



2012 ANNUAL REPORT



GREENTOWN CHINA HOLDINGS LIMITED  
(incorporated in the Cayman Islands with limited liability) (Stock Code: 03900)

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 breath-taking 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.

# Contents

Corporate Profile	2	Biographical Details of Directors and Senior Management	52
Corporate Information	4	Corporate Governance Report	62
Financial Highlights	6	Investor Relations	72
Chairman's Statement	8	Report of the Directors	80
CEO's Report	10	Independent Auditor's Report	101
Property Portfolio	16	Consolidated Financial Statements	103
Management Discussion and Analysis	34	Definition	216



# Corporate Profile

Greentown China Holdings Limited is one of the leading property developers in the People's Republic of China. It commands a leading position in the industry by leveraging on its quality properties. From 2005 to 2012, we have been ranked for eight consecutive years as one of the TOP 10 property enterprises in China jointly by four authoritative institutions, namely 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.

In the 2012 China's Urban Resident Satisfaction Survey, the Group ranked first in the outstanding enterprises rankings in terms of Resident Satisfaction. The Group also ranked first in aspects of "Property-Owner Loyalty", "Corporate Image", "Plan and Design", "Project Quality", "Property Services" and "Sales Services" indices.

Since its establishment 18 years ago, the Group has been based in Zhejiang Province, one of the most economically vibrant provinces in the PRC. With property projects covering most of the economically prosperous cities in Zhejiang Province such as Hangzhou, Ningbo, Wenzhou, Taizhou, Shaoxing and other cities on the list of the Top 100 national most competitive county-level cities in Zhejiang Province, the Group has a sizable operation scale and enjoys high reputation. Since the commencement of the Group's national expansion strategy in 2000, the Group has successfully set foot in other major cities located in Yangtze River Delta, including Shanghai, Nanjing, Suzhou, Wuxi and Nantong and major cities in Bohai Rim Economic Belt, including Beijing, Tianjin, Qingdao, Jinan and Dalian and other provincial cities, such as Hefei in Anhui Province, Zhengzhou in Henan Province, Changsha in Hunan Province, and Urumqi in Xinjiang, which enabled the operating results to grow continuously and established an excellent brand image in various cities. Greentown focuses on the development of superior-

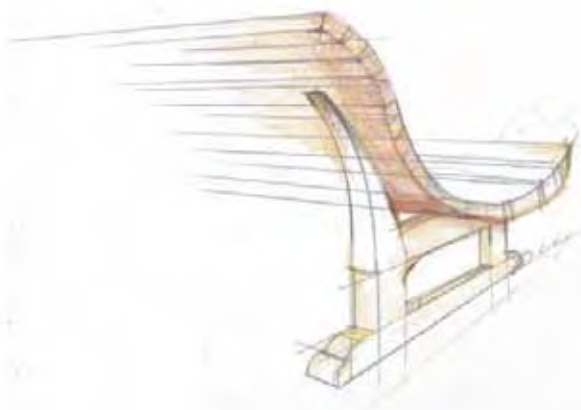
quality properties. Having continuously improved and enriched its product mix, Greentown now offers widely-received high quality housing types such as villa, flat mansion, low-rise apartment, high-rise apartment, urban complex, integrated community and commercial property.

On 8 June 2012, Wharf agreed to become a strategic shareholder of Greentown. The aggregate investment by Wharf amounted to HK\$5.1 billion (equivalent to approximately RMB4.16 billion), including the subscription of approximately 490 million placing shares, representing 24.6% of the enlarged total share capital of the Company, and the subscription of PSCS.

In addition, Greentown entered into an agreement with Sunac on 22 June 2012, pursuant to which a joint venture, Shanghai Sunac Greentown Real Estate Development Co., Ltd. (上海融創綠城房地產開發有限公司), was established, in which 50% equity interest is held by Greentown and 50% is held by Sunac.

The establishment of strategic partnership with two powerful real estate developers from the PRC and Hong Kong clearly indicates that Greentown's products and development ability are endorsed by professionals in the property industry, and their confidence in the Company's prospect.

On 31 December 2012, the premier land bank of the Greentown Group comprised a total GFA of over 41 million sqm, ensuring Greentown Group's sustainable and steady development in the next five years. Leveraging on its quality human resources and effective corporate management structure, Greentown has established a strong presence in all cities where it operates. The Group's experience in developing numerous high-quality projects and outstanding operational capabilities have provided a strong momentum for its further expansion.





Hangzhou Sincere Garden

# Corporate Information

## Board of Directors

### Executive Directors

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

### Non-Executive Director

Mr NG Tin Hoi, Stephen  
Mr TSUI Yiu Cheung

## Independent Non-Executive Directors

Mr JIA Shenghua  
Mr JIANG Wei  
Mr KE Huanzhang  
Mr SZE Tsai Ping, Michael  
Mr TANG Shiding  
Mr HUI Wan Fai

## Audit Committee

Mr SZE Tsai Ping, Michael (*Chairman*)  
Mr TSUI Yiu Cheung  
Mr JIA Shenghua  
Mr JIANG Wei  
Mr TANG Shiding  
Mr HUI Wan Fai

## Nomination Committee

Mr SZE Tsai Ping, Michael (*Chairman*)  
Mr SHOU Bainian  
Mr TSUI Yiu Cheung  
Mr TANG Shiding  
Mr HUI Wan Fai

## Remuneration Committee

Mr JIA Shenghua (*Chairman*)  
Mr SHOU Bainian  
Mr NG Tin Hoi, Stephen  
Mr SZE Tsai Ping, Michael

#### Note:

The following changes have been effected during the year ended 31 December 2012:

- (i) Mr HUI Wan Fai was appointed as an independent non-executive director of the Company, a member of the Audit Committee and Nomination Committee with effect from 1 April 2012.
- (ii) Mr NG Tin Hoi, Stephen was appointed as a non-executive director of the Company with effect from 15 June 2012.
- (iii) Mr NG Tin Hoi, Stephen was appointed as a member of the Remuneration Committee with effect from 16 July 2012.
- (iv) Mr TSUI Yiu Cheung was appointed as a non-executive director of the Company, a member of the Audit Committee and Nomination Committee with effect from 2 August 2012.

### Registered Office

M&C Corporate Services Limited  
PO Box 309, Uglan House  
South Church Street  
George Town  
Grand Cayman, KY1-1104  
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

Royal Bank of Canada Trust Company  
(Cayman) Limited  
4th Floor, Royal Bank House  
24 Shedden Road, George Town  
Grand Cayman KY1-1110  
Cayman Islands

### Auditor

Deloitte Touche Tohmatsu

### Legal Advisors

as to Hong Kong law:  
Ashurst Hong Kong

as to PRC law:  
Zhejiang T&C Law Firm

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

### Company Secretary

Mr FUNG Ching, Simon

### Authorized Representatives

Mr SHOU Bainian  
Mr FUNG Ching, Simon

### 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.

### Hangzhou Headquarters

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

### Principal Place of Business in Hong Kong

Room 1406–1408, New World Tower 1  
16–18 Queen's Road Central  
Central, Hong Kong

### Investor Relations

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

### Stock Code

HKEx: 03900

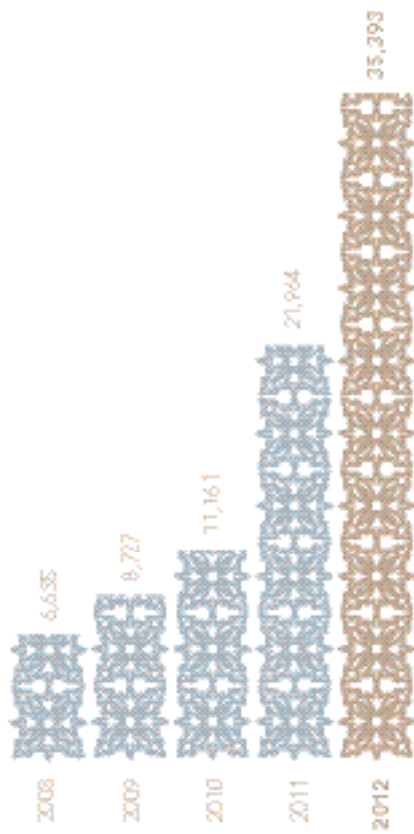
### Websites

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

# Financial Highlights

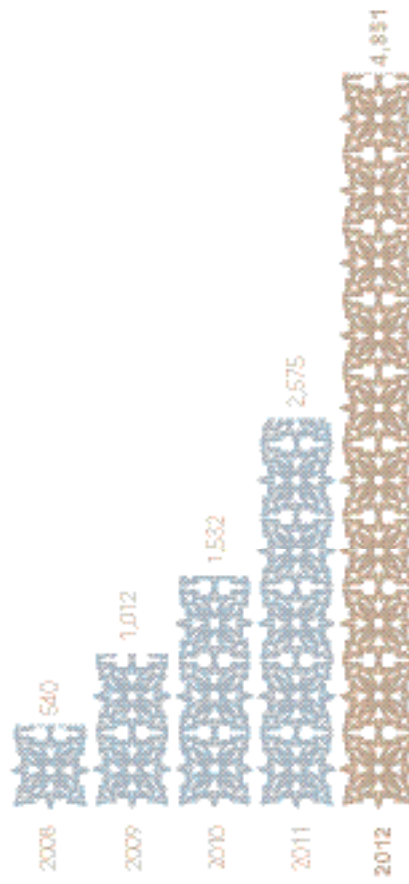
## Revenue

For the year ended 31 December  
(RMB million)



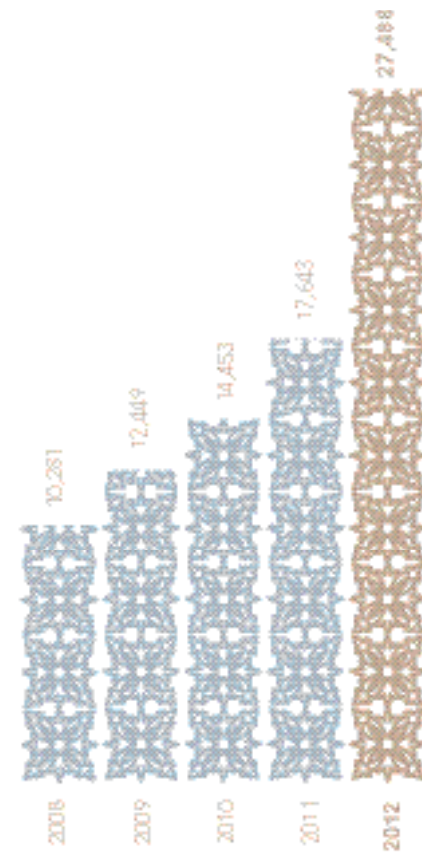
## Profit attributable to Owners of the Company

For the year ended 31 December  
(RMB million)



## Total Equity

As at 31 December  
(RMB million)





## Five Years Financial Summary

**Consolidated Results**

	<b>For the Year Ended 31 December</b>				
	2008 RMB'000	2009 RMB'000	2010 RMB'000	2011 RMB'000	2012 RMB'000
Revenue	6,635,357	8,727,429	11,161,260	21,963,747	<b>35,392,506</b>
Cost of sales	(4,765,728)	(6,415,278)	(7,759,927)	(14,555,354)	<b>(24,678,810)</b>
Gross profit	1,869,629	2,312,151	3,401,333	7,408,393	<b>10,713,696</b>
Other income	356,192	625,862	1,232,230	1,000,840	<b>1,744,672</b>
Expenses	(1,413,842)	(1,983,175)	(2,198,221)	(2,541,686)	<b>(2,714,643)</b>
Share of results of jointly controlled entities and associates	383,731	615,372	564,971	833,167	<b>513,475</b>
Profit before taxation	1,195,710	1,570,210	3,000,313	6,700,714	<b>10,257,200</b>
Taxation	(629,088)	(478,078)	(1,084,766)	(2,582,772)	<b>(4,204,149)</b>
Profit for the year	566,622	1,092,132	1,915,547	4,117,942	<b>6,053,051</b>
Profit attributable to:					
Owners of the Company	540,285	1,012,120	1,531,774	2,574,637	<b>4,851,123</b>
Non-controlling interests	26,337	80,012	383,773	1,543,305	<b>1,201,928</b>
	566,622	1,092,132	1,915,547	4,117,942	<b>6,053,051</b>

**Consolidated Assets and Liabilities**

	<b>As at 31 December</b>				
	2008 RMB'000	2009 RMB'000	2010 RMB'000	2011 RMB'000	2012 RMB'000
Total assets	42,815,076	75,475,752	125,358,954	127,976,528	<b>107,707,296</b>
Total liabilities	32,533,750	63,027,176	110,906,263	110,333,214	<b>80,219,221</b>
Total equity	10,281,326	12,448,576	14,452,691	17,643,314	<b>27,488,075</b>

# Chairman's Statement



## **Dear Shareholders,**

The year 2012 was not just another year to us here at Greentown, but a symbol representing our Company's spirit.

In 2012, we faced many significant challenges: difficulties in the market, pressures on cash flow, as well as bottlenecks from our own management. The year 2012 was a measuring stick, showing us just how resilient our Company has been and how much further we can go to achieve our goals.

Confronted with such difficulties and setbacks, we made a firm decision: we will persist and make changes.

After years in the real estate industry, we have formulated fundamental principles for both our business and our lives. These

"principles" demand that we adhere to the proper direction, and strive forward along the path we have chosen with our head high and chest out. Our fundamental values and the orientation of our principles will not change, cannot be changed, and are what we must adhere to.

Meanwhile, we confronted the storm facing us head-on with an attitude of innovation, and have completed several key transformations in the period under review. We transformed our operational model from a focus on proprietary development to an asset-light operational model consisting of multi-channel development including proprietary development, commercial construction management, government construction management and social housing construction. We have expanded our product strategy from a purely high-

end product focus to a market-oriented multi-product portfolio and expanded into pension themed projects and tourist-oriented projects. Furthermore, we transformed our sales strategy from a traditional sales model to an agent-based marketing model.

This year, we have a lot to reflect on, to feel grateful for, and to cherish.

Had it not been for the concerted efforts and adherence to our visions from all our fellow colleagues, there would be no determination and courage for Greentown to be revitalized.

Without our clients' firm vision and continuous pursuit of the highest quality, the unlimited prospects would not have been available in the real estate industry amidst the constant trials.

Without the devotion of our friends, we could not have achieved a mutually beneficial cooperation nor stable operations.

Without the shrewd and just media friends and their rightful judgment on the situation, there would be no aristocracy at the top to bestow with respect and trust.

Without the positive energy of the righteous government, there would be no hope of spring while braving the bitter winter.

Thanks to the numerous driving forces coming together, the dream and glory of Greentown can be forged.

We have higher expectations in 2013.

As Greentown's continuous survival is equipped with all our abilities and dedication, China's continuing urbanization and the people's desire for a better life can and should continue to push us forward.

We are full of confidence as we move forward into 2013, and we believe that in the context of globalization, the world will become more vibrant and tolerant, and China will become more open and thrive in increased urbanization. In this context, our company has the opportunity for transformation and development. In addition to continuing our incessant pursuit of higher product quality, our company will continue our determination to ensure robust operations, moderate improvements in turnover rates, active adjustments to debt structure, and sensible control of costs and expenses.

Together, with all who desire a better life, Greentown will continue working hard to realize our dreams. In 2013, we hope to bring more and more people the fulfillment of urban civilization.

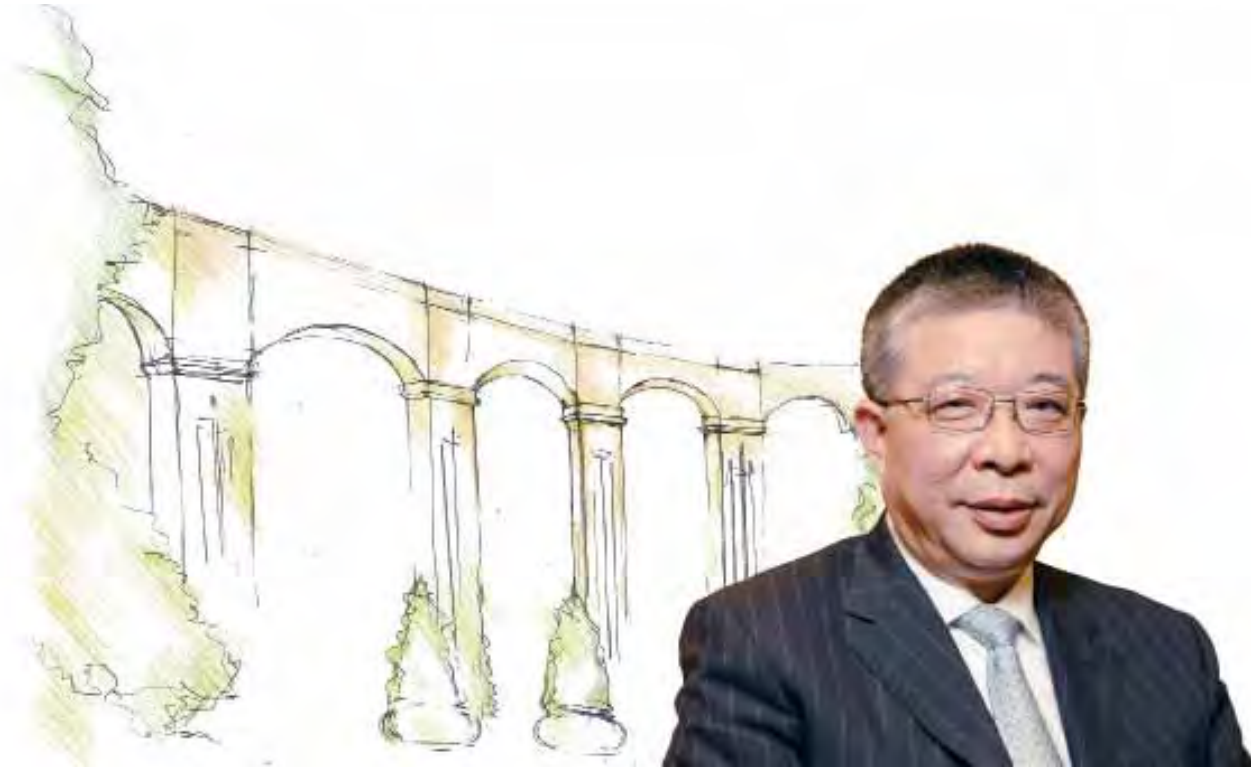
**SONG Weiping**

*Chairman of the Board*

22 March 2013



# CEO's Report



## Dear Shareholders,

In 2012, 18 years since our establishment, Greentown once again stood at the heart of brand new struggles. Although the last 18 years have been full of ups and downs, we remain calm and self-possessed in response to these new trials, knowing we have already successfully overcome all types of obstacles in the past. At the age of 18 years old, Greentown is maturing.

After 18 years of hard work, Greentown has realized remarkable achievements in industry positioning, customer recognition and brand value, among others:

- Once again we have been ranked as one of the TOP 10 real estate enterprises in China in terms of comprehensive strength, which we have achieved for eight consecutive years. We have always been committed to building first-class real estate products and are widely recognized by peers and customers. Even during the most difficult times, we have never given up on this commitment, but instead continued further research on property types, layout designs and product positioning, while ensuring exquisite product and service quality to further cater to market needs.

- We continue to remain one of the most reputable property developers in China. In the 2012 China Urban Resident Satisfaction Survey published by China Index Research Institute, Greentown was not only ranked No.1 for a second consecutive year in terms of overall satisfaction, but also ranked No. 1 in all six indices including "Property Services", "Project Quality", "Planning & Designing", "Sales Services", "Corporate Image" and "Customer Loyalty".
- We continued steadily improving sales performance amidst a recovering market. We transformed our sales model from a traditional model to an agent-based model, vigorously carried out all staff marketing, and achieved full-year pre-sales totaling RMB54.6 billion (including agreement sales), ranking No.5 in the sector.
- We significantly decreased our gearing ratio. In view of our asset-light strategy for the future, we actively communicated with various parties and decisively disposed of certain projects, increased our cash inflow to mitigate liquidity pressures and restored net gearing ratio to reasonable levels.

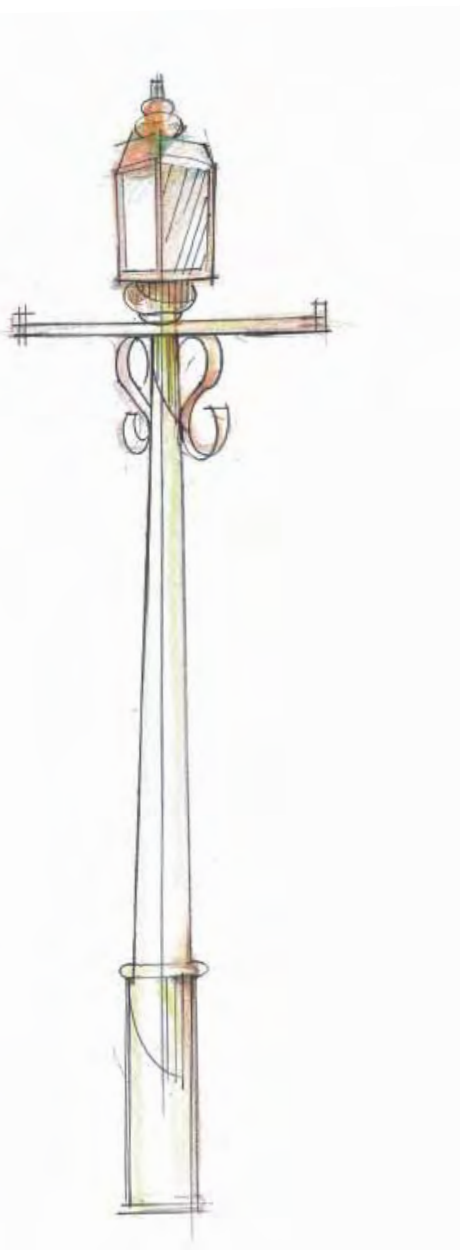


- We continued our remarkable performance in the capital markets. Our share price increased by 326% from HK\$3.33 at the beginning of the year to HK\$14.2 as of 31 December 2012, ranked No. 1 among all mainland Chinese real estate companies listed in Hong Kong in terms of percentage growth in share price. We once again led the industry with our superior stock performance.
- We secured sufficient land reserves. Our land bank of over 41 million sqm is adequate to support our planned land development for the next 5 years.

Despite our remarkable achievements, we are aware of the continuously intensifying market competition, increasing market differentiation, and increasing industry concentration, that the principle of "survival of the fittest" is becoming increasingly apparent as a reality in the industry. Therefore, in 2012, we successfully introduced Wharf as a

strategic investor and cooperated with Sunac China on property developments to learn advanced concepts and operational experiences from our peers. In doing so, we are able to make two important transitional steps forward:

- Wharf, as a renowned company with over one hundred years of history, has a wealth of practical experience in dealing with industry risk and market changes, and its influence in the overseas capital market could effectively help the Company improve its debt structure and reduce financing cost.
- Sunac, an energetic and passionate company, is in a stage of rapid expansion. The company has "inherent" advantages in its marketing strategy and sales management, as well as strong executorial capabilities.

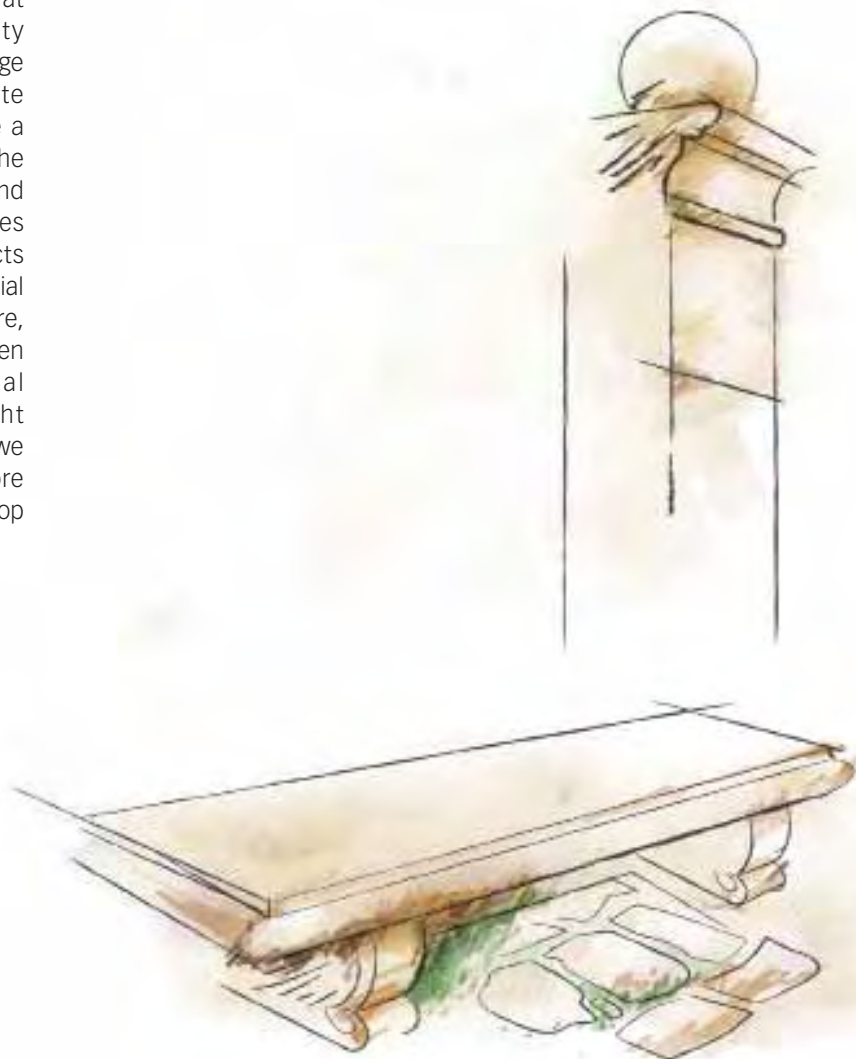


Through cooperation with these two partners, the Company hopes to utilize complementary advantages and develop a mutually beneficial relationship, and enhance its ability to manage risk and improve efficiency.

Looking ahead to 2013, we believe that the overall environment of property market regulation in China will not change and control policies on the real estate market will not be eased. We have a clear understanding and judgment of the market environment in this respect, and we will continue to strengthen our sales efforts, improve the quality of products and services, implement prudent financial policies, actively adjust the debt structure, improve management control, strengthen and implement meticulous internal management, and adopt asset-light strategy. With these persistent efforts, we will further strengthen Greentown's core competencies and brand value to develop more beauty in cities with our presence.

**SHOU Bainian**  
*Chief Executive Officer*

22 March 2013









# Property Portfolio





# Property Portfolio

## Greentown in CHINA



Total GFA Exceeds  
41 Million sqm

Zhejiang  
(excluding Hangzhou)  
**31.3%**

Proportion to total land bank (%)

13,114,098

Total GFA (sqm)

Shandong  
**20.3%**

Proportion to total land bank (%)

8,485,293

Total GFA (sqm)

Hangzhou  
**10.3%**

Proportion to total land bank (%)

4,323,730

Total GFA (sqm)

Jiangsu  
**8.9%**

Proportion to total land bank (%)

3,707,968

Total GFA (sqm)

Liaoning  
**7.4%**

Proportion to total land bank (%)

3,092,373

Total GFA (sqm)

Hainan  
**5.2%**

Proportion to total land bank (%)

2,187,154

Total GFA (sqm)

Tianjin  
**3.2%**

Proportion to total land bank (%)

1,346,988

Total GFA (sqm)

Hebei  
**2.9%**

Proportion to total land bank (%)

1,194,769

Total GFA (sqm)

Shanghai  
**2.4%**

Proportion to total land bank (%)

988,754

Total GFA (sqm)

Xinjiang  
**2.2%**

Proportion to total land bank (%)

934,439

Total GFA (sqm)

Anhui  
**2%**

Proportion to total land bank (%)

828,377

Total GFA (sqm)

Beijing  
**1.4%**

Proportion to total land bank (%)

605,765

Total GFA (sqm)

Henan  
**1.4%**

Proportion to total land bank (%)

595,403

Total GFA (sqm)

Hunan  
**1.1%**

Proportion to total land bank (%)

468,910

Total GFA (sqm)

	No. of Projects	Site Area (sqm)	Total GFA (sqm)	% of Total
Hangzhou	22	2,073,926	4,323,730	10.3%
Zhejiang (excluding Hangzhou)	34	6,858,338	13,114,098	31.3%
Jiangsu	8	1,369,859	3,707,968	8.9%
Shanghai	7	595,926	988,754	2.4%
Shandong	9	3,960,781	8,485,293	20.3%
Hainan	1	2,303,960	2,187,154	5.2%
Beijing	3	294,295	605,765	1.4%
Other Cities	12	3,948,512	8,461,259	20.2%
<b>Total</b>	<b>96</b>	<b>21,405,597</b>	<b>41,874,021</b>	<b>100%</b>

Note: The figures for total GFA and saleable area are subject to adjustments due to planning changes. Relevant figures will only be finalized after project completion.

