust units not then held by Greentown Real Estate at a pre-agreed purchase price (the “Trust Put Price”) in the event that (a) certain material adverse events occur; and (b) the Trust is unable to obtain certain agreed minimum returns on equity upon the exercise of Equity Put.
- (d) Under the terms of the Trust, Greentown Real Estate also provided (i) a guarantee to the Trustee in respect of all of the obligations of Wuxi Greentown, Hangzhou Greentown Haiqi and other parties related to Greentown Real Estate under, among other things, the Trust Loans; and (ii) a surety of Rmb10,000,000 to the Trustee as security for the obligations of Wuxi Greentown, Hangzhou Greentown Haiqi, Greentown Real Estate and other parties related to Greentown Real Estate under, among other things, the Trust Loans and Equity Put. Furthermore, as security for, among other things, obligations of Wuxi Greentown and Hangzhou Greentown Haiqi under the Trust Loans, Greentown Real Estate and Hangzhou Kangju pledged all of their respective Remaining Equity Interests in Wuxi Greentown and Hangzhou Greentown Haiqi to the Trustee.

The directors of the Company are in the process of assessing the financial effects of the aforementioned transactions.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008

## 38. Post balance sheet events (Continued)

The following significant events took place subsequent to 31 December 2008: (Continued)

- (v) On 21 April 2009, the Company commenced a tender offer (the “Tender Offer”) to purchase for cash any and all of its outstanding USD400,000,000 9.00% Senior Notes due 2013 (the “Notes”). In conjunction with the Tender Offer, the Company is also soliciting (the “Consent Solicitation”, and together with the Tender Offer, the “Offer”) from the holders of the Notes consents (the “Consents”) to proposed amendments and waivers (the “Proposed Amendments and Waivers”) of the provisions of the indenture governing the Notes (the “Indenture”), dated as of 10 November 2006. The Proposed Amendments and Waivers, once effective, will eliminate or modify substantially all of the restrictive covenants, certain events of default and certain other provisions contained in the Indenture, and to waive any and all actual defaults or events of default that have occurred and are continuing as well as any and all potential defaults or events of default that may have occurred or are continuing under the Indenture. Such waiver requires Consents from holders of the Notes representing at least a majority of the aggregate principal amount of the outstanding Notes, being USD400,000,000 as at the date of these consolidated financial statements. The Offer will expire at 5 pm New York City Time, on May 19 2009, unless otherwise extended by the Company. Holders who validly tender and do not withdraw their Notes on or prior to 5 pm New York City Time, on 4 May 2009 (the “Consent Date”), unless otherwise extended by the Company, will be eligible to receive the total consideration of USD850 for each USD1,000 principal amount of the Notes tendered (the “Total Consideration”), which consists of (i) an amount of USD775 (the “Purchase Price”), (ii) an amount of USD59, which constitutes an early tender payment (the “Early Tender Payment”, and (iii) a consent payment of USD16 (the “Consent Payment”), plus accrued and unpaid interest thereon up to, but not including, the date of payment (the “Settlement Date”). Holders who validly tender after the Consent Date but on or before the Expiration Date will be eligible to receive the Purchase Price only, plus accrued and unpaid interest thereon up to, but not including, the Settlement Date. Holders who do not tender their Notes but validly deliver Consents on or prior to the Consent Date, and do not validly revoke their Consents on or prior to the Consent Date, will be eligible to receive the Consent Payment only. All holders who tender Notes pursuant to the Tender Offer will also be deemed to deliver their Consents with respect to such Notes pursuant to the Consent Solicitation. The Settlement Date on which the payment of the Total Consideration, Purchase Price, Early Tender Payment and the Consent Payment will be made is expected to occur on or about 26 May 2009.

Adoption of the Proposed Amendments and Waivers, and payment of the Consent Payment, is conditional upon, among other things, the receipt of Consents of holders representing at least a majority in the aggregate principal amount (the “Requisite Consents”) of the Notes then outstanding (excluding the Notes owned by the Company or any of its affiliates). The consummation of the Offer is subject to the receipt of the Requisite Consents and the satisfaction or waiver of the customary conditions to the Offer as set forth in the Offer to Purchase and Consent Statement.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008



## 39. Particulars of subsidiaries

Name of subsidiary	Place and date of incorporation/ registration	Issued and fully paid share/ registered capital	Attributable equity interest				Principal activities	Legal form
			Direct		Indirect			
			2008	2007	2008	2007		
才智控股有限公司 Richwise Holdings Limited	The British Virgin Islands ("The BVI") 16 November 2004	USD100	100%	100%	-	-	Investment holding	Private limited liability company
綠海國際有限公司 Green Sea International Limited	The BVI 8 February 2005	USD100	-	-	100%	100%	Investment holding	Private limited liability company
佳卓企業有限公司 Best Smart Enterprises Limited	The BVI 25 November 2005	USD100	-	-	100%	100%	Investment holding	Private limited liability company
華益投資有限公司 Hua Yick Investments Limited	The BVI 25 November 2005	USD100	-	-	100%	100%	Investment holding	Private limited liability company
綠城房地產集團有限公司 Greentown Real Estate Group Co., Ltd.	The PRC 6 January 1995	Rmb895,000,000	-	-	100%	100%	Real estate development	Wholly foreign-owned enterprise
上海綠宇房地產開發有限公司 Shanghai Lvyu Real Estate Development Co., Ltd.	The PRC 19 July 2000	Rmb100,000,000	-	-	100%	100%	Real estate development	Wholly foreign-owned enterprise
安徽綠城房地產開發有限公司 Anhui Greentown Real Estate Development Co., Ltd.	The PRC 9 August 2001	Rmb30,000,000	-	-	90%	90%	Real estate development	Limited liability company
安徽綠城聯華房地產開發有限公司 Anhui Greentown Lianhua Real Estate Development Co., Ltd.	The PRC 9 July 2002	Rmb50,000,000	-	-	70%	54%	Real estate development	Limited liability company
北京綠城投資有限公司 Beijing Greentown Investment Co., Ltd.	The PRC 3 June 2002	Rmb50,000,000	-	-	100%	100%	Investment management	Limited liability company



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008

## 39. Particulars of subsidiaries (Continued)

Name of subsidiary	Place and date of incorporation/ registration	Issued and fully paid share/ registered capital	Attributable equity interest				Principal activities	Legal form
			Direct		Indirect			
			2008	2007	2008	2007		
杭州桃花源房地產開發有限公司 Hangzhou Taohuayuan Real Estate Development Co., Ltd.	The PRC 29 April 1998	Rmb10,000,000	-	-	100%	100%	Real estate development	Limited liability company
杭州中山房地產開發有限公司 Hangzhou Zhongshan Real Estate Development Co., Ltd. ("Hangzhou Zhongshan")	The PRC 16 March 1993	-	-	-	-	100%	Real estate development	Limited liability company
上虞市綠城房地產開發有限公司 Shangyu Greentown Real Estate Development Co., Ltd.	The PRC 2 August 2002	Rmb30,000,000	-	-	51%	51%	Real estate development	Limited liability company
上海綠城森林高爾夫別墅開發有限公司 Shanghai Greentown Woods Golf Villas Development Co., Ltd.	The PRC 19 June 2002	Rmb100,000,000	-	-	100%	100%	Real estate development	Limited liability company
浙江綠城電子工程有限公司 Zhejiang Greentown Electrical Engineering Co., Ltd.	The PRC 20 December 2001	Rmb5,000,000	-	-	90%	90%	Design, development, installation and sales of computer software network systems and electronic equipment	Limited liability company

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008



## 39. Particulars of subsidiaries (Continued)

Name of subsidiary	Place and date of incorporation/ registration	Issued and fully paid share/ registered capital	Attributable equity interest				Principal activities	Legal form
			Direct		Indirect			
			2008	2007	2008	2007		
舟山綠城房地產開發有限公司 Zhoushan Greentown Real Estate Development Co., Ltd. ("Zhoushan Greentown") (Note i)	The PRC 16 December 1999	Rmb50,000,000	-	-	100%	100%	Real estate development	Limited liability company
北京陽光綠城房地產開發有限公司 Beijing Sunshine Greentown Real Estate Development Co., Ltd.	The PRC 15 January 2001	Rmb50,000,000	-	-	80%	80%	Real estate development	Limited liability company
北京綠城房地產經紀有限公司 Beijing Greentown Property Brokers Trading Co., Ltd.	The PRC 15 October 2003	Rmb2,000,000	-	-	100%	100%	Real estate broking and consulting	Limited liability company
上海綠景置業有限公司 Shanghai Green View Real Estate Co., Ltd.	The PRC 2 January 2003	Rmb46,660,000	-	-	60%	60%	Real estate development	Limited liability company
浙江綠城房地產營銷有限公司 Zhejiang Greentown Property Sales Co., Ltd.	The PRC 31 March 2003	Rmb5,000,000	-	-	100%	100%	Real estate sales and consulting	Limited liability company
北京格林順達貿易有限公司 Beijing Green Shunda Trading Co., Ltd. ("Beijing Green Shunda")	The PRC 15 April 2004	-	-	-	-	100%	Trading of construction materials	Limited liability company (Note ii)
北京興業萬發房地產開發有限公司 Beijing Xingye Wanfa Real Estate Development Co., Ltd.	The PRC 26 October 2000	Rmb50,000,000	-	-	100%	100%	Real estate development	Limited liability company



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008

## 39. Particulars of subsidiaries (Continued)

Name of subsidiary	Place and date of incorporation/ registration	Issued and fully paid share/ registered capital	Attributable equity interest				Principal activities	Legal form
			Direct		Indirect			
			2008	2007	2008	2007		
杭州綠城置業投資有限公司 Hangzhou Greentown Real Estate Investment Co., Ltd.	The PRC 30 September 2004	Rmb15,000,000	-	-	75%	75%	Real estate development and investment	Limited liability company
湖南綠城投資置業有限公司 Hunan Greentown Investment & Real Estate Co., Ltd.	The PRC 14 November 2003	Rmb80,000,000	-	-	51%	51%	Real estate development and investment	Limited liability company
湖南青竹湖國際商務社區開發有限公司 Hunan Green Bamboo Lake International Business Community Development Co., Ltd.	The PRC 26 September 2003	Rmb50,600,000	-	-	52%	52%	Real estate development	Limited liability company
上海華浙外灘置業有限公司 Shanghai Huazhe Bund Real Estate Co., Ltd.	The PRC 26 September 2002	Rmb50,000,000	-	-	51%	51%	Real estate development	Limited liability company
新疆陽光綠城房地產開發有限公司 Xinjiang Sunshine Real Estate Development Co., Ltd.	The PRC 17 January 2004	Rmb20,000,000	-	-	61%	61%	Real estate development	Limited liability company
杭州余杭綠城房地產開發有限公司 Hangzhou Yuhang Greentown Real Estate Development Co., Ltd.	The PRC 12 November 1999	Rmb30,000,000	-	-	51%	51%	Real estate development	Limited liability company
寧波高新區研發園綠城建設有限公司 Ningbo Gaoxinqu Yanfayuan Greentown Construction Co., Ltd.	The PRC 21 August 2003	Rmb50,000,000	-	-	60%	60%	Real estate development	Sino-foreign equity joint venture



