

Sketches of Greentown



GREENTOWN CHINA HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

(HKEx Stock Code: 03900)

Annual Report 2010



Welcome to your home of Greentown. Walk into a world of luxury and style. Transform your dreams into reality here.

From the minute you set foot on the majestic doorway that leads into the elegant hallway, you will be embraced by the luxury and grace of a bygone era.

Traditional style combined with contemporary detailing gives the place a personal touch with a flair of splendour. Each unit is tastefully designed for home lovers who have an eye for quality and beauty. Nestled in breathtaking landscaped gardens, these homes allow you to experience the magical powers of nature in your own private setting. Join the Greentown family and live the dream of many others today. Find your home with Greentown and enjoy the luxury of life with peace of mind. ☺

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Ningbo

Crown Garden



Ningbo Crown Garden is situated in the core location of Ningbo National Hi-Tech Industrial Development Zone, adjacent to CBD of the Hi-Tech Industrial Development Zone under planning, close to Eastern New City and the new administration center, neighboring the shady and green Academician Park with approximately 22 hectares. With a total site area of approximately 150,000 sq.m. and a total gross floor area of approximately 530,000 sq.m., the project is designed as a urban complex project, being comprised of residential and commercial properties and hotels, in the Hi-Tech Industrial Development Zone. Its natural landscape is also fulfilled with neoclassicism in architectural style.



Hangzhou

Blue Patio

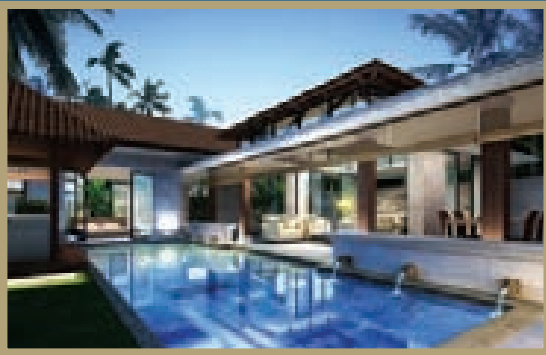


The project is situated in the foot of Maoshan, Linping, with a site area of approximately 430,000 sq.m. and a total gross floor area of approximately 790,000 sq.m. Capitalizing the unique beautiful natural scenery, the design of the project is based on gardens, with different themes, including Mediterranean garden, central garden and Moorish garden. Integrating the Chinese traditional concept of human habitat and the Mediterranean romance, the project is designed as a residential community full of Mediterranean style, the style of Greentown.



Hainan

Clear Water Bay



Along a coast of approximately 2 kilometers, with a site area of approximately 1,990,000 sq.m. and a total planned gross floor area of approximately 1,680,000 sq.m., the project is composed of a golf course, a luxury resort hotel, seascape apartments, golf villas, a commercial center and various resort services and facilities. Through its excellent quality management, it is aimed to be established into the Asia's first-class and the world's famous scenic, well-equipped, well-managed and tropica- style leisure seashore resort.



Cixi

Rose Garden

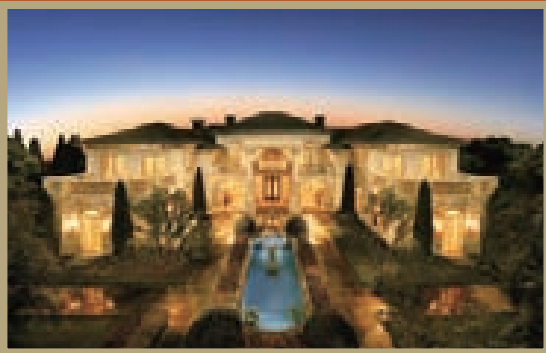


A liveable community situated in the downtown of Cixi City, with a low plot ratio, a site area of approximately 120,000 sq.m. and a total gross floor area of approximately 230,000 sq.m., is comprised of French townhouses, large sized flats, landscape apartments of neoclassicism and other properties. The project adopts the classical European garden style, integrating the grand and noble spirit of royal gardens with the elegant and superior living atmosphere of the community, thereby conferring its buildings a constant, firm, stable and grand image.



Shanghai

Rose Garden



Our large-scale villa project with a low plot ratio located in Shanghai, with a site area of approximately 800,000 sq.m. and a total planned gross floor area of approximately 240,000 sq.m. The property bears the style of Shanghai old-western-style courtyard, mixing with the elegant style of European architectural style. The property has gardens in various styles, all in harmony with its architectural design. Its detailed design floor tiles, fountains, cast iron railings and others are decorating the project all around. The perfect image of Shanghai Rose Garden is composed of all the above elements, creating a life of arts.



Corporate Profile



Greentown China Holdings Limited ("Greentown", "our Company" or "the Company"), and its subsidiaries (the "Group"), together with its associates and jointly controlled entities (the "Greentown Group"), is one of the leading property developers in the People's Republic of China (the "PRC" or "China"). It commands a leading position in the industry by leveraging on its quality properties. From 2005 to 2011, we have been ranked for seven consecutive years as one of the TOP 10 property enterprises in China jointly by four authoritative 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 16 years ago, the Group has been based in Zhejiang province, one of the most economically vibrant and developed provinces in the PRC. With property projects covering most of the prosperous cities in Zhejiang province 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, the Greentown Group has built a sizable operation in the province with exceptionally high brand awareness. Due to the Group's national expansion strategy commenced in 2000, Greentown has successfully extended its business to other important cities such as Shanghai, Nanjing, Suzhou, Wuxi and Nantong in Yangtze River Delta, Beijing, Tianjin, Qingdao, Jinan and Dalian in Bohai Rim Economic Belt, as well as other provincial cities such as Hefei in Anhui province, Zhengzhou in Henan province, Changsha in Hunan province, and Urumqi in Xinjiang. This expansion has boosted the Group's business growth and reputation further. Greentown is currently at the forefront of quality property developers in the PRC.

As at 31 December 2010, the Greentown Group's premier land bank comprised over 37 million sq.m. of total GFA, which ensures the Group's sustainable and steady development in the next three to five years. Leveraging on its quality human resources and effective corporate management structure, Greentown has established a strong presence in Zhejiang province and other cities where it has operations. The Group is confident that its excellent track record in developing high quality projects and outstanding operational capabilities has laid a solid foundation for its further expansion.



Hainan Clear Water Bay



Shanghai Yulan Garden



Hangzhou Sapphire Mansion



Beijing Majestic Mansion

Corporate Information

Directors

Executive Directors

Mr SONG Weiping (*Chairman*)
Mr SHOU Bainian (*Executive Vice Chairman*)
Mr LUO Zhaoming (*Vice Chairman*)
Mr GUO Jiafeng

Independent Non-Executive Directors

Mr JIA Shenghua
Mr JIANG Wei
Mr KE Huanzhang
Mr SZE Tsai Ping, Michael
Mr TANG Shiding
Mr XIAO Zhiyue

Company Secretary

Mr FUNG Ching, Simon

Authorized Representatives

Mr SHOU Bainian
Mr FUNG Ching, Simon

Audit Committee

Mr XIAO Zhiyue (*Chairman*)
Mr JIA Shenghua
Mr JIANG Wei
Mr SZE Tsai Ping, Michael
Mr TANG Shiding

Nomination Committee

Mr SZE Tsai Ping, Michael (*Chairman*)
Mr SHOU Bainian
Mr TANG Shiding
Mr XIAO Zhiyue

Remuneration Committee

Mr JIA Shenghua (*Chairman*)
Mr SHOU Bainian
Mr SZE Tsai Ping, Michael

Notes:

The following changes have been effected up till the date of this annual report and the information provided above has incorporated such changes:

- (1) Mr TSUI Yiu Wa, Alec, retired by rotation as an independent non-executive director and ceased to be the chairman of the audit committee and a member of the nomination committee of the Company on 3 June 2010;
- (2) Mr XIAO Zhiyue was appointed as an independent non-executive director, the chairman of the audit committee and a member of the nomination committee of the Company on 3 June 2010;
- (3) Mr FUNG Ching, Simon, was appointed as the chief financial officer, the company secretary and an authorized representative of the Company on 1 August 2010;
- (4) Mr CHEN Shunhua resigned as an executive director of the Company and a member of the remuneration committee on 10 December 2010; and
- (5) Mr SHOU Bainian was appointed as a member of the remuneration committee on 28 March 2011.

Auditors

Deloitte Touche Tohmatsu

Registered Office

M&C Corporate Services Limited
PO Box 309GT, Ugland House
South Church Street
George Town, Grand Cayman
Cayman Islands

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

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

Legal Advisors to Our Company

as to Hong Kong law and U.S. law:
Hogan Lovells

as to PRC law:
Zhejiang T&C Law Firm

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

Principal Bankers

The Bank of East Asia, Limited
Standard Chartered Bank (Hong Kong) Limited
Bank of China Limited
Industrial and Commercial Bank of China Limited
Agricultural Bank of China Limited
China Construction Bank Corporation
Bank of Communications Co., Ltd.
Shanghai Pudong Development Bank Co., Ltd.
China Everbright Bank Corporation Limited
Guangdong Development Bank Co., Ltd.

Principal Place of Business in Hong Kong

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

Hangzhou Headquarters

10/F, Block A, Century Plaza, No. 1 Hangda Road,
Hangzhou, Zhejiang, PRC (Postal code: 310007)

Investor Relations

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Stock Code

HKEx: 03900

Websites

www.chinagreentown.com
www.greentownchina.com

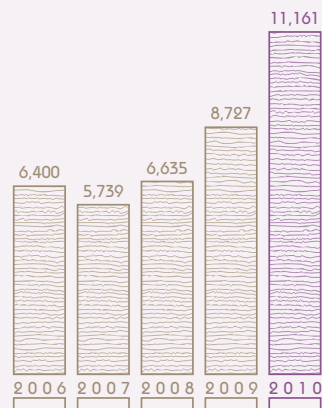
Financial Highlights



Revenue

For the year ended 31 December

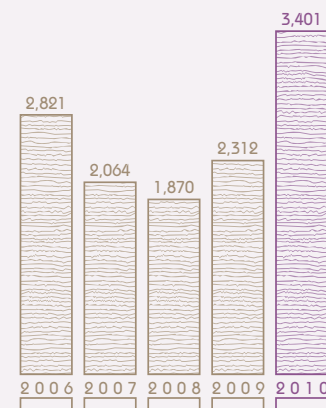
(RMB million)



Gross Profit

For the year ended 31 December

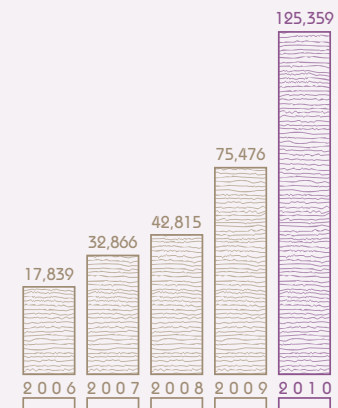
(RMB million)



Total Assets

As at 31 December

(RMB million)



Five Years Financial Summary

Consolidated Results

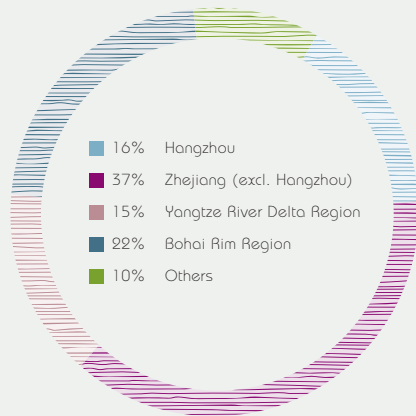
	For the year ended 31 December				
	2006 RMB'000	2007 RMB'000	2008 RMB'000	2009 RMB'000	2010 RMB'000
Revenue	6,400,467	5,738,791	6,635,357	8,727,429	11,161,260
Cost of sales	(3,579,946)	(3,675,198)	(4,765,728)	(6,415,278)	(7,759,927)
Gross profit	2,820,521	2,063,593	1,869,629	2,312,151	3,401,333
Other income	139,551	287,909	356,192	625,862	1,232,230
Expenses	(751,475)	(736,210)	(1,413,842)	(1,983,175)	(2,198,221)
Share of results of associates and jointly controlled entities	(36,730)	120,181	383,731	615,372	564,971
Profit before taxation	2,171,867	1,735,473	1,195,710	1,570,210	3,000,313
Taxation	(883,373)	(729,884)	(629,088)	(478,078)	(1,084,766)
Profit for the year	1,288,494	1,005,589	566,622	1,092,132	1,915,547
Profit attributable to:					
Owners of the Company	1,269,066	923,376	540,285	1,012,120	1,531,774
Non-controlling interests	19,428	82,213	26,337	80,012	383,773
	1,288,494	1,005,589	566,622	1,092,132	1,915,547

Consolidated Assets and Liabilities

	As at 31 December				
	2006 RMB'000	2007 RMB'000	2008 RMB'000	2009 RMB'000	2010 RMB'000
Total assets	17,838,533	32,865,845	42,815,076	75,475,752	125,358,954
Total liabilities	13,099,899	23,379,343	32,533,750	63,027,176	110,906,263
Total equity	4,738,634	9,486,502	10,281,326	12,448,576	14,452,691

Property Portfolio

Greentown in China



Total GFA exceeds
37 million sq.m.

Jiangsu
12.3%

Proportion to total land bank (%)

4,602,964
Total GFA (sq.m.)

Liaoning
0.5%

Proportion to total land bank (%)

184,650
Total GFA (sq.m.)

Beijing
1.9%

Proportion to total land bank (%)

725,614
Total GFA (sq.m.)

Hainan
4.5%

Proportion to total land bank (%)

1,675,992
Total GFA (sq.m.)

Hunan
0.7%

Proportion to total land bank (%)

271,600
Total GFA (sq.m.)

Hangzhou
16.3%

Proportion to total land bank (%)

6,083,125
Total GFA (sq.m.)

Anhui
2.2%

Proportion to total land bank (%)

819,876
Total GFA (sq.m.)

Shanghai
3.0%

Proportion to total land bank (%)

1,108,376
Total GFA (sq.m.)

Zhejiang
(excluding Hangzhou)
37.2%

Proportion to total land bank (%)

13,944,937
Total GFA (sq.m.)

Shandong
16.8%

Proportion to total land bank (%)

6,277,494
Total GFA (sq.m.)

Xinjiang
1.6%

Proportion to total land bank (%)

607,538
Total GFA (sq.m.)

Henan
1.1%

Proportion to total land bank (%)

399,030
Total GFA (sq.m.)

Tianjin
0.6%

Proportion to total land bank (%)

210,000
Total GFA (sq.m.)

Hebei
1.3%

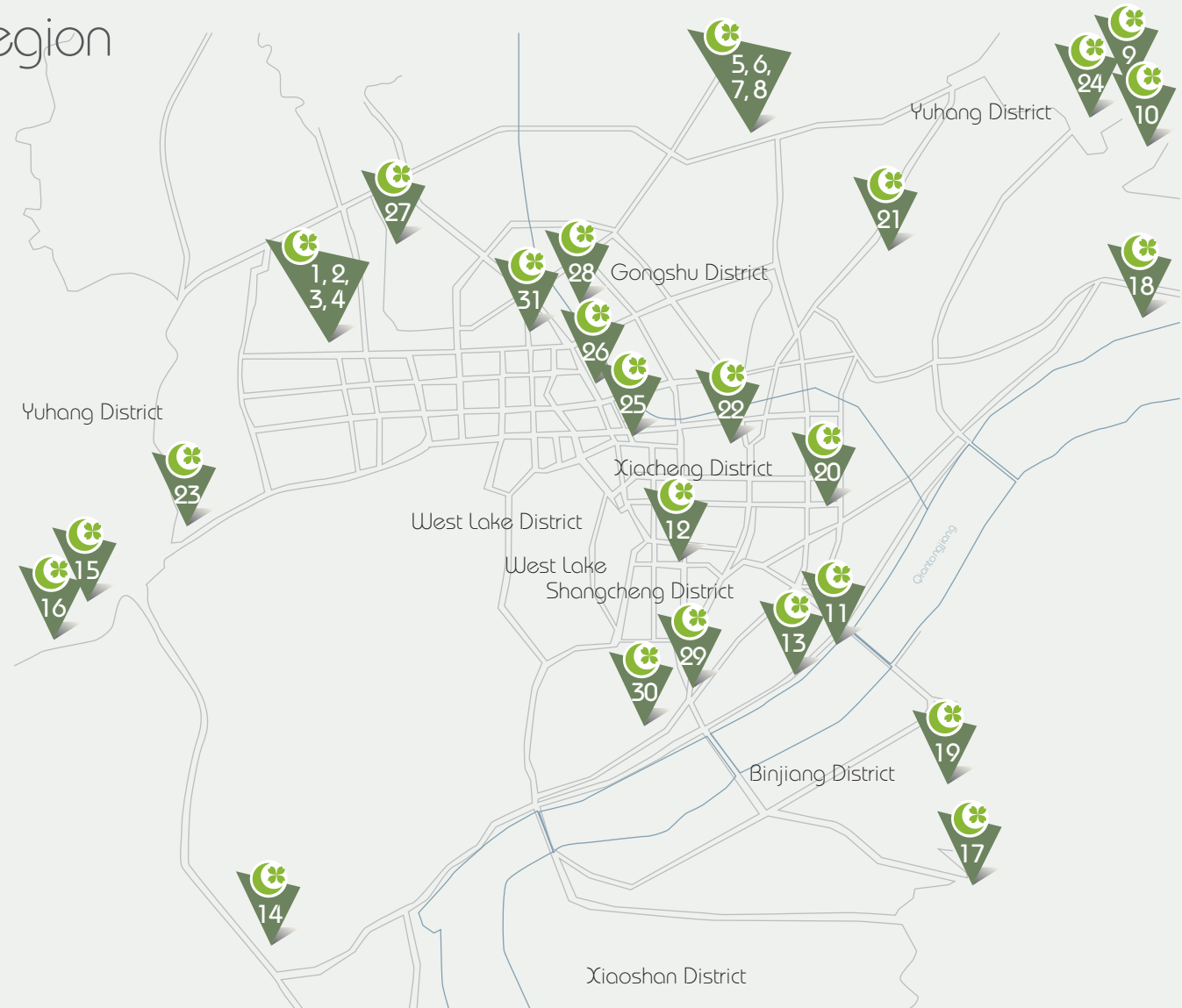
Proportion to total land bank (%)

503,924
Total GFA (sq.m.)

	No. of Projects	Site Area (sq.m.)	Total GFA (sq.m.)	% of total
Zhejiang (excluding Hangzhou)	36	7,547,722	13,944,937	37.2%
Shandong	6	2,572,473	6,277,494	16.8%
Hangzhou	31	2,732,319	6,083,125	16.3%
Jiangsu	11	2,041,999	4,602,964	12.3%
Hainan	1	1,991,706	1,675,992	4.5%
Shanghai	7	669,696	1,108,376	3.0%
Beijing	4	374,217	725,614	1.9%
Other provincial cities	8	2,398,968	2,996,618	8.0%
Total	104	20,329,100	37,415,120	100.0%

Yangtze River Delta Region

Hangzhou



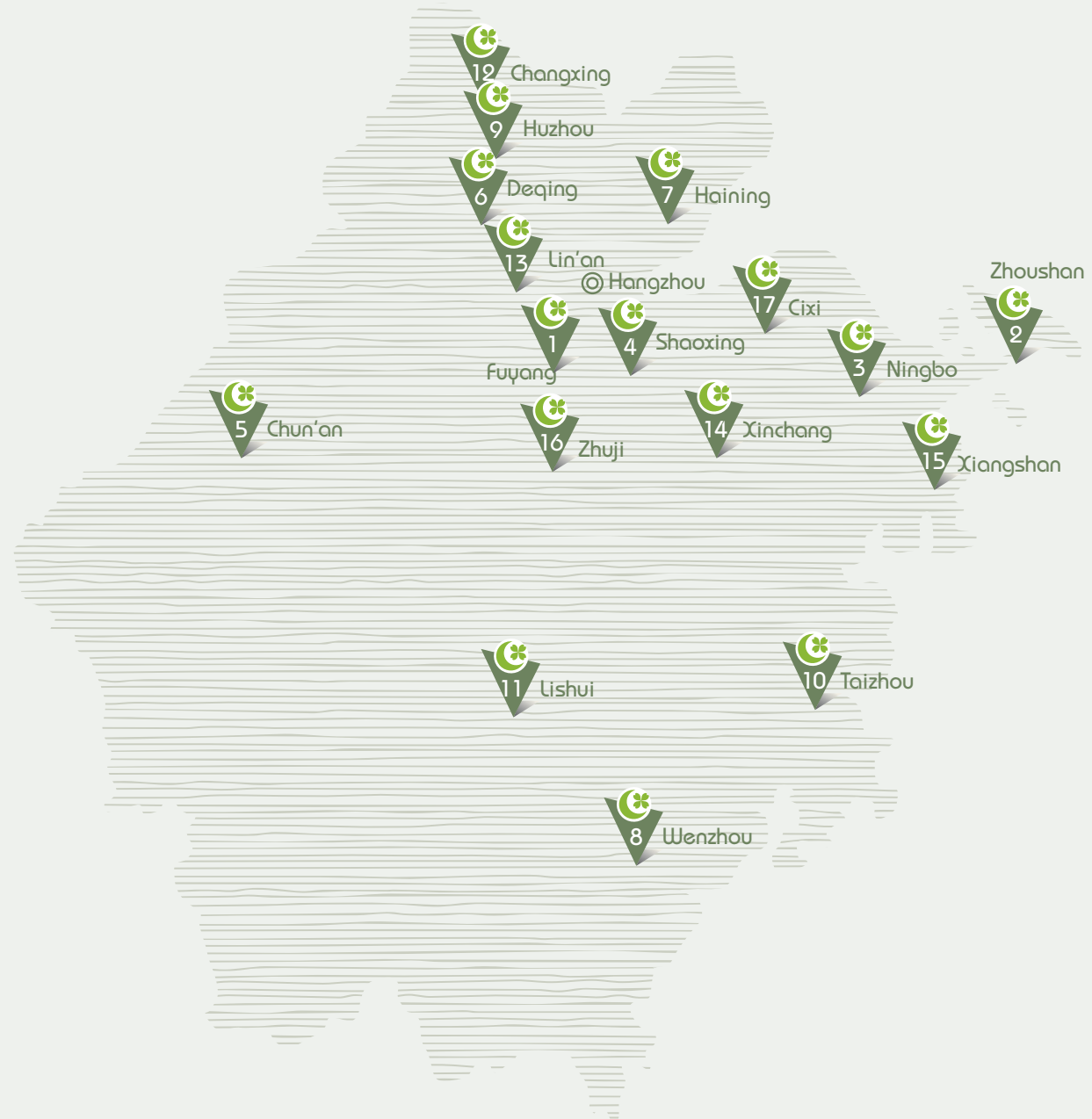
	Projects	Type	Equity Interest	Site Area (sq.m.)	Total GFA (sq.m.)
1	Hangzhou Sincere Garden Zhijingyuan & Zhengxinyuan	High-rise apartment	100.0%	89,534	283,108
2	Hangzhou Sincere Garden Mingliyuan	High-rise apartment	49.0%	62,972	196,574
3	Hangzhou Sincere Garden Shouchunyuan	High-rise apartment	50.0%	61,461	190,496
4	Hangzhou Jiangcun Lot B-19	High-rise apartment	40.0%	50,013	105,027
5	Hangzhou Idyllic Garden Liuyunyuan	High-rise apartment	100.0%	34,914	78,181
6	Hangzhou Idyllic Garden Tingquanyuan	High-rise apartment, French low-rise apartment	8.0%	29,200	72,281
7	Hangzhou Tianyuan Lot 81	High-rise apartment, French low-rise apartment	50.0%	24,060	58,176
8	Hangzhou Tianyuan Lot 24	High-rise apartment, Villa	33.0%	116,208	223,000
9	Hangzhou Blue Patio	Integrated community	85.0%	264,472	354,077
10	Hangzhou Jade Garden	High-rise apartment	100.0%	78,386	317,575
11	Hangzhou Wangjiang Project	Office	56.0%	11,000	51,796
12	Hangzhou West Lake Ave Project	Villa	56.0%	10,558	26,903
13	Hangzhou Sapphire Mansion	Urban Complex	100.0%	84,255	405,148
14	Hangzhou Yunqi Rose Garden	Villa	51.0%	176,756	80,742
15	Hangzhou Taohuayuan South	Villa	64.0%	462,438	205,486
16	Hangzhou Taohuayuan Jinlan Yuan	Villa	32.6%	14,871	7,975
17	Hangzhou Lilac Apartment	High-rise apartment	50.0%	51,175	109,010
18	Hangzhou Lijiang Apartment	High-rise apartment	100.0%	39,818	151,760
19	Hangzhou Bright Moon in Jiangnan	High-rise apartment	55.0%	102,411	336,343
20	Hangzhou Qingchun Plaza Project	Office, Serviced apartment, Hotel, Shopping mall	30.0%	27,908	276,339
21	Hangzhou Begonia Apartment	High-rise apartment	42.0%	33,196	94,461
22	Hangzhou Orchid Residence	High-rise apartment	42.5%	44,502	212,217
23	Hangzhou Hope Town	Integrated community	45.0%	551,543	1,188,067
24	Hangzhou Xingqiao Purple Osmanthus Apartment	Low-rise apartment, High-rise apartment	35.0%	40,227	88,638
25	Hangzhou Hangqifa Project	High-rise apartment	50.0%	104,442	461,607
26	Hangzhou Xinhua Paper Industry Project	High-rise apartment	35.0%	37,360	130,000
27	Hangzhou Shenhua Rd. Project	High-rise apartment	25.0%	34,289	105,813
28	Hangzhou Orchid Apartment	High-rise apartment	50.0%	18,124	58,534
29	Hangzhou Aesthetic Garden	High-rise apartment, Office	9.0%	27,503	73,906
30	Hangzhou Majestic Mansion	High-rise apartment	8.0%	22,867	50,784
31	Hangzhou Orchid Mansion	High-rise apartment	8.0%	25,856	89,101
	Total			2,732,319	6,083,125

Completion schedule of projects in Hangzhou:

	Projects	Equity Interest	Total GFA (sq.m.)	Saleable GFA (sq.m.)	Area Sold as at the end of 2010 (sq.m.)	Historical Average Selling Price (RMB/sq.m.)	Current Selling Price (RMB/sq.m.)
2011	Hangzhou Blue Patio Phase 4 (partial)	85.0%	25,562	16,273	15,661	8,438	9,009
	Hangzhou Blue Patio Phase 6 (partial)	85.0%	33,728	23,487	23,219	10,675	11,395
	Hangzhou Sapphire Mansion Phase 1	100.0%	63,284	49,537	49,537	29,066	Sold out
	Hangzhou Taohuayuan South Phase 7	64.0%	13,942	8,836	8,094	23,084	23,100
	Hangzhou Taohuayuan South Phase 8	64.0%	20,371	13,828	13,828	36,553	Sold out
	Hangzhou Taohuayuan South Phase 9 (partial)	64.0%	10,638	6,908	6,908	39,085	Sold out
	Hangzhou Taohuayuan Jinlanyuan	32.6%	7,975	5,006	5,006	30,519	Sold out
	Hangzhou Lilac Apartment	50.0%	109,010	78,444	69,842	17,570	23,770
	Hangzhou Begonia Apartment	42.0%	94,461	71,260	68,668	16,869	20,567
	Hangzhou Hope Town Phase 5 (partial)	45.0%	166,699	115,784	100,069	16,012	19,273
	Hangzhou Xingqiao Purple Osmanthus Apartment Phase 2	35.0%	7,632	5,622	5,531	9,788	9,788
	Hangzhou Jinlan Apartment	50.0%	58,534	44,338	40,825	24,992	25,300
	Total		611,836	439,323	407,188		

	Projects	Equity Interest	Total GFA (sq.m.)	Saleable GFA (sq.m.)	Area Sold as at the end of 2010 (sq.m.)	Historical Average Selling Price (RMB/sq.m.)	Current Selling Price (RMB/sq.m.)
2012	Hangzhou Sincere Garden Zhijingyuan	100.0%	142,175	94,085	91,315	29,109	30,000
	Hangzhou Blue Patio Phase 4 (partial)	85.0%	33,171	24,533	11,759	13,781	13,781
	Hangzhou Sapphire Mansion Phase 2	100.0%	48,630	34,916	34,916	Residential: 29,066 Retail: 36,623	Sold out
	Hangzhou Sapphire Mansion Phase 3	100.0%	175,373	121,605	85,429	50,977	60,960
	Hangzhou Yunqi Rose Garden Phase 5	51.0%	6,521	–	To be launched	–	–
	Hangzhou Taohuayuan South Phase 9 (partial)	64.0%	42,310	27,373	6,280	45,202	48,475
	Hangzhou Taohuayuan South Phase 10	64.0%	30,589	19,320	To be launched	–	–
	Hangzhou Lijiang Apartment Phase 2	100.0%	151,760	112,247	79,342	25,117	33,086
	Hangzhou Hope Town Phase 6	45.0%	46,445	29,622	2,810	25,280	26,000
	Hangzhou Hope Town Phase 7 (partial)	45.0%	181,241	124,736	8,007	23,520	23,748
	Hangzhou Xingqiao Purple Osmanthus Apartment Phase 3	35.0%	67,346	45,950	24,184	9,843	10,511
	Hangzhou Xingqiao Purple Osmanthus Apartment Phase 4	35.0%	13,660	12,527	To be launched	–	–
	Hangzhou Aesthetic Garden Phase 1	9.0%	66,897	46,567	21,237	46,527	53,064
	Hangzhou Aesthetic Garden Phase 2	9.0%	7,009	4,719	To be launched	–	–
	Hangzhou Orchid Mansion Phase 1	8.0%	89,101	52,147	41,375	31,368	33,455
	Total		1,102,228	750,347	406,654		
Beyond 2012			4,369,061	2,886,384	239,876		

Zhejiang



	Cities	No. of Projects	Site Area (sq.m.)	Total GFA (sq.m.)
1	Fuyang	1	153,336	419,924
2	Zhoushan	6	2,213,680	3,519,556
3	Ningbo	3	246,418	1,322,153
4	Shaoxing	3	418,644	993,928
5	Chun'an	2	229,306	318,238
6	Deqing	1	194,677	270,509
7	Haining	1	202,697	563,862
8	Wenzhou	2	257,549	979,584
9	Huzhou	1	289,319	365,369
10	Taizhou	5	718,306	2,084,120
11	Lishui	1	189,195	577,199
12	Changxing	1	75,151	246,750
13	Lin'an	4	1,708,475	766,248
14	Xinchang	1	55,273	20,132
15	Xiangshan	1	54,838	100,942
16	Zhuji	1	356,295	995,956
17	Cixi	2	184,564	400,467
	Total	36	7,547,723	13,944,937

Note: The above figures exclude Hangzhou.

Property Portfolio

Projects	Type	Equity Interest	Site Area (sq.m.)	Total GFA (sq.m.)
Lin'an Jinyuyuan	High-rise apartment	65.0%	40,304	170,502
Lin'an Qingshan Lake Hongfengyuan	Low-rise apartment, Villa	65.0%	195,548	110,588
Lin'an Qingshan Lake Rose Garden	Villa	50.0%	1,334,423	346,958
Lin'an Cuihu Mansion	Villa	15.0%	138,200	138,200
Thousand-Island Lake Resort Condo	Urban complex	80.0%	75,185	118,744
Thousand-Island Lake Rose Garden	Villa, High-rise apartment	51.0%	154,121	199,494
Ningbo Crown Garden	High-rise apartment	60.0%	92,169	342,371
Ningbo R&D Park	Office	60.0%	40,439	109,500
Ningbo Eastern New City Project	High-rise apartment	45.1%	113,810	870,282
Xinchang Rose Garden	Villa	80.0%	55,273	20,132
Zhoushan Yulan Garden	High-rise apartment	100.0%	62,843	195,539
Zhoushan Lily Apartment	Serviced apartment	100.0%	22,623	82,431
Zhoushan Changzhidao Project*	Integrated community	96.9%	1,541,204	2,436,308
Zhoushan Daishan Sky Blue Apartment	High-rise apartment	60.0%	142,800	309,059
Zhoushan Zhujiajian Dongsha Resort Estate**	Villa, High-rise apartment, Hotel	90.0%	214,929	236,180
Zhoushan Ocean University Project	Low-rise apartment	100.0%	229,281	260,039
Cixi Grace Garden	High-rise apartment	60.0%	62,576	172,573
Cixi Rose Garden	Villa, High-rise apartment, Low-rise apartment	49.0%	121,988	227,894

Projects	Type	Equity Interest	Site Area (sq.m.)	Total GFA (sq.m.)
Shaoxing Lily Garden	High-rise apartment	51.0%	111,154	346,752
Shaoxing Yulan Garden	High-rise apartment	35.0%	124,113	544,976
Shaoxing Jade Garden	Villa	51.0%	183,377	102,200
Taizhou Rose Garden	High-rise apartment, Villa	60.0%	294,177	467,063
Taizhou Yulan Plaza	Urban complex	49.0%	140,669	740,132
Taizhou Yulan Plaza Qionghuayuan	High-rise apartment	40.0%	32,101	122,095
Taizhou Xueyuan Rd. Project	High-rise apartment	49.0%	107,184	365,821
Taizhou Stadium South Project	Villa, High-rise apartment	45.0%	144,175	389,009
Changxing Plaza	High-rise apartment	51.0%	75,151	246,750
Zhuji Greentown Plaza	Urban complex	60.0%	356,295	995,956
Wenzhou Longwan Project	Villa, High-rise apartment	40.0%	126,650	323,300
Wenzhou Lucheng Plaza	Urban complex	60.0%	130,899	656,284
Xiangshan Lily Apartment	High-rise apartment	50.0%	54,838	100,942
Huzhou Majestic Mansion	High-rise apartment, Villa	70.0%	289,319	365,369
Deqing Yingxi Arcadia	High-rise apartment, Villa	100.0%	194,677	270,509
Fuyang Harmony Garden	High-rise apartment, Villa	40.0%	153,336	419,924
Haining Lily New Town	Integrated community	50.0%	202,697	563,862
Lishui Beautiful Spring River	High-rise apartment, Villa	37.5%	189,195	577,199
Total			7,547,723	13,944,937

* The interest in Ruifeng Lot of Zhoushan Changzhidao Project (with a site area of 463,060 sq.m.) is 59.8%;

** The interests in the residential properties (with a site area of 117,200 sq.m.) and the hotel and serviced apartment (with a total site area of 97,729 sq.m.) of Zhoushan Zhujiqian Dongsha Resort Estate are 90% and 100%, respectively.