# Yangtze River Delta Region HANGZHOU



## Property Portfolio

Projects	Type of Properties	Equity Interest	Site Area	Total GFA
1 Hangzhou Orchid Residence	Low-Rise Apartment, High-Rise Apartment, Serviced Apartment	35%	44,502	213,291
2 Hangzhou Idyllic Garden Fengheyuan	High-Rise Apartment	100%	34,914	97,581
3 Hangzhou Idyllic Garden Tingquanyuan	Low-Rise Apartment, High-Rise Apartment	8%	29,200	73,718
4 Hangzhou Idyllic Garden Lancuiyuan	Low-Rise Apartment, High-Rise Apartment	50%	24,060	56,763
5 Hangzhou Idyllic Garden Luyunyuan	Low-Rise Apartment, High-Rise Apartment, Villa	33%	116,208	291,166
6 Hangzhou Wulin No. 1	High-Rise Apartment	50%	104,442	461,607
7 Hangzhou Blue Patio	Integrated Community	85%	205,730	347,190
8 Hangzhou Xingqiao Purple Osmanthus Apartment	Low-Rise Apartment	35%	10,864	13,660
9 Hangzhou Jade Garden	High-Rise Apartment	100%	78,386	309,723
10 Hangzhou Yunqi Rose Garden	Villa	51%	176,751	79,911
11 Hangzhou Sincere Garden Zhijingyuan & Zhengxinyuan	High-Rise Apartment	100%	44,870	144,925
12 Hangzhou Sincere Garden Mingliyuan	High-Rise Apartment, Serviced Apartment	49%	62,972	196,574
13 Hangzhou Sincere Garden Shouchunyuan	High-Rise Apartment, Office	50%	61,461	191,212
14 Hangzhou Sincere Garden Zhichengyuan	High-Rise Apartment	40%	50,013	161,030
15 Hangzhou Yuanfu Lane Project	Commercial	56%	10,558	27,238
16 Hangzhou Wangjiang Office Project	Office	56%	9,095	45,048
17 Hangzhou Greentown Master Manor	High-Rise Apartment	25%	34,289	113,789
18 Hangzhou Bright Moon in Jiangnan	High-Rise Apartment	55%	102,411	335,906
19 Hangzhou Sapphire Mansion	Urban Complex	100%	21,970	117,861
20 Hangzhou Hope Town	Integrated Community	45%	541,830	636,152
21 Hangzhou Taohuayuan	Villa	64%	281,492	133,046
22 Baida Greentown Xizi International	Urban Complex	30%	27,908	276,339
Total			2,073,926	4,323,730

# ZHEJIANG





## Property Portfolio

	<b>Cities</b>	<b>No. of Projects</b>	<b>Site Area (sqm)</b>	<b>Total GFA (sqm)</b>
1	Lin'an	4	1,406,753	643,960
2	Jiande	1	52,000	164,888
3	Ningbo	3	191,273	1,186,632
4	Shaoxing	3	236,659	734,893
5	Haining	1	81,983	295,029
6	Huzhou	1	189,393	264,039
7	Zhoushan	5	1,930,529	3,091,248
8	Cixi	2	116,802	360,381
9	Deqing	1	288,000	449,144
10	Taizhou	5	1,232,467	3,171,678
11	Lishui	1	189,194	558,791
12	Xinchang	1	89,076	42,347
13	Tongxiang	1	233,132	203,245
14	Fuyang	1	153,336	418,429
15	Wenzhou	2	200,932	668,168
16	Zhujing	1	225,882	682,181
17	Changxing	1	40,927	179,045
	<b>Total</b>	<b>34</b>	<b>6,858,338</b>	<b>13,114,098</b>

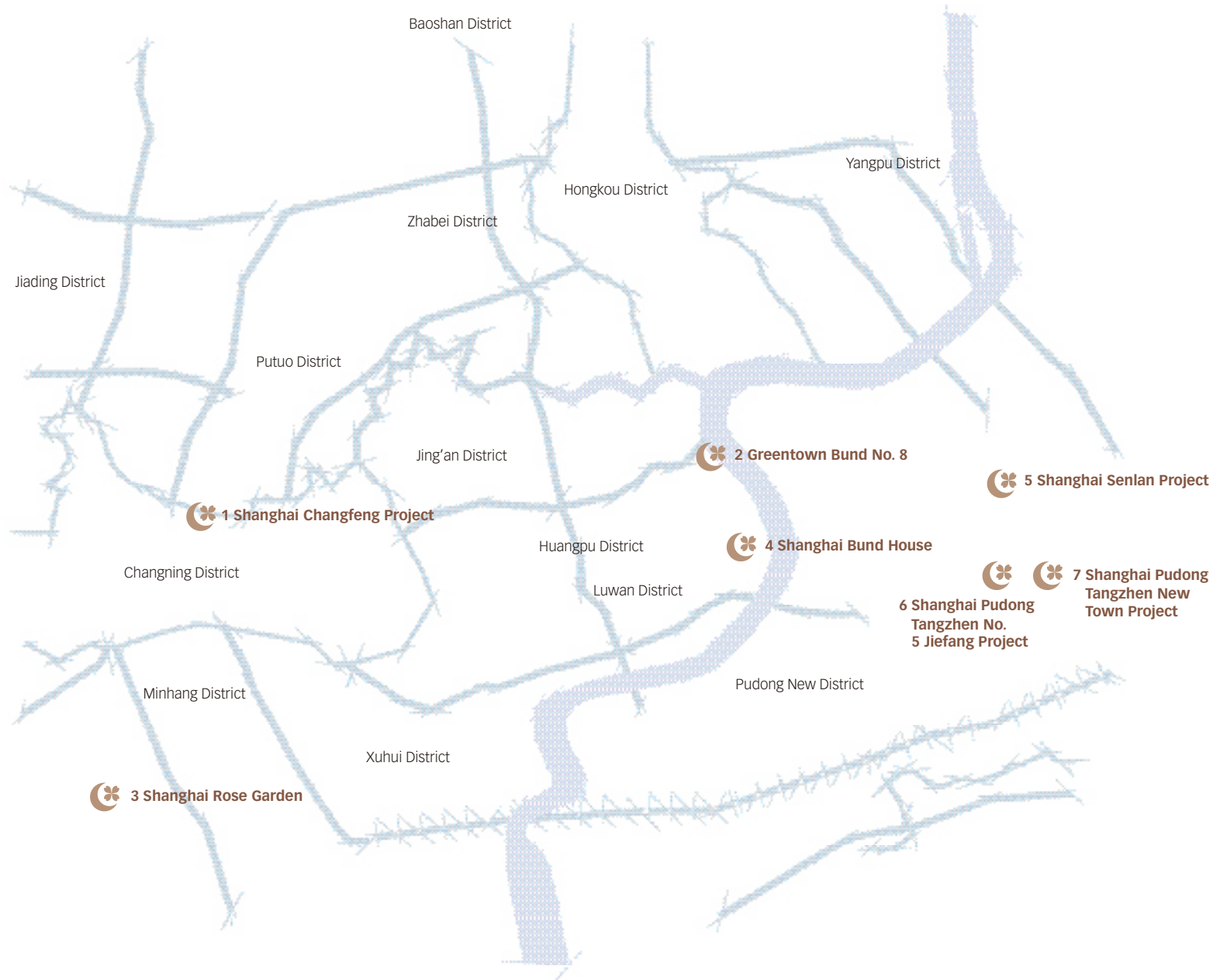
## Property Portfolio

	<b>Projects</b>	<b>Type of Properties</b>	<b>Equity Interest</b>	<b>Site Area</b>	<b>GFA</b>
1	Lin'an Mantuo Garden	Villa	15%	153,724	62,625
2	Lin'an Qingshan Lake Rose Garden	Villa	50%	1,092,261	412,273
3	Lin'an Qingshan Lake Hongfengyuan	Villa	65%	138,269	72,511
4	Lin'an Qianwang Culture Square	High-Rise Apartment	65%	22,499	96,551
5	Jiande Xinanjiang Project	High-rise Apartment	70%	52,000	164,888
6	Taizhou Rose Garden	High-Rise Apartment, Villa	55.2%	213,941	308,793
7	Taizhou Yulan Plaza	Urban Complex	49%	81,574	318,766
8	Taizhou lagerstroemia Garden	High-Rise Apartment	10%	107,184	360,064
9	Taizhou Begonia Garden	High-Rise Apartment, Villa	10%	144,175	400,550
10	Taizhou Ningjiang Mingyue	High-Rise Apartment	51%	685,593	1,783,505
11	Ningbo Crown Garden	Office, Serviced Apartment	60%	37,032	159,844
12	Ningbo R&D Park	Office	60%	40,436	110,956
13	Ningbo Centre	Urban Complex	45.1%	113,805	915,832
14	Huzhou Majestic Mansion	Low-Rise Apartment, High-Rise Apartment, Villa	70%	189,393	264,039
15	Deqing Yingxi Arcadia	Low-Rise Apartment, High-Rise Apartment, Villa, Hotel	100%	288,000	449,144
16	Changxing Plaza	Urban Complex	51%	40,927	179,045
17	Zhoushan Rose Garden South and West lot of Old Ocean College	Low-Rise Apartment, High-Rise Apartment, Villa	100%	229,281	379,629
18	Zhoushan Changzhidao Project	Integrated Community	96.875%	1,394,179	2,248,638
19	Zhoushan Daishan Sky Blue Apartment	High-Rise Apartment, Office	60%	92,122	207,418
20	Zhoushan Zhujijian Dongsha Resort (South)	Serviced Apartment, Hotel	100%	97,729	124,917
21	Zhoushan Zhujijian Dongsha Resort (North)	Villa, Serviced Apartment	90%	117,218	130,646
22	Lishui Beautiful Spring River	High-Rise Apartment, Villa	37.5%	189,194	558,791

## Property Portfolio

Projects	Type of Properties	Equity Interest	Site Area	GFA
23 Haining Lily New Town	Integrated Community	50%	81,983	295,029
24 Wuzhen Yile College Project	Yile College, Low-Rise Apartment, Villa	50%	233,132	203,245
25 Fuyang Harmony Garden	High-Rise Apartment, Villa	40%	153,336	418,429
26 Wenzhou Lucheng Plaza	Urban Complex	60%	74,278	371,715
27 Wenzhou Begonia Bay	Low-Rise Apartment, High-Rise Apartment, Villa	40%	126,654	296,453
28 Cixi Grace Garden	High-Rise Apartment	60%	62,576	171,034
29 Cixi Sincere Garden	High-Rise Apartment	30%	54,226	189,347
30 Xinchang Rose Garden	Villa	80%	89,076	42,347
31 Shaoxing Jade Garden	Villa	51%	58,960	42,034
32 Shaoxing Lily Garden	High-Rise Apartment, Office	51%	111,155	384,559
33 Shaoxing Yulan Garden	High-Rise Apartment, Villa, Office, Serviced Apartment	35%	66,544	308,300
34 Zhuji Greentown Plaza	Urban Complex	60%	225,882	682,181
Total			6,858,338	13,114,098

# SHANGHAI



## Property Portfolio

	<b>Projects</b>	<b>Type of Properties</b>	<b>Equity Interest</b>	<b>Site Area</b>	<b>GFA</b>
1	Shanghai Changfeng Project	Serviced Apartment, Office	31.5%	90,270	354,753
2	Shanghai Bund No. 8	Office	40%	3,223	23,636
3	Shanghai Rose Garden	Villa	50%	263,663	72,668
4	Shanghai Bund House	High-Rise Apartment	25.5%	30,670	160,363
5	Shanghai Senlan Project	High-Rise Apartment, Villa	24.5%	75,100	145,170
6	Shanghai Pudong Tangzhen No. 5 Jiefang Project	High-Rise Apartment, Villa	25%	60,200	85,725
7	Shanghai Pudong Tangzhen New Town Project	Low-Rise Apartment, High-Rise Apartment	24.5%	72,800	146,439
	<b>Total</b>			<b>595,926</b>	<b>988,754</b>

# JIANGSU

	<b>Projects</b>	<b>Type of Properties</b>	<b>Equity Interest</b>	<b>Site Area</b>	<b>GFA</b>
1	Nanjing Rose Garden	Villa	70%	54,066	20,188
2	Nantong Qidong Rose Garden	Low-Rise Apartment, High-Rise Apartment	51%	162,666	456,407
3	Suzhou Majestic Mansion	Low-Rise Apartment, Villa	50%	155,667	216,503
4	Suzhou Rose Garden	Low-Rise Apartment, Villa	33.34%	213,853	166,921
5	Wuxi Yulan Garden	High-Rise Apartment	42.5%	46,614	121,610
6	Wuxi Jasmine Garden	High-Rise Apartment	19.5%	171,810	575,436
7	Changzhou Yulan Square	High-Rise Apartment	35.65%	342,566	1,382,148
8	Wuxi Lihu Camphor Garden	High-Rise Apartment, Villa	49%	222,617	768,755
	Total			1,369,859	3,707,968

# Bohai Rim Region BEIJING



Projects	Type of Properties	Equity Interest	Site Area	GFA
1 Beijing Majestic Mansion	Low-Rise Apartment	100%	241,247	229,445
2 Beijing Jinghang Plaza	High-Rise Apartment, Serviced Apartment, office	49%	39,455	280,031
3 Beijing Xiaoyunlu Project	Office	100%	13,593	96,289
Total			294,295	605,765

# SHANDONG, LIAONING, TIANJIN AND HEBEI

Projects	Type of Properties	Equity Interest	Site Area	GFA
1 Qingdao Ideal City	Integrated Community	80%	934,950	1,843,816
2 Qingdao Jiaozhou Lagerstroemia Square	Low-Rise Apartment, High-Rise Apartment, Commercial	100%	422,806	1,143,829
3 Qingdao Deep Blue Square	Urban Complex	40%	34,923	357,674
4 Jinan National Games Project	Integrated Community	45%	542,004	1,102,781
5 Jinan Lily Garden	High-Rise Apartment	49%	256,003	663,975
6 Jinan Dongshefang Project	Serviced Apartment, Office	39%	16,830	149,560
7 Shandong Dongying Ideal City	Integrated Community	8%	1,318,585	2,453,110
8 Shandong Xueye Lake Project	Villa, Serviced Apartment, Hotel	49%	178,148	126,006
9 Xintai Yulan Garden	Low-Rise Apartment, High-Rise Apartment	70%	256,532	644,542
10 Shenyang National Games Project	Integrated Community	50%	1,139,253	2,708,908
11 Dalian Deep Blue Centre Phase II	Office	80%	9,180	63,665
12 Dalian Buxiu Lane Project	Low-Rise Apartment, High-Rise Apartment, Serviced Apartment	40%	85,700	319,800
13 Tangshan South Lake Project	High-Rise Apartment, Serviced Apartment, Office	54.4%	371,803	1,194,769
14 Tianjin Binhai CBD Project	Urban Complex	24%	362,700	1,137,300
15 Tianjin Azure Coast	Urban Complex	40%	17,161	209,688
Total			5,946,578	14,119,423



# OTHER CITIES

	<b>Projects</b>	<b>Type of Properties</b>	<b>Equity Interest</b>	<b>Site Area</b>	<b>GFA</b>
1	Hefei Jade Lake Rose Garden	Low-Rise Apartment, High-Rise Apartment, Villa	100%	295,205	828,377
2	Xinjiang Lily Apartment	Low-Rise Apartment, High-Rise Apartment, Office	50%	221,685	934,439
3	Changsha Bamboo Garden	Villa	49.5%	946,411	468,910
4	Zhengzhou Yanming Lake Rose Garden	Villa, Hotel	100%	223,752	100,893
5	Zhengzhou Zhongmau Lily Garden	Low-Rise Apartment, High-Rise Apartment	100%	79,678	174,525
6	Henan Xinyang Lily City	Low-Rise Apartment, High-Rise Apartment, Hotel	20%	195,984	319,985
7	Hainan Clear Water Bay	Integrated Community	51%	2,303,960	2,187,154
	Total			4,266,675	5,014,283





# Management Discussion and Analysis





# Management Discussion and Analysis

## Operational and Management Review

Looking back into 2012, amidst market volatility and continued macro-economic control, the Company proactively adjusted its strategies and transitioned from aggressive expansion to prudent operation. Moreover, besides continuously improving our product and service quality, the Group also focused on the end users and established an agent-based sales model. In addition, the introduction of strategic investors into the Group improved capital structure, reduced gearing ratio, capitalized both parties' competitive strengths while at the same time created synergies, and further enhanced brand value and core competencies.

## Financial Overview

In 2012, the Group recorded a revenue of RMB35,393 million, representing an increase of RMB13,429 million or 61.1% from RMB21,964 million recorded in 2011. The Company's net profit reached a record high in 2012 which increased from RMB4,118 million in 2011 to RMB6,053 million in 2012, representing an increase of RMB1,935 million or 47.0%. Profit attributable to owners of the Company grew from RMB2,575 million in 2011 to RMB4,851 million in 2012, representing an increase of RMB2,276 million or 88.4%. From 2009 to 2012, the year-to-year growth rates of the Company recorded in profit attributable to owners of the Company were 51.4%, 68.1% and 88.4% respectively, representing a CAGR of 68.6% for three consecutive years. During the Year, the Company achieved basic earnings per share of RMB2.57, representing a 63.7% increase over RMB1.57 recorded in 2011.



Hainan Clear Water Bay

### **Continuous Leadership in Residents' Overall Satisfaction**

According to the "2011 China Urban Resident Satisfaction Survey" conducted by a special research group organized by China Index Research Institute and the China Real Estate Index System, which interviewed nearly one hundred companies and more than ten thousand interviewees in 12 major cities, namely Beijing, Shanghai, Guangzhou, Shenzhen, Chongqing, Tianjin, Hangzhou, Wuhan, Qingdao, Ningbo, Suzhou and Nanjing, the Group continued to rank No. 1 in "Overall satisfaction of residents in Chinese cities" and also in all six indices including project quality, planning & designing, sales services, property services, corporate image and customer loyalty. These results also indicated that the Company's development philosophy has gained huge market recognition and customer support.

### **Sales Model Transformation**

Sales result has always been the Company's top priority. In 2012, Greentown Group vigorously promoted a sales model transformation, a shift from the traditional sales model to the agent based model, from a static model of onsite reception, introduction and experience, to a sales-model that is composed of proactively identifying customers and then providing relevant services. In addition, the Company improved its incentive system, motivated the agents to perform at their highest potentials and also enhanced

performance evaluation; meanwhile, the Company established an open and transparent property information platform in order to leverage the internal and external resources and implement all staff marketing, thereby stimulating sales growth.

### **Introduction of Strategic Investors**

On 8 June 2012, the Group announced that it entered into a subscription agreement and an investment agreement with Wharf and its wholly-owned subsidiaries, pursuant to which the Company issued shares and perpetual subordinated convertible callable securities to Wharf's wholly-owned subsidiaries, with the total consideration of approximately HKD5.1 billion (approximately RMB4.16 billion). After the placement in August 2012, Wharf held approximately 520 million Greentown shares, representing 24.6% of the enlarged total share capital, and became Greentown's second largest shareholder. Moreover, Wharf also obtained two seats



Shanghai Rose Garden

in the Board and one seat in the newly formed Investment Committee. Shortly afterwards, the Company acquired Dalian Buxiu Lane (“大連不朽巷”) land site jointly with Wharf, which fostered a closer bonding between the two parties, progressing from strategic alliance to project collaboration, whereby leveraging on Greentown’s excellent capabilities in product development and execution and Wharf’s proven experience in financial management and financing. The synergies between both parties are starting to materialize.

On 22 June 2012, the Group entered into a framework agreement with Sunac to cooperate on a 50/50 basis in eight projects, namely Shanghai Yulan Garden (“上海玉蘭花園”), the Shanghai Bund House (“上海黃浦灣”), Suzhou Majestic Mansion (“蘇州御園”), Suzhou Rose Garden (“蘇州玫瑰園”), Wuxi Yulan Square (“無錫玉蘭廣場”), Wuxi Jasmine Garden (“無錫茉莉花園”), Changzhou Yulan Square (“常州玉蘭廣場”) and Tianjin Azure Coast (“天津藍色海岸”), and to establish a 50/50 joint venture platform (“Sunac Greentown”). The Group also transferred 50% equity interest in Shanghai Rose Garden to Sunac Zhidi. Through this transaction, Greentown transferred half of its equity interest in the above nine projects with a total consideration of RMB3.36 billion. Following this transaction, the Company leveraged

on Sunac Greentown’s competitive advantages to secure three high-quality land sites in Shanghai. Given Greentown’s expertise in product development, construction design and management, and Sunac’s rich experience in market positioning, cost control and sales management, this strategic cooperation will bring significant synergies to both sides.

#### **Pre-sales in the Year**

In 2012, the Group implemented a thorough reform on its sales division, which transformed the old static model of onsite reception into the proactive agent-based sales model maximizing all available resources to identify potential customers. These changes have energized the Group’s sales force and created an open platform to attract talented sales staff.

For the year ended 31 December 2012, the Greentown Group sold approximately 2.83 million sqm of properties, representing an increase of 61.7% from 2011. Total property sales amounted to approximately RMB54.6 billion (including RMB27.3 billion attributable to the Group), representing an increase of approximately 54.6% from RMB35.3 billion in 2011, and exceeding 36.5% of the original sales target of RMB40 billion for 2012. The overall average selling price was RMB19,891 per sqm.

#### **Development Scale**

In 2012, in light of the market situation, Greentown Group had put its focus on product quality and customer satisfaction, and duly controlled the development pace and appropriately adjusted the product structure. In 2012, the total GFA under the new construction sites amounted to approximately 4.69 million sqm. In 2012, Greentown Group completed total GFA of approximately 4.13 million sqm. As at 31 December 2012, Greentown Group had 82 projects under construction, with a total GFA of approximately 16.57 million sqm.

#### **Land Bank**

In 2012, the Greentown Group acquired seven new land sites, with a total GFA of approximately 2.1 million sqm, of which approximately 680,000 sqm is attributable to the Group. The newly added land sites’ total land premium amounted to approximately RMB12 billion. Majority of the land premium was borne by the associates, while only approximately RMB700 million was borne by the Group through its internal resources. The average land price of the sites was approximately RMB5,693 per sqm.



Projects	Equity Interest	Total Land Premium (RMB million)	Site Area (sqm)	Planned GFA (sqm)
Hangzhou Jiande Project (“杭州建德項目”)	70.0%	479	52,000	124,900
Dalian Buxiu Lane Project (“大連不朽巷項目”)	40.0%	2,028	85,700	240,000
Tianjin Binhai Central Business District Project (“天津濱海中心商務區項目”)	24.0%	4,678	362,700	1,137,300
Shanghai Pudong Senlan Project (“上海浦東森蘭項目”)	24.5%	2,124	75,100	120,100
Shanghai Pudong Tangzhen No. 5 Jiefang Project (“上海浦東唐鎮5街坊項目”)	25.0%	834	60,200	72,200
Wuzhen Yile College Project (“烏鎮頤樂學院項目”)	50.0%	188	233,200	299,900
Shanghai Pudong Tangzhen New Town Project (“上海浦東唐鎮新市鎮項目”)	24.5%	1,644	72,800	109,200
<b>Total</b>		<b>11,975</b>	<b>941,700</b>	<b>2,103,600</b>

As of 31 December 2012, the Group had 96 land bank projects (both projects under construction and projects held for future development). Total GFA amounted to 41.87 million sqm, of which 22.58 million sqm was attributable to the Group. Total saleable area was 27.55 million sqm, of which 14.59 million sqm was attributable to the Group. The average land cost was RMB2,670 per sqm. The current land bank reserve is sufficient to support Greentown Groups’s development for the next five years.

### Future Prospect

The government’s continuing macro-control policies and the unfavorable real estate market conditions had once put pressure on the Company’s operations. In view of such challenging operating environment, the Group proactively adjusted its strategies and transformed its operations through a series of measures. Thanks to the commitment and dedication of all staff members, the Group successfully weathered the difficulties and achieved satisfactory results in 2012.

Braving the challenges of macro-control policies, the Group’s management team has become more seasoned and employees have become more experienced. In addition, the structure of the Group has become more competitive with better operational control and focus. The Group has also obtained a clearer vision and goal for its future development while becoming more confident to tackle market challenges in the future. In 2013, the Group will continue to focus on property sales and adhere to its principle of “quality sophistication and prudent operations”, while striving to improve its management capability, operational efficiency, quality sophistication, as well as infrastructure management. Embracing passion for property development, the Group is confident that its belief in integrity, kindness, sophistication and perfection will gain recognition from the market and the society.

### **Continuous Improvement in Product and Service Quality**

Product quality is a cornerstone of the Company. Despite challenges in its operating environment, the Company has always put product quality as its first priority, and consistently focused on product and service quality while adhering to its commitment to “value-added project development”.

In 2012, the Company continued to rank No. 1 in respect of Chinese Urban Residents’ Overall Satisfaction. The Group’s understanding in urban residents’ needs and pursuits in life, as well as the Group’s responsible attitude to urban development, has won huge support from our customers and the society. The Group understands that our customers’ understanding in and pursuit of quality living grows with China’s continuous economic development and increased living standards, therefore it will put great efforts to enhance the quality of its products and services further. Customer satisfaction is a key performance indicator of our business and operation while customer aspiration is a key motivation for our high-quality product and service value. The Group will continue to focus on high-quality products and services to meet increasing demand of its customers.

### **Product Diversification**

The Group believes that properties are artistic creations that embody architectural value. The Company has centered its product development on “implementing high-quality product strategy and creating long-standing masterpiece”. Under this

strategy, the Company has developed six classical product lines including villa, multi-story apartment, high-rise apartment, urban complex, large-scale community and commercial properties, which helped Greentown win such recognition as a “specialist of high-end properties in China”.

Aiming to offer customers with quality properties and improve their urban living experience, the Group will continue its product diversification with a focus on quality and sophistication, which shall cater to market demands. The Group will also transform its business focus from residential project oriented to upcoming cities’ urban complex oriented. Besides, the Group will also expand into pension themed projects and tourist-oriented projects.

### **Prudent Financial Control**

The Group will maintain its gearing ratio at a reasonable level and optimize its debt structure by improving its debt maturity profile and reducing short-term debt, as well as enhancing its cash balances to cover short-term loans due within one year. The Group will also explore different financing channels to optimize its debt structure and reduce average financing cost, while looking for opportunities to monetize projects with longer development cycle so as to improve the Group’s cash flow and optimize its land bank reserve.

### **Cost Control Management**

The Group will strengthen its overall control on project development, in particular in respect of cost control. The Company will reduce material procurement cost via its electronic procurement center and establish a cost management and evaluation incentive system for different regions and product categories. At the same time, to ensure that development projects in the future will generate a reasonable internal rate of return, the Group will adopt professional advices and forward-looking decisions of the Investment Committee at the early stage of the project to enhance assessment on investment risk and return for new land parcels and development projects, thereby achieving maximum return through reasonable use of financial leverage and prudent management of its financial liquidity.

### **Asset-light Strategy**

Throughout the course of its development in the past 18 years, the Company has gradually identified, strengthened and confirmed its core competencies. In recent years, the government’s stringent macro-control policies have forced the Company to reflect on its future directions, aiming to explore for new footholds. The Company will give up its previous aggressive expansion strategy and shift its focus to strategies that rely on its brand power and management expertise for

cooperation with other parties to unleash their commercial value. By leveraging its expertise and resource integration management capabilities in planning, design and construction, the Group will continue to develop via its independent or cooperative project development models to enhance its asset turnover rate, while establishing extensive cooperation with external parties to create new market and profit engines for the Group without incurring additional liability and capital expenditure.

#### **Geographical Coverage**

The Group will review the current geographical distribution of its projects, in particular the correlative activities and developments within its existing business regions, with an aim to strengthen its presence and competitive advantages in those regions. In terms of project development, the Group will make its decision on land acquisition based on cash flow forecast and analysis. Leveraging its brand power, the Group will moderately replenish its land bank reserve at a reasonable price through diversified channels, which shall support its development in the next five years.



Beijing Majestic Mansion

### Projects Scheduled for Completion for the Year

In 2013, the Group expects to commence construction of projects with a total GFA of approximately 7.48 million sqm. It is expected that 44 projects, or project phases, will be completed in 2013 with a total GFA of 5.73 million sqm.