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008



## 39. Particulars of subsidiaries (Continued)

Name of subsidiary	Place and date of incorporation/ registration	Issued and fully paid share/ registered capital	Attributable equity interest				Principal activities	Legal form
			Direct		Indirect			
			2008	2007	2008	2007		
杭州余杭金騰房地產開發有限公司 Hangzhou Yuhang Jinteng Real Estate Development Co., Ltd.	The PRC 25 December 2001	Rmb50,000,000	-	-	85%	85%	Real estate development	Limited liability company
浙江綠城材料設備有限公司 Zhejiang Greentown Material & Equipment Co., Ltd.	The PRC 20 July 2005	Rmb50,000,000	-	-	100%	100%	Trading of construction materials	Limited liability company
上海爾海投資諮詢有限公司 Shanghai Erhai Investment Consulting Co., Ltd.	The PRC 18 July 2005	Rmb1,000,000	-	-	100%	100%	Real estate consulting	Limited liability company
浙江嘉和實業有限公司 Zhejiang Jiahe Industrial Co., Ltd.	The PRC 25 April 1995	Rmb50,000,000	-	-	100%	100%	Real estate development	Limited liability company
青島綠城置業有限公司 Qingdao Greentown Land Co., Ltd.	The PRC 23 January 2006	-	-	-	-	80% (Note v)	Real estate development	Sino-foreign equity joint venture
杭州綠城東部建設有限公司 Hangzhou Greentown Orient Construction Co., Ltd.	The PRC 14 February 2006	Rmb333,000,000	-	-	96%	96%	Real estate development	Sino-foreign equity joint venture
杭州玫瑰園度假村有限公司 Hangzhou Rose Garden Vacation Villiage Co., Ltd.	The PRC 15 August 2006	USD27,000,000	-	-	100%	100%	Real estate development	Wholly foreign-owned enterprise
杭州千島湖綠城投資置業有限公司 Hangzhou Qiandaohu Real Estate Investment Co., Ltd.	The PRC 15 June 2005	Rmb30,000,000	-	-	80%	80%	Real estate development	Limited liability company



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008

## 39. Particulars of subsidiaries (Continued)

Name of subsidiary	Place and date of incorporation/ registration	Issued and fully paid share/ registered capital	Attributable equity interest				Principal activities	Legal form
			Direct		Indirect			
			2008	2007	2008	2007		
杭州千島湖綠城遊艇有限公司 Hangzhou Qiandaohu Greentown Cruise Co., Ltd.	The PRC 19 June 2006	Rmb5,000,000	-	-	80%	80%	Real estate development	Limited liability company
杭州桐廬綠城置業有限公司 Hangzhou Tonglu Greentown Real Estate Co., Ltd.	The PRC 1 September 2006	Rmb80,000,000	-	-	100%	100%	Real estate development	Sino-foreign equity joint venture
南京天浦置業有限公司 Nanjing Tianpu Real Estate Co., Ltd.	The PRC 12 November 2002	Rmb50,000,000	-	-	70%	70%	Real estate development	Limited liability company
奮發投資有限公司 Zest Rich Investments Limited	The BVI 2 August 2006	USD100	-	-	100%	100%	Investment holding	Private limited liability company
Active Way Development Limited	The BVI 8 November 2006	USD100	-	-	100%	100%	Investment holding	Private limited liability company
添智企業有限公司 Addgenius Enterprises Limited	The BVI 13 July 2006	USD100	-	-	100%	100%	Investment holding	Private limited liability company
新昌綠城置業有限公司 Xinchang Greentown Real Estate Co., Ltd.	The PRC 12 December 2006	Rmb77,600,000	-	-	80%	100%	Real estate development	Limited liability company
杭州綠濱房地產開發有限公司 Hangzhou Lvbin Real Estate Development Co., Ltd.	The PRC 25 December 2006	USD49,800,000	-	-	100%	60%	Real estate development	Wholly foreign-owned enterprise
浙江台州綠城置業有限公司 Zhejiang Taizhou Greentown Real Estate Co., Ltd. ("Zhejiang Taizhou Greentown")	The PRC 26 December 2006	-	-	-	-	100%	Real estate development	Wholly foreign-owned enterprise

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008



## 39. Particulars of subsidiaries (Continued)

Name of subsidiary	Place and date of incorporation/ registration	Issued and fully paid share/ registered capital	Attributable equity interest				Principal activities	Legal form
			Direct		Indirect			
			2008	2007	2008	2007		
浙江益豐投資諮詢有限公司 Zhejiang Yifeng Investment & Consulting Co., Ltd.	The PRC 21 December 2006	Rmb100,000,000	-	-	51%	51%	Consulting services	Sino-foreign equity joint venture
桐廬九洲房地產有限公司 Tonglu Jiuzhou Real Estate Co., Ltd.	The PRC 16 October 2002	Rmb12,500,000	-	-	51%	51%	Real estate development	Limited liability company
杭州綠城栖霞置業有限公司 Hangzhou Greentown Qixia Real Estate Co., Ltd.	The PRC 24 August 2007	Rmb50,000,000	-	-	100%	100%	Real estate development	Limited liability company
溫州綠城房地產開發有限公司 Wenzhou Greentown Real Estate Development Co., Ltd.	The PRC 15 February 2007	Rmb767,923,810.50	-	-	60%	60%	Real estate development	Sino-foreign equity joint venture
溫州綠城置業有限公司 Wenzhou Greentown Real Estate Co., Ltd.	The PRC 21 May 2007	Rmb386,000,000	-	-	60%	60%	Real estate development	Sino-foreign equity joint venture
溫州綠城家景房地產開發有限公司 Wenzhou Greentown Jiajing Real Estate Development Co., Ltd.	The PRC 21 May 2007	Rmb386,000,000	-	-	60%	60%	Real estate development	Sino-foreign equity joint venture
杭州綠銀置業有限公司 Hangzhou Lvyin Real Estate Co., Ltd. ("Hangzhou Lvyin")	The PRC 9 July 2007	Rmb28,000,000	-	-	26%	26%	Real estate development	Limited liability company
南通綠城房地產開發有限公司 Nantong Greentown Real Estate Development Co., Ltd.	The PRC 23 August 2007	Rmb50,000,000	-	-	75%	75%	Real estate development	Limited liability company
青島綠城華川置業有限公司 Qingdao Greentown Huachuan Real Estate Co., Ltd.	The PRC 21 August 2007	Rmb517,764,600	-	-	80%	80%	Real estate development	Sino-foreign equity joint venture



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008

## 39. Particulars of subsidiaries (Continued)

Name of subsidiary	Place and date of incorporation/ registration	Issued and fully paid share/ registered capital	Attributable equity interest				Principal activities	Legal form
			Direct		Indirect			
			2008	2007	2008	2007		
舟山綠城聯海置業有限公司 Zhoushan Greentown Lianhai Real Estate Co., Ltd.	The PRC 5 June 2007	Rmb250,000,000	-	-	100%	100%	Real estate development	Sino-foreign equity joint venture
杭州華基投資管理有限公司 Hangzhou Huaji Investment Management Co., Ltd.	The PRC 25 August 2006	USD4,000,000	-	-	90%	90%	Real estate development	Sino-foreign equity joint venture
城建中稷(浙江)實業發展有限公司 Urban Construction (Zhejiang) Industrial Development Co., Ltd.	The PRC 5 May 2005	Rmb160,000,000	-	-	58% (Note iv)	58%	Real estate development	Limited liability company
舟山市瑞豐房地產開發有限公司 Zhoushan Ruifeng Real Estate Development Co., Ltd.	The PRC 12 April 2005	Rmb10,000,000	-	-	36% (Note iv)	48%	Real estate development	Limited liability company
舟山順帆房地產開發有限公司 Zhoushan Shunfan Real Estate Development Co., Ltd.	The PRC 17 April 2007	-	-	-	-	58% (Note iv)	Real estate development	Limited liability company
舟山市卓成房地產開發有限公司 Zhoushan Zhuocheng Real Estate Development Co., Ltd.	The PRC 24 April 2007	-	-	-	-	58% (Note iv)	Real estate development	Limited liability company
舟山明程房地產開發有限公司 Zhoushan Mingcheng Real Estate Co., Ltd.	The PRC 11 July 2003	Rmb10,000,000	-	-	58% (Note iv)	58%	Real estate development	Limited liability company
寧波太平洋置業有限公司 Ningbo Pacific Real Estate Development Co., Ltd.	The PRC 11 July 2003	Rmb177,000,000	-	-	60%	-	Real estate development	Limited liability company
台州吉利嘉苑房地產開發有限公司 Taizhou Jilijiyuan Real Estate Development Co., Ltd.	The PRC 15 October 2001	Rmb40,000,000	-	-	60%	-	Real estate development	Limited liability company

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008



## 39. Particulars of subsidiaries (Continued)

Name of subsidiary	Place and date of incorporation/ registration	Issued and fully paid share/ registered capital	Attributable equity interest				Principal activities	Legal form
			Direct		Indirect			
			2008	2007	2008	2007		
舟山市乾源房地產開發有限公司 Zhoushan Qianyuan Real Estate Development Co., Ltd.	The PRC 31 October 2005	Rmb10,000,000	-	-	58%	58%	Real estate development	Limited liability company
海南桃花源置業有限公司 Hainan Taohuayaun Real Estate Co., Ltd.	The PRC 14 November 2007	Rmb30,000,000	-	-	51%	51%	Real estate development	Limited liability company
海南綠城高地投資有限公司 Haian Greentown Gaodi Investment Co., Ltd.	The PRC 15 November 2007	Rmb60,000,000	-	-	51%	51%	Real estate development	Limited liability company
養生堂浙江千島湖房地產有限公司 Yangshengtang Zhejiang Qiandaohu Real Estate Co., Ltd.	The PRC 24 January 2005	Rmb30,000,000	-	-	51%	51%	Real estate development	Limited liability company
杭州綠城海企房地產開發有限公司 Hangzhou Greentown Haiqi Real Estate Development Co., Ltd.	The PRC 23 November 2007	Rmb100,000,000	-	-	60%	60%	Real estate development	Limited liability company
上海雅舍裝飾工程有限公司 Shanghai Yashe Decoration Project Co., Ltd.	The PRC 13 August 2007	Rmb2,000,000	-	-	100%	100%	Trading of construction materials	Limited liability company
上海怡境園林景觀工程有限公司 Shanghai Yijing Garden Decoration Project Co., Ltd.	The PRC 13 August 2007	Rmb2,000,000	-	-	100%	100%	Green construction and management	Limited liability company
杭州奮發投資諮詢有限公司 Hangzhou Fenfa Investment & Consulting Co., Ltd.	The PRC 6 February 2007	Rmb229,800,000	-	-	100%	100%	Consulting services	Wholly foreign-owned enterprise



