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GREENTOWN CHINA HOLDINGS LIMITED

綠城中國控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 03900)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2010

- Revenue achieved RMB11.16 billion, representing an increase of 28% from last year.
- Gross profit amounted to RMB3.4 billion, representing a growth of 47% from last year.
- Profit attributable to the owners of the Company amounted to RMB1.53 billion, which soared 51% from last year.
- Basic earnings per share was RMB0.93, representing an increase of 45% compared to last year.
- The Board has recommended payment of a final dividend of RMB0.36 per share for the year ended 31 December 2010. Together with the interim dividend of RMB0.10 per share paid for 2010, the total dividend for 2010 amounts to RMB0.46 per share, representing a dividend payout ratio of 50%.
- Land bank exceeded 37 million sq.m. of total gross floor area, of which approximately 24.22 million sq.m. is attributable to the Group.

The board of directors (the “Board”) of Greentown China Holdings Limited (the “Company” or “Greentown”) is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2010 (the “Year”) prepared in accordance with the International Financial Reporting Standards, together with comparative figures for the year ended 31 December 2009. The following financial information is extracted from the audited consolidated financial statements in the Group’s 2010 annual report which is to be published.

* For identification purposes only

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2010

	<i>NOTES</i>	2010 RMB'000	2009 RMB'000
Revenue	3	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	4	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	5	(340,063)	(657,798)
Reversal of impairment losses on property, plant and equipment		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		–	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 disposal of subsidiaries		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		3,000,313	1,570,210
Taxation	6	(1,084,766)	(478,078)
Profit and total comprehensive income for the year		<u>1,915,547</u>	<u>1,092,132</u>
Attributable to:			
Owners of the Company		1,531,774	1,012,120
Non-controlling interests		383,773	80,012
		<u>1,915,547</u>	<u>1,092,132</u>
Earnings per share	7		
Basic		<u>RMB0.93</u>	<u>RMB0.64</u>
Diluted		<u>RMB0.92</u>	<u>RMB0.62</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010

	<i>NOTES</i>	2010 <i>RMB'000</i>	2009 <i>RMB'000</i> (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment		2,448,260	1,965,833
Investment properties		1,725,000	25,000
Interests in associates		3,224,763	1,762,099
Interests in jointly controlled entities		732,137	235,543
Available-for-sale investments		428,944	204,074
Prepaid lease payment		151,110	150,882
Rental paid in advance		13,559	13,026
Deferred tax assets		588,782	451,859
Amount due from related party		10,000	10,000
Other receivables		30,180	60,359
		9,352,735	4,878,675
CURRENT ASSETS			
Properties for development		19,230,262	14,162,037
Properties under development		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	8	4,195,959	3,706,736
Amounts due from related parties		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		2,565,234	2,376,822
Bank balances and cash		12,407,659	9,405,347
		116,006,219	70,597,077
CURRENT LIABILITIES			
Trade and other payables	9	8,927,970	5,033,225
Pre-sale deposits		47,547,368	23,300,783
Amounts due to related parties		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		11,993,908	8,574,034
Convertible bonds		–	2,188,166
		87,441,309	47,043,593

<i>NOTES</i>	2010 <i>RMB'000</i>	2009 <i>RMB'000</i> (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	21,621,422	13,837,395
Amount due to related party	781,338	1,367,015
Trust-related financial derivatives	251,480	338,080
Convertible bonds	178,110	–
Senior notes	253,854	261,514
Deferred tax liabilities	378,750	179,579
	23,464,954	15,983,583
	14,452,691	12,448,576
CAPITAL AND RESERVES		
Share capital	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

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 PO Box 309GT, Uglund House, South Church Street, George Town, Grand Cayman, Cayman Islands and the principal place of business in Hong Kong is at Room 1406-08, New World Tower 1, 16-18 Queen’s Road Central, Hong Kong.

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

The Company is an investment holding company. The principal activity of its subsidiaries is the development for sale of residential properties in the People’s Republic of China (“PRC”).