### Projects Scheduled for Completion in 2013

#### Subsidiaries

Projects	Phase	Equity Interest	GFA (sqm)	Saleable Area (sqm)
Zhuji Greentown Plaza	Haitang Apartment, south & north areas	60.0%	119,405	95,524
Zhoushan Changzhidao Project	I	96.875%	27,071	17,007
Zhoushan South Rose Garden and west lot of Old Ocean College	South areas	100.0%	42,730	41,182
Zhengzhou Zhongmau Lily Garden	I, II	100.0%	174,525	159,965
Changxing Plaza	III	51.0%	30,432	14,515
Xintai Yulan Garden	I	70.0%	181,406	154,435
Xinjiang Lily Apartment	IV	50.0%	133,844	98,969
Hangzhou Idyllic Garden Fengheyuan	Fenghe Yuan	100.0%	97,581	66,076
Qingdao Ideal City	III	80.0%	202,308	159,925
Qingdao Ideal City	Sheraton Hotel	80.0%	54,480	0
Ningbo R&D Park	III	60.0%	110,599	88,479
Ningbo Crown Garden	III	60.0%	75,062	60,050
Lin'an Qingshan Lake Hongfengyuan	I	65.0%	27,469	26,980
Huzhou Majestic Mansion	III Villa	70.0%	32,200	19,552
Huzhou Majestic Mansion	Upper floor of phase IV	70.0%	103,305	88,406
Hefei Jade Lake Rose Garden	III	100.0%	19,755	12,432
Hefei Jade Lake Rose Garden	II	100.0%	94,443	91,020
Hangzhou Yunqi Rose Garden	I, IV	51.0%	45,182	22,111
Hangzhou Jade Garden	I	100.0%	149,282	113,436
Hangzhou Sincere Garden Zhijingyuan	Nursery	100.0%	5,037	0
Hangzhou Sincere Garden Zhengxinyuan	Zhengxin Yuan	100.0%	144,925	95,949
Hangzhou Taohuayuan Lancuiyuan	VI, X, XII	64.0%	57,980	37,006
Hangzhou Blue Patio	V	85.0%	77,756	55,028
Hangzhou Sapphire Mansion	III, IV, V	100.0%	152,427	121,941
Hainan Clear Water Bay	Guanlan Yuan	51.0%	91,330	63,601
Hainan Clear Water Bay	Westin Hotel	51.0%	71,329	6,048
Hainan Clear Water Bay	New Moon Villa	51.0%	34,904	11,519
Hainan Clear Water Bay	Wentao Yuan	51.0%	22,319	17,147
Hainan Clear Water Bay	Pinxia Yuan	51.0%	32,458	8,120
Deqing Yingxi Arcadia	I	100.0%	108,004	90,019
Cixi Grace Garden	I	60.0%	173,470	136,892
Shanghai Rose Garden	VI	50.0%	37,315	23,164
			<b>2,730,333</b>	<b>1,996,498</b>

*Jointly Controlled Entities/Associates*

<b>Projects</b>	<b>Phase</b>	<b>Equity Interest</b>	<b>GFA (sqm)</b>	<b>Saleable Area (sqm)</b>
Hangzhou Xingqiao Purple Osmanthus Apartment	IV	35.0%	13,660	12,528
Tangshan South Lake Project	II	54.4%	132,131	124,942
Taizhou Begonia Garden	I Villa	10.0%	40,398	38,407
Taizhou Begonia Garden	I Apartment	10.0%	33,295	6,858
Shenyang National Games Project	Apartment	50.0%	571,671	484,401
Shenyang National Games Project	Held Properties	50.0%	201,191	0
Shenyang National Games Project	Commercial	50.0%	51,774	30,389
Shaoxing Jade Garden	III, V	51.0%	24,857	19,880
Shaoxing Yulan Garden	II	35.0%	240,532	180,150
Shanghai Bund No.8	I	40.0%	23,637	18,919
Lin'an Qingshan Lake Rose Garden	II	50.0%	7,787	6,224
Lishui Beautiful Spring River	I	37.5%	149,337	144,512
Jinan National Games Project	VI, VIII, X	45.0%	339,970	334,557
Hangzhou Sincere Garden Shouchun Yuan	Shouchun Yuan	50.0%	154,314	129,522
Hangzhou Sincere Garden Mingli Yuan	Mingli Yuan	49.0%	129,458	80,344
Hangzhou Bright Moon in Jiangnan	I	55.0%	150,612	114,591
Haining Lily New Town	IV	50.0%	92,589	80,375
Fuyang Harmony Garden	I, II	40.0%	172,889	138,312
Wuxi Yulan Garden	Upper floor	42.5%	76,832	73,503
Wuxi Lihu Camphor Garden	I, II	49.0%	169,877	148,648
Suzhou Majestic Mansion	I, II	50.0%	218,039	123,070
Sub-total			<b>2,994,850</b>	<b>2,290,132</b>
Total			<b>5,725,183</b>	<b>4,286,630</b>

As at 31 December 2012, the sales revenues of Greentown Group that has not yet been recognized in the income statement amounted to RMB75.4 billion, of which RMB43.6 billion was attributable to the Group. The majority of these sales revenues are expected to be eventually recognized in the coming two years. Hence, the Company is optimistic about its earnings prospect.

## Financial Analysis

### Revenue

Revenue of the Group comes mainly from the sale of property, as well as from hotel operations, property rental, project management, sales of construction materials, and design and decoration. In 2012, the Group recognized revenue of RMB35,393 million, representing an increase of 61.1%, or RMB13,429 million, from RMB21,964 million in 2011.

The revenue from property sales in 2012 amounted to RMB34,214 million, accounting for 96.7% of the total revenue, and representing an increase of 62.4% from RMB21,071 million in 2011. The increase was mainly due to more deliveries and increase in the sales area. In 2012, total GFA delivered amounted to 1,912,061 sqm, representing an increase of 84.3% from 1,037,720 sqm in 2011. The total recognized average selling price of properties delivered in 2012 was RMB17,894 per sqm in 2012, representing a decrease of 11.9% from RMB20,305 per sqm in 2011, mainly due to Wenzhou Lucheng Plaza, the selling price of which was as high as RMB39,912 per sqm, contributing 41.3% of the total sales revenue in 2011 and thereby to certain extent pushing up the average selling price in 2011.

Properties delivered by subsidiaries during 2012 were as follows:

Projects	Type of Properties	Area Sold (sqm)	Sales Revenue (RMB million)	Sales Proportion	Average Selling Price (RMB/sqm)
Hangzhou Sapphire Mansion	High-rise apartment	139,270	5,428	15.9%	38,975
Hangzhou Sincere Garden Zhijingyuan	High-rise apartment	92,296	2,633	7.7%	28,528
Zhuji Greentown Plaza	High-rise apartment, villa	197,904	2,456	7.2%	12,410
Hangzhou Lijiang Apartment	High-rise apartment	103,222	2,352	6.9%	22,786
Shanghai Bund House (1st H)	High-rise apartment	37,627	2,220	6.5%	59,000
Ningbo Crown Garden	High-rise apartment, office	144,678	2,116	6.2%	14,626
Zhoushan Yulan Garden	High-rise apartment	159,588	2,082	6.1%	13,046
Beijing Sincere Garden	High-rise apartment	43,030	1,420	4.1%	33,000
Hainan Clear Water Bay	High-rise apartment	44,871	1,170	3.4%	26,075
Dalian Deep Blue Center	Serviced apartment	69,613	1,113	3.2%	15,988
Zhoushan Changzhidao Project	Low-rise apartment	109,889	1,095	3.2%	9,965
Taizhou Rose Garden	High-rise apartment, villa	69,601	1,021	3.0%	14,669
Others		700,472	9,108	26.6%	13,003
<b>Total</b>		<b>1,912,061</b>	<b>34,214</b>	<b>100.0%</b>	<b>17,894</b>

Note: Include overground and underground saleable area.

During the year, projects in Hangzhou achieved sales revenue of RMB12,761 million, accounting for 37.3%, ranking first among all regions. Projects in Zhoushan achieved sales revenue of RMB4,297 million, accounting for 12.6%. Projects in Shanghai area achieved sales revenue of RMB3,042 million, accounting for 8.9%. These two regions ranked No.2 and No.3 respectively.

During the year, sales revenue of apartments reached RMB29,264 million, accounting for 85.5%; sales revenue of flat mansion reached RMB556 million, accounting for 1.6%; sales revenue of villa reached RMB4,293 million, accounting for 12.6%; and sales revenue of office buildings reached RMB101 million, accounting for 0.3%.

During the year, the Group achieved design and decoration revenue of RMB325 million, 7.3% higher than that of RMB303 million achieved in 2011. With the constant expansion of design and decoration business, the revenue from design and decoration will maintain sustainable growth.



Hangzhou Hope Town

During the year, the Group's revenue from hotel operations was RMB298 million, representing an increase of 18.7% from RMB251 million in 2011. Hotels in operation, such as Greentown Sheraton Qiandao Lake Resort, Hangzhou Rose Garden Resort and Sheraton Zhoushan Hotel, will benefit from their ripening operations and hence enjoy continuing revenue growth.

During the year, the Group's rental income from investment properties was RMB111 million, representing an increase of 23.3% from RMB90 million in 2011, mainly due to the growth of rental income of Oakwood Residence Beijing.

The Group's revenue from project management in 2012 amounted to RMB255 million, representing an increase of 28.1% from RMB199 million in 2011, mainly consisting of construction income of Greentown Construction Management Co., Ltd., a subsidiary of the Company.

### **Gross Profit Margin in Property Sales**

In 2012, the Group's gross profit from properties sales was RMB9,989 million and gross margin from property sales was 29.2%, slightly lower than 32.6% in 2011 while in line with 29.0% in 2010. Among the properties delivered in 2011, the project of Wenzhou Lucheng Plaza, located in Wenzhou, a developed city in Zhejiang province, which are high-end and refined high-rise apartments and accounted for 41.3% of the total property sales revenue, realized gross profit margin of 38.7%, significantly increased the gross profit margin of properties sales in 2011.

### **Other Income**

Other income mainly included interest income, trust income, net foreign exchange gains and government grants. The Group realized other income of RMB1,001 million during the year, 46.6% higher than the RMB683 million in 2011. Interest income increased from RMB376 million in 2011 to RMB700 million in 2012, mainly due to the interest income received from the jointly controlled entities and associates.



Suzhou Majestic Mansion



In 2012, the Group recorded a net foreign exchange gain of RMB26 million, significantly less than that of RMB196 million in 2011, mainly due to slowing appreciation of Renminbi and the reduced foreign currency loan balance. As at 31 December 2012, the Group had an outstanding US dollar bank borrowings of USD234 million (31 December 2011: USD367 million), Hong Kong dollar bank borrowings of HKD1,010 million (31 December 2011: HKD2,532 million) and senior notes totaling USD39 million (31 December 2011: USD39 million).

In 2012, the Group recorded trust income of RMB131 million from the junior trust units of Zhonghai Greentown No.1 Real Estate Investment Fund (“Zhonghai Trust”) purchased in 2009. The Group signed a trust agreement with Zhonghai Trust in 2009 and purchased 60% of junior trust units which expired in January 2012. The Group obtained trust income proceeds of RMB131 million in 2012. In addition, a gain of RMB83 million was generated from the reversal of the trust unit put option, guarantee and RMB1 option as financial derivatives, relating to the above agreement, which was recorded in fair value changes on trust-related financial derivatives.

#### **Selling and Administrative Expenses**

The Group’s selling expenses during the year was RMB665 million, representing an increase of 10.8% from RMB600 million in 2011. The Group’s administrative expense was RMB1,404 million in 2012, representing an increase of 6.4% from RMB1,320 million in 2011.

Human resource cost, which is the largest single expense item in selling and administrative expenses, amounted to RMB668 million in 2012, in line with RMB671 million in 2011. Expenses in advertising, sales and marketing was RMB407 million (2011: RMB273 million), accounting for 1.3% of the Group’s property pre-sales (2011: 1.2%), of which sales agency expense, mainly commission paid to agent, was RMB135 million (2011: RMB7 million). In 2012, after the transition of sales model, project

salesforce transitioned into sales agents, both internal employees and third-party resources are fully mobilized to maximize sales performance.

#### **Financing Cost**

During the year, interest expenses recorded in the consolidated statement of comprehensive income was RMB564 million (2011: RMB416 million). The total annual interest expenses was RMB3,481 million, representing a decrease of 2.0% from RMB3,553 million in 2011, mainly due to the decrease of the average loan amount although the average interest rate increased from 8.1% in 2011 to 8.8% in 2012. The capitalized interest in 2012 was RMB2,917 million, at a capitalization rate of 83.8%, lower than the capitalization rate of 88.3% in 2011. The disposal of certain subsidiaries affected the capitalization rate.



Xinchang Rose Garden

### Share of Results of Jointly Controlled Entities and Associates

The Group's share of results of jointly controlled entities and associates was RMB513 million, representing a decrease of RMB320 million from RMB833 million in 2011, mainly due to larger areas delivered in 2011 with higher gross margin. Sales revenue from properties delivered by jointly controlled entities and associates was RMB9,849 million, representing a decrease of 13.1% from RMB11,333 million in 2011, mainly due to property delivered decreased from 831,779 sqm in 2011 to 680,676 sqm in 2012.

Projects delivered by jointly controlled entities and associates in 2012 were as follows:

Projects	Type of Properties	Area Sold (sqm)	Sales Revenue (RMB million)	Sales Proportion	Average Selling Price (RMB/sqm)
Haining Lily New Town	High-rise apartment, flat mansion	159,734	1,870	19.0%	11,707
Cixi Rose Garden	High-rise apartment, villa	82,830	1,678	17.0%	20,258
Taizhou Yulan Plaza Qionghuayuan	High-rise apartment	43,207	995	10.1%	23,029
Wuxi Yulan Garden	High-rise apartment	105,263	932	9.5%	8,854
Wuxi Lihu Camphor Garden	Villa	27,655	640	6.5%	23,142
Shanghai Bund House (2nd H)	High-rise apartment	8,292	602	6.1%	72,600
Hangzhou Hope Town	Low-rise apartment	30,082	493	5.0%	16,389
Shanghai Yulan Garden	Low-rise apartment	9,634	432	4.4%	44,841
Shaoxing Jade Garden	Villa	18,028	419	4.3%	23,242
Others		195,951	1,788	18.1%	9,125
<b>Total</b>		<b>680,676</b>	<b>9,849</b>	<b>100.0%</b>	<b>14,469</b>

Note: Include overground and underground saleable area.

### Taxation

During the year, the Group's tax expenses included LAT of RMB2,066 million (2011: RMB1,020 million) and enterprise income tax of RMB2,138 million (2011: RMB1,563 million). The effective enterprise income tax rate was 27.85% (excluding share of results of jointly controlled entities and associates), higher than the statutory tax rate of 25.0%. This was mainly attributable to the unrecognized deferred tax assets of the losses of certain subsidiaries which have not yet commenced pre-sale and certain overseas subsidiaries, and the tax effect of non-deductible expenses.

### Provisions for Impairment Losses and Reversal

The restriction on property purchases and credit tightening policies imposed by the PRC Government increased the level of risk and uncertainties of China's real estate market. In light of this, the Group commissioned DTZ Debenham Tie Leung Ltd. to provide assessments on properties of the Group. According to the results of the assessment, the Group's subsidiary Xinchang Greentown Real Estate Co., Ltd. had provision for impairment losses of RMB81 million for its hotel properties in 2012.

Moreover, during the year the Group's associates, Wenzhou Greentown Development Real Estate Development Co., Ltd., recorded provision for impairment losses of RMB233 million for its properties under development; and Taizhou Greentown Taiye Property Development Co., Ltd. recorded reversal of impairment losses of RMB99 million from previous year.

### Pre-sale Deposits

Pre-sale deposits represent the amounts received from the pre-sale of properties. The amounts will be recognized as sales revenue upon delivery of properties. As at 31 December 2012, the balance of pre-sale deposits of the Group was RMB28,848 million, representing a decrease of RMB16,911 million from RMB45,759 million as at 31 December 2011, mainly due to

increased delivery properties and transfer of certain equity interests in subsidiaries in the year. In addition, as at 31 December 2012, the balance of pre-sale deposits of jointly controlled entities and associates was RMB36,512 million, representing an increase of RMB14,492 million from RMB22,020 million as at 31 December 2011.

### Investment by Wharf

On 8 June 2012, the Group entered into subscription and investment agreements with Wharf and its wholly-owned subsidiaries, pursuant to which a wholly-owned subsidiary of Wharf – Target Smart

Investments Limited, subscribed for 327,849,579 shares and 162,113,714 shares issued by the Company in two tranches at the subscription price of HKD5.2 per share, and Enzio Investments Limited, a wholly-owned subsidiary of Wharf, subscribed for the perpetual subordinated convertible callable securities in the principal amount of HKD2,550 million issued by Active Way Development Limited, a wholly-owned subsidiary of the Company. As at 31 December 2012, the Company has received all the subscription proceeds totaling HKD5,098 million (approximately RMB4,160 million).



Hangzhou Lijiang Apartment

### Formation of a Joint Venture Company with Sunac

On 22 June 2012, the Group entered into a cooperative framework agreement with Sunac Zhidi to form a joint venture company, owned by the Group and Sunac as to 50% each. The Group shall dispose the equity interests in the 8 projects below to the joint venture company. This joint venture company is a subsidiary of Sunac but not a subsidiary of the Company as the Company does not have control over the board of the JV.

	Equity Interest Transferred	Project Name
Shanghai Huazhe Bund Real Estate Co., Ltd.	51.0%	Shanghai Bund House
Shanghai Lvshun Real Estate Development Co., Ltd.	100.0%	Shanghai Yulan Garden
Suzhou Greentown Yuyuan Real Estate Development Co., Ltd.	90.5%	Suzhou Majestic Mansion
Suzhou Greentown Rose Garden Real Estate Development Co., Ltd.	66.67%	Suzhou Rose Garden
Wuxi Greentown Real Estate Development Co., Ltd.	85.0%	Wuxi Yulan Garden
Changzhou Greentown Real Estate Co., Ltd.	37.0%	Changzhou Yulan Square
Tianjin Yijun Investment Co., Ltd.	80.0%	Tianjin Azure Coast
Wuxi Taihu Greentown Real Estate Co., Ltd.	39.0%	Wuxi Taihu Project (now known as: Wuxi Jasmine Garden)

At the same time, the Group disposed of 50% equity interests in a wholly-owned subsidiary, Shanghai Greentown Woods Golf Villas Development Co., Ltd. ("Greentown Woods"), to Sunac Zhidi. Upon the disposal, Greentown Woods remains as a subsidiary of the Company because its board of directors remains under the control of the Company.

As at 31 December 2012, the Group has received equity transfer proceeds from the above 9 projects plus related shareholders loans, adding cash inflow of RMB3,358 million to the Group.

### Projects Disposal

On 29 December 2011, the Group entered into an equity transfer agreement in respect of the disposal of a wholly-owned subsidiary, Hangzhou Greentown Hesheng Investment Company ("Greentown Hesheng") to a wholly-owned subsidiary of SOHO China Limited ("SOHO China", stock code 00410.HK), pursuant to which the Group agreed to dispose of 100% equity interest and shareholders' loans in Greentown Hesheng at a consideration of RMB1,040 million. Greentown Hesheng holds 10% equity interest in the Shanghai Haizhimen project. The transaction was completed during the year.

On 5 January 2012, the Group entered into an equity transfer agreement in respect of the disposal of a wholly-owned subsidiary, Wuxi Greentown Hubin Real Estate Co., Ltd. (now known as: Wuxi Sunac Greentown Hubin Real Estate Co., Ltd. "Sunac Greentown Hubin") to Sunac Zhidi, pursuant to which the Group agreed to dispose of 51% equity interest in Sunac Greentown Hubin at a consideration of RMB51 million. Sunac Greentown Hubin is the developer of the Wuxi Lihu Camphor Garden project. The transaction was completed during the year.

On 17 April 2012, the Group and MaAnShan Hualong Real Estate Development Co., Ltd. (both as vendors) entered into an a framework agreement with SOHO China and its wholly-owned subsidiary (as purchaser) in respect of the disposal of Shanghai Greentown Plaza Development Co., Ltd. ("Shanghai Greentown Plaza") to SOHO China and its subsidiary, pursuant to which the Group and MaAnShan Hualong Real Estate Development Co., Ltd. agreed to dispose of their 70% and 30% equity interests and shareholders' loans in Shanghai Greentown Plaza, to a wholly-owned subsidiary of SOHO China respectively, at an aggregate consideration of RMB2,138 million. Shanghai Greentown Plaza is the developer of Shanghai Tianshan Road Project. The transaction was completed during the year.

On 17 September 2012, the Group entered into an equity transfer agreement on the sale of a wholly owned subsidiary, namely Tangshan Greentown Real Estate Development Co., Ltd. (“Greentown Tangshan”), selling a 60% equity interest in Tangshan Greentown for a consideration of RMB30 million to an associate. Tangshan Greentown is the developer of the Tangshan South Lake project. The transaction was completed during the year.

On 22 September 2012, the Group entered into an investment cooperation agreement for the sale of a wholly owned subsidiary, namely Qingdao Greentown Huajing Co., Ltd. (Qingdao Greentown Huajing), whereby selling 60% equity interest in Qingdao Greentown Huajing for a consideration of RMB228 million to Shandong Hi-speed Investment Development Co., Ltd., a subsidiary of Shandong Hi-speed Company Limited (listed on the Shanghai Stock Exchange, stock code: 600350). Qingdao Greentown Huajing is the developer of the Qingdao Deep Blue Square project. The transaction was completed during the year.

Furthermore, during the year, the Group disposed of its 35% and 39% equity interests in Taizhou Greentown Real Estate Co., Ltd. and Taizhou Greentown Nengyuan Real Estate Co., Ltd., respectively, both of which were associates of the Group, to a non-related party, for a consideration of RMB35 million and RMB39 million respectively. The transaction was completed during the year.

The transfer of equity interests and recovery of shareholders’ loans from the above seven projects contributed an

aggregate cash inflow of approximately RMB5,788 million to the Group; RMB5,464 million had been received as at 31 December 2012.

#### **Financial Resources and Liquidity**

As at 31 December 2012, the Group had cash and bank balances (including pledged bank deposits) of RMB7,898 million (as at 31 December 2011: RMB5,884 million), and total borrowings amounted to RMB21,373 million (as at 31 December 2011: RMB32,112 million). Net gearing ratio (measured by net borrowings over net assets) was 49.0%, representing a substantial decrease from 148.7% as at 31 December 2011, which was mainly because the Company has introduced Wharf as a strategic shareholder, transferred projects to, and formed a joint venture company, with the Sunac, and transferred other projects, resulting in abundant cash inflow. Net gearing ratio has reduced substantially due to the Company’s repayment of numerous trust and bank loans.

#### **Risks of Foreign Exchange Fluctuation**

The principal place of operation of the Group is the People’s Republic of China, and the majority of the income and expenditure were transacted in Renminbi. As the Group has deposits, borrowings, amounts due from third parties and amounts due to third parties denominated in foreign currencies, and the senior notes issued in 2006 were denominated in US dollars, the Group faces exchange rate risk. However, the Group’s operating cash flow and liquidity are not subject to significant influence from fluctuations in exchange rates. The Group did not enter into any foreign currency hedging arrangements as at 31 December 2012.

#### **Financial Guarantees**

The Group provided financial guarantees to banks for mortgage facilities granted to buyers of the Group’s properties. As at 31 December 2012, such financial guarantees amounted to RMB17,144 million (as at 31 December 2011: RMB18,886 million).

#### **Pledge of Assets**

As at 31 December 2012, the Group pledged buildings, hotels, prepaid lease payment, investment properties, properties for development, properties under development, completed properties for sale, pledged bank deposits, interests in jointly controlled entities and interests in associates, with an aggregate carrying value of RMB24,848 million (as at 31 December 2011: RMB35,773 million) to secure general credit facilities granted by banks and other financial institutions to the Group.

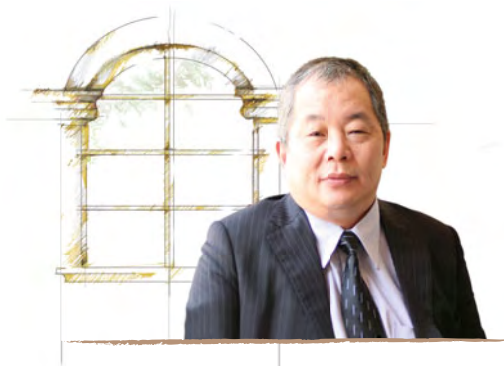
#### **Capital Commitments**

As at 31 December 2012, the Group had contracted, but not provided for, a total capital expenditure of RMB15,276 million (as at 31 December 2011: RMB19,327 million) in respect of properties for development, properties under development and construction in progress.

#### **Capital Expenditure Plan**

In consideration of the complicated and highly uncertain economic environment, the Group takes a prudent approach towards the use of funds to ensure the safety of the capital chain. Save as disclosed in the following section “Events After the End of Balance Sheet Date”, there is currently no material capital expenditure plan.

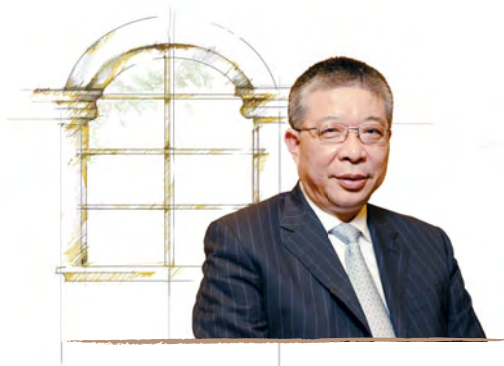
# Biographical Details of Directors and Senior Management



## 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 and is interested or deemed to be interested in the shares of the Company for the purpose of Part XV of the SFO by, among other things, holding shares through his controlled corporations, namely 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 who is interested in the shares of the Company through her controlled corporation namely Wisearn Limited.



## SHOU Bainian

Executive Vice Chairman of the Board, Executive Director and Chief Executive Officer  
Born in 1954

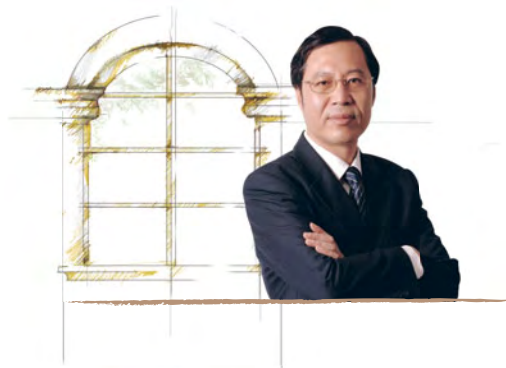
Mr SHOU Bainian is primarily responsible for our overall business operations and financial management. He is also a director of certain subsidiaries and associates of the Company. Mr SHOU graduated from Hangzhou University with a bachelor's degree in history in 1982. Between 1982 and 1998, he worked 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 and is interested or deemed to be interested in the shares of the Company for the purpose of Part XV of the SFO by, among other things, 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

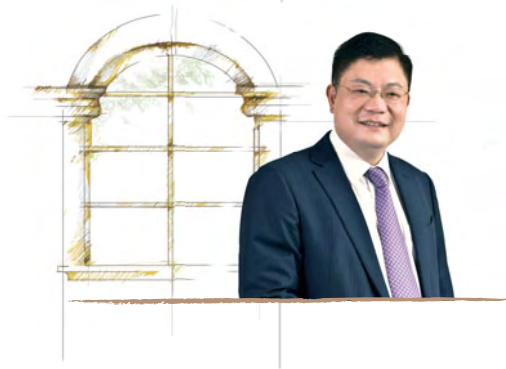
Mr LUO Zhaoming is primarily responsible for projects development and operation around the Bohai Rim region, three provinces in Northeast China and Jiangsu, Anhui, Xinjiang provinces, and to manage the Group's customer relationships and property management service. Mr LUO graduated from Tonji University 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). Mr LUO is interested or deemed to be interested in the shares of the Company for the purpose of Part XV of the SFO by, among other things, holding shares through his controlled corporation namely Tandellen Group Limited. Mr LUO also serves as 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 26 years ample experience in project development and construction. He joined the Company in April 2000.



### CAO Zhounan

Executive Director and Executive General Manager  
Born in 1969

Mr CAO Zhounan 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 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 mayor 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. (浙江省鐵路集團). He joined the Company in February 2009.