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008

## 39. Particulars of subsidiaries (Continued)

Name of subsidiary	Place and date of incorporation/ registration	Issued and fully paid share/ registered capital	Attributable equity interest				Principal activities	Legal form
			Direct		Indirect			
			2008	2007	2008	2007		
杭州綠城東富投資諮詢有限公司 Hangzhou Greentown Dongfu Investment & Consulting Co., Ltd.	The PRC 1 February 2007	Rmb230,000,000	-	-	100%	100%	Consulting services	Wholly foreign-owned enterprise
杭州添智企業諮詢有限公司 Hangzhou Tianzhi Enterprise Consulting Co., Ltd.	The PRC 1 February 2007	Rmb230,000,000	-	-	100%	100%	Consulting services	Wholly foreign-owned enterprise
杭州綠城綠智投資諮詢有限公司 Hangzhou Greentown Lvzhi Investment & Consulting Co., Ltd.	The PRC 1 February 2007	Rmb230,000,000	-	-	100%	100%	Consulting services	Wholly foreign-owned enterprise
青島綠城華景置業有限公司 Qingdao Greentown Huajing Real Estate Co., Ltd.	The PRC 30 April 2007	Rmb380,000,000	-	-	100%	100%	Real estate development	Wholly foreign-owned enterprise
杭州康居投資管理有限公司 Hangzhou Kangju Investment Management Co., Ltd.	The PRC 30 April 2007	Rmb456,500,000	-	-	100%	100%	Real estate development	Wholly foreign-owned enterprise
溫州睿佳置業有限公司 Wenzhou Ruijia Real Estate Co., Ltd.	The PRC 21 May 2007	Rmb386,000,000	-	-	100%	100%	Real estate development	Wholly foreign-owned enterprise
溫州卓著置業有限公司 Wenzhou Zhuozhu Real Estate Co., Ltd.	The PRC 21 May 2007	Rmb386,000,000	-	-	100%	100%	Real estate development	Wholly foreign-owned enterprise
長沙慧霖投資諮詢有限公司 Changsha Huilin Investment & Consultation Co., Ltd.	The PRC 21 May 2007	Rmb230,000,000	-	-	100%	100%	Consulting services	Wholly foreign-owned enterprise

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008



## 39. Particulars of subsidiaries (Continued)

Name of subsidiary	Place and date of incorporation/ registration	Issued and fully paid share/ registered capital	Attributable equity interest				Principal activities	Legal form
			Direct		Indirect			
			2008	2007	2008	2007		
杭州致達置業有限公司 Hangzhou Zhida Real Estate Co., Ltd.	The PRC 30 May 2007	Rmb230,000,000	-	-	100%	100%	Real estate development	Wholly foreign-owned enterprise
杭州時富置業有限公司 Hangzhou Shifu Real Estate Co., Ltd.	The PRC 6 June 2007	Rmb228,000,000	-	-	100%	100%	Real estate development	Wholly foreign-owned enterprise
杭州添惠置業有限公司 Hangzhou Tianhui Real Estate Co., Ltd.	The PRC 6 June 2007	Rmb380,000,000	-	-	100%	100%	Real estate development	Wholly foreign-owned enterprise
杭州益廬投資管理有限公司 Hangzhou Yilu Investment Management Co., Ltd.	The PRC 12 October 2007	Rmb102,449,800	-	-	100%	100%	Real estate development	Wholly foreign-owned enterprise
益添有限公司 Benefitplus Limited	The BVI 3 July 2007	-	-	-	100%	100%	Investment holding	Private limited liability company
佳譽有限公司 Quality Fame Limited	The BVI 9 October 2007	-	-	-	100%	100%	Investment holding	Private limited liability company
凱智有限公司 Victory Smart Limited	The BVI 9 October 2007	-	-	-	100%	100%	Investment holding	Private limited liability company
天勝企業有限公司 Sky Triumph Enterprise Limited	The BVI 9 October 2007	-	-	-	100%	100%	Investment holding	Private limited liability company
峰力企業有限公司 Peakpower Enterprise Limited	The BVI 9 October 2007	-	-	-	100%	100%	Investment holding	Private limited liability company
寧波創瑞置業有限公司 Ningbo Chuangrui Real Estate Co., Ltd.	The PRC 11 May 2007	-	-	-	100%	100%	Real estate development	Wholly foreign-owned enterprise



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008

## 39. Particulars of subsidiaries (Continued)

Name of subsidiary	Place and date of incorporation/ registration	Issued and fully paid share/ registered capital	Attributable equity interest				Principal activities	Legal form
			Direct		Indirect			
			2008	2007	2008	2007		
寧波瑞利置業有限公司 Ningbo Ruili Real Estate Co., Ltd.	The PRC 16 May 2007	-	-	-	100%	100%	Real estate development	Wholly foreign-owned enterprise
中稷集團(香港)國際金融投資有限公司 Zhongji Group (HK) International Financial Investment Limited	TheHK 6 June 2003	HKD10,000	-	-	100% (Note iv)	100%	Investment holding	Private limited liability company enterprise
德和國際實業有限公司 De He International Industrial Limited	TheHK 26 July 2004	HKD10	-	-	100% (Note iv)	100%	Investment holding	Private limited liability company enterprise
浩生投資有限公司 Hoson Investments Limited	The BVI 5 April 2007	-	-	-	100%	100%	Investment holding	Private limited liability company
杭州普潤投資管理有限公司 Hangzhou Purun Investment Management Co., Ltd.	The PRC 6 June 2007	-	-	-	100%	100%	Real estate development	Wholly foreign-owned enterprise
北京城建中稷實業發展有限公司 Beijing Urban Construction Sino-Stately Industry & Development Co., Ltd.	The PRC 18 November 2004	Rmb100,000,000	-	-	60% (Note iv)	60%	Real estate development	Sino-foreign equity joint venture
杭州恒都投資管理諮詢有限公司 Hangzhou Hengdu Investment Management & Consulting Co., Ltd.	The PRC 14 November 2007	USD29,800,000	-	-	100%	100%	Real estate development	Wholly foreign-owned enterprise
溫州綠景置業有限公司 Wenzhou Lvjing Real Estate Co., Ltd.	The PRC 26 November 2007	Rmb206,250,000	-	-	100%	60%	Hotel construction and operation	Wholly foreign-owned enterprise
無錫綠城房地產開發有限公司 Wuxi Greentown Real Estate Development Co., Ltd.	The PRC 7 December 2007	Rmb102,000,000	-	-	85%	39%	Real estate development	Limited liability company



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008



## 39. Particulars of subsidiaries (Continued)

Name of subsidiary	Place and date of incorporation/ registration	Issued and fully paid share/ registered capital	Attributable equity interest				Principal activities	Legal form
			Direct		Indirect			
			2008	2007	2008	2007		
湖州新錦江房地產開發有限公司 Huzhou Xinjinjiang Real Estate Development Co., Ltd.	The PRC 3 February 2004	Rmb50,000,000	-	-	70%	-	Real estate development	Limited liability company
長興綠城房地產開發有限公司 Changxing Greentown Real Estate Development Co., Ltd.	The PRC 30 January 2008	Rmb100,000,000	-	-	51%	-	Real estate development	Limited liability company
北京綠城銀石房地產開發有限公司 Beijing Greentown Yinshi Real Estate Development Co., Ltd.	The PRC 20 February 2008	Rmb50,000,000	-	-	72%	-	Real estate development	Limited liability company
新疆俊發綠城房地產開發有限公司 Xinjiang Junfa Greentown Real Estate Development Co., Ltd.	The PRC 16 January 2008	Rmb50,000,000	-	-	50% (Note vi)	-	Real estate development	Limited liability company
舟山蔚藍海岸房地產開發有限公司 Zhoushan Weilanhai'an Real Estate Development Co., Ltd.	The PRC 6 May 2008	Rmb50,000,000	-	-	60%	-	Real estate development	Limited liability company
新疆燁城萬順房地產開發有限公司 Xinjiang Yechengwanshun Real Estate Development Co., Ltd.	The PRC 23 October 2001	Rmb24,260,000	-	-	51%	-	Real estate development	Limited liability company
上海綠源房地產開發有限公司 Shanghai Lv Yuan Real Estate Development Co., Ltd.	The PRC 3 February 2008	Rmb289,524,000	-	-	100%	-	Real estate development	Limited liability company
安領控股有限公司 Easy Lead Holdings Limited	The BVI 28 January 2008	-	-	-	100%	-	Investment holding	Private limited liability company
時凱控股有限公司 Era Win Holdings Limited	The BVI 12 March 2008	-	-	-	100%	-	Investment holding	Private limited liability company



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008

## 39. Particulars of subsidiaries (Continued)

Name of subsidiary	Place and date of incorporation/ registration	Issued and fully paid share/ registered capital	Attributable equity interest				Principal activities	Legal form
			Direct		Indirect			
			2008	2007	2008	2007		
永裕投资有限公司 Eternity Wealth Investments Limited	The BVI 28 March 2008	-	-	-	100%	- Investment holding	Private limited liability company	
忠富投资有限公司 Loyal Rich Holdings Limited	The BVI 18 February 2008	-	-	-	100%	- Investment holding	Private limited liability company	
佳城投资有限公司 Prime City Investments Limited	The BVI 28 March 2008	-	-	-	100%	- Investment holding	Private limited liability company	
北京亞奧房地產開發有限公司 Beijing Ya'ao Real Estate Development Co., Ltd.	The PRC 19 August 2008	Rmb50,000,000	-	-	50% (Note vi)	- Real estate development	Limited liability company	
大連綠城房地產開發有限公司 Dalian Greentown Real Estate Development Co., Ltd.	The PRC 11 November 2008	Rmb24,000,000	-	-	100%	- Real estate development	Limited liability company	
寧波象山綠城房地產開發有限公司 Ningbo Xiangshan Greentown Real Estate Development Co., Ltd.	The PRC 19 February 2008	Rmb100,000,000	-	-	50% (Note vi)	- Real estate development	Limited liability company	
杭州金馬房地產有限公司 Hangzhou Jinma Real Estate Development Co., Ltd.	The PRC 22 October 1992	USD12,000,000	-	-	51%	- Real estate development	Sino-foreign joint venture	
杭州綠城進出口貿易有限公司 Hangzhou Greentown Imports & Exports Trading Co., Ltd.	The PRC 29 April 2008	Rmb1,000,000	-	-	100%	- Imports & exports trading company	Limited liability company	
北京綠城閣瑞建築規劃設計諮詢有限公司 Beijing Greentown Gerui Architectural Design & Consultation Co., Ltd.	The PRC 14 May 2008	Rmb350,000	-	-	100%	- Construction engineering & design consultancy services	Limited liability company	