Completion schedule of projects in Zhejiang (excluding Hangzhou):

	Projects	Equity Interest	Total GFA (sq.m.)	Saleable Area (sq.m.)	Area Sold as at the end of 2010 (sq.m.)	Historical Average Selling Price (RMB/sq.m.)	Current Selling Price (RMB/sq.m.)
2011	Thousand-Island Lake Resort Condo Phase 4	80.0%	24,640	15,832	11,196	26,965	33,761
	Thousand-Island Lake Rose Garden Phase 1	51.0%	139,655	96,889	89,646	8,836	12,270
	Xinchang Rose Garden Phase 3	80.0%	20,132	19,909	6,260	15,045	14,571
	Zhuji Greentown Plaza Phase 1	60.0%	30,995	23,583	21,543	11,691	39,991
	Wenzhou Lucheng Plaza Phase 1	60.0%	143,297	116,662	114,476	42,960	Sold out
	Wenzhou Lucheng Plaza Phase 2	60.0%	141,272	105,011	102,104	With river-view: 45,165 Without river-view: 32,000	50,000
	Xiangshan Lily Apartment Phase 2	50.0%	100,942	72,516	48,452	14,129	16,494
	Huzhou Majestic Mansion Phase 1	70.0%	102,311	57,605	25,392	18,811	18,039
	Haining Lily New Town High-rise Phase 3 (partial)	50.0%	60,263	45,990	42,432	5,779	9,223
	Shaoxing Yulan Garden Phase 1	35.0%	236,676	198,767	185,764	12,856	14,674
	Shaoxing Jade Garden Phase 1	51.0%	23,712	14,528	14,528	42,749	Sold out
	Cixi Rose Garden Phase 1	49.0%	93,646	62,519	50,433	18,252	21,004
	Taizhou Yulan Plaza Phase 1	49.0%	154,434	115,413	91,603	18,904	24,808
	Total		1,271,975	945,224	803,831		

	Projects	Equity Interest	Total GFA (sq.m.)	Saleable Area (sq.m.)	Area Sold as at the end of 2010 (sq.m.)	Historical Average Selling Price (RMB/sq.m.)	Current Selling Price (RMB/sq.m.)
2012	Lin'an Jinyuyuan Phase 1	65.0%	71,304	57,701	40,859	13,815	14,987
	Lin'an Qingshan Lake Rose Garden Phase 2	50.0%	49,239	41,452	16,921	22,788	25,172
	Thousand-Island Lake Resort Condo Phase 5	80.0%	94,104	73,155	23,664	17,199	21,474
	Thousand-Island Lake Rose Garden Phase 2	51.0%	59,839	31,547	2,125	25,783	23,460
	Ningbo Crown Garden Phase 2	60.0%	187,308	128,433	125,128	Residential:15,977 Retail:21,103	Retail:25,516
	Zhoushan Yulan Garden	100.0%	195,539	145,003	138,673	14,236	17,478
	Zhoushan Lily Apartment	100.0%	82,431	64,870	64,129	13,173	12,919
	Zhoushan Changzhidao Project Phase 1	96.9%	149,669	95,468	45,759	11,492	11,970
	Zhoushan Changzhidao Project Phase 2	96.9%	21,613	13,500	To be launched	-	-
	Zhoushan Daishan Sky Blue Apartment Phase 1	60.0%	71,601	57,303	31,147	6,705	7,332
	Taizhou Rose Garden Phase 1	60.0%	52,299	30,816	26,402	15,082	21,843
	Taizhou Rose Garden Phase 2	60.0%	92,987	54,140	30,307	Townhouse:23,938 Apartment:12,463	Apartment: 15,797
	Taizhou Yulan Plaza Qionghuayuan	40.0%	122,095	68,665	32,018	22,833	23,908
	Changxing Plaza Phase 2	51.0%	136,750	104,803	44,728	10,498	12,252
	Zhuji Greentown Plaza Phase 2	60.0%	321,131	232,683	195,950	Villa:41,244 Apartment:11,443 Retail:24,790	Villa:35,350 Apartment: 12,600 Retail:25,000
	Haining Lily New Town Low-rise Phase 5	50.0%	85,342	52,983	37,038	18,743	21,250
	Haining Lily New Town High-rise Phase 3 (partial)	50.0%	153,358	103,437	98,461	8,100	9,100
	Shaoxing Jade Garden Phase 2	51.0%	19,392	19,363	5,281	36,315	37,209
	Cixi Rose Garden Phase 2	49.0%	134,248	85,201	33,595	29,170	23,220
	Total		2,100,249	1,460,523	992,185		
Beyond 2012			10,572,712	7,033,379	323,171		

Shanghai



	Projects	Type	Equity Interest	Site Area (sq.m.)	Total GFA (sq.m.)
1	Shanghai Rose Garden	Villa	100.0%	485,914	142,596
2	Shanghai Bund House	High-rise apartment	51.0%	47,050	236,178
3	Shanghai Yulan Garden	Low-rise apartment	100.0%	58,163	135,663
4	Shanghai Tianshan Road Project	Commercial, Hotel	70.0%	25,594	162,000
5	Shanghai East Sea Plaza	Office	49.0%	4,741	38,117
6	Shanghai Bund Office Building Reconstruction Project	Office	40.0%	2,762	23,822
7	Shanghai Bund International Financial Services Centre Lot No. (8-1)	Office	10.0%	45,472	370,000
	Total			669,696	1,108,376

Completion schedule of projects in Shanghai:

	Projects	Equity Interest	Total GFA (sq.m.)	Saleable Area (sq.m.)	Area Sold as at the end of 2010 (sq.m.)	Historical Average Selling Price (RMB/sq.m.)	Current Selling Price (RMB/sq.m.)
2011	Shanghai Rose Garden Phase 3	100.0%	47,912	18,650	11,091	61,011	57,108
	Shanghai Bund House Phase 1	51.0%	75,815	56,681	37,593	62,108	73,363
	Total		123,727	75,331	48,684		
2012	Shanghai Rose Garden Phase 4	100.0%	10,422	6,533	2,479	61,475	59,790
	Shanghai Rose Garden Phase 5	100.0%	11,594	7,493	To be launched	-	-
	Shanghai Yulan Garden	100.0%	135,663	86,477	To be launched	-	-
	Shanghai Bund Office Building Reconstruction Project	40.0%	23,822	20,575	Operational properties	-	-
	Total		181,501	121,078	2,479		
Beyond 2012	Total		803,148	509,427	-		

Jiangsu Province

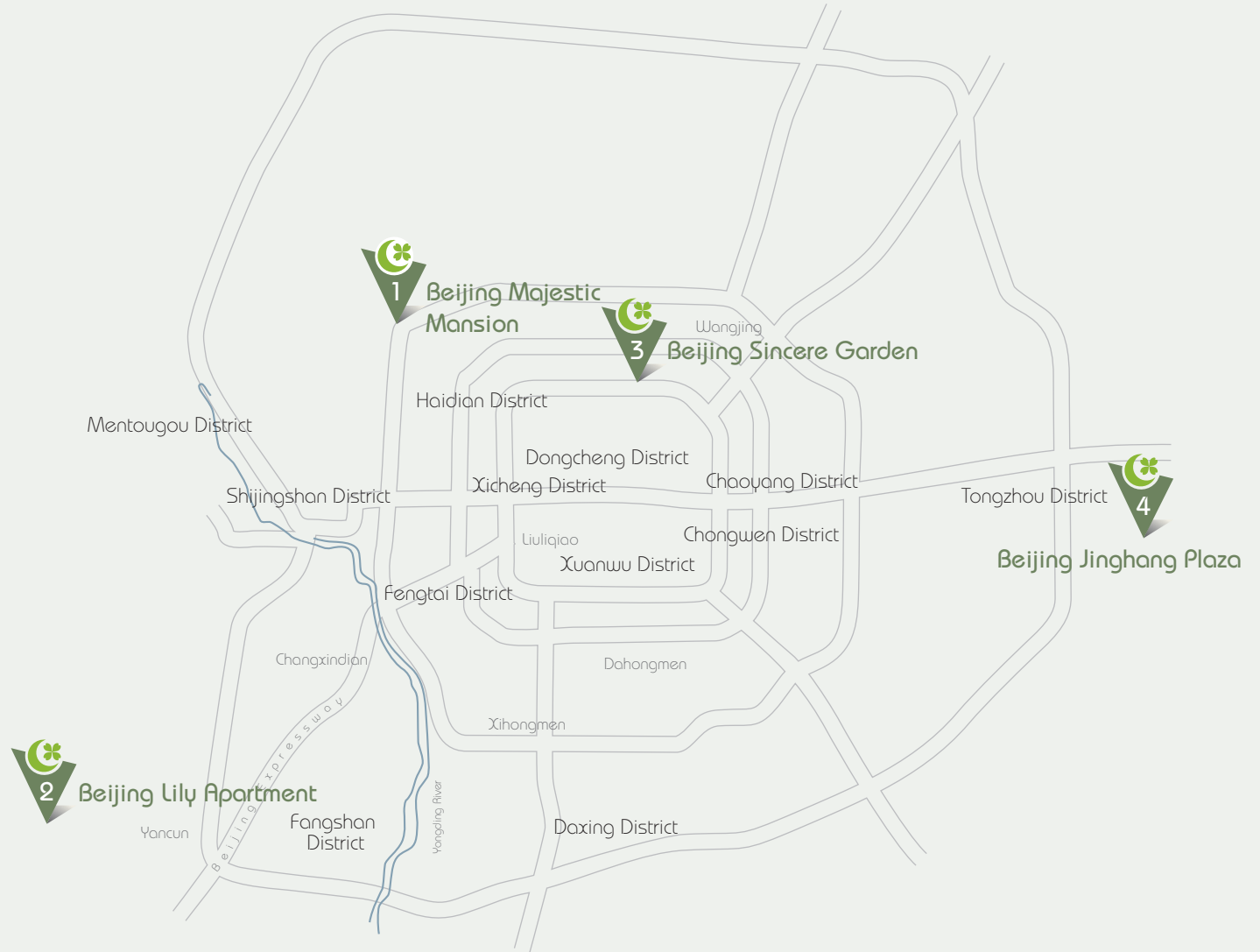
Projects	Type	Equity Interest	Site Area (sq.m.)	Total GFA (sq.m.)
Suzhou Rose Garden	Villa	66.7%	213,853	222,054
Suzhou Majestic Mansion	Villa, Low-rise apartment	100.0%	155,667	207,429
Suzhou Yeshan Island Project	Villa	70.0%	220,693	30,000
Nanjing Rose Garden	Villa	70.0%	186,119	75,585
Nantong Yulan Apartment	High-rise apartment	77.0%	50,496	124,575
Nantong Rudong Hupanju	Low-rise apartment, High-rise apartment	50.0%	62,524	101,047
Wuxi Lihu Camphor Garden	High-rise apartment, Villa	100.0%	222,622	761,519
Wuxi Yulan Garden	High-rise apartment	85.0%	180,826	561,268
Wuxi Lixin Ave West Project	High-rise apartment	49.0%	170,960	490,642
Changzhou Project	High-rise apartment	55.0%	415,252	1,576,645
Nantong Qidong Project	Low-rise apartment	51.0%	162,987	452,200
Total			2,041,999	4,602,964

Completion schedule of projects in Jiangsu:

	Projects	Equity Interest	Total GFA (sq.m.)	Saleable Area (sq.m.)	Area Sold as at the end of 2010 (sq.m.)	Historical Average Selling Price (RMB/sq.m.)	Current Selling Price (RMB/sq.m.)
2011	Nanjing Rose Garden Phase 3	70.0%	19,466	12,216	11,773	30,645	35,173
	Nantong Yulan Apartment Phase 2	77.0%	43,173	32,212	30,271	11,832	21,631
	Wuxi Yulan Garden Phase 1	85.0%	183,649	148,691	114,194	11,374	12,581
	Total		246,288	193,119	156,238		
2012	Nantong Yulan Apartment Phase 3	77.0%	81,402	61,018	46,044	13,927	14,200
	Nantong Rudong Hupanju Phase 5	50.0%	101,047	76,496	46,508	5,993	5,202
	Wuxi Lihu Camphor Garden Phase 1	100.0%	74,805	36,392	13,820	23,922	23,366
	Wuxi Yulan Garden Phase 2	85.0%	256,009	167,987	17,615	13,208	13,465
	Suzhou Majestic Mansion Phase 1	100.0%	139,696	85,628	To be launched	–	–
	Total		652,959	427,521	123,987		
Beyond 2012	Total		3,703,717	2,523,114	5,977		

Bohai Rim Region

Beijing



	Projects	Type	Equity Interest	Site Area (sq.m.)	Total GFA (sq.m.)
1	Beijing Majestic Mansion	Low-rise Apartment	100.0%	268,726	269,045
2	Beijing Lily Apartment	Integrated community	80.0%	43,112	91,392
3	Beijing Sincere Garden	High-rise apartment	50.0%	22,728	85,146
4	Beijing Jinghang Plaza	Commercial, Office, Serviced apartment	49.0%	39,651	280,031
	Total			374,217	725,614

Completion schedule of projects in Beijing:

	Projects	Equity Interest	Total GFA (sq.m.)	Saleable Area (sq.m.)	Area Sold as at the end of 2010 (sq.m.)	Historical Average Selling Price (RMB/sq.m.)	Current Selling Price (RMB/sq.m.)
2011	Beijing Majestic Mansion Phase 2 (partial)	100.0%	38,016	27,206	27,206	36,786	Sold out
	Beijing Lily Apartment Phase 9	80.0%	91,392	71,610	58,104	10,313	14,528
	Beijing Sincere Garden Phase 1	50.0%	59,146	36,665	32,952	38,459	45,000
	Total		188,554	135,481	118,262		
2012	Beijing Majestic Mansion Phase 3	100.0%	76,027	54,599	To be launched	-	-
	Beijing Sincere Garden Phase 2	50.0%	26,000	24,972	14,410	47,702	48,000
	Total		102,027	79,571	14,410		
Beyond 2012	Total		435,033	205,005	-		

Shandong, Liaoning, Tianjin and Hebei

Projects	Type	Equity Interest	Site Area (sq.m.)	Total GFA (sq.m.)
Tianjin Azure Coast	Urban complex	80.0%	17,161	210,000
Qingdao Ideal City	Integrated community	80.0%	1,020,400	2,033,954
Qingdao Jiaozhou Lagerstroemia Square	High-rise apartment	100.0%	418,657	1,548,219
Qingdao Audit Office Project	High-rise apartment, Commercial	100.0%	34,923	326,822
Xintai Yulan Garden	Low-rise apartment, High-rise apartment	70.0%	256,400	619,986
Dalian Deep Blue Centre	High-rise apartment, Office	80.0%	18,107	184,650
Tangshan South Lake Project	High-rise apartment	100.0%	165,829	503,924
Jinan Shengfuzhuang Project	High-rise apartment	49.0%	256,003	636,400
Jinan National Games Project	Integrated community	45.0%	586,090	1,112,113
Total			2,773,570	7,176,068

Note: The interest of residential properties of Dalian Deep Blue Plaza (with a site area of 10,857 sq.m.) is 80%, and that of the office part (with a site area of 7,250 sq.m.) is 100%.

Completion schedule of projects in Bohai Rim Region:

	Projects	Equity Interest	Total GFA (sq.m.)	Saleable Area (sq.m.)	Area Sold as at end of 2010 (sq.m.)	Historical Average Selling Price (RMB/sq.m.)	Current Selling Price (RMB/sq.m.)
2012	Qingdao Jiaozhou Lagerstroemia Square Phase 1	100.0%	185,693	148,794	52,417	6,536	6,960
	Dalian Deep Blue Centre Phase 1	80.0%	117,565	93,729	28,039	24,455	25,628
	Tangshan South Lake Project Phase 1	100.0%	132,605	118,590	20,661	9,042	10,230
	Jinan National Games Project Phase 4	45.0%	262,862	148,890	8,467	20,207	17,560
	Total		698,725	510,003	109,584		
Beyond 2012	Total		6,477,343	4,580,543	22,376		

Other Provincial Cities

Projects	Type	Equity Interest	Site Area (sq.m.)	Total GFA (sq.m.)
Changsha Bamboo Garden	Villa	49.5%	947,620	271,600
Hefei Jade Lake Rose Garden	High-rise apartment, Villa	100.0%	333,373	819,876
Zhengzhou Yanming Lake Rose Garden	Villa	100.0%	456,691	224,384
Zhengzhou Zhongmau Lily Garden	Low-rise apartment	100.0%	78,501	174,646
Xinjiang Lily Apartment	Low-rise apartment	50.0%	381,685	607,538
Hainan Clear Water Bay	Integrated community	51.0%	1,991,706	1,675,992
Total			4,189,576	3,774,036

Completion schedule of projects in other provincial cities:

	Projects	Equity Interest	Total GFA (sq.m.)	Saleable Area (sq.m.)	Area Sold as at the end of 2010 (sq.m.)	Historical Average Selling Price (RMB/sq.m.)	Current Selling Price (RMB/sq.m.)
2011	Changsha Bamboo Garden North Phase 5	49.5%	4,156	4,156	To be launched	–	–
	Xinjiang Lily Apartment Phase 1 (partial)	50.0%	118,742	71,495	69,700	9,781	10,270
	Total		122,898	75,651	69,700		
2012	Hefei Jade Lake Rose Garden Phase 1	100.0%	106,437	60,621	11,713	17,508	17,981
	Xinjiang Lily Apartment Phase 2	50.0%	175,000	106,000	To be launched	–	–
	Hainan Clear Water Bay Phase 1	51.0%	180,025	128,413	To be launched	–	–
	Total		461,462	295,034	11,713		
Beyond 2012	Hainan		1,495,967	896,900	–		
	Anhui		713,439	544,622	7,188		
	Henan		399,030	261,571	–		
	Hunan		267,444	220,812	–		
	Xinjiang		313,796	188,278	–		
	Total		3,189,676	2,112,183	7,188		

Chairman's Statement



Dear Shareholders,

Adhering to our "people-oriented" core philosophy, Greentown overcame the challenges posed by macro-economic adjustments and instability within the industry during 2010; and we also achieved growth in our business and heartening sales results. Moreover, the steady recognition accorded to us by our customers and the public meant we remained one of China's foremost real estate developers in terms of our scale and integrated strength. We continuously reviewed conditions and trends within the industry, assessed the prospects for the further development of our business, studied and applied measures to enhance our Company's value, and sought prudent ways to explore and steadily transform the direction of our future growth. We therefore regard 2010 as having been a year of transition.

China's real estate industry forms an integral part of its national economy. The industry has only around 20 years' experience of market building and commercialisation. We can therefore say the industry has scored tremendous successes as it developed side by side with the country's rapid urbanisation. It has traversed a road that took developed western countries many decades within about 10 years. All those involved, including government organisations, financial institutions, developers, customers, investors and intermediaries, have adjusted their operations to align with the market's fast growth. However, the industry has lagged behind in some areas, such as the constant systematic enhancement of the fundamental directions of its progress, socio-economic developments, and the balance between the development of commercial properties and affordable housing. Even worse, many in the industry have been unable to act upon, or even recognise, the above issues.

We believe that past and present macro-economic controls have only corrected the industry's development to a certain degree. They have only enabled it to partially reform its systematic design and balance, so as to create conditions for its constant and healthy development. Companies must therefore recognise the need to adjust their operating strategies and business models further, and to understand and comply with these macro-economic controls (which should also be regarded as the norm). We are certain that modernisation and urbanisation are essential ongoing aspects of China's economic growth. The public's desire for a more civilised society that offers its people ever-better living conditions is never going to change. These factors mean that the real estate industry still has considerable room to grow.

As one of the industry's traditional real estate developers, Greentown has always firmly practised its ideals – cultivating the best professionals, delivering the best real estate products, empowering our staff, creating value for customers, enhancing the beauty of our cities, and producing wealth for our society. These values will never change because we fully understand the importance of real estate in urban life, society and civilization. We firmly believe only the best staff can deliver the best real estate products. Also, we are convinced we will only earn the market's continuous endorsement if we can fully satisfy the public's desire to improve their living conditions. Furthermore, we are sure that sound governance practices and effective operations that respond to changes in the market situation are essential prerequisites for our Company's vision of optimising the success of its transition into an organisation that continuously enhances its efficiency and maximises the long-term value it delivers to its stakeholders.

Based on the above analysis of the current fluctuations in the industry, and a desire to maintain the strong and stable recognition of the Company's value in the market, Greentown began to implement a more specific training strategy during 2010. This comprehensively covers both our project managers and our management team. We also began to establish expert consultancies. Such measures have served to integrate and improve the Company's management structure, our product range, and our cost control systems. At the same time, we explored new construction project opportunities based on our traditional business model of strategic partnerships. We hope we will thereby create a better management team, make our real estate management department more professional, and establish more efficient management systems. Also, we aim to improve our managerial efficiency by implementing new professional and standardised systems and enhancing the flow of information. Meanwhile, we will further expand the potential for the Company's development by promoting a business model that features branding and management consultancy services to external parties. These measures will serve to facilitate an appropriate separation between our management and capital, and the gradual transition of our development mode. In 2011, we will continue to devote ourselves to driving the abovementioned initiatives in order to enhance our core competitiveness in this new phase of the Company's development, thus ensuring our more stable development in the long term.

Finally, I would like to take this opportunity to express my sincere gratitude to all of our shareholders, directors, and institutional partners for their unceasing care and support for the Company's growth. I also want to extend my heartfelt appreciation to our staff for their continuous dedication and contributions to the Company's success.

SONG Weiping

Chairman

28 March 2011

CEO's Report



Dear Shareholders,

Despite a severely volatile market, the Company recorded its best-ever sales results in 2010. We achieved this by leveraging on our knowledge of market trends, the immense popularity of our products, and the constant efforts made by all our staff. The market's awareness of the Greentown brand has been increased and its reputation has grown further, particularly in the third-tier and fourth-tier cities that the Company entered or launched products in for the first time during 2010. These cities included Cixi, Lishui and Zhuji in Zhejiang; Xintai in Shandong and Tangshan in Hebei. The Company performed excellently in all those places, indicating the success of the strategy of "Cultivating the Regions and Strengthening the Brand with Dedication" that we have been implementing since 2009. This success has bolstered our confidence in our ability to enter markets in other developed county-level cities and third-tier and fourth-tier cities, thereby laying good foundations for diversifying our investments and maintaining our growth in the future.

During the past 16 years, the Company has grown by adopting an operating strategy of "High Liability, Quick Turnover" based on our assessment of the long-term progress of China's urbanisation, the quality of our products and our brand's influence, as well as long-term cooperation with our customers, strategic partners and financial institutions, and their trust in us. Adhering to this strategy, the Company has grown from a small regional developer into one of China's leading large-scale real estate enterprises, in terms of sales, the size of our land bank, and our reputation for quality. We have constantly stressed the importance of training our professional staff and standardised management systems, and we have remained committed to increasing the quality and variety of our products. These factors have created the basis for our ongoing stable development and all-round excellence.

The PRC government's macro-economic tightening measures in recent years, especially its policies and measures to limit credit and purchases and tighten monetary supply during 2010, have significantly changed the industry's operating environment. After assessing this new situation and the bottlenecks, challenges and risks we have encountered in the past, the Company decided to begin actively adjusting our operating strategy from the second half of 2010, with a view to transforming and enhancing our plans for business growth, and seizing the initiative in a turbulent market.

In September 2010, we established the Greentown Property Construction Management Company Ltd ("Greentown Construction Management"), a subsidiary of the Group that specialises in property construction management and advisory services. This initiative

Shanghai Rose Garden



illustrates the significant efforts we are making to explore the possibilities and transform our plans for the future growth of our business. These plans encompass the enlargement of our previous management role to include the development of partnerships with agencies such as fund providers, landowners and the government, as well as the enlargement of our branding model. The business of Greentown Construction Management has grown strongly since its establishment, demonstrating that our current and future "less-capital" development pattern based on more professional management and premium branding is gaining increasing recognition and popularity in the market. The major thrust and goal of our next strategic step is to constantly increase the contributions of our professional services capabilities to our revenues, to lower the pressure on capital investments by leveraging on the market recognition of the expertise we have accumulated in the past 16

years, on optimising the market potential of our brand's growing reputation and influence, and on expanding the scope of our business activities. We intend to separate our capital investments and operational management progressively, in order to use them as means to achieve synergistic development. Under this strategy, we will continue to strengthen and deepen our well-established long-term relationship with our strategic partners while increasing our cooperation with land owners through construction management services for a change in our business model. At the same time, we will continue to explore, initiate and set up, together with relevant financial institutions, a fund management business that focuses on real estate equity investments. This will help us gradually develop and manage a sustainable and stable investment fund business that will create a "less-capital" business model.

Hangzhou Yunqi Rose Garden





Shanghai Rose Garden

We firmly believe that for both real estate developments using our own capital and our management consultancy operations and brand advantages, it is our primary task to continue and advance Greentown's corporate culture and value. It is essential for us to improve the quality and skills of our employees. Moreover, we must further standardise and upgrade our management methods, and increase the effectiveness and quality of our operational and information systems, because these steps form a scientific path to enhancing the overall efficiency of our management and the quality of our business and avoiding risks. In 2011, we will concentrate on training our management and staff, integrating and optimising our management standards and technical standards, and moving ahead with our major organisational goals such as the establishment and application of better information systems. We will make tremendous and continuous efforts to implement our organic growth aspirations and restructure management procedures as the means of consolidating the development of our business, especially our management and brand consultancy operations.

We expect to encounter more opportunities than challenges in the coming year. We believe that the concept and implementation of changes in the business model in 2010 will give us a solid ground for development in 2011. In 2011, we will selectively extend our business into third-tier and fourth-tier cities through strategies of partnership and fund investments. We will guarantee the success of our operations through prudent financial planning, consolidation of our business foundations, and a long-term growth perspective. We will also ensure the Company's enduring, stable and high-quality development by leveraging on the power of changes.

In conclusion, I would like to extend my heartfelt thanks to all the Company's shareholders, directors and employees for their continuous understanding, support and hard work.

SHOU Bainian
Chief Executive Officer
28 March 2011

Management Discussion and Analysis

Operational and Management Review

Property Sales

Profound changes took place in the PRC property market during 2010. The PRC government's macroeconomic tightening measures reinforced continually, while market volatility intensified. A number of negative factors in the external business environment also made it necessary for the Group to face various challenges in terms of the preparation, financing, sales and cashflow for its projects. However, thanks to the combined efforts of all its staff members and by leveraging on the constant pursuit of quality and its corporate ideals, the Group continued to grow and develop steadily, and it recorded a slight increase from the previous year in terms of its total contract sales during 2010.

During 2010, the Group offered properties at 85 projects for sale and it recorded a total sales revenue of approximately RMB54.2 billion, representing an increase of 6% from 2009. Of this amount, RMB34.2 billion was attributable to the Group, and the overall sales ratio of the projects was 71%. The premium quality of the Group's products continued to support their selling prices, which rose by 32% from an average of RMB14,684 per sq.m. in 2009 to RMB19,403 per sq.m. in 2010. The average selling price of its apartments was RMB17,885 per sq.m., while that of its villas was RMB23,903 per sq.m.

The Group continued to consolidate its dominant position during the Year in the Hangzhou real estate market. The new projects or new phases of projects launched included Sapphire Mansion, Hope Town, Sincere Garden and Bright Moon in Jiangnan. These were the city's star properties during the Year. In fact, the Greentown Group's sales in Hangzhou amounted to RMB18.6 billion, accounted for 34% of the Greentown Group's entire sales during the Year. Many Greentown projects in other parts of the country were also trendsetters in their respective areas. Sales in excess of RMB1 billion were recorded at

a number of projects, including the Jinan National Games Project, Cixi Rose Garden, Cixi Grace Garden, Beijing Sincere Garden, Zhuji Greentown Plaza and Haining Lily New Town, all of which were at the forefront of real estate developments in their respective markets. During the Year, the Greentown Group's properties achieved market shares of 9.3% and 14.7% in Zhejiang and Hangzhou respectively, outperforming all its competitors in the two areas.

Greentown ranked in the second position with a brand value of RMB8.0 billion in a China Real Estate Top 10 Research Team survey on the value of the PRC real estate brands during 2010. Its brand value increased by a compound annual growth rate of 42.61%, and it attained premiums ranging from RMB2,500 to RMB4,000 per sq.m.

Project Development

The Company commenced construction work for new projects with a total GFA of 6.92 million sq.m. during 2010, representing a shortfall of 38% from the target of 11.13 million sq.m. set at the beginning of the Year due to the change of market conditions, the Company's own operating conditions and its overall schedule of project launches.

During the Year, the Group completed a total GFA of 3.02 million sq.m. and a total saleable area of 2.06 million sq.m., 92% of which (i.e. 1.89 million sq.m.) was sold by the end of 2010, in line with the schedule formulated by the Company at the beginning of the year.

As at 31 December 2010, the Group had 68 projects with a total GFA of 12.06 million sq.m. under construction.

Projects completed in 2010

	Project	Phase	Equity Interest	Total GFA (sq.m.)	Saleable Area (sq.m.)	Area Sold as at the end of 2010 (sq.m.)
Subsidiaries	Hangzhou Taohuayuan South	Phase 6	64.0%	16,193	11,510	11,010
	Hangzhou Sky Blue Apartment	Entire Project	95.5%	59,553	43,219	43,219
	Hangzhou Yulan Apartment	Entire Project	95.5%	62,789	42,326	42,326
	Hangzhou Blue Patio	Phase 2 (partial)	85.0%	15,429	6,330	837
		Phase 3	85.0%	100,611	72,964	72,624
	Ningbo R&D Park	Phase 2	60.0%	319,789	231,071	222,845
	Taizhou Rose Garden	Langqin Bay High-rise	60.0%	67,028	53,950	53,950
	Xinchang Rose Garden	Phase 1	80.0%	64,469	55,721	29,480
		Phase 2	80.0%	17,373	17,373	14,583
	Tonglu Sweet Osmanthus Garden	Phase 3	100.0%	29,433	19,732	19,732
	Changxing Plaza	Phase 1	51.0%	94,237	74,454	68,153
	Xiangshan Lily Apartment	Phase 1	50.0%	89,941	63,632	60,572
	Beijing Majestic Mansion	Phase 2 (partial)	100.0%	24,016	17,230	15,300
	Beijing Lily Apartment	Phase 7	80.0%	57,449	38,639	34,379
		Phase 8	80.0%	54,191	42,737	42,083
	Nanjing Rose Garden	Phase 2	70.0%	14,428	10,237	10,237
	Nantong Yulan Apartment	Phase 1	77.0%	52,791	40,526	38,680
	Changsha Bamboo Garden	North Phase 4	49.5%	13,673	13,673	To be launched
		South Phase 2	49.5%	12,656	9,387	To be launched
	Hefei Yulan Apartment	Phase 1	59.4%	148,550	117,655	89,641
Phase 2		59.4%	60,505	43,829	43,043	
Xinjiang Lily Apartment	Phase 1 (partial)	50.0%	39,530	20,751	13,594	
Thousand-Island Lake Resort Condo	Phase 3	80.0%	30,350	22,749	13,944	
	Hotel	80.0%	89,422	Property held for operation	N/A	
Beijing Oakwood Residence	Entire Project	100.0%	63,156	Investment property	N/A	
Subtotal				1,597,562	1,069,695	940,232

Projects completed in 2010 (continued)

	Project	Phase	Equity Interest	Total GFA (sq.m.)	Saleable Area (sq.m.)	Area Sold as at the end of 2010 (sq.m.)	
Jointly controlled entities/associates	Hangzhou Hope Town	Phase 5 (partial)	45.0%	51,341	33,306	33,219	
	Hangzhou New Green Garden	Phase 2	50.0%	28,871	21,641	21,641	
	Hangzhou Xingqiao Purple Osmanthus Apartment	Phase 1	35.0%	44,061	27,736	21,869	
	Hangzhou Ziwei Apartment	Entire Project	35.0%	119,220	89,965	89,965	
	Hangzhou Tulip Bank	Phase 2	50.0%	173,720	116,810	116,810	
	Deqing Lily Apartment	Phase 2	24.5%	139,613	107,957	107,738	
	Lin'an Qingshan Lake Rose Garden	Phase 1	50.0%	48,238	40,541	40,541	
	Haining Lily New Town	Villa Phase 5	50.0%	24,772	17,535	17,535	
			High-rise Phase 2	50.0%	71,377	54,185	50,262
	Nantong Rudong Hupanju	Phase 3 (partial)	50.0%	44,681	32,812	30,694	
	Jinan National Games Project	Phase 1	45.0%	564,918	368,129	344,328	
		Phase 3	45.0%	115,300	82,625	74,063	
	Subtotal				1,426,112	993,242	948,665
	Total				3,023,674	2,062,937	1,888,897

Land Bank

During 2010, the Greentown Group acquired 18 additional projects of land sites. They were located in Hangzhou, Zhoushan, Deqing, Lin'an, Ningbo and Wenzhou, all in Zhejiang province, as well as in other areas including Shanghai, Beijing, Jiangsu, Hebei and Shandong. All of these sites were acquired via land auctions and equity acquisitions. They have a total area of approximately 2.43 million sq.m., and a planned GFA of approximately 4.91 million sq.m., of which 3.10 million sq.m. will be attributable to the Group. The total amount of land premiums paid was RMB22.3 billion (of which RMB12.8 billion was attributable to and borne by the Group) while the average floor land price (calculated on the basis of the planned GFA) was RMB4,538 per sq.m. By the end of 2010, the total GFA of the Greentown Group's land bank exceeded

37.42 million sq.m., of which approximately 24.22 million sq.m. was attributable to the Group. The increasingly diversified locations of the Group's land bank projects that spanned across the country will help ensure the success of its developments in the future.

In fact, the Group's land bank plays an important strategic role in its development. In accordance with its policy of maintaining a balance between operational risk and growth potential, Greentown implements a flexible acquisition strategy for its land bank and a selective joint development model, as a means of strengthening its ability to acquire land at minimal risk.

Sites of land bank newly added during 2010

Project	Region	Equity Interest	Total Land Premium (RMB million)	Land Premium Attributable to Greentown (RMB million)	Site Area (sq.m.)	Planned GfA (sq.m.)	Land Price per GfA (RMB/sq.m.)
Hangzhou Tianyuan Project Lot No.24	Hangzhou	33.0%	1,700	561	116,208	185,933	9,143
Hangzhou Jiangcun Lot B19	Hangzhou	40.0%	1,806	241	50,013	105,027	17,196
Zhoushan Ocean University Project	Zhejiang	100.0%	1,112	1,112	229,281	252,209	4,409
Deqing Yingxi Arcadia	Zhejiang	100.0%	93	93	94,251	94,251	987
	Zhejiang	100.0%	99	99	100,426	100,426	990
Ningbo R&D Park Phase 3	Zhejiang	60.0%	70	42	40,439	80,878	866
Ningbo Eastern New City Project	Zhejiang	45.1%	1,890	1,027	113,810	627,882	3,011
Lin'an Cuihu Premium Premise*	Zhejiang	15.0%	172	15	20,730	20,730	8,288
Wenzhou Longwan Project	Zhejiang	40.0%	3,099	1,240	126,650	189,975	16,313
Shanghai Bund Office Building Reconstruction Project	Shanghai	40.0%	648	259	2,762	20,575	31,495
Shanghai Tianshan Road Project	Shanghai	70.0%	1,536	1,075	25,594	102,376	15,004
Shanghai Bund International Financial Services Centre Lot No. (8-1)*	Shanghai	10.0%	922	922	4,547	27,000	34,148
Qingdao Audit Office Project	Shandong	100.0%	4,040	4,040	34,923	227,004	17,797
Xintai Yulan Garden	Shandong	70.0%	346	242	256,400	564,080	613
Jinan Shengfuzhuang Project	Shandong	49.0%	1,240	98	256,003	486,590	2,548
Suzhou Yeshan Island Project	Jiangsu	70.0%	280	280	220,693	19,862	14,097
Changzhou Project	Jiangsu	54.5%	2,087	945	413,252	1,115,780	1,870
Nantong Qidong Project	Jiangsu	51.0%	657	33	162,987	325,974	2,015
Tangshan South Lake Project	Hebei	100.0%	473	473	165,829	361,507	1,308
Total			22,270	12,797	2,434,798	4,908,059	4,538

* Note: Projects in which the Group has an interest of less than 20% and the details listed above relate only to the Group's interest in those projects.

Corporate Management

The Group named 2010 as "The Year for Developing Human Resources". We believe that employees are primary assets of the Company. Recognising that its continued growth increases its need for talented people with strategic management, marketing control, capital operation and risk prevention skills, the Group adhered to its policy of "Building Our Capacity, Consolidating Our Foundations, Enhancing Our Strengths and Optimising Our Governance" whilst targeting its human resources development on fostering the growth of its individual employees and strengthening its team. In this regard, the Group's efforts have focused on the four areas of cultural continuity, the nurturing of employees, individual growth of employees and construction of corporate systems as means of consolidating the foundations for the further development of its human resources.

The Group continued to promote corporate reform as a way of strengthening the vertical management structure in all its professional systems during 2010. It established six professional companies that specialise in planning design, landscaping, decoration, pricing consultation, marketing and planning, respectively. This helped optimize the integration of the Group's professional resources and further strengthened its quality control and marketing capabilities, thus making a strong contribution to its overall development.

Expansion of the Construction Management Business

Greentown Construction Management Company Ltd. was established in September 2010, which is engaged in real estate brand service management, and it integrates Greentown's brands and management resources. As a result, Greentown has now entered a new phase by starting to provide consultancy services in its brand and management expertise. By maintaining steady growth in the size of the properties in which it is the sole investor and by expanding its brand and management consultancy services, the Group aims to realise the commercial value of its professional management and resource integration abilities in full. Meanwhile, the Group's large-scale cooperation with external institutions allows it to increase revenue by providing services, minimising the risk of entailing liabilities. This creates greater potential for the Group to become involved in developing new markets and to boost its profits. Since the establishment of Greentown Construction Management, Greentown Construction Management has entered into contracts for 27 projects with a total GFA in excess of 4.90 million sq.m. as at the end of February 2011.

Outlook

In 2011, the PRC government focuses on, regarding its economic tasks, managing inflation, causing significant limitations to currency liquidity. The PRC government also puts greater effort in controlling its property industry. The property industry is suffering pressure from the decline in trading volume in the property market and the tighter credit granting for property development caused by the restrictive policy in property purchase and financing. Thus, the capital chain of the industry is encountering severe challenges. However, the Group clearly understands the situation and reacts proactively by enhancing its organic growth momentum and strengthening its risk management. While the Group always ensures to maintain a safe operation, it also strives for a continuous growth.

A total of 98 existing and new projects of the Greentown Group is expected to be sold in 2011 with an expected sales revenue of approximately RMB120 billion. The Group will continue with its strategy of "earlier, faster and greater sales" for rapid asset turnover. In responding to the market demand for high-quality products and services, the Group will accelerate its sales promotion and cash flow turnover in order to achieve a better sales result than 2010.

Greentown Group expects to commence construction for projects with a total GFA of approximately 9.00 million sq.m. in 2011. Meanwhile, the Group will make reasonable adjustments to the progress of its construction works according to the market conditions. On the other hand, Greentown Group expects that a total of 31 projects or project phases with a total GFA of 2.57 million sq.m. will be completed in 2011, representing 1.86 million sq.m. in saleable areas (of which 1.09 million sq.m. is attributable to the Group).

Projects scheduled for completion in 2011

	Project	Phase	Equity Interest	Total GFA (sq.m.)	Saleable Area (sq.m.)	Area Sold as at the end of 2010 (sq.m.)
Subsidiaries	Hangzhou Blue Patio	Phase 4 (partial)	85.0%	25,562	16,258	15,661
		Phase 6 (partial)	85.0%	33,728	24,202	23,219
	Hangzhou Sapphire Mansion	Phase 1	100.0%	63,284	50,734	49,537
	Hangzhou Taohuayuan South	Phase 7	64.0%	13,942	8,836	8,094
		Phase 8	64.0%	20,371	13,828	13,828
		Phase 9 (partial)	64.0%	10,638	6,908	6,908
	Hangzhou Taohuayuan Jinlanqian	Entire Project	32.6%	7,975	5,006	5,006
	Hangzhou Lilac Apartment	Entire Project	50.0%	109,010	78,444	69,842
	Thousand-Island Lake Resort Condo	Phase 4	80.0%	24,640	15,832	11,196
	Thousand-Island Lake Rose Garden	Phase 1	51.0%	139,655	96,889	89,646
	Xinchang Rose Garden	Phase 3	80.0%	20,132	19,966	6,260
	Zhuji Greentown Plaza	Phase 1	60.0%	30,995	23,583	21,543
	Wenzhou Lucheng Plaza	Phase 1	60.0%	143,297	116,661	114,475
		Phase 2	60.0%	141,272	105,011	102,105
	Xiangshan Lily Apartment	Phase 2	50.0%	100,942	72,516	48,452
	Huzhou Majestic Mansion	Phase 1	70.0%	102,311	57,429	25,392
	Shanghai Rose Garden	Phase 3	100.0%	47,912	18,650	11,091
	Shanghai Bund House	Phase 1	51.0%	75,815	56,013	37,593
	Nanjing Rose Garden	Phase 3	70.0%	19,466	12,216	11,773
	Nantong Yulan Apartment	Phase 2	77.0%	43,173	32,212	30,271
	Beijing Majestic Mansion	Phase 2 (partial)	100.0%	38,016	27,206	27,206
	Beijing Lily Apartment	Phase 9	80.0%	91,392	71,610	58,104
	Beijing Sincere Garden	Phase 1	50.0%	59,146	35,519	32,952
	Changsha Bamboo Garden	North Phase 5	49.5%	4,156	4,156	To be launched
	Xinjiang Lily Apartment	Phase 1 (partial)	50.0%	118,742	71,495	69,700
Subtotal				1,485,572	1,041,180	889,854

Projects scheduled for completion in 2011 (continued)

	Project	Phase	Equity Interest	Total GfA (sq.m.)	Saleable Area (sq.m.)	Area Sold as at the end of 2010 (sq.m.)
Jointly controlled entities/associates	Hangzhou Begonia Apartment	Entire Project	42.0%	94,461	71,260	68,668
	Hangzhou Hope Town	Phase 5 (partial)	45.0%	166,699	115,784	100,069
	Hangzhou Xingqiao Purple Osmanthus Apartment	Phase 2	35.0%	7,632	5,622	5,531
	Hangzhou Orchid Apartment	Entire Project	50.0%	58,534	44,338	40,825
	Haining Lily New Town	High-rise Phase 3 (partial)	50.0%	60,263	45,990	42,432
	Shaoxing Yulan Garden	Phase 1	35.0%	236,676	198,767	185,764
	Shaoxing Jade Garden	Phase 1	51.0%	23,712	14,528	14,528
	Cixi Rose Garden	Phase 1	49.0%	93,646	62,519	50,433
	Taizhou Yulan Plaza	Phase 1	49.0%	154,434	115,413	91,603
	Wuxi Yulan Garden	Phase 1	85.0%	183,649	148,691	114,194
Subtotal				1,079,706	822,912	714,047
Total				2,565,278	1,864,092	1,603,901

As at 31 December 2010, Greentown Group has not yet recognized its sales revenue of RMB80.5 billion (RMB52.3 billion attributable to the Group's equity interest) in its income statement. Most of this revenue will be gradually recognized in the coming two years. The growth momentum of earnings for the forthcoming years is so strong that the Company is optimistic about its earning prospect.

In 2011, Greentown Group's total land premium payables amounts to RMB19.8 billion. Among these land premiums, approximately RMB12.6 billion is to be borne by its joint venture partners and Greentown only needs to pay RMB7.2 billion. As at the date of this announcement, Greentown has settled RMB2.6 billion with a remaining amount only approximating RMB4.6 billion to be paid in 2011. For its additional land reserves, the Group will, relying on its brand awareness and professional management capacity, seek


to expand strategic cooperation and introduce joint venture partners with solid financial capabilities, with a view to achieving a sustainable growth through win-win cooperation. Moreover, it will promote its construction management business to expand the Group's scale without bearing increased liabilities so as to improve return on assets and widen its source of income.

In 2011, the Group will further emphasize on financial risks control, strengthen fund management and internal control, enhance cost control system and improve economic efficiency of projects. Meanwhile, on the basis of strengthening cooperation with banks, which is its traditional advantage, the Group will expand finance innovation and gradually limit its corporate liabilities to a reasonable level in two to three years.



 Xinchang Rose Garden



 Xiangshan Lily Apartment

Facing a severe macro-economic environment, we must accordingly adjust our development strategy and plans. However, we firmly believe that the genuine power to overcome all kinds of difficulties lies in a corporate philosophy that is in conformity with our corporate culture and centers on social responsibilities, a team of employees who exhibit dedication, pursuit of knowledge and loyalty, pursuit of perfection, attitude for improvement in products and services, and the growing capabilities in integrating and optimizing all kinds of social resources. As such, in the coming years the Group will continue to implement its self-building strategy, quality strategy, service strategy, and cooperation strategy, to relentlessly improve and innovate its internal structure, standardization, and information building. After all, through improving its corporate quality, the Group will render better services to our staff, our customers, our cities, our society and our shareholders, with a view to promoting a healthy growth and prosperity of the industry.