## NG Tin Hoi, Stephen

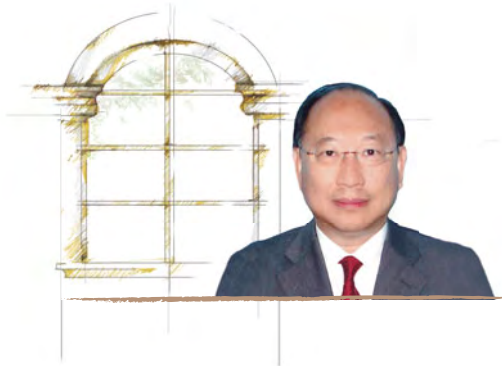
Non-Executive Director

Born in 1952

Mr NG Tin Hoi, Stephen, has been deputy chairman and managing director of The Wharf (Holdings) Limited (stock code: 00004.HK) since 1994. He joined the Wharf Group in 1981 and became director and chief financial officer in 1987. He was appointed as managing director in May 1989 and deputy chairman in June 1994. Among the Wharf Group's principal subsidiaries, he is the chairman of the board of directors of the following companies: Harbour Centre Development Limited (stock code: 00051.HK), i-CABLE Communications Limited (stock code: 01097.HK), Modern Terminals Limited, Wharf T&T Limited and The "Star" Ferry Company Limited.

Mr NG is also the deputy chairman of Wheelock and Company Limited (stock code: 00020.HK), and Chairman of Joyce Boutique Holdings Limited (stock code: 00647.HK). He is also the vice chairman of Wheelock Properties (Singapore) Limited, which is publicly listed in Singapore.

Mr NG was born and grew up in Hong Kong. He attended Ripon College in Ripon, Wisconsin, U.S.A. and the University of Bonn, Germany, from 1971 to 1975, and graduated with a major in mathematics. He is the vice chairman of The Hong Kong General Chamber of Commerce and a council member of the Employers' Federation of Hong Kong. He is also a member of the Hong Kong Port Development Council. He was appointed as our non-executive director on 15 June 2012.



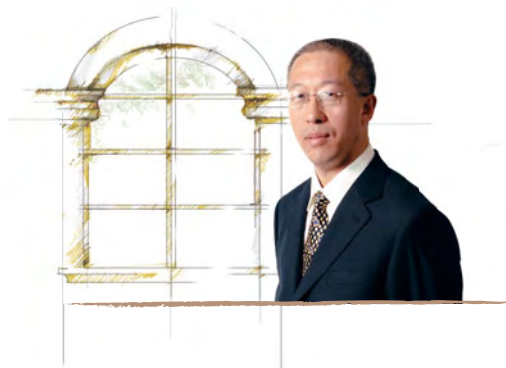
## TSUI Yiu Cheung

Non-Executive Director

Born in 1946

Mr TSUI Yiu Cheung, is an executive director and the group chief financial officer of Wheelock and Company Limited (stock code: 00020.HK) and also of its listed subsidiary, the Wharf (Holdings) Limited (stock code: 00004.HK). Mr TSUI joined Wheelock/Wharf group in 1996 and is presently a director of certain other subsidiaries of Wheelock, including Harbour Centre Development Limited (stock code: 00051.HK) and i-CABLE Communications Limited (stock code: 01097.HK), and Wheelock Properties (Singapore) Limited, which is listed in Singapore. He is also the vice chairman of Wheelock Properties Limited, formerly a publicly-listed company until it became a wholly-owned subsidiary of Wheelock in July 2010. Furthermore, Mr TSUI is a director of Joyce Boutique Holdings Limited (stock code: 00647.HK). Mr Tsui is a Fellow of The Association of Chartered Certified Accountants, The Hong Kong Institute of Certified Public Accountants, the Chartered Institute of Management Accountants, The Institute of Chartered Secretaries and Administrators and also a member of the Certified General Accountants Association of Canada. Mr TSUI is a fellow of the Association of Chartered Certified Accountants, the Hong Kong Institute of Certified Public Accountants, Chartered Institute of Management Accountants and the Institute of Chartered Secretaries and Administrators. He is also a member of the Certified General Accountants Association of Canada. He was appointed as our non-executive director on 2 August 2012.



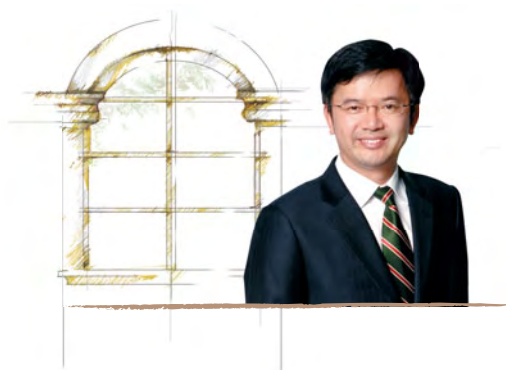


## JIA Shenghua

Independent Non-Executive Director

Born in 1962

Mr JIA Shenghua is a professor of Zhejiang University. Currently, Mr. JIA is an associate director of the Department of Social Sciences of Zhejiang University, as well as the director of Zhejiang University's Property Research Center. Mr JIA graduated from the Northwest Agricultural University with a doctorate degree in agricultural economics and management. Since 1989, Mr JIA has taught and conducted research in property economics property development, and enterprise management in China. He studied in Germany from 1993 to 1994. He is currently a member of Zhejiang Enterprises Management Research Society, Zhejiang Land Academy and Hangzhou Land Academy. Mr JIA is currently also a council member of the Zhejiang Provincial Real Estate Association, and a member of the expert committee of the China Real Estate Research Association. 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, and an independent non-executive director of Yinyi Real Estate Co., Ltd. (stock code: 000981.SZ), and Rongan Property Co., Ltd. (stock code: 000517.SZ), both listed in Shenzhen. He was appointed as our independent non-executive director on 22 June 2006.

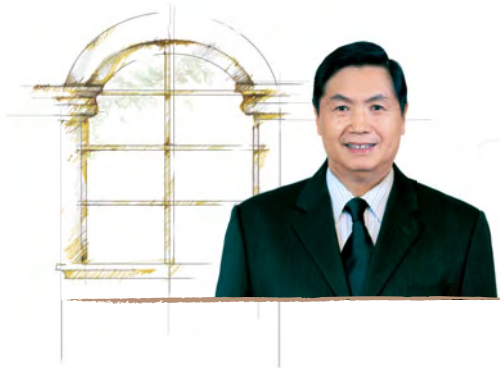


## JIANG Wei

Independent Non-Executive Director

Born in 1963

Mr JIANG Wei is currently a director and an 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 management. Mr JIANG is a director of China Vanke Company Limited (stock code: 000002.SZ), a company listed in Shenzhen. He is also a non-executive director of China Assets (Holdings) Limited (stock code: 00170.HK) and an executive director of Cosmos Machinery Enterprises Limited (stock code: 00118.HK), both listed in Hong Kong. He was appointed as our independent non-executive director on 22 June 2006.

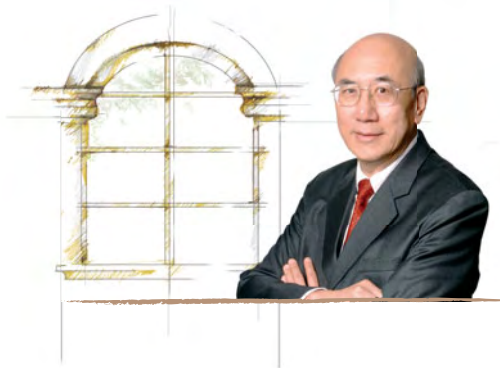


### KE Huanzhang

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.

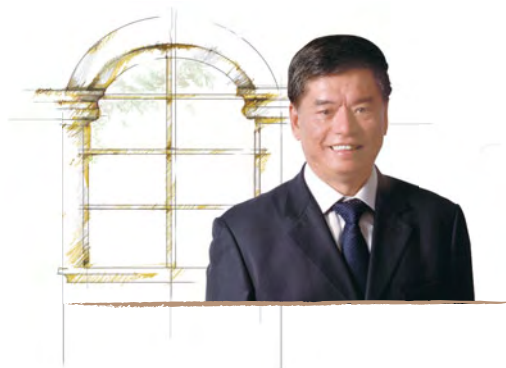


### SZE Tsai Ping, Michael

Independent Non-Executive Director

Born in 1945

Mr SZE Tsai Ping, Michael, has over 30 years of experience in the financial and securities field. He graduated with a Master of Laws (LLM) degree from the University of Hong Kong. He was a former member of the Securities and Futures Appeals Tribunal. He was also a former council member and member of the Main Board Listing Committee of the Stock Exchange of Hong Kong Limited. Mr SZE is an independent non-executive director of 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), all of which are listed in Hong Kong. Mr SZE is a fellow of the Institute of Chartered Accountants in England and Wales, the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants and also a fellow of the Hong Kong Institute of Directors Limited. He was appointed as our independent non-executive director on 22 June 2006.

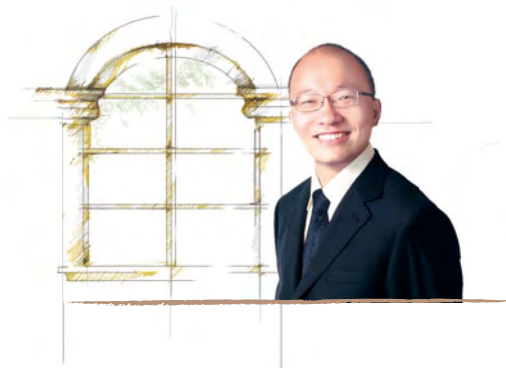


## TANG Shiding

Independent Non-Executive Director

Born in 1942

Mr TANG Shiding is currently a consultant of Real Estate Association of China, and of Zhejiang Provincial Real Estate Association, 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 Zhejiang Yasha Decoration Co., Ltd. (stock code: 002375.SZ), which is listed in Shenzhen. He was appointed as our independent non-executive director on 22 June 2006.

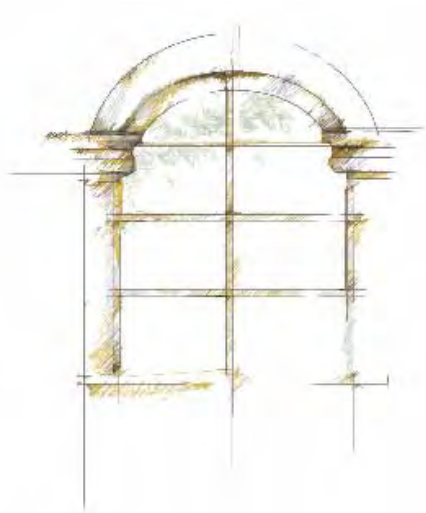


## Hui Wan Fai

Independent Non-Executive Director

Born in 1976

Mr HUI Wan Fai is the managing partner of PAG (formerly known as Pacific Alliance Group). Mr HUI has previously served The Blackstone Group as a managing director. Mr HUI was a managing director of Mellon HBV Alternative Strategies LLC, a New York based hedge fund under Mellon Bank, from 2005 to 2006 where he acted as head of distressed investment for China. Mr HUI obtained a Master's degree in Business Administration from INSEAD in 2004 and a Master's degree in International and Public Affairs from The University of Hong Kong in 2002. Mr HUI obtained a Bachelor's degree in Business Administration from The University of Hong Kong in 1998. Mr HUI holds the qualifications of Certified public Accountant from the Association of Chartered Certified Accountants, United Kingdom, Chartered Financial Analyst from the CFA Institute, The United States of America and Associate of HKICS from the Hong Kong Institute of Chartered Secretaries, Hong Kong. He was appointed as an independent non-executive director of China Metro-Rural Holdings Limited (NYSE: CNR), which is listed in the USA in October 2012. He was appointed as our independent non-executive director on 1 April 2012.



## Senior Management

**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), 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), 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), 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), 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 8 years of experience in managing finance and accounting functions, mergers and acquisitions, fund raising and investor relations for PRC corporations 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 of the Hong Kong Institute of Certified Public Accountants and a fellow 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), and he also serves as a non-executive director of Baoye Group Company Limited.





# Corporate Governance Report







# Corporate Governance Report



Hainan Clear Water Bay

The Company believes that high corporate governance standards help enhance operational performance and the management's accountability. The Board has always strived to comply with the principles of corporate governance and adopt sound corporate governance practices to meet legal and commercial standards, with a focus on internal control and fair, transparent and timely disclosure.

Save as disclosed below, the Company has complied with the code provisions in the corporate governance code ("Corporate Governance Code", applicable to financial reports covering a period after 1 April 2012) as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and the former code on corporate governance practices during the year ended 31 December 2012.

Mr CAO Zhounan, an executive director, and Mr JIANG Wei and Mr SZE Tsai Ping, Michael, both being non-executive directors, were unable to attend the annual general meeting of the Company held on 8 June 2012 (as provided for in Code A.6.7 of the Corporate Governance Code) due to other business engagements.

In addition, Mr NG Tin Hoi, Stephen being a non-executive director, and Mr JIANG Wei, Mr KE Huanzhang, Mr SZE Tsai Ping, Michael and Mr HUI Wan Fai, all being independent non-executive directors, were unable to attend the extraordinary general meeting of the Company held on 1 August 2012 (as provided for in Code A.6.7 of the Corporate Governance Code) due to other business engagements.

#### (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, strategies for development, internal control and risk management systems, and monitoring the performance of the senior management.

#### **Executive Directors**

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

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

Mr NG Tin Hoi, Stephen (with effect from 15 June 2012)  
Mr TSUI Yiu Cheung (with effect from 2 August 2012)

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

Mr JIA Shenghua  
Mr JIANG Wei  
Mr KE Huanzhang  
Mr SZE Tsai Ping, Michael  
Mr TANG Shiding  
Mr HUI Wan Fai (with effect from 1 April 2012)

#### **Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers**

The Company has adopted the Model Code for Securities Transactions by directors of Listed Issuers as set out in Appendix 10 to the Listing Rules ("Model Code") as the standard for securities transactions by the directors. The Company has made specific enquiries of all the directors and each of the directors confirmed that he has complied with the required standards set out in the Model Code throughout the year ended 31 December 2012. 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 responsibilities of the directors and the Company's external auditors on the financial statements of the Group are set out in the "Independent Auditor's Report" on page 101 of 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 practices adopted by the Company. He is also responsible for establishing 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, management systems, and internal control 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 play a significant role in the Board by virtue of their independent judgment. Their views carry significant weight in the Board's decision. In particular, they provide impartial and multi-perspective opinions on the Company's development strategies, operational performance and internal control system. Every independent non-executive director possesses extensive academic, professional and industry expertise and management experience. They provide professional advice to the Board according to the Company's particular situation. For the year ended 31 December 2012, each of the independent non-executive directors has confirmed his independence to the Company in accordance with the Listing Rules.

### Board Meetings and Shareholders Meeting

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. Nine Board meetings and two shareholders meetings were convened during 2012. The attendance of each individual director at these Board meetings and shareholders meetings is set out below:

	Number of Board Meetings Attended/ Held During the Tenure of Office	Number of Shareholder's Meetings Attended/ Held During the Tenure of Office
<b>Executive Directors</b>		
Mr SONG Weiping (Chairman)	9/9	2/2
Mr SHOU Bainian (Executive Vice Chairman)	9/9	2/2
Mr LUO Zhaoming (Vice Chairman)	9/9	2/2
Mr GUO Jiafeng	9/9	2/2
Mr CAO Zhounan	8/9	1/2
<b>Non-Executive Directors</b>		
Mr NG Tin Hoi, Stephen *	2/4	0/1
Mr TSUI Yiu Cheung **	1/2	N/A
<b>Independent Non-Executive Directors</b>		
Mr JIA Shenghua	8/9	2/2
Mr JIANG Wei	7/9	0/2
Mr KE Huanzhang	7/9	1/2
Mr SZE Tsai Ping, Michael	8/9	0/2
Mr TANG Shiding	9/9	2/2
Mr HUI Wan Fai ***	6/6	1/2

- \* Mr NG Tin Hoi, Stephen was appointed as a non-executive director with effect from 15 June 2012 and a member of the Remuneration Committee of the Company with effect from 16 July 2012.
- \*\* Mr TSUI Yiu Cheung was appointed as a non-executive director, a member of the Audit Committee and Nomination Committee of the Company with effect from 2 August 2012. The two shareholders meeting in 2012 were convened before Mr TSUI having become a non-executive director of the Company.
- \*\*\* Mr HUI Wan Fai was appointed as an independent non-executive director with effect from 1 April 2012.

All directors are provided with the relevant materials relating to the issues for discussion before the meetings. They have access to members of 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 procedures of Board meetings are conducted in compliance with the Articles of Association of the Company, as well as the relevant laws and regulations.

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

Each of the executive directors, non-executive directors independent non-executive directors has entered into a service contract or appointment letter with the Company for a specific term and the details of which, as well as the details of the appointment, re-election and removal of the directors are described in the sections headed "Report of the Directors – Directors" and " – Directors' Service Contracts".

#### **Directors' Continuous Professional Development**

Each of the directors has participated in continuous professional development in 2012 in compliance with the requirements of the Corporate Governance Code.

All directors, except for Mr NG Tin Hoi, Stephen and Mr TSUI Yiu Cheung (both were nominated by Wharf), have attended the training session arranged by the Company in 2012. As the training session was held prior to the appointment of Mr NG and Mr TSUI as the non-executive directors of the Company, they have not attended such training session. However, they advised that they have separately participated in other appropriate continuous professional development in 2012.

#### **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 websites of the Company and the Stock Exchange. 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 primary duties of the Audit Committee are to review and supervise the Group's financial reporting procedures, internal control and risk management systems, review the internal audit scheme formulated by the Internal Audit Department of the Group and the reports submitted by the Internal Audit Department. It is also responsible for reviewing affairs related to the appointment, resignation and replacement of independent auditors, as well as assessing such auditors' performance, degree of independence and objectivity and reasonableness of their audit fees, and providing relevant recommendations to the Board. All members of the Audit Committee are independent non-executive directors and non-executive directors. Members of the Audit Committee in the year ended 31 December 2012 were independent non-executive director Mr SZE Tsai Ping, Michael (Chairman), non-executive director Mr TSUI Yiu Cheung and independent non-executive directors Mr JIA Shenghua, Mr JIANG Wei, Mr TANG Shiding and Mr HUI Wan Fai.

The major tasks accomplished during the year include:

- reviewing the annual and interim results announcements, reports and financial statements of the Group;
- reviewing and providing recommendations on the accounting policies adopted by the Group and the accounting practices;
- monitoring the work of the Internal Audit Department of the Group and reviewing the internal audit reports;
- advising on material transactions of the Group and providing recommendations on related risks to management; and
- reviewing the audit fees of the auditors and recommending the fees for approval by the Board.

The Audit Committee met twice in the year ended 31 December 2012. The attendance of each individual member at the Audit Committee meetings is set out below:

	Number of Meetings Attended/Held
<b>Independent Non-Executive Directors</b>	
Mr SZE Tsai Ping, Michael (Chairman)	2/2
Mr JIA Shenghua	2/2
Mr JIANG Wei	1/2
Mr TANG Shiding	2/2
Mr HUI Wan Fai *	1/1
Mr TSUI Yiu Cheung **	1/1

\* Mr HUI Wan Fai was appointed as a member of the Audit Committee with effect from 1 April 2012.

\*\* Mr TSUI Yiu Cheung was appointed as a member of the Audit Committee with effect from 2 August 2012.

### Nomination Committee

The Nomination Committee is primarily responsible for considering and recommending to the Board suitably qualified persons to become members 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 in the year ended 31 December 2012 were independent non-executive director Mr SZE Tsai Ping, Michael (Chairman), executive director Mr SHOU Bainian, non-executive director Mr TSUI Yiu Cheung, and independent non-executive directors Mr TANG Shiding and Mr HUI Wan Fai.

The Nomination Committee adopts certain criteria and procedures in the nomination of new directors. The major criteria include, among others, the candidate's professional background, experience in the industry of the Group's business and the past employment track record of the candidate.

During the year ended 31 December 2012, the Nomination Committee held three meetings. Members of the Nomination Committee have nominated Mr HUI Wan Fai as the independent non-executive director, and Mr NG Tin Hoi, Stephen and Mr TSUI Yiu Cheung as the non-executive directors. The above nominations were made in accordance with the nomination policies, with such directors' academic background, work and professional experience and industry knowledge being taken into account. The Nomination Committee has also reviewed the composition of the Board, reviewed the suitability of the directors' skills and experience to the Company's business, made recommendation to the Board on the re-appointment of directors, and assessed the independence of the independent non-executive directors. The attendance of each individual member at the Nomination Committee meetings during 2012 is set out below:

	<b>Number of Meetings Attended/Held</b>
<b>Independent Non-Executive Directors</b>	
Mr SZE Tsai Ping, Michael (Chairman)	3/3
Mr TANG Shiding	3/3
Mr HUI Wan Fai *	2/2
<b>Executive Director</b>	
Mr SHOU Bainian	3/3
<b>Non-Executive Directors</b>	
Mr TSUI Yiu Cheung **	1/1

\* Mr HUI Wan Fai was appointed as a member of the Nomination Committee with effect from 1 April 2012.

\*\* Mr TSUI Yiu Cheung was appointed as a member of the Nomination Committee with effect from 2 August 2012.

#### Remuneration Committee

The Remuneration Committee is responsible for making recommendations and proposals on directors' remuneration and other benefits to the Board.

The remuneration of all directors is subject to regular monitoring by the Remuneration Committee to ensure that the level of their remuneration and compensation are reasonable. Members of the Remuneration Committee in the year ended 31 December 2012 were independent non-executive directors Mr JIA Shenghua (Chairman) and Mr SZE Tsai Ping, Michael, executive director Mr SHOU Bainian and non-executive director Mr NG Tin Hoi, Stephen.

During the year ended 31 December 2012, the Remuneration Committee held one meeting. Members of the Remuneration Committee have reviewed the remuneration packages of the directors and the remuneration policies and structure of the Company, details of which are set out in the section headed "Report of the Directors – Human Resources". The attendance of each individual member at the Remuneration Committee meeting during 2012 is set out below:

	<b>Number of Meetings Attended/Held</b>
<b>Independent Non-Executive Directors</b>	
Mr JIA Shenghua (Chairman)	1/1
Mr SZE Tsai Ping, Michael	1/1
<b>Executive Director</b>	
Mr SHOU Bainian	1/1
<b>Non-Executive Director</b>	
Mr NG Tin Hoi, Stephen *	N/A#

\* Mr NG Tin Hoi, Stephen was appointed as a member of the Remuneration Committee with effect from 16 July 2012.

# The meeting of the Remuneration Committee in 2012 took place prior to the appointment of Mr NG as a non-executive director of the Company.

### Corporate Governance Functions

The Board is responsible for determining the policy for the corporate governance of the Company and performing the corporate governance duties as follows:

- developing and reviewing the Company's policies and practices on corporate governance and making recommendations on changes and updates;
- reviewing and monitoring the training and continuous professional development of the directors and senior management;
- reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;
- developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and the directors;
- reviewing the Company's compliance with the Corporate Governance Code and disclosure in the corporate governance report; and
- such other corporate governance duties and functions set out in the Corporate Governance Code (as amended from time to time) for which the Board are responsible.

### Others – Investment Committee

Pursuant to the investment agreement entered into between the Group, Wharf and its subsidiaries on 8 June 2012, the Company has established an Investment Committee and appointed three members, namely, the executive directors Mr SONG Weiping and Mr SHOU Bainian and non-executive director Mr NG Tin Hoi, Stephen (being the representative of Wharf Group), for the purpose of providing guidance and supervision to the Group with respect to investment matters. Any acquisition of land or investment in any property development project to be carried out by the Group shall be submitted to the Investment Committee for consideration. For so long as the net gearing ratio of the Company is 100% or above, a written consent is required to be obtained from the representative of Wharf Group.

## (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 Auditor

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

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

Service Item	2012 (RMB'000)	2011 (RMB'000)
Audit services (including interim review)	5,040	5,040
Non-audit services (mainly issuance of comfort letters for major transactions)	227	–
Total	5,267	5,040

The Audit Committee and the Board have agreed on the re-appointment of Deloitte Touche Tohmatsu as the independent auditor of the Group for 2013, and the proposal will be submitted for approval at the annual general meeting of the Company to be held on 17 June 2013 (Monday).



### **Internal Controls**

The Board is responsible for the internal control of the Group and reviewing its effectiveness. Procedures have been designed to safeguard company 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 external publication, and ensure compliance with the applicable laws, rules and regulations. The directors have conducted a review of the effectiveness of the internal control system of the Group, and reviewed and monitored the Company's internal management and operation during the year. The Internal Audit Department established by the Company has conducted random internal audit of the Company, its subsidiaries, jointly-controlled entities and associates. The work carried out by the Internal Audit Department includes ensuring that the internal control is in place and functions properly as intended.

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

### **(C) Shareholder's Rights**

According to the Articles of Association of the Company, shareholders shall have the right to request to convene an extraordinary general meeting ("EGM") of the Company. Two or more shareholders holding in aggregate of not less than one-tenth (10%) of the paid up capital of the Company which carries the right of voting at the general meeting of the Company may send a written request to request for a EGM. The written requisition, duly signed by the shareholders concerned, must state the purposes of the meeting and must be deposited at the Hong Kong office of the Company.

Shareholders who wish to move a resolution at general meetings may follow the procedures set out in the preceding paragraph.

Upon the shareholders' approval in the annual general meeting held on 8 June 2012, the Company amended its Memorandum and Articles of Association in compliance with the applicable laws and regulations. A new set of the Memorandum and Articles of Association was then adopted and was published on the Company's website and the Stock Exchange's website.

# 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, monthly newsletters and the Company's website.

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.

During the year, the Company had arranged over 130 site visits for the Group's projects, conducted over 200 investor meetings and telephone conferences, and attended 26 investor presentations organized by investments banks. Through these investor relations activities, the Group seeks to continuously improve interactions with investors, and maintain a high level of transparency in operation.