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

New and revised standards and interpretations applied in the Year

In the 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.

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 year these cash flows were classified as investing activities.

3. REVENUE AND SEGMENT INFORMATION

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

	2010 <i>RMB'000</i>	2009 <i>RMB'000</i>
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
	<u>11,161,260</u>	<u>8,727,429</u>

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

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

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

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

	Property development RMB'000	Hotel operations RMB'000	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	<u>10,816,049</u>	<u>203,659</u>	<u>33,319</u>	<u>485,812</u>	<u>11,538,839</u>	<u>(377,579)</u>	<u>11,161,260</u>
Segment results	<u>1,943,651</u>	<u>35,691</u>	<u>332,556</u>	<u>(8,144)</u>	<u>2,303,754</u>	<u>(4,260)</u>	<u>2,299,494</u>
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							<u>(82,558)</u>
Profit for the year							<u>1,915,547</u>

	Property development <i>RMB'000</i>	Hotel operations <i>RMB'000</i>	Property investment <i>RMB'000</i>	Others <i>RMB'000</i>	Segment total <i>RMB'000</i>	Eliminations <i>RMB'000</i>	Total <i>RMB'000</i>
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	<u>8,631,978</u>	<u>76,493</u>	<u>998</u>	<u>453,417</u>	<u>9,162,886</u>	<u>(435,457)</u>	<u>8,727,429</u>
Segment results	<u>1,191,718</u>	<u>(44,063)</u>	<u>1,537</u>	<u>(12,641)</u>	<u>1,136,551</u>	<u>(3,193)</u>	<u>1,133,358</u>
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							<u>(37,471)</u>
Profit for the year							<u>1,092,132</u>

Segment assets and liabilities

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

Segment assets

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

Segment liabilities

	2010 <i>RMB'000</i>	2009 <i>RMB'000</i>
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	<u>106,190,843</u>	<u>59,170,271</u>
Unallocated	<u>4,715,420</u>	<u>3,856,905</u>
Consolidated liabilities	<u><u>110,906,263</u></u>	<u><u>63,027,176</u></u>

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.

Other segment information

For the year ended 31 December 2010

	Property development <i>RMB'000</i>	Hotel operations <i>RMB'000</i>	Property investment <i>RMB'000</i>	Others <i>RMB'000</i>	Reportable segment total <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
Amounts included in the measure of segment profit or loss or segments assets:							
Addition to non-current assets (<i>Note</i>)	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	6,045	1,002,207	82,559	1,084,766

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.

4. 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

5. FINANCE COSTS

	2010 <i>RMB'000</i>	2009 <i>RMB'000</i>
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	577,344	199,363
Effective interest expense on 2007 Convertible Bonds	43,344	98,066
Interest on senior notes	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.

6. TAXATION

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

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 as they are not subject to any income tax.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) (企業所得稅法) and Implementation Regulation of the EIT Law (企業所得稅法實施條例), the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards, except for the following entities:

	<i>Notes</i>	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	2009
	<i>RMB'000</i>	<i>RMB'000</i>
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	<u>1,084,766</u>	<u>478,078</u>

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. At the date 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 of the Company (“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.

7. 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 <i>RMB'000</i>	2009 <i>RMB'000</i>
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)
	<u>1,531,774</u>	<u>1,000,626</u>

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	—	324,301
Share options	23,570,997	22,806,031
	<u>1,667,637,841</u>	<u>1,607,469,860</u>

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 since their assumed exercise would result in an increase in earnings per share.

8. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

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

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 <i>RMB'000</i>	2009 <i>RMB'000</i>
Within 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
	<hr/>	<hr/>
Trade receivables	246,800	179,933
	<hr/> <hr/>	<hr/> <hr/>

9. TRADE AND OTHER PAYABLES

The aged analysis of trade payables is stated as follows:

	2010 <i>RMB'000</i>	2009 <i>RMB'000</i>
Within 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
	<hr/>	<hr/>
Trade payables	4,867,641	3,433,629
Other payables and accrued expenses	4,060,329	1,599,596
	<hr/>	<hr/>
	8,927,970	5,033,225
	<hr/> <hr/>	<hr/> <hr/>

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

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 the Year, the Group together with its associates and jointly controlled entities (the "Greentown 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 gross floor area ("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
			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
			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
			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
			49.5%	12,656	9,387	To be launched
	Heifei Yulan Apartment	Phase 1	59.4%	148,550	117,655	89,641
			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
			80.0%	89,422	property held for operation	N/A
	Beijing Oakwood Project	Entire Project	100.0%	63,156	property held for operation	N/A
Subtotal				1,597,562	1,069,695	940,232

	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 37.00 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.

Land bank sites added during 2010

Project	Region	Equity interest	Total land premium (RMB million)	Land premium attributable to	Site area (sq.m.)	Planned GFA (sq.m.)	Land price per GFA (RMB/sq.m.)
				Greentown (RMB million)			
Hangzhou Tianyuan Project Lot No.24	Hangzhou	33.0%	1,700	561	116,208	185,933	9,143
Hangzhou Jiangcun	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
Shandong 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 Property Construction Management Company Ltd. ("Greentown Construction") was established in September 2010. This professional entity 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 in September 2010, Greentown Construction 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 Jinnanyuan	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

	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 was 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.

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. 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 RMB 33 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.

Litigation and Arbitration

As at the date of this announcement, the Group is not involved in any material litigation and arbitration.

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 Company's shareholders at the 2010 annual general meeting held on 3 June 2010, the Company repurchased an aggregate of 21,076,500 shares in 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.

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.

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Board, the Company has complied with all the provisions of the Code on Corporate Governance Practices set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) during the Year.

COMPLIANCE WITH THE MODEL CODE OF THE LISTING RULES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the “Model Code”) as the Company’s code for dealing in securities of the Company by the Directors. After specific enquiry, all Directors confirmed that they have complied with the Model Code throughout the Year. 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.

AUDIT COMMITTEE

The Audit Committee of the Company (the “Audit Committee”) comprises five members, all of whom are independent non-executive Directors. The Audit Committee held two meetings during the Year, and all committee members attended the meetings. The Audit Committee has reviewed the accounting principles and practices adopted by the Group. The audit objectives and the scope of the internal audit department of the Group were also discussed. The results of the Group for the year ended 31 December 2010 have been reviewed by the Audit Committee.

FORWARD LOOKING STATEMENTS

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

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

ANNUAL GENERAL MEETING

It is proposed that the annual general meeting (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.

DIVIDENDS

The Board recommends the payment of a final dividend of RMB0.36 per share for the year ended 31 December 2010 (the “2010 Final Dividend”), to the shareholders of the Company 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 AGM of the Company.

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).

PUBLICATION OF ANNUAL REPORT ON THE STOCK EXCHANGE WEBSITE

The annual report of the Company for the year ended 31 December 2010 containing all the information required by the Listing Rules will be despatched to the Company’s shareholders and published on the website of the Stock Exchange at www.hkexnews.com and the websites of the Company at www.chinagreentown.com or www.greentownchina.com in due course.

APPRECIATION

Lastly, on behalf of the Board, I would like to take this opportunity to express my sincere gratitude to our management and all our fellow staff for their contributions to our development. Also, I would like to extend my deepest appreciation to our shareholders, business partners, customers and professional advisors for their support and confidence in making the Company a more prosperous and fruitful future.

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

Hangzhou, the PRC
28 March 2011

As at the date of this announcement, Mr Song Weiping, Mr Shou Bainian, Mr Luo Zhaoming and Mr Guo Jiafeng are the Executive Directors; Mr Jia Shenghua, Mr Jiang Wei, Mr Sze Tsai Ping, Michael, Mr Tang Shiding, Mr Ke Huanzhang and Mr Xiao Zhiyue are the Independent Non-executive Directors.