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2008



## 39. Particulars of subsidiaries (Continued)

Name of subsidiary	Place and date of incorporation/ registration	Issued and fully paid share/ registered capital	Attributable equity interest				Principal activities	Legal form
			Direct		Indirect			
			2008	2007	2008	2007		
北京興業萬發商務會所有限公司 Beijing Xingyewanfa Property Management Co., Ltd.	The PRC 22 September 2008	Rmb10,000,000	-	-	100%	-	Property management	Limited liability company
浙江華能裝飾工程有限公司 Huaneng Design and Decoration Co., Ltd.	The PRC 15 September 1993	Rmb6,000,000	-	-	100%	-	Property design & decoration services	Limited liability company
浙江綠城商業經營管理有限公司 Zhejiang Greentown Business Management Co., Ltd.	The PRC 14 July 2008	Rmb10,000,000	-	-	100%	-	Business management	Limited liability company
新疆陽光綠城物業管理有限公司 Xinjiang Sunshine Property Management Co., Ltd.	The PRC 16 July 2008	Rmb600,000	-	-	57%	-	Property management	Limited liability company
台州綠城翡翠物業管理有限公司 Taizhou Jade Property Management Co., Ltd.	The PRC 7 June 2007	Rmb1,000,000	-	-	60%	-	Property management	Limited liability company
浙江綠城融信置業有限公司 Zhejiang Greentown Finance and Trust Co., Ltd.	The PRC 24 June 2008	Rmb200,000,000	-	-	50% (Note vi)	-	Investment holding	Limited liability company

### Notes:

- (i) Pursuant to an absorption and merger agreement entered into by Zhoushan Greentown and Zhoushan Greentown Hotel Investment Co., Ltd. dated 11 October 2005, the owners of both parties resolved that Zhoushan Greentown should absorb and merge with Zhoushan Greentown Hotel Investment Co., Ltd. The absorption and merger was completed on 14 January 2007.
- (ii) Hangzhou Zhongshan, Beijing Green Shunda and Zhejiang Taizhou Greentown have been closed.
- (iii) Hangzhou Lvyin is a 51%-owned subsidiary of Hangzhou Yuhang Greentown.
- (iv) Beijing Urban Construction, City Construction, Zhoushan Ruifeng, Zhoushan Shunfan, Zhoushan Zhuocheng, Zhoushan Mingcheng and Zhoushan Qianyuan are subsidiaries of Zhongji Group and De He.
- (v) Pursuant to the resolutions of the board of directors and owners of Qingdao Greentown Huachuan and Qingdao Greentown Land made in October 2007, the owners of both parties resolved that Qingdao Greentown Huachuan should absorb and merge with Qingdao Greentown Land. The absorption and merger was completed on 2 July 2008.
- (vi) The Group is able to dominate the board of directors of and has the power to direct the financial and operational policies of these entities. Therefore, these entities are accounted for as subsidiaries of the Group.



## Five Years Financial Summary

### Consolidated Results

	2004	2005	2006	2007	2008
	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000
Revenue	2,739,082	2,535,075	6,400,467	5,738,791	6,635,357
Cost of Sales	(1,856,846)	(1,639,634)	(3,579,946)	(3,675,198)	(4,765,728)
Gross profit	882,236	895,441	2,820,521	2,063,593	1,869,629
Other income	65,106	129,638	139,551	287,909	356,192
Expenses	(250,646)	(344,748)	(751,475)	(736,210)	(1,413,842)
Share of results of associates and jointly controlled entities	(42,963)	31,228	(36,730)	120,181	383,731
Profit before taxation	653,733	711,559	2,171,867	1,735,473	1,195,710
Taxation	(202,030)	(125,112)	(883,373)	(729,884)	(629,088)
Profit for the year from continuing operations	451,703	586,447	1,288,494	1,005,589	566,622
Profit (loss) for the year from discontinued operations	(5,934)	322	–	–	–
Profit for the year	445,769	586,769	1,288,494	1,005,589	566,622
Attributable to:					
Equity holder of the Company	454,395	622,688	1,269,066	923,376	540,285
Minority interests	(8,626)	(35,919)	19,428	82,213	26,337
	445,769	586,769	1,288,494	1,005,589	566,622

# Five Years Financial Summary



## Consolidated Assets and Liabilities

	2004 Rmb'000	2005 Rmb'000	2006 Rmb'000	2007 Rmb'000	2008 Rmb'000
Non-current assets	402,335	812,985	1,139,923	2,542,377	3,537,279
Current assets	9,988,497	11,768,697	16,698,610	30,323,468	39,277,797
Current liabilities	(8,372,926)	(9,221,956)	(7,532,932)	(13,971,970)	(22,875,859)
Non-current liabilities	(1,336,678)	(2,496,593)	(5,566,967)	(9,407,373)	(9,657,891)
	681,228	863,133	4,738,634	9,486,502	10,281,326

### Notes:

- (i) The results of the Group for the year ended 31 December 2004 and 2005 and its assets and liabilities as at 31 December 2004 and 2005 have been extracted for the Company's Prospectus dated 30 June 2006. The results and financial situation of the Group for the year ended 31 December 2006 are disclosed in the annual report of year 2006. The results of the Group for the year ended 31 December 2007 and 2008 and its assets and liabilities as at 31 December 2007 and 2008 are those set out on pages 4 to 111 of the annual report and are presented on the basis as set out in Note 3 to the consolidated financial statements.
- (ii) Starting from the financial year ended 31 December 2007, the Group, in order to conform to market practices, has decided to classify LAT as income tax and present it as such in the consolidated financial statements. The 2006's presentation had been already reclassified and its income statement and balance sheet had been disclosed in the annual report of year 2007. For the year ended 31 December 2004 and 2005, LAT was classified as a component of cost of sales. Prior year adjustments were not made for the result extracted for the year ended 31 December 2004 and 2005.



# Valuation Report and Analysis

Valuation Report No.: F08-001149

Our Ref: KFC/WKC/KHC/jc

Date: 6 April 2009

The Directors  
Greentown China Holdings Limited  
Huanglong Centry Plaza,  
No. 1 Hangda Road,  
Hangzhou,  
Zhejiang Province,  
The PRC

Dear Sirs,

## Instructions, Purpose and Date of Valuation

In accordance with your instructions for us to value the properties held by Greentown China Holdings Limited (the “Company”) and its subsidiaries (hereinafter together referred to as the “Group”) in the People’s Republic of China (the “PRC”) as listed in the attached summary of valuations, we confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing the Group with our opinion of the market values of such properties as at 31 December 2008 (the “date of valuation”).

## Definition of Market Value

Our valuation of each property represents its Market Value which in accordance with the Valuation Standards on Properties of the Hong Kong Institute of Surveyors is defined as “the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion”.

## Valuation Basis and Assumption

Our valuations exclude an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

In the course of our valuation of the properties in the PRC, we have assumed that the transferable land use rights of the properties for their respective specific terms at nominal annual land use fees have been granted and that any land grant premium payable has already been fully paid. We have relied on the information regarding the title to each of the properties and the interests of the Group in the properties. In valuing the properties, we have assumed that the Group has an enforceable title to each of the properties and has free and uninterrupted right to use, occupy or assign the properties for the whole of the respective unexpired terms as granted.

In respect of the properties situated in the PRC, the status of the titles and grant of major certificates, approvals and licences, in accordance with the information provided by the Group are set out in the notes in the respective valuation certificates.

# Valuation Report and Analysis



## Method of Valuation

In valuing those properties in Groups I and II which are held by the Group for sale or owned and occupied by the Group in the PRC respectively, we have adopted direct comparison approach assuming sale of each of those properties in its existing state by making reference to comparable sales transactions as available in the relevant market.

The properties in Groups III and IV are held under development or for future development in the PRC. We have valued on the basis that each of these properties will be developed and completed in accordance with the Group's latest development proposals provided to us (if any). We have assumed that all consents, approvals and licences from relevant government authorities for the development proposals have been obtained without onerous conditions or delays. We have also assumed that the design and construction of the development are in compliance with the local planning regulations and have been approved by the relevant authorities. In arriving at our opinion of value, we have adopted the direct comparison approach by making reference to comparable sales evidence as available in the relevant market and have also taken into account the expended construction costs and the costs that will be expended to complete the development to reflect the quality of the completed development.

Regarding the properties in Group V which are contracted to be acquired by the Group for future development in the PRC, we have been advised by the Group that the State-owned Land Use Rights Certificates of the properties have not been obtained yet and we usually ascribe no commercial value to the properties. However, according to the Group's specific instruction, we have valued each of these properties on the basis that valid State-owned Land Use Rights Certificates have been issued to the properties and all land premium and related fees for the grant of the certificates have been fully settled. We have further carried out our valuation on the basis that all costs of public utilities, ancillary infrastructure fees and compensation to and resettlement of any original residents to make way for the proposed development have been fully settled. Moreover we have assumed these properties will be developed and completed in accordance with the Group's latest development proposals provided to us. We have assumed that all consents, approvals and licenses from relevant government authorities for the development proposals have been obtained without onerous conditions or delays. We have also assumed that the design and construction of the development are in compliance with the local planning regulations and have been approved by the relevant authorities. In arriving at our opinion of value, we have adopted the direct comparison approach by making reference to comparable sales evidence as available in the relevant market and have also taken into account the development costs that will be expended to complete the development to reflect the quality of the completed development.

According to the Group's specific instruction, we have valued each of the properties in on the basis assuming valid State-owned Land Use Rights Certificates have been issued to the properties and all land premium and related fees for the grant of the certificates have been fully settled (see the footnotes mentioned in the Summary of Valuations attached herewith).



# Valuation Report and Analysis

## Source of Information

We have been provided by the Group with extracts of documents in relation to the titles to the properties. However, we have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us.

In the course of our valuation, we have relied to a considerable extent on the information given by the Group in respect of the properties in the PRC and have accepted advice given by the Group on such matters as planning approvals or statutory notices, easements, tenure, identification of land and buildings, completion date of buildings, number of car parking spaces, particulars of occupancy, development schemes, construction costs, site and floor areas, interest attributable to the Group and all other relevant matters.

Dimension, measurements and areas included in the attached valuation certificates are based on the information provided to us and are therefore only approximations. We have had no reasons to doubt the truth and accuracy of the information provided to us by the Group which is material to the valuations. We were also advised by the Group that no material facts have been omitted from the information provided.