Key investor relations events held in 2012 are as follows:

Events	Date
2011 Annual Results Announcement – Press Conference and Analyst Briefing	2 Apr 2012
2012 Annual General Meeting	8 Jun 2012
Greentown and Wharf Strategic Alliance Press Conference	8 Jun 2012
Greentown and Sunac Strategic Alliance Press Conference	22 Jun 2012
2012 Extraordinary General Meeting	1 Aug 2012
2012 Interim Results Announcement – Press Conference and Analyst Briefing	27 Aug 2012

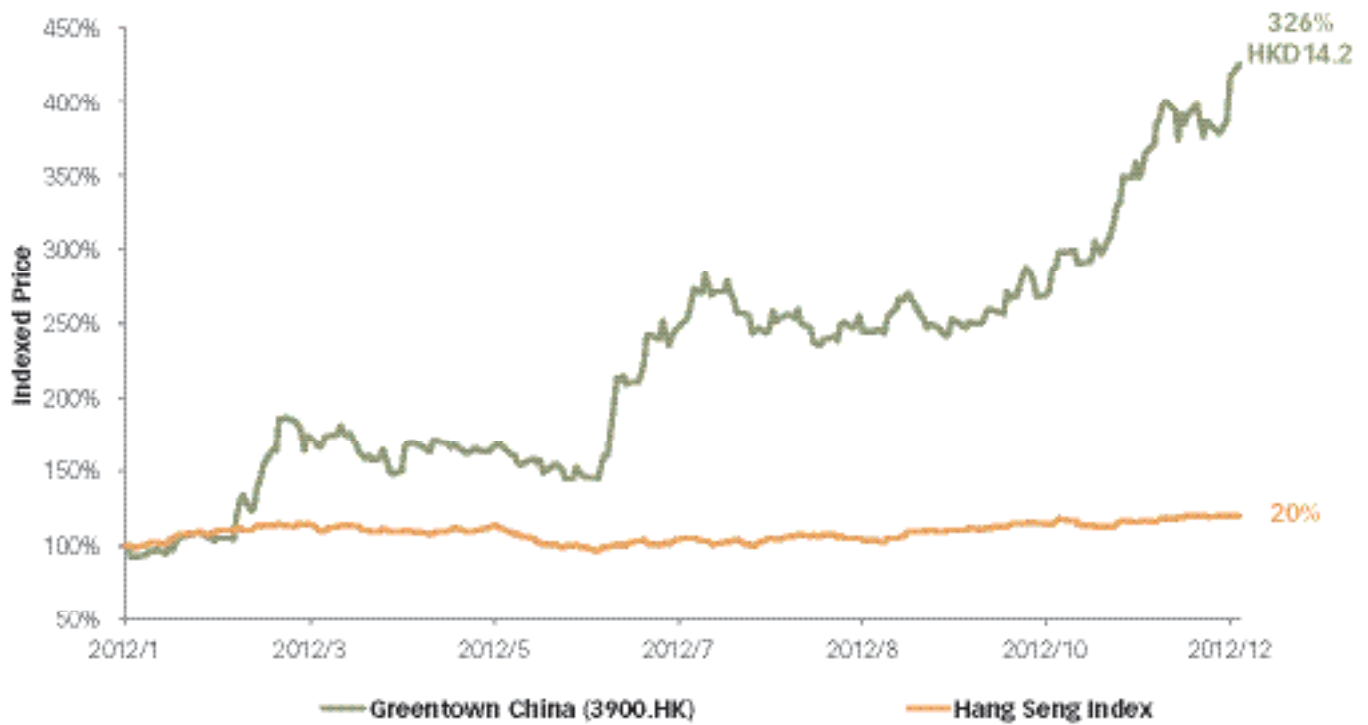


During the Year, in addition to having many investors and analysts visiting the Company and attending “one-on-one” meetings with the Company, the Company also attended the following important investor relations activities:

<b>Date</b>	<b>Events</b>	<b>Venue</b>	<b>Organizer</b>
5-6 Jan 2012	Normura China Property Corporate Day	Hong Kong	Nomura
9-10 Jan 2012	UBS Greater China Conference 2012	Shanghai	UBS
25-26 Apr 2012	Nomura China Investor Forum 2012	Xiamen	Nomura
8 May 2012	Shenyin Wanguo HK Shares Seminar 2012	Hangzhou	Shenyin Wanguo
9 May 2012	Guoyuan Property Conference	Shenzhen	Guoyuan
10-11 May 2012	Macquarie Greater China Conference 2012	Hong Kong	Macquarie
11 May 2012	The 10th BOCI Investors' Conference	Beijing	BOCI
14-16 May 2012	CLSA China Forum	Beijing	CLSA
21-22 May 2012	Barclays Asia Property Conference	Hong Kong	Barclays
13-15 Jun 2012	J.P. Morgan's 8th Annual China Conference 2012	Beijing	J.P. Morgan
19 Jun 2012	China Merchants Interim Investment Strategy Seminar 2012	Shenzhen	China Merchants
5 Jul 2012	Citi HK/China Conference 2012	Hong Kong	Citi
12-13 Jul 2012	BofAML Greater China Property Corporate Day	Hong Kong	BofAML
6-7 Sep 2012	UBS 2012 HK/China Property Conference	Hong Kong	UBS
15-16 Oct 2012	Macquarie China Corporate Day	Hong Kong	Macquarie
29-30 Oct 2012	Greater China CEO Summit 2012	Hong Kong	Goldman Sachs
1-2 Nov 2012	Citi Greater China Investor Conference 2012	Macau	Citi
1-2 Nov 2012	BNP Paribas 19th China Conference	Kunming	BNP
5-6 Nov 2012	Morgan Stanley Asia Pacific Corporate Day	Hong Kong	Morgan Stanley
8-9 Nov 2012	BofAML China Conference 2012	Beijing	BofAML
21-22 Nov 2012	CLSA Property Access Day	Hong Kong	CLSA
26-27 Nov 2012	CIMB 8th Hong Kong/China Conference	Hong Kong	CIMB
29 Nov 2012	CICC Investment Forum (Beijing) 2012	Beijing	CICC
4 Dec 2012	Standard Chartered Double in 3/Triple in 5 Asia Pacific Emerging Corporate Day	Hong Kong	Standard Chartered
5 Dec 2012	Bank of America Merrill Lynch Greater China Property Corporate Day	Hong Kong	BofAML
14 Dec 2012	China Merchants Investment Strategy Seminar 2013	Shenzhen	China Merchants

The share price of the Company has surged 326% in 2012 to become the most outstanding HK listed PRC property developer share. The Company believes that this demonstrates that the investors have an in-depth understanding and recognition in respect of the operations and development of the Company.

### Benchmarking Greentown's 2012 Share Price Performance to Hang Seng Index



During the period from 1 January 2013 to the date of this annual report, there were 17 investment banks which had issued research reports\* on Greentown, 13 of which gave a rating of 'buy,' and 4 gave a rating of 'neutral.'

Investment Bank	Recommendation	Research Report	Investment Bank	Recommendation	Research Report
Deutsche Bank	Buy		CCB International	Buy	
UBS	Buy		Goldman Sachs	Buy	
Jefferies	Buy		BNP Paribas	Buy	
CICC	Buy		First Shanghai	Buy	

\* Each of these research reports, representing an independent outsider's view on the Company which has been independently produced and has not been verified or authorized by the Company, does not form part of this annual report and does not otherwise constitute any publication issued by, or any opinion, advice or view of, the Company.

Investment Bank	Recommendation	Research Report	Investment Bank	Recommendation	Research Report
Haitong International	Buy		BOCOM International	Neutral	
BofAML	Buy		Huatai Securities	Buy	
China Merchant Securities	Buy		Standard Chartered Bank	Neutral	
Credit Suisse	Neutral		Citi	Neutral	

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 the Company's published information including announcements, interim and annual reports, press releases, and monthly newsletters, are posted on the Company's website [www.chinagreentown.com](http://www.chinagreentown.com) in a timely manner. Interested party can also make enquiries by contacting the investor relations department at (+85225233137) or by email to [ir@chinagreentown.com](mailto:ir@chinagreentown.com).







# Report of the Directors





# Report of the Directors

The Board presents its annual report and the audited consolidated financial statements of the Group for the year ended 31 December 2012 (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 44, 18 and 17 respectively to the Consolidated Financial Statements. There was no significant change in the nature of the Group's principal business during the year ended 31 December 2012 (the "Year").

## Financial Positions and Results

The financial positions of the Group as at 31 December 2012 prepared in accordance with IFRS are set out in the Consolidated Statement of Financial Position on pages 104 to 105 of the annual report.

The results of the Group for the year ended 31 December 2012 prepared in accordance with IFRS are set out in the Consolidated Statement of Comprehensive Income on page 103 of the annual report.

A financial summary of the Group for the last five financial years is set out on page 7 of the annual report.

## Reserves

Details of movements in reserves of the Group in 2012 are set out in the Consolidated Statement of Changes in Equity on pages 106 to 107 of the annual report.

## Dividends

The Board recommends the payment of a final dividend of RMB0.5 per share for the year ended 31 December 2012 (the "2012 Final Dividend") to the shareholders whose names appear on the Company's register of members as of 2 July 2013 (Tuesday). Subject to shareholders' approval at the annual general meeting of the Company (the "AGM") to be held on 17 June 2013 (Monday), the 2012 Final Dividend will be paid on 12 July 2013 (Friday). No interim dividend was paid during the Year, therefore, the total dividend for the Year (subject to the aforesaid approval) is RMB0.5 per share.

## 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 2012 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 1	Placement 2	Placement 3
Listing place	Main Board of HKEx	Main Board of HKEx	Main Board of HKEx	Main Board of HKEx
Offering/Placing price	HK\$8.22 per share	HK\$16.35 per share	HK\$5.20 per share	HK\$5.20 per share
Listing date	13 July 2006	4 May 2007	15 June 2012	2 August 2012
Number of issued shares	347,402,500 shares	141,500,000 shares	327,849,579 shares	162,113,714 shares

## Share Capital

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

## Sufficiency of Public Float

Base 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 2012.

## Convertible Bonds

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

## Perpetual Subordinated Convertible Callable Securities

Details of movements during the Year in the 2012 perpetual subordinated convertible callable securities are set out in note 31 to the Consolidated Financial Statements.

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

Save 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 ended 31 December 2012.

## Directors

During the year ended 31 December 2012 and up to the date of this annual report, the directors were as follows:

### **Executive Directors**

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

### **Non-executive Directors**

Mr NG Tin Hoi, Stephen (with effect from 15 June 2012)  
Mr TSUI Yiu Cheung (with effect from 2 August 2012)

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

Mr JIA Shenghua  
Mr JIANG Wei  
Mr KE Huanzhang  
Mr SZE Tsai Ping, Michael  
Mr TANG Shiding  
Mr HUI Wan Fai (with effect from 1 April 2012)

Mr SZE Tsai Ping, Michael was appointed as chairman of the Audit Committee of the Company, with effect from 1 January 2012. Mr HUI Wan Fai was appointed as an independent non-executive director of the Company, a member of each of the Audit Committee and Nomination Committee of the Company, with effect from 1 April 2012. Mr NG Tin Hoi was appointed as a non-executive director of the Company with effect from 15 June 2012, and as a member of the Remuneration Committee of the Company with effect from 16 July 2012. Mr TSUI Yiu Cheung was appointed as a non-executive director of the Company, a member of each of the Audit Committee and the Nomination Committee of the Company, with effect from 2 August 2012.

In accordance with Article 130 of the Company's Articles of Association, 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 shall be subject to retirement by rotation at least once every three years. Mr JIANG Wei, Mr KE Huanzhang, Mr SZE Tsai Ping, Michael, Mr GUO Jiafeng and Mr JIA Shenghua will retire at the AGM of the Company, and being eligible in accordance with the Articles of Association, will offer themselves for re-election.

### Directors' Service Contracts

Each of the executive directors has entered into a service contract with the Company for an initial term of three years and shall continue thereafter until terminated by either party by giving not less than three months' prior notice in writing.

Each of the non-executive directors and independent non-executive directors has been appointed by the Company for a term of three years.

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 52 to 59 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 2012, 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 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 1)	68,859,000 (note 2)	472,124,000 (note 3)	542,072,000	25.29%
Mr SHOU Bainian	609,000 (note 1)	–	384,490,500 (note 4)	385,099,500	17.97%
Mr LUO Zhaoming	15,000,000 (note 5)	–	100,000,000 (note 6)	115,000,000	5.37%
Mr GUO Jiafeng	336,000 (note 1)	–	13,010,000 (note 7)	13,346,000	0.62%
Mr CAO Zhounan	5,216,500 (note 8)	–	–	5,216,500	0.24%

Notes:

- (1) It represents the share options granted on 22 January 2009 pursuant to the Share Option Scheme and are exercisable at the price of HK\$2.89 per share from 22 January 2009 to 21 January 2019.
- (2) Mr SONG is deemed to be interested in such shares held by Wisearn Limited ("Wisearn"), a company wholly-owned by his spouse, Ms XIA Yibo.
- (3) Mr SONG, being the sole shareholder of Delta House Limited ("Delta"), is deemed to be interested in 372,124,000 shares held by Delta pursuant to Part XV of the SFO. Hong Kong Orange Osmanthus Foundation Limited ("HKOO Foundation") is a company limited by guarantee and established by Mr SONG as 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. As Mr SONG is the sole member of HKOO Foundation, pursuant to Part XV of the SFO, Mr Song is deemed to be interested in 100,000,000 shares of the Company held by HKOO Foundation notwithstanding that Mr SONG is not beneficially interested in such shares.
- (4) Mr SHOU is deemed to be interested in such shares as the sole shareholder of Profitwise Limited ("Profitwise").
- (5) Pursuant to the Share Option Scheme, 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.
- (6) Mr LUO is deemed to be interested in such shares held by Tandellen Group Limited ("Tandellen"), a company which is 50% owned by him and 50% owned by his spouse, Ms RUAN Yiling.
- (7) Mr GUO Jiafeng is deemed to be interested in such shares as the sole shareholder of Jamuta Investments Limited.
- (8) Pursuant to the Share Option Scheme, these share options were granted on 13 May 2009 and are exercisable at HK\$7.16 per share from 13 May 2009 to 12 May 2019.



### Long Position in Shares and Underlying Shares of Associated Corporations of the Company

Name of Director	Name of Associated Corporation	Capacity	Interest in Registered Capital	% of the Total Registered Capital
Mr SONG Weiping (note 1)	Greentown Construction Management (綠城房產建設管理有限公司)	Beneficial owner	RMB69,200,000	34.6%
Mr CAO Zhounan (note 2)	Greentown Construction Management (綠城房產建設管理有限公司)	Beneficial owner	RMB54,000,000	27%

Notes:

- (1) Mr SONG Weiping was beneficially interested in RMB69,200,000 of the total registered capital of Greentown Construction Management.
- (2) Mr CAO Zhounan was beneficially interested in RMB54,000,000 of the total registered capital of Greentown Construction Management.

Save 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 2012.

### 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 2012, 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	25.29%
Delta	(note 3)	372,124,000 (L)	Beneficial owner	17.36%
HKOO Foundation	(note 3)	100,000,000 (L)	Beneficial owner	4.67%
Profitwise	(note 4)	384,490,500 (L)	Beneficial owner	17.94%
Ms RUAN Yiling	(note 5)	115,000,000 (L)	Interest of a controlled corporation and interest of spouse	5.37%
Tandellen	(note 6)	100,000,000 (L)	Beneficial owner	4.67%
Lehman Brothers Holdings Inc.	(note 7)	101,400,450 (L)	Interest of controlled corporations	4.73%
		31,868,575 (S)	Interest of controlled corporations	1.49%
HSBC Trustee (Guernsey) Limited	(note 8)	869,446,387 (L)	Interest of controlled corporations	40.57%
Wheelock and Company Limited ("Wheelock")	(note 9)	869,446,387 (L)	Interest of controlled corporations	40.57%
The Wharf (Holdings) Limited ("Wharf")	(note 10)	869,446,387 (L)	Interest of controlled corporations	40.57%

## Substantial Shareholders' Interests in Securities (continued)

Notes:

- (1) The letter "L" denotes a long position. The letter "S" denotes a short position.
- (2) Ms XIA, being the sole shareholder of Wisearn, is deemed to be interested in 68,859,000 shares of the Company held by Wisearn pursuant to Part XV of the SFO. Ms XIA is the spouse of Mr SONG. Accordingly, pursuant to Part XV of the SFO, Ms XIA is also deemed to be interested in: (i) 372,124,000 shares held by Delta, a company of which Mr SONG is the sole shareholder, (ii) 100,000,000 shares held by HKOO Foundation, a charitable institution established by Mr SONG of which Mr SONG is the sole member (notwithstanding that neither Mr SONG nor Ms XIA is beneficially interested in those shares); and (iii) 1,089,000 share options of the Company held by Mr SONG. The aforesaid represents an aggregate of 542,072,000 shares.
- (3) A company controlled by Mr SONG by virtue of SFO, details of which are disclosed above.
- (4) A company controlled by Mr SHOU by virtue of SFO, details of which are disclosed above.
- (5) Ms RUAN Yiling is deemed to be interested in 100,000,000(L) shares held by Tandellen, a company as to 50% owned by her and 50% owned by her spouse, Mr LUO, and deemed to be interested in 15,000,000(L) share options held by Mr LUO.
- (6) A company controlled by Mr LUO Zhaoming by virtue of SFO, details of which are disclosed above.
- (7) Lehman Brothers Holdings Inc., according to its disclosure of interest filing, is deemed to be interested in a total of 101,400,450(L) shares and 31,868,575(S) shares through its controlled corporations by virtue of SFO.
- (8) HSBC Trustee (Guernsey) Limited is deemed to be interested in 869,446,387(L) shares through its controlled corporations, namely Wheelock, Wheelock Investments Limited, WF Investment Partners Limited, Wharf, Wharf China Holdings Limited, Target Smart Investments Limited ("Target Smart") and Enzo Investments Limited ("Enzio"). Such deemed interest includes the deemed interest in the share by virtue of the PSCS.
- (9) Wheelock is deemed to be interested in 869,446,387(L) shares through its controlled corporations, namely Wheelock Investments Limited, WF Investment Partners Limited, Wharf, Wharf China Holdings Limited, Target Smart and Enzo. Such deemed interest includes the deemed interest in the share by virtue of the PSCS.
- (10) Wharf is deemed to be interested in 869,446,387(L) shares through its controlled corporations, namely Wharf China Holdings Limited, Target Smart and Enzo. Such deemed interest includes the deemed interest in the share by virtue of the PSCS.

Save as 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 2012.

## Share Option Scheme

The 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 are set out in note 36 to the Consolidated Financial Statements.

As at the date of this annual report, the total number of options available for issue under the Share Option Scheme represents 27,014,150 shares, or approximately 1.26% of the issued share capital of the Company.

## Share Option Scheme (continued)

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 2012 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 Cancelled 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\$)
<b>Directors</b>									
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
	<b>1,089,000</b>	-	-	-	-	<b>1,089,000</b>			
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
	<b>609,000</b>	-	-	-	-	<b>609,000</b>			
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
	<b>15,000,000</b>	-	-	-	-	<b>15,000,000</b>			
Mr GUO Jiafeng	288,000	-	240,000	-	-	48,000	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
	<b>576,000</b>	-	<b>240,000</b>	-	-	<b>336,000</b>			
Mr CAO Zhounan	3,300,000	-	3,300,000	-	-	-	13 May 2009	13 May 2009 to 12 May 2019	7.16
	3,400,000	-	1,483,500	-	-	1,916,500	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
	<b>10,000,000</b>	-	<b>4,783,500</b>	-	-	<b>5,216,500</b>			
<b>Employees</b>									
Certain other employees of the Company's subsidiaries, associated companies and jointly controlled entities	10,593,000	-	5,048,000	-	-	5,545,000	22 January 2009	22 January 2009 to 21 January 2019	2.89
	6,869,000	-	1,608,750	-	-	5,260,250	22 January 2009	22 January 2010 to 21 January 2019	2.89
	7,463,000	-	1,398,750	-	-	6,064,250	22 January 2009	22 January 2011 to 21 January 2019	2.89
	17,818,500	-	85,000	-	417,500	17,316,000	22 June 2009	22 June 2009 to 21 June 2019	11.00
	8,909,250	-	12,500	-	208,750	8,688,000	22 June 2009	22 June 2010 to 21 June 2019	11.00
	8,909,250	-	12,500	-	208,750	8,688,000	22 June 2009	22 June 2011 to 21 June 2019	11.00
	<b>60,562,000</b>	-	<b>8,165,500</b>	-	<b>835,000</b>	<b>51,561,500</b>			
Certain employees of Greentown Property Management Service Group Co., Ltd., Hangzhou Jinshagang Travel Cultural Company Limited and Greentown Holdings Group Limited, all being affiliates 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
	<b>1,745,000</b>	-	-	-	-	<b>1,745,000</b>			
<b>Total</b>	<b>89,581,000</b>	-	<b>13,189,000</b>	-	<b>835,000</b>	<b>75,557,000</b>			

During the Year, 13,189,000 share options were exercised, and 835,000 share options lapsed.

## Valuation of Options

The Company has been using the Binomial Valuation Model and the Black-Scholes Pricing Model (collectively, the “Models”) to value the share options granted. Details of the key parameters used in the Models and the corresponding fair values of the options granted in 2009 are set out in note 36 to the Consolidated Financial Statements.

## Directors’ Interests in Contracts of Significance

Other than as disclosed in note 40 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 2012.

## Connected Transactions and Continuing Connected Transactions

Significant related party transactions entered into by the Group for the year ended 31 December 2012 are disclosed in note 40 to the consolidated financial statements. Details of some of the said related party transactions, which also constituted 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 Transaction

In 2012, the Group entered into the following connected transactions which are subject to the reporting requirements under Chapter 14A of the Listing Rules:

#### (a) Disposal of a PRC Subsidiary

On 17 April 2012, a wholly-owned subsidiary of SOHO China Limited (as purchaser) and SOHO China Limited entered into a framework agreement (the “Framework Agreement”) with Greentown Real Estate Group Co., Ltd.\* (綠城房地產集團有限公司) (“Greentown Real Estate”) and MaAnShan Hualong Real Estate Development Co., Ltd.\* (馬鞍山華龍置業發展有限公司) (“MaAnShan Development”) (as vendors) and the Company for the disposal of the entire equity interests in Greentown Plaza Development Co., Ltd.\* (上海綠城廣場置業有限公司) (“Greentown Plaza Development”) by the vendors and assignment of all the rights and title to the loans by Greentown Real Estate at an aggregate consideration of RMB2,137,720,000 (subject to adjustment, if any). Greentown Plaza Development was owned as to 70% by Greentown Real Estate and 30% by MaAnShan Development. The total consideration payable to Greentown Real Estate under the Framework Agreement for the disposal of 70% equity interests in Greentown Plaza Development by Greentown Real Estate and assignment of loans is RMB1,615,848,200 (subject to adjustment, if any), comprising (a) RMB1,300,638,200 being the consideration for the disposal of 70% equity interests in Greentown Plaza Development by Greentown Real Estate; and (b) RMB315,210,000 being the consideration for the assignment of loans.

MaAnShan Development, the co-owner of Greentown Plaza Development sold its 30% equity interest therein to the purchaser pursuant to the Framework Agreement, was a “controller” (as defined in the Listing Rules) of the Company by virtue of its 30% equity interest in Greentown Plaza Development. Accordingly, the transactions contemplated under the Framework Agreement constitute a connected transaction of the Company.

Details of the Framework Agreement were disclosed in the announcements of the Company dated 17 April 2012 and 30 April 2012 and the circular dated 8 June 2012.

## Connected Transactions and Continuing Connected Transactions (continued)

### (A) Connected Transaction (continued)

#### (b) Issue of New Shares and Perpetual Subordinated Convertible Callable Securities

On 8 June 2012, the Company entered into a subscription agreement (the "Subscription Agreement") with Target Smart Investments Limited (the "Share Investor") (a wholly-owned subsidiary of Wharf) and Wharf, pursuant to which the Company has conditionally agreed to allot and issue, and the Share Investor has conditionally agreed to subscribe for, 327,849,579 shares (the "First Tranche Shares") each at the subscription price of HK\$5.20 in cash. The First Tranche Shares have been allotted and issued on 15 June 2012 under the general mandate granted by the shareholders to the directors at the annual general meeting of the Company held on 13 June 2011.

On 8 June 2012, the Company and Active Way Development Limited (the "Issuer") (a wholly-owned subsidiary of the Company) entered into an investment agreement (together with the supplementary agreement dated 16 July 2012, the "Investment Agreement") with the Share Investor, Enzo Investments Limited (the "PSCS Investor") (a wholly-owned subsidiary of Wharf) and Wharf, pursuant to which (i) the Company has conditionally agreed to allot and issue, and the Share Investor has conditionally agreed to subscribe for, 162,113,714 shares (the "Second Tranche Shares") each at the subscription price of HK\$5.20; and (ii) the Issuer has conditionally agreed to issue the PSCS, and the PSCS Investor has conditionally agreed to subscribe for the PSCS in the principal amount of HK\$2,550 million in cash. Subject to the terms and conditions of the PSCS, they may be converted into shares. The Company convened the extraordinary general meeting on 1 August 2012 and obtained the approval from the independent shareholders for a specific mandate to allot and issue the Second Tranche Shares and the conversion shares issuable upon conversion of the PSCS. The allotment and issue of the PSCS and the Second Tranche Shares have been completed on 2 August 2012.

Upon completion of the subscription for the First Tranche Shares on 15 June 2012, the Share Investor and its associates are interested in an aggregate of 362,738,079 shares, representing approximately 18.4% of the then entire issued share capital of the Company as enlarged by subscription for the First Tranche Shares. Accordingly, the Share Investor has become a substantial shareholder and hence the allotment and issue of the Second Tranche Shares and the issue of the Convertible Securities under the Investment Agreement (which occurred on 2 August 2012) and the allotment and issue of the conversion shares (if any) constitute a connected transaction of the Company subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Details of the Subscription Agreement, the Investment Agreement and the transactions contemplated thereunder were disclosed in the announcements of the Company dated 8 June, 15 June, 16 July, 1 August and 2 August 2012 and the circular of the Company dated 17 July 2012.

## Connected Transactions and Continuing Connected Transactions (continued)

### (A) Connected Transaction (continued)

#### (c) Formation of Joint Venture with the Wharf Group

On 15 November 2012, the Company and Wharf entered into a framework agreement (the “Framework Agreement”), pursuant to which Wharf (through its wholly-owned subsidiary) and the Company (through its wholly-owned subsidiary) will subscribe for new shares of Green Magic Investments Limited (the “Investment Company”) such that the Investment Company will be owned by the Wharf Group and the Group as to 60% and 40% respectively. On 14 November 2012, the Investment Company succeeded in bidding for the land (“Dalian Land”) from Dalian Municipal Bureau of Land Resources and Housing\* (大連市國土資源和房屋局) at the land consideration of RMB2,028,000,000 (equivalent to approximately HK\$2,526,000,000). Pursuant to the Framework Agreement, the Wharf Group and the Group will jointly develop the Dalian Land on a 60:40 ownership basis into residential properties. The Investment Company intends to develop the Dalian Land via a project company established in the PRC. It is expected that the registered capital of the project company will be equivalent to the land consideration which shall be contributed by the Wharf Group and the Group as to 60% and 40% respectively (i.e. RMB811,200,000 (equivalent to approximately HK\$1,101,000,000) of the land consideration to be contributed by the Group). In addition, prior to obtaining the land use right certificate and the relevant construction permits, any funding needs shall be borne by the Wharf Group and the Group (by way of equity of shareholder’s loan) on the basis of their shareholding interest in the Investment Company (namely as to 60% by the Wharf group and 40% by the Group). On the basis of the aforesaid, the Group expects that its total financial commitment pursuant to the transaction shall not exceed RMB815,000,000 (equivalent to approximately HK\$1,015,000,000).

As at the date of the Framework Agreement, the Wharf Group was beneficially interested in 524,851,793 shares, representing 24.6% shareholding in the Company, and therefore a substantial shareholder of the Company under the Listing Rules. Accordingly, Wharf and its associates are connected persons of the Company and the transaction contemplated under the Framework Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Details of the Framework Agreement were disclosed in the announcement of the Company dated 15 November 2012.

### (B) Continuing Connected Transactions

In 2012, the Group entered into the following non-exempt continuing connected transactions (the “Non-exempt Continuing Connected Transactions”) which are subject to the reporting requirements under Chapter 14A of the Listing Rules:

#### (a) Renewed Properties Leasing Agreements

On 1 December 2008, the Company and Greentown Holdings Group Limited (綠城控股集團有限公司) (“Greentown Holdings Group”) entered into properties leasing agreements, pursuant to which Greentown Holdings Group leased to the Company certain commercial properties for general commercial uses and certain staff quarters as staff quarters of the Group. On 20 January 2012, the Company entered into the renewed properties leasing agreements with Greentown Holdings Group in respect of the properties (namely, the commercial properties and the staff quarters) for a term up to 31 December 2014.

## Connected Transactions and Continuing Connected Transactions (continued)

### (B) Continuing Connected Transactions (continued)

#### (a) Renewed Properties Leasing Agreements (continued)

The annual cap of the rent payable by the Company under the renewed properties leasing agreements for each of the three years ended 31 December 2014 was RMB8.63 million (as to RMB8.13 million for the commercial properties and RMB0.50 million for the staff quarters), which was accordingly determined as the annual cap of the renewed properties leasing agreements for each of the three years ending 31 December 2014.

As Greentown Holdings Group is wholly owned by Mr Song Weiping, Mr Shou Bainian and Ms Xia Yibo (collectively, the "Original Shareholders"), Greentown Holdings Group is a connected person of the Company and the transactions contemplated under the renewed properties leasing agreements constitute continuing connected transactions of the Company.

Details of the renewed properties leasing agreements were disclosed in the announcement of the Company dated 20 January 2012.

#### (b) Renewed Advertising Services Agreement

On 1 December 2008, the Company and Zhejiang Greentown Football Club Company Limited (浙江綠城足球俱樂部有限公司) ("Greentown Football Club") entered into an advertising services agreement (as amended and supplemented by the supplemental advertising services agreement between the same parties on 15 December 2011), pursuant to which Greentown Football Club provided advertising services to the Company including advertising the Company's Greentown Real Estate brand name at the football games and events participated by Greentown Football Club. On 20 January 2012, the Company and Greentown Football Club entered into the renewed advertising services agreement similar to the aforesaid advertising services agreement (as amended and supplemented by the supplemental advertising services agreement) for a term up to 31 December 2014.

The aggregate annual advertising fees payable by the Company under the renewed advertising services agreement for each of the three years ending 31 December 2014 is RMB70 million, which is the annual cap of the renewed advertising services agreement for each of the three years ending 31 December 2014.

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 renewed advertising services agreement constitute continuing connected transactions of the Company.

Details of the renewed advertising services agreement were disclosed in the announcement of the Company dated 20 January 2012.

## Connected Transactions and Continuing Connected Transactions (continued)

### (B) Continuing Connected Transactions (continued)

#### (c) Renewed Comprehensive Services Agreement

On 1 December 2008, the Company, Original Shareholders and Greentown Holdings Group entered into a comprehensive services agreement (as amended and supplemented by the supplemental comprehensive services agreement between the same parties on 23 December 2010) in respect of the provision of interior decoration services, property management services, certain landscaping raw materials and hotel management services to the Company for a term of three years from 1 January 2009 to 31 December 2011. On 20 January 2012, the Company, the Original Shareholders and Greentown Holdings Group entered into the renewed comprehensive services agreement similar to the aforesaid comprehensive services agreement (as amended and supplemented by the supplemental comprehensive services agreement) for a term up to 31 December 2014.

(1) Interior Decoration Services

Pursuant to the renewed comprehensive services agreement, the Original Shareholders, through their associates, provided interior decoration services 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 was not obliged to use such services exclusively or at all from the Original Shareholders. By serving three months' prior written notice, the Company might terminate such services 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 2014 is RMB10 million.