Financial Analysis

Performance

The Group's audited consolidated revenue in 2010 totalled RMB11,161 million, an increase of 27.9% from the previous year. Meanwhile, its gross profit amounted to RMB3,401 million in 2010, which was 47.1% greater than that in 2009. The earnings attributable to the owners of the Company rose by 51.4% to RMB1,532 million in 2010. After deducting the gain/loss on redemption of convertible bonds, the gain on repurchase of senior notes, the loss on redemption of trust loans and fair value changes on trust-related financial derivatives, and the fair value gains on its investment properties, the

earnings attributable to the owners would amount to RMB1,327 million, which is 81.3% more than the figure for 2009 of RMB732 million. Basic earnings per share was RMB0.93. The Board has proposed to pay a final dividend of RMB0.36 for the year ended 31 December 2010 (2009: HK26 cents). Together with an interim dividend of RMB0.10 per share paid during 2010 (2009: HK9.6 cents), the aggregate amount distributed in dividends during 2010 would be RMB0.46 per share, which represents a dividend payout ratio of 50%.

Revenue

Revenue of the Group (net of business tax) comes mainly from properties sales revenue, apart from revenue from hotel operations, property rental income, project management and sales of construction materials. In 2010, revenue recognized by the Group was RMB11,161 million, representing an increase of 27.9% from RMB8,727 million in 2009. The year-on-year revenue growth rates for the three years ended 31 December 2008, 2009 and 2010 were 15.6%, 31.5% and 27.9%, respectively, with a compound annual growth rate of 24.8%.

The revenue from property sales in 2010 arrived at RMB10,816 million which accounted for 96.9% of the total revenue, representing an increase of 25.3% from RMB8,632 million in 2009. Such increase was mainly attributable to the increase in areas carried forward during this year. In 2010, the recognized areas of the Group was 1,194,232 sq.m., representing an increase of 26.6% from 943,504 sq.m. in 2009.

The table below shows the properties delivered in 2010:

Project	Type	Area Sold (sq.m.)	Sales Revenue (RMB million)	Sales Proportion	Unit Price (RMB/sq.m.)
Ningbo R&D Park	Office	276,206	1,366	12.6%	4,946
Hangzhou Sky Blue Apartment	High-rise apartment	53,052	1,130	10.5%	21,300
Hefei Yulan Apartment	High-rise apartment	136,499	787	7.3%	5,766
Hangzhou Yulan Apartment	High-rise apartment	52,669	684	6.3%	12,987
Xiangshan Lily Apartment	High-rise apartment	60,083	604	5.6%	10,053
Beijing Lily Apartment	Integrated community	105,363	590	5.5%	5,600
Changxing Plaza	High-rise apartment	69,205	586	5.4%	8,468
Beijing Majestic Mansion	Flat mansion	14,891	587	5.4%	39,420
Hangzhou Blue Patio	Integrated community	89,154	543	5.0%	6,091
Others		337,110	3,939	36.4%	11,685
Total		1,194,232	10,816	100.0%	9,057

As disclosed above, revenue from project sales in Hangzhou, Ningbo and Beijing amounted to RMB3,680 million, RMB1,995 million and RMB1,177 million, respectively, accounting for 34.0%, 18.4% and 10.9%, respectively, of the total sales revenue. In 2010, revenue from sales of apartments, offices, villas and flat mansions were RMB6,875 million, RMB1,365 million, RMB1,922 million and RMB654 million, respectively, accounting for 63.6%, 12.6%, 17.8% and 6.0% of the total sales revenue respectively.

The Group recorded a revenue of RMB193 million from hotel operations in 2010, representing a significant increase from RMB72 million in 2009. Reasons for such increase were that, on one hand, Xinchang Greentown Radisson Hotel and Greentown Thousand-Island Lake Sheraton Resort Hotel commenced operations in the second half of 2009 and the beginning of 2010, respectively, and, on the other hand, Hangzhou Rose Garden Resort and Sheraton Zhoushan Hotel, which have been operated since previous years, continuously contributed an increasing revenue from hotel operations riding on their matured customer bases.

In 2010, the Group realized rental income from investment properties of RMB33 million, which was mainly attributable to rental income arising from commercial shops of Hangzhou Deep Blue Plaza and the Oakwood Residence Chaoyang, Beijing (commencing its operation in this year).

In 2010, the revenue of the Group from project management services amounted to RMB36 million, which mainly consisted of revenue contributed by Greentown Construction Management. It is expected that its revenue will continue to increase as the scale of project management service expands.

Gross Profit Margin

The Group recorded a gross profit of RMB3,401 million in 2010 and a gross profit margin of 30.5%, representing a significant increase from 26.5% in 2009. Gross profit from properties sales amounted to RMB3,138 million, with an increased gross profit margin of 29.0% from 25.9% in 2009. Main reason for such increase was that more high-end property projects were recognized during this year than 2009, such as Hangzhou Sky Blue Apartment, Hangzhou Yulan Apartment, and Thousand-Island Lake Resort Condo.

Other Income

Other income mainly included interest income, trust income, government grants, foreign exchange gain/loss and brand usage fees, etc. Other income of RMB649 million was recorded by the Group for 2010, representing an increase of 169.3% from RMB241 million in 2009, mainly due to the higher increase of interest income and foreign exchange gain.

Interest income of the Group during 2010 was RMB444 million, representing an increase of RMB341 million from RMB103 million in 2009, caused by the substantial growth of average bank deposit balances, which is brought by the pre-sale deposits' increase and the expansion of Group's overall assets scale.

Trust income of RMB33 million in 2010 arose from the Group's investment in the junior units in the Zhonghai-Greentown No.1 Real Estate Investment Fund (中海•綠城1號房地產投資基金) subscribed in 2009.

Foreign exchange gain of RMB99 million was recorded in 2010, representing a robust growth of the foreign exchange loss of RMB2 million in 2009, which was primarily due to the appreciation of Renminbi by 3% in 2010. The Company's bank borrowings denominated in US dollar and Hong Kong dollar were not immaterial. As of 31 December 2010, bank borrowings denominated in US dollar and Hong Kong dollar were US\$329 million and HK\$2,150 million respectively.

Selling and Administrative Expenses

The Group's selling and administrative expenses in 2010 amounted to RMB1,658 million, representing an increase of 33.1% (RMB412 million) from RMB1,246 million in 2009, representing a slight increase in the percentage in sales revenue as from 14.3% in 2009 to 14.9%.

The biggest spending in selling and administrative expenses was the human resources cost, which increased by 12.2% to RMB579 million in 2010 (2009: RMB516 million). The increase was mainly due to the increased property projects and recruitment of more employees. Expenses in sales and marketing as well as advertising expense in 2010 amounted to RMB262 million (2009: RMB208 million), representing an increase of 26.0% as compared to 2009, owing to the increase in the properties launched. Our selling expenses constituted a relatively low proportion of the Group's

pre-sale proceeds, which was 0.75%. The depreciation costs incurred in 2010 amounted to RMB129 million, representing an increase of 69.7% as compared to 2009 (RMB76 million), mainly attributable to an additional depreciation of assets in Greentown Thousand-Island Lake Sheraton Hotel and the earlier commencement of depreciation of Xinchang Greentown Radisson Hotel in 2010 compared with 2009. Furthermore, basic expenses such as office expenses, business meeting expenses, travel expenses, utilities and property management expenses and rental charges all went up in a certain extent, mainly caused by the expansion of the corporate scale.

Finance Costs

In 2010, interest expenses charged to the consolidated statement of comprehensive income was RMB340 million (2009: RMB658 million). Total interest expenses for the Year was RMB2,662 million (2009: RMB1,853 million). Such increases were caused by the surge in the number of projects and hence the increase in average borrowing amount. The interest capitalized was RMB2,322 million, with the capitalization rate of 87.2% (2009: 64.5%) during 2010. The improvement in capitalization rate was mainly attributable to the timely commencement of development upon the acquisition of lands.

Share of Results of Associates and Jointly Controlled Entities

Share of results of associates and jointly controlled entities slightly decreased from RMB615 million in 2009 to RMB565 million in 2010. Property sales from associates and jointly controlled entities in 2010 amounted to RMB9,432 million, representing a substantial increase as compared to RMB6,865 million in 2009. Such increase was principally due to the areas sold growing by 58.8% from 660,877 sq.m. in 2009 to 1,049,436 sq.m.. However, the unit price and gross profit margin of property sales dropped dramatically from RMB10,387 per sq.m. in 2009 to RMB8,988 per sq.m. in 2010, and from 32.2% in 2009 to 24.7% in 2010, respectively. The fall was mainly dragged by the unit price of RMB7,697 per sq.m. and gross profit margin of 16.8% in Jinan National Games Project, which accounted for 44.1% of the associates and jointly controlled entities' total property sales revenue. Jinan National Games Project was firstly carried forward in 2010. With lots of properties launched in the project and a majority of the sales contracts being entered into in 2008 when the economy was suffering from the financial crisis, its gross profit margin was adversely affected by a certain extent.

Main projects delivered by the associates and jointly controlled entities during 2010 were as follows:

Project	Area Sold (sq.m.)	Sales Revenue (RMB million)	Equity Interest	The Group's Share of Results (RMB million)
Jinan National Games Project	540,396	4,160	45.0%	139
Hangzhou Tulip Bank	119,735	1,462	50.0%	130
Haining Lily New Town	76,631	939	50.0%	120
Deqing Lily Garden	116,407	629	24.5%	22
Hangzhou New Green Garden	29,214	611	50.0%	105
Hangzhou Hope Town	40,465	308	45.0%	44
Total	922,848	8,109		560

Fair Value Gain on Transfer from Completed Properties for Sale to Investment Properties

The Oakwood Residence Chaoyang, Beijing, which was put into operation in 2010, was a property held for rental earning. Hence, it was treated as an investment property and measured at fair value. In 2010, fair value gain on transfer from completed properties for sale to investment properties was RMB528 million and the net fair value gain, after deduction of deferred income tax of RMB132 million, was RMB396 million.

Net Loss on Partial Redemption of Trust Loans and Fair Value Changes on Trust-related Financial Derivatives

In 2009, a trust agreement (the "Trust Agreement") was entered into between the Group and Zhonghai Trust Company Ltd. ("Zhonghai Trust"). The Trust Put Option, the Guarantee and RMB1 Option relating to the above agreement were deemed as financial derivatives and were measured according to their fair values. In 2010, the fair value changes caused by value-up of Wuxi Yulan Garden and Hangzhou Sapphire Mansion Project, the redemption of 12.5% equity interest of Hangzhou Sapphire Mansion Project and the repayment of the debt of RMB625 million owed to Zhonghai Trust in August 2010 resulted in a loss of RMB21 million.

Profit/(Loss) on Repurchase of Senior Notes and Redemption of Convertible Bonds

In May 2010, the Company recorded a loss on the redemption of most of the 2007 convertible bonds of RMB148 million. During 2009, the Company recorded a gain on early repurchase of senior notes due in 2013 of RMB328 million and gain on early redemption of the 2006 convertible bonds of RMB11 million.

Pre-sale Deposits

Pre-sale deposits represented the amounts received from the pre-sale of properties, which will be carried forward as sales revenue upon the delivery of properties. As at 31 December 2010, the balance of pre-sale deposits of the Group was RMB47,547 million, representing an increase of RMB24,246 million or 104.1% from RMB23,301 million in 2009; the pre-sale deposits of associates and jointly controlled entities were RMB20,440 million, representing an increase of RMB5,770 million or 39.3% from RMB14,670 million in 2009.

Financial Resources and Liquidity Rate

As at 31 December 2010, the Group's cash and bank deposits amounted to RMB14,973 million (2009: RMB11,782 million), with total borrowings of RMB34,047 million (2009: RMB24,861 million). Net gearing ratio (measured by net debt over net assets) was 132.0%, representing an increase from 105.1% in 2009 but a significant decrease from 158.8% as at 30 June 2010. The Company was devoted to implementing a stringent fund management system to ensure a sustainable growth.

The total borrowings of the Group was RMB34,047 million, in which RMB29,784 million was denominated in RMB (accounted for 87.5%), RMB2,433 million was denominated in US dollar (accounted for 7.1%) and RMB1,830 million was denominated in HK dollar (accounted for 5.4%).

Risks of Foreign Exchange Fluctuation

The principal place of operation for the Group is the PRC. Most of the income and expenditure are denominated in RMB. As the Group has deposits, borrowings and amounts due from third parties denominated in foreign currencies, and the senior notes issued in 2006 were all denominated in US dollars, the Group was exposed to foreign exchange risks. However, the Group's operating cash flow or liquidity was not subject to any exchange rate fluctuations. Except for the one-year USD exchange rate forward contract signed in 2010 between the Group and the Bank of China in order to lock in the exchange rate for a loan denominated in foreign currencies, the Group had signed no any other foreign currency hedging arrangement as at 31 December 2010.

Financial Guarantees

Certain banks provided mortgage loans to the customers of the Group's properties, which are guaranteed by the Group. As at 31 December 2010, guarantees for these mortgage loans amounted to RMB18,658 million (2009: RMB10,106 million).

Pledge of Assets

As at 31 December 2010, the Group had pledged buildings, hotels, prepaid lease payment, properties for investment, properties for development, properties under development, bank deposits, amounts due from associates and interest in associates with an aggregate carrying amount of RMB36,264 million (2009: RMB23,157 million) to secure general credit facilities granted by the bank.

Capital Commitments

As at 31 December 2010, the Group has contracted, but not provided for, a total capital expenditure of RMB17,447 million (2009: RMB21,485 million) in respect of properties for development, properties under development and construction in progress.

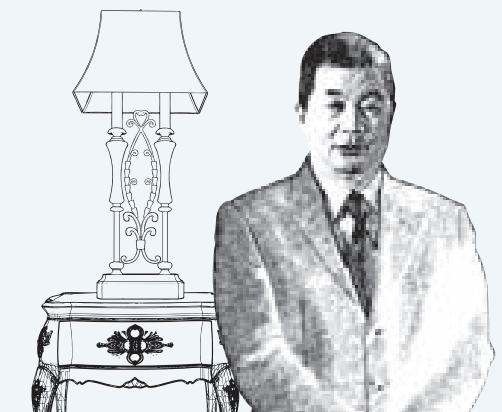
Capital Expenditure Plan

In consideration of the uncertainties brought by the global financial tsunami, the Group adopts a prudent approach in capital expenditure to secure its cash resources on a safety basis. The Group does not have major capital expenditure plan, but will increase its investment in acquisition of land and relevant businesses at appropriate timing with reasonable cost, according to the market changes and the development needs of the Company.

Directors and Senior Management



Executive Directors

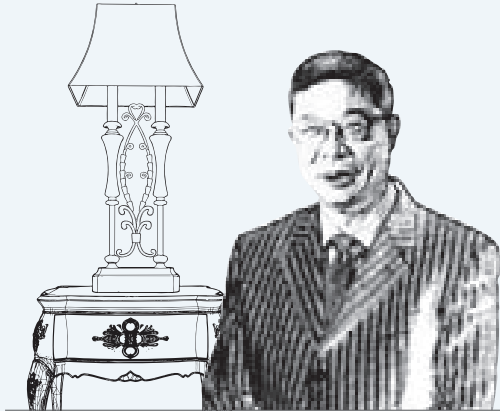


SONG WEIPING

Chairman of the Board and Executive Director

Born in 1958

Mr SONG Weiping founded our Company in January 1995, and 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. 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 the vice-chairman of the sixth Council of China Real Estate Association and the vice-chairman of Zhejiang Provincial Real Estate Association. Mr SONG is a controlling shareholder of the Company by holding shares through his controlled corporations, Delta House Limited and Hong Kong Orange Osmanthus Foundation Limited. He is also a director of Delta House Limited and Hong Kong Orange Osmanthus Foundation Limited. Mr SONG is the spouse of Ms XIA Yibo.

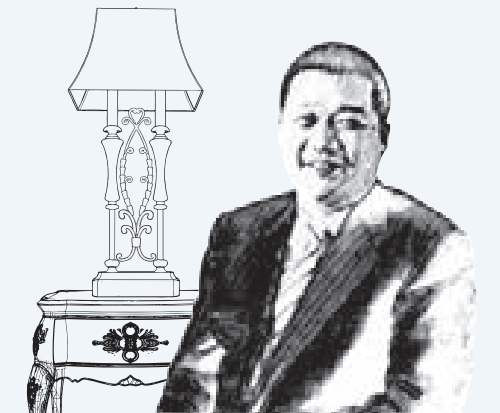


SHOU BAINIAN

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

Born in 1954

Mr 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 through his controlled corporation, Profitwise Limited. He is also a director of Profitwise Limited.

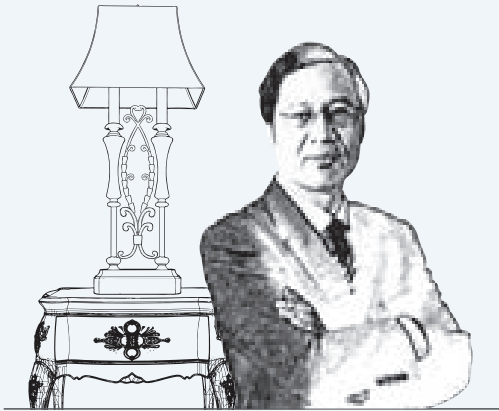


LUO ZHAOMING

Vice Chairman of the Board and Executive Director

Born in 1966

Mr LUO Zhaoming is primarily responsible for projects development and operation around Bohai Rim Region, three Provinces in Northeast China and Jiangsu, Anhui, Xinjiang Provinces, and to manage the Company's customer relationship and build service system for the community. Mr LUO was graduated from Tongji University with a doctorate degree in management in 2005. In May 1993, Mr LUO acted as the general manager of Beijing Yayun Huayuan Real Estate Development Limited (北京亞運花園房地產開發有限公司). In May 1995, Mr LUO acted as a director and the chief executive officer of HKI Development Limited (香江國際發展有限公司) and he held that position until January 2006. In October 2006, Mr LUO established and acted as a director and the chief executive officer of Beijing Life Builder Co., Ltd (北京萊福建設有限公司). At present, Mr LUO is also a director of Tandellen Group Limited. He joined the Company in July 2009.



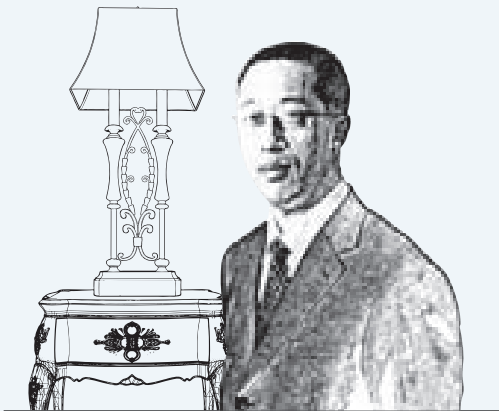
GUO JIAFENG

Executive Director and Executive General Manager

Born in 1965

Mr GUO Jiafeng is primarily responsible for the property development projects in Hunan Changsha, Zhejiang Hangzhou, Zhejiang Zhoushan, 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 the Company in April 2000.

Independent Non-Executive Directors

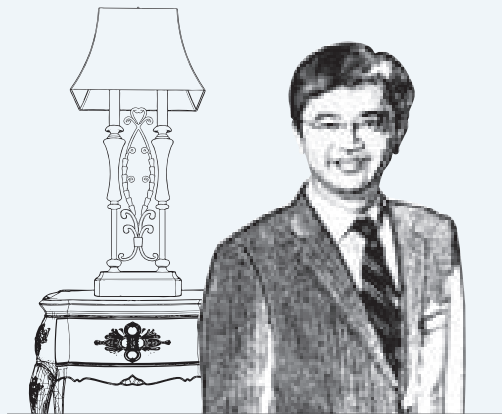


JIA SHENGHUA

Independent Non-Executive Director

Born in 1962

Mr 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 graduated from the Northwest Agricultural University with a doctorate degree in agricultural economics and management. Since 1989, Mr JIA taught and conducted research in property economics, property development, and enterprise management in China and studied in Germany during 1993 to 1994. He is currently a member of Zhejiang Enterprises Management Research Society, Hangzhou Land Academy and Zhejiang Land Academy. At present, Mr JIA acts as an independent non-executive director of Zhejiang Zhongda Group Co., Ltd. (stock code: 600704.SH), a company listed in Shanghai. Mr JIA resigned as an independent non-executive director of Zhejiang Jiali Technology Holding Ltd., and Cosmos Group Co., Ltd. (stock code: 002133.SZ), a company listed in Shenzhen on 30 December 2010 and 10 October 2010 respectively. He was appointed as our independent non-executive Director on 22 June 2006.

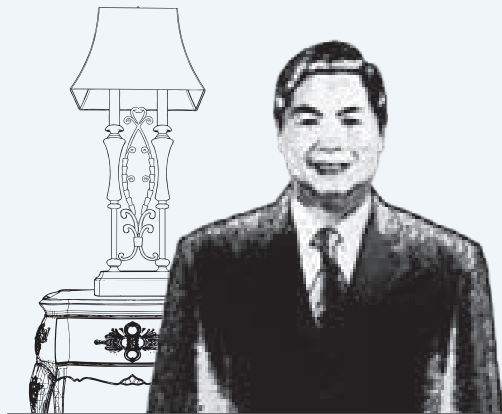


JIANG WEI

Independent Non-Executive Director

Born in 1963

Mr JIANG Wei is currently the director and vice president of China Resources (Holdings) Company Limited. 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 has extensive experience in business planning and financial control. Mr JIANG is a director of China Vanke Company Limited (stock code: 000002.SH), a company listed in Shenzhen. He is also a non-executive director of the following companies listed in Hong Kong: China Resources Enterprise Limited (stock code: 00291.HK), China Resources Land Limited (stock code: 01109.HK), China Resources Power Holdings Company Limited (stock code: 00836.HK), China Resources Microelectronics Limited (stock code: 00597.HK) as well as China Assets (Holdings) Limited (stock code: 00170.HK). He is also an executive director of Cosmos Machinery Enterprises Limited (stock code: 00118.HK). He was appointed as our independent non-executive Director on 22 June 2006.

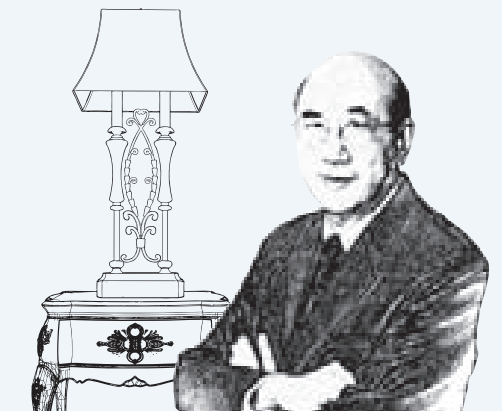


KE HUANZHANG

Independent Non-Executive Director

Born in 1938

Mr KE Huanzhang is currently the chief planning consultant of the Beijing Municipal Institute of City Planning and Design (北京市城市規劃設計研究院). Mr KE has over 40 years of experience in the areas of housing, urban-rural development and town planning. Mr KE was graduated in 1962 from Southeast University (東南大學) (formerly the Nanjing Industrial Institute (南京工業學院)) and his major was construction. From 1979 to 1986, Mr KE served as the deputy section chief and deputy director-general of the Beijing Planning Bureau (北京市規劃局). From September 1986 to March 2001, Mr KE was the dean and senior town planning professor of the Beijing Municipal Institute of City Planning and Design (北京市城市規劃設計研究院). He was appointed as our independent non-executive Director on 22 June 2009.

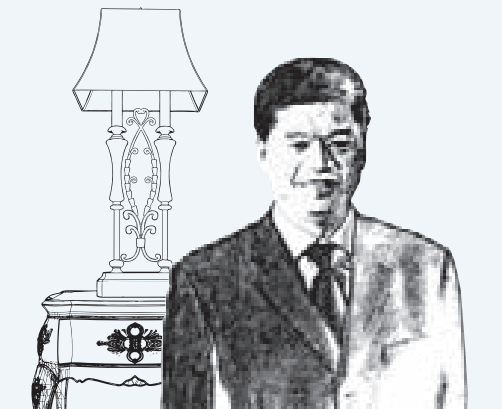


SZE TSAI PING, MICHAEL

Independent Non-Executive Director

Born in 1945

Mr SZE Tsai Ping, Michael is currently a member of the Securities and Futures Appeals Tribunal in Hong Kong. Mr SZE graduated with a Master of Laws (LLM) Degree from the University of Hong Kong. He has over 30 years of experience in the financial and securities field. Mr SZE was a former council member of The Stock Exchange, a former member of the Main Board Listing Committee of The Stock Exchange, and a former member of the Cash Market Consultative Panel of the Hong Kong Exchanges and Clearing Limited. Mr SZE is a fellow member 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 and also a fellow member of the Hong Kong Institute of Directors Limited. Mr SZE is a non-executive director of the following companies listed in Hong Kong: Burwill Holdings Limited (stock code: 00024.HK), GOME Electrical Appliances Holding Limited (stock code: 00493.HK), Harbour Centre Development Limited (stock code: 00051.HK) and Walker Group Holdings Limited (stock code: 01386.HK). He was appointed as our independent non-executive Director on 22 June 2006.

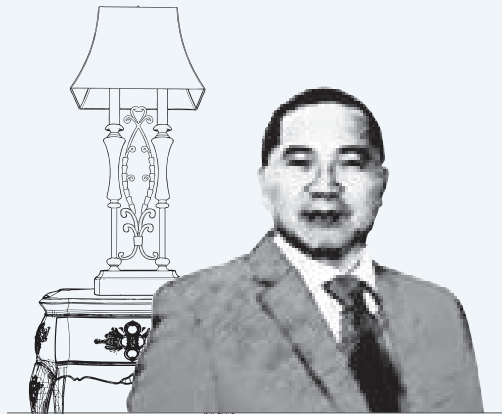


TANG SHIDING

Independent Non-Executive Director

Born in 1942

Mr TANG Shiding 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 served as the deputy director of Zhejiang Province Construction Department between 1992 and 2002. 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 (stock code: 000558.SZ) and Zhejiang Yasha Decoration Co., Ltd. (stock code: 002375.SZ), both listed in Shenzhen. In addition, he also serves as an independent non-executive director of Qianjiang Water Resources Development Co., Ltd. (stock code: 600283.SH), a company listed in Shanghai. He was appointed as our independent non-executive Director on 22 June 2006.



XIAO ZHIYUE

Independent Non-Executive Director

Born in 1958

Mr XIAO Zhiyue is currently the chief executive officer of Cinda Capital Management Company Limited (信達資本管理有限公司). Mr XIAO obtained a bachelor degree in economics from Hangzhou University in 1982, a master of laws degree from the London School of Economics and Political Science, Faculty of Laws, University of London in 1985, and a doctor of philosophy degree from King's College London, Faculty of Laws, University of London in 1990. Mr XIAO was a managing director of Credit Suisse (Hong Kong) Limited from 2007 to 2009. Prior to that, Mr XIAO has over 20 years work experience in law firms. He was admitted as a solicitor in Hong Kong and England & Wales in 1996 and 1997, respectively. He was a partner of Herbert Smith, an international law firm, from 1996 to 2007. Mr XIAO also serves as an independent non-executive director of Bank of Ningbo Co., Ltd. (stock code: 002142.SZ), which is listed in Shenzhen. He was appointed as our independent non-executive Director on 3 June 2010.

Senior Management

CAO Zhounan, born in 1969, is the Executive General Manager of the Company. He is primarily responsible for overall operation and management of the Group. He is also the general manager of Greentown Construction Management, a subsidiary of the Group, being responsible for construction consultancy business for projects managed by Greentown. He was graduated from Zhejiang University of Finance & Economics (浙江財經學院) in 1991, majoring in financial accounting. He obtained a Master's Degree from Université du Québec, Canada in 2009, majoring in Business Administration. From 1991 to 1995, he held office in Zhejiang Provincial Finance Bureau. From 1996 to 1998, he was the assistant to the county magistrate of Zhejiang Province Yunhe County People's Government (浙江省雲和縣人民政府). From 1998 to 2001, he was a deputy division chief (副處長) of the Zhejiang Provincial Finance Bureau. From 2001 to 2009, he served as a vice general manager of the Zhejiang Provincial Railway Investment Group Co., Ltd. (浙江鐵路集團). He joined the Company in February 2009.

FU Linjiang, born in 1958, is the Executive General Manager of the Company. He is primarily responsible for overall operation and management of the Group. He graduated from Shanghai Institute of Electric Power with major in thermal dynamic engineering. He obtained a Master's Degree from Maastricht School of Management in 2002, majoring in international business administration. He is a National Senior Professional Manager, senior engineer and senior economist. From 1980 to 2010, he held office as general manager, chairman, party secretary and other positions in large state-owned enterprises. From 2006 till now, he has also been a professor in Shanghai Institute of Electric Power. He was a national labor model and a labor model in Zhejiang Province. He joined the Company in June 2010.

YING Guoyong, born in 1961, is an Executive General Manager of Greentown Real Estate Group Co., Ltd (綠城房地產集團有限公司), which is a principal subsidiary of the Group. He is primarily responsible for the development and management of our projects in Hangzhou Binjiang district, Linan, Zhejiang Deqing, Cixi, Lishui, Taizhou, Henan Zhengzhou, Shandong Xintai, etc. He graduated from Hangzhou University with a bachelor's degree in law in 1985. Between 1985 to 2001, he worked in Zhejiang Province CPC. School, CPC Youth of Zhejiang Province Committee and Zhejiang Youth Travel Service Co. Ltd. He joined the Group in June 2001.

QIAN Xiaohua, born in 1963, is an Executive General Manager of Greentown Real Estate Group Co., Ltd (綠城房地產集團有限公司), which is a principal subsidiary of the Group. He is primarily responsible for the management of the Company's commercial property development. 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 in Shanghai Midway Infrastructure (Holdings) Limited as a director and a chief executive officer. He joined the Group in February 2005.

YANG Zuoyong, born in 1962, is an Executive General Manager of Greentown Real Estate Group Co., Ltd (綠城房地產集團有限公司), which is a principal subsidiary of the Group, and mainly responsible for the management of project's development in Hangzhou, Wenzhou, Taizhou, Changxing and Zhuji. He is also the chairman and general manager of the following subsidiaries of the Group: Wenzhou Greentown Real Estate Development Company Limited, Zhuji Yuedu Properties Limited and Hangzhou Jinma Real Estate Co., Ltd. He graduated from China Communist Party School with major in finance and management in 1999. Between 1984 to 2006, Mr YANG held senior management positions in various government departments of Hangzhou City Westlake District. He joined the Group in January 2007.

WANG Hongbin, born in 1968, is an Executive General Manager of Greentown Real Estate Group Co., Ltd (綠城房地產集團有限公司), which is a principal subsidiary of the Group. He is primarily responsible for the development and administration of projects 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 Group in January 1997, and worked as the senior officer of certain project companies of the Group. He has been the general manager of Shanghai Greentown Forest Golf Villa Development Co., Ltd, a subsidiary of the Group, since December 2004.

KUO Xiaoming, born in 1972, is the Executive General Manager of Greentown Real Estate Group Co., Ltd (綠城房地產集團有限公司), a principal subsidiary of the Group. He is primarily responsible for the development and administration of projects in Hangzhou, Xiangshan, Suzhou and Hainan. Between 1996 and 1999, he was the project officer of the Group'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., a subsidiary of the Group, Mr KUO is experienced in construction operation. He joined the Company in August 1996.

HAN Bo, born in 1974, is the Executive General Manager of Greentown Real Estate Group Co., Ltd (綠城房地產集團有限公司), a principal subsidiary of the Group. He is primarily responsible for the Group's construction system management and the development and administration of projects in Hangzhou, Thousand-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 in Zhejiang Urban Construction Management Limited. Mr HAN joined the Group 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), a subsidiary of the Group. He has been the general manager of Zhejiang Jiahe Industrial Co., Ltd. (Lijiang Apartment), a subsidiary of the Group, since May 2006.

FUNG Ching, Simon, born in 1969, is the Chief Financial Officer, Company Secretary and one of the authorised representatives of the Company. Prior to joining the Group in August 2010, Mr FUNG served as the chief financial officer and secretary to the board of directors of Baoye Group Company Limited (寶業集團股份有限公司), a company listed in Hong Kong (stock code: 02355.HK), between 2004 and 2010, and he worked in PricewaterhouseCoopers between 1994 and 2004. Mr FUNG has over 6 years of experience in managing finance and accounting functions, mergers and acquisitions, fund raising and investor relations for a PRC company listed in Hong Kong, and has 10 years of experience in auditing, accounting and business advisory with a "Big-4" international accounting firm. Mr FUNG graduated from the Queensland University of Technology in Australia with a bachelor's degree, majoring in accountancy. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the CPA Australia. Mr FUNG is currently an independent non-executive director of Hainan Meilan International Airport Company Limited (海南美蘭國際機場股份有限公司), a company listed in Hong Kong (stock code: 00357.HK). On 20 July 2010, Mr FUNG was nominated as a non-executive director of Baoye Group Company Limited, and the appointment will come into effect after the approval at the forthcoming general meeting of Baoye Group Company Limited.

Corporate Governance Report

The Company believes that high corporate governance standards help enhance corporate performance and the management's accountability. The Board strives to apply the principles of corporate governance and adopt sound corporate governance practices to meet the legal and commercial standards, focusing on areas such as internal control and fair disclosure.

The Company has complied with the code provisions in the Code on Corporate Governance Practices as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange during the year ended 31 December 2010.

(A) The Board of Directors

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. Currently, the Board comprises ten Directors, including four Executive Directors and six independent non-executive Directors. Their biographical details are set out 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 to 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 2010. Relevant employees who are likely to be in possession of unpublished price-sensitive information of the Group are also subject to compliance with written guidelines on no less exacting terms than the Model Code.

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 respective reporting responsibilities of our Company's Directors and its external auditors on the financial statements of the Group are set out on pages 90 to 91 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 strategies for the Company. The Chief Executive Officer focuses on developing and implementing 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.

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. Every independent non-executive Director possesses extensive academic, professional and industry expertise and management experience and have provided their professional advice to the Board. According to the Articles of Association, a majority of the Board members shall be independent non-executive Directors. For the year ended 31 December 2010, all independent non-executive Directors of the Company had confirmed their independence to the Company in accordance with the Listing Rules.

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 video/telephone conferences. Seventeen Board meetings were convened in the Year. The attendance of individual Directors at these Board meetings is set out below:

	Number of meetings attended/held during the tenure of office
Executive Directors	
Mr SONG Weiping (Chairman)	3/17
Mr SHOU Bainian (Executive Vice Chairman)	14/17
Mr LUO Zhaoming (Vice Chairman)	6/17
Mr GUO Jiafeng	13/17
Independent Non-Executive Directors	
Mr JIA Shenghua	11/17
Mr JIANG Wei	4/17
Mr KE Huanzhang	6/17
Mr SZE Tsai Ping, Michael	14/17
Mr TANG Shiding	13/17
Mr XIAO Zhiyue*	3/3

* Mr XIAO Zhiyue was appointed as an independent non-executive Director on 3 June 2010.

All Directors are provided with relevant materials relating to the issues for discussion before the meetings. They have separate access to the senior management and the Company Secretary at all times and may seek independent professional advice at the Company's expense. All Directors have the opportunity to request to include new issues for discussion in the agenda for Board meetings. Notices of Board meetings are given to the Directors within reasonable time before meeting and the Board procedures complied with the Articles of Association, 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, 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.

Mr GUO Jiafeng, Mr JIA Shenghua, Mr TANG Shiding and Mr XIAO Zhiyue will retire at the forthcoming annual general meeting ("AGM") of the Company and will be subject to re-election in accordance with the Articles of Association. All the retiring Directors, being eligible, will offer themselves for re-election.

Board Committees

The Board has established the Audit Committee, the Nomination Committee and the Remuneration Committee (collectively, the "Board Committees") with defined terms of reference. The terms of reference of the Board Committees are 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.

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. The Audit Committee

comprises five members, namely, Mr XIAO Zhiyue (Chairman), Mr JIA Shenghua, Mr JIANG Wei, Mr SZE Tsai Ping, Michael and Mr TANG Shiding and all of whom are independent non-executive Directors. The chairman of the Audit Committee is Mr XIAO Zhiyue in replacement of Mr TSUI Yiu Wa, Alec who ceased to be the chairman and a member of the Audit Committee on 3 June 2010.

The Audit Committee met two times during the year ended 31 December 2010. The attendance of individual members at the Audit Committee meetings is set out below:

	Number of Meetings Attended/Held
Independent Non-Executive Directors	
Mr XIAO Zhiyue (Chairman)*	1/1
Mr JIA Shenghua	2/2
Mr JIANG Wei	2/2
Mr SZE Tsai Ping, Michael	2/2
Mr TANG Shiding	2/2

* Mr XIAO Zhiyue was appointed as the Chairman of the Audit Committee on 3 June 2010.

During the meetings, the Audit Committee has reviewed the annual results and interim results of the Group and also reviewed the report prepared by the independent auditors relating to accounting issues and major findings in the course of their audit. The Audit Committee has also reviewed the internal audit report prepared by the internal audit department of the Company.

Nomination Committee

The Nomination Committee is primarily responsible for considering and recommending 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 Mr SZE Tsai Ping, Michael (Chairman), Mr SHOU Bainian, Mr TANG Shiding and Mr XIAO Zhiyue. Mr TSUI Yiu Wa, Alec, resigned as a member of the Nomination Committee on 3 June 2010.

The Nomination Committee adopts certain criteria and procedures in the nomination of new directors. The major criteria include, among others, the candidates' professional background and experience in the industry of the Group's business and past track record of other companies during which the candidates are employed.

During the year ended 31 December 2010, there was one meeting held by the Nomination Committee, and members of the Nomination Committee have reviewed the composition of the Board which are considered by the Directors' skills and experience appropriate to the Company's business, made recommendation to the Board relating to re-appointment of Directors and assessed the independence of the independent non-executive Directors. The attendance of individual members at the Nomination Committee meeting is set out below:

	Number of Meetings Attended/Held
Independent Non-Executive Directors	
Mr SZE Tsai Ping, Michael (Chairman)	1/1
Mr TANG Shiding	1/1
Mr XIAO Zhiyue*	1/1
Executive Director	
Mr SHOU Bainian	1/1

* Mr XIAO Zhiyue was appointed as a member of the Nomination Committee on 3 June 2010.

Remuneration Committee

The Remuneration Committee is responsible for making recommendations on Directors' remuneration and other benefits. The remuneration of all Directors is subject to regular monitoring by the Remuneration Committee to ensure that the level of their remuneration and compensation is reasonable. Members of the Remuneration Committee include Mr JIA Shenghua (Chairman), Mr SZE Tsai Ping, Michael and Mr SHOU Bainian. Mr CHEN Shunhua resigned as a member of the Remuneration Committee on 10 December 2010. Mr SHOU Bainian was appointed as a member of the Remuneration Committee on 28 March 2011.

During the year ended 31 December 2010, there was one meeting held by the Remuneration Committee, and 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 – Human Resources". The attendance of individual members at the Remuneration Committee meeting is set out below:

	Number of Meetings Attended/Held
Independent Non-Executive Directors	
Mr JIA Shenghua (Chairman)	1/1
Mr SZC Tsai Ping, Michael	1/1
Executive Director	
Mr CHEN Shunhua	1/1

(B) Financial Reporting and Internal Controls

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.

Independent Auditors

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

A breakdown of the remuneration received by the independent auditors for audit and non-audit services provided to the Company is as follows:

Service Item	2010 (RMB'000)	2009 (RMB'000)
Audit services (including interim review)	4,800	4,455
Non-audit services (mainly included tax advisory services)	500	–
Total	5,300	4,455

The Audit Committee and the Board of the Company have agreed to the re-appointment of Deloitte Touche Tohmatsu as the independent auditors of the Group for 2011, and the proposal will be submitted for approval at the AGM.

Internal Controls

The Board is responsible for the internal controls of the Group and for reviewing its effectiveness. Procedures have been designed to safeguard 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, and 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 review and monitored the Company's internal management and operation during the Year. The internal audit department established by the Company has conducted random internal auditing of the Company, its subsidiaries, associates and jointly-controlled entities. The works carried out by the internal audit department include ensuring the internal controls to be in place and function properly as intended.