## Site Inspection

We have inspected the exterior and, wherever possible, the interior of the properties. However, we have not carried out investigations on site to determine the suitability of the soil conditions and the services etc. for any future development. Our valuations are prepared on the assumption that these aspects are satisfactory and that no extraordinary costs or delays will be incurred during the construction period. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defect. No test was carried out on any of the services. Unless otherwise stated, we have not been able to carry out detailed on-site measurements to verify the site and gross floor areas of the properties and we have assumed that the areas shown on the documents handed to us are correct.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the properties nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of any onerous nature which could affect their values.



# Valuation Report and Analysis



## Currency

Unless otherwise stated, all sums stated in our valuations are in Renminbi (Rmb), the official currency of the PRC.

We enclose herewith a summary of our valuations and our valuation certificates.

Yours faithfully,  
for and on behalf of  
**DTZ Debenham Tie Leung Limited**

**Andrew Chan**  
*Registered Professional Surveyor (GP)*  
*China Real Estate Appraiser*  
*MSc., M.H.K.I.S., M.R.I.C.S*  
*Director*



# Valuation Report and Analysis

## SUMMARY OF VALUATIONS

Property	Capital value in existing state as at 31 December 2008 Rmb	Attributable interest to the Group %	Capital value in existing state as at 31 December 2008 attributable to the Group Rmb
<b>Group I – Properties held for sale by the Company in the PRC</b>			
1. The unsold portion of Ningbo R&D Park Phase I, Juxian Road, Jiangdong District, Ningbo City, Zhejiang Province, the PRC  中華人民共和國浙江省寧波市江東區聚賢路 寧波研發園一期未售部分	30,000,000	60	18,000,000
2. The unsold portion of Ningbo Crown Garden Phase I, Yuanshi Road, Jiangdong District, Ningbo City, Zhejiang Province, the PRC  中華人民共和國浙江省寧波市江東區院士路 皇冠花園一期未售部分	129,000,000	60	77,400,000
3. The unsold portion of Shangyu Sweet Osmanthus Town, Linyun Street, Baiguan Jiedao, Shangyu City, Zhejiang Province, the PRC  中華人民共和國浙江省上虞市百官街道 臨運街桂花城未售部分	36,500,000	51	18,615,000

# Valuation Report and Analysis



Property	Capital value in existing state as at 31 December 2008 Rmb	Attributable interest to the Group %	Capital value in existing state as at 31 December 2008 attributable to the Group Rmb
<p>4. Unsold portion, Phases I-V, Lily Apartment, Liyuan Cun South Area, Yan Cun County Fangshan District Beijing, the PRC</p> <p>中華人民共和國北京市房山區閻村鎮南梨園村北百合公寓1-5期未售部分</p>	117,000,000	80	93,600,000
<p>5. The unsold portion of Rose Garden, No. 168 Wenhua Road, Dinghai District, Zhoushan City, Zhejiang Province, the PRC</p> <p>中華人民共和國浙江省舟山市定海區文化路168號玫瑰園未售部分</p>	91,900,000	100	91,900,000
<p>6. The unsold portion of Sweet Osmanthus Town, Gangdao Road, Lincheng New Area, Dinghai District, Zhoushan City, Zhejiang Province, the PRC</p> <p>中華人民共和國浙江省舟山市定海區臨城新區港島路桂花城未售部分</p>	410,000,000	100	410,000,000
<p>7. Unsold portion of Phase 1 to 4 Hefei Sweet Osmanthus Garden, Gaoxin District, Hefei, Anhui Province, the PRC</p> <p>中華人民共和國安徽省合肥市高新區桂花城1至4期</p>	91,000,000	90	81,900,000



# Valuation Report and Analysis

Property	Capital value in existing state as at 31 December 2008 Rmb	Attributable interest to the Group %	Capital value in existing state as at 31 December 2008 attributable to the Group Rmb
8. Unsold portion of Phases 1, 2 and 3 Changsha Sweet, Osmanthus Town, South side of Yuhua Road, Yuhua District, Changsha City, Hunan Province, the PRC  湖南省長沙市雨花區雨花大道南側，桂花城1, 2及3期未售部分	290,000,000	51	147,900,000
9. Unsold portion of Changsha Green Bamboo Garden Phases I and 2, Laodaohe Town, Kaifu District, Changsha City, Hunan Province, the PRC  湖南省長沙市開福區撈刀河鎮青竹園1及2期未售部分	250,000,000	52.47	131,175,000
10. The unsold portion of Phases II and III Xinjiang Rose Garden, Hongqiaoshan, Shuimogou Road, Shuimogou District, Urumqi, Xinjiang UAR, the PRC  中華人民共和國新疆維吾爾自治區烏魯木齊市水磨溝區水磨溝路新疆玫瑰園2, 3期未售部分	251,000,000	61.2	153,612,000
11. One unsold retail unit and 1005 units of car park, Shanghai Greentown, Jinhe Road, Pudong New Area, Shanghai, the PRC  中華人民共和國上海浦東新區錦和路上海綠城1個商業單元1005車位單元	209,000,000	100	209,000,000

# Valuation Report and Analysis



Property	Capital value in existing state as at 31 December 2008 Rmb	Attributable interest to the Group %	Capital value in existing state as at 31 December 2008 attributable to the Group Rmb
12. 10 unsold villas of Phase I and 3 unsold villas of Phase II, Shanghai Rose Garden, 1/5 Qiu, 383 Street, Maqiao Town, Minhang District Shanghai, the PRC  中華人民共和國上海市閔行區馬橋鎮383街坊1/5丘上海玫瑰園1期及二期建成部分的未售別墅	380,000,000	100	380,000,000
13. Villa Nos. 7 and 8 of Shijinyuan, West Zone of Tao Hua Yuan, Zhongtai Village, Fenghuang Shan, Yuhang District, Hangzhou Zhejiang Province, the PRC  中華人民共和國浙江省杭州市余杭區鳳凰山中泰鄉桃花源西區十錦園7號、8號	60,000,000	100	60,000,000
14. The unsold portion of Phase I, Deqing Sweet Osmanthus Town, Wukang Town, Deqing County, Zhejiang Province, the PRC  浙江省德清縣武康鎮德清桂花城一期未售部分	60,000,000	46.55	27,930,000
15. The unsold portion of Phase I of Greentown Xizi Lily Apartment, Wukang Town, Deqing County, Zhejiang Province, the PRC  浙江省德清縣武康鎮綠城西子百合公寓一期未售部分	25,000,000	24.5	6,125,000
16. Unsold portion of Phases 1, 2 and 3C, Zhengzhou Lily Apartment, Dongfeng Road, Zhengdong New District, Zhengzhou City Henan Province, the PRC  河南省鄭州市鄭東新區東風路鄭州百合公寓1, 2 & 3C期未售部分	160,000,000	37.73	60,368,000



# Valuation Report and Analysis

Property	Capital value in existing state as at 31 December 2008 Rmb	Attributable interest to the Group %	Capital value in existing state as at 31 December 2008 attributable to the Group Rmb
17. The unsold portion of Haining Lily New Town Phases 1 to 4, 6 to 8 and 18, East to Wenyuan Road, South to 3rd Ring South Road, West to Haining Avenue and North to 2nd Ring South Road, Haining City, Zhejiang Province, the PRC (developed together with Property No.18)  浙江省海寧市北至二環南路西至海甯大街南至三環南路東至文苑路	200,000,000	50	100,000,000
18. The unsold portion of Ningbo Green Garden, No. 226 Canghai Road, Jiangdong District, Ningbo City, Zhejiang Province, the PRC  中華人民共和國浙江省寧波市江東區滄海路226號寧波綠園未售部分	436,000,000	50	218,000,000
19. The unsold portion of Ningbo Sweet Osmanthus Garden, National Highway G329, Luotuo Jiedao, Zhenhai District, Ningbo City, Zhejiang Province, the PRC  中華人民共和國浙江省寧波市鎮海區駱駝街道329國道桂花園未售部分	46,000,000	60	27,600,000
		Sub-total:	2,313,125,000

# Valuation Report and Analysis



Property	Capital value in existing state as at 31 December 2008 Rmb	Attributable interest to the Group %	Capital value in existing state as at 31 December 2008 attributable to the Group Rmb
<b>Group II – Properties owned and occupied by the Group in the PRC</b>			
20. Shop unit No.7 of western part of public building, Langui Garden, No. 330 Wenxin Road, Xihu District, Hangzhou, Zhejiang Province, the PRC  中華人民共和國浙江省杭州市西湖區文新路330號蘭桂花園公建西段商鋪7號	30,000,000	100	30,000,000
21. Property Management Building, Yuegui Garden, Nos. 253 and 255 Wenyuan Road, Xihu District, Hangzhou, Zhejiang Province, the PRC  中華人民共和國浙江省杭州市西湖區文苑路253、255號月桂花園物業樓	21,000,000	100	21,000,000
22. Unit No. 110, Dingxiang Apartment, No. 151 Tianmushan Road, Xihu District, Hangzhou, Zhejiang Province, the PRC  中華人民共和國浙江省杭州市西湖區天目山路151號110室商鋪	5,600,000	100	5,600,000



# Valuation Report and Analysis

Property	Capital value in existing state as at 31 December 2008 Rmb	Attributable interest to the Group %	Capital value in existing state as at 31 December 2008 attributable to the Group Rmb
23. Property Management Building, Dangui Apartment, Wenyuan Road, Xihu District, Hangzhou, Zhejiang Province, the PRC  中華人民共和國浙江省杭州市西湖區 文苑路丹桂公寓物管樓	63,000,000	100	63,000,000
24. Unit Nos. 101, 201 and 202, Deep Blue Plaza, No. 203 Zhaohui Road, Xiacheng District, Hangzhou, Zhejiang Province, the PRC  中華人民共和國浙江省杭州市下城區 朝暉路203號深藍廣場101及201、202商鋪	25,000,000	100	25,000,000
25. A retail unit in Chunjiang Huayue, No. 140 Qianjiang Road, Shangcheng District, Hangzhou, Zhejiang Province, the PRC  中華人民共和國浙江省杭州市上城區 錢江路140號春江花月商鋪	2,700,000	100	2,700,000



# Valuation Report and Analysis



Property	Capital value in existing state as at 31 December 2008 Rmb	Attributable interest to the Group %	Capital value in existing state as at 31 December 2008 attributable to the Group Rmb
26. Jiuxi Rose Garden, No. 8 Wuyun West Road, Xihu District, Hangzhou, Zhejiang Province, the PRC  中華人民共和國浙江省杭州市西湖區 五雲西路8號九溪玫瑰園度假村度假酒店	215,000,000	100	215,000,000
27. Unit 2, Level 1 of Clubhouse, Hangzhou Sweet Osmanthus Town, No. 69 Zijinghua Road, Xihu District, Hangzhou, Zhejiang Province, the PRC  中華人民共和國浙江省杭州市西湖區 紫荊花路69號桂花城會所一層2號	5,000,000	100	5,000,000
28. Units 2701-2712 and Nos.127 and 128, Basement Car Park Level 2, No. 319 Xianxia Road, Changning District Shanghai, the PRC  中華人民共和國上海市長寧區仙霞路 319號2701-2712單元，127-128號地下車位	37,600,000	100	37,600,000
29. Level 26 of Guoxing Building, No. 22 Shouti South Road, Haidian District, Beijing, the PRC  中華人民共和國北京市海澱區首體南路22號,國興大廈26層	17,800,000	100	17,800,000