(2) Property Management Services

Pursuant to the renewed comprehensive services agreement, Greentown Holdings Group, through its associates, provided property management services 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 was not obliged to use such services exclusively or at all from Greentown Holdings Group. By serving three months' prior written notice, the Company might terminate such services 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 2014 are RMB130 million, RMB180 million and RMB200 million, respectively.

(3) Supply of Landscaping Raw Materials

Pursuant to the renewed comprehensive services agreement, Greentown Holdings Group, through its associates, supplied certain landscaping raw materials 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 was 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 might terminate the purchase of such landscaping raw materials 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 each of the three years ending 31 December 2014 is RMB18 million.



## Connected Transactions and Continuing Connected Transactions (continued)

### (B) Continuing Connected Transactions (continued)

#### (c) Renewed Comprehensive Services Agreement (continued)

##### (4) Hotel Management Services

Pursuant to the renewed comprehensive services agreement, Greentown Holdings Group, through its associates, provided hotel management services to the Company for the Company's hotel property development projects upon terms not less favourable than those Greentown Holdings Group offers to any third parties from time to time. The Company was not obliged to use such services exclusively or at all from Greentown Holdings Group. By serving three months' prior written notice, the Company might terminate such services 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 2014 is RMB10 million.

As Greentown Holdings Group is wholly owned by the Original Shareholders, Greentown Holdings Group is a connected person of the Company and the transactions contemplated under the renewed comprehensive services agreement constitute continuing connected transactions of the Company.

Details of the renewed comprehensive services agreement were disclosed in the announcement of the Company dated 20 January 2012.

#### (d) Renewed Educational Services Framework Agreement

On 23 December 2010, the Company and Zhejiang Greentown Education Investment Company Limited (浙江綠城教育投資有限公司) ("Greentown Education") entered into an early educational participation services framework agreement for the provision of early educational participation services by Greentown Education to the Group in the Group's development projects for a term of two years commencing from 1 January 2010 and ended 31 December 2011. On 20 January 2012, the Company and Greentown Education entered into the renewed educational services framework agreement similar to the aforesaid educational services framework agreement for a term up to 31 December 2014. The services were charged according to government determined or directed price or, in absence of such government determination or direction, at market price (including tender price) which might 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 under the renewed 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 three months' prior written notice. The annual caps of the fees in respect of early educational participation services payable by the Company under the renewed educational services framework agreement for each of the three years ending 31 December 2014 is RMB10 million.

As Greentown Education is wholly owned by the Original Shareholders, Greentown Education is a connected person of the Company and the transactions contemplated under the renewed educational services framework agreement constitute continuing connected transactions of the Company.

Details of the renewed educational services framework agreement were disclosed in the announcement of the Company dated 20 January 2012.

## Connected Transactions and Continuing Connected Transactions (continued)

### (B) Continuing Connected Transactions (continued)

#### (e) Renewed Health Management Services Framework Agreement

On 23 December 2010, the Company and Zhejiang Greentown Health Promotion Management Company Limited (浙江綠城健康促進管理有限公司) ("Greentown Health") entered into a health management services framework agreement for the provision of health management services to the Group for a term of two years commencing from 1 January 2010 and ended 31 December 2011. On 20 January 2012, the Company and Greentown Health entered into the renewed health management services framework agreement similar to the aforesaid health management services framework agreement for a term up to 31 December 2014. The services were charged according to government determined or directed price or, in absence of such government determination or direction, at market price (including tender price) which might 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 under the renewed 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 three months' prior written notice. The annual caps of the fees in respect of health management services payable by the Company under the renewed health management services framework agreement for the three years ending 31 December 2014 are RMB25 million, RMB50 million and RMB50 million, respectively.

As Greentown Health is a non-wholly owned subsidiary of Greentown Holdings Group which is wholly owned by the Original Shareholders, Greentown Health is a connected person of the Company and the transactions contemplated under the renewed health management services framework agreement constitute continuing connected transactions of the Company.

Details of the renewed health management services framework agreement were disclosed in the announcement of the Company dated 20 January 2012.

#### (f) Renewed Healthcare Services Framework Agreement

On 23 December 2010, the Company and Zhejiang Greentown Hospital Investment Company Limited (浙江綠城醫院投資有限公司) ("Greentown Hospital") entered into a healthcare services framework agreement for the provision of healthcare services to the Group for a term of two years commencing from 1 January 2010 and ended 31 December 2011. On 20 January 2012, the Company and Greentown Hospital entered into the renewed healthcare services framework agreement similar to the aforesaid healthcare services framework agreement for a term up to 31 December 2014. The services were charged according to government determined or directed price or, in absence of such government determination or direction, at market price (including tender price) which might 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 under the renewed 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 three months' prior written notice. The annual caps of the fees in respect of healthcare services payable by the Company under the renewed healthcare services framework agreement for the three years ending 31 December 2014 are RMB15 million, RMB16 million and RMB17 million, respectively.

As Greentown Hospital is controlled by the Original Shareholders, Greentown Hospital is a connected person of the Company and the transactions contemplated under the renewed healthcare services framework agreement constitute continuing connected transactions of the Company.

Details of the renewed healthcare services framework agreement were disclosed in the announcement of the Company dated 20 January 2012.

## Connected Transactions and Continuing Connected Transactions (continued)

### (B) Continuing Connected Transactions (continued)

The annual amounts for each of the Non-exempt Continuing Connected Transactions for the year ended 31 December 2012 were as follows:

Transaction Amounts for the Year Ended 31 December 2012	RMB'000
Annual rental pursuant to the renewed properties leasing agreements	8,623
Advertising fee pursuant to the renewed advertising services agreement	70,000
Interior decoration service fees pursuant to the renewed comprehensive services agreement	–
Property management service fees pursuant to the renewed comprehensive services agreement	97,931
Purchase of raw materials pursuant to the renewed comprehensive services agreement	9,839
Hotel management services fees pursuant to the renewed comprehensive services agreement	7,414
Educational services fees pursuant to the renewed educational services framework agreement	529
Health management services fees pursuant to the renewed health management services framework agreement	1,280
Healthcare services fees pursuant to the renewed healthcare services framework agreement	1,224

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

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 Rule 14A.38 of the Listing Rules. 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.

The Company confirms that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

## Directors' Interests In Competing Business

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

Pursuant to the ordinary resolutions passed at the extraordinary general meeting held on 26 March 2007, three out of eight Non-inclusion Projects were acquired by the Company. During the year ended 31 December 2007, Greentown Holdings Group disposed one Non-inclusion Project to an independent third party. As at 31 December 2012, 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 a joint venture agreement for the establishment of Greentown Construction Management. Mr SONG Weiping has a 34.6% interest in Greentown Construction Management. 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.

As at the date of this report, Mr LUO Zhaoming is a director and the vice chairman of Hangzhou Sino-Ocean Laifu Land Limited\* (杭州遠洋萊福房地產開發有限公司), a company incorporated in the PRC that principally carries on the business of property development.

Mr NG Tin Hoi, Stephen was appointed as a non-executive director of the Company on 15 June 2012. From the date of this appointment to the date of this report, Mr NG was also a director of Wheelock and Company Limited (listed on the Main Board of the Stock Exchange, Stock Code: 00020) ("Wheelock"), Wharf (listed on the Main Board of the Stock Exchange, Stock Code: 00004) and Harbour Centre Development Limited (listed on the Main Board of the Stock Exchange, Stock Code: 00051) ("HCD"). Part of the businesses of Wheelock, Wharf and HCD are development and sales of properties as well as holding properties for lease. Therefore, the relevant business of those companies may cause competition with those of the Group.

Mr TSUI Yiu Cheung was appointed as a non-executive director of the Company on 2 August 2012. From the date of this appointment to the date of this report, Mr TSUI was also a director of Wheelock, Wharf and HDC.

Mr SZE Tsai Ping, Michael, an independent non-executive director of the Company, is an independent non-executive director of HCD.

The above-mentioned companies outside the Group are managed by separate boards of directors and management, who are accountable for their respective stakeholders.

The Board is of the view that the Group is capable of carrying on its business independently of, and at arm's length from, the businesses of the above-mentioned companies.

\* For identification purposes only

## 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 2012, 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 2012, the Group employed a total of 4,670 employees (2011: 4,383). 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 their 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 36 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 2012, the Group made charitable donations amounting to RMB4,648,000.

## 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:

On 28 January 2013, the Company issued the 8.50% senior notes due 2018 in the aggregate principal amount of USD400,000,000 (“2013 Notes”). The listing of, and permission to deal in, the 2013 Notes was approved by the Stock Exchange. The net proceeds of the 2013 Notes of approximately USD394,000,000 is for refinancing certain existing short term debts and for general corporate purposes.

On 16 March 2013, the Company and Sunac (both as the purchasers) entered into a framework agreement with China Gold Associates Limited (as the vendor) in relation to the entire equity interest in three PRC project companies at an aggregate consideration of RMB9,019 million (subject to adjustment). The Company and Sunac will acquire the aforesaid interest in the PRC project companies through a 50:50 offshore joint venture. Completion of the transaction under the said framework agreement is subject to fulfilment of certain conditions. The investment projects of these three PRC project companies are located in Huangpu District, Shanghai.

## Annual General Meeting

It is proposed that AGM will be held on 17 June 2013 (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 11 June 2013 (Tuesday) to 17 June 2013 (Monday), both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the entitlement 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 10 June 2013 (Monday).

## Auditor

The Consolidated Financial Statements of the Group for the year ended 31 December 2012 have 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 auditor of the Company.

By order of the Board

*Chairman*

**SONG Weiping**

22 March 2013

# Independent Auditor's Report



## **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 103 to 215, which comprise the consolidated statement of financial position as at 31 December 2012, 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 2012 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

22 March 2013



# Consolidated Statement of Comprehensive Income

For the year ended 31 December 2012

	NOTES	2012 RMB'000	2011 RMB'000
Revenue	7	<b>35,392,506</b>	21,963,747
Cost of sales		<b>(24,678,810)</b>	(14,555,354)
Gross profit		<b>10,713,696</b>	7,408,393
Other income	8	<b>1,000,594</b>	683,146
Selling expenses		<b>(665,170)</b>	(599,914)
Administrative expenses		<b>(1,403,873)</b>	(1,320,020)
Finance costs	9	<b>(564,115)</b>	(415,698)
Reversal of impairment losses on property, plant and equipment	15	–	13,067
Impairment losses on properties for development		–	(62,187)
Impairment losses on properties under development		–	(143,867)
Impairment losses on property, plant and equipment	15	<b>(81,485)</b>	–
Gain from changes in fair value of investment properties	16	<b>600</b>	5,000
Fair value changes on trust-related financial derivatives	27	<b>82,520</b>	168,960
Net gain on disposal of subsidiaries	33	<b>549,697</b>	3,639
Gain on re-measurement of an associate to acquisition date fair value in business combination achieved in stages	32	<b>3,399</b>	–
Gain on disposal of associates		<b>56,505</b>	104,507
Gain on partial disposal of an associate		–	1,573
Gain on de-consolidation of a subsidiary		–	20,948
Gain on re-measurement of an associate to acquisition date fair value upon re-consolidation of a subsidiary	32	<b>49,980</b>	–
Net gain on disposal of jointly controlled entities		<b>1,377</b>	–
Share of results of associates		<b>209,356</b>	777,498
Share of results of jointly controlled entities		<b>304,119</b>	55,669
Profit before taxation	10	<b>10,257,200</b>	6,700,714
Taxation	12	<b>(4,204,149)</b>	(2,582,772)
Profit and total comprehensive income for the year		<b>6,053,051</b>	4,117,942
Attributable to:			
Owners of the Company		<b>4,851,123</b>	2,574,637
Non-controlling interests		<b>1,201,928</b>	1,543,305
		<b>6,053,051</b>	4,117,942
Earnings per share	14		
Basic		<b>RMB2.57</b>	RMB1.57
Diluted		<b>RMB2.37</b>	RMB1.55

# Consolidated Statement of Financial Position

As at 31 December 2012

	NOTES	2012 RMB'000	2011 RMB'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	15	3,675,256	2,861,141
Investment properties	16	1,730,600	1,730,000
Interests in associates	17	6,573,266	5,866,392
Interests in jointly controlled entities	18	1,003,745	1,061,033
Available-for-sale investments	19	346,545	303,300
Prepaid lease payment	20	254,968	196,726
Rental paid in advance		6,744	15,358
Deferred tax assets	21	782,241	728,165
		<b>14,373,365</b>	12,762,115
<b>CURRENT ASSETS</b>			
Properties for development	22	6,020,524	14,127,886
Properties under development	23	43,136,154	67,597,987
Completed properties for sale		7,330,358	2,956,620
Inventories		76,299	73,387
Available-for-sale investments	19	–	234,720
Trade and other receivables, deposits and prepayments	24	4,712,786	5,180,473
Amounts due from related parties	40(ii)	21,619,085	15,131,620
Prepaid income taxes		1,076,018	1,509,285
Prepaid other taxes		1,464,738	2,518,644
Pledged bank deposits	24, 37	1,734,337	2,268,642
Bank balances and cash	24	6,163,632	3,615,149
		<b>93,333,931</b>	115,214,413
<b>CURRENT LIABILITIES</b>			
Trade and other payables	25	15,958,635	13,238,106
Pre-sale deposits		28,848,285	45,758,782
Amounts due to related parties	40(ii)	7,125,114	13,689,413
Dividend payable		–	164,026
Income taxes payable		5,389,742	2,935,305
Other taxes payable		985,100	926,474
Bank and other borrowings			
– due within one year	26	15,014,288	15,877,335
Trust-related financial derivatives	27	–	82,520
Convertible bonds	28	–	186,466
Senior notes	29	241,327	–
		<b>73,562,491</b>	92,858,427

Consolidated Statement of Financial Position  
As at 31 December 2012

	NOTES	2012 RMB'000	2011 RMB'000
<b>NET CURRENT ASSETS</b>		<b>19,771,440</b>	22,355,986
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>34,144,805</b>	35,118,101
<b>NON-CURRENT LIABILITIES</b>			
Bank and other borrowings			
– due after one year	26	<b>6,117,815</b>	15,806,358
Amounts due to related parties	27, 40(ii)	–	992,174
Senior notes	29	–	241,718
Deferred tax liabilities	21	<b>538,915</b>	434,537
		<b>6,656,730</b>	17,474,787
		<b>27,488,075</b>	17,643,314
<b>CAPITAL AND RESERVES</b>			
Share capital	30	<b>207,422</b>	166,441
Reserves		<b>18,850,269</b>	11,773,458
Convertible securities	31	<b>2,084,472</b>	–
Equity attributable to owners of the Company		<b>21,142,163</b>	11,939,899
Non-controlling interests		<b>6,345,912</b>	5,703,415
		<b>27,488,075</b>	17,643,314

The consolidated financial statements on page 103 to 215 were approved and authorised for issue by the Board of Directors on 22 March 2013 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 2012

	Attributable to Owners of the Company									Non-controlling Interests	Total Equity
	Share Capital	Share Premium	Special Reserve	Statutory Reserve	Conversion Option Reserve	Share Options Reserve	Convertible Securities	Retained Earnings	Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2011	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
Profit and total comprehensive income for the year	-	-	-	-	-	-	-	2,574,637	2,574,637	1,543,305	4,117,942
Dividends recognised as distributions (Note 13)	-	-	-	-	-	-	-	(753,062)	(753,062)	-	(753,062)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(35,470)	(35,470)
Transfer (Note i)	-	-	-	7,090	-	-	-	(7,090)	-	-	-
Recognition of equity-settled share-based payments	-	-	-	-	-	11,907	-	-	11,907	-	11,907
Exercise of share options	198	7,994	-	-	-	(2,454)	-	-	5,738	-	5,738
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	(34,977)	(34,977)
Purchase of additional interests in subsidiaries	-	-	(97,583)	-	-	-	-	-	(97,583)	(8,171)	(105,754)
Partial disposal of subsidiaries	-	-	(1,252)	-	-	-	-	-	(1,252)	6,372	5,120
De-consolidation of a subsidiary	-	-	-	-	-	-	-	-	-	(38,759)	(38,759)
Liquidation of a subsidiary	-	-	-	-	-	-	-	-	-	(14,977)	(14,977)
Capital contribution from non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	32,915	32,915
At 31 December 2011	166,441	6,299,722	(552,744)	346,150	27,275	280,105	-	5,372,950	11,939,899	5,703,415	17,643,314

Consolidated Statement of Changes in Equity  
For the year ended 31 December 2012

	Attributable to Owners of the Company										
	Share Capital	Share Premium	Special Reserve	Statutory Reserve	Conversion Option Reserve	Share Options Reserve	Convertible Securities	Retained Earnings	Total	Non- controlling Interests	Total Equity
	RMB'000	RMB'000	RMB'000	RMB'000 (Note i)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Profit and total comprehensive income for the year	-	-	-	-	-	-	-	4,851,123	4,851,123	1,201,928	6,053,051
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(186,676)	(186,676)
Transfer (Note i)	-	-	-	103,320	-	-	-	(103,320)	-	-	-
Shares issued (Note 30)	39,910	2,035,406	-	-	-	-	-	-	2,075,316	-	2,075,316
Issue of convertible securities (Note 31)	-	-	-	-	-	-	2,084,472	-	2,084,472	-	2,084,472
Recognition of equity-settled share-based payments	-	-	-	-	-	1,203	-	-	1,203	-	1,203
Exercise of share options	1,071	60,636	-	-	-	(13,445)	-	-	48,262	-	48,262
Transfer on redemption of 2007 convertible bonds (Note 28)	-	-	-	-	(27,275)	-	-	27,275	-	-	-
Disposal of subsidiaries (Note 33)	-	-	-	-	-	-	-	-	-	(1,407,985)	(1,407,985)
Partial disposal of subsidiaries	-	-	141,888	-	-	-	-	-	141,888	405,385	547,273
Acquisition of subsidiaries which constitute business (Note 32)	-	-	-	-	-	-	-	-	-	102,857	102,857
Liquidation of subsidiaries	-	-	-	-	-	-	-	-	-	(6,072)	(6,072)
Acquisition of a subsidiary which constitutes assets (Note 42)	-	-	-	-	-	-	-	-	-	17,000	17,000
Capital contribution from non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	516,060	516,060
<b>At 31 December 2012</b>	<b>207,422</b>	<b>8,395,764</b>	<b>(410,856)</b>	<b>449,470</b>	<b>-</b>	<b>267,863</b>	<b>2,084,472</b>	<b>10,148,028</b>	<b>21,142,163</b>	<b>6,345,912</b>	<b>27,488,075</b>

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 2012

	2012	2011
	RMB'000	RMB'000
<b>OPERATING ACTIVITIES</b>		
Profit before taxation	10,257,200	6,700,714
Adjustments for:		
Share of results of associates	(209,356)	(777,498)
Share of results of jointly controlled entities	(304,119)	(55,669)
Depreciation and amortisation	169,381	147,604
Reversal of impairment losses on property, plant and equipment	–	(13,067)
Impairment losses on property, plant and equipment	81,485	–
Impairment losses on properties for development	–	62,187
Impairment losses on properties under development	–	143,867
Interest income	(700,482)	(376,158)
Trust income	(130,769)	(17,469)
Finance costs	564,115	415,698
Net unrealised foreign exchange gains	(1,466)	(141,797)
(Gain) loss on disposal of property, plant and equipment	(806)	118
Change in fair value of investment properties	(600)	(5,000)
Equity-settled share based payments	1,203	11,907
Fair value changes on trust-related financial derivatives	(82,520)	(168,960)
Net gain on disposal of subsidiaries	(549,697)	(3,639)
Net gain on disposal of jointly controlled entities	(1,377)	–
Net gain on disposal of associates	(56,505)	(104,507)
Gain on partial disposal of an associate	–	(1,573)
Gain on re-measurement of an associate to acquisition date fair value in business combination achieved in stages	(3,399)	–
Gain on de-consolidation of a subsidiary	–	(20,948)
Gain on re-measurement of an associate to acquisition date fair value upon re-consolidation of a subsidiary	(49,980)	–
Operating cash flows before movements in working capital	8,982,308	5,795,810
(Increase) decrease in properties for development	(1,877,434)	3,281,496
Decrease (increase) in properties under development	12,407,149	(9,936,958)
Increase in completed properties for sale	(5,010,740)	(979,818)
Decrease (increase) in inventories	19,067	(15,983)
(Increase) decrease in trade and other receivables, deposits and prepayments	(745,381)	70,415
(Increase) decrease in amounts due from related parties	–	266,683
Decrease (increase) in prepaid other taxes	964,768	(590,403)
Decrease (increase) in rental paid in advance	6,687	(1,799)
Decrease in pre-sale deposits	(14,148,066)	(443,996)
Increase in trade and other payables	5,147,959	4,754,075
Increase (decrease) in amounts due to related parties	–	(926,936)
Increase in other taxes payable	62,425	282,754
Cash generated from operations	5,808,742	1,555,340
Income taxes paid	(1,108,948)	(1,680,219)
<b>NET CASH FROM (USED IN) OPERATING ACTIVITIES</b>	<b>4,699,794</b>	<b>(124,879)</b>

Consolidated Statement of Cash Flows  
For the year ended 31 December 2012

	NOTES	2012 RMB'000	2011 RMB'000
<b>INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(1,077,664)	(569,242)
Proceeds from disposal of property, plant and equipment		4,766	6,388
Increase in prepaid lease payment		(67,336)	(51,123)
Investments in associates		(509,207)	(2,368,374)
Investments in jointly controlled entities		(50,000)	(249,383)
Dividends received from associates and jointly controlled entities		879,726	–
Proceeds from disposal of interests in associates		110,300	50,000
Proceeds from disposal of interests in jointly controlled entities		5,976	–
Proceeds from disposal of shareholders' loans as part of disposal/partial disposal of subsidiaries and associates		4,392,611	–
Proceeds from receipt of consideration receivable from disposal/partial disposal of subsidiaries and associates and relevant shareholders' loans recognised in prior year		751,515	–
Acquisition of subsidiaries which constitute business (net of cash and cash equivalents acquired)	32	60,311	(19,998)
Acquisition of a subsidiary which constitutes assets	42	61,621	–
De-consolidation of a subsidiary		–	(579,578)
Disposal of subsidiaries (net of cash and cash equivalents disposed of)	33	2,452,999	(15,685)
Proceeds from partial disposal of interest in associates		–	26,250
Deposit received for disposal of a subsidiary		–	900,000
Repayment from (advances to) third parties		286,270	(923,460)
Advance to related parties		(2,436,836)	(433,623)
Decrease in pledged bank deposits		534,305	296,592
Interest received		1,090,204	520,934
Trust income received		130,769	17,469
Disposal (purchase) of available-for-sale investments		91,175	(109,076)
<b>NET CASH FROM (USED IN) INVESTING ACTIVITIES</b>		<b>6,711,505</b>	<b>(3,501,909)</b>

Consolidated Statement of Cash Flows  
For the year ended 31 December 2012

	2012 RMB'000	2011 RMB'000
<b>FINANCING ACTIVITIES</b>		
Bank and other borrowings raised	11,483,218	14,958,498
Repayment of bank and other borrowings	(18,505,478)	(16,290,135)
Repayment of borrowings from related parties	(2,168,517)	(519,696)
Trust loans raised	–	3,323,750
Trust loans repaid	(819,650)	(3,150,000)
Contribution by non-controlling shareholders of subsidiaries	516,060	32,915
Interest paid	(3,586,481)	(2,820,814)
Dividends paid to owners of the Company	(164,026)	(589,036)
Dividends paid to non-controlling interests	(186,676)	(35,470)
Redemption of 2007 Convertible Bonds	(189,725)	–
Proceeds from exercise of share options	48,262	5,738
Proceeds from issue of new shares	2,075,316	–
Proceeds from issue of convertible securities	2,084,472	–
Share option premium received	3,122	28,149
Purchase of additional interests in subsidiaries	–	(105,754)
Proceeds from partial disposal of subsidiaries	547,273	5,120
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(8,862,830)</b>	<b>(5,156,735)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>2,548,469</b>	<b>(8,783,523)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR</b>	<b>3,615,149</b>	<b>12,407,659</b>
Effects of exchange rate changes on the balance of cash held in foreign currencies	14	(8,987)
<b>CASH AND CASH EQUIVALENTS AT THE END OF YEAR</b>	<b>6,163,632</b>	<b>3,615,149</b>
<b>REPRESENTED BY BANK BALANCES AND CASH</b>	<b>6,163,632</b>	<b>3,615,149</b>



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

## 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 certain amendments to IFRSs issued by the International Accounting Standards Board (the "IASB") that are effective for the Group's financial year beginning on 1 January 2012.

The application of these amendments to IFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

### **New and Revised Standards and Interpretations Issued But Not Yet Effective**

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

IFRSs (Amendments)	Annual Improvement to IFRSs 2009–2011 Cycle <sup>1</sup>
IFRS 7 (Amendments)	Disclosures – Offsetting Financial Assets and Financial Liabilities <sup>1</sup>
IFRS 9 and IFRS 7 (Amendments)	Mandatory Effective Date of IFRS 9 and Transition Disclosures <sup>3</sup>
IFRS 10, IFRS 11 and IFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance <sup>1</sup>
IFRS 10, IFRS 12 and IAS 27 (Amendments)	Investment Entities <sup>2</sup>
IFRS 9	Financial Instruments <sup>3</sup>
IFRS 10	Consolidated Financial Statements <sup>1</sup>
IFRS 11	Joint Arrangements <sup>1</sup>
IFRS 12	Disclosure of Interests in Other Entities <sup>1</sup>
IFRS 13	Fair Value Measurement <sup>1</sup>
IAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income <sup>4</sup>
IAS 19 (Revised 2011)	Employee Benefits <sup>1</sup>
IAS 27 (Revised 2011)	Separate Financial Statements <sup>1</sup>
IAS 28 (Revised 2011)	Investments in Associates and Joint Ventures <sup>1</sup>
IAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities <sup>2</sup>
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2013

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2014

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2015

<sup>4</sup> Effective for annual periods beginning on or after 1 July 2012

## 2. Application of New and Revised International Financial Reporting Standards (“IFRSs”) (continued)

### **New and Revised Standards and Interpretations Issued But Not Yet Effective (continued)**

#### **Annual Improvements to IFRSs 2009–2011 Cycle Issued in June 2012**

The Annual Improvements to IFRSs 2009–2011 Cycle include a number of amendments to various IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2013. Amendments to IFRSs include the amendments to IAS 1 *Presentation of Financial Statements*, the amendments to IAS 16 *Property, Plant and Equipment* and the amendments to IAS 32 *Financial Instruments: Presentation*.

IAS 1 requires an entity that changes accounting policies retrospectively, or makes a retrospective restatement or reclassification to present a statement of financial position as at the beginning of the preceding period (third statement of financial position). The amendments to IAS 1 clarify that an entity is required to present a third statement of financial position only when the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position and that related notes are not required to accompany the third statement of financial position.

The amendments to IAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in IAS 16 and as inventory otherwise. The directors do not anticipate that the application of the amendments will have a material effect on the Group’s consolidated financial statements.

The amendments to IAS 32 clarify that income tax on distributions to holders of an equity instrument and transaction costs of an equity transaction should be accounted for in accordance with IAS 12 *Income Taxes*. The directors anticipate that the amendments to IAS 32 will have no effect on the Group’s consolidated financial statements as the Group has already adopted this treatment.

#### **IFRS 9 Financial Instruments**

IFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. IFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of IFRS 9 are described as follows:

- All recognised financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at 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 reporting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

## 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 (continued)**

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that 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 recognition 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 of financial liabilities attributable to changes in the financial liabilities’ 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 fair value through profit or loss was presented in profit or loss.

IFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

The directors anticipate that the adoption of IFRS 9 in the future may have impact on amounts reported in respect of the Group’s financial assets and financial liabilities. Regarding the Group’s financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

#### **New and Revised Standards on Consolidation, Joint Arrangements, Associates and Disclosures**

In May 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including IFRS 10, IFRS 11, IFRS 12, IAS 27 (as revised in 2011) and IAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

IFRS 10 replaces the parts of IAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and SIC – 12 *Consolidation – Special Purpose Entities*. IFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor’s returns. Extensive guidance has been added in IFRS 10 to deal with complex scenarios.

IFRS 11 replaces IAS 31 *Interests in Joint Ventures* and SIC – 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. IFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under IFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under IAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under IFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under IAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

IFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than those in the current standards.