The independent auditors will report to the Company on the weaknesses (if any) in the Group's internal control and accounting procedures which have come to their attention during the course of their audit work.

Investor Relations

Investor Relations and Communications with Shareholders

The Company has established various channels of communication with its 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 details, property projects and major events are available through publication of annual and interim reports, announcements, circulars, press releases and newsletters.

The Board believes that effective investor relations can contribute towards lowering finance cost, improving market liquidity of the Company's shares and building a more stable shareholder base. Therefore, the Company is committed to maintaining a high level of corporate transparency and follow a policy of disclosing relevant information to shareholders, investors, analysts and bankers in a timely manner.

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 results announcements, important business development or financing activities. Directors and senior management will attend the events to answer investors' questions. The post-results analyst briefings and press conferences are also webcasted for more timely dissemination of relevant information and broader reach to investors.

Key investor relations events held in 2010 are as follows:

Events	Date
2009 Annual Results Announcement – Press Conference and Analyst Briefing	April
2010 Annual General Meeting	June
2010 Interim Results Announcement – Press Conference and Analyst Briefing	September

During the Year, in addition to receiving many investors and analysts visiting the Company and attending "one-on-one" meetings at the Company's premises, the Company also attended the following important investor relations activities:

Date	Activities	Organizer	Venue
11-12 JAN	Deutsche Bank Access China Conference 2010	Deutsche Bank	Beijing
21 APR	JP Morgan China Conference 2010	JP Morgan	Hong Kong
22 APR	First Shanghai Shenzhen Road Show	First Shanghai Group	Shenzhen
23 APR	JP Morgan Singapore Road Show	JP Morgan	Singapore
26-27 APR	Deutsche Bank London Road Show	Deutsche Bank	London
28-30 APR	Deutsche Bank New York Road Show	Deutsche Bank	New York
9-11 JUN	JP Morgan China Conference 2010	JP Morgan	Beijing
23 JUN	Credit Suisse China Investment Conference	Credit Suisses	Shanghai
5 JUL	BNP China Property Corporate Day	BNP	Hong Kong
9 JUL	CLSA HK/China Property Access Day	CLSA	Hong Kong
9 SEP	UBS Hong Kong/China Corporate Days	UBS	Hong Kong
19-22 SEP	CCBI Conference	CCBI	Beijing

Date	Activities	Organizer	Venue
14 & 15 OCT	BNP Paribas 17th Annual China Conference	BNP	Guilin
21 & 22 OCT	Citi Greater China Investor Conference 2010	Citi	Macau
1 & 2 NOV	Goldman Sachs China Investment Frontier Conference 2010	Goldman Sachs	Beijing
3 NOV	Bank of America Merrill Lynch China Investment Summit	Bank of America Merrill Lynch	Beijing
16 NOV	Daiwa Investment Conference (HK) 2010	Daiwa	Hong Kong
25 NOV	CLSA HK/China Property Access Day	CLSA	Hong Kong

Our investor relations team will continue to enhance the quality of communication with its investors and maintain corporate transparency. To ensure easy access to the Company's updated information, all of our published information including announcements, interim and annual reports, press releases and newsletters, is posted on our website www.greentownchina.com in a timely manner. Interested party can also make enquiries by contacting the investor relations department at (852) 2523 3137 or by email to ir@chinagreentown.com.

Report of the Directors

The Board of Directors presents its annual report and the audited consolidated financial statements of the Group for the year ended 31 December 2010 (the "Consolidated Financial Statements") to the Shareholders.

Company Incorporation

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 on 13 July 2006.

Principal Business

The Company is an investment holding company. The activities of its subsidiaries, jointly controlled entities and associates are set out in notes 42, 17 and 18 respectively to the Consolidated Financial Statements. There was no significant change in the nature of the Group's principal business during the Year.

Financial Positions and Results

The financial positions of the Group as at 31 December 2010 are set out in the Consolidated Statement of Financial Position prepared in accordance with IFRS on pages 93 to 94 of the annual report.

The results of the Group for the year ended 31 December 2010 prepared in accordance with IFRS are set out in the Consolidated Statement of Comprehensive Income on page 92 of the annual report.

A financial summary of the Group for the last five financial years is set out on page 17 of the annual report.

Reserves

Details of movements in reserves of the Group in 2010 are set out in the Consolidated Statement of Changes in Equity on pages 95 and 96.

Dividends

The Board recommends the payment of a final dividend of RMB0.36 per share for the year ended 31 December 2010 to the Shareholders whose names appear on the Company's Register of Members on 13 June 2011 (Monday). The 2010 final dividend will be paid on 17 June 2011 (Friday) following approval by the Shareholders at the forthcoming AGM.

Segment Information

The reporting segments of the Group are as follows:

- 1 Property development
- 2 Hotel operations
- 3 Property investment
- 4 Others (including sale of construction materials, electronic engineering, design and decoration, project management, etc.)

The segment information for the year ended 31 December 2010 is set out in note 7 to the Consolidated Financial Statements.

Property, Plant and Equipment

Details of the movements in property, plant and equipment of the Group during the Year are set out in note 15 to the Consolidated Financial Statements.

Details of Share Offering and Placing

	IPO	Placement
Listing place	Main Board of HKEx	Main Board of HKEx
Offering/placing price	HK\$8.22 per Share	HK\$16.35 per Share
Listing date	13 July 2006	4 May 2007
Number of issued Shares	347,402,500 Shares	141,500,000 Shares

Share Capital

Details of movements during the Year in the share capital of the Company are set out in note 30 to the Consolidated Financial Statements.

Sufficiency of Public Float

Based on the information that is publicly available to the Company and to the best of the Directors' knowledge, the Company has maintained a sufficient public float as required by the Listing Rules throughout the year ended 31 December 2010.

Convertible Bonds

Details of movements during the Year in the 2007 Convertible Bonds are set out in note 28 to the Consolidated Financial Statements.

Purchase, Sale or Redemption of the Listed Securities of the Company

During the Year, pursuant to the mandate to purchase shares in the Company obtained from the Shareholders at the annual general meeting held on 3 June 2010, the Company repurchased an aggregate of 21,076,500 shares in the capital of the Company on the Stock Exchange and these shares were subsequently cancelled by the Company and accounted for 1.28% of its total issued share capital. The highest repurchase price was HK\$8.63 per share, and the lowest repurchase price was HK\$7.31 per share, with a total payment of approximately RMB155 million.

Except as disclosed above, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the Year.

Directors

During the year ended 31 December 2010 and up to the date of this report, the Directors were as follows:

Executive Directors

SONG Weiping (*Chairman*)
 SHOU Bainian (*Executive Vice Chairman*)
 LUO Zhaoxing (*Vice Chairman*)
 GUO Jiafeng

Independent Non-Executive Directors

JIA Shenghua
 JIANG Wei
 KE Huanzhang
 SZE Tsai Ping, Michael
 TANG Shiding
 XIAO Zhiyue

During the Year, Mr XIAO Zhiyue was appointed as an independent non-executive Director on 3 June 2010. Mr TSUI Yiu Wo, Alec retired by rotation as an independent non-executive Director on 3 June 2010 and Mr CHEN Shunhua resigned as an executive Director on 10 December 2010.

Mr GUO Jiafeng, Mr JIA Shenghua and Mr TANG Shiding shall retire from the office by rotation at the AGM in accordance with Article 130 of the Company's Articles of Association, while Mr XIAO Zhiyue shall retire at the AGM in accordance with Article 114 of the Articles of Association. All the retiring Directors, being eligible, will offer themselves for re-election.

Directors' Service Contracts

Each of the Executive Directors has entered into a service contract with the Company for a term of three years, which is determinable by either party 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.

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.

Biographical Details of Directors and Senior Management

Biographical details of the Directors and senior management of the Group are set out on pages 56 to 63 of the annual report.

Remuneration of Directors

The remuneration of the Directors is disclosed on an individual named basis in note 11 to the Consolidated Financial Statements.

Highest Paid Individuals

During the year, the relevant information of the five individuals with the highest remuneration of the Group is disclosed in note 11 to the Consolidated Financial Statements.

Independence of Independent Non-executive Directors

The Board has obtained written confirmations from all independent non-executive Directors concerning their independence in accordance with Rule 3.13 of the Listing Rules. The Board is in the opinion that the existing independent non-executive Directors are independent based on the guidelines set out in Rule 3.13 of the Listing Rules.

Directors' and Chief Executive's Interests in Securities

As at 31 December 2010, the interests and short positions of Directors and Chief Executive 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 Positions in Shares and Underlying Shares of the Company

Name of Director	Personal Interests in Underlying Shares	Family Interests	Interest of Controlled Corporation	Total Number of Shares and Underlying Shares Held	% of Issued Share Capital of the Company Held
Mr SONG Weiping	1,089,000 (note 3)	68,859,000 (note 2)	472,124,000 (note 1)	542,072,000	33.10%
Mr SHOU Bainian	609,000 (note 3)	–	384,490,500 (note 4)	385,099,500	23.52%
Mr LUO Zhaoxing	15,000,000 (note 6)	–	100,000,000 (note 5)	115,000,000	7.02%
Mr GUO Jiafeng	576,000 (note 3)	–	13,010,000 (note 7)	13,586,000	0.83%

Notes:

(1) Mr SONG Weiping is deemed to be interested in 372,124,000 Shares as the sole shareholder of Delta House Limited. Mr SONG is also the sole member of Hong Kong Orange Osmanthus Foundation Limited which holds 100,000,000 Shares. Hong Kong Orange Osmanthus Foundation Limited is a company limited by guarantee set up by Mr SONG Weiping and a charitable institution of a public character exempt from tax under Section 88 of the Inland Revenue Ordinance, Chapter 112 of the Laws of Hong Kong.

(2) Mr SONG Weiping is deemed to be interested in such Shares held by Wisearn Limited, a company wholly-owned by his spouse, Ms XIA Yibo.

(3) Pursuant to the share option scheme adopted by a resolution of the Shareholders on 22 June 2006, these share options were granted on 22 January 2009 and are exercisable at HK\$2.89 per share from 22 January 2009 to 21 January 2019.

(4) Mr SHOU Bainian is deemed to be interested in such Shares as the sole shareholder of Profitwise Limited.

(5) Mr LUO Zhaoxing is deemed to be interested in such Shares held by Tandellen Group Limited, a company which is 50% owned by him and 50% owned by his spouse, Ms RUAN Yiling.

(6) Pursuant to the share option scheme adopted by a resolution of the shareholders on 22 June 2006, these share options were granted on 17 July 2009 and are exercisable at HK\$11.59 per share from 17 July 2009 to 16 July 2019.

(7) Mr GUO Jiafeng is deemed to be interested in such Shares as the sole shareholder of Jamuta Investments Limited.

Long position in shares and underlying shares of associated corporations of the Company

Name of Director	Name of Associated Corporation	Capacity	Number of Shares Held	% of Issued Share Capital of Associated Corporation Held
Mr SONG Weiping	Greentown Property Construction Management Company Ltd. (綠城房產建設管理有限公司)	Beneficial owner	72,000,000	36%

Other than as disclosed above, none of the Directors and Chief Executive of the Company nor their associates had any interest or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as at 31 December 2010.

Substantial Shareholders' Interests in Securities

The register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that, as at 31 December 2010, 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 Shares and underlying Shares of the Company:

Name of Substantial Shareholder		Interest or Short Position in the Shares or Underlying Shares (Note 1)	Capacity in which Interests are Held	% of Issued Share Capital of the Company Held
Ms XIA Yibo	(Note 2)	542,072,000 (L)	Interest of a controlled corporation and interest of spouse	33.10%
Delta House Limited	(Note 3)	372,124,000 (L)	Beneficial owner	22.72%
Hong Kong Orange Osmanthus Foundation Limited	(Note 3)	100,000,000 (L)	Beneficial owner	6.11%
Profitwise Limited	(Note 4)	384,490,500 (L)	Beneficial owner	23.48%
Ms RUAN Yiling	(Note 5)	115,000,000 (L)	Interest of a controlled corporation and interest of spouse	7.02%
Tandellen Group Limited	(Note 6)	100,000,000 (L)	Beneficial owner	6.11%
Lehman Brothers Holdings Inc.	(Note 7)	101,400,450 (L) 31,868,575 (S)	Interest of controlled corporations Interest of controlled corporations	6.19% 1.95%

Notes:

- (1) The letter "L" denotes a long position. The letter "S" denotes a short position.
- (2) Ms XIA Yibo held deemed interests in 68,859,000(L) Shares as sole shareholder of Wisearn Limited and deemed interests in 372,124,000(L) Shares held by Delta House Limited and 100,000,000(L) Shares held by Hong Kong Orange Osmanthus Foundation Limited, both are corporations controlled by her spouse, Mr SONG Weiping, and deemed interests in 1,089,000 share options held by Mr SONG.
- (3) Controlled corporations of Mr SONG Weiping, details of which are those disclosed in the section "Directors' and Chief Executive's Interests in Securities" above.
- (4) A controlled corporation of Mr SHOU Bainian, details of which are disclosed in the section "Directors' and Chief Executive's Interests in Securities" above.
- (5) Ms RUAN Yiling held deemed interest in 100,000,000(L) Shares held by Tandellen Group Limited, a controlled corporation 50% owned by her and 50% owned by her spouse, Mr LUO Zhaoming, and deemed interest in 15,000,000(L) share options held by Mr LUO.
- (6) A controlled corporation of Mr LUO Zhaoming, details of which are those disclosed in the section "Directors' and Chief Executive's Interests in Securities" above.

(7) Lehman Brothers Holdings Inc. held deemed interest in a total of 101,400,450(L) Shares and 31,868,575(S) Shares 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. 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. Lehman Brothers International (Europe) was wholly-owned by Lehman Brothers Holdings Plc, which was in turn wholly-owned by Lehman Brothers Holdings Inc.
- Lehman Brothers Inc. held 2,009,575(L) Shares and 2,009,575(S) Shares. 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. Lehman Brothers Finance S.A. was wholly-owned by Lehman Brothers Holdings Inc.

Among the entire interest of Lehman Brothers Holdings Inc. 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)

Other than the interests disclosed above, the Company has not been notified of any other notifiable interests or short positions in the Shares or underlying Shares of the Company as at 31 December 2010.

Share Option Scheme

The Company's Share Option 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 Share Option Scheme, the Board may grant share 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 share options may be granted under the Share Option Scheme is not permitted to exceed 10% of the Shares in issue at any point of time, without prior approval from the Company's shareholders. The number of Shares issued and to be issued in respect of which share options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the Shares in issue at any point of time, without prior approval from the Company's shareholders. Share 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 HK\$5,000,000 must be approved in advance by the Company's shareholders.

Share options may be exercised at any time from the date of grant of the share option to the expiry of the Share Option Scheme, unless otherwise specified in the Share Option Scheme. The exercise price is determined by the Board, and will not be less than the higher of (i) the closing price of the Shares of the Company as stated in the Stock Exchange's daily quotations sheet on the date of grant; (ii) the average of the closing prices of the Shares of the Company as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Shares of the Company. Detailed terms of the Share Option Scheme should be referred to note 35 to the Consolidated Financial Statements.

Report of the Directors

Details of the share options granted, exercised and cancelled pursuant to the Share Option Scheme on 22 January 2009, 13 May 2009, 22 June 2009 and 17 July 2009, respectively, during the twelve months ended 31 December 2010 were as follows:

Name of Grantee	No. of Share Options Outstanding at the Beginning of the year	No. of Share Options Granted During the year	No. of Share Options Exercised During the year	No. of Share Options Forfeited During the year	No. of Share Options Outstanding at the end of the year	Date of Grant	Period During which Share Options are Exercisable	Exercise Price per Share (HK\$)
Mr SONG Weiping	544,500	–	–	–	544,500	22 January 2009	22 January 2009 to 21 January 2019	2.89
	272,250	–	–	–	272,250	22 January 2009	22 January 2010 to 21 January 2019	2.89
	272,250	–	–	–	272,250	22 January 2009	22 January 2011 to 21 January 2019	2.89
	1,089,000	–	–	–	1,089,000			
Mr SHOU Bainian	81,000	–	–	–	81,000	22 January 2009	22 January 2009 to 21 January 2019	2.89
	264,000	–	–	–	264,000	22 January 2009	22 January 2010 to 21 January 2019	2.89
	264,000	–	–	–	264,000	22 January 2009	22 January 2011 to 21 January 2019	2.89
	609,000	–	–	–	609,000			
Mr LUO Zhaoming	7,500,000	–	–	–	7,500,000	17 July 2009	17 July 2009 to 16 July 2019	11.59
	3,750,000	–	–	–	3,750,000	17 July 2009	17 July 2010 to 16 July 2019	11.59
	3,750,000	–	–	–	3,750,000	17 July 2009	17 July 2011 to 16 July 2019	11.59
	15,000,000	–	–	–	15,000,000			
Mr CHEN Shunhua	188,250	–	188,000	–	250	22 January 2009	22 January 2010 to 21 January 2019	2.89
	188,250	–	–	–	188,250	22 January 2009	22 January 2011 to 21 January 2019	2.89
	376,500	–	188,000	–	188,500			
Mr GUO Jiafeng	288,000	–	–	–	288,000	22 January 2009	22 January 2009 to 21 January 2019	2.89
	144,000	–	–	–	144,000	22 January 2009	22 January 2010 to 21 January 2019	2.89
	144,000	–	–	–	144,000	22 January 2009	22 January 2011 to 21 January 2019	2.89
	576,000	–	–	–	576,000			
Mr CAO Zhunan (Note 1)	3,300,000	–	–	–	3,300,000	13 May 2009	13 May 2009 to 12 May 2019	7.16
	3,400,000	–	–	–	3,400,000	13 May 2009	13 May 2011 to 12 May 2019	7.16
	3,300,000	–	–	–	3,300,000	13 May 2009	13 May 2012 to 12 May 2019	7.16
	10,000,000	–	–	–	10,000,000			

Name of Grantee	No. of Share Options Outstanding at the Beginning of the year	No. of Share Options Granted During the year	No. of Share Options Exercised During the year	No. of Share Options Forfeited During the year	No. of Share Options Outstanding at the end of the year	Date of Grant	Period During which Share Options are Exercisable	Exercise Price per Share (HK\$)
Certain other employees of the Company's subsidiaries, associated companies and jointly controlled entities	13,276,000	–	1,781,000	–	11,495,000	22 January 2009	22 January 2009 to 21 January 2019	2.89
	8,470,500	–	1,082,500	–	7,388,000	22 January 2009	22 January 2010 to 21 January 2019	2.89
	8,470,500	–	–	247,750	8,222,750	22 January 2009	22 January 2011 to 21 January 2019	2.89
	19,288,000	–	–	695,500	18,592,500	22 June 2009	22 June 2009 to 21 June 2019	11.00
	9,644,000	–	–	347,750	9,296,250	22 June 2009	22 June 2010 to 21 June 2019	11.00
	9,644,000	–	–	347,750	9,296,250	22 June 2009	22 June 2011 to 21 June 2019	11.00
	68,793,000	–	2,863,500	1,638,750	64,290,750			
Certain employees of Zhejiang Greentown Property Management Company, Hangzhou Jinshagang Travel Cultural Company Limited and Greentown Holdings Group, all being associates of Mr SONG Weiping and Mr SHOU Bainian	872,500	–	–	–	872,500	22 June 2009	22 June 2009 to 21 June 2019	11.00
	436,250	–	–	–	436,250	22 June 2009	22 June 2010 to 21 June 2019	11.00
	436,250	–	–	–	436,250	22 June 2009	22 June 2011 to 21 June 2019	11.00
	1,745,000	–	–	–	1,745,000			
Total	98,188,500	–	3,051,500	1,638,750	93,498,250			

Notes:

- (1) Executive general manager of the Company.
- (2) The vesting period of the above options is from the date of grant until the commencement of the period during which they are exercisable.

During the Year, 3,051,500 share options were exercised, and 1,638,750 share options lapsed.

Valuation of Options

The Company has been using the Binomial Valuation Model and the Black-Scholes Pricing Model (collectively, the "Model") to value the share options granted. Details of the key parameters used in the Model and the corresponding fair values of the options granted during the Year should be referred to note 35 to the Consolidated Financial Statements.

Directors' Interests in Contracts of Significance

Other than as disclosed in note 39 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 2010.

Connected Transactions and Continuing Connected Transactions

Significant related party transactions entered by the Group for the year ended 31 December 2010 are disclosed in note 39 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) Connected Transactions

In 2010, the Group entered into the following connected transactions which are subject to the reporting requirements under Chapter 14A of the Listing Rules:

- (a) On 6 January 2010, Hangzhou Qiandaohu Real Estate Investment Co., Ltd.* (杭州千島湖綠城投資置業有限公司) ("Hangzhou Qiandaohu"), an indirect non-wholly owned subsidiary of the Company, and Mr SONG Weiping entered into a commodity property sale and purchase agreement (商品房買賣合同) pursuant to which Hangzhou Qiandaohu agreed to sell, and Mr SONG Weiping agreed to buy a property situated at Room 12A01, Unit 1,

Block 2, Thousand Islands Lake Resort, Qingfeng Garden, Thousand Islands Lake Town, Chunan District, Hangzhou, Zhejiang province, the PRC (中國浙江省杭州市淳安縣千島湖鎮清風苑千島湖度假公寓2幢1單元12A01室) (the "Property") for RMB29,830,104, subject to adjustment. The Property was one of the residential properties in the project developed for sale by Hangzhou Qiandaohu. The disposal of the Property was conducted in the ordinary and usual course of business of the Group.

As Mr SONG Weiping, an executive Director and a substantial shareholder of the Company, is a connected person of the Company, the transaction constituted a connected transaction of the Company.

Details of the commodity property sale and purchase agreement were disclosed in the Company's announcement dated 6 January 2010.

- (b) On 6 January 2010, Zhoushan Greentown Real Estate Development Co., Ltd.* (舟山綠城房地產開發有限公司) ("Zhoushan Greentown"), an indirect wholly-owned subsidiary of the Company, and Beijing Urban Investment & Development Co., Ltd.* (北京城建投資發展股份有限公司) ("Beijing Urban Investment") entered into an equity transfer agreement pursuant to which, (a) Zhoushan Greentown agreed to buy from Beijing Urban Investment 40% direct equity interests in Beijing Urban Construction Sino-Statelky Industry & Development Co., Ltd.* (北京城建中稷實業發展有限公司) ("Beijing Urban Construction") for RMB250,000,000; and (b) Zhoushan Greentown agreed to repay a shareholder's loan in the total amount of RMB207,744,110 provided by Beijing Urban Investment to Beijing Urban Construction and the relevant interest accrued thereon to Beijing Urban Investment. Before the transaction, Beijing Urban Construction was 30% owned by Zhongji Group (HK) International Financial Investment Limited (中稷集團(香港)國際金融投資有限公司) ("Zhongji Group"), 30% owned by De He International Industrial Limited (德利國際實業有限公司) ("De He") and 40% owned by Beijing Urban Investment. Zhongji Group and De He are indirect non-wholly owned subsidiaries of the Company. After the transaction, Beijing Urban Construction became an indirect wholly-owned subsidiary of the Company.

As Beijing Urban Investment was a substantial shareholder of Beijing Urban Construction, Beijing Urban Investment was a connected person of the Company and the transaction constituted a connected transaction of the Company.

Details of the equity transfer agreement were disclosed in the Company's announcement and circular dated 11 January 2010 and 24 February 2010, respectively.

- (c) On 27 January 2010, Greentown Real Estate Group Co., Ltd.* (綠城房地產集團有限公司) ("Greentown Real Estate"), an indirect wholly-owned subsidiary of the Company, and Shanghai Greentown Woods Golf Villas Development Co., Ltd.* (上海綠城森林高爾夫別墅開發有限公司) ("Shanghai Greentown Project Company"), then an indirect wholly-owned subsidiary of the Company, entered into a framework cooperation agreement ("Zhongtai Trust Cooperation Agreement") with Zhongtai Trust Co., Ltd.* (中泰信託有限責任公司) ("Zhongtai Trust") pursuant to which, among other things, Zhongtai Trust agreed to establish and act as the trustee of a trust with a capital of not less than RMB880,000,000 and not more than RMB1,650,000 and Greentown Real Estate agreed to subscribe for all the ordinary units in the trust for a maximum amount of RMB150,000,000.

Pursuant to the Zhongtai Trust Cooperation Agreement, it was also agreed that (a) Zhongtai Trust shall use part of the trust capital and inject into Shanghai Greentown Project Company a capital of RMB96,080,000 (the "Capital Injection"), after which Greentown Real Estate and Zhongtai Trust shall own 51% and 49%, respectively, of the equity interest in Shanghai Greentown Project Company; (b) Greentown Real Estate shall enter into an entrusted loan agreement with a financial institution in the PRC to provide a shareholders' loan ("Shareholders' Loan") in the amount of not less than

RMB783,920,000 to Shanghai Greentown Project Company; (c) Greentown Real Estate shall assign part of the Shareholders' Loan to Zhongtai Trust in an amount as determined pursuant to the Zhongtai Trust Cooperation Agreement ("Assigned Shareholders Loan"); (d) Greentown Real Estate shall provide a guarantee and a share pledge over its 51% direct equity interest in Shanghai Greentown Project Company in favour of Zhongtai Trust to secure the performance of the repayment obligations of Shanghai Greentown Project Company in relation to the Assigned Shareholders' Loan and the interest accrued thereon; (e) Greentown Real Estate shall provide guarantees on the return of the preferred trust units of the Zhongtai Trust and the net asset value of Shanghai Greentown Project Company; and (f) in the event that Shanghai Greentown Project Company distributes dividends in the year 2010, Greentown Real Estate shall deposit the dividends in respect of the 49% equity interest in Shanghai Greentown Project Company held by Zhongtai Trust in an escrow account to secure the payment obligations of Greentown Real Estate in the transactions.

As Zhongtai Trust became a substantial shareholder of Shanghai Greentown Project Company and Shanghai Greentown Project Company became a non-wholly owned subsidiary of the Company as a result of the Capital Injection, Zhongtai Trust was a connected person of the Company. The assignment of the Shareholders' Loan by Greentown Real Estate to Zhongtai Trust, the provision of the Assigned Shareholders' Loan by Zhongtai Trust to Shanghai Greentown Project Company and the provision of securities and guarantee by Greentown Real Estate to Zhongtai Trust constituted connected transactions of the Company.

Details of the Zhongtai Trust Cooperation Agreement were disclosed in the Company's announcement and circular dated 27 January 2010 and 12 March 2010, respectively.

- (d) On 3 August 2010, Greentown Real Estate, Mr SONG Weiping and Shanghai Xinping Financial Consulting Firm (上海欣萍財務諮詢事務所) (the "Consulting Company") entered into a joint venture contract (the "JV Contract") for the establishment of a joint venture company, namely Greentown Property Construction Management Company Ltd (綠城房產建設管理有限公司) (the "JV Company"), in which Greentown Real Estate agreed to make a capital contribution of RMB74 million and Greentown Real Estate, Mr SONG Weiping and the Consulting Company owned 37%, 36% and 27% of the equity interests, respectively. The Consulting Company held its interest in the JV Company on behalf of two proposed companies (the "Proposed Companies") to be respectively established and owned by Mr CAO Zhounan (曹舟南) and Mr YING Guoyong (應國永) (on behalf of himself and certain employees of the Group (including the employees of the JV Company) and/or certain external advisers of the JV Company). The principal activities of the JV Company shall be property construction management and advisory services in the PRC.

As disclosed in the prospectus of the Company dated 30 June 2006, Mr SONG Weiping, among others, has undertaken to the Group in a deed of non-competition dated 22 June 2006 (the "Deed of Non-competition") that, subject to certain exceptions set out in the Deed of Non-competition, he will not, and shall procure his controlled affiliates (other than members of the Group) not to, engage in any business that competes or may compete with the core business of the Group. The Directors were of the view that the business activities of the JV Company may compete with that of the Group. Mr SONG Weiping requested from the Company for a waiver (the "Waiver") in respect of the non-competition restrictions that apply to property construction management and advisory services in the PRC to be carried out by the JV Company.

As Mr SONG Weiping is an executive Director and a substantial shareholder of the Company, he is a connected person of the Company. As the Proposed Companies became substantial shareholders of the JV Company, a non-wholly owned subsidiary of the Company, the Proposed Companies were connected persons of the Company upon the establishment of the JV Company. Mr CAO Zhounan, being a director and a substantial shareholder of the JV Company, and Mr YING Guoyong, being a director of the JV Company, were also connected persons of the Company. Therefore, the establishment of the JV Company and the grant of the Waiver constituted connected transactions of the Company.

Details of the JV Contract and the grant of the Waiver were disclosed in the Company's announcement and circular dated 3 August 2010 and 23 August 2010, respectively.

- (e) On 31 December 2010, Greentown Real Estate and Beijing Chuang Jing Tian Shi Management Consulting Company Ltd* (北京創景天時管理諮詢有限公司) ("Chuang Jing") entered into an equity transfer agreement pursuant to which Greentown Real Estate agreed to acquire from Chuang Jing 30% of the equity interests in Hangzhou Sino-Ocean Laifu Land Limited* (杭州遠洋萊福房地產開發有限公司) ("Laifu") for a consideration of RMB60,000,000, subject to adjustment.

As Chuang Jing was wholly owned by Mr LUO Zhaoming, an executive Director, Chuang Jing was a connected person of the Company and the acquisition of Laifu by Greentown Real Estate constituted a connected transaction of the Company.

Details of the equity transfer agreement were disclosed in the Company's announcement dated 31 December 2010.

(B) Exempt Continuing Connected Transactions

(a) Trademarks Licence

On 22 June 2006, the Company and Greentown Holdings Group Limited ("Greentown Holdings Group"), an affiliate owned by Mr SONG Weiping together with his spouse, Ms XIA Yibo and Mr 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 and 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

In 2010, the Group had the following non-exempt continuing connected transactions (the "Non-exempt Continuing Connected Transactions") within the meaning of Chapter 14A of the Listing Rules:

(a) Properties Leasing Agreements

The Company entered into two properties leasing agreements (the "Renewed Properties Leasing Agreements") on 1 December 2008 with

Greentown Holdings Group Limited (綠城控股集團有限公司) ("Greentown Holdings Group"), each for a term of three years commencing from 1 January 2009 and ending on 31 December 2011:

- (1) a properties leasing agreement pursuant to which the Company agreed to rent certain premises and properties situated at (i) Level 10 of Zone A; (ii) Room 111 on Level 1 of Zone B; (iii) Level 9 of Zone B; and (iv) Level 3 of Zone A, Huanglong Century Plaza, No. 1 Hangda Road, Xihu District, Hangzhou, Zhejiang Province, the PRC (collectively, the "Commercial Properties"), for general commercial uses; and
- (2) a framework property leasing agreement pursuant to which the Company agreed to rent 30 residential units to be used as staff quarters for the Group, of which 26 are situated at Zigui Garden, Wenexi Road, Xihu District, Hangzhou, Zhejiang Province, the PRC and four are situated at No. 532 Wenxixi Road, Xihu District, Hangzhou, Zhejiang Province, the PRC, (collectively, the "Staff Quarters").

The annual cap of the rent payable by the Company under the Renewed Properties Leasing Agreements for each of the three years ending 31 December 2011 is RMB8.06 million (as to RMB7.56 million for the Commercial Properties and RMB0.50 million for the Staff Quarters). There are no rent review provisions.

Details of the Renewed Properties Leasing Agreements were disclosed in the Company's announcement dated 1 December 2008.

As Greentown Holdings Group are wholly owned by the Original Shareholders, Greentown Holdings Group is a connected person of the Company and the transactions contemplated under the Properties Leasing Agreements constitute continuing connected transactions of the Company.

(b) Advertising Services Agreement

The Company entered into an advertising services agreement (the "Renewed Advertising Services Agreement") with Zhejiang Greentown Football Club Company Limited (浙江绿城足球俱乐部有限公司) ("Greentown Football Club") on 1 December 2008 for a term of three years commencing from 1 January 2009 and ending on 31 December 2011 pursuant to which Greentown Football Club agreed to provide 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. Assuming that Greentown Football Club will remain within China Football Super League in 2009 to 2011, the aggregate annual advertising fees payable by the Company under the Renewed Advertising Services Agreement for each of the three years ending 31 December 2011 is RMB40 million, which is accordingly determined as the annual cap of the Renewed Advertising Services Agreement for each of the three years ending 31 December 2011.

As Greentown Football Club is a wholly owned subsidiary of Greentown Holdings Group which is in turn controlled by the Original Shareholders, Greentown Football Club is a connected person of the Company and the transactions contemplated under the Advertising Services Agreement constitute continuing connected transactions of the Company.

Details of the Renewed Advertising Services Agreement were disclosed in the Company's announcement dated 1 December 2008.

(c) Comprehensive Services Agreement

The Company entered into a comprehensive services agreement (the "Renewed Comprehensive Services Agreement") with the Original Shareholders and Greentown Holdings Group on 1 December 2008 for a term of three years commencing from 1 January 2009 and ending on 31 December 2011 for the provision of the following services:

- (1) interior decoration services provided by the Original Shareholders to the Company for the Company's property developments upon terms not less favourable than those the Original Shareholders offers to any third parties from time to time. The Company is not obliged to use such services exclusively or at all from the Original Shareholders. By serving three months' prior written notice, the Company may terminate the interior decoration services provided by the Original Shareholders in respect of any of the Company's projects. The annual cap of the fees in respect of interior decoration services payable by the Company under the Renewed Comprehensive Services Agreement for each of the three years ending 31 December 2011 is RMB10 million.
- (2) property management services provided by Greentown Holdings Group to the Company for the Company's property developments upon terms not less favourable than those Greentown Holdings Group offers to any third parties from time to time. The Company is not obliged to use such services exclusively or at all from Greentown Holdings Group. By serving three months' prior written notice, the Company may terminate the property management services provided by Greentown Holdings Group in respect of any of the Company's

projects. The annual caps of the fees in respect of property management services payable by the Company under the Renewed Comprehensive Services Agreement for the three years ending 31 December 2011 were RMB14 million, RMB16 million and RMB18 million, respectively.

Due to the growth of the property market in the PRC and the business of the Group, the demand of the Company for the property management services provided under the Comprehensive Services Agreement has become higher than expected. On 23 December 2010, the Company entered into a supplemental agreement (the "Supplemental Agreement") with the Original Shareholders and Greentown Holdings Group pursuant to which, among others, the annual caps of the fees in respect of property management services payable by the Company under the Renewed Comprehensive Services Agreement for the two years ending 31 December 2011 were revised to RMB45 million and RMB80 million, respectively.

- (3) supply of landscaping raw materials by Greentown Holdings Group to the Company for the Company's property developments upon terms not less favourable than those Greentown Holdings Group offers to any third parties from time to time. The Company is not obliged to purchase the landscaping raw materials exclusively or at all from Greentown Holdings Group. By serving three months' prior written notice, the Company may terminate the supply of landscaping raw materials from Greentown Holdings Group in respect of any specific supply contract. The annual caps of the costs in respect of the purchase of landscaping raw materials by the Company under

the Renewed Comprehensive Services Agreement for the three years ending 31 December 2011 were RMB2 million, RMB2.5 million and RMB3 million, respectively.

Due to the growth of the property market in the PRC and the business of the Group, the demand of the Company for the supply of landscaping raw materials under the Comprehensive Services Agreement has become higher than expected. On 23 December 2010, the Company entered into the Supplemental Agreement pursuant to which, among others, the annual caps of the costs in respect of the purchase of landscaping raw materials by the Company under the Renewed Comprehensive Services Agreement for the two years ending 31 December 2011 were revised to RMB5 million and RMB18 million, respectively.

- (4) hotel management services provided by Greentown Holdings Group, through its associates, to the Company for the Company's hotel developments upon terms not less favourable than those Greentown Holdings Group offers to any third parties from time to time. The Company is not obliged to use such services exclusively or at all from Greentown Holdings Group. By serving three months' prior written notice, the Company may terminate the hotel management services provided by Greentown Holdings Group in respect of any of the Company's projects. The annual cap of the expenditure in respect of hotel management services payable by the Company under the Renewed Comprehensive Services Agreement for each of the three years ending 31 December 2011 was RMB2 million.

Due to the growth of the property market in the PRC and the business of the Group, the demand of the Company for the hotel management services under the Comprehensive Services Agreement has become higher than expected. On 23 December 2010, the Company entered into the Supplemental Agreement pursuant to which, among others, the annual caps of the expenditure in respect of the hotel management services payable by the Company under the Renewed Comprehensive Services Agreement for the two years ending 31 December 2011 were revised to RMB3 million and RMB5 million, respectively.

As the Original Shareholders are, together, entitled to exercise or control the exercise of 30% or more of the voting power at general meetings of Greentown Holdings Group, Greentown Holdings Group is a connected person of the Company and the transactions contemplated under the Comprehensive Services Agreement constitute continuing connected transactions of the Company.

Details of the Renewed Comprehensive Services Agreement and the Supplemental Agreement were disclosed in the Company's announcement dated 1 December 2008 and 23 December 2010, respectively.

(d) Provision of Real Estate Services

Pursuant to a trust agreement ("the Trust Agreement") dated 14 April 2009 between Greentown Real Estate and Zhonghai Trust Co., Ltd (中海信託股份有限公司) ("Zhonghai Trust"), Greentown Real Estate and Zhonghai Trust entered into a real estate consultancy agreement (the "Real Estate Consultancy Agreement") pursuant to which Greentown Real Estate has been appointed the real estate services provider of the trust established pursuant to the Trust Agreement ("the Trust") for a period of 33 months during the term of the Trust to, among other things, manage the Qianjiang Project and Taihu Project and other real estate projects held by the project companies under the Trust.

Greentown Real Estate shall receive a fixed consultancy fee after each settlement date, distribution date and trust termination date at a rate of 0.25% per annum with reference to the nominal amount of the total number of outstanding trust units and the number of investment days of the Trust and a performance-based bonus.

It is expected that the annual maximum amount for the fixed consultancy fee and the performance-based bonus (if any) to be received by Greentown Real Estate will not exceed RMB5.1 million for each of the three years ending 31 December 2011.

Details of the Real Estate Consultancy Agreement and the Trust Agreement were disclosed in the announcement of the Company dated 14 April 2009.

(e) Educational Services Framework Agreement

On 23 December 2010, the Company entered into an early educational participation services framework agreement (the "Educational Services Framework Agreement") with Zhejiang Greentown Education Investment Company Limited* (浙江綠城教育投資有限公司) ("Greentown Education") for the provision of early educational participation services by Greentown Education to the Group for a term of two years commencing from 1 January 2010 and ending on 31 December 2011. The services will be charged according to government determined or directed price or, in absence of such government determination or direction, at market price (including tender price) which may be charged by an independent third party under normal commercial terms in respect of the provision of similar services in the same area, the vicinity or the PRC. The services to be provided by Greentown Education to the Group under the Educational Services Framework Agreement are not exclusive and the Group may engage other service providers for the same services. The Company may also terminate the services provided by Greentown Education by prior written notice of three months. The annual caps of the fees in respect of early educational participation services payable by the Company under the Educational Services Framework Agreement for the two years ending 31 December 2011 are RMB2 million and RMB10 million, respectively.

As the Original Shareholders are together entitled to, directly or indirectly, exercise or control the exercise of 30% or more of the voting power at general meetings of Greentown Education, Greentown Education is a connected person of the Company and the transactions contemplated under the Educational Services Framework Agreement constitute continuing connected transactions of the Company.

Details of the Educational Services Framework Agreement were disclosed in the Company's announcement dated 23 December 2010.