# Valuation Report and Analysis

Property	Capital value in existing state as at 31 December 2008 Rmb	Attributable interest to the Group %	Capital value in existing state as at 31 December 2008 attributable to the Group Rmb
30. Residential units 1203 and 1503, and 2 car park spaces, Block 2, Zhong Hai Fu Yuan, No. 37 Zengguang Road, Haidian District, Beijing, the PRC  中華人民共和國北京市海澱區增光路37號中海馥園2號樓1203、1503單元及2個車位	6,300,000	100	6,300,000
31. Sheraton Zhoushan Hotel, No. 101 Qiandao Road, Lincheng New Area, Dinghai District, Zhoushan City, Zhejiang Province, the PRC  中華人民共和國浙江省舟山市定海區臨城新區琴島路101號舟山喜來登大酒店	700,000,000	100	700,000,000
32. Clubhouse, Xinjiang Rose Garden, Hongqiaoshan, Shuimogou Road, Shuimogou District, Urumqi, Xinjiang UAR, the PRC  中華人民共和國新疆維吾爾自治區烏魯木齊市水磨溝區水磨溝路新疆玫瑰園會所	39,000,000	61.2	23,868,000
		Sub-total:	1,152,868,000

# Valuation Report and Analysis



Property	Capital value in existing state as at 31 December 2008 Rmb	Attributable interest to the Group %	Capital value in existing state as at 31 December 2008 attributable to the Group Rmb
<b>Group III – Properties held under development by the Company in the PRC</b>			
33. Hangzhou Lijiang Apartment under construction, Yanggong Village, Jiubao Town, Jianggan District, Hangzhou, Zhejiang Province, the PRC  中華人民共和國浙江省杭州市江幹區九堡鎮楊公村麗江公寓	1,265,000,000	100	1,265,000,000 (Note 1)
34. Hangzhou Sky Blue Apartment under construction, north side of Fengqi Road East, Jianggan District, Hangzhou, Zhejiang Province, the PRC  中華人民共和國浙江省杭州市江幹區鳳起東路以北蔚藍公寓	615,000,000	95.5	587,325,000
35. Hangzhou Yulan Apartment under construction, east side of Proposed Xujiayang Road, Jianggan District, Hangzhou, Zhejiang Province, the PRC  中華人民共和國浙江省杭州市江幹區規劃徐家洋路東側玉蘭公寓	427,000,000	95.5	407,785,000
36. Hangzhou Blue Patio under construction, Shanghuanqiao Village, Linping Street, Yuhang District, Hangzhou, Zhejiang Province, the PRC  中華人民共和國浙江省杭州市余杭區臨平街道上環橋村綠城藍庭	1,377,000,000	85	1,170,450,000 (Note 2)



# Valuation Report and Analysis

Property	Capital value in existing state as at 31 December 2008 Rmb	Attributable interest to the Group %	Capital value in existing state as at 31 December 2008 attributable to the Group Rmb
37. Ningbo R&D Park Phase II under construction, Juxian Road, Jiangdong District, Ningbo City, Zhejiang Province, the PRC  中華人民共和國浙江省寧波市江東區聚賢路寧波研發園二期	270,000,000	60	162,000,000
38. Ningbo Crown Garden Phase II under construction, Yuanshi Road, Jiangdong District, Ningbo City, Zhejiang Province, the PRC  中華人民共和國浙江省寧波市江東區院士路皇冠花園二期	391,000,000	60	234,600,000
39. Shaoxing Jade Garden under construction, No.1 Mingyang Road, Shaoxing City Zhejiang Province, the PRC  中華人民共和國浙江省紹興市陽明路1號	1,081,000,000	51	551,310,000
40. Greentown Xinchang Rose Garden and Greentown Radisson Hotel under construction, Huanxiang Highway, Panlong Lake, Qixing Block, Xinchang Town, Zhejiang Province, the PRC  中華人民共和國浙江省新昌縣七星街道蟠龍湖西郊環鄉公路旁新昌玫瑰園及綠城雷迪森大酒店	481,000,000	80	384,800,000

# Valuation Report and Analysis



Property	Capital value in existing state as at 31 December 2008 Rmb	Attributable interest to the Group %	Capital value in existing state as at 31 December 2008 attributable to the Group Rmb
41. Phases VI-IX of Beijing Lily Apartment under construction, Liyuan Cun South Area, Yan Cun County Fangshan District Beijing the PRC  中華人民共和國北京市房山區閻村鎮南梨園村北百合公寓6-9期	537,000,000	80	429,600,000
42. Portion of Beijing Majestic Mansion, Qinglongqiao, Haidian County Haidian District Beijing the PRC  中華人民共和國北京市海澱區海澱鄉青龍橋禦園一期未售及二期在建/待開發部分	2,257,000,000	100	2,257,000,000
43. Qingdao Ideal City under construction, On the north of Jiushui Road, south of Tianshui Road, east of Yichuan Road, south of Tongchuan Road and Hechuan Road, Licang District, Qingdao, Shandong Province, the People's Republic of China	3,200,000,000	80	2,560,000,000 (Note 3)
44. Hangzhou Xingqiao Project under construction, Xingqiao Development Zone Avenue, Yuhang District, Hangzhou, Zhejiang Province, the PRC  中華人民共和國浙江省杭州市余杭區星橋開發區大道星橋項目	221,000,000	35	77,350,000



# Valuation Report and Analysis

Property	Capital value in existing state as at 31 December 2008 Rmb	Attributable interest to the Group %	Capital value in existing state as at 31 December 2008 attributable to the Group Rmb
45. Shaoxing Yulan Garden under construction, Lot Nos. GN-9a and GN-9b, GN-11 South of Huayu Road at the West of Huzhong Road, Shaoxing County, Zhejiang Province, the PRC  中華人民共和國浙江省紹興縣湖中路以西、華宇路以南 GN-9a, GN-9b, GN-11號地塊	1,550,000,000	35	542,500,000
46. Haining Lily New Town Phases 9 to 13 under construction, East to Wenzong Road, South to 3rd Huannan Road, West to Haining Avenue and North to 2nd Huannan Road, Haining City, Zhejiang Province, the PRC  中華人民共和國浙江省海寧市北至二環南路， 西至海甯大街，南至三環南路，東至文宗路	900,000,000	50	450,000,000
47. Chun'an 1000-Island Lake Resort Condo, Qingfeng Yuan, Qiandaohu Town, Chun'an County, Hangzhou, Zhejiang Province, the PRC  中華人民共和國浙江省杭州市淳安縣千島湖鎮 清風苑綠城千島湖度假公寓	963,000,000	80	770,400,000 (Note 4)

# Valuation Report and Analysis



Property	Capital value in existing state as at 31 December 2008 Rmb	Attributable interest to the Group %	Capital value in existing state as at 31 December 2008 attributable to the Group Rmb
48. Hope Town under construction, Huafeng Village, Xianlin Town, Yuhang District, Hangzhou, Zhejiang Province, the PRC  中華人民共和國浙江省杭州市余杭區閒林鎮華豐村翡翠城	3,999,000,000	45	1,799,550,000
49. Hangzhou Majestic Mansion, South side of Tianmushan Road, Xihu District, Hangzhou, Zhejiang Province, the PRC  中華人民共和國浙江省杭州市西湖區天目山路南側留莊	1,174,000,000	45	528,300,000
50. Tonglu Sweet Osmanthus Garden under construction, Tongjun Jiedao, Tonglu County, Hangzhou City, Zhejiang Province, the PRC  中華人民共和國浙江省杭州市桐廬縣桐君街道桐廬桂花園	317,000,000	100	317,000,000
51. Tonglu Rose Garden under construction, Tongjun Jiedao, Tonglu County, Hangzhou City, Zhejiang Province, the PRC  中華人民共和國浙江省杭州市桐廬縣桐君街道桐廬玫瑰園	84,000,000	51	42,840,000 (Note 5)



# Valuation Report and Analysis

Property	Capital value in existing state as at 31 December 2008 Rmb	Attributable interest to the Group %	Capital value in existing state as at 31 December 2008 attributable to the Group Rmb
52. Serviced Apartment under construction, Centry Avenue, Lincheng New Area, Dinghai District, Zhoushan City, Zhejiang Province, the PRC  中華人民共和國浙江省舟山市定海區臨城新區世紀大道酒店式公寓	140,000,000	100	140,000,000
53. Phase 5 of Hefei Sweet Osmanthus Garden under construction, Gaoxin District, Hefei, Anhui Province, the PRC  中華人民共和國安徽省合肥市高新區桂花城5期	62,000,000	90	55,800,000
54. Hefei Yulan Apartment under construction, Tongcheng South Road, Baohe District, Hefei city, Anhui Province, the PRC  中華人民共和國安徽省合肥市桐城南路玉蘭公寓	304,000,000	70.2	213,408,000
55. Phase 4, Hefei Lily Apartment, 27 Hezuohua Road South, Shushan District, Hefei City, Anhui Province, the PRC  中華人民共和國安徽省合肥市蜀山區合作化南路27號百合公寓4期	231,000,000	70.2	162,162,000



# Valuation Report and Analysis



Property	Capital value in existing state as at 31 December 2008 Rmb	Attributable interest to the Group %	Capital value in existing state as at 31 December 2008 attributable to the Group Rmb
56. Phase 3 to Phase 10 of Changsha Green Bamboo Garden under construction, Laodaohu Town Kaifu District, Changsha City Hunan Province, the PRC  中華人民共和國湖南省長沙市開福區 撈刀河鎮青竹園3-10期	700,000,000	52.47	367,290,000
57. Phase IV of Xinjiang Rose Garden under construction, Hongqiaoshan, Shuimogou Road, Shuimogou District, Urumqi, Xinjiang UAR, the PRC  中華人民共和國新疆維吾爾自治區 烏魯木齊市水磨溝區水磨溝路新疆玫瑰園4期	22,000,000	61.2	13,464,000
58. Phases I and II of the Residential Project of Wenzhou Lucheng Plaza, North of the junction of Binjiang Road and Chezhan Avenue, Lucheng District, Wenzhou, Zhejiang Province, the PRC  中華人民共和國浙江省溫州市濱江路與 車站大道交叉口北側溫州鹿城廣場住宅一期及二期	3,058,000,000	60	1,834,800,000