## 2. Application of New and Revised International Financial Reporting Standards (“IFRSs”) (continued)

### **New and Revised Standards and Interpretations Issued But Not Yet Effective (continued)**

#### **New and Revised Standards on Consolidation, Joint Arrangements, Associates and Disclosures (continued)**

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

The directors anticipate that these five standards will be adopted in the Group’s consolidated financial statements for the annual period beginning 1 January 2013. The application of these five standards may have an impact on amounts reported in the consolidated financial statements. However, the directors have not yet performed a detailed analysis of the impact of the application of these standards and hence have not yet quantified the extent of the impact.

#### **IFRS 13 Fair Value Measurement**

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in IFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under IFRS 7 *Financial Instruments: Disclosures* will be extended by IFRS 13 to cover all assets and liabilities within its scope.

IFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that IFRS 13 will be adopted in the Group’s consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new Standard may affect the amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

#### **Amendments to IAS 1 Presentation of Items of Other Comprehensive Income**

The amendments to IAS 1 Presentation of Items of Other Comprehensive Income introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to IAS 1, a ‘statement of comprehensive income’ is renamed as a ‘statement of profit or loss and other comprehensive income’ and an ‘income statement’ is renamed as a ‘statement of profit or loss’. The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require items of other comprehensive income to be grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in future accounting periods.

### 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.

#### **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.

Income and expenses 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 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 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.

### 3. Principal Accounting Policies (continued)

#### **Basis of Consolidation (continued)**

#### **Changes in the Group's Ownership Interests in Existing Subsidiaries (continued)**

When the Group loses control of a subsidiary, it (i) derecognises the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost, (ii) derecognises the carrying amount of any non-controlling interests in the former subsidiary at the date when control is lost (including any components of other comprehensive income attributable to them), and (iii) recognises the aggregate of the fair value of the consideration received and the fair value of any retained interest, with any resulting difference being recognised as a gain or loss in profit or loss attributable to the Group. When assets of the subsidiary are carried 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 Group had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable IFRSs). 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 a jointly controlled entity or an associate.

#### **Business Combinations**

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, 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 arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 *Share-based Payment* at the acquisition date (see the accounting policy below); 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.

### 3. Principal Accounting Policies (continued)

#### **Business Combinations (continued)**

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, when applicable, on the basis specified in another Standard.

Where the consideration transferred by the Group 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 made against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at 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.

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.

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.

#### **Acquisition of Assets**

When the Group acquires a subsidiary, 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. No goodwill will be recognised for acquisition of a subsidiary that is accounted for as acquisition of assets.

### 3. Principal Accounting Policies (continued)

#### **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.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. 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.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment.

Upon disposal of an associate that results in the Group losing significant influence over that associate, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with IAS 39. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when it loses significant influence over 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.



### 3. Principal Accounting Policies (continued)

#### **Jointly Controlled Entities (continued)**

The financial statements of jointly controlled entities used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances.

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.

Brand usage fees are recognised on sales or pre-sales of properties by brand users at agreed fee rates.

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.

#### **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.

### 3. Principal Accounting Policies (continued)

#### **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 before tax' 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.

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.

### 3. Principal Accounting Policies (continued)

#### **Taxation (continued)**

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax liabilities and deferred tax assets for such investment properties are measured in accordance with the above general principles set out in IAS 12 (i.e. based on the expected manner as to how the properties will be recovered).

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. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

#### **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.

### 3. Principal Accounting Policies (continued)

#### **Leasing (continued)**

##### **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.

##### **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 in the consolidated statement of financial position 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.

### 3. Principal Accounting Policies (continued)

#### **Investment Properties**

Investment properties are properties (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) 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.

#### **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.

### 3. Principal Accounting Policies (continued)

#### **Completed Properties for Sale**

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

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

#### **Inventories**

Inventories 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.

#### **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 two categories, including loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

#### **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.

#### **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).

### 3. Principal Accounting Policies (continued)

#### **Financial Instruments (continued)**

#### **Financial Assets (continued)**

##### Available-for-sale Financial Assets

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

Equity and debt securities held by the Group that are classified as available-for-sale and are traded in an active market are measured at fair value at the end of each reporting period. Changes in the carrying amount of available-for-sale monetary financial assets relating to interest income calculated using the effective interest method and dividends on available-for-sale equity investments are recognised in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment loss on financial assets below).

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

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 are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be 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.

### 3. Principal Accounting Policies (continued)

#### **Financial Instruments (continued)**

##### **Financial Assets (continued)**

###### Impairment of Financial Assets (continued)

For certain categories of financial assets, such as trade and other receivables, assets that are assessed not to be impaired individually are, in addition, 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, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's 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.

##### **Financial Liabilities and Equity**

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with 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. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs. The Group's financial liabilities are generally classified into financial liabilities at fair value through profit or loss ("FVTPL") and other financial liabilities.



### 3. Principal Accounting Policies (continued)

#### **Financial Instruments (continued)**

#### **Financial Liabilities and Equity (continued)**

##### 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 (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

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
- on initial recognition it is a part of a portfolio of identified 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, liability portion of convertible bonds, liability portion of senior notes and dividend payable are subsequently measured at amortised cost, using the effective interest method.

##### Convertible Bonds

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).

### 3. Principal Accounting Policies (continued)

#### **Financial Instruments (continued)**

#### **Financial Liabilities and Equity (continued)**

##### Convertible Bonds (continued)

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.

##### 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.

##### Convertible Securities

Convertible securities with no contractual obligation to repay its principal or to pay any distribution are classified as equity. Respective distributions if and when declared are treated as equity dividends.

#### **Embedded Derivatives**

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, 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.

### 3. Principal Accounting Policies (continued)

#### **Financial Instruments (continued)**

##### **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 of obligation under the contract, as 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 the revenue recognition policy.

##### **Derecognition**

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. 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.

The Group derecognises a financial liability when, and only when, the Group's obligations are discharged, cancelled or expire. 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.

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 such that the cumulative expense reflects the revised estimate, 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 for Development, Properties Under Development and Completed Properties for Sale**

Properties for development, 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 for development and 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 for development, properties under development and completed properties for sale may be required. As at 31 December 2012, the carrying amounts of properties for development, properties under development and completed properties for sale are RMB6,020,524,000 (2011: RMB14,127,886,000), RMB43,136,154,000 (2011: RMB67,597,987,000) and RMB7,330,358,000 (2011: RMB2,956,620,000) respectively (net of accumulated impairment loss of RMB nil (2011: RMB62,187,000), RMB143,867,000 (2011: RMB143,867,000) and RMB nil (2011: RMB nil) respectively).

##### **Fair Value of Investment Properties**

Investment properties are carried in the consolidated statement of financial position at 31 December 2012 at their fair value of approximately RMB1,730,600,000 (2011: RMB1,730,000,000). The fair value was based on valuation on these properties conducted by the independent qualified professional valuers using property valuation techniques which adopt 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 direct comparison approach by making reference to comparable sales transactions as available in the relevant markets. Favourable or unfavourable changes to the assumptions such as rental yield and estimation of future rentals would result in changes in the fair value of the Group's investment properties and corresponding adjustments to the amount of gain or loss reported in the consolidated statement of comprehensive income.

##### **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 interest 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 RMB2,237,657,000 (2011: RMB1,443,486,000) (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.

## 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 40(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

	2012 RMB'000	2011 RMB'000
<b>Financial assets</b>		
Loans and receivables (including cash and cash equivalents)	<b>32,939,725</b>	24,845,916
Available-for-sale financial assets	<b>346,545</b>	538,020
<b>Financial liabilities</b>		
Fair value through profit or loss (FVTPL)		
Trust-related financial derivatives	–	82,520
Amortised cost	<b>44,192,216</b>	59,027,777

### (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.

## 6. Financial Instruments (continued)

### (b) Financial Risk Management Objectives and Policies (continued)

#### Market Risk

##### (i) Currency Risk

The Group has bank balances, other receivables, amounts due from related parties, 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	
	2012 RMB'000	2011 RMB'000	2012 RMB'000	2011 RMB'000
Hong Kong dollars ("HKD")	<b>818,959</b>	2,068,499	<b>456,264</b>	105,899
United States dollars ("USD")	<b>1,710,876</b>	2,553,392	<b>83,678</b>	48,180

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

#### Sensitivity Analysis

The Group is mainly exposed to the fluctuations in exchange rates between RMB and HKD/USD. The exposure in HKD/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% (2011: 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	
	2012 RMB'000	2011 RMB'000	2012 RMB'000	2011 RMB'000
Profit or loss	<b>13,601</b>	73,598	<b>61,020</b>	93,945

## 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 40 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 40 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 (2011: 5 basis point) increase or decrease in market deposit interest rates and a 50 basis point (2011: 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 2012 would have increased/decreased by RMB2,311,000 (2011: increased/decreased by RMB1,356,000). 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 2012 would have decreased/increased by RMB62,522,000 (2011: decreased/increased by RMB109,742,000). 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.

## 6. Financial Instruments (continued)

### (b) Financial Risk Management Objectives and Policies (continued)

#### Credit Risk

As at 31 December 2012, 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 39.

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, other receivables 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. To minimise the credit risk arising from customer mortgage guarantees, the Group has reserved the right to collect the properties sold to customers should they default on their mortgage payments and demanded the application for building ownership certificates by customers since these guarantees provided by the Group to the banks will be released upon receiving such certificates. To minimise the credit risk arising from guarantees provided to banks and other parties in respect of credit facilities utilised by jointly controlled entities and associates, the Group has delegated a team responsible for assessing the credit standing of such entities and the limits to the guarantees to be provided. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

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

The Group's concentration of credit risk by geographical locations is mainly in the PRC. Other than the concentration of credit risk on liquid funds which are deposited with several large state-owned banks and commercial banks in the PRC, the Group does not have any other 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.



## 6. Financial Instruments (continued)

### (b) Financial Risk Management Objectives and Policies (continued)

#### Liquidity Risk (continued)

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.

#### Liquidity and Interest Risk Tables

	Weighted Average Interest Rate	On Demand or Less Than 1 Year RMB'000	1-5 Years RMB'000	>5 Years RMB'000	Total Undiscounted Cash Flows RMB'000	Carrying Amount at 31/12/2012 RMB'000
<b>2012</b>						
<b>Non-derivative financial liabilities</b>						
Trade and other payables	-	14,426,570	1,267,102	-	15,693,672	15,693,672
Bank and other borrowings						
– fixed-rate	13.71%	4,796,679	1,903,742	92,142	6,792,563	5,719,056
– variable-rate	7.08%	12,092,626	4,350,168	818,825	17,261,619	15,413,047
Amounts due to related parties						
– interest-free	-	3,984,322	-	-	3,984,322	3,984,322
– fixed-rate	4.94%	1,974,274	-	-	1,974,274	1,881,247
– variable-rate	7.46%	1,353,515	-	-	1,353,515	1,259,545
Senior notes	9%	260,210	-	-	260,210	241,327
Financial guarantee contracts	-	25,396,108	-	-	25,396,108	-
		64,284,304	7,521,012	910,967	72,716,283	44,192,216

## 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	On Demand or Less Than 1 Year RMB'000	1-5 Years RMB'000	>5 Years RMB'000	Total Undiscounted Cash Flows RMB'000	Carrying Amount at 31/12/2011 RMB'000
<b>2011</b>						
<b>Non-derivative financial liabilities</b>						
Trade and other payables	–	10,768,064	1,302,223	–	12,070,287	12,070,287
Dividend payable	–	164,026	–	–	164,026	164,026
Bank and other borrowings						
– fixed-rate	11.05%	3,063,588	2,294,781	8,357	5,366,726	4,551,565
– variable-rate	6.13%	14,984,259	14,048,372	963,879	29,996,510	27,132,128
Amounts due to related parties						
– interest-free	–	4,708,789	–	–	4,708,789	4,708,789
– fixed-rate	10.18%	8,258,527	–	–	8,258,527	7,495,342
– variable-rate	7.27%	2,657,550	–	–	2,657,550	2,477,456
2007 Convertible Bonds	–	189,734	–	–	189,734	186,466
Senior notes	9%	21,755	259,847	–	281,602	241,718
Financial guarantee contracts	–	23,163,660	–	–	23,163,660	–
		67,979,952	17,905,223	972,236	86,857,411	59,027,777

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 2012, the aggregate undiscounted principal amounts of these bank loans amounted to RMB69,291,000 (2011: RMB80,455,000) 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 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 RMB86,263,000 (2011: RMB99,286,000).

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.

## 6. Financial Instruments (continued)

### (c) Fair Value

The fair values 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:

	2012		2011	
	Carrying Amount of Liability Component RMB'000	Fair Value RMB'000	Carrying Amount of Liability Component RMB'000	Fair Value RMB'000
<b>Financial liabilities</b>				
2007 Convertible Bonds	–	–	186,466	158,048 <sup>1</sup>
Senior notes	<b>241,327</b>	<b>248,200<sup>1</sup></b>	241,718	169,365 <sup>1</sup>

<sup>1</sup> Based on quoted price

### 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).

	2012 Level 3 RMB'000	2011 Level 3 RMB'000
<b>Financial liabilities at FVTPL</b>		
Trust-related financial derivatives	–	82,520

## 6. Financial Instruments (continued)

### (c) Fair Value (continued) Reconciliation of Level 3 Fair Value Measurements of Financial Liabilities

	<b>Trust-related Financial Derivatives</b> RMB'000
At 1 January 2011	251,480
Net gain in profit or loss (included in fair value changes on trust-related financial derivatives)	(168,960)
At 31 December 2011	82,520
Net gain in profit or loss (included in fair value changes on trust-related financial derivatives)	(82,520)
At 31 December 2012	–

## 7. Revenue and Segment Information

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

	<b>2012</b> RMB'000	2011 RMB'000
Property sales	<b>34,214,430</b>	21,071,067
Hotel operations	<b>298,476</b>	250,993
Project management	<b>254,783</b>	199,267
Property rental income	<b>111,480</b>	90,052
Design and decoration	<b>324,800</b>	302,995
Sales of construction materials	<b>104,320</b>	8,572
Other business	<b>84,217</b>	40,801
	<b>35,392,506</b>	21,963,747

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.

## 7. Revenue and Segment Information (continued)

The Group's reportable and operating 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.)

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.

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 jointly controlled entities and associates 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.

## 7. Revenue and Segment Information (continued)

An analysis of the Group's revenue and results by reportable and operating 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 2012							
Segment revenue							
External revenue	34,214,430	298,476	111,480	768,120	35,392,506	–	35,392,506
Inter-segment revenue	–	11,707	703	1,054,283	1,066,693	(1,066,693)	–
Total	34,214,430	310,183	112,183	1,822,403	36,459,199	(1,066,693)	35,392,506
Segment results	6,269,967	(41,654)	(17,566)	(17,043)	6,193,704	(47,573)	6,146,131
Unallocated administrative expenses							(48,252)
Unallocated other income							19,762
Unallocated finance costs							(13,659)
Fair value changes on trust-related financial derivatives							82,520
Unallocated taxation							(133,451)
Profit for the year							6,053,051
For the year ended 31 December 2011							
Segment revenue							
External revenue	21,071,067	250,993	90,052	551,635	21,963,747	–	21,963,747
Inter-segment revenue	–	15,435	883	654,673	670,991	(670,991)	–
Total	21,071,067	266,428	90,935	1,206,308	22,634,738	(670,991)	21,963,747
Segment results	4,156,958	6,589	(17,761)	41,004	4,186,790	(16,317)	4,170,473
Unallocated administrative expenses							(51,235)
Unallocated other income							9,368
Unallocated finance costs							(32,411)
Fair value changes on trust-related financial derivatives							168,960
Unallocated taxation							(147,213)
Profit for the year							4,117,942

## 7. Revenue and Segment Information (continued)

### Segment Assets and Liabilities

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

#### Segment Assets

	2012 RMB'000	2011 RMB'000
Property development	97,895,112	119,352,193
Hotel operations	2,951,674	2,469,622
Property investment	1,784,857	1,800,169
Others	2,721,404	2,579,308
Total segment assets	105,353,047	126,201,292
Unallocated	2,354,249	1,775,236
Consolidated assets	107,707,296	127,976,528

#### Segment Liabilities

	2012 RMB'000	2011 RMB'000
Property development	73,911,205	102,423,173
Hotel operations	180,623	232,837
Property investment	1,091,446	1,229,673
Others	4,230,237	5,492,789
Total segment liabilities	79,413,511	109,378,472
Unallocated	805,710	954,742
Consolidated liabilities	80,219,221	110,333,214

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

- all assets are allocated to operating segments other than bank balances and cash, property, plant and equipment, available-for-sale investments, trade and other receivables, deposits and prepayments, and deferred tax assets pertaining to non-operating group entities.
- all liabilities are allocated to operating 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 2012

	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 segment assets:							
Addition to non-current assets (Note)	2,896,640	92,718	147	21,081	3,010,586	-	3,010,586
Interests in associates	6,573,266	-	-	-	6,573,266	-	6,573,266
Interests in jointly controlled entities	1,003,745	-	-	-	1,003,745	-	1,003,745
Gain on disposal of associates	(56,505)	-	-	-	(56,505)	-	(56,505)
Net gain on disposal of jointly controlled entities	(1,377)	-	-	-	(1,377)	-	(1,377)
Net gain on disposal of subsidiaries	(549,697)	-	-	-	(549,697)	-	(549,697)
Gain on re-measurement of an associate to acquisition date fair value upon re-consolidation of a subsidiary	(49,980)	-	-	-	(49,980)	-	(49,980)
Gain on re-measurement of an associate to acquisition date fair value in business combination achieved in stages	(3,399)	-	-	-	(3,399)	-	(3,399)
Depreciation of property, plant and equipment	69,129	75,676	7,469	17,503	169,777	-	169,777
Impairment losses on property, plant and equipment	-	81,485	-	-	81,485	-	81,485
Gains on disposal of property, plant and equipment	(580)	(13)	(17)	(196)	(806)	-	(806)
Interest income	(665,745)	(10,134)	(20,039)	(3,078)	(698,996)	(1,486)	(700,482)
Finance costs	370,896	4,683	70,405	104,472	550,456	13,659	564,115
Share of results of associates	(209,356)	-	-	-	(209,356)	-	(209,356)
Share of results of jointly controlled entities	(304,119)	-	-	-	(304,119)	-	(304,119)
Taxation	4,061,183	(2,482)	277	11,720	4,070,698	133,451	4,204,149



7. Revenue and Segment Information (continued)

**Other Segment Information (continued)**  
**For the year ended 31 December 2011**

	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 segment assets:							
Addition to non-current assets (Note)	2,769,975	496,407	704	40,747	3,307,833	407	3,308,240
Interests in associates	5,866,392	–	–	–	5,866,392	–	5,866,392
Interests in jointly controlled entities	1,061,033	–	–	–	1,061,033	–	1,061,033
Net gain on disposal of associates	(104,507)	–	–	–	(104,507)	–	(104,507)
Gain on partial disposal of an associate	(1,573)	–	–	–	(1,573)	–	(1,573)
(Gain) loss on disposal of subsidiaries	(3,907)	–	–	268	(3,639)	–	(3,639)
Gain on de-consolidation of a subsidiary	(20,948)	–	–	–	(20,948)	–	(20,948)
Depreciation of property, plant and equipment	41,960	89,031	7,452	13,118	151,561	508	152,069
Reversal of impairment losses on property, plant and equipment	–	(13,067)	–	–	(13,067)	–	(13,067)
Loss on disposal of property, plant and equipment	390	–	28	44	462	(344)	118
Interest income	(368,482)	(1,573)	(69)	(5,809)	(375,933)	(225)	(376,158)
Finance costs	285,569	5,165	53,512	39,041	383,287	32,411	415,698
Share of results of associates	(777,498)	–	–	–	(777,498)	–	(777,498)
Share of results of jointly controlled entities	(55,669)	–	–	–	(55,669)	–	(55,669)
Taxation	2,411,369	3,333	128	20,729	2,435,559	147,213	2,582,772

Note: Non-current assets included mainly property, plant and equipment, prepaid lease payment, interests in jointly controlled entities, interests in associates and rental paid in advance and excluded available-for-sale investments and deferred tax assets.

## 8. Other Income

	2012 RMB'000	2011 RMB'000
Interest income on bank balances	80,825	74,248
Interest income on amounts due from related parties	619,657	301,910
Trust income	130,769	17,469
Government grants	46,416	9,938
Net foreign exchange gains	26,126	196,459
Brand usage fees	50,198	46,334
Others	46,603	36,788
	<b>1,000,594</b>	<b>683,146</b>

## 9. Finance Costs

	2012 RMB'000	2011 RMB'000
Interest on:		
– bank borrowings wholly repayable within five years	1,601,308	2,228,791
– bank borrowings not wholly repayable within five years	52,181	118,714
– other borrowings wholly repayable within five years	1,460,947	543,471
Effective interest expense on trust-related amounts due to related parties (Note 27)	341,024	630,801
Effective interest expense on 2007 Convertible Bonds (Note 28)	3,259	8,356
Interest on senior notes (Note 29)	21,899	22,485
	<b>3,480,618</b>	<b>3,552,618</b>
Less: Capitalised in properties under development	<b>(2,913,604)</b>	<b>(3,100,671)</b>
Capitalised in construction in progress	<b>(2,899)</b>	<b>(36,249)</b>
	<b>564,115</b>	<b>415,698</b>

Borrowing costs capitalised during the year arose on the specific loan and general borrowing pool and are calculated by applying a capitalisation rate of 8.80% (2011: 8.10%) per annum to expenditure on the development of properties for sale and for own use.

## 10. Profit Before Taxation

	2012 RMB'000	2011 RMB'000
Profit before taxation has been arrived at after charging (crediting):		
Salaries and other benefits	900,970	888,688
Equity-settled share-based payments	1,203	11,907
Retirement benefits scheme contributions	38,564	32,379
Staff costs (including directors' emoluments)	940,737	932,974
Less: Capitalised in properties under development	(273,150)	(262,013)
	667,587	670,961
Depreciation of property, plant and equipment	169,777	152,069
Less: Capitalised in properties under development	(9,490)	(9,767)
	160,287	142,302
Amortisation of prepaid lease payment (included in administrative expenses)	9,094	5,302
Auditors' remuneration	18,101	14,087
Cost of properties and inventories recognised as an expense	24,522,092	14,437,377
(Gain) loss on disposal of property, plant and equipment	(806)	118

## 11. Directors', Chief Executive's and Employees' Emoluments

The emoluments paid or payable to each of the 13 (2011: 11) directors and the chief executive of the Company were as follows:

	SZE													2012 Total RMB'000
	SONG Weiping RMB'000	SHOU Bainian RMB'000	LUO Zhaoming RMB'000	GUO Jiafeng RMB'000	CAO Zhounan <sup>†</sup> RMB'000	NG Tin Hoi <sup>†</sup> RMB'000	TSUI Yiu Cheung <sup>†</sup> RMB'000	JIA Shenghua RMB'000	Tsai ping, Michael RMB'000	TANG Shiding RMB'000	JIANG Wei RMB'000	KE Huanzhang RMB'000	HUI Wan Fai <sup>†</sup> RMB'000	
	Fees	-	-	-	-	-	141	108	225	236	225	236	225	
Other emoluments:														
Salaries and other benefits	2,000	2,000	1,200	1,000	1,200	-	-	-	-	-	-	-	-	7,400
Contributions to retirement benefits/pension schemes	83	83	68	91	16	-	-	-	-	-	-	-	-	341
Performance related incentive payments (Note)	2,058	2,058	380	598	360	-	-	-	-	-	-	-	-	5,454
Equity-settled share-based payments	-	-	-	-	1,203	-	-	-	-	-	-	-	-	1,203
<b>Total emoluments</b>	<b>4,141</b>	<b>4,141</b>	<b>1,648</b>	<b>1,689</b>	<b>2,779</b>	<b>141</b>	<b>108</b>	<b>225</b>	<b>236</b>	<b>225</b>	<b>236</b>	<b>225</b>	<b>195</b>	<b>15,989</b>

	SZE												2011 Total RMB'000
	SONG Weiping RMB'000	SHOU Bainian RMB'000	LUO Zhaoming RMB'000	GUO Jiafeng RMB'000	CAO Zhounan <sup>†</sup> RMB'000	JIA Shenghua RMB'000	Tsai ping, Michael RMB'000	TANG Shiding RMB'000	JIANG Wei RMB'000	KE Huanzhang RMB'000	XIAO Zhiyue RMB'000		
	Fees	-	-	-	-	-	120	166	120	166	120	166	
Other emoluments:													
Salaries and other benefits	2,000	2,000	1,200	1,000	1,200	-	-	-	-	-	-	7,400	
Contributions to retirement benefits/ pension schemes	78	78	64	86	48	-	-	-	-	-	-	354	
Performance related incentive payments (Note)	450	450	360	359	925	-	-	-	-	-	-	2,544	
Equity-settled share-based payments	9	8	3,738	1	5,162	-	-	-	-	-	-	8,918	
<b>Total emoluments</b>	<b>2,537</b>	<b>2,536</b>	<b>5,362</b>	<b>1,446</b>	<b>7,335</b>	<b>120</b>	<b>166</b>	<b>120</b>	<b>166</b>	<b>120</b>	<b>166</b>	<b>20,074</b>	

## 11. Directors', Chief Executive's and Employees' Emoluments (continued)

- ^ Mr Ng Tin Hoi was appointed as a non-executive director of the Company with effect from 15 June 2012. He was also appointed as a member of the Remuneration Committee with effect from 16 July 2012.
- \* Mr TSUI Yiu Cheung was appointed as a non-executive director of the Company, a member of the Audit Committee and Nomination Committee with effect from 2 August 2012.
- + Mr. Hui Wan Fai was appointed as an independent non-executive director of the Company, a member of the Audit Committee and Nomination Committee with effect from 1 April 2012.
- Mr XIAO Zhiyue resigned as an independent non-executive director of the Company with effect from 1 January 2012.
- # Mr CAO Zhounan was appointed as an executive director of the Company with effect from 1 July 2011. The emoluments disclosed above include those in the capacity of an employee and a director.

Mr SHOU Bainian is also the Chief Executive of the Company and his emoluments disclosed above include those for services rendered by him as the Chief Executive.

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

No directors waived any emoluments in both years.

Of the five individuals with the highest emoluments in the Group, three (2011: four) were directors of the Company whose emoluments are included in the disclosure above. The emoluments of the remaining two (2011: one) individual(s) were as follows:

	2012 RMB'000	2011 RMB'000
Salaries and other benefits	1,590	684
Contributions to retirement benefits/pension schemes	118	43
Performance related incentive payments	3,165	1,039
Equity-settled share-based payments	-	1
	<b>4,873</b>	1,767

The individuals' emoluments were within the following bands:

	2012 No. of employees	2011 No. of employees
HKD2,000,001 to HKD2,500,000	1	1
HKD3,500,001 to HKD4,000,000	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

	2012 RMB'000	2011 RMB'000
Current tax:		
PRC enterprise income tax	2,192,930	1,653,519
LAT	2,066,294	1,020,354
	<b>4,259,224</b>	2,673,873
Over-provision in prior years:		
PRC enterprise income tax	(54,006)	(2,954)
Deferred tax (Note 21):		
Current year	(1,069)	(88,147)
	<b>4,204,149</b>	2,582,772

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.

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%.

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.

## 12. Taxation (continued)

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

	2012 RMB'000	2011 RMB'000
Profit before taxation	<b>10,257,200</b>	6,700,714
Tax at the applicable PRC enterprise income tax rate of 25% (2011: 25%)	<b>2,564,300</b>	1,675,179
Effect of different tax rates	<b>(17,164)</b>	(11,502)
Tax effect of share of results of associates	<b>(52,339)</b>	(194,375)
Tax effect of share of results of jointly controlled entities	<b>(76,030)</b>	(13,917)
Tax effect of income not taxable for tax purposes	<b>(138,095)</b>	(11,780)
Tax effect of expenses not deductible for tax purposes	<b>191,671</b>	226,761
Over-provision in respect of prior year	<b>(54,006)</b>	(2,954)
Tax effect of tax losses not recognised	<b>122,906</b>	68,165
Tax effect of deductible temporary differences not recognised	–	48,198
Recognition of deferred tax assets on tax losses previously not recognised	<b>(9,826)</b>	(20,201)
Utilisation of tax losses previously not recognised	<b>(6,988)</b>	(18,549)
Utilisation of deductible temporary differences previously not recognised	–	(13,675)
LAT provision for the year	<b>2,066,294</b>	1,020,354
Tax effect of LAT	<b>(516,574)</b>	(248,932)
Tax effect of undistributed profits	<b>130,000</b>	80,000
Tax charge for the year	<b>4,204,149</b>	2,582,772

Details of deferred taxation for the year ended 31 December 2012 are set out in Note 21.

### 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 2012, the Group estimated and made a provision for LAT in the amount of RMB2,066,294,000 (2011: RMB1,020,354,000), 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.

### 13. Dividends

On 17 June 2011, a final dividend for 2010 of RMB0.36 per ordinary share, or RMB589,036,000 in total, was paid to the shareholders.