(f) Health Management Services Framework Agreement

On 23 December 2010, the Company entered into a health management services framework agreement (the "Health Management Services Framework Agreement") with Zhejiang Greentown Health Promotion Management Company Limited* (浙江綠城健康促進管理有限公司) ("Greentown Health") for the provision of health management services to the Group for a term of two years commencing from 1 January 2010 and ending on 31 December 2011. The services will be charged according to government determined or directed price or, in absence of such government determination or direction, at market price (including tender price) which may be charged by an independent third party under normal commercial terms in respect of the provision of similar services in the same area, the vicinity or the PRC. The services to be provided by Greentown Health to the Group under the Health Management Services Framework Agreement are not exclusive and the Group may engage other service providers for the same services. The Company may also terminate the services provided by Greentown Health by prior written notice of three months. The annual caps of the fees in respect of health management services payable by the Company under the Health Management Services Framework Agreement for the two years ending 31 December 2011 are RMB5 million and RMB25 million, respectively.

As the Original Shareholders together are entitled to, directly or indirectly, exercise or control the exercise of 30% or more of the voting power at general meetings of Greentown Health, Greentown Health is a connected person of the Company and the transactions contemplated under the Health Management Services Framework Agreement constitute continuing connected transactions of the Company.

Details of the Health Management Services Framework Agreement were disclosed in the Company's announcement dated 23 December 2010.

(g) **Healthcare Services Framework Agreement**

On 23 December 2010, the Company entered into a healthcare services framework agreement (the "Healthcare Services Framework Agreement") with Zhejiang Greentown Hospital Investment Company Limited* (浙江綠城醫院投資有限公司) ("Greentown Hospital") for the provision of healthcare services to the Group for a term of two years commencing from 1 January 2010 and ending on 31 December 2011. The services will be charged according to government determined or directed price or, in absence of such government determination or direction, at market price (including tender price) which may be charged by an independent third party under normal commercial terms in respect of the provision of similar services in the same area, the vicinity or the PRC. The services to be provided by Greentown Hospital to the Group under the Healthcare Services Framework Agreement are not exclusive and the Group may engage other service providers for the same services. The Company may also terminate the services provided by Greentown Hospital by prior written notice of three months. The annual caps of the fees in respect of healthcare services payable by the Company under the Healthcare Services Framework Agreement for the two years ending 31 December 2011 are RMB2 million and RMB6 million, respectively.

As the Original Shareholders together are entitled to, directly or indirectly, exercise or control the exercise of 30% or more of the voting power at general meetings of Greentown Hospital, Greentown Hospital is a connected person of the Company and the transactions contemplated under the Healthcare Services Framework Agreement constitute continuing connected transactions of the Company.

Details of the Healthcare Services Framework Agreement were disclosed in the Company's announcement dated 23 December 2010.

The annual amounts for each of the Non-exempt Continuing Connected Transactions for the year ended 31 December 2010 were as follows:

Transaction Amounts for the year Ended 31 December 2010	RMB'000
Annual rental pursuant to the Renewed Properties Leasing Agreements	7,992
Advertising fee pursuant to the Renewed Advertising Services Agreement	40,000
Interior decoration service fees pursuant to the Renewed Comprehensive Services Agreement	200
Property management service fees pursuant to the Renewed Comprehensive Services Agreement	43,476
Purchase of raw materials pursuant to the Renewed Comprehensive Services Agreement	3,215
Hotel management services fees pursuant to the Renewed Comprehensive Services Agreement	2,824
Real estate consultancy fees pursuant to the Real Estate Consultancy Agreement	4,579
Educational services fees pursuant to the Educational Services Framework Agreement	16
Health management services fees pursuant to the Health Management Services Framework Agreement	1,373
Healthcare services fees pursuant to the Healthcare Services Framework Agreement	40

The independent non-executive Directors of the Company have reviewed the Non-exempt Continuing Connected Transactions 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 Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the Non-Exempt Continuing Connected Transactions in accordance with Main Board Listing Rule 14A.38. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

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

During the Year and up to the date of this report, except disclosed below, none of the Directors is considered to have interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group, as defined in the Listing Rules.

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

On 22 June 2006, Mr SONG Weiping, Mr SHOU Bainan, Ms XIA Yibo and Greentown Holdings Group Limited 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 Limited 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 Limited 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.

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 2010, there are still four Non-inclusion Projects pursuant to the Deed of Non-Competition.

On 3 August 2010, Mr SONG Weiping, Greentown Real Estate and Shanghai Xinping Financial Consulting Firm (上海欣萍財務諮詢事務所) entered into the JV Contract for the establishment of Greentown Construction Management in which Mr SONG Weiping is interested in 36%. The principal activities of the Greentown Construction Management are providing property construction management and advisory services in the PRC. The Directors were of the view that the business activities of Greentown Construction Management may compete with that of the Group. A waiver from the Deed of Non-Competition in favour of Mr SONG Weiping was proposed by the Board and granted by the Shareholders at the extraordinary general meeting of the Company held on 7 September 2010. Details of the JV Contract are set out on page 80 of this report.

Mr LUO Zhaoming was appointed as an executive Director and the vice chairman of the Company on 17 July 2009. As at the date of his appointment, Mr LUO was a director and the vice chairman of Hang Zhou Yuan Yang Lai Fu Real Estate Development Company Limited* (杭州遠洋萊福房地產開發有限公司), Hangzhou Yuanyang Yunhe Commercial District Development Company Limited* (杭州遠洋運河商務區開發有限公司), Hangzhou Yuanyang Xinhe Hotel Property Company Limited* (杭州遠洋新河酒店置業有限公司) and Hangzhou Yuanyang Tianqi Property Company Limited* (杭州遠洋天祺置業有限公司). Each of these companies is a company incorporated in the PRC that principally carries on the business of property development. On 20 January 2010, Mr LUO ceased to be a director and vice chairman of Hangzhou Yuanyang Yunhe Commercial District Development Company Limited* (杭州遠洋運河商務區開發有限公司), Hangzhou Yuanyang Xinhe Hotel Property Company Limited* (杭州遠洋新河酒店置業有限公司) and Hangzhou Yuanyang Tianqi Property Company Limited* (杭州遠洋天祺置業有限公司). As at the date of this report, Mr LUO remains to be a director and the vice chairman of Hang Zhou Yuan Yang Lai Fu Real Estate Development Company Limited* (杭州遠洋萊福房地產開發有限公司).

As at the date of appointment of Mr LUO on 17 July 2009, through companies controlled by him, Mr LUO indirectly held 30% equity interest in each of Hangzhou Yuanyang Yunhe Commercial District Development Company Limited* (杭州遠洋運河商務區開發有限公司), Hangzhou Yuanyang Xinhe Hotel Property Company Limited* (杭州遠洋新河酒店置業有限公司) and Hangzhou Yuanyang Tianqi Property Company Limited* (杭州遠洋天祺置業有限公司). On 18 January 2010, such equity interest was transferred to another subsidiary of Sino-Ocean Land Holdings Limited, a company listed on the Stock Exchange. As at the date of this report, Mr LUO does not directly or indirectly hold any equity interest in these companies.

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 2010, 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.

Human Resources

As at 31 December 2010, the Group employed a total of 3,435 employees (2009: 2,880). Employees were remunerated on the basis of their performance, experience and prevailing industry practices. The Group's remuneration policies and packages were reviewed by the remuneration committee of the Company and the Board on a regular basis. As an incentive for the employees, bonuses and cash awards may also be given to the employees based on individual performance evaluation.

The Company has adopted the Share Option Scheme as an incentive to Directors and eligible employees. Details of the Share Option Scheme are set out in note 35 to the Consolidated Financial Statements.

Retirement Benefit Scheme

The Group has joined a mandatory provident fund scheme ("MPF Scheme") for all employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Schemes Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the MPF Scheme, the employer and its employees are each required to make contributions to the MPF Scheme at rates specified in the rules.

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.

Donations

During the year ended 31 December 2010, the Group made charitable donations amounting to RMB5,336,000.

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 41 to the Consolidated Financial Statements.

Annual General Meeting

It is proposed that the AGM of the Company will be held on 13 June 2011 (Monday). A notice convening the AGM will be published and despatched to the shareholders of the Company in the manner as required by the Listing Rules in due course.

Closure of Register of Members

The Register of Members of the Company will be closed from 7 June 2011 (Tuesday) to 13 June 2011 (Monday), both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the entitlement to the 2010 final dividend and to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m., on 3 June 2011 (Friday).

Auditors

The Consolidated Financial Statements of the Group for the year ended 31 December 2010 has been audited by Messrs. Deloitte Touche Tohmatsu. A resolution will be proposed at the forthcoming AGM to re-appoint Messrs. Deloitte Touche Tohmatsu as the auditors of the Company.

By order of the Board
Chairman

SONG Weiping

28 March 2011

* For identification purposes only

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 92 to 195, which comprise the consolidated statement of financial position as at 31 December 2010, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibilities for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement, 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 of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

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 2010 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
28 March 2011

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2010

	Notes	2010 RMB'000	2009 RMB'000
Revenue	7	11,161,260	8,727,429
Cost of sales		(7,759,927)	(6,415,278)
Gross profit		3,401,333	2,312,151
Other income	8	649,402	241,144
Reversal of impairment losses on properties under development		–	42,433
Selling expenses		(541,191)	(435,095)
Administrative expenses		(1,116,891)	(811,382)
Finance costs	9	(340,063)	(657,798)
Reversal of impairment losses on property, plant and equipment	15	39,933	–
Fair value gain on transfer from completed properties for sale to investment properties		528,144	–
Net gain on redemption of 2006 Convertible Bonds	28	–	11,494
Net loss on 2007 Convertible Bonds	28	(148,158)	–
Net loss on partial redemption of trust loans and fair value changes on trust-related financial derivatives	27	(21,359)	(78,900)
Net gain on repurchase of senior notes	29	–	327,967
Net gain on disposal of subsidiaries	32	4,361	–
Net gain on disposal of an associate		10,390	–
Net loss on disposal of jointly controlled entities		(30,559)	–
Net gain on partial disposal of subsidiaries		–	2,824
Share of results of associates		300,265	456,031
Share of results of jointly controlled entities		264,706	159,341
Profit before taxation	10	3,000,313	1,570,210
Taxation	12	(1,084,766)	(478,078)
Profit and total comprehensive income for the year		1,915,547	1,092,132
Attributable to:			
Owners of the Company		1,531,774	1,012,120
Non-controlling interests		383,773	80,012
		1,915,547	1,092,132
Earnings per share	14		
Basic		RMB0.93	RMB0.64
Diluted		RMB0.92	RMB0.62

Consolidated Statement of Financial Position

As at 31 December 2010

	Notes	2010 RMB'000	2009 RMB'000 (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment	15	2,448,260	1,965,833
Investment properties	16	1,725,000	25,000
Interests in associates	17	3,224,763	1,762,099
Interests in jointly controlled entities	18	732,137	235,543
Available-for-sale investments	19	428,944	204,074
Prepaid lease payment	20	151,110	150,882
Rental paid in advance		13,559	13,026
Deferred tax assets	21	588,782	451,859
Amount due from related party	27	10,000	10,000
Other receivables	35	30,180	60,359
		9,352,735	4,878,675
CURRENT ASSETS			
Properties for development	22	19,230,262	14,162,037
Properties under development	23	57,391,838	29,980,628
Completed properties for sale		1,976,802	1,669,485
Inventories		57,404	19,962
Trade and other receivables, deposits and prepayments	24	4,195,959	3,706,736
Amounts due from related parties	39(ii)	14,954,680	7,102,762
Prepaid income taxes		1,298,136	946,883
Prepaid other taxes		1,928,245	1,226,415
Pledged bank deposits	24, 36	2,565,234	2,376,822
Bank balances and cash	24	12,407,659	9,405,347
		116,006,219	70,597,077
CURRENT LIABILITIES			
Trade and other payables	25	8,927,970	5,033,225
Pre-sale deposits		47,547,368	23,300,783
Amounts due to related parties	39(ii)	16,594,933	5,362,052
Dividend payable		–	1,367
Income taxes payable		1,733,344	1,672,212
Other taxes payable		643,786	911,754
Bank and other borrowings (due within one year)	26	11,993,908	8,574,034
Convertible bonds	28	–	2,188,166
		87,441,309	47,043,593

Consolidated Statement of Financial Position

As at 31 December 2010

	Notes	2010 RMB'000	2009 RMB'000 (Restated)
NET CURRENT ASSETS		28,564,910	23,553,484
TOTAL ASSETS LESS CURRENT LIABILITIES		37,917,645	28,432,159
NON-CURRENT LIABILITIES			
Bank and other borrowings (due after one year)	26	21,621,422	13,837,395
Amount due to related party	27	781,338	1,367,015
Trust-related financial derivatives	27	251,480	338,080
Convertible bonds	28	178,110	–
Senior notes	29	253,854	261,514
Deferred tax liabilities	21	378,750	179,579
		23,464,954	15,983,583
		14,452,691	12,448,576
CAPITAL AND RESERVES			
Share capital	30	166,243	166,605
Reserves		10,033,271	9,437,541
Equity attributable to owners of the Company		10,199,514	9,604,146
Non-controlling interests		4,253,177	2,844,430
		14,452,691	12,448,576

The consolidated financial statements on page 92 to 195 were approved and authorised for issue by the Board of Directors on 28 March 2011 and are signed on its behalf by:

SHOU Bainian
Director

LUO Zhaoming
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2010

	Attributable to owners of the Company									
	Share capital RMB'000	Share premium RMB'000	Special reserve RMB'000	Statutory reserve RMB'000 (Note i)	Conversion option reserve RMB'000	Share options reserve RMB'000	Retained earnings RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2009	157,395	5,731,008	(678)	279,916	350,806	–	1,691,023	8,209,470	2,071,856	10,281,326
Profit and total comprehensive income for the year	–	–	–	–	–	–	1,012,120	1,012,120	80,012	1,092,132
Dividends recognised as distributions (Note 13)	–	–	–	–	–	–	(406,910)	(406,910)	–	(406,910)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	(34,268)	(34,268)
Transfer (Note i)	–	–	–	(14,682)	–	–	14,682	–	–	–
Shares issued upon acquisition of a subsidiary (Note 31)	8,815	528,876	–	–	–	–	–	537,691	–	537,691
Recognition of equity-settled share-based payments	–	–	–	–	–	107,413	–	107,413	–	107,413
Recognition of share option premiums	–	–	–	–	–	132,932	–	132,932	–	132,932
Exercise of share options	395	15,151	–	–	–	(4,116)	–	11,430	–	11,430
Purchase of additional interests in subsidiaries	–	–	–	–	–	–	–	–	(354,483)	(354,483)
De-consolidation of a subsidiary (Note 27)	–	–	–	–	–	–	–	–	(6,196)	(6,196)
Partial disposal of subsidiaries	–	–	–	–	–	–	–	–	3,636	3,636
Capital contribution from non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	993,873	993,873
Acquisition of subsidiaries (Note 31)	–	–	–	–	–	–	–	–	90,000	90,000
At 31 December 2009	166,605	6,275,035	(678)	265,234	350,806	236,229	2,310,915	9,604,146	2,844,430	12,448,576

Consolidated Statement of Changes in Equity

For the year ended 31 December 2010

	Attributable to owners of the Company							Subtotal RMB'000	Non-controlling interests RMB'000	Total RMB'000
	Share capital RMB'000	Share premium RMB'000	Special reserve RMB'000	Statutory reserve RMB'000 (Note i)	Conversion option reserve RMB'000	Share options reserve RMB'000	Retained earnings RMB'000			
Profit and total comprehensive income for the year	-	-	-	-	-	-	1,531,774	1,531,774	383,773	1,915,547
Dividends recognised as distributions (Note 13)	-	-	-	-	-	-	(533,671)	(533,671)	-	(533,671)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(102,832)	(102,832)
Transfer (Note i)	-	-	-	73,826	-	-	(73,826)	-	-	-
Remuneration shares issued to former Chief Financial Officer of the Company	65	8,148	-	-	-	-	-	8,213	-	8,213
Shares issued upon purchase of additional interest in a subsidiary (Note 31)	1,145	148,781	-	-	-	-	-	149,926	-	149,926
Recognition of equity-settled share-based payments	-	-	-	-	-	37,953	-	37,953	-	37,953
Exercise of share options	267	10,941	-	-	-	(3,530)	-	7,678	-	7,678
Shares repurchased and cancelled	(1,846)	(153,060)	-	-	-	-	-	(154,906)	-	(154,906)
Shares issued on conversion of the 2007 Convertible Bonds	7	1,883	-	-	(258)	-	-	1,632	-	1,632
Transfer on redemption of the 2007 Convertible Bonds	-	-	-	-	(323,273)	-	323,273	-	-	-
Disposal of subsidiaries	-	-	-	-	-	-	-	-	(8,866)	(8,866)
Purchase of additional interests in subsidiaries	-	-	(463,054)	-	-	-	-	(463,054)	(41,880)	(504,934)
Partial disposal of subsidiaries	-	-	9,823	-	-	-	-	9,823	136,325	146,148
Acquisition of subsidiaries (Note 31)	-	-	-	-	-	-	-	-	175,331	175,331
Capital contribution from non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	866,896	866,896
At 31 December 2010	166,243	6,291,728	(453,909)	339,060	27,275	270,652	3,558,465	10,199,514	4,253,177	14,452,691

Notes:

- (i) 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.

Consolidated Statement of Cash Flows

For the year ended 31 December 2010

	Notes	2010 RMB'000	2009 RMB'000
OPERATING ACTIVITIES			
Profit before taxation		3,000,313	1,570,210
Adjustments for:			
Share of results of associates		(300,265)	(456,031)
Share of results of jointly controlled entities		(264,706)	(159,341)
Depreciation and amortisation		133,772	80,555
Impairment loss on goodwill		9,682	–
Reversal of impairment losses on property, plant and equipment		(39,933)	–
Reversal of impairment losses on properties under development		–	(42,433)
Interest income		(444,545)	(103,182)
Trust income		(32,592)	–
Finance costs		340,063	657,798
Net unrealised foreign exchange (gains) losses		(98,955)	632
Gain on disposal of property, plant and equipment		(13,380)	(520)
Fair value gain on transfer from completed properties for sale to investment properties		(528,144)	–
Equity-settled share based payments		46,166	107,413
Net gain on redemption of 2006 Convertible Bonds		–	(11,494)
Net loss on 2007 Convertible Bonds		148,158	–
Net loss on partial redemption of trust loans and fair value changes on trust-related financial derivatives		21,359	78,900
Net gain on repurchase of senior notes		–	(327,967)
Net gain on partial disposal of subsidiaries		–	(2,824)
Net gain on disposal of subsidiaries		(4,361)	–
Net loss on disposal of jointly controlled entities		30,559	–
Net gain on disposal of an associate		(10,390)	–
Operating cash flows before movements in working capital		1,992,801	1,391,716
Increase in properties for development		(5,331,678)	(6,362,858)
Increase in properties under development		(26,109,626)	(6,146,103)
(Increase) decrease in completed properties for sale		(307,317)	284,653
Increase in inventories		(36,803)	(8,008)
Decrease (increase) in trade and other receivables, deposits and prepayments		708,880	(1,654,215)
Increase in amounts due from related parties		(8,297,479)	(2,238,909)
Increase in prepaid other taxes		(701,763)	(890,883)
Increase in rental paid in advance		(533)	(1,362)
Increase in pre-sale deposits		24,246,586	17,164,261
Increase in trade and other payables		5,436,457	81,071
Increase in amounts due to related parties		3,211,418	2,158,148
(Decrease) increase in other taxes payable		(267,969)	641,925
Cash (used in) generated from operations		(5,457,026)	4,419,436
Income taxes paid		(1,315,615)	(780,832)
NET CASH (USED IN) FROM OPERATING ACTIVITIES		(6,772,641)	3,638,604

Consolidated Statement of Cash Flows

For the year ended 31 December 2010

	Notes	2010 RMB'000	2009 RMB'000
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(585,193)	(676,620)
Proceeds from disposal of property, plant and equipment		28,020	5,580
Increase in prepaid lease payment		(228)	(6,557)
Investments in associates		(1,361,211)	(190,700)
Investments in jointly controlled entities		(403,527)	(40,000)
Dividends received from associates and jointly controlled entities		329,086	559,101
Proceeds from disposal of interests in associates		26,908	–
Disposal of interests in jointly controlled entities		22,187	–
Acquisition of subsidiaries (net of cash and cash equivalents acquired)	31	(90,361)	270,335
De-consolidation of a subsidiary	27	–	(246,150)
Proceeds from disposal of subsidiaries (net of cash and cash equivalents disposed of)	32	40,792	(336,363)
Proceeds from partial disposal of subsidiaries		–	6,460
Prepayments from third parties		499,738	(583,348)
Advance from (to) related parties		55,004	(709,439)
Increase in pledged bank deposits		(188,412)	(2,156,605)
Interest received		439,626	139,461
Trust income received		32,592	–
Partial refund of Zhonghai Trust principal classified as available-for-sale investments		69,030	–
Purchase of available-for-sale investments		(293,900)	(195,574)
NET CASH USED IN INVESTING ACTIVITIES		(1,379,849)	(4,160,419)

Consolidated Statement of Cash Flows

For the year ended 31 December 2010

	Notes	2010 RMB'000	2009 RMB'000
FINANCING ACTIVITIES			
Bank and other borrowings raised		28,263,587	18,631,024
Repayment of bank and other borrowings		(17,176,578)	(7,691,641)
Borrowings from related parties		2,650,750	839,546
Trust loans raised		3,150,000	–
Contribution by non-controlling shareholders of subsidiaries		866,896	993,873
Interest paid		(2,511,651)	(1,709,556)
Dividends paid to owners of the Company		(535,038)	(406,910)
Dividends paid to non-controlling interests		(102,832)	(34,268)
Repurchase of senior notes		–	(2,122,427)
Redemption of 2006 Convertible Bonds		–	(84,497)
Redemption of 2007 Convertible Bonds		(2,199,926)	–
Proceeds from issue of share options		–	12,214
Proceeds from exercise of share options		7,678	11,430
Payment on repurchase of shares		(154,905)	–
Partial redemption of trust loans		(903,710)	–
Purchase of additional interests in subsidiaries		(355,008)	(9,200)
Proceeds from partial disposal of subsidiaries		146,148	–
NET CASH FROM FINANCING ACTIVITIES		11,145,411	8,429,588
NET INCREASE IN CASH AND CASH EQUIVALENTS		2,992,921	7,907,773
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR		9,405,347	1,498,021
Effects of exchange rate changes on the balance of cash held in foreign currencies		9,391	(447)
CASH AND CASH EQUIVALENTS AT THE END OF YEAR		12,407,659	9,405,347
REPRESENTED BY BANK BALANCES AND CASH		12,407,659	9,405,347

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

1. General

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

2. Application of New and Revised International Financial Reporting Standards ("IFRSs")

New and revised standards and interpretations applied in the current year

In the current year, the Group has applied a number of new and revised standards and interpretations issued by the International Accounting Standards Board (the "IASB") and the IFRS Interpretations Committee of the IASB that are effective for the Group's financial year beginning on 1 January 2010.

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

IFRS 3 (Revised) Business combinations

IFRS 3 (Revised) has been applied prospectively from 1 January 2010. Its application to the accounting for the Group's acquisition of Qianwang Meilu Food & Restaurant Co., Ltd. ("Qianwang Meilu") and Zhejiang Greentown Advertising Planning Co., Ltd. ("Zhejiang Greentown Advertising Planning") in the current period did not result in any material changes as described below.

The impact of adoption of IFRS 3 (Revised) is as follows:

- The revised standard allows a choice on a transaction-by-transaction basis for the measurement of non-controlling interests (previously referred to as "minority" interests). In the current period, in accounting for the acquisition of Qianwang Meilu, the Group has elected to measure the non-controlling interests at their proportionate share of the acquiree's identifiable net assets. The acquisition of Zhejiang Greentown Advertising Planning did not involve any non-controlling interests;
- The revised standard changes the recognition and subsequent accounting requirements for contingent consideration. Previously, contingent consideration was recognised at the acquisition date only if it met probability and reliably measurable criteria, whereas under the revised standard, the consideration for the acquisition always includes the fair value of any contingent consideration. Once the fair value of the contingent consideration on the acquisition date has been determined, subsequent adjustments are made against the cost of the acquisition only to the extent that (i) they reflect fair value on the acquisition date, and (ii) they occur within the "measurement period" (a maximum of 12 months from the acquisition date). Under the previous version of the standard, adjustments to consideration were made against the cost of the acquisition. This change has had no effect on the accounting for the acquisition of Qianwang Meilu and Zhejiang Greentown Advertising Planning as there was no contingent consideration involved; and
- The revised standard requires acquisition-related costs to be accounted for separately from the business combination. Under the previous version of the standard, they would have been accounted for as part of the cost of the acquisition. This change has had no effect on the accounting for the acquisition of Qianwang Meilu and Zhejiang Greentown Advertising Planning as the acquisition-related costs incurred were immaterial.

2. Application of New and Revised International Financial Reporting Standards ("IFRSs") (Continued)

IFRS 3 (Revised) Business combinations (continued)

In the current period, these changes in policies have had no material effect on the accounting for the acquisition of Qianwang Meilu and Zhejiang Greentown Advertising Planning.

The accounting of the other acquisitions of subsidiaries as disclosed in Note 31 are not affected by the application of IFRS 3 (Revised) because the acquisitions of those subsidiaries are considered to be acquisitions of assets and liabilities rather than business combinations.

IAS 27 (Revised) Consolidated and Separate Financial Statements

The application of IAS 27 (Revised) has resulted in changes in the Group's accounting policies regarding increases or decreases in ownership interests in subsidiaries of the Group. In prior years, in the absence of specific requirements in IFRSs, acquisition of additional interests in subsidiaries which were not a business was accounted for as an acquisition of additional interests in assets. The difference between the consideration paid or payable and the carrying amount of non-controlling interests attributable to the acquired interest is allocated to the value of the underlying assets acquired. The impact of decreases in interests in subsidiaries which were not a business that did not involve loss of control (being the difference between the consideration received or receivable and the carrying amount of the share of net assets disposed of) was recognised in profit or loss. Under IAS 27 (Revised), all increases or decreases in such interests are dealt with in equity, with no impact on goodwill or profit or loss.

When control of a subsidiary is lost as a result of a transaction, event or other circumstances, the revised standard requires that the Group derecognises all assets, liabilities and non-controlling interests at their carrying amount. Any retained interest in the former subsidiary is recognised at its fair value on the date the control is lost. A gain or loss on loss of control is recognised in profit or loss as the difference between the proceeds, if any, and these adjustments.

In respect of the purchase of additional interests in subsidiaries which are not a business during the period, the impact of the change in policy has been that an amount of RMB463 million, being the difference between (i) the consideration of RMB505 million comprising RMB355 million in cash and new shares issued at fair value of RMB150 million; and (ii) the carrying amount of the non-controlling interests of RMB42 million, has been recognised directly in equity. Had the previous accounting policy been applied, this amount would have been added to the underlying assets acquired (comprising properties for development and properties under development). Therefore, the change in accounting policy has had no effect on the profit for the current period. In addition, the cash consideration of RMB355 million paid to the non-controlling shareholders has been included in cash flows used in financing activities, whereas in prior years these cash flows were classified as investing activities.

New and revised standards and interpretations issued but not yet effective

The Group has not early applied the following new and revised standards and interpretations that have been issued but are not yet effective:

IFRSs (Amendments)	Improvements to IFRSs 2010 ¹
IFRS 1 (Amendments)	Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters ²
IFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets ³
IFRS 9	Financial Instruments ⁴
IAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets ⁵
IAS 24 (Revised)	Related Party Disclosures ⁶
IAS 32 (Amendments)	Classification of Rights Issues ⁷
IFRIC – Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement ⁶
IFRIC – Int 19	Extinguishing Financial Liabilities with Equity Instruments ²

¹ Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate

² Effective for annual periods beginning on or after 1 July 2010

³ Effective for annual periods beginning on or after 1 July 2011

⁴ Effective for annual periods beginning on or after 1 January 2013

⁵ Effective for annual periods beginning on or after 1 January 2012

⁶ Effective for annual periods beginning on or after 1 January 2011

⁷ Effective for annual periods beginning on or after 1 February 2010

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

2. Application of New and Revised International Financial Reporting Standards ("IFRSs") (Continued)

New and revised standards and interpretations issued but not yet effective (continued)

IFRS 9 *Financial Instruments* (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. IFRS 9 *Financial Instruments* (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

- Under IFRS 9, all recognised financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.
- In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under IFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss is presented in profit or loss.

IFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted. The directors anticipate that IFRS 9 will be adopted in the Group's consolidated financial statements for the year ending 31 December 2013 and that the application of IFRS 9 may affect the classification and measurement of the Group's financial assets and financial liabilities.

The amendments to IAS 12 titled *Deferred Tax: Recovery of Underlying Assets* mainly deal with the measurement of deferred tax for investment properties that are measured using the fair value model in accordance with IAS 40 *Investment Property*. Based on the amendments, for the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties measured using the fair value model, the carrying amounts of the investment properties are presumed to be recovered through sale, unless the presumption is rebutted in certain circumstances. The directors are in the process of assessing the effect of the application of the amendments to IAS 12 on the consolidated financial statements.

The directors anticipate that the application of the other new and revised standards and interpretations will have no material impact on the consolidated financial statements.

3. Principal Accounting Policies

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments and investment properties, 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.

3. Principal Accounting Policies (Continued)

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 statement of comprehensive income 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.

Non-controlling interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein.

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries on or after 1 January 2010

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any

difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Where certain assets of the subsidiary are measured at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to retained earnings). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

Changes in the Group's ownership interests in existing subsidiaries prior to 1 January 2010

Acquisition of additional interests in subsidiaries 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.

Disposal of partial interests in subsidiaries which are not a business is accounted for as a disposal of partial interests in assets. The difference between the consideration received or receivable and the carrying amount of net assets attributable to the interest disposed of is included in profit or loss in the year in which the disposal occurs.

3. Principal Accounting Policies (Continued)

Business combinations

Business combinations that took place on or after 1 January 2010

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment transactions with share-based payment transactions of the Group are measured in accordance with IFRS 2 *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of

the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or another measurement basis required by another Standard.

Where the consideration the Group transfers in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and considered as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments being made against goodwill or gain on bargain purchase. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period about facts and circumstances that existed as of the acquisition date. Measurement period does not exceed one year from the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

3. Principal Accounting Policies (Continued)

Business combinations (continued)

Business combinations that took place on or after 1 January 2010 (continued)

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

Changes in the value of the previously held equity interest recognised in other comprehensive income and accumulated in equity before the acquisition date are reclassified to profit or loss when the Group obtains control over the acquiree.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Business combinations that took place prior to 1 January 2010

Acquisition of businesses was accounted for using the purchase method. The cost of the acquisition was 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 met the relevant conditions for recognition were generally recognised at their fair value at the acquisition date.

Goodwill arising on acquisition was recognised as an asset and initially measured at cost, being the excess of the cost of the acquisition over the Group's interest in the recognised amounts of the identifiable assets, liabilities and contingent liabilities recognised. If, after assessment, the Group's interest in the recognised amounts of the acquiree's identifiable assets, liabilities and contingent liabilities exceeded the cost of the acquisition, the excess was recognised immediately in profit or loss.

The non-controlling interest in the acquiree was initially measured at the non-controlling interest's proportionate share of the recognised amounts of the assets, liabilities and contingent liabilities of the acquiree.

Contingent consideration was recognised, if and only if, the contingent consideration was probable and could be measured reliably. Subsequent adjustments to contingent consideration were recognised against the cost of the acquisition.

Business combinations achieved in stages were accounted for as separate steps. Goodwill was determined at each step. Any additional acquisition did not affect the previously recognised goodwill.

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.

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. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

3. Principal Accounting Policies (Continued)

Investments in associates (continued)

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 statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of profit or loss and other comprehensive income 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.

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 statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of profit or loss and other comprehensive income 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 received or receivable for goods sold and services provided in the normal course of business, net of discounts and sales-related taxes.

Revenue from sales of properties in the ordinary course of business is recognised when the respective properties have been completed and delivered to the buyers. Deposits received from pre-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 on initial recognition.

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.

3. Principal Accounting Policies (Continued)

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 the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that 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.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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 statement of comprehensive income 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 end of the reporting period.

Deferred tax is recognised on temporary 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. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period 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.

3. Principal Accounting Policies (Continued)

Taxation (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

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 profit or loss 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

Operating lease payments are recognised as an expense 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

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance lease or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis except for those that are classified and accounted for as investment properties under the fair value model. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment, unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease.

3. Principal Accounting Policies (Continued)

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.

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 recognised so as to write off the cost of items of property, plant and equipment other than construction in progress less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Property, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy and, where appropriate, the amortisation of prepaid lease payments provided during the construction period. Such properties are classified to the appropriate category of property, plant and equipment when completed and ready for intended 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). 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 the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment properties

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

Investment properties are initially 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.

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

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 profit or loss in the year in which the item is derecognised.

3. Principal Accounting Policies (Continued)

Impairment of tangible assets

At the end of the reporting period, 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. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset 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 in prior years. A reversal of an impairment loss is recognised as income immediately.

Properties for development

Properties for development, representing leasehold land located in the PRC for 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 and other directly attributable costs. 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. Properties for development are transferred to properties under development upon commencement of development.

Properties under development

Properties under development, representing leasehold land and buildings 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. Properties under development are transferred to completed properties for sale upon completion of development.

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 other than properties for development, properties under development and completed properties for sale are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method.

3. Principal Accounting Policies (Continued)

Financial instruments

Financial assets and financial liabilities are recognised on the consolidated statement of financial position 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 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 to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis.

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.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement 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. 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.

3. Principal Accounting Policies (Continued)

Financial instruments (continued)

Financial assets (continued)

Available-for-sale financial assets (continued)

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 the end of the reporting period (see accounting policy on impairment loss on financial assets below).

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of the reporting period. 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 affected.

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
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

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.

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.

3. Principal Accounting Policies (Continued)

Financial instruments (continued)

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 include financial liabilities held for trading.

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.

Financial liabilities at FVTPL are measured at fair value, with changes in fair value arising on remeasurement recognised directly in profit or loss in the period in which they arise.

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. With effect from the financial year ended 31 December 2010, term loans that include a clause that gives the lender the unconditional right to call the loans at any time (a "repayment on demand clause") are classified as current liabilities. As at 31 December 2010, bank loans (that are repayable more than one year after the end of the reporting period but contain a repayment on demand clause) with the aggregate carrying amount of RMB204,320,000 have been classified as current liabilities. Bank loans that contain a repayment on demand clause with the aggregate carrying amounts of RMB108,840,000 have been reclassified from non-current liabilities to current liabilities as at 31 December 2009 in order to conform with the current year's classification. This reclassification has had no effect on the Group's financial position as at 1 January 2009 as bank loans that contain a repayment on demand clause were already classified as current liabilities as at 1 January 2009. Therefore, no consolidated statement of financial position as at 1 January 2009 is presented in these consolidated financial statements.

3. Principal Accounting Policies (Continued)

Financial instruments (continued)

Financial liabilities and equity (continued)

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 options

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).

In subsequent periods, the liability component of the convertible bonds is carried at amortised cost using the effective interest method. 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 and equity 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 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.

3. Principal Accounting Policies (Continued)

Financial instruments (continued)

Financial liabilities and equity (continued)

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.

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.

Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to employees

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve). Share option premiums received or receivable from grantees are recognised in share options reserve.

3. Principal Accounting Policies (Continued)

Share-based payment transactions (continued)

Equity-settled share-based payment transactions (continued)

Share options granted to employees (Continued)

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates during the vesting period, if any, is recognised in profit or loss, with a corresponding adjustment to share options reserve.

At the time when the share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will continue to be held in share options reserve.

4. Key Sources of Estimation Uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, 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 reporting period are stated at the lower of cost and net realisable value.

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 2010, the carrying amounts of properties under development and completed properties for sale are RMB57,391,838,000 (2009: RMB29,980,628,000) and RMB1,976,802,000 (2009: RMB1,669,485,000) 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 RMB734,399,000 (2009: RMB801,199,000) (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.

4. Key Sources of Estimation Uncertainty (Continued)

Trust

As described in Note 27, the Trust-related arrangements contain a number of derivatives that are remeasured to fair value through profit or loss at the end of the reporting period. The Company engaged an independent appraiser to assist it in determining the fair value of these derivatives. The determination of fair value was made after consideration of a number of factors, including: the value of the underlying projects, current conditions of the PRC property market; the Group's business plan and prospects; business risks the Group faces; market yields of reference government bonds and volatility of property price indices. 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.

5. 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 26 to 29 and 39(ii) (net of cash and cash equivalents), and capital and reserves.

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. Financial Instruments

(a) Categories of financial instruments

	2010 RMB'000	2009 RMB'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	32,115,783	20,313,198
Available-for-sale financial assets	428,944	204,074
Financial liabilities		
Fair value through profit or loss (FVTPL)		
Trust-related financial derivatives	251,480	338,080
Amortised cost	60,007,346	36,124,668

(b) Financial risk management objectives and policies

The Group's major financial instruments include available-for-sale investments, 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, trust-related financial derivatives, convertible bonds and senior notes. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate 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 2010

6. Financial Instruments (Continued)

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

Market risk

(i) Currency risk

The Group has bank balances, other receivables, bank and other borrowings, amounts due to related parties 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 end of the reporting period are as follows:

	Liabilities		Assets	
	2010 RMB'000	2009 RMB'000	2010 RMB'000	2009 RMB'000
Hong Kong dollars ("HKD")	1,829,797	395,635	776,936	123,003
United States dollars ("USD")	3,373,411	1,814,160	518,830	645,657

The Group does not use any derivative contracts to hedge against its exposure to currency risk except that, during the year, the Group entered into a RMB non-deliverable forward contract to buy USD101,068,000 at a RMB:USD exchange rate of 6.6900 on 21 May 2011 (2009: to buy USD139,387,000 at a RMB:USD exchange rate of 6.7768 on 25 May 2010). No financial assets or liabilities were recognised in respect of this foreign currency forward contract because its fair value was considered to be insignificant.

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 Group's bank balances and cash, other receivables, bank and other borrowings, senior notes and amounts due to related parties.

The following table details the Group's sensitivity to a 5% (2009: 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 foreign currency forward contracts 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	
	2010 RMB'000	2009 RMB'000	2010 RMB'000	2009 RMB'000
Profit or loss	39,482	9,737	81,946	7,805

6. 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/to related parties, bank and other borrowings, convertible bonds and senior notes (see Notes 24, 26, 27, 28, 29 and 39 for details).

The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank deposits, amounts due from/to related parties and bank and other borrowings (see Notes 24, 26 and 39 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 deposit and lending interest rates for non-derivative instruments. For variable-rate bank deposits, bank and other borrowings and amounts due from/to related parties, the analysis is prepared assuming the balances outstanding at the end of the reporting period were outstanding for the whole year. A 5 basis point (2009: 5 basis point) increase or decrease in market deposit interest rates and a 50 basis point (2009: 50 basis point) increase or decrease in market lending interest rates represent management's assessment of the reasonably possible change in interest rates.

If the market deposit interest rates had been 5 basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2010 would have increased/decreased by RMB4,653,000 (2009: increased/decreased by RMB3,527,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank deposits.

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 2010 would have decreased/increased by RMB115,579,000 (2009: decreased/increased by RMB82,548,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank and other borrowings and amounts due from/to related parties.

Credit risk

As at 31 December 2010, 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 statement of financial position; and
- the amount of contingent liabilities disclosed in Note 38.

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 the end of the reporting period 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.

6. Financial Instruments (Continued)

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

Credit risk (continued)

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

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.

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, trust loans, convertible bonds, senior notes and amounts due to related parties as a significant source of liquidity.

The following table details the Group's remaining contractual maturity for its 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. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows.

In addition, the following table details the Group's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted contractual net cash inflows and outflows on derivative instruments that are settled on a net basis. The liquidity analysis for the Group's derivative financial instruments are prepared based on the contractual maturities as the management consider that the contractual maturities are essential for an understanding of the timing of the cash flows of derivatives.