# Valuation Report and Analysis

Property	Capital value in existing state as at 31 December 2008 Rmb	Attributable interest to the Group %	Capital value in existing state as at 31 December 2008 attributable to the Group Rmb
59. Taizhou Yulan Plaza, west to Zhongxin Road, north to Shifu Road, east to Xueyuan Road, Jiaojiang District, Taizhou, Zhejiang Province, the PRC  中華人民共和國浙江省台州市椒江區 中心大道以西市府大道以北學院路以東玉蘭廣場	897,000,000	49	439,530,000
60. Hangzhou New Green Garden, Lot F-05, Wangjiang Zone, Qianjiang New City, Shangcheng District, Hangzhou, Zhejiang Province, the PRC  中華人民共和國浙江省杭州市上城區 錢江新城望江地區F-05地塊新綠園	1,126,000,000	50	563,000,000
61. Portion of Phase II under construction, Shanghai Rose Garden, 383 Street, Maqiao Town, Minhang District Shanghai, the PRC  中華人民共和國上海市閔行區馬橋鎮 383街坊1/5丘上海玫瑰園部分2期	928,000,000	100	928,000,000
62. Phase I of Shanghai Bund House under construction, 1/1 Qiu, Dongjiadu Jiedao, 620 Street, Huangpu District Shanghai, the PRC  中華人民共和國上海市黃浦區 620街坊董家渡街道1/1丘上海黃浦灣一期	971,000,000	51	495,210,000

# Valuation Report and Analysis



Property	Capital value in existing state as at 31 December 2008 Rmb	Attributable interest to the Group %	Capital value in existing state as at 31 December 2008 attributable to the Group Rmb
<p>63. Shanghai Xinjiang Wan City Project under construction, Lot D1, West of Zhengchen Road, North of Guoxiao Road, East of Songhu Road, South of Yinhang Road, Yangpu District, Shanghai, the PRC</p> <p>中華人民共和國上海市黃浦區政澄路以西，國曉路以北，淞滙路以東，殷行路以南 新江灣城D1地塊玉蘭公館</p>	1,080,000,000	100	1,080,000,000
<p>64. South Zone of Taohuayuan, Zhongtai Village, Fenghuang Shan, Yuhang District, Hangzhou, Zhejiang Province, the PRC</p> <p>中華人民共和國浙江省杭州市余杭區 鳳凰山中泰鄉桃花源南區</p>	3,020,000,000	51	1,540,200,000
<p>65. Xiangshan Lily Apartment under construction, Jujing Road, Dandong Jiedao, Xiangshan County, Ningbo City, Zhejiang Province, the PRC</p> <p>中華人民共和國浙江省寧波市象山縣丹東街道 巨鷹路百合公寓</p>	460,000,000	50	230,000,000
<p>66. Nanjing Rose Garden under construction, Zhenzhu Road, Pukou District, Nanjing City, Jiangsu Province, the PRC</p>	400,000,000	70	280,000,000



# Valuation Report and Analysis

Property	Capital value in existing state as at 31 December 2008 Rmb	Attributable interest to the Group %	Capital value in existing state as at 31 December 2008 attributable to the Group Rmb
67. Portion of Phase I, and Phase II of Deqing Sweet Osmanthus Town under construction, Wukang Town, Deqing County, Zhejiang Province, the PRC  中華人民共和國浙江省德清縣武康鎮德清桂花城二期在建項目	330,000,000	46.55	153,615,000
68. Phase II of Greentown Xizi.Lily Apartment under construction, Wukang Town, Deqing County, Zhejiang Province, the PRC  中華人民共和國浙江省德清縣武康鎮綠城西子百合公寓二期在建項目	295,000,000	24.5	72,275,000
69. Zhengzhou Lily Apartment, Dongfeng Road Zhengdong New District Zhengzhou City, Henan Province, the PRC  中華人民共和國河南省鄭州市鄭東新區東風路	600,000,000	37.73	226,380,000
70. Hangzhou Tulip Bank under construction, Huangshan Village, Wenyan Town, Xiaoshan District, Hangzhou, Zhejiang Province, the PRC  中華人民共和國浙江省杭州市蕭山區聞堰鎮黃山村西子鬱金香岸	868,000,000	50	434,000,000

# Valuation Report and Analysis



Property	Capital value in existing state as at 31 December 2008 Rmb	Attributable interest to the Group %	Capital value in existing state as at 31 December 2008 attributable to the Group Rmb
71. Qingshan Lake Rose Garden under construction, Minzhu Village, Qingshanhu Street, Lin'an City, Hangzhou, Zhejiang Province, the PRC  中華人民共和國浙江省杭州市臨安市青山湖街道民主村玫瑰園	1,124,000,000	50	562,000,000
72. Nantong Lakefront Homestead under construction, Juegang Village, Rudong Town, Nantong City, Jiangsu Province, The PRC	145,000,000	50	72,500,000
73. Hangzhou Ziwei Apartment under construction, Old Zha'nongkou, Li Street, Jichang Road, Jianggan District, Hangzhou, Zhejiang Province, the PRC  中華人民共和國浙江省杭州市江幹區機場路裏街老開弄口紫薇公寓	375,000,000	35	131,250,000 (Note 6)
74. Portion A of Wuxi Taihu New City Project, west of Gonghu Avenue, east of Lixin Avenue, north of Wuyue Road, south of Gaolang Road, Wuxi, Jiangsu Province, the PRC	792,000,000	85	673,200,000



# Valuation Report and Analysis

Property	Capital value in existing state as at 31 December 2008 Rmb	Attributable interest to the Group %	Capital value in existing state as at 31 December 2008 attributable to the Group Rmb
75. A plot of land situated at south of Shiji Avenue, north of Chonghai Middle School, Nantong, Jiangsu Province, the PRC	532,000,000	75	399,000,000
76. Hangzhou Blue Sapphire Mansion, Qianjiang New City, Shangcheng District, Hangzhou, Zhejiang Province, the PRC 中華人民共和國浙江省杭州市上城區錢江新城17號地塊專案	3,705,000,000	60	2,223,000,000
77. Jinan National Games Project, on two sides of Lvyou Road, Lixia District, Jinan, Shandong Province, the PRC  中華人民共和國山東省濟南市曆下區旅遊路濟南金運村項目	3,700,000,000	45	1,665,000,000 (Note 7)
78. Greentown. Changxing Plaza, Zhicheng Village, Zhicheng Town, Changxing County, Zhejiang Province, the PRC  中華人民共和國浙江省長興縣雉城鎮雉城村(中心商務區A區\B區\D區)綠城長興廣場在建項目	595,000,000	51	303,450,000
		Sub-total:	29,796,344,000

# Valuation Report and Analysis



Property	Capital value in existing state as at 31 December 2008 Rmb	Attributable interest to the Group %	Capital value in existing state as at 31 December 2008 attributable to the Group Rmb
<b>Group IV – Properties held for future development by the Group in the PRC</b>			
79. Lot A01 situated at Yuanshi Road, Jiangdong District, Ningbo City, Zhejiang Province, the PRC  中華人民共和國浙江省寧波市江東區院士路皇冠花園三期	400,000,000	60	240,000,000
80. West of Qingtong Road North, Renhuang Mountain New District, Huzhou City, Zhejiang Province, the PRC  中華人民共和國浙江省湖州市仁皇山新區青銅北路西側	710,000,000	70	497,000,000
81. Plot No.3, Nanshatan East Road Chaoyang District Beijing, the PRC  中華人民共和國北京市朝陽區南沙灘東路3號	628,000,000	50	314,000,000
82. The proposed Haining Lily New Town Phases 14 to 17, East to Wenzong Road, South to 3rd Ring South Road, West to Haining Avenue and North to 2nd Ring South Road, Haining City, Zhejiang Province, the PRC  中華人民共和國浙江省海寧市，北至二環南路，西至海甯大街，南至三環南路，東至文宗路	600,000,000	50	300,000,000



# Valuation Report and Analysis

Property	Capital value in existing state as at 31 December 2008 Rmb	Attributable interest to the Group %	Capital value in existing state as at 31 December 2008 attributable to the Group Rmb
83. Yangshengtang Project, Kaifa Road, Qiandaohu Town, Chun'an County, Hangzhou, Zhejiang Province, the PRC  中華人民共和國浙江省杭州市淳安縣千島湖鎮 開發路養生堂項目	184,000,000	51	93,840,000
84. Seven pieces of land (Lots LZ-CZ-01~05, 08 and 09) Changzhi Island, Dinghai District, Zhoushan City, Zhejiang Province, the PRC  中華人民共和國浙江省舟山市長峙島7幅地塊	2,700,000,000	58.125	1,569,375,000 (Note 8)
85. Phases II and III, Shanghai Bund House 1/1 Qiu, Dongjiadu Jiedao 620 Street, Huangpu District Shanghai, the PRC  中華人民共和國上海市黃浦區620街坊董家渡街道 1/1丘華浙外灘黃浦灣二期及三期	1,350,000,000	51	688,500,000
86. Hangzhou Taohuayuan Jinlanyuan Zhongtai Village, Fenghuang Shan, Yuhang District, Hangzhou, Zhejiang Province, the PRC  中華人民共和國浙江省杭州市余杭區 鳳凰山中泰鄉桃花源南區部分	198,000,000	26.01	51,499,800



# Valuation Report and Analysis



Property	Capital value in existing state as at 31 December 2008 Rmb	Attributable interest to the Group %	Capital value in existing state as at 31 December 2008 attributable to the Group Rmb
87. Zhoushan Yulan Apartment, Zizhulin Road, Dinghai District, Zhoushan City, Zhejiang Province, the PRC  中華人民共和國浙江省舟山市定海區紫竹林玉蘭花園	420,000,000	100	420,000,000 (Note 9)
88. Phase II of Donghai Plaza, No. 1486 West Nanjing Road, Jing'an District Shanghai, the PRC  中華人民共和國上海市靜安區 南京西路1486號東海大廈2期	1,051,000,000	49	514,990,000 (Note 10)
89. Phases III to VI of Shanghai Rose Garden, 10/2, 10/3, 10/5, 10/8 Qiu, 380 Street, Maqiao Town, Minhang District Shanghai, the PRC  中華人民共和國上海市閔行區馬橋鎮 380街坊10/2, 10/3, 10/5, 10/8丘, 玫瑰園3-6期	1,723,000,000	100	1,723,000,000
90. Land Lot Nos. A-2, B, C and E, Taizhou Automobile Industrial City, Luqiao District, Taizhou, Zhejiang Province, the PRC  中華人民共和國浙江省台州市路橋區 台州汽車工業城內A-2, B, C, E地塊	754,000,000	60	452,400,000
		Sub-total:	6,864,604,800