On 19 March 2012, an interim dividend for 2011 of RMB0.10 per ordinary share, or RMB164,026,000 in total, was paid to the shareholders.

The directors did not declare any final dividend for the year end 31 December 2011 and did not declare any interim dividend for the six months ended 30 June 2012.

A final dividend of RMB0.5 per ordinary share for the year ended 31 December 2012 has been proposed by the directors and is subject to approval by the shareholders at the forthcoming annual general meeting.

### 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

	2012 RMB'000	2011 RMB'000
Earnings for the purpose of basic earnings per share	4,851,123	2,574,637
Effect of dilutive potential shares:		
Interest on the 2007 Convertible Bonds (as defined in Note 28)	3,259	8,356
Earnings for the purpose of diluted earnings per share	4,854,382	2,582,993

#### Number of Shares

	2012	2011
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,889,150,532	1,639,318,123
Effect of dilutive potential ordinary shares:		
Share options	15,782,728	16,718,289
The 2007 Convertible Bonds (as defined in Note 28)	3,091,716	8,297,621
Convertible Securities (as defined in Note 31)	143,502,407	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	2,051,527,383	1,664,334,033



## 15. Property, Plant and Equipment

	Hotel Buildings	Land and Buildings	Leasehold Improvements	Machinery	Furniture, Fixtures and Equipment	Transportation Equipment	Construction in Progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
COST								
At 1 January 2011	2,102,916	57,564	62,341	11,592	185,165	232,528	173,050	2,825,156
Additions	–	2,979	6,615	2,050	59,045	66,873	431,680	569,242
Disposals	–	(645)	(670)	(154)	(8,444)	(9,894)	–	(19,807)
Disposal of subsidiaries (Note 33)	–	–	–	(2,949)	(1,744)	(6,865)	–	(11,558)
De-consolidation of a subsidiary	–	–	–	–	(799)	(2,767)	–	(3,566)
At 31 December 2011	2,102,916	59,898	68,286	10,539	233,223	279,875	604,730	3,359,467
Additions	1,634	4,573	10,002	4,894	25,097	30,087	1,001,377	1,077,664
Transfer	628,913	174,668	–	–	–	–	(803,581)	–
Disposals	(8)	–	(2,878)	(17)	(2,221)	(8,647)	–	(13,771)
Disposal of subsidiaries (Note 33)	–	(3,068)	(6,108)	(1,286)	(8,742)	(15,954)	–	(35,158)
Acquisition of a subsidiary which constitutes assets (Note 42)	–	–	–	1,185	1,248	4,235	–	6,668
Acquisition of subsidiaries which constitute business (Note 32)	–	–	3,038	14	1,462	602	–	5,116
<b>At 31 December 2012</b>	<b>2,733,455</b>	<b>236,071</b>	<b>72,340</b>	<b>15,329</b>	<b>250,067</b>	<b>290,198</b>	<b>802,526</b>	<b>4,399,986</b>
DEPRECIATION AND IMPAIRMENT								
At 1 January 2011	(131,363)	(17,502)	(36,206)	(1,636)	(80,612)	(109,577)	–	(376,896)
Provided for the year	(64,990)	(4,608)	(8,319)	(1,178)	(36,891)	(36,083)	–	(152,069)
Impairment loss reversed in profit or loss	13,067	–	–	–	–	–	–	13,067
Eliminated on disposals	–	94	350	112	6,442	6,303	–	13,301
Eliminated on disposal of subsidiaries (Note 33)	–	–	–	1,349	728	2,079	–	4,156
De-consolidation of a subsidiary	–	–	–	–	67	48	–	115
At 31 December 2011	(183,286)	(22,016)	(44,175)	(1,353)	(110,266)	(137,230)	–	(498,326)
Provided for the year	(55,499)	(13,234)	(11,730)	(7,053)	(41,207)	(41,054)	–	(169,777)
Impairment loss recognised in profit or loss	(81,485)	–	–	–	–	–	–	(81,485)
Eliminated on disposals	5	–	1,772	16	1,493	6,525	–	9,811
Eliminated on disposal of subsidiaries (Note 33)	–	667	3,538	88	3,193	7,561	–	15,047
<b>At 31 December 2012</b>	<b>(320,265)</b>	<b>(34,583)</b>	<b>(50,595)</b>	<b>(8,302)</b>	<b>(146,787)</b>	<b>(164,198)</b>	<b>–</b>	<b>(724,730)</b>
CARRYING VALUES								
<b>At 31 December 2012</b>	<b>2,413,190</b>	<b>201,488</b>	<b>21,745</b>	<b>7,027</b>	<b>103,280</b>	<b>126,000</b>	<b>802,526</b>	<b>3,675,256</b>
At 31 December 2011	1,919,630	37,882	24,111	9,186	122,957	142,645	604,730	2,861,141

## 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, taking into account their residual value, 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 related to the Group, to conduct review of the Group's hotel buildings. The professional valuers from DTZ Debenham Tie Leung Limited are members of the Hong Kong Institute of Surveyors. It was 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 31 December 2011 and as a result an impairment loss of RMB39,933,000 and RMB13,067,000 was reversed in 2010 and 2011 respectively in respect of hotel buildings based on their value in use.

During 2012, the Group engaged DTZ Debenham Tie Leung Limited to conduct review of the Group's hotel buildings. It was determined that one of those buildings was impaired on the basis of its projected performance. Accordingly, an impairment loss of RMB81,485,000 was recognised in 2012 in respect of hotel buildings. The recoverable amount of the relevant hotel building has been determined on the basis of its value in use. The discount rate adopted in measuring the amount of value in use of the relevant hotel building was 10%.

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

	2012 RMB'000	2011 RMB'000
<b>Land and Buildings</b>		
Land in the PRC under:		
Medium-term lease	201,488	37,882
<b>Hotel Buildings</b>		
Land in the PRC under:		
Medium-term lease	2,413,190	1,919,630

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 37.

## 16. Investment Properties

	RMB'000
<b>FAIR VALUE</b>	
At 1 January 2011	1,725,000
Increase in fair value recognised in profit or loss	5,000
At 31 December 2011	1,730,000
Increase in fair value recognised in profit or loss	600
<b>At 31 December 2012</b>	<b>1,730,600</b>

The fair value of the Group's investment property at 31 December 2012 and 2011 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 related to the Group. 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.

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

The investment property shown above is located on:

	2012 RMB'000	2011 RMB'000
Land in the PRC under: Medium-term lease	<b>1,730,600</b>	1,730,000

## 17. Interests in Associates

	2012 RMB'000	2011 RMB'000
Cost of unlisted investments in associates	<b>6,051,578</b>	4,887,483
Share of post-acquisition profits, net of dividends received	<b>521,688</b>	978,909
	<b>6,573,266</b>	5,866,392

## 17. Interests in Associates (continued)

As at 31 December 2011 and 2012, the Group had interests in the following principal associates established and operating in the PRC:

Name of Associate	Registered Capital	Attributable Equity Interest		Principal Activities
		Held by the Group 2012	2011	
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. ("Hangzhou Yuhang Greentown")	RMB85,000,000	35%	35%	Real estate development
杭州翡翠城房地產開發有限公司 Hangzhou Hope Town Real Estate Development Co., Ltd. ("Hangzhou Hope Town")	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")	RMB1,389,140,188	50% (iii)	50% (iii)	Real estate development
浙江中青旅綠城投資置業有限公司 Zhejiang Zhongqinglv Greentown Real Estate Investment Co., Ltd. ("Zhejiang Zhongqinglv")	RMB200,000,000	49% (i)	49% (i)	Investment and consulting
紹興金綠泉置業有限公司 Shaoxing Jinlvquan Real Estate Co., Ltd. ("Shaoxing Jinlvquan")	RMB580,000,000	35%	35%	Real estate development
濟南海爾綠城置業有限公司 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")	RMB174,807,000	43% (ii, xi)	85% (ii)	Real estate development

17. Interests in Associates (continued)

Name of Associate	Registered Capital	Attributable Equity Interest		Principal Activities
		Held by the Group 2012	2011	
慈溪綠城投資置業有限公司 Cixi Greentown Real Estate Investment Co., Ltd. ("Cixi Greentown")	RMB98,000,000	<b>49%</b> <b>(i)</b>	49% (i)	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	<b>49%</b>	49%	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	<b>49%</b>	49%	Real estate development
台州浙信綠城房地產開發有限公司 Taizhou Zhexin Greentown Real Estate Development Co., Ltd. ("Taizhou Zhexin")	RMB20,000,000	<b>40%</b>	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	– <b>(iv)</b>	45%	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	– <b>(iv)</b>	49%	Real estate development
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	<b>38%</b>	38%	Real estate development
杭州百大置業有限公司 Hangzhou Baida Real Estate Co., Ltd. ("Hangzhou Baida")	RMB530,000,000	<b>30%</b>	30%	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	<b>42%</b>	42%	Real estate development

## 17. Interests in Associates (continued)

Name of Associate	Registered Capital	Attributable Equity Interest		Principal Activities
		Held by the Group 2012	2011	
杭州賽麗綠城申花置業有限公司 Hangzhou Saili Greentown Shenhua Real Estate Co., Ltd. ("Saili Greentown")	RMB100,000,000	25%	25%	Real estate development
寧波都市房產開發有限公司 Ningbo Dushi Real Estate Development Co., Ltd. ("Ningbo Dushi")	USD200,000,000	45%	45%	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")	RMB100,000,000	33%	33%	Real estate development
北京東部綠城置業有限公司 Beijing Eastern Greentown Real Estate Co., Ltd. ("Beijing Eastern Greentown")	RMB50,000,000	49%	49%	Real estate development
杭州海航綠城置業有限公司 Hangzhou Haihang Greentown Real Estate Co., Ltd. ("Haihang Greentown")	RMB1,860,180,000	40%	40%	Real estate development
杭州綠城錦玉置業有限公司 Hangzhou Greentown Jinyu Real Estate Co., Ltd. ("Greentown Jinyu")	RMB250,000,000	35%	35%	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%	40%	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%	40%	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%	20%	Real estate development

17. Interests in Associates (continued)

Name of Associate	Registered Capital	Attributable Equity Interest		Principal Activities
		Held by the Group 2012	2011	
溫州綠城發展房地產開發有限公司 Wenzhou Greentown Development Real Estate Development Co., Ltd. ("Wenzhou Greentown")	RMB200,000,000	40%	25%	Real estate development
大冶有色綠城房地產開發有限公司 Daye Youse Greentown Real Estate Development Co., Ltd. ("Daye Youse Greentown")	RMB160,000,000	30%	30%	Real estate development
中投發展有限責任公司 China Investment Development Co., Ltd. ("China Investment Development")	RMB2,000,000,000	24%	24%	Infrastructure construction and investment holding
台州綠城泰業房地產開發有限公司 Taizhou Greentown Taiye Real Estate Development Co., Ltd. ("Taizhou Taiye")	RMB130,000,000	– (vi)	41%	Real estate development
慈溪綠城房地產發展有限公司 Cixi Greentown Property Development Co., Ltd. ("Cixi Greentown Property")	RMB98,000,000	30%	30%	Real estate development
上海浙鐵綠城房地產開發有限公司 Shanghai Zhetie Greentown Real Estate Development Co., Ltd. ("Zhetie Greentown")	RMB50,000,000	32%	32%	Real estate development
山東高速綠城萊蕪雪野湖開發有限公司 Shandong Gaosu Greentown Laiwu Xueyehu Development Co., Ltd. ("Greentown Gaosu Xueyehu")	RMB50,000,000	49%	49%	Real estate development
山東財富縱橫置業有限公司 Shandong Caifu Zongheng Real Estate Co., Ltd. ("Shandong Caifu Zongheng")	RMB50,000,000	39%	39%	Real estate development
盛聯管理有限公司 Poly Link Management Limited ("Poly Link Management")	USD50,000	25% (vii)	25% (vii)	Investment holding

## 17. Interests in Associates (continued)

Name of Associate	Registered Capital	Attributable Equity Interest		Principal Activities
		Held by the Group 2012	2011	
信陽市萬恒置業有限公司 Xinyang Wanheng Real Estate Co., Ltd. ("Xinyang Wanheng")	RMB50,000,000	20%	20%	Real estate development
杭州遠洋天祺置業有限公司 Hangzhou Sino-Ocean Tian Qi Properties Limited ("Sino-Ocean Tian Qi")	USD147,760,000	25% (vii)	25% (vii)	Real estate development
杭州遠洋運河商務區開發有限公司 Hangzhou Sino-Ocean Canal Business District Development Co., Ltd. ("Sino- Ocean Canal Business District")	USD143,210,000	25% (vii)	25% (vii)	Real estate development
杭州遠洋新河酒店置業有限公司 Hangzhou Sino-Ocean New River Hotel Properties Limited ("Sino-Ocean New River Hotel")	USD83,620,000	25% (vii)	25% (vii)	Real estate development
德發國際有限公司 Moral Wealth International Limited ("Moral Wealth")	HKD10,000	25% (vii)	25% (vii)	Investment holding
天澤發展有限公司 Sky Charter Development Limited ("Sky Charter")	HKD1,000,000	25% (vii)	25% (vii)	Investment holding
穎澤投資有限公司 Green Magic Investments Limited ("Green Magic")	HKD10,000	40% (xiii)	–	Investment holding
上海融創綠城房地產開發有限公司 Shanghai Sunac Greentown Real Estate Development Co., Ltd. ("Sunac Greentown")	RMB2,000,000,000	50% (ix)	–	Investment holding
無錫融創綠城湖濱置業有限公司 Wuxi Sunac Greentown Hubin Real Estate Co., Ltd. ("Sunac Greentown Hubin")	RMB100,000,000	49% (viii)	–	Real estate development



## 17. Interests in Associates (continued)

Name of Associate	Registered Capital	Attributable Equity Interest		Principal Activities
		Held by the Group 2012	2011	
浙江報業綠城投資有限公司 Zhejiang Newspapering Greentown Investment Co., Ltd. ("Zhejiang Newspapering Greentown")	RMB80,000,000	<b>49%</b> <b>(x)</b>	–	Investment holding
上海華浙外灘置業有限公司 Shanghai Huazhe Bund Real Estate Co., Ltd. ("Huazhe Bund")	RMB50,000,000	<b>26%</b> <b>(xi)</b>	–	Real estate development
上海綠順房地產開發有限公司 Shanghai Lvshun Real Estate Development Co., Ltd. ("Lvshun Real Estate")	RMB1,000,000,000	<b>50%</b> <b>(xi)</b>	–	Real estate development
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. ("Suzhou Greentown Rose Garden")	RMB360,000,000	<b>33%</b> <b>(xi)</b>	–	Real estate development
蘇州綠城御園房地產開發有限公司 Suzhou Greentown Yuyuan Real Estate Development Co., Ltd. ("Suzhou Greentown Yuyuan")	RMB250,000,000	<b>50%</b> <b>(xi)</b>	–	Real estate development
天津逸駿投資有限公司 Tianjin Yijun Investment Co., Ltd. ("Tianjin Yijun")	RMB10,000,000	<b>40%</b> <b>(xi)</b>	–	Real estate development
青島綠城華景置業有限公司 Qingdao Greentown Huajing Real Estate Co., Ltd. ("Qingdao Greentown Huajing")	RMB380,000,000	<b>40%</b> <b>(xii)</b>	–	Real estate development
唐山綠城房地產開發有限公司 Tangshan Greentown Real Estate Development Co., Ltd. ("Tangshan Greentown")	RMB50,000,000	<b>40%</b> <b>(v)</b>	–	Real estate development

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

## 17. Interests in Associates (continued)

### Notes:

- (i) Cixi Greentown is a subsidiary of Zhejiang Zhongqinglv.
- (ii) Wuxi Greentown became an associate of the Group in 2009 as the Group lost control over Wuxi Greentown pursuant to the trust arrangements set out in Note 27(I)(C) while retaining in substance a present ownership interest of 85% in Wuxi Greentown. In January 2012, Wuxi Greentown became a subsidiary of the Company as the Group regained control over Wuxi Greentown upon the maturity of the Zhonghai Trust. In July 2012, the 85% equity interest in Wuxi Greentown was disposed of to Sunac Greentown, an associate of the Company. Please refer to note (xi) below and Note 33 for details.
- (iii) 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 control or jointly control the financial and operational policies of Hangzhou Binlv. Therefore, Hangzhou Binlv is accounted for as an associate of the Group.
- (iv) In 2012, the Group disposed of its 35% equity interest in Taizhou Greentown and its 39% equity interest in Taizhou Greentown Nengyuan to independent third parties.
- (v) Tangshan Greentown became an associate of the Group in 2012 as the Group disposed of its 60% equity interest in it. Please refer to Note 33 for details.
- (vi) Taizhou Taiye became a subsidiary of the Company in 2012 after the Group had acquired additional 10% equity interest in it. Please refer to Note 32 for details.
- (vii) Sino-Ocean Tian Qi, Sino-Ocean Canal Business District, Sino-Ocean New River Hotel, Moral Wealth and Sky Charter are subsidiaries of Poly Link Management.
- (viii) Sunac Greentown Hubin became an associate of the Group in 2012 as the Group disposed of its 51% equity interest in Sunac Greentown Hubin. Please refer to Note 33 for details.
- (ix) Sunac Greentown was newly established in 2012. Only two out of five directors of Sunac Greentown are appointed by the Group, while a valid board resolution requires half of the total votes. The Group does not have the power to control or jointly control the financial and operational policies of Sunac Greentown. Therefore, Sunac Greentown is accounted for as an associate of the Group.
- (x) Zhejiang Newspapering Greentown was previously a jointly controlled entity of the Group. The Group disposed of 1% equity interest in Zhejiang Newspapering Greentown to an independent third party in 2012.
- (xi) On 22 June 2012, Greentown Real Estate Group Co., Ltd. ("Greentown Real Estate"), a wholly-owned subsidiary of the Company, entered into a cooperative framework agreement with Tianjin Sunac Zhidi Co., Ltd. ("Sunac Zhidi"), a wholly-owned subsidiary of Sunac China Holdings Limited ("Sunac"), a company listed on the Stock Exchange and an independent third party, pursuant to which Sunac Zhidi acquired Greentown Real Estate's equity interests in (i) seven subsidiaries, namely Huazhe Bund, Lvshun Real Estate, Suzhou Greentown Yuyuan and Suzhou Greentown Rose Garden, Wuxi Greentown, Changzhou Greentown Real Estate Co., Ltd. and Tianjin Yijun (please refer to Note 33 for details); (ii) one associate, namely Wuxi Taihu Greentown Real Estate Co., Ltd., by way of (a) the establishment of Sunac Greentown that is owned as to 50% by Greentown Real Estate and 50% by Sunac Zhidi; and (b) the acquisition of the equity interests in the seven subsidiaries and one associate by Sunac Greentown. Sunac Zhidi also directly acquired 50% equity interest in Shanghai Greentown Woods Golf Villas Development Co., Ltd. ("Greentown Woods"), a wholly owned subsidiary of the Company, as part of the cooperative framework agreement. Greentown Woods remains a subsidiary of the Company by virtue of its control over the board of directors of Greentown Woods. The aggregate consideration paid by Sunac Zhidi to Greentown Real Estate for the transfer of equity interests and shareholder's loans in the seven subsidiaries and one associate to Sunac Greentown and the transfer of 50% equity interest and shareholder's loan in Greentown Woods to Sunac Zhidi was approximately RMB3,357,936,000. The transactions was completed on 1 July 2012.
- (xii) Qingdao Greentown Huajing became an associate of the Group in 2012 as the Group disposed of its 60% equity interest in it. Please refer to Note 33 for details.
- (xiii) The Company subscribed for 400 new shares at HKD1.00 each in Green Magic in 2012. Please refer to Note 40(iii)(c) for details.

## 17. Interests in Associates (continued)

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

	2012 RMB'000	2011 RMB'000
Total assets	131,687,887	81,374,228
Total liabilities	(112,353,134)	(64,391,603)
Net assets	19,334,753	16,982,625
Group's share of net assets of associates	6,573,266	5,866,392
Total revenue	7,202,157	9,535,330
Total profit for the year	400,107	1,645,639
Group's share of results of associates for the year	209,356	777,498

## 18. Interests in Jointly Controlled Entities

	2012 RMB'000	2011 RMB'000
Cost of unlisted investments in jointly controlled entities	829,559	917,589
Share of post-acquisition profits, net of dividends received	174,186	143,444
	1,003,745	1,061,033

As at 31 December 2011 and 2012, the Group had interests in the following principal jointly controlled entities established and operating in the PRC:

Name of Jointly Controlled Entity	Registered Capital	Attributable Equity Interest		Principal Activities
		Held by the Group 2012	2011	
浙江報業綠城投資有限公司 Zhejiang Newspapering Greentown Investment Co., Ltd. ("Zhejiang Newspapering Greentown")	RMB80,000,000	– (v)	50%	Investment holding
海寧綠城新湖房地產開發有限公司 Haining Greentown Sinhoo Real Estate Development Co., Ltd. ("Haining Greentown")	RMB20,000,000	50%	50%	Real estate development
浙江綠西房地產集團有限公司 Zhejiang Lvxi Real Estate Group Co., Ltd. ("Zhejiang Lvxi Group")	RMB100,000,000	50% (i)	50% (i)	Investment holding, real estate development and business consulting

## 18. Interests in Jointly Controlled Entities (continued)

Name of Jointly Controlled Entity	Registered Capital	Attributable Equity Interest Held by the Group		Principal Activities
		2012	2011	
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% (i)	50% (i)	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% (i)	50% (i)	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% (i)	50% (i)	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% (i)	35% (i)	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% (ii)	51% (ii)	Real estate development
杭州凱喜雅房地產開發有限公司 Hangzhou Kaixiya Real Estate Development Co., Ltd. ("Hangzhou Kaixiya")	RMB100,000,000	50% (i)	50% (i)	Real estate development
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% (iii)	50% (iii)	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% (iii)	50% (iii)	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% (iv)	49% (iv)	Real estate development

## 18. Interests in Jointly Controlled Entities (continued)

Name of Jointly Controlled Entity	Registered Capital	Attributable Equity Interest		Principal Activities
		Held by the Group 2012	2011	
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%	50%	Real estate development
杭州臨宜房地產開發有限公司 Hangzhou Linyi Real Estate Development Co., Ltd. ("Hangzhou Linyi")	USD50,000,000	50%	50%	Real estate development
杭州綠城中勝置業有限公司 Hangzhou Greentown Zhongsheng Real Estate Co., Ltd. ("Greentown Zhongsheng")	RMB100,000,000	55% (vi)	55% (vi)	Real estate development
瀋陽全運村建設發展有限公司 Shenyang National Games Real Estate Co., Ltd. ("Shenyang National Games")	RMB300,000,000	50%	50%	Real estate development

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

Notes:

- (i) Lin'an Xizi, Nantong Jiahui, Zhejiang Xizi, Greentown Xinxing and Hangzhou Kaixiya are subsidiaries of Zhejiang Lvxi Group.
- (ii) 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 control the financial and operational policies of Shaoxing Greentown Baoye. Therefore, Shaoxing Greentown Baoye is accounted for as a jointly controlled entity of the Group.
- (iii) Zhejiang Tietou Greentown Investment holds 100% equity interest in Zhejiang Tietou Greentown Real Estate.
- (iv) Two out of five directors of Shandong Dongcheng are appointed by the Group and the remaining three directors by the other equity holder, while a valid board resolution requires four-fifths of the total votes. Therefore, Shandong Dongcheng is accounted for as a jointly controlled entity of the Group.
- (v) Zhejiang Newspapering Greentown became an associate of the Group in 2012 as the Group disposed of 1% equity interest in it to an independent third party.
- (vi) Three out of five directors of Greentown Zhongsheng are appointed by the Group and the remaining two directors by the other equity holder, while a valid board resolution requires four-fifths approval from the directors. The Group does not have the power to control the financial and operational policies of Greentown Zhongsheng. Therefore, Greentown Zhongsheng is accounted for as a jointly controlled entity of the Group.

## 18. Interests in Jointly Controlled Entities (continued)

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:

	<b>2012</b>	2011
	<b>RMB'000</b>	RMB'000
Current assets	<b>11,297,308</b>	9,924,116
Non-current assets	<b>361,274</b>	47,039
Current liabilities	<b>(8,560,331)</b>	(6,367,105)
Non-current liabilities	<b>(2,173,423)</b>	(2,529,087)
Income	<b>1,561,408</b>	1,048,723
Expenses	<b>(1,275,135)</b>	(987,625)

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:

	<b>2012</b>	2011
	<b>RMB'000</b>	RMB'000
Unrecognised share of losses of jointly controlled entities for the year	<b>17,846</b>	44,279
Accumulated unrecognised share of losses of jointly controlled entities	<b>78,917</b>	61,071

## 19. Available-for-Sale Investments

Available-for-sale investments comprise:

	2012 RMB'000	2011 RMB'000
Non-current portion:		
Unlisted equity securities	346,545	303,300
Current portion:		
Unlisted junior units in Zhonghai Trust (Note 27)	–	110,970
Unlisted junior unites in Hwabao Trust (Note 27)	–	23,750
Unlisted equity securities	–	100,000
	–	234,720
	<b>346,545</b>	<b>538,020</b>

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. Included in the current portion of unlisted equity securities in 2011 was the Group's holding of 10% equity interest in Shanghai Haizhimen Property Management Co., Ltd. ("Shanghai Haizhimen"). On 29 December 2011, the Group had conditionally agreed to dispose of its 100% equity interest in Hangzhou Greentown Hesheng Investment Company ("Greentown Hesheng") which holds the 10% equity interest in Shanghai Haizhimen to Shanghai Chang Ye Investment Management Consulting Co., Ltd. ("Shanghai Chang Ye"), an independent third party and a wholly-owned subsidiary of SOHO China Limited, a company listed on the Stock Exchange. The disposal was completed in 2012.

## 20. Prepaid Lease Payment

	2012 RMB'000	2011 RMB'000
The Group's prepaid lease payment comprises:		
Leasehold land in the PRC:		
Medium-term lease	264,525	201,377
Analysed for reporting purposes as:		
Current asset (included in trade and other receivables)	9,557	4,651
Non-current asset	254,968	196,726
	<b>264,525</b>	<b>201,377</b>

## 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 2011	12,862	8,912	339,395	(201,712)	203,144	(127,184)	(25,385)	210,032
(Charge) credit to profit or loss	(2,720)	43,978	64,736	(38,516)	95,141	(80,000)	5,528	88,147
De-consolidation of a subsidiary	-	-	(4,551)	-	-	-	-	(4,551)
At 31 December 2011	10,142	52,890	399,580	(240,228)	298,285	(207,184)	(19,857)	293,628
(Charge) credit to profit or loss	12,471	19,719	(223,475)	46,068	273,367	(130,000)	2,919	1,069
Disposal of subsidiaries (Note 33)	6,509	(15,546)	(42,334)	-	-	-	-	(51,371)
<b>At 31 December 2012</b>	<b>29,122</b>	<b>57,063</b>	<b>133,771</b>	<b>(194,160)</b>	<b>571,652</b>	<b>(337,184)</b>	<b>(16,938)</b>	<b>243,326</b>

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:

	2012 RMB'000	2011 RMB'000
Deferred tax assets	782,241	728,165
Deferred tax liabilities	(538,915)	(434,537)
	<b>243,326</b>	293,628

At the end of the reporting period, the Group had unutilised tax losses of RMB1,637,272,000 (2011: RMB2,471,047,000) available for offset against future profits. A deferred tax asset has been recognised in respect of RMB535,086,000 (2011: RMB1,602,020,000) of such losses. No deferred tax asset has been recognised in respect of the remaining RMB1,102,186,000 (2011: RMB869,027,000) 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:



## 21. Deferred Taxation (continued)

	2012 RMB'000	2011 RMB'000
2012	–	84,874
2013	157,850	199,683
2014	149,582	168,472
2015	123,751	150,804
2016	232,334	265,194
2017	438,669	–
	<b>1,102,186</b>	<b>869,027</b>

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 these tax losses.

At the end of the reporting period, the Group has deductible temporary differences of RMB192,792,000 (2011: RMB192,792,000) 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 certain temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to RMB7,600,973,000 (31 December 2011: RMB4,567,640,000) 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 2012 is an amount of RMB1,857,329,000 (2011: RMB10,271,888,000) in respect of long-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

	2012 RMB'000	2011 RMB'000
Long-term leasehold land – at cost	22,615,786	40,728,038
Development costs	16,776,048	21,945,782
Finance costs capitalised	3,744,320	4,924,167
	<b>43,136,154</b>	<b>67,597,987</b>

Properties under development for sale amounting to RMB26,233,022,000 (2011: RMB43,290,608,000) are expected to be recovered after more than 12 months from the end of the reporting period.

## 24. Other