6. Financial Instruments (Continued)

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

Liquidity risk (continued)

Liquidity and interest risk tables

	Weighted average interest rate %	Less than 1 year RMB'000	1-5 years RMB'000	5+ years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount at 31/12/2010 RMB'000
2010						
Non-derivative financial liabilities						
Trade and other payables	–	7,782,615	801,166	–	8,583,781	8,583,781
Bank and other borrowings						
– fixed-rate	8.48%	3,264,099	655,731	42,767	3,962,597	3,235,379
– variable-rate	5.41%	10,792,257	21,715,299	1,525,579	34,033,135	30,379,951
Amounts due to related parties						
– interest-free	–	4,867,620	–	–	4,867,620	4,867,620
– fixed-rate	9.28%	10,098,191	–	–	10,098,191	9,240,978
– variable-rate	7.35%	3,507,735	–	–	3,507,735	3,267,673
2007 Convertible Bonds	–	–	185,609	–	185,609	178,110
Senior notes	9%	22,847	295,739	–	318,586	253,854
Financial guarantee contracts	–	22,943,985	–	–	22,943,985	–
		63,279,349	23,653,544	1,568,346	88,501,239	60,007,346
Derivatives – net settlement						
Foreign exchange forward contracts	–	(6,802)	–	–	(6,802)	–

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

6. 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'000	1-5 years RMB'000	5+ years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount at 31/12/2009 RMB'000
2009						
Non-derivative financial liabilities						
Trade and other payables	–	4,182,125	351,000	–	4,533,125	4,533,125
Dividend payable	–	1,367	–	–	1,367	1,367
Bank and other borrowings						
– fixed-rate	5.32%	2,741,977	213,761	101,191	3,056,929	2,867,924
– variable-rate	5.95%	7,147,720	13,907,442	1,215,851	22,271,013	19,543,505
Amounts due to related parties						
– interest-free	–	2,454,550	–	–	2,454,550	2,454,550
– fixed-rate	12.55%	2,032,294	–	–	2,032,294	1,805,105
– variable-rate	8.2%	2,671,804	–	–	2,671,804	2,469,412
2007 Convertible Bonds	–	2,387,293	–	–	2,387,293	2,188,166
Senior notes	9%	23,762	331,344	–	355,106	261,514
Financial guarantee contracts	–	15,275,930	–	–	15,275,930	–
		38,918,822	14,803,547	1,317,042	55,039,411	36,124,668
Derivatives – net settlement						
Foreign exchange forward contracts	–	(5,374)	–	–	(5,374)	–

Bank loans with a repayment on demand clause are included in the "less than 1 year" time band in the above maturity analysis. As at 31 December 2010 and 31 December 2009, the aggregate undiscounted principal amounts of these bank loans amounted to RMB204,320,000 and RMB108,840,000 respectively. Taking into account the Group's financial position, the directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors believe that such bank loans will be repaid two to three years after the reporting date in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest cash outflows will amount to RMB239,075,000 (2009: RMB122,181,000).

6. Financial Instruments (Continued)

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

Liquidity risk (continued)

Liquidity and interest risk tables (continued)

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The amounts included above for variable interest rate non-derivative financial liabilities is subject to change if changes in variable interest rate differ from those interest rate estimates determined at the end of the reporting period.

(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. 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:

	2010		2009	
	Carrying amount of liability component RMB'000	Fair value RMB'000	Carrying amount of liability component RMB'000	Fair value RMB'000
Financial liabilities				
2007 Convertible Bonds	178,110	154,007 ¹	2,188,166	2,254,144 ¹
Senior notes	253,854	238,622 ¹	261,514	254,338 ¹

¹ Based on quoted price

Notes to the Consolidated Financial Statements

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6. Financial Instruments (Continued)

(c) Fair value (continued)

Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	2010 Level 3 RMB'000	2009 Level 3 RMB'000
Financial liabilities at FVTPL		
Trust-related financial derivatives	251,480	338,080

Reconciliation of Level 3 fair value measurements of financial liabilities

	Trust-related financial derivatives RMB'000
At 1 January 2009	–
Issues	259,180
Net loss in profit or loss (included in fair value changes on trust-related financial derivatives)	78,900
At 31 December 2009	338,080
Net gain in profit or loss (included in net loss on partial redemption of trust loans and fair value changes on trust-related financial derivatives)	(86,600)
At 31 December 2010	251,480

7. Revenue and Segment Information

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

	2010 RMB'000	2009 RMB'000
Property sales	10,816,049	8,631,978
Hotel operations	193,018	72,229
Project management	36,116	–
Property rental income	32,962	998
Design and decoration	30,363	6,960
Sales of construction materials	12,845	2,613
Other business	39,907	12,651
	11,161,260	8,727,429

7. Revenue and Segment Information (Continued)

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

- 1 Property development
- 2 Hotel operations
- 3 Property investment
- 4 Others (including sales of construction materials, electronic engineering, design and decoration, project management, etc.)

The chief operating decision-maker of the Group has been identified as the executive directors and certain senior management (collectively referred to as the "CODM"). Operating segments are determined based on the Group's internal reports which are submitted to the CODM for performance assessment and resources allocation. This is also the basis upon which the Group is organised and managed.

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

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

The property investment segment was identified as a reportable segment in the current year and comparative segment information has been restated accordingly. For the property investment operations, the CODM reviews the financial information of each investment property, hence each investment property constitutes a separate operating segment. However, the investment properties possess similar economic characteristics, and are with similar development and selling activities as well as similar customer bases. Therefore, all investment properties are aggregated into one reportable segment for segment reporting purposes.

The CODM assess the performance of the operating segments based on the post-tax profit of the group entities engaged in the respective segment activities, which includes share of results of associates and jointly controlled entities and related finance costs. Financial information provided to the CODM is measured in a manner consistent with the accounting policies adopted in the preparation of the consolidated financial statements as described in Note 3.

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

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

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7. Revenue and Segment Information (Continued)

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

	Property development RMB'000	Hotel operations RMB'000	Property investment RMB'000	Others RMB'000	Segment total RMB'000	Eliminations RMB'000	Total RMB'000
For the year ended 31 December 2010							
Segment revenue							
External revenue	10,816,049	193,018	32,962	119,231	11,161,260	–	11,161,260
Inter-segment revenue	–	10,641	357	366,581	377,579	(377,579)	–
Total	10,816,049	203,659	33,319	485,812	11,538,839	(377,579)	11,161,260
Segment results	1,943,651	35,691	332,556	(8,144)	2,303,754	(4,260)	2,299,494
Unallocated administrative expenses							(97,632)
Unallocated other income							17,527
Unallocated finance costs							(51,767)
Net loss on partial redemption of trust loans and fair value changes on trust-related financial derivatives							(21,359)
Net loss on 2007 Convertible Bonds							(148,158)
Unallocated taxation							(82,558)
Profit for the year							1,915,547

7. Revenue and Segment Information (Continued)

	Property development RMB'000	Hotel operations RMB'000	Property investment RMB'000	Others RMB'000	Segment total RMB'000	Eliminations RMB'000	Total RMB'000
For the year ended 31 December 2009							
Segment revenue							
External revenue	8,631,978	72,229	998	22,224	8,727,429	–	8,727,429
Inter-segment revenue	–	4,264	–	431,193	435,457	(435,457)	–
Total	8,631,978	76,493	998	453,417	9,162,886	(435,457)	8,727,429
Segment results	1,191,718	(44,063)	1,537	(12,641)	1,136,551	(3,193)	1,133,358
Unallocated administrative expenses							(144,925)
Unallocated other income							353
Unallocated finance costs							(119,744)
Fair value changes on trust-related financial derivatives							(78,900)
Net gain on repurchase of senior notes							327,967
Net gain on redemption of 2006 Convertible Bonds							11,494
Unallocated taxation							(37,471)
Profit for the year							1,092,132

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7. Revenue and Segment Information (Continued)

Segment assets and liabilities

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

Segment assets

	2010 RMB'000	2009 RMB'000
Property development	115,537,454	70,525,033
Hotel operations	2,118,317	1,898,790
Property investment	1,778,909	25,000
Others	3,294,050	1,996,740
Total segment assets	122,728,730	74,445,563
Unallocated	2,630,224	1,030,189
Consolidated assets	125,358,954	75,475,752

Segment liabilities

	2010 RMB'000	2009 RMB'000
Property development	103,043,120	57,446,642
Hotel operations	131,414	105,044
Property investment	1,320,550	2,383
Others	1,695,759	1,616,202
Total segment liabilities	106,190,843	59,170,271
Unallocated	4,715,420	3,856,905
Consolidated liabilities	110,906,263	63,027,176

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

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

7. Revenue and Segment Information (Continued)

Other segment information

For the year ended 31 December 2010

	Property development RMB'000	Hotel operations RMB'000	Property investment RMB'000	Others RMB'000	Reportable segment total RMB'000	Unallocated RMB'000	Total RMB'000
Amounts included in the measure of segment profit or loss or segments assets:							
Addition to non-current assets (Note)	1,844,360	447,633	32,958	8,884	2,333,835	3,377	2,337,212
Interests in associates	3,224,763	–	–	–	3,224,763	–	3,224,763
Interests in jointly controlled entities	732,137	–	–	–	732,137	–	732,137
Net gain on disposal of an associate	(10,390)	–	–	–	(10,390)	–	(10,390)
Net loss on disposal of jointly controlled entities	30,559	–	–	–	30,559	–	30,559
Depreciation of property, plant and equipment	52,450	65,892	5,750	4,105	128,197	1,129	129,326
Reversal of impairment losses on property plant and equipment	–	(39,933)	–	–	(39,933)	–	(39,933)
Gains on disposal of property, plant and equipment	(850)	–	–	–	(850)	(12,530)	(13,380)
Interest income	(465,012)	(19)	(310)	(1,521)	(466,862)	(10,275)	(477,137)
Finance costs	228,415	1,771	50,785	7,325	288,296	51,767	340,063
Share of results of associates	(300,265)	–	–	–	(300,265)	–	(300,265)
Share of results of jointly controlled entities	(264,706)	–	–	–	(264,706)	–	(264,706)
Taxation	854,016	9,983	132,163	6,046	1,002,208	82,558	1,084,766

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For the year ended 31 December 2010

7. Revenue and Segment Information (Continued)

Other segment information (continued)

For the year ended 31 December 2009

	Property development RMB'000	Hotel operations RMB'000	Property investment RMB'000	Others RMB'000	Reportable segment total RMB'000	Unallocated RMB'000	Total RMB'000
Amounts included in the measure of segment profit or loss or segments assets:							
Addition to non-current assets (Note)	237,518	671,173	–	57,525	966,216	27	966,243
Interests in associates	1,762,099	–	–	–	1,762,099	–	1,762,099
Interests in jointly controlled entities	235,543	–	–	–	235,543	–	235,543
Depreciation of property, plant and equipment	43,703	28,126	–	3,246	75,075	1,333	76,408
Reversal of impairment losses on property under development	(42,433)	–	–	–	(42,433)	–	(42,433)
(Gains) losses on disposal of property, plant and equipment	(540)	–	–	20	(520)	–	(520)
Interest income	(101,978)	(73)	–	(1,035)	(103,086)	(96)	(103,182)
Finance costs	535,389	670	–	1,995	538,054	119,744	657,798
Share of results of associates	(456,031)	–	–	–	(456,031)	–	(456,031)
Share of results of jointly controlled entities	(159,341)	–	–	–	(159,341)	–	(159,341)
Taxation	439,358	–	632	617	440,607	37,471	478,078

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

8. Other Income

	2010 RMB'000	2009 RMB'000
Interest income on bank balances	74,012	23,416
Interest income on amounts due from related parties	370,533	79,766
Trust income	32,592	–
Government grants	12,991	15,335
Net foreign exchange gains (losses)	98,955	(2,117)
Brand usage fees	19,737	91,702
Others	40,582	33,042
	649,402	241,144

9. Finance Costs

	2010 RMB'000	2009 RMB'000
Interest on:		
– bank borrowings wholly repayable within five years	1,817,079	964,011
– bank borrowings not wholly repayable within five years	26,912	31,482
– other borrowings	174,331	441,917
Effective interest expense on trust-related amount due to related parties (Note 27)	577,344	199,363
Effective interest expense on 2007 Convertible Bonds (Note 28)	43,344	98,066
Interest on senior notes (Note 29)	23,469	118,632
	2,662,479	1,853,471
Less: Capitalised in properties under development	(2,281,335)	(1,144,669)
Capitalised in construction in progress	(41,081)	(51,004)
	340,063	657,798

Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 7.30% (2009: 7.04%) per annum to expenditure on the development of properties for sale and for own use.

10. Profit Before Taxation

	2010 RMB'000	2009 RMB'000
Profit before taxation has been arrived at after charging (crediting):		
Salaries and other benefits	682,078	580,998
Equity-settled share-based payments	46,166	107,413
Retirement benefits scheme contributions	21,964	16,402
Staff costs (including directors' emoluments)	750,208	704,813
Less: Capitalised in properties under development	(171,151)	(125,521)
	579,057	579,292
Depreciation of property, plant and equipment	136,150	81,148
Less: Capitalised in properties under development	(6,824)	(4,740)
	129,326	76,408
Amortisation of prepaid lease payment (included in administrative expenses)	4,446	4,147
Auditors' remuneration	10,266	7,815
Cost of properties and inventories recognised as an expense	7,759,927	6,415,278
Share of tax of associates (included in share of results of associates)	144,574	255,058
Share of tax of jointly controlled entities (included in share of results of jointly controlled entities)	191,352	73,232
Gain on disposal of property, plant and equipment	(13,380)	(520)
Impairment loss on goodwill (included in administrative expenses)	9,682	–

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For the year ended 31 December 2010

11. Directors' and Employees' Emoluments

The emoluments paid or payable to each of the 12 (2009: 11) directors of the Company were as follows:

	SONG Weiping RMB'000	SHOU Bainian RMB'000	LUO Zhaoming RMB'000	CHEN Shunhua [^] RMB'000	GUO Jiafeng RMB'000	JIA Shenghua RMB'000	SZE Tsai Ping, Michael RMB'000	TSUI Yiu Wa, Alec* RMB'000	TANG Shiding RMB'000	JIANG Wei RMB'000	KE Huanzhang RMB'000	XIAO Zhiyue~ RMB'000	2010 Total RMB'000
Fees	-	-	-	-	-	120	173	72	120	173	120	101	879
Other emoluments:													
Salaries and other benefits	1,833	1,833	1,200	1,130	1,000	-	-	-	-	-	-	-	6,996
Contributions to retirement benefits/ pension schemes	65	65	25	56	95	-	-	-	-	-	-	-	306
Performance related incentive payments (Note)	1,747	1,747	380	320	300	-	-	-	-	-	-	-	4,494
Equity-settled share-based payments	160	155	14,368	91	14	-	-	-	-	-	-	-	14,788
Total emoluments	3,805	3,800	15,973	1,597	1,409	120	173	72	120	173	120	101	27,463

	SONG Weiping RMB'000	SHOU Bainian RMB'000	LUO Zhaoming RMB'000	CHEN Shunhua RMB'000	GUO Jiafeng RMB'000	JIA Shenghua RMB'000	SZE Tsai Ping, Michael RMB'000	TSUI Yiu Wa, Alec RMB'000	TANG Shiding RMB'000	JIANG Wei RMB'000	KE Huanzhang RMB'000	2009 Total RMB'000
Fees	-	-	-	-	-	120	176	176	120	176	60	828
Other emoluments:												
Salaries and other benefits	1,500	1,500	600	1,200	1,000	-	-	-	-	-	-	5,800
Contributions to retirement benefits/pension schemes	64	64	-	55	103	-	-	-	-	-	-	286
Performance related incentive payments (Note)	736	736	190	1,285	300	-	-	-	-	-	-	3,247
Equity-settled share-based payments	973	944	37,025	556	82	-	-	-	-	-	-	39,580
Total emoluments	3,273	3,244	37,815	3,096	1,485	120	176	176	120	176	60	49,741

[^] Mr CHEN Shunhua resigned as an executive director of the Company with effect from 10 December 2010.

* Mr TSUI Yiu Wa, Alec retired by rotation as an independent non-executive director of the Company with effect from 3 June 2010.

~ Mr XIAO Zhiyue has been appointed as an independent non-executive director of the Company with effect from 3 June 2010.

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

11. Directors' And Employees' Emoluments (Continued)

No directors waived any emoluments in both years.

Of the five individuals with the highest emoluments in the Group, three (2009: four) were directors of the Company whose emoluments are included in the disclosure above. The emoluments of the remaining two (2009: one) individuals were as follows:

	2010 RMB'000	2009 RMB'000
Salaries and other benefits	1,977	900
Contributions to retirement benefits/pension schemes	42	31
Performance related incentive payments	380	499
Equity-settled share-based payments	16,619	15,250
	19,018	16,680

The individuals' emoluments were within the following bands:

	2010 No. of employees	2009 No. of employees
HKD10,000,001 to HKD10,500,000	1	–
HKD11,500,001 to HKD12,000,000	1	–
HKD18,500,001 to HKD19,000,000	–	1

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.

12. Taxation

	2010 RMB'000	2009 RMB'000
Current tax:		
PRC enterprise income tax	621,370	392,391
LAT	392,197	285,351
	1,013,567	677,742
Under (Over) provision in prior years:		
PRC enterprise income tax	8,951	38,302
LAT	–	(117,455)
	8,951	(79,153)
Deferred tax (Note 21):		
Current year	62,248	(120,511)
	62,248	(120,511)
	1,084,766	478,078

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

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

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12. Taxation (Continued)

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

	Notes	Enterprise income tax rate	
		2010	2009
Shanghai Lvyu Real Estate Development Co., Ltd. ("Shanghai Lvyu")	(i)	–	20%
Xinjiang Sunshine Greentown Real Estate Development Co., Ltd. ("Xinjiang Sunshine")	(ii)	12.5%	12.5%

Notes:

- (i) Shanghai Lvyu was established in Shanghai Pudong New Area and was therefore subject to a reduced enterprise income tax rate of 20% in 2009. Shanghai Lvyu was liquidated during 2010.
- (ii) Xinjiang Sunshine is exempted from enterprise income tax for three years starting from its first profit-making year in 2005, followed by a 50% reduction for the next three years.

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

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

	2010 RMB'000	2009 RMB'000
Profit before taxation	3,000,313	1,570,210
Tax at the applicable PRC enterprise income tax rate of 25% (2009: 25%)	750,078	392,553
Effect of different tax rates	(47,916)	(54,452)
Tax effect of share of results of associates	(75,066)	(114,008)
Tax effect of share of results of jointly controlled entities	(66,176)	(39,835)
Tax effect of income not taxable for tax purposes	(12,213)	(851)
Tax effect of expenses not deductible for tax purposes	234,440	125,464
Under-provision in respect of prior year	8,951	38,302
Tax effect of tax losses not recognised	74,055	60,645
Tax effect of deductible temporary differences not recognised	26,720	9,477
Recognition of deferred tax assets on tax losses previously not recognised	(89,337)	(49,268)
Utilisation of tax losses previously not recognised	(54,609)	(1,698)
Utilisation of deductible temporary differences previously not recognised	(17,690)	(37,000)
LAT provision for the year	392,197	285,351
LAT reversal	–	(117,455)
Tax effect of LAT	(95,096)	(69,147)
Tax effect of undistributed profits	56,428	50,000
Tax charge for the year	1,084,766	478,078

Details of deferred taxation for the year ended 31 December 2010 are set out in Note 21.

12. 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.

According to the Notices for the Strengthening of Administration on LAT (關於加強土地增值稅管理工作的通知), the Group is required to pre-pay LAT on pre-sale proceeds at 0.5% – 3% for ordinary residential properties and 1% – 6% for other properties.

For the year ended 31 December 2010, the Group estimated and made a provision for LAT in the amount of RMB392,197,000 (2009: RMB285,351,000), according to the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for LAT is calculated.

In 2009, the Group decided to dissolve one of its PRC property development subsidiaries and commenced liquidation procedures on it. On the date when the 2009 consolidated financial statements were authorised for issuance, it had completed its tax registration revocation and had received the tax registration revocation notices from the relevant tax bureau. The Directors were of the opinion that the tax obligations of this subsidiary were duly terminated by law, and had therefore written back during the year ended 31 December 2009 the LAT provision amounting to RMB117,455,000 made by this subsidiary in previous years.

13. Dividends

On 16 July 2009, a special dividend of RMB0.18 per share, or RMB276,725,000 in total, was paid to the Shareholders for the financial year ended 31 December 2008.

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

On 10 June 2010, a final dividend for 2009 of HK26 cents per share, or RMB371,255,000 in total, was paid to the Shareholders.

On 24 September 2010, an interim dividend for 2010 of RMB0.10 per share, or RMB162,416,000 in total, was paid to the Shareholders.

A final dividend of RMB0.36 per share for 2010 has been proposed by the Directors and is subject to approval by the Shareholders at the forthcoming AGM.

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14. Earnings Per Share

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

Earnings

	2010 RMB'000	2009 RMB'000
Earnings for the purpose of basic earnings per share (profit for the year attributable to owners of the Company)	1,531,774	1,012,120
Effect of dilutive potential shares: Net gain on redemption of 2006 Convertible Bonds	–	(11,494)
Earnings for the purpose of diluted earnings per share	1,531,774	1,000,626

Number of shares

	2010	2009
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,644,066,844	1,584,339,528
Effect of dilutive potential ordinary shares: 2006 Convertible Bonds (as defined in Note 28)	–	324,301
Share options	23,570,997	22,806,031
Weighted average number of ordinary shares for the purpose of diluted earnings per share	1,667,637,841	1,607,469,860

The computation of diluted earnings per share for both 2009 and 2010 does not assume the conversion of the Company's outstanding 2007 Convertible Bonds (as defined in Note 28) since their assumed exercise would result in an increase in earnings per share.

15. 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
COST								
At 1 January 2009	924,559	72,803	37,977	2,219	108,523	159,777	238,001	1,543,859
Additions	31,501	106	10,067	5,596	21,969	25,272	633,113	727,624
Transfer	333,067	–	–	–	–	–	(333,067)	–
Acquired on acquisition of subsidiaries (Note 31)	–	–	–	–	611	4,574	–	5,185
Disposals	–	(1,693)	(2,389)	–	(2,157)	(8,342)	–	(14,581)
Reclassification	–	(15)	5	(1,008)	(128)	1,146	–	–
At 31 December 2009	1,289,127	71,201	45,660	6,807	128,818	182,427	538,047	2,262,087
Additions	–	5,017	17,573	3,533	58,071	53,477	447,522	585,193
Transfer	813,789	–	–	–	–	–	(813,789)	–
Acquired on acquisition of subsidiaries (Note 31)	–	616	–	2,169	1,765	7,030	1,270	12,850
Disposals	–	(19,270)	(800)	(426)	(2,524)	(5,808)	–	(28,828)
Disposal of subsidiaries (Note 32)	–	–	(92)	(491)	(965)	(4,598)	–	(6,146)
At 31 December 2010	2,102,916	57,564	62,341	11,592	185,165	232,528	173,050	2,825,156
DEPRECIATION AND IMPAIRMENT								
At 1 January 2009	(77,882)	(18,294)	(18,732)	(553)	(35,598)	(70,891)	–	(221,950)
Provided for the year	(28,126)	(3,093)	(8,709)	(138)	(20,846)	(20,236)	–	(81,148)
Eliminated on disposals	–	379	405	–	366	5,694	–	6,844
Reclassification	–	1	(1)	234	(4)	(230)	–	–
At 31 December 2009	(106,008)	(21,007)	(27,037)	(457)	(56,082)	(85,663)	–	(296,254)
Provided for the year	(65,288)	(4,373)	(9,197)	(1,560)	(26,304)	(29,428)	–	(136,150)
Impairment loss reversed in profit or loss	39,933	–	–	–	–	–	–	39,933
Eliminated on disposals	–	7,878	–	49	1,612	4,649	–	14,188
Eliminated on disposal of subsidiaries (Note 32)	–	–	28	332	162	865	–	1,387
At 31 December 2010	(131,363)	(17,502)	(36,206)	(1,636)	(80,612)	(109,577)	–	(376,896)
CARRYING VALUES								
At 31 December 2010	1,971,553	40,062	26,135	9,956	104,553	122,951	173,050	2,448,260
At 31 December 2009	1,183,119	50,194	18,623	6,350	72,736	96,764	538,047	1,965,833

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15. 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 2008, 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 was recognised in 2008 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%.

In view of the improving performance of the hotel operations, the Group engaged DTZ Debenham Tie Leung Limited to update their review of the Group's hotel buildings as at 31 December 2010 and as a result an impairment loss of RMB39,933,000 (2009: nil) was reversed in 2010 in respect of hotel buildings based on their value in use.

The land and buildings and hotel buildings shown above are located on:

	2010 RMB'000	2009 RMB'000
Land and buildings		
Land in the PRC:		
Medium-term lease	40,062	50,194
Hotel buildings		
Land in the PRC:		
Medium-term lease	1,971,553	1,183,119

Details of the hotel buildings, land and buildings and construction in progress pledged to secure banking facilities granted to the Group are disclosed in Note 36.

16. Investment Properties

	RMB'000
FAIR VALUE	
At 1 January 2009 and 31 December 2009	25,000
Transfer from completed properties for sale	1,700,000
At 31 December 2010	1,725,000

The fair value of the Group's investment property at 31 December 2009 and 2010 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. The valuation was arrived at by the investment approach by capitalising the net rental income derived from the existing tenancies with due provision for the reversionary income potential of the property interests, or where appropriate, by the direct comparison approach by making reference to comparable sales transactions as available in the relevant market.

16. Investment Properties (Continued)

The investment property shown above is located on:

	2010 RMB'000	2009 RMB'000
Land in the PRC Medium-term lease	1,725,000	25,000

17. Interests in Associates

	2010 RMB'000	2009 RMB'000
Cost of unlisted investments in associates	2,834,627	1,357,755
Share of post-acquisition profits, net of dividends received	390,136	404,344
	3,224,763	1,762,099

As at 31 December 2009 and 2010, 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
		2010	2009	
杭州集美房地產開發有限公司 Hangzhou Jimei Real Estate Development Co., Ltd. ("Hangzhou Jimei")	RMB32,000,000	– (i)	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
杭州翡翠城房地產開發有限公司 Hangzhou Jade City Real Estate Development Co., Ltd. ("Hangzhou Jade City")	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% (ii)	50% (ii)	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)	50% (v)	Real estate development

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17. Interests in Associates (Continued)

Name of associate	Registered capital	Attributable equity interest held by the Group		Principal activities
		2010	2009	
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% (iii)	49% (iii)	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% (iii)	38% (iii)	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% (iii)	25% (iii)	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% (iii)	47% (iii)	Real estate development
紹興金綠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
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%	45%	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	85% (iv)	85% (iv)	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% (iii)	49% (iii)	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)	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")	RMB300,000,000	49% (vi)	49% (vi)	Real estate development

17. Interests in Associates (Continued)

Name of associate	Registered capital	Attributable equity interest held by the Group		Principal activities
		2010	2009	
台州浙信綠城房地產開發有限公司 Taizhou Zhixin Greentown Real Estate Development Co., Ltd. ("Taizhou Zhixin")	RMB20,000,000	40%	40%	Real estate development
台州綠城房地產有限公司 Taizhou Greentown Real Estate Co., Ltd. ("Taizhou Greentown")	RMB100,000,000	45%	45% (vii)	Real estate development
台州綠城能源房地產有限公司 Taizhou Greentown Nengyuan Real Estate Co., Ltd. ("Taizhou Greentown Nengyuan")	RMB100,000,000	49%	49% (vii)	Real estate development
杭州鐵綠商貿有限公司 Hangzhou Tielv Trading Co., Ltd. ("Hangzhou Tielv")	RMB2,000,000	45%	45% (vii)	Trading
浙江鐵建綠城房地產開發有限公司 Zhejiang Tiejian Greentown Real Estate Development Co., Ltd. ("Zhejiang Tiejian Greentown")	RMB100,000,000	38%	38% (vii)	Real estate development
杭州百大置業有限公司 Hangzhou Baida Real Estate Co., Ltd. ("Hangzhou Baida")	RMB530,000,000	30%	30% (viii)	Real estate development
紹興綠城金昌置業有限公司 Shaoxing Greentown Jinchang Real Estate Co., Ltd. ("Shaoxing Greentown Jinchang")	RMB100,000,000	– (vii)	42% (vii)	Real estate development
杭州新綠西置業有限公司 Hangzhou Xinlvxi Real Estate Co., Ltd. ("Hangzhou Xinlvxi")	RMB10,000,000	42%	42% (viii)	Real estate development
杭州綠城賽麗申花置業有限公司 Hangzhou Greentown Saili Shenhua Real Estate Co., Ltd. ("Greentown Saili")	RMB100,000,000	25% (ix)	–	Real estate development
寧波都市房產開發有限公司 Ningbo Dushi Real Estate Development Co., Ltd. ("Ningbo Dushi")	RMB1,354,844,000	45% (ix)	–	Real estate development
杭州紫元綠西房地產有限公司 Hangzhou Ziyuan Lvxi Real Estate Co., Ltd. ("Ziyuan Lvxi")	RMB50,000,000	33% (ix)	–	Real estate development

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17. Interests in Associates (Continued)

Name of associate	Registered capital	Attributable equity interest held by the Group		Principal activities
		2010	2009	
北京東部綠城置業有限公司 Beijing Eastern Greentown Real Estate Co., Ltd. ("Eastern Greentown")	RMB50,000,000	49% (xi)	–	Real estate development
杭州海航綠城置業有限公司 Hangzhou Haihang Greentown Real Estate Co., Ltd. ("Haihang Greentown")	RMB903,000,000	40% (ix)	–	Real estate development
浙江海航綠城投資有限公司 Zhejiang Haihang Greentown Investment Co., Ltd. ("Haihang Greentown Investment")	RMB100,000,000	40% (ix)	–	Investment holding
綠城易居房屋銷售有限公司 Greentown Yiju Real Estate Agency Co., Ltd. ("Greentown Yiju")	RMB50,000,000	19% (ix)	–	Real estate agency
杭州綠城錦玉置業有限公司 Hangzhou Greentown Jinyu Real Estate Co., Ltd. ("Greentown Jinyu")	RMB250,000,000	43% (ix)	–	Real estate development
杭州綠城金久房地產開發有限公司 Hangzhou Greentown Jinjiu Real Estate Development Co., Ltd. ("Greentown Jinjiu")	RMB100,000,000	40% (ix)	–	Real estate development
無錫太湖綠城置業有限公司 Wuxi Taihu Greentown Real Estate Co., Ltd. ("Taihu Greentown")	RMB100,000,000	39% (ix)	–	Real estate development
上海綠恒房地產開發有限公司 Shanghai Lvheng Real Estate Development Co., Ltd. ("Shanghai Lvheng")	RMB100,000,000	40% (ix)	–	Real estate development
杭州綠城墅園置業有限公司 Hangzhou Greentown Shuyuan Real Estate Co., Ltd. ("Greentown Shuyuan")	RMB50,000,000	35% (ix)	–	Real estate development
上海青蓮房地產開發有限公司 Shanghai Qinglian Real Estate Development Co., Ltd. ("Shanghai Qinglian")	RMB50,000,000	20% (x)	–	Real estate development

17. Interests in Associates (Continued)

Notes:

- (i) The Group's interest in Hangzhou Jimei was disposed of in 2010.
- (ii) 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 or jointly control the financial and operating policies of Hangzhou Qianxin Greentown. Therefore, Hangzhou Qianxin Greentown is accounted for as an associate of the Group.
- (iii) Henan Zhongzhou, Deqing Xizi, Deqing Zhongtian and Cixi Greentown are subsidiaries of Zhejiang Zhongqinglv.
- (iv) Wuxi Greentown became an associate of the Group in 2009 as the Group transferred control over Wuxi Greentown to the Zhonghai Trust pursuant to the trust arrangements set out in Note 27 while retaining in substance a present ownership interest of 85% in Wuxi Greentown.
- (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 was a subsidiary of Taizhou Zheneng in 2009. Taizhou Zheneng transferred its 49% equity interest in Hangzhou Zheneng to Greentown Real Estate in 2010.
- (vii) Taizhou Greentown, Taizhou Greentown Nengyuan, Zhejiang Tiejian Greentown and Shaoxing Greentown Jinchang were established in 2009. Hangzhou Tielv was established in 2009 and is wholly owned by Hangzhou Jade City. Shaoxing Greentown Jinchang became a subsidiary of the Group in 2010. Please refer to Note 31 for details.
- (viii) Hangzhou Baida and Hangzhou Xinlvxi were established in 2009.

- (ix) These associates were newly established in 2010. Greentown Yiju is 50% owned by Greentown Property Construction Management Co., Ltd., a non-wholly-owned subsidiary of the Company. Only two out of five directors of Greentown Yiju 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 operating policies of Greentown Yiju. Therefore, Greentown Yiju is accounted for as an associate of the Group.
- (x) Shanghai Qinglian was newly acquired in 2010 and is 40% owned by Shanghai Huazhe Bund Real Estate Co., Ltd., a non-wholly owned subsidiary of the Group.
- (xi) Eastern Greentown became an associate of the Group in 2010 as the Group disposed of its 51% equity interest in Eastern Greentown. Please refer to Note 32 for details.

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

	2010 RMB'000	2009 RMB'000
Total assets	53,555,250	33,559,496
Total liabilities	(45,068,300)	(28,947,362)
Net assets	8,486,950	4,612,134
Group's share of net assets of associates	3,224,763	1,762,099
Revenue	6,131,317	5,405,888
Profit for the year	691,954	957,072
Group's share of results of associates for the year	300,265	456,031

18. Interests in Jointly Controlled Entities

	2010 RMB'000	2009 RMB'000
Cost of unlisted investments in jointly controlled entities	605,398	193,037
Share of post-acquisition profits, net of dividends received	126,739	42,506
	732,137	235,543

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18. Interests in Jointly Controlled Entities (Continued)

As at 31 December 2009 and 2010, 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
		2010	2009	
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	– (i)	60% (i)	Real estate development
海寧綠城新湖房地產開發有限公司 Haining Greentown Sihoo Real Estate Development Co., Ltd. ("Haining Greentown")	RMB20,000,000	50%	50%	Real estate development
浙江綠西房地產集團有限公司 (原名為：浙江綠城西子房地產集團有限公司) Zhejiang Lvxi Real Estate Group Co., Ltd. ("Zhejiang Lvxi Group") (Formerly known as: Zhejiang Greentown Xizi Real Estate Group Co., Ltd.)	RMB100,000,000	50% (ii)	50% (ii)	Investment holding, real estate development and business consulting
臨安西子房地產開發有限公司 Lin'an Xizi Real Estate Development Co., Ltd. ("Lin'an Xizi")	RMB80,000,000	50% (ii)	50% (ii)	Real estate development
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

18. Interests in Jointly Controlled Entities (Continued)

Name of jointly controlled entity	Registered capital	Attributable equity interest held by the Group		Principal activities
		2010	2009	
杭州凱喜雅房地產開發有限公司 Hangzhou Kaixiya Real Estate Development Co., Ltd. ("Hangzhou Kaixiya")	RMB100,000,000	50% (ii)	50% (ii)	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	– (ii)	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	50% (iv)	50% (iv)	Commerce management
浙江鐵投綠城投資有限公司 Zhejiang Tietou Greentown Investment Co., Ltd. ("Zhejiang Tietou Greentown Investment")	RMB80,000,000	50%	50% (v)	Investment holding
浙江鐵投綠城房地產開發有限公司 Zhejiang Tietou Greentown Real Estate Development Co., Ltd. ("Zhejiang Tietou Greentown Real Estate")	RMB80,000,000	50%	50% (v)	Real estate development
山東東城置業有限公司 Shandong Dongcheng Real Estate Co., Ltd. ("Shandong Dongcheng")	RMB200,000,000	49% (vi)	–	Real estate development
杭州綠城智能科技有限公司 Hangzhou Greentown Intelligent Technology Co., Ltd. ("Greentown Intelligent Technology")	RMB10,000,000	50% (vii)	–	Business consulting
杭州綠城北秀置業有限公司 Hangzhou Greentown Beixiu Real Estate Co., Ltd. ("Greentown Beixiu")	RMB50,000,000	50% (vii)	–	Real estate development

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18. Interests in Jointly Controlled Entities (Continued)

Notes:

- (i) Zhejiang Newspapering Greentown and Richwise Holdings Limited ("Richwise"), a subsidiary of the Company, 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 is 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 was equity accounted for as a subsidiary of a jointly controlled entity of the Group. Ningbo Greentown Osmanthus Garden was liquidated in 2010.
- (ii) Lin'an Xizi, Nantong Jiahui, Zhejiang Xizi, Greentown Xinxing, Hangzhou Kaixiya and Nantong Goldsteward are subsidiaries of Zhejiang Lvxi Group. The equity interest in Nantong Goldsteward was disposed of in 2010.
- (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 Greentown Sinhoo became a wholly owned subsidiary of Haining Greentown in 2009.
- (v) Zhejiang Tietou Greentown Investment and Zhejiang Tietou Greentown Real Estate were both established in 2009. Zhejiang Tietou Greentown Investment holds 100% equity interest in Zhejiang Tietou Greentown Real Estate.
- (vi) The 49% equity interest in Shandong Dongcheng was newly acquired in 2010. Two out of five directors of Shandong Dongcheng are appointed by the Group, while a valid board resolution requires four-fifths of the total votes. The Group does not have the power to direct the financial and operational policies of Shandong Dongcheng. Therefore, Shandong Dongcheng is accounted for as a jointly controlled entity of the Group.

(vii) These jointly controlled entities were newly established in 2010.

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

	2010 RMB'000	2009 RMB'000
Current assets	7,782,780	6,813,684
Non-current assets	92,387	102,770
Current liabilities	(5,732,483)	(5,616,394)
Non-current liabilities	(1,424,360)	(1,077,077)
Income	1,743,008	879,858
Expenses	(1,483,054)	(707,400)

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:

	2010 RMB'000	2009 RMB'000
Unrecognised share of losses (gain) of jointly controlled entities for the year	4,228	(13,355)
Accumulated unrecognised share of losses of jointly controlled entities	16,792	12,564

19. Available-for-sale Investments

Available-for-sale investments comprise:

	2010 RMB'000	2009 RMB'000
Unlisted junior units in Zhonghai Trust (Note 27)	110,970	180,000
Unlisted ordinary units in Zhongtai Trust (Note 27)	150,000	–
Unlisted equity securities	167,974	24,074
	428,944	204,074

The above unlisted trust units and equity securities were issued by private entities established in the PRC. The available-for-sale investments are measured at cost less impairment at the end of the reporting period 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.

21. 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 profits RMB'000	Others RMB'000	Total RMB'000
At 1 January 2009	2,904	26,225	93,083	(81,028)	151,197	(20,756)	(19,856)	151,769
Credit (charge) to profit or loss	12,034	(6,825)	139,805	28,097	13,642	(50,000)	(16,242)	120,511
At 31 December 2009	14,938	19,400	232,888	(52,931)	164,839	(70,756)	(36,098)	272,280
(Charge) credit to profit or loss	(2,076)	(10,488)	106,507	(148,781)	38,305	(56,428)	10,713	(62,248)
At 31 December 2010	12,862	8,912	339,395	(201,712)	203,144	(127,184)	(25,385)	210,032

20. Prepaid Lease Payment

	2010 RMB'000	2009 RMB'000
The Group's prepaid lease payment comprises:		
Leasehold land in the PRC:		
Medium-term lease	155,556	155,328
Analysed for reporting purposes as:		
Current asset (included in trade and other receivables)	4,446	4,446
Non-current asset	151,110	150,882
	155,556	155,328

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21. Deferred Taxation (Continued)

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

For the purpose of presentation in the consolidated statement of financial position, 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 taxes relate to the same legal entity and fiscal authority. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2010 RMB'000	2009 RMB'000
Deferred tax assets	588,782	451,859
Deferred tax liabilities	(378,750)	(179,579)
	210,032	272,280

At the end of the reporting period, the Group had unutilised tax losses of RMB2,147,087,000 (2009: RMB1,541,267,000) available for offset against future profits. A deferred tax asset has been recognised in respect of RMB1,361,279,000 (2009: RMB935,251,000) of such losses. No deferred tax asset has been recognised in respect of the remaining RMB785,808,000 (2009: RMB606,016,000)

due to the unpredictability of future profit streams. Pursuant to the relevant laws and regulations in the PRC, the unrecognised tax losses at the end of the reporting period will expire in the following years:

	2010 RMB'000	2009 RMB'000
2010	–	22,188
2011	21,246	26,704
2012	86,771	106,924
2013	201,764	207,618
2014	228,433	242,582
2015	247,594	–
	785,808	606,016

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 end of the reporting period, the Group has deductible temporary differences of RMB106,880,000 (2009: RMB37,908,000) 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.