# Valuation Report and Analysis

Property	Capital value in existing state as at 31 December 2008 Rmb	Attributable interest to the Group %	Capital value in existing state as at 31 December 2008 attributable to the Group Rmb
<b>Group V – Properties interests contracted to be acquired by the Group in the PRC</b>			
91. Plot No.34 situated at Xiaoyun Road and Plot No.8 situated at Dongfang East Road (to be re-developed together), Chaoyang District Beijing, the PRC  中華人民共和國北京市朝陽區霄雲路34號，東方東路8號地塊	399,000,000	72	287,280,000 (Note 11)
92. Lot YZGC (2008) 15 Project, Yuhang District, Hangzhou, Zhejiang Province, the PRC  中華人民共和國浙江省杭州市余杭區餘政掛出(2008) 15號地塊專案	1,070,000,000	100	1,070,000,000 (Note 12)
93. Planning Lots B-07 and B-10, New Zone of Jiangcun Village, Xihu District Hangzhou, Zhejiang Province, the PRC  中華人民共和國浙江省杭州市西湖區規劃蔣村新區B-07，B-10地塊專案	1,899,000,000	50	949,500,000 (Note 13)
94. Hangqifa Project, Hushu Road South, Gongshu District, Hangzhou, Zhejiang Province, the PRC  中華人民共和國浙江省杭州市拱墅區湖墅南路杭汽發項目	5,552,000,000	50	2,776,000,000 (Note 14)

# Valuation Report and Analysis



Property	Capital value in existing state as at 31 December 2008 Rmb	Attributable interest to the Group %	Capital value in existing state as at 31 December 2008 attributable to the Group Rmb
95. Future World Project, Zhuantang Town, Xihu District, Hangzhou, Zhejiang Province, the PRC  中華人民共和國浙江省杭州市西湖區轉塘鎮未來世界項目	912,000,000	51	465,120,000 (Note 15)
96. A piece of land situated at Henan Road, Shuimogou District, Urumqi, Xinjiang UAR, the PRC	320,000,000	50	160,000,000 (Note 16)
97. 193 Baochu Road Project, 193 Baochu Road, Xihu District, Hangzhou, Zhejiang Province, the PRC  中華人民共和國浙江省杭州市西湖區保俶路193號項目	220,000,000	100	220,000,000 (Note 17)
98. A piece of land situated at north of the junction of Binjiang Road and Chezhan Avenue, Lucheng District, Wenzhou, Zhejiang Province, the PRC  中華人民共和國浙江省溫州市濱江路與車站大道交叉口北側地塊	1,822,000,000	60	1,093,200,000 (Note 18)
99. Land Lot No. C-2, West Business Area, Taizhou Economic Development Zone, Jiaojiang District, Taizhou, Zhejiang Province, the PRC  中華人民共和國浙江省台州市椒江區台州經濟開發區西商務區C-2地塊	139,000,000	40	55,600,000 (Note 19)



# Valuation Report and Analysis

Property	Capital value in existing state as at 31 December 2008 Rmb	Attributable interest to the Group %	Capital value in existing state as at 31 December 2008 attributable to the Group Rmb
100. Planning Lots B-14 and 16, Jiangcun Village, Xihu District, Hangzhou, Zhejiang Province, the PRC  中華人民共和國浙江省杭州市西湖區 規劃蔣村B-14、16地塊項目	960,000,000	49	470,400,000 (Note 20)
101. A plot of land situated on the south side of Gaoerji Road, Shahekou District, Dalian, Liaoning Province, the People's Republic of China	300,000,000	100	300,000,000 (Note 21)
102. Project Hupan Zone, Xiubo Garden, Xiaoshan District, Hangzhou, Zhejiang Province, the PRC  中華人民共和國浙江省杭州市蕭山區 休博園湖畔區地塊專案	249,000,000	50	124,500,000 (Note 22)
103. Plot No. 19, 20, 21 and 22, Xincun Town, Lingshui County, Hainan Province, the PRC  中國海南省陵水黎族自治縣新村鎮19、20、21及22號宗地	780,000,000	51	397,800,000 (Note 23)
104. Dadou Road Project, Dadou Road, east side of the Grand Canal, Gongshu District, Hangzhou, Zhejiang Province, the PRC  中華人民共和國浙江省杭州市拱墅區運河以東大兜路項目	371,000,000	30	111,300,000 (Note 24)

# Valuation Report and Analysis



Property	Capital value in existing state as at 31 December 2008 Rmb	Attributable interest to the Group %	Capital value in existing state as at 31 December 2008 attributable to the Group Rmb
105. A piece of land situated at west of Jinmian Zone, east of Jianshan Road, north of South Erhuan Road, south of Yujia Road, Cixi, Zhejiang Province, the PRC	923,000,000	49	452,270,000 (Note 25)
		Sub-total:	8,932,970,000
		Grand-total:	49,059,911,800

## Notes:

- As at the date of valuation, the State-owned Land Use Rights Certificate of the property with a site area of approximately 36 sq.m. out of the total 100,809 sq.m. has not been obtained yet. However, for referencing purpose, we have valued the property on the assumption that all of the valid State-owned Land Use Rights Certificates of the property have been issued to the property, all land premium, related fees for the grant of the certificate and costs necessary to render the site ready for immediate development have been fully settled.
- As at the date of valuation, the State-owned Land Use Rights Certificate of the property with a site area of approximately 3,677 sq.m. out of the total 431,298 sq.m. has not been obtained yet. However, for referencing purpose, we have valued the property on the assumption that all of the valid State-owned Land Use Rights Certificates of the property have been issued to the property, all land premium, related fees for the grant of the certificate and costs necessary to render the site ready for immediate development have been fully settled.
- As at the date of valuation, the State-owned Land Use Rights Certificate of the property with a site area of approximately 1,001,263.50 sq.m. out of the total 1,110,476 sq.m. has not been obtained yet. However, for referencing purpose, we have valued the property on the assumption that all of the valid State-owned Land Use Rights Certificates of the property have been issued to the property, all land premium, related fees for the grant of the certificate and costs necessary to render the site ready for immediate development have been fully settled.



## Valuation Report and Analysis

4. As at the date of valuation, the State-owned Land Use Rights Certificate of the property with a site area of approximately 4,728 sq.m. out of the total 132,995 sq.m. has not been obtained yet. However, for referencing purpose, we have valued the property on the assumption that all of the valid State-owned Land Use Rights Certificates of the property have been issued to the property, all land premium, related fees for the grant of the certificate and costs necessary to render the site ready for immediate development have been fully settled.
5. As at the date of valuation, the State-owned Land Use Rights Certificate of the property with a site area of approximately 8,539 sq.m. out of the total 33,087 sq.m. has not been obtained yet. However, for referencing purpose, we have valued the property on the assumption that all of the valid State-owned Land Use Rights Certificates of the property have been issued to the property, all land premium, related fees for the grant of the certificate and costs necessary to render the site ready for immediate development have been fully settled.
6. As at the date of valuation, the State-owned Land Use Rights Certificate of the property has not been obtained yet. However, for referencing purpose, we have valued the property on the assumption that all of the valid State-owned Land Use Rights Certificates of the property have been issued to the property, all land premium, related fees for the grant of the certificate and costs necessary to render the site ready for immediate development have been fully settled.
7. As at the date of valuation, the State-owned Land Use Rights Certificate of the property with a site area of approximately 28,548.7 sq.m. out of the total 873,900.6 sq.m. has not been obtained yet. However, for referencing purpose, we have valued the property on the assumption that all of the valid State-owned Land Use Rights Certificates of the property have been issued to the property, all land premium, related fees for the grant of the certificate and costs necessary to render the site ready for immediate development have been fully settled.
8. As at the date of valuation, the Certificate for the Use of State-owned Land of the property with a site area of approximately 740,062 sq.m. out of the total 1,611,707 sq.m. has not been obtained yet. However, for referencing purpose, we have valued the property on the assumption that all of the valid Certificate for the Use of State-owned Land of the property have been issued to the property, all land premium, related fees for the grant of the certificate and costs necessary to render the site ready for immediate development have been fully settled.
9. As at the date of valuation, the Certificate for the Use of State-owned Land of the property with a site area of approximately 23,367 sq.m. out of the total 49,655 sq.m. has not been obtained yet. However, for referencing purpose, we have valued the property on the assumption that all of the valid Certificate for the Use of State-owned Land of the property have been issued to the property, all land premium, related fees for the grant of the certificate and costs necessary to render the site ready for immediate development have been fully settled.
10. As at the date of valuation, the State-owned Land Use Rights Certificate of the property with a site area of approximately 6,481 sq.m. out of the total 11,222 sq.m. has not been obtained yet. However, for referencing purpose, we have valued the property on the assumption that all of the valid State-owned Land Use Rights Certificates of the property have been issued to the property, all land premium, related fees for the grant of the certificate and costs necessary to render the site ready for immediate development have been fully settled.





## Valuation Report and Analysis

20. As at the date of valuation, the State-owned Land Use Rights Certificate of the property has not been obtained yet. However, for referencing purpose, we have valued the property on the assumption that all of the valid State-owned Land Use Rights Certificates of the property have been issued to the property, all land premium, related fees for the grant of the certificate and costs necessary to render the site ready for immediate development have been fully settled.
21. As at the date of valuation, the State-owned Land Use Rights Certificate of the property has not been obtained yet. However, for referencing purpose, we have valued the property on the assumption that all of the valid State-owned Land Use Rights Certificates of the property have been issued to the property, all land premium, related fees for the grant of the certificate and costs necessary to render the site ready for immediate development have been fully settled.
22. As at the date of valuation, the State-owned Land Use Rights Certificate of the property has not been obtained yet. However, for referencing purpose, we have valued the property on the assumption that all of the valid State-owned Land Use Rights Certificates of the property have been issued to the property, all land premium, related fees for the grant of the certificate and costs necessary to render the site ready for immediate development have been fully settled.
23. As at the date of valuation, the State-owned Land Use Rights Certificate of the property has not been obtained yet. However, for referencing purpose, we have valued the property on the assumption that all of the valid State-owned Land Use Rights Certificates of the property have been issued to the property, all land premium, related fees for the grant of the certificate and costs necessary to render the site ready for immediate development have been fully settled.
24. As at the date of valuation, the State-owned Land Use Rights Certificate of the property has not been obtained yet. However, for referencing purpose, we have valued the property on the assumption that all of the valid State-owned Land Use Rights Certificates of the property have been issued to the property, all land premium, related fees for the grant of the certificate and costs necessary to render the site ready for immediate development have been fully settled.
25. As at the date of valuation, the State-owned Land Use Rights Certificate of the property has not been obtained yet. However, for referencing purpose, we have valued the property on the assumption that all of the valid State-owned Land Use Rights Certificates of the property have been issued to the property, all land premium, related fees for the grant of the certificate and costs necessary to render the site ready for immediate development have been fully settled.



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