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to RMB2,700,973,000 (31 December 2009: RMB1,650,973,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

22. Properties for Development

Included in properties for development as at 31 December 2010 is an amount of RMB11,804,525,000 (2009: RMB6,891,411,000) in respect of medium-term leasehold land for which the Group was in the process of obtaining the land use rights certificates.

All properties for development are expected to be recovered after more than 12 months from the end of the reporting period.

23. Properties under Development

	2010 RMB'000	2009 RMB'000
Long-term leasehold land – at cost	39,987,244	19,207,286
Development costs	13,486,921	8,496,511
Finance costs capitalised	3,917,673	2,276,831
	57,391,838	29,980,628

Properties under development for sale amounting to RMB42,495,327,000 (2009: RMB23,675,421,000) are expected to be recovered after more than 12 months from the end of the reporting period.

During 2009, there was a significant increase in the net realisable value of properties under development due to the recovery in the PRC property market. As a result, a reversal of impairment losses on properties under development of RMB190,433,000 has been recognised in 2009 through either the disposal of the relevant project company or the increase in the relevant net realisable value estimates.

24. Other Current Assets

Trade and other receivables, deposits and prepayments

	2010 RMB'000	2009 RMB'000
Trade receivables	246,800	179,933
Other receivables	2,006,616	1,177,975
Prepayments and deposits	1,942,543	2,348,828
	4,195,959	3,706,736

The Group allows an average credit period of 90 days to its trade customers. The aged analysis of trade receivables is stated below. The trade receivables which are aged 91 days or above are all past due but not impaired. The Group does not notice any significant changes in the credit quality of its trade receivables and the amounts are considered to be recoverable.

	2010 RMB'000	2009 RMB'000
0 – 30 days	165,138	137,468
31 – 90 days	10,885	8,353
91 – 180 days	31,498	3,069
181 – 365 days	7,009	15,155
Over 365 days	32,270	15,888
Trade receivables	246,800	179,933

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. The Group does not notice any significant changes in the credit quality of its trade receivables and the amounts are considered to be recoverable.

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24. Other Current Assets (Continued)

Trade and other receivables, deposits and prepayments (continued)

Included in other receivables were advances to third parties of RMB1,112,634,000 (2009: RMB641,373,000) as at 31 December 2010. The advances are interest free, unsecured and expected to be recovered within one year except for an amount of RMB815,526,000 which carries interest at 8%, is unsecured and is expected to be recovered within one year. The advances comprise mainly earnest money for potential projects. The Group has concentration of credit risk as 82% (2009: 85%) of the total advances to third parties was due from the five largest counterparties. The Group does not notice any significant changes in the credit quality of its advances to third parties and the amounts are considered to be recoverable.

Other receivables, other than advances to third parties which were mainly earnest money for potential projects, are repayable on demand. Prepayments and deposits are expected to be recovered after more than 12 months.

No allowance was made for trade and other receivables.

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 0.4% to 2.6% (2009: 0.36% to 1.71%) per annum.

Pledged bank deposits represent deposits pledged to banks to secure banking facilities granted to the Group. The pledged bank deposits carry interest at market rates which range from 0.4% to 3.00% (2009: 0.36% to 4.14%) per annum.

As at 31 December 2010, the Group had bank balances and cash (including pledged bank deposits) denominated in Renminbi amounting to RMB14,555,710,000 (2009: RMB11,119,796,000). Renminbi is not freely convertible into other currencies.

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 2010	10,938	406,245
As at 31 December 2009	16,716	645,657

25. Trade and Other Payables

The aged analysis of trade payables is stated as follows:

	2010 RMB'000	2009 RMB'000
0 – 30 days	2,452,105	2,373,452
31 – 90 days	285,936	183,009
91 – 180 days	712,622	172,634
181 – 365 days	731,915	456,886
Over 365 days	685,063	247,648
Trade payables	4,867,641	3,433,629
Other payables and accrued expenses	4,060,329	1,599,596
	8,927,970	5,033,225

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

26. Bank and Other Borrowings

	2010 RMB'000	2009 RMB'000
Secured bank loans (See Note 36)	26,950,924	18,151,925
Unsecured bank loans	3,933,507	3,542,036
	30,884,431	21,693,961
Secured other loans (See Note 36)	2,230,200	227,474
Unsecured other loans	500,699	489,994
	2,730,899	717,468
	33,615,330	22,411,429

	2010 RMB'000	2009 RMB'000 (Restated)
Carrying amount repayable*:		
Within one year	11,789,588	8,465,194
More than one year, but not exceeding two years	10,533,285	5,548,955
More than two years, but not exceeding three years	9,324,617	6,374,240
More than three years, but not exceeding four years	135,647	112,783
More than four years, but not exceeding five years	150,647	557,783
More than five years	1,477,226	1,243,634
	33,411,010	22,302,589
Carrying amount of loans that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause (shown under current liabilities), which is originally repayable:		
More than one year, but not exceeding two years	4,320	108,840
More than two years, but not exceeding three years	200,000	–
	204,320	108,840
	33,615,330	22,411,429
Less: Amounts due within one year shown under current liabilities	(11,993,908)	(8,574,034)
Amounts shown under non-current liabilities	21,621,422	13,837,395

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

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26. Bank and Other Borrowings (Continued)

Bank and other borrowings can be further analysed as follows:

	2010 RMB'000	2009 RMB'000
Fixed-rate	3,235,379	2,867,924
Variable-rate	30,379,951	19,543,505
	33,615,330	22,411,429

Interest on variable-rate bank and other borrowings is based on:

	2010 RMB'000	2009 RMB'000
The People's Bank of China benchmark rate	26,350,509	17,991,252
London Interbank Offered Rate	2,199,645	1,156,610
Hong Kong Interbank Offered Rate	1,829,797	395,643
	30,379,951	19,543,505

The average interest rates were as follows:

	2010	2009
Bank loans	7.34%	6.45%
Other loans	6.20%	6.51%

Bank and other borrowings 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 2010	1,829,797	2,178,986
As at 31 December 2009	395,644	1,552,645

At the end of the reporting period, certain bank loans are supported by guarantees from the following companies:

	2010 RMB'000	2009 RMB'000
Secured bank loans:		
Non-controlling shareholders	699,331	292,000
Independent third parties	24,462	27,549
Unsecured bank loans:		
Non-controlling shareholders	100,000	102,000

27. Trust

(I) Cooperation with Zhonghai Trust Company Ltd.

On 14 April 2009, a trust agreement was entered into between Greentown Real Estate Group Co., Ltd. ("Greentown Real Estate"), a wholly-owned subsidiary of the Company, and Zhonghai Trust Company Ltd, as trustee of the Zhonghai Greentown No. 1 Real Estate Investment Fund (the "Zhonghai Trust"). Pursuant to the terms of the Zhonghai Trust, a bank in the PRC subscribed for a total of 1,700,000,000 senior trust units of the Zhonghai Trust, comprising 100% of the total senior trust units and 85% of the total trust units available for subscription under the Zhonghai 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 Zhonghai Trust, comprising 60% of the total junior trust units and 9% of the total trust units available for subscription under the Zhonghai Trust, at a consideration of RMB180,000,000. The remaining junior trust units of the Zhonghai Trust available for subscription under the Zhonghai Trust, comprising 40% of the total junior trust units and 6% of the total trust units available for subscription under the Zhonghai Trust, were subscribed by qualified investors in the PRC for a consideration of RMB120,000,000. The Zhonghai Trust was fully constituted on 20 April 2009 (the "Trust Establishment Date") and the initial trust capital was approximately RMB1,983,000,000.

27. Trust (Continued)**(I) Cooperation with Zhonghai Trust Company Ltd. (continued)**

Pursuant to the terms of the Zhonghai 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 Company, 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% equity interest in Wuxi Greentown Real Estate Development Co., Ltd. ("Wuxi Greentown") and 25% equity interest in Hangzhou Greentown Haiqi Real Estate Development Co. Ltd. ("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% equity interest in Wuxi Greentown was completed on 15 April 2009. The sale by Hangzhou Kangju of its 25% equity 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 Zhonghai 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 Trust Establishment Date save and except that if 40% of the total above-ground gross floor area ("GFA") of phase one of the Qianjiang Project (undertaken by Hangzhou Greentown Haiqi) and the Taihu Project (undertaken by Wuxi Greentown) (as the case may be) is sold, the relevant project company shall repay

half of the principal sum of the relevant Trust Loan; and if 80% of the total above-ground GFA of phase one of the Qianjiang Project and the Taihu Project (as the case may be) is sold, the relevant project company shall repay all of the principal sum of the Trust Loan. Under other circumstances, Hangzhou Greentown Haiqi or Wuxi Greentown (as the case may be) may request early repayment by multiple instalments if all of the following conditions are satisfied:

- (i) the Zhonghai Trust has been established for more than six months;
- (ii) the relevant Trust Loan has been drawn for more than six months;
- (iii) a one-month prior written notice for early repayment has been given to the trustee;
- (iv) each repayment of the principal sum of the relevant Trust Loan(s) shall not be less than one-third of the principal sum of the relevant Trust Loan(s) as stipulated in the loan agreements or RMB250.0 million, whichever is lower; and
- (v) Greentown Real Estate or its nominees have acquired the equity interest in Hangzhou Greentown Haiqi or Wuxi Greentown (as the case may be) held by the Zhonghai Trust in such proportion equivalent to the percentage of the principal sum of the relevant Trust Loan repaid by Hangzhou Greentown Haiqi or Wuxi Greentown (as the case may be).

27. Trust (Continued)

(I) Cooperation with Zhonghai Trust Company Ltd. (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 Zhonghai Trust shall be obliged (the "Equity Put") to require Greentown Real Estate or its nominees to repurchase the equity interests sold in the Equity Sale at a pre-agreed purchase price (the "Equity Put Price") upon (a) the expiry of the 33rd month after the Trust Establishment Date; (b) the occurrence of certain material adverse events affecting Wuxi Greentown, Hangzhou Greentown Haiqi or Greentown Real Estate; or (c) early repayment of the Trust Loans. The Equity Put Price is based on a fixed rate of 40% per annum with reference to the number of investment days in Wuxi Greentown and/or Hangzhou Greentown Haiqi less any cumulative dividend paid by Wuxi Greentown and/or Hangzhou Greentown Haiqi;

(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 Zhonghai 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 (the "RMB1 Options"); and

(iii) Trust units held by beneficiaries of the Zhonghai Trust (other than Greentown Real Estate), pursuant to which such beneficiaries of the Zhonghai 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 Zhonghai Trust is unable to obtain certain agreed minimum returns on equity upon the exercise of Equity Put. The Trust Put Price is based on a fixed rate of 11.5% per annum in the case of senior trust units and 45% per annum in the case of junior trust units with reference to the number of investment days of the Zhonghai Trust less any cumulative trust income distributed to the beneficiaries of the senior trust units or the junior trust units (as the case may be).

(d) Under the terms of the Zhonghai 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 (the "Guarantee"); 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 (the "Surety"). 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.

27. Trust (Continued)**(I) Cooperation with Zhonghai Trust Company Ltd. (continued)**

The accounting treatment for the junior trust units subscribed for by Greentown Real Estate and the various agreements entered into between the trustee, Greentown Real Estate and Hangzhou Kangju (described above) is as follows:

- (A) The 180,000,000 junior units of the Zhonghai Trust subscribed for by the Group at a consideration of RMB180,000,000 are accounted for as an available-for-sale investment. Beneficiaries of junior units are subordinate to those of senior units in receiving trust income. They are entitled to a floating income only, which is based on a maximum floating rate of 45% per annum with reference to the number of investment days of the Zhonghai Trust and less any cumulative trust income distributed to the beneficiaries of each junior unit, (i) upon early repayment of the Trust Loans and exercise of the Equity Put; (ii) prior to exercise of the Trust Put; and (iii) upon termination of the Zhonghai Trust.
- (B) The Surety of RMB10,000,000 provided by the Group to the trustee as security for certain obligations of the Group under the Zhonghai Trust is accounted for as a non-current amount due from related party. The Surety shall be refunded upon termination of the Zhonghai Trust.
- (C) For accounting purposes, the Equity Sale and the Equity Put together are considered to be sale and repurchase arrangements. The sale and repurchase arrangements between the Zhonghai Trust and the Group in relation to the 25% equity interest in Hangzhou Greentown Haiqi and the 45% equity interest in Wuxi Greentown are accounted for as a financing arrangement rather than a disposal of equity interests in Hangzhou Greentown Haiqi and Wuxi Greentown.

On the Trust Establishment Date, as the Group is entitled to appoint the majority of the composition of the board of directors of Hangzhou Greentown Haiqi, Hangzhou Greentown Haiqi remains a subsidiary of the Company. Furthermore, the Group still has in substance a present ownership interest of 100% in Hangzhou Greentown Haiqi by virtue of its investment in the junior units of the Zhonghai Trust and the sale and repurchase arrangements in place.

On the Trust Establishment Date, Wuxi Greentown became an associate of the Group as the Group has transferred control over Wuxi Greentown to the Zhonghai Trust, but it is able to exercise significant influence over Wuxi Greentown by appointing one director on the board of directors of Wuxi Greentown. The assets and liabilities of Wuxi Greentown were de-consolidated and the 85% equity interest which is considered to be held by the Group in Wuxi Greentown is accounted for as an associate using the equity method.

	2009 RMB'000
Net assets de-consolidated:	
Property, plant and equipment	2,637
Deferred tax assets	196
Properties under development	702,013
Trade and other receivables, deposits and prepayments	602
Bank balances and cash	246,150
Trade and other payables	(4,487)
Amounts due to related parties	(505,892)
Other taxes payable	(1)
Bank borrowings	(400,000)
	41,218
Non-controlling interests	(6,196)
Transfer to interest in an associate	35,022

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27. Trust (Continued)

(I) Cooperation with Zhonghai Trust Company Ltd. (continued)

(D) The net proceeds received from the Zhonghai Trust under the sale and repurchase arrangements in relation to the 25% equity interest in Hangzhou Greentown Haiqi and the 45% equity interest in Wuxi Greentown and the Trust Loans have been split into a liability component and a number of 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 derivatives.

The interest charged for the year is calculated by applying an effective interest rate of approximately 22% per annum to the liability component since the Trust Establishment Date.

The cash receipts of RMB45,900,000 and RMB250,000,000 are accounted for as borrowings of the Group as a result of the sale and repurchase arrangements in relation to the 45% equity interest in Wuxi Greentown and the 25% equity interest in Hangzhou Greentown Haiqi respectively.

The cash receipts from the Trust Loans granted by the Zhonghai Trust to Hangzhou Greentown Haiqi and Wuxi Greentown are accounted for as borrowings of the Group and associate respectively in the principal amount of RMB1,250,000,000 and RMB437,100,000 respectively.

The liability component is classified as a non-current amount due to non-controlling shareholder by virtue of the Zhonghai Trust's representation on the board of directors of Hangzhou Greentown Haiqi.

- (ii) The Trust Put, the Guarantee and the RMB1 Options (together, the "trust-related financial derivatives") are accounted for as separate derivatives at fair value.

27. Trust (Continued)

(I) Cooperation with Zhonghai Trust Company Ltd. (continued)

(D) (Continued)

(ii) (Continued)

The binomial model is used in the valuation of the trust-related financial derivatives. Inputs into the model at the respective valuation dates are as follows:

	20 April 2009	31 December 2009	31 December 2010
Risk-free rate of interest	1.582%	1.908%	2.962%
Dividend yield	–	–	–
Time to expiration	2.75 years	2.05 years	1.05 years
Volatility	35% – 48%	37% – 48%	26% – 58%

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

The movements of the liability component and trust-related financial derivatives for the year are set out below:

	Liability component RMB'000	Trust Put RMB'000	Guarantee* RMB'000	RMB1 Options RMB'000	Total RMB'000
At 20 April 2009	1,286,720	186,360	71,730	1,090	1,545,900
Interest charged during the year	199,363	–	–	–	199,363
Interest paid during the year	(119,068)	–	–	–	(119,068)
Changes in fair value	–	(16,460)	96,220	(860)	78,900
At 31 December 2009	1,367,015	169,900	167,950	230	1,705,095

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27. Trust (Continued)

(I) Cooperation with Zhonghai Trust Company Ltd. (continued)

(D) (Continued)

(ii) (Continued)

	Liability component RMB'000	Trust Put RMB'000	Guarantee* RMB'000	RMB1 Options RMB'000	Total RMB'000
Interest charged during the year	298,789	–	–	–	298,789
Interest paid during the year	(88,715)	–	–	–	(88,715)
Redemption	(795,751)	–	–	–	(795,751)
Changes in fair value	–	69,720	(159,770)	3,450	(86,600)
At 31 December 2010	781,338	239,620	8,180	3,680	1,032,818

* The Guarantee relates to the loan in the amount of RMB437,100,000 provided by the Zhonghai Trust to Wuxi Greentown plus accrued interest.

Since 40% of the total above-ground GFA of the Qianjiang Project had been sold, pursuant to the Trust Loan agreement and the Equity Put, Hangzhou Greentown Haiqi repaid half of the principal sum of its Trust Loan and Hangzhou Kangju repurchased 12.5% equity interest in Hangzhou Greentown Haiqi at the Equity Put Price in August 2010 for RMB903,710,000 in aggregate. A loss of RMB21,359,000 comprising the loss on partial redemption of trust loans and fair value changes on trust-related financial derivatives was recognized in profit or loss for the year ended 31 December 2010. Furthermore, the Zhonghai Trust made a distribution in September 2010 and Greentown Real Estate, as a beneficiary of the junior trust units, received RMB101,622,000 representing a partial refund of trust principal of RMB69,030,000 plus trust income.

27. Trust (Continued)

In addition to the Zhonghai Trust, the Group entered into further trust financing arrangements during 2010 as follows:

(II) Cooperation with China Ping An Trust & Investment Co., Ltd.

On 31 December 2009, Greentown Real Estate entered into a framework cooperation agreement with China Ping An Trust & Investment Co., Ltd., as trustee, pursuant to which Greentown Real Estate agreed to, among other things, (i) make a capital injection of RMB300,000,000 into Zhejiang Newspapering Greentown Real Estate Development Co., Ltd. ("Zhejiang Newspapering Greentown Real Estate"); (ii) after the capital injection, dispose of its 50% equity interest in Zhejiang Newspapering Greentown Real Estate to the trustee at RMB200,000,000 upon satisfaction of certain conditions; (iii) provide an entrusted loan in an aggregate amount of RMB1,300,000,000 to Zhejiang Newspapering Greentown Real Estate through certain banks and assign the entrusted loan to the trustee at RMB1,300,000,000 upon satisfaction of certain conditions; (iv) provide and procure provision of a security package in favour of the trustee to secure the obligations of Zhejiang Newspapering Greentown Real Estate under the entrusted loan upon it being assigned to the trustee and the obligations of Greentown Real Estate under a repurchase agreement; and (v) repurchase the 50% equity interest in Zhejiang Newspapering Greentown Real Estate from the trustee at RMB200,000,000 after 12 months from the date of completion of the disposal.

The trustee agreed to establish a trust with a fund size of RMB1,500,000,000 after the capital injection for the purpose of acquisition of the 50% equity interest in Zhejiang Newspapering Greentown Real Estate and the entrusted loan from Greentown Real Estate. The duration of the trust shall be 12 months from the trust establishment date, or 15 months if the entrusted loan is extended.

The trust (the "Ping An Trust") was established on 13 January 2010 and the aforementioned transactions were completed on 13 January 2010.

Before completion of the disposal, Greentown Real Estate controlled 100% equity interest in Zhejiang Newspapering Greentown Real Estate. After completion of the disposal on 13 January 2010, as Greentown Real Estate is entitled to appoint the majority of the composition of the board of directors of Zhejiang Newspapering Greentown Real Estate, Zhejiang Newspapering Greentown Real Estate remains a subsidiary of the Company after the disposal. Furthermore, Greentown Real Estate still has in substance a present ownership interest of 100% in Zhejiang Newspapering Greentown Real Estate by virtue of the sale and repurchase arrangement in place.

The trust financing arrangements set out above are considered to be a sale and repurchase arrangement. This sale and repurchase arrangement is accounted for as a financing arrangement rather than a disposal of equity interest in Zhejiang Newspapering Greentown Real Estate.

The net proceeds received from the capital injection and entrusted loan are considered to be a liability and classified as a current amount due to non-controlling shareholder by virtue of the Ping An Trust's representation on the the board of directors of Zhejiang Newspapering Greentown Real Estate. The contractual interest rate on the entrusted loan of RMB1,300 million is 11.5% per annum. The interest charged for the period is calculated by applying an effective interest rate of approximately 10% per annum to the liability since the trust establishment date.

The movements of the liability for the year are set out below:

	RMB'000
At 13 January 2010	1,500,000
Interest charged during the year	145,375
Interests paid during the year	(75,417)
At 31 December 2010	1,569,958

27. Trust (Continued)

(III) Cooperation with Zhongtai Trust Co., Ltd.

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

value to the trustee; and (j) Greentown Real Estate shall deposit the escrow dividends that may be distributed by Shanghai Greentown in an escrow account to secure the payment obligations of Greentown Real Estate under the various documents.

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

Before the capital injection, Greentown Real Estate held all of the equity interest in Shanghai Greentown. After the capital injection, as Greentown Real Estate is entitled to appoint the majority of the composition of the board of directors of Shanghai Greentown, Shanghai Greentown remains a subsidiary of the Company after the disposal. Furthermore, Greentown Real Estate still has in substance a present ownership interest of 100% in Shanghai Greentown by virtue of its investment in the ordinary units of the trust.

The trust (the "Zhongtai Trust") was established on 11 February 2010 and the aforementioned transactions were completed on 11 February 2010. A total of 1,650 million trust units have been subscribed, comprising 1,003.9 million preferred A units (division A of the preferred units which have a duration of 12 months) and 496.1 million preferred B units (division B of the preferred units which have a duration of 18 months) subscribed by qualified investors and 150 million ordinary units (with a duration of 18 months) subscribed by Greentown Real Estate. The unit price for each trust unit is RMB1.00. The maximum duration of the Zhongtai Trust shall be 18 months from the trust establishment date.

27. Trust (Continued)

(III) Cooperation with Zhongtai Trust Co., Ltd.. (continued)

The 150,000,000 ordinary units of the Zhongtai Trust subscribed for by the Group at a consideration of RMB150,000,000 are accounted for as an available-for-sale investment. The Group as beneficiary of ordinary units is subordinate to those of preferred units in receiving trust income. The trust income shall be paid (a) in cash on the preferred units and (b) in cash, in equity or in other kind on the ordinary units, upon the expiry or the termination of the relevant trust units.

The trust financing arrangements set out above are considered to be a sale and repurchase arrangement. This sale and repurchase arrangement is accounted for as a financing arrangement rather than a disposal of equity interest in Shanghai Greentown.

The net proceeds received from the capital injection and Assigned Shareholders' Loan are considered to be a liability and classified as a current amount due to non-controlling shareholder by virtue of the Zhongtai Trust's representation on the board of directors of Shanghai Greentown. The contractual interest rate on the Assigned Shareholders' Loan of RMB1,553.9 million is 9.3% per annum. The interest charged for the period is calculated by applying an effective interest rate of approximately 9.3% per annum to the liability since the trust establishment date.

The movements of the liability for the year are set out below:

	RMB'000
At 11 February 2010	1,650,000
Interest charged during the year	133,180
Interest paid during the year	(46,349)
At 31 December 2010	1,736,831

28. Convertible Bonds

(i) 2006 Convertible Bonds

On 9 January 2009, the Company redeemed the outstanding secured non-mandatory convertible bonds due 2011 (the "2006 Convertible Bonds") at US\$12,360,000 (equivalent to RMB84,497,000), representing their outstanding principal amount plus accrued interest, upon the holders of the 2006 Convertible Bonds exercising their redemption option, resulting in a gain of RMB11,494,000.

(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.

28. Convertible Bonds (Continued)

(ii) 2007 Convertible Bonds (continued)

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 29) 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.

(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. The present Conversion Price is HKD21.99 per share.

28. Convertible Bonds (Continued)

(ii) 2007 Convertible Bonds (continued)

(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%.

(v) Redemption at the option of the Company

At any time after 18 May 2010 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):

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

28. 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

$\rho = 180$

(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%.

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 issuer and bondholder early redemption options but without the conversion option. The early redemption options are not separately accounted for because they are 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.

28. Convertible Bonds (Continued)

(ii) 2007 Convertible Bonds (continued)

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
As at 1 January 2009	2,090,100	350,806	2,440,906
Interest charged during the year	98,066	–	98,066
As at 31 December 2009	2,188,166	350,806	2,538,972
Redemption	(2,051,768)	(323,273)	(2,375,041)
Conversion	(1,632)	(258)	(1,890)
Interest charged during the year	43,344	–	43,344
As at 31 December 2010	178,110	27,275	205,385

As at 31 December 2009, the 2007 Convertible Bonds were classified as a current liability as the bondholders have the right to require the Company to redeem all or some only of the 2007 Convertible Bonds on 18 May 2010.

On 16 April 2010, the deadline for the submission of the put exercise notice in respect of the 2007 Convertible Bonds, the Company received from certain bondholders put exercise notices requiring the Company to redeem part of the 2007 Convertible Bonds with an aggregate principal amount of RMB2,128,700,000, representing 92.15% of the total principal amount of the 2007 Convertible Bonds outstanding as at 31 December 2009. Such portion of the 2007 Convertible Bonds were redeemed for RMB2,199,926,000 on 18 May 2010. A loss of RMB148,158,000 was recognized in profit or loss for the year ended 31 December 2010 as a result of a revision in estimates of the expected payments over the expected life of the 2007 Convertible Bonds.

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

As at 31 December 2010, the remaining 2007 Convertible Bonds due on 18 May 2012 were classified as a non-current liability.

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For the year ended 31 December 2010

29. 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).

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.

29. Senior Notes (Continued)

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.

Period	Redemption price
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.

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 and on 31 December 2009 and 2010.

Notes to the Consolidated Financial Statements

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29. Senior Notes (Continued)

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

	RMB'000
At 1 January 2009	2,701,186
Exchange realignment	(2,530)
Repurchase	(2,440,317)
Interest charged during the year	118,632
Interest paid/payable during the year	(115,457)
At 31 December 2009	261,514
Exchange realignment	(7,660)
Interest charged during the year	23,469
Interest paid/payable during the year	(23,469)
At 31 December 2010	253,854

On 21 April 2009, the Company commenced a tender offer (the "Tender Offer") to purchase for cash any and all of its outstanding US\$400,000,000 9.00% Senior Notes due 2013 (the "Notes"). In conjunction with the Tender Offer, the Company also solicited (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 Offer expired at 5:00 p.m., New York City time, on 19 May 2009 (the "Expiration Date").

Holders who validly tendered and did not withdraw their Notes on or prior to 5:00 p.m., New York City Time, on 4 May 2009 (the "Consent Date") were eligible to receive the total consideration of US\$850 for each US\$1,000 principal amount of the Notes tendered (the "Total Consideration"), which consists of (i) an amount of US\$775 (the "Purchase Price"), (ii) an amount of US\$59, which constitutes an early tender payment (the "Early Tender Payment", and (iii) a consent payment of US\$16 (the "Consent Payment"), plus accrued and unpaid interest thereon up to, but not including, the date of payment (the "Settlement Date"). Holders who validly

tendered after the Consent Date but on or before the Expiration Date were eligible to receive the Purchase Price only, plus accrued and unpaid interest thereon up to, but not including, the Settlement Date. Holders who did not tender their Notes but validly deliver Consents on or prior to the Consent Date, and did not validly revoke their Consents on or prior to the Consent Date, were eligible to receive the Consent Payment only.

As of the Expiration Date:

- (i) US\$361,334,000 of the principal amount of the Notes, representing approximately 90.3% of the total aggregate principal amount of Notes outstanding, had been validly tendered and not been withdrawn; and
- (ii) Consents (including Consents deemed to have been delivered) from holders holding US\$370,003,000 of the principal amount of the Notes, representing approximately 92.5% of the total aggregate principal amount of Notes outstanding, had been validly delivered and not been revoked.

The Company accepted all the tendered Notes for payment. Following the settlement of the Offer and as at 31 December 2009, US\$38,666,000 of the principal amount of the Notes remains outstanding. As at 31 December 2009, the carrying amount of the outstanding Notes amounted to RMB261,514,000.

29. Senior Notes (Continued)

On 5 May 2009, the Company executed with the Subsidiary Guarantors and the trustee a supplement to the Indenture containing the Proposed Amendments and Waivers which became effective upon execution but does not become operative until the settlement date. The Proposed Amendments and Waivers, among other things,

- (a) eliminated substantially all of the restrictive covenants contained in the Indenture including the limitations on (i) incurrence of indebtedness and preferred stock, (ii) restricted payments, (iii) liens other than liens over the Collateral, (iv) dividends and other payment restrictions affecting subsidiaries, (v) sales and issuances of capital stock in restricted subsidiaries, (vi) issuances of guarantees by restricted subsidiaries, (vii) sale and leaseback transactions, (viii) transactions with shareholders and affiliates, (ix) business activities, (x) designation of restricted and unrestricted subsidiaries and (xi) anti-layering, and compliance with certain financial requirements in the mergers, consolidations or sales of assets covenants;
- (b) eliminated certain Events of Default with respect to the Notes; and
- (c) waived 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 directly or indirectly, from or in connection with, any non-compliance or potential non-compliance with the Indenture.

The aggregate amount paid by the Company to the holders for the purchase of the Notes tendered pursuant to the Tender Offer and the payment for the Consents delivered pursuant to the Consent Solicitation is approximately US\$311,026,000 (equivalent to RMB2,122,427,000) (which includes accrued interest thereon and fees paid). Payment was made on 22 May 2009 for all tendered Notes and delivered Consents.

As at 31 December 2009 and 2010, the Notes were classified as non-current liabilities after the Proposed Amendments and Waivers had taken effect.

30. Share Capital

	Number of shares	Share capital HKD'000
<i>Authorised</i>		
Ordinary shares of HKD0.10 each At 31 December 2009 and 2010	10,000,000,000	1,000,000
<i>Issued and fully paid</i>		
Ordinary shares of HKD0.10 each At 1 January 2009	1,537,361,607	153,736
Issue in consideration for the acquisition of the issued share capital of Skymoon International Limited (Note 31)	100,000,000	10,000
Exercise of share options	4,488,500	449
At 31 December 2009	1,641,850,107	164,185
Issue on conversion of 2007 Convertible Bonds	78,540	8
Issue in part consideration for the acquisition of Grandlink Development Limited (Note 31)	13,010,000	1,301
Exercise of share options	3,051,500	305
Shares repurchased and cancelled	(21,076,500)	(2,108)
Issue of remuneration shares to former Chief Financial Officer of the Company	740,000	74
	1,637,653,647	163,765
		RMB'000
Shown on the consolidated balance sheet As at 31 December 2010		166,243
As at 31 December 2009		166,605

On 8 January 2010, 740,000 ordinary shares in the Company were issued and allotted to the then Chief Financial Officer of the Company as part of his remuneration package. As a result, an equity-settled share-based payment expense of RMB8,213,000 was recognised in profit or loss for the year ended 31 December 2010.

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

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31. Acquisition of Subsidiaries

Particulars of the subsidiaries acquired during 2009 were as follows:

Acquired company	Principal activities	Acquisition date	Effective equity interest acquired by the Group	Consideration RMB'000
浙江報業綠城房地產開發有限公司 Zhejiang Newspapering Greentown Real Estate (Note i)	Real estate development	18 May 2009	100%	100,000
杭州休博園湖畔綠景休閒開發有限公司 Hangzhou Xiuboyuan Hupan Lvjing Xiuxian Development Co., Ltd. ("Hangzhou Xiuboyuan") (Note ii)	Real estate development	25 May 2009	50%	60,000
河南鄭東綠城房地產開發有限公司 (原名：河南錦江置業有限公司) Henan Zhengdong Greentown Real Estate Development Co., Ltd. (Formerly known as: Henan Jinjiang Real Estate Co., Ltd.)	Real estate development	17 November 2009	100%	136,733
諸暨市越都置業有限公司 Zhuzhi Yuedu Real Estate Co., Ltd. ("Zhuzhi Yuedu") (Note iii)	Real estate development	7 July 2009	90%	270,000
Skymoon International Limited (Note iv)	Real estate development	16 July 2009	100%	537,691
				1,104,424

Notes:

- (i) Zhejiang Newspapering Greentown Real Estate was previously a wholly owned subsidiary of Zhejiang Newspapering Greentown, a jointly controlled entity of the Group.
- (ii) The Group has the right to appoint a majority of directors for the board of directors of Hangzhou Xiuboyuan, while a valid board resolution requires 50% of the total votes. The Group therefore has the power to direct the financial and operational policies of the entity. Therefore, it is accounted for as a subsidiary of the Group.
- (iii) 30% equity interest in Zhuzhi Yuedu was subsequently sold to a non-controlling shareholder on 30 November 2009. Please refer to Note 39(iii)(b) for details.
- (iv) On 7 May 2009, the Company, Richwise Holdings Limited ("Richwise"), a wholly-owned subsidiary of the Company, Tandellen Group Limited ("Tandellen") and Mr LUO Zhaoming, a shareholder of Tandellen, entered into an agreement (as amended by the supplemental agreement dated 8 May 2009), pursuant to which Tandellen conditionally agreed to sell the entire issued share capital of Skymoon International Limited ("Skymoon International") to Richwise at a consideration of HK\$610,000,000 (equivalent to RMB537,691,000), which would be satisfied in full by the allotment and issue of 100,000,000 new shares in the Company to Tandellen (or its nominees) at HK\$6.1 per share. The acquisition of Skymoon International was completed on 16 July 2009. Skymoon International holds 100% equity interest in Litao (Hangzhou) Construction and Design Consultancy Co., Ltd., which in turn holds 100% equity interest in Hangzhou Chuangjing Property Co. Ltd. Hangzhou Chuangjing Property Co., Ltd. holds 100% equity interest in Beijing Laifu Century Property Co., Ltd.

31. Acquisition of Subsidiaries (Continued)

Particulars of the subsidiaries acquired 2010 were as follows:

Acquired company	Principal activities	Acquisition date	Effective equity interest acquired by the Group	Consideration RMB'000
創興發展有限公司 Grandlink Development Co., Ltd.	Investment holding	6 January 2010	100%	Note (i)
天津逸駿投資有限公司 Tianjin Yijun Real Estate Development Co., Ltd.	Real estate development	13 January 2010	80%	8,000
杭州銀嘉房地產開發有限公司 Hangzhou Yinjia Real Estate Development Co., Ltd.	Real estate development	21 January 2010	56%	60,000
錢王美廬餐飲有限公司 Qianwang Meilu Food & Restaurant Co., Ltd. ("Qianwang Meilu")	Food and entertainment	31 January 2010	80%	10,000
紹興綠城金昌發展置業有限公司 Shaoxing Greentown Jinchang Real Estate Development Co., Ltd. ("Shaoxing Greentown Jinchang") (Note (ii))	Real estate development	12 April 2010	51%	30,000
新疆鴻遠投資有限公司 Xin Jiang Hongyuan Investment Co., Ltd.	Real estate development	29 July 2010	60%	25,500
北京金策國泰投資管理有限公司 Beijing Jince Guotai Investment Management Co., Ltd.	Real estate development	31 August 2010	51%	5,100
浙江綠城廣告策劃有限公司 Zhejiang Greentown Advertising Planning Co., Ltd. ("Zhejiang Greentown Advertising Planning")	Advertising	7 December 2010	100%	600
啓東綠城香格置業有限公司 Qidong Greentown Xiangge Real Estate Development Co., Ltd.	Real estate development	31 December 2010	51%	33,150
				172,350

Notes to the Consolidated Financial Statements

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31. Acquisition of Subsidiaries (Continued)

Notes:

- (i) On 16 December 2009, the Company, Richwise Holdings Limited, a wholly-owned subsidiary of the Company, Mr GUO Jiafeng, an executive director of the Company, and Jamuta Investments Limited ("Jamuta"), which is wholly-owned by Mr GUO, entered into an agreement, pursuant to which, among other things, Richwise agreed to buy, and Jamuta agreed to sell, the entire issued share capital of Grandlink Development Limited ("Grandlink"), a wholly-owned subsidiary of Jamuta, for RMB250 million (the "Consideration").

Before the completion of this acquisition, Mr GUO wholly owned Jamuta, which wholly owned Grandlink, which, in turn, wholly owned Zhoushan Yihua Design Consultancy Co., Ltd. ("Zhoushan Yihua"). Further, before the completion of this acquisition, Mr GUO wholly owned Zhoushan Xianghe Design Consultancy Co., Ltd. ("Zhoushan Xianghe"), which owned 13% of the equity interest in Hangzhou Yuhang Greentown Real Estate Development Co., Ltd. ("Yuhang Greentown") (with the remaining 51% and 36% equity interest in Yuhang Greentown being owned by Greentown Real Estate and other investors, respectively). Before the completion of this acquisition, Zhoushan Yihua will acquire the entire equity interest in Zhoushan Xianghe from Mr GUO under a separate agreement.

Immediately before the completion of this acquisition, Grandlink would own indirectly (through Zhoushan Yihua and Zhoushan Xianghe) 13% of the equity interest in Yuhang Greentown. The Consideration would be satisfied by way of (i) a loan in the amount of RMB4 million to be procured by Richwise for Zhoushan Yihua for the purpose of financing its acquisition of the entire equity interest in Zhoushan Xianghe from Mr GUO, (ii) RMB96 million in cash; and (iii) RMB150 million by the allotment and issue of 13,010,000 new shares in the Company to Jamuta (or its nominee(s)) at an issue price of HK\$13.09 per share.

This acquisition was completed on 6 January 2010 and accounted for as a purchase of additional interest in Yuhang Greentown.

- (ii) Shaoxing Greentown Jinchang was previously a 42%-owned associate of the Group.

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

	2010 RMB'000	2009 RMB'000
Net assets acquired:		
Property, plant and equipment	12,850	5,185
Properties for development	765,092	1,646,701
Properties under development	529,388	1,323,029
Inventories	639	-
Trade and other receivables	703,689	75,883
Amounts due from related parties	60,000	-
Prepaid other taxes	67	-
Bank balances and cash	81,389	718,462
Trade and other payables	(283,922)	(1,627,001)
Amounts due to related parties	(1,344,589)	(148,564)
Income taxes payable	(98)	-
Other taxes payable	-	(70)
Bank borrowings	(166,892)	(799,000)
	357,613	1,194,625
Goodwill	9,682	-
Non-controlling interests	(175,331)	(90,000)
	191,964	1,104,625
Less:		
Interest previously acquired and classified as jointly controlled entities/associates	(19,614)	(201)
	172,350	1,104,424
Total consideration, satisfied by:		
Other payables	600	118,606
Cash	171,750	448,127
Shares issued	-	537,691
	172,350	1,104,424
Net cash (outflow) inflow arising on acquisition		
Cash paid	(171,750)	(448,127)
Bank balances and cash acquired	81,389	718,462
	(90,361)	270,335

31. Acquisition of Subsidiaries (Continued)

These acquisitions have been accounted for as acquisitions of assets and liabilities as the subsidiaries acquired are not businesses except for Qianwang Meilu and Zhejiang Greentown Advertising Planning, the acquisition of which have been accounted for as acquisitions of businesses. The non-controlling interest in Qianwang Meilu recognised at the acquisition date was measured by reference to its proportionate share of Qianwang Meilu's identifiable net assets and amounted to RMB165,000. The goodwill arising from the acquisition of Qianwang Meilu and Zhejiang Greentown Advertising Planning was subsequently written off in the current year.

Qianwang Meilu and Zhejiang Greentown Advertising Planning contributed revenue amounted to RMB14.7 million and nil respectively to the Group for the period between their respective dates of acquisition and the end of the reporting period. The loss attributable to Qianwang Meilu and Zhejiang Greentown Advertising Planning amounted to RMB1.8 million and RMB0.02 million respectively, which have been recognised in the Group's profit for the period between their respective dates of acquisition and the end of the reporting period.

Had the acquisition of Qianwang Meilu and Zhejiang Greentown Advertising Planning been effected at 1 January 2010, the effect on the Group's revenue and profit for the year ended 31 December 2010 would have been insignificant.

32. Disposal Of Subsidiaries

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 of its 40% equity interest in Hangzhou Greentown Haiqi, a 60%-owned subsidiary of the Company, 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 Luyuan Real Estate Development Co., Ltd. ("Shanghai Luyuan") and shareholder loans made by the Company's subsidiaries to Shanghai Luyuan for a total consideration of RMB1,230,174,000. The consideration for the acquisition of the 40% equity interest in and shareholder's loan to Hangzhou Greentown Haiqi was satisfied partly by the consideration for the sale of the 100% equity interest in and shareholder's loan to Shanghai Luyuan and partly by a cash consideration of RMB152,218,000. 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 Luyuan ceased to be a subsidiary of the Company.

On 31 March 2010, the Group disposed of its 100% equity interest in Changxing Huadi Real Estate Co, Ltd. ("Changxing Huadi") to Wuxi Huadi Investment Management Co, Ltd. for a cash consideration of RMB50,000,000. The 100% equity interest in Changxing Huadi was previously held by Changxing Greentown Real Estate Development Co., Ltd., a non-wholly owned subsidiary of the Company.

On 1 July 2010, the Group disposed of its 51% equity interest in Xinjiang Yecheng Wanshun Real Estate Development Co., Ltd. to XIA Songhua for a cash consideration of RMB12,373,000.

On 31 August 2010, the Group disposed of its 51% equity interest in Beijing Eastern Greentown Real Estate Co., Ltd., a wholly-owned subsidiary, to China Gezhouba Group Real Estate Corporation for a cash consideration of RMB25,500,000.

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32. Disposal of Subsidiaries (Continued)

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

	2010 RMB'000	2009 RMB'000
Net assets disposed of:		
Property, plant and equipment	4,759	40
Properties for development	1,178,544	–
Properties under development	143,434	1,284,982
Trade and other receivables, deposits and prepayments	29,325	1,243
Prepaid income taxes	632	–
Bank balances and cash	47,081	184,145
Deferred tax assets	2,247	–
Trade and other payables	(1,092,772)	(36,231)
Pre-sale deposits	(48,763)	–
Amounts due to related parties	(98,776)	(1,117,994)
Other taxes payable	(2)	(89)
Bank borrowings	(50,000)	(180,000)
Non-controlling interests	(8,866)	–
	106,843	136,096
Shareholder loans	–	1,088,650
Gain on disposal of a subsidiary	4,361	–
Total consideration	111,204	1,224,746
Satisfied by:		
Cash received	87,873	–
Cash consideration paid	–	(152,218)
Transfer to interest in associates	23,331	–
40% net assets of Hangzhou Greentown Haiqi	–	1,376,964
	111,204	1,224,746
Net cash inflow (outflow) arising on disposal		
Cash received	87,873	–
Cash paid	–	(152,218)
Bank balances and cash disposed of	(47,081)	(184,145)
	40,792	(336,363)

33. Operating Leases

The Group as lessee

	2010 RMB'000	2009 RMB'000
Minimum lease payments made under operating leases in respect of buildings during the year	47,741	34,289

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2010 RMB'000	2009 RMB'000
Within one year	33,717	26,307
In the second to fifth year inclusive	25,081	26,334
After five years	4,495	2,602
	63,293	55,243

Operating lease payments represent rentals payable by the Group for certain office premises. Leases are negotiated for a term ranging from 1 to 6 years with fixed rentals.

The Group as lessor

	2010 RMB'000	2009 RMB'000
Property rental income, net of negligible outgoings	36,415	5,344

33. Operating Leases (Continued)

The Group as lessor (continued)

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	2010 RMB'000	2009 RMB'000
Within one year	25,898	3,939
In the second to fifth year inclusive	10,776	10,003
After five years	7,001	7,013
	43,675	20,955

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

34. Commitments

	2010 RMB'000	2009 RMB'000
Commitments contracted for but not provided in the consolidated financial statements in respect of:		
Properties for development and properties under development	17,414,872	20,880,533
Construction in progress	32,217	604,739
	17,447,089	21,485,272

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

	2010 RMB'000	2009 RMB'000
Contracted for but not provided	351,575	533,741

35. Share-based Payment Transactions

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.

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.

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35. Share-based Payment Transactions (Continued)

Details of specific categories of options granted in 2009 are as follows:

	Date of grant	Vesting period	Exercise period	Exercise price	Fair value
2009A	22/1/2009	22/1/2009-21/1/2011	22/1/2009-21/1/2019	HK\$2.89	HK\$1.19
2009B	13/5/2009	13/5/2009-12/5/2012	13/5/2009-12/5/2019	HK\$7.16	HK\$3.41
2009C	22/6/2009	22/6/2009-21/6/2011	22/6/2009-21/6/2019	HK\$11.00	HK\$4.71
2009D	17/7/2009	17/7/2009-16/7/2011	17/7/2009-16/7/2019	HK\$11.59	HK\$4.17

The closing prices of the Company's shares on 22 January, 13 May, 22 June and 17 July 2009, the dates of grant, were HK\$2.75, HK\$7.16, HK\$11.00 and HK\$11.52 respectively.

The share options are exercisable during the following periods:

2009A

- (i) up to 50% of the share options granted to each grantee from 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.

2009B

- (i) up to 33% of the share options granted to each grantee from 13 May 2009;
- (ii) up to 67% of the share options granted to each grantee at any time after the expiration of 24 months from 13 May 2009; and
- (iii) all the remaining share options granted to each grantee at any time after the expiration of 36 months from 13 May 2009, and in each case, not later than 12 May 2019.

2009C

- (i) up to 50% of the share options granted to each grantee from 22 June 2009;
- (ii) up to 75% of the share options granted to each grantee at any time after the expiration of 12 months from 22 June 2009; and
- (iii) all the remaining share options granted to each grantee at any time after the expiration of 24 months from 22 June 2009, and in each case, not later than 21 June 2019.

2009D

- (i) up to 50% of the share options granted to each grantee from 17 July 2009;
- (ii) up to 75% of the share options granted to each grantee at any time after the expiration of 12 months from 17 July 2009; and
- (iii) all the remaining share options granted to each grantee at any time after the expiration of 24 months from 17 July 2009, and in each case, not later than 16 July 2019.

35. Share-based Payment Transactions (Continued)

The following table discloses movements of the Company's share options held by directors and employees during the year:

Option type	Outstanding at 1/1/2010	Granted during year	Exercised during year	Forfeited during year	31/12/2010
2009A	32,867,500	–	(3,051,500)	(247,750)	29,568,250
2009B	10,000,000	–	–	–	10,000,000
2009C	40,321,000	–	–	(1,391,000)	38,930,000
2009D	15,000,000	–	–	–	15,000,000
	98,188,500	–	(3,051,500)	(1,638,750)	93,498,250
Exercisable at the end of the year					64,038,688
Weighted average exercise price			HK\$2.89		

Option type	Outstanding at 1/1/2009	Granted during year	Exercised during year	Forfeited during year	31/12/2009
2009A	–	37,356,000	(4,488,500)	–	32,867,500
2009B	–	10,000,000	–	–	10,000,000
2009C	–	40,500,000	–	(179,000)	40,321,000
2009D	–	15,000,000	–	–	15,000,000
	–	102,856,000	(4,488,500)	(179,000)	98,188,500
Exercisable at the end of the year					45,150,000
Weighted average exercise price			HK\$2.89		

HK\$1.00 is payable for each acceptance of grant of share options. In addition, (i) in respect of the 2009A share options, certain grantees were required to pay an option premium of HK\$1.00 per share option up front; and (ii) in respect of the 2009C share options, certain grantees were required to pay an option premium of HK\$3.50 per share option in three annual instalments. As at 31 December 2010, share option premiums receivable amounting to RMB90,539,000 (2009: RMB60,359,000) and RMB30,180,000 (2009: RMB60,359,000) were included in current other receivables and non-current other receivables respectively according to the payment terms of the share option premiums.

The estimated fair values of the 2009A, 2009B, 2009C and 2009D share options at their respective dates of grant are RMB39,173,000, RMB30,023,000, RMB168,173,000 and RMB55,132,000 respectively.

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35. Share-based Payment Transactions (Continued)

The following assumptions were used to calculate the fair values of the share options:

	2009A	2009B	2009C	2009D
Grant date share price	HK\$2.75	HK\$7.16	HK\$11.00	HK\$11.52
Exercise price	HK\$2.89	HK\$7.16	HK\$11.00	HK\$11.59
Expected life	10 years	10 years	10 years	5.1 years
Expected volatility	58%	59%	59%	57%
Dividend yield	2.81%	2.81%	4.16%	4.16%
Risk-free interest rate	1.450%	2.372%	2.951%	1.79%

The Binomial model has been used to estimate the fair value of the 2009A, 2009B and 2009C share options. The Black-Scholes pricing model has been used to estimate the fair value of the 2009D share options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. Changes in variables and assumptions may result in changes in the fair value of the share options.

Expected volatility was determined by using the historical volatility of the share price of comparable listed companies over the most recent period. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non transferability, exercise restrictions and behavioural considerations.

The Group recognised the total expense of RMB37,953,000 for the year ended 31 December 2010 (2009: RMB107,413,000) in relation to share options granted by the Company.

At the end of each reporting period, the Group revises its estimates of the number of share options that are expected to ultimately vest. The impact of the revision of the estimates, if any, is recognised in profit and loss, with a corresponding adjustment to the share options reserve.

36. Pledge of Assets

Other than those security arrangements disclosed in Notes 27 and 29, at the end of the reporting period, the following assets were pledged to banks and other parties to secure credit facilities granted to the Group:

	2010 RMB'000	2009 RMB'000
Land and buildings	29,782	35,179
Hotel buildings	1,577,929	1,042,707
Prepaid lease payment	135,631	60,865
Construction in progress	–	8,369
Properties for development	1,656,960	1,242,287
Properties under development	28,380,933	17,705,303
Completed properties for sale	–	104,818
Investment properties	1,700,000	–
Bank deposits	2,565,234	2,376,822
Amounts due from associates	78,820	576,682
Interests in associates	138,700	4,268
	36,263,989	23,157,300

37. 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.

38. Contingent Liabilities

The Group provided guarantees of RMB18,657,985,000 (2009: RMB10,106,230,000) at 31 December 2010 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.

Other than those disclosed in Note 27, the Group also provided guarantees to banks and other parties in respect of credit facilities utilised by the following companies:

	2010 RMB'000	2009 RMB'000
Associates	3,120,000	3,730,700
Jointly controlled entities	1,930,000	1,439,000
	5,050,000	5,169,700

Contingent liabilities arising from interests in associates at the end of the reporting period:

	2010 RMB'000	2009 RMB'000
Share of mortgage loan guarantees provided by an associate to banks in favour of its customers	3,363,035	1,921,789

Contingent liabilities arising from interests in jointly controlled entities at the end of the reporting period:

	2010 RMB'000	2009 RMB'000
Share of mortgage loan guarantees provided by jointly controlled entities to banks in favour of its customers	761,407	528,385

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39. Related Party Disclosures

- (i) During the year, in addition to those disclosed in other notes to the consolidated financial statements, the Group entered into the following transactions with related parties:

	2010 RMB'000	2009 RMB'000
Sale of properties to Shareholders	30,725	65,770
Sale of properties to officers	50,378	54,960
Sale of properties to non-controlling shareholders of subsidiaries	–	253,389
Sale of materials to associates and jointly controlled entities	7,826	1,694
Construction service income from associates	4,979	5,650
Construction service income from jointly controlled entities	1,794	1,098
Construction service income from Shareholders' Companies	126	–
Real estate service income from non-controlling shareholders	4,579	3,403
Rental fees paid/payable to:		
– Shareholders' Companies	7,992	7,886
– non-controlling shareholders	200	200
Purchases from Shareholders' Companies (Note)	3,215	1,707
Interior decoration service fees paid/payable to Shareholders' Companies	200	791
Property management fees paid/payable to Shareholders' Companies	43,476	13,899
Interest income arising from amounts due from:		
– associates	355,859	89,361
– jointly controlled entities	27,236	163,681
– non-controlling shareholders	77,557	–

	2010 RMB'000	2009 RMB'000
Interest expense arising from amounts due to:		
– associates	98,879	3,982
– jointly controlled entities	28,210	17,669
– non-controlling shareholders	499,732	3,199
Advertising expenses paid/payable to Shareholders' Companies	40,000	40,000
Other service fees to Shareholders' Companies	1,792	5,645
Brand usage fees from jointly controlled entities and associates	15,990	84,500
Hotel management fees paid/payable to Shareholders' Companies	2,824	1,737
Hotel service income from associates	768	–
Hotel service income from jointly controlled entities	110	–
Hotel service income from Shareholders' Companies	898	12
Interior decoration service income from associate	1,673	–
Sales commission to Shareholder's Companies	443	–
Health management service fee to Shareholders' Companies	1,373	–
Healthcare service fee to Shareholders' Companies	40	–
Educational service fee to Shareholders' Companies	16	–

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.

39. Related Party Disclosures (Continued)

- (i) During the year, in addition to those disclosed in other notes to the consolidated financial statements, the Group entered into the following transactions with related parties: (continued)

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.

Mr SONG Weiping, Mr SHOU Bainian and Ms XIA Yibo are each a "Shareholder", and collectively the "Shareholders", of the Company. Shareholders' Companies represent companies owned by the Shareholders and affiliates.

- (ii) As at the end of the reporting period, the Group had balances with related parties as follows:

	Project-related		2010 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						
Shareholder	–	–	–	30,725	–	30,725
Shareholders' Companies	–	–	–	12,110	–	12,110
Non-controlling shareholders	2,479,261	2,946,909	2,846	869,737	2,482,107	3,816,646
Associates	6,570,126	904,009	–	144,269	6,570,126	1,048,278
Jointly controlled entities	471,551	401,621	–	3,036	471,551	404,657
Officers	–	110,875	–	17,605	–	128,480
	9,520,938	4,363,414	2,846	1,077,482	9,523,784	5,440,896
Due to						
Shareholder	–	13,160	–	–	–	13,160
Shareholders' Companies	–	2,000	–	7,551	–	9,551
Non-controlling shareholders (including: Trust-related (Note 27))	6,627,233 4,088,127	2,162,281 –	100,624 –	648,797 –	6,727,857 4,088,127	2,811,078 –
Associates	–	32,967	4,655,533	1,345,923	4,655,533	1,378,890
Jointly controlled entities	811,458	67,426	313,803	566,059	1,125,261	633,485
Officers	–	20,706	–	750	–	21,456
	7,438,691	2,298,540	5,069,960	2,569,080	12,508,651	4,867,620

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39. Related Party Disclosures (Continued)

(ii) As at the end of the reporting period, the Group had balances with related parties as follows: (continued)

	Project-related		2009 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	–	63,379	–	–	–	63,379
Non-controlling shareholders	–	2,128,539	–	311,843	–	2,440,382
Associates	1,831,210	1,743,547	–	379,727	1,831,210	2,123,274
Jointly controlled entities	20,000	161,327	–	413,402	20,000	574,729
Officers	–	59,788	–	–	–	59,788
	1,851,210	4,156,580	–	1,104,972	1,851,210	5,261,552
Due to						
Shareholders	–	13,160	–	–	–	13,160
Shareholders' Companies	–	3,219	–	–	–	3,219
Non-controlling shareholders	1,689,902	534,037	–	699,747	1,689,902	1,233,784
(including: Trust-related (Note 27))	1,367,015	–	–	–	1,367,015	–
Associates	–	5,383	2,021,489	12,798	2,021,489	18,181
Jointly controlled entities	561,824	486,833	1,302	563,150	563,126	1,049,983
Officers	–	136,223	–	–	–	136,223
	2,251,726	1,178,855	2,022,791	1,275,695	4,274,517	2,454,550

In respect of project-related balances with related parties:

- (a) The trade balances due from officers arise mainly from property sales and are with a normal credit term of two months.
- (b) 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.

39. Related Party Disclosures (Continued)

- (ii) As at the end of the reporting period, the Group had balances with related parties as follows: (continued)
- (c) The project-related balances due from non-controlling shareholders/associates/jointly controlled entities are mainly project advances to these non-controlling 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 non-controlling 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 balances due from (to) related parties are unsecured and repayable on demand. The key terms of the interest bearing balances due from (to) related parties are as follows:

- (a) The project-related amounts due from non-controlling shareholders of RMB2,479,261,000 (2009: nil) at 31 December 2010 carried interest at fixed rates ranging from 6.81% – 7.82% (2009: nil).
- (b) The project-related amounts due from associates of RMB3,743,648,000 (2009: RMB1,321,210,000) at 31 December 2010 carried interest at fixed rates ranging from 5.40% to 6.45% (2009: 5.4% to 8.29%) per annum.

The project-related amounts due from associates of RMB2,826,478,000 (2009: RMB510,000,000) at 31 December 2010 carried interest at variable rates ranging from 5.29% to 7.10% (2009: 5.84%) per annum.

- (c) The project-related amounts due from jointly controlled entities of RMB471,551,000 (2009: RMB20,000,000) at 31 December 2010 carried interest at fixed rates ranging from 6.45% to 6.91% (2009: 6.91%) per annum.
- (d) The project-related amounts due to non-controlling shareholders of RMB207,744,000 at 31 December 2009 carried interest at a variable rate of 12.28% per annum.

The project-related amounts due to non-controlling shareholders of RMB6,627,233,000 (2009: RMB1,482,158,000) at 31 December 2010 carried interest at fixed rates ranging from 6.23% to 14.00% (2009: 10.98% to 14%) per annum.

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39. Related Party Disclosures (Continued)

(ii) As at the end of the reporting period, the Group had balances with related parties as follows: (continued)

(e) The project-related amounts due to jointly controlled entities of RMB556,095,000 (2009: RMB361,644,000) at 31 December 2010 carried interest at a variable rate of 5.31% (2009: 7.82%) per annum.

The project-related amounts due to jointly controlled entities of RMB255,363,000 (2009: RMB200,180,000) at 31 December 2010 carried interest at a fixed rate of 10% (2009: 10%) per annum.

(f) The non-project related amounts due from non-controlling shareholders of RMB2,846,000 (2009: nil) at 31 December 2010 carried interest at a fixed rate of 6.81% (2009: nil) per annum.

(g) The non-project related amounts due to non-controlling shareholder of RMB100,624,000 (2009: nil) at 31 December 2010 carried interest at a fixed rate of 10.98% (2009: nil) per annum.

(h) The non-project related amounts due to associates of RMB1,943,954,000 (2009: RMB122,767,000) at 31 December 2010 carried interest at fixed rates ranging from 5.33% to 8.29% (2009: 5.31%) per annum.

The non-project related amounts due to associates of RMB2,711,579,000 (2009: RMB1,898,722,000) at 31 December 2010 carried interest at variable rates ranging from 5.67% to 8.50% (2009: 7.82%) per annum.

(i) The non-project related amounts due to jointly controlled entities of RMB313,803,000 (2009: RMB1,302,000) at 31 December 2010 carried interest at a fixed rate of 10% (2009: 7.82% to 9.01%) per annum.

(iii) (a) During the year, in addition to those disclosed in Notes 31 and 32, the Group made acquisitions from related parties as follows:

	2010 RMB'000	2009 RMB'000
Purchase of additional interests in subsidiaries from non-controlling shareholders	504,934	9,200

On 28 March 2009, the Group entered into an agreement to acquire a 10% equity interest held by Beijing Qiantian Real Estate Company Limited in Beijing Yinshi Real Estate Development Company for a consideration of RMB5,000,000.

On 10 April 2009, the Group entered into an agreement to acquire a 40% equity interest in Hangzhou Greentown Haiqi held by Nanjing Julong. Please refer to Note 32 for details.

On 23 June 2009, the Group entered into an agreement to acquire a 9% equity interest held by Hefei Chuangyi Technology Investment Company in Anhui Real Estate Development Company Limited, a subsidiary of the Company, for a consideration of RMB4,200,000.

On 6 January 2010, the Group completed the purchase of an additional 13% equity interest in Yuhang Greentown for a total consideration of approximately RMB250 million. Please refer to Note 31 for details.

On 6 January 2010, the Group entered into an agreement to acquire a 40% equity interest held by Beijing Urban Investment & Development Co., Ltd. in Beijing Urban Construction Sino-State Industry & Development Co., Ltd. for a consideration of RMB250 million.

39. Related Party Disclosures (Continued)

- (iii) (a) During the year, in addition to those disclosed in Notes 31 and 32, the Group made acquisitions from related parties as follows: (continued)

On 28 March 2010, the Group entered into an agreement to acquire a 2% equity interest held by Shengzhou Beirong Real Estate Co., Ltd. in Nantong Greentown Real Estate Development Co., Ltd. for a consideration of RMB1,000,000.

On 28 May 2010, the Group entered into an agreement to acquire a 25% equity interest held by three individual equity holders in Hangzhou Greentown Real Estate Investment Co., Ltd. for a consideration of RMB3,750,000.

- (iii) (b) During the year, in addition to those disclosed in Note 32, the Group made disposals to related parties as follows:

	2010 RMB'000	2009 RMB'000
Disposal of interests in subsidiaries to non-controlling shareholders	146,148	90,000

On 30 November 2009, the Group entered into an agreement to dispose of a 30% equity interest held by Greentown Real Estate in Zhuji Yuedu Real Estate Development Co., Ltd., a subsidiary acquired in 2009, for a consideration of RMB90,000,000 to a non-controlling shareholder.

On 12 June 2010, the Group's equity interest in Beijing Greentown Gerui Construction Planning & Design Consulting Co., Ltd. was diluted from 100% to 70% as a result of a capital injection of RMB150,000 by two individuals.

On 20 July 2010, the Group entered into an agreement to dispose of its 3% equity interest in Hunan Green Bamboo Lake International Business Community Development Co., Ltd. for a consideration of RMB1,998,000 to a third party.

On 30 September 2010, the Group entered into an agreement to dispose of its 20% equity interest in Dalian Greentown Real Estate Development Co., Ltd. for a consideration of RMB24,000,000 to two individuals.

On 14 December 2010, the Group entered into an agreement to dispose of its 33.33% equity interest in Suzhou Greentown Rose Garden Real Estate Development Co., Ltd. for a consideration of RMB120,000,000 to a third party.

(iv) Compensation of key management personnel

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

	2010 RMB'000	2009 RMB'000
Short-term benefits	21,549	18,776
Post-employment benefits	175	150
Share-based payments	38,477	56,386
	60,201	75,312

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

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40. Statement of Financial Position of the Company

	2010 RMB'000	2009 RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	1,328	91
Investment in a subsidiary	280,346	280,346
Other receivables	30,180	60,359
	311,854	340,796
CURRENT ASSETS		
Other receivables	124,262	95,042
Amounts due from related parties	8,128,239	7,809,923
Bank balances and cash	37,693	26,666
	8,290,194	7,931,631
CURRENT LIABILITIES		
Other payables	3,387	3,501
Amounts due to related parties	4,222,137	600,446
Other taxes payable	7,352	10,811
Convertible bonds	–	2,188,166
	4,232,876	2,802,924
NET CURRENT ASSETS	4,057,318	5,128,707
TOTAL ASSETS LESS CURRENT LIABILITIES	4,369,172	5,469,503
NON-CURRENT LIABILITIES		
Bank and other borrowings	–	396,036
Convertible bonds	178,110	–
Senior notes	253,854	261,514
	431,964	657,550
	3,937,208	4,811,953
CAPITAL AND RESERVES		
Share capital	166,243	166,605
Reserves	3,770,965	4,645,348
	3,937,208	4,811,953

41. Events after the End of the Reporting Period

The following significant events took place subsequent to 31 December 2010:

- (i) On 31 December 2010, Sino-Ocean Land (Hong Kong) Limited ("SOL HK") (an indirect wholly-owned subsidiary of Sino-Ocean Land Holdings Limited ("Sino-Ocean")), the Company and Zhejiang Railway Investment Group Limited ("Zhejiang Railway Group") entered into a co-operation agreement, pursuant to which (i) SOL HK agreed to dispose and the Company agreed to itself or through its designated offshore affiliate purchase 24.5% of the issued share capital of Poly Link Management Limited ("Poly Link") (an indirect wholly-owned subsidiary of Sino-Ocean); and (ii) SOL HK agreed to dispose and Zhejiang Railway Group agreed to itself or through its designated offshore affiliate purchase 24.5% of the issued share capital of Poly Link, at a total consideration payable to SOL HK of approximately RMB1,846 million, being approximately RMB923 million payable by each of the Company and Zhejiang Railway Group, subject to the terms of the co-operation agreement. Poly Link is an investment holding company that indirectly holds 100% equity interests in three project companies. After completion of the acquisition, in accordance with the terms of the co-operation agreement, Poly Link will be owned as to 51% by SOL HK, as to 24.5% by the Company and as to 24.5% by Zhejiang Railway Group.

This acquisition has not yet been completed as at the date of these consolidated financial statements. The directors of the Company are in the process of assessing the financial effects of this acquisition.

42. Particulars of Principal Subsidiaries

Particulars of the principal subsidiaries as at 31 December 2009 and 2010 are set out below:

Name of subsidiary	Place and date of registration	Issued and fully paid share/registered capital	Attributable equity interest				Principal activities	Legal form
			Direct		Indirect			
			2010	2009	2010	2009		
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	RMB196,080,000	–	–	100%	100%	Real estate development	Limited liability company
舟山綠城房地產開發有限公司 Zhoushan Greentown Real Estate Development Co., Ltd.	The PRC 16 December 1999	RMB100,000,000	–	–	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
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	–	–	49% (Note i)	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
杭州余杭綠城房地產開發有限公司 Hangzhou Yuhang Greentown Real Estate Development Co., Ltd. (“Hangzhou Yuhang Greentown”) (Note i)	The PRC 12 November 1999	RMB30,000,000	–	–	64%	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

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For the year ended 31 December 2010

42. Particulars of Principal Subsidiaries (Continued)

Particulars of the principal subsidiaries as at 31 December 2009 and 2010 are set out below: (continued)

Name of subsidiary	Place and date of registration	Issued and fully paid share/registered capital	Attributable equity interest		Principal activities	Legal form		
			Direct 2010	Indirect 2009				
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
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 Property Services Co., Ltd.	The PRC 15 August 2006	RMB184,410,000	–	–	100%	100%	Real estate development	Limited liability company
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
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
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%	80%	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	RMB768,000,000	–	–	60%	60%	Real estate development	Sino-foreign equity joint venture

42. Particulars of Principal Subsidiaries (Continued)

Particulars of the principal subsidiaries as at 31 December 2009 and 2010 are set out below: (continued)

Name of subsidiary	Place and date of/ registration	Issued and fully paid share/registered capital	Attributable equity interest				Principal activities	Legal form
			Direct		Indirect			
			2010	2009	2010	2009		
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 Lvjin Real Estate Co., Ltd. ("Hangzhou Lvjin")	The PRC 9 July 2007	RMB28,000,000	–	–	33% (Note i)	26% (Note i)	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	–	–	77%	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
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	Limited liability company
寧波太平洋置業有限公司 Ningbo Pacific Real Estate Co., Ltd.	The PRC 11 July 2003	RMB177,000,000	–	–	60%	60%	Real estate development	Limited liability company
台州吉利嘉苑房地產開發有限公司 Taizhou Jilijia Yuan Real Estate Development Co., Ltd.	The PRC 15 October 2001	RMB40,000,000	–	–	60%	60%	Real estate development	Limited liability company
養生堂浙江千島湖房地產開發有限公司 Yangshengtang Zhejiang Qiandao Hu Real Estate Development Co., Ltd.	The PRC 24 January 2005	RMB200,000,000	–	–	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	RMB1,000,000,000	–	–	100%	100%	Real estate development	Limited liability company

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For the year ended 31 December 2010

42. Particulars of Principal Subsidiaries (Continued)

Particulars of the principal subsidiaries as at 31 December 2009 and 2010 are set out below: (continued)

Name of subsidiary	Place and date of registration	Issued and fully paid share/registered capital	Attributable equity interest		Principal activities	Legal form		
			Direct 2010	Indirect 2009				
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%	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%	51%	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	RMB211,079,000	–	–	50% (Note ii)	50% (Note ii)	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%	60%	Real estate development	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 ii)	50% (Note ii)	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 ii)	50% (Note ii)	Real estate development	Limited liability company
杭州金馬房地產有限公司 Hangzhou Golden Horse Real Estate Development Co., Ltd.	The PRC 22 October 1992	USD50,000,000	–	–	51%	51%	Real estate development	Sino-foreign joint venture
杭州休博園湖畔綠景休閒開發有限公司 Hangzhou Xiuboyuan Hupan Lvjing Xiuxian Development Co., Ltd.	The PRC 2 April 2008	RMB120,000,000	–	–	50% (Note ii)	50% (Note ii)	Real estate development	Limited liability company
浙江報業綠城房地產開發有限公司 Zhejiang Newspapering Greentown Real Estate Development Co., Ltd.	The PRC 7 July 2008	RMB400,000,000	–	–	100%	100%	Real estate development	Limited liability company
北京萊福世紀置業有限公司 Beijing Laifu Century Property Co., Ltd.	The PRC 24 April 2007	RMB30,000,000	–	–	100%	100%	Real estate development	Limited liability company

42. Particulars of Principal Subsidiaries (Continued)

Particulars of the principal subsidiaries as at 31 December 2009 and 2010 are set out below: (continued)

Name of subsidiary	Place and date of registration	Issued and fully paid share/registered capital	Attributable equity interest				Principal activities	Legal form
			Direct 2010	2009	Indirect 2010	2009		
諸暨市越都置業有限公司 Zhujì Yuèdù Real Estate Co., Ltd.	The PRC 31 October 2008	RMB300,000,000	–	–	60%	60%	Real estate development	Limited liability company
杭州綠城北盛置業有限公司 Hangzhou Greentown Beisheng Real Estate Co., Ltd.	The PRC 1 December 2009	RMB50,000,000	–	–	100%	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 ii)	50% (Note ii)	Real estate development	Limited liability company
唐山綠城房地產開發有限公司 Tangshan Greentown Real Estate Development Co., Ltd.	The PRC 3 November 2009	RMB50,000,000	–	–	100%	100%	Real estate development	Limited liability company
溫州景楊置業有限公司 Wenzhou Jingyang Real Estate Co., Ltd.	The PRC 19 July 2010	RMB340,000,000	–	–	60% (Note iv)	–	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
溫州綠景置業有限公司 Wenzhou Lvjing Real Estate Co., Ltd.	The PRC 26 November 2007	RMB375,000,000	–	–	60%	60%	Real estate development	Sino-foreign equity joint venture
蘇州綠城玫瑰園房地產開發有限公司 Suzhou Greentown Rose Garden Real Estate Development Co., Ltd.	The PRC 7 December 2009	RMB360,000,000	–	–	67%	100%	Real estate development	Limited liability company
蘇州綠城禦園房地產開發有限公司 Suzhou Greentown Yuyuan Real Estate Development Co., Ltd.	The PRC 22 December 2009	RMB250,000,000	–	–	100%	100%	Real estate development	Limited liability company
安徽綠城玫瑰園房地產開發有限公司 Anhui Greentown Rose Garden Real Estate Development Co., Ltd.	The PRC 23 December 2009	RMB200,000,000	–	–	100%	100%	Real estate development	Limited liability company

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42. Particulars of Principal Subsidiaries (Continued)

Particulars of the principal subsidiaries as at 31 December 2009 and 2010 are set out below: (continued)

Name of subsidiary	Place and date of registration	Issued and fully paid share/registered capital	Attributable equity interest				Principal activities	Legal form
			Direct		Indirect			
			2010	2009	2010	2009		
舟山綠城蔚藍海岸房地產開發有限公司 Zhoushan Greentown Weilanhai'an Real Estate Development Co., Ltd.	The PRC 6 May 2008	RMB50,000,000	–	–	60%	60%	Real estate development	Limited liability company
舟山市普陀綠城房地產開發有限公司 Zhoushan Putuo Greentown Real Estate Co., Ltd.	The PRC 5 November 2009	RMB50,000,000	–	–	90%	90%	Real estate development	Limited liability company
舟山市普陀綠城實業投資有限公司 Zhoushan Putuo Greentown Industry Investment Co., Ltd.	The PRC 5 November 2009	RMB100,000,000	–	–	100%	100%	Real estate development	Limited liability company
城建中稷(浙江)實業發展有限公司 City-Urban Construction (Zhejiang) Industrial Development Co., Ltd.	The PRC 5 February 2005	RMB160,000,000	–	–	97%	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	–	–	60%	36% (Note i)	Real estate development	Limited liability company
舟山市明程房地產開發有限公司 Zhoushan Mingcheng Real Estate Co., Ltd.	The PRC 31 October 2005	RMB10,000,000	–	–	97%	58%	Real estate development	Limited liability company
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	–	–	97%	58%	Real estate development	Limited liability company
河南鄭東綠城房地產開發有限公司 Henan Zhengdong Greentown Real Estate Development Co., Ltd.	The PRC 8 August 2002	RMB80,000,000	–	–	100%	100%	Real estate development	Limited liability company
無錫綠城湖濱置業有限公司 Wuxi Greentown Hubin Real Estate Co., Ltd.	The PRC 15 December 2009	RMB100,000,000	–	–	100%	100%	Real estate development	Limited liability company
海南綠城高地投資有限公司 Hainan Greentown Gaoqi Investment Co., Ltd.	The PRC 15 November 2007	RMB60,000,000	–	–	51%	51%	Real estate development	Limited liability company

42. Particulars of Principal Subsidiaries (Continued)

Particulars of the principal subsidiaries as at 31 December 2009 and 2010 are set out below: (continued)

Name of subsidiary	Place and date of registration	Issued and fully paid share/registered capital	Attributable equity interest				Principal activities	Legal form
			Direct 2010	2009	Indirect 2010	2009		
慈溪綠城房地產開發有限公司 Cixi Greentown Real Estate Development Co., Ltd.	The PRC 27 July 2009	RMB98,000,000	–	–	60%	60%	Real estate development	Limited liability company
杭州綠城玉園房地產開發有限公司 Hangzhou Greentown Yuyuan Real Estate Development Co., Ltd.	The PRC 11 November 2009	RMB50,000,000	–	–	100%	100%	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	RMB120,000,000	–	–	80%	100%	Real estate development	Limited liability company
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	Limited liability company
青島綠城膠州灣房地產開發有限公司 Qingdao Jiaozhouwan Real Estate Development Co., Ltd.	The PRC 25 November 2009	USD33,333,000	–	–	100%	100%	Real estate development	Sino-foreign equity joint venture
臨安綠城置業有限公司 Lin'an Greentown Real Estate Co., Ltd.	The PRC 2 July 2009	RMB50,000,000	–	–	65%	65%	Real estate development	Limited liability company
杭州綠城中勝置業有限公司 Hangzhou Greentown Zhongsheng Real Estate Co., Ltd.	The PRC 8 January 2010	RMB100,000,000	–	–	55% (Note iv)	–	Real estate development	Limited liability company
新泰綠城置業有限公司 Xintai Greentown Real Estate Co., Ltd.	The PRC 12 January 2010	RMB98,000,000	–	–	70% (Note iv)	–	Real estate development	Limited liability company
上海綠順房地產開發有限公司 Shanghai Lvshun Real Estate Development Co., Ltd.	The PRC 29 January 2010	RMB1,000,000,000	–	–	100% (Note iv)	–	Real estate development	Limited liability company
天津逸駿投資有限公司 Tianjin Yijun Real Estate Development Co., Ltd.	The PRC 11 January 2008	RMB10,000,000	–	–	80% (Note iii)	–	Real estate development	Limited liability company

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42. Particulars of Principal Subsidiaries (Continued)

Particulars of the principal subsidiaries as at 31 December 2009 and 2010 are set out below: (continued)

Name of subsidiary	Place and date of/ registration	Issued and fully paid share/registered capital	Attributable equity interest				Principal activities	Legal form
			Direct 2010	2009	Indirect 2010	2009		
大連綠城置業有限公司 Dalian Greentown Real Estate Co., Ltd.	The PRC 15 March 2010	RMB100,000,000	–	–	100% (Note iv)	–	Real estate development	Limited liability company
德清綠城房地產開發有限公司 Deqing Greentown Real Estate Development Co., Ltd.	The PRC 1 February 2010	RMB100,000,000	–	–	100% (Note iv)	–	Real estate development	Limited liability company
上海綠城廣場置業有限公司 Shanghai Greentown Plaza Development Co., Ltd.	The PRC 28 May 2010	RMB100,000,000	–	–	70% (Note iv)	–	Real estate development	Limited liability company
紹興綠城金昌置業有限公司 Shaoxing Greentown Jinchang Real Estate Development Co., Ltd.	The PRC 6 November 2009	RMB100,000,000	–	–	51% (Note iii)	42%	Real estate development	Limited liability company
蘇州太湖綠城房地產開發有限公司 Suzhou Taihu Greentown Real Estate Development Co., Ltd.	The PRC 2 September 2010	RMB8,000,000	–	–	70% (Note iv)	–	Real estate development	Limited liability company
綠城房產建設管理有限公司 Greentown Property Construction Management Co., Ltd.	The PRC 8 September 2010	RMB200,000,000	–	–	37% (Note ii)	–	Project management	Limited liability company
常州綠城置業有限公司 Changzhou Greentown Real Estate Co., Ltd.	The PRC 1 November 2010	RMB837,500,000	–	–	55% (Note iv)	–	Real estate development	Limited liability company
啟東綠城香格置業有限公司 Qidong Greentown Xiangge Real Estate Development Co., Ltd.	The PRC 27 October 2009	RMB65,000,000	–	–	51% (Note iii)	–	Real estate development	Limited liability company

The above table lists the subsidiaries of the Group which, in the opinion of the Directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

42. Particulars of Principal Subsidiaries (Continued)

Particulars of the principal subsidiaries as at 31 December 2009 and 2010 are set out below: (continued)

Notes:

- (i) These entities are subsidiaries of non-wholly owned subsidiaries of the Group.
- (ii) The Group has the right to appoint a majority of directors for the board of directors and hence has the power to direct the financial and operational policies of these entities. Therefore, these entities are accounted for as subsidiaries of the Group.
- (iii) These subsidiaries were newly acquired in 2010. Please refer to Note 31 for details.
- (iv) These subsidiaries were newly established in 2010.

Definition

In this annual report, unless the context otherwise requires, the following expressions have the following meanings:

Board	The Board of Directors of the Company
Company/Greentown	Greentown China Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
GFA	Gross floor area
Greentown Construction Management	Greentown Property Construction Management Company Ltd
Greentown Group	Greentown China Holdings Limited and its subsidiaries together with its associates and jointly controlled entities
Group	Greentown China Holdings Limited and its subsidiaries
Listing Rules	The Rules Governing the Listing of Securities on the Stock Exchange
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
Options	Share options in respect of the Share Option Scheme
Ping An Trust	Ping An Trust & Investment Co., Ltd
PRC/China	The People's Republic of China
SFO	Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong
Share Option Scheme	The share option scheme adopted by a resolution of the shareholders of the Company on 22 June 2006
sq.m.	Square metres
Stock Exchange/HKEX	The Stock Exchange of Hong Kong Limited
the Year	The twelve months ended 31 December 2010
Zhonghai Trust	Zhonghai Trust Company Ltd
EIT	Enterprise Income Tax
LAT	Land Appreciation Tax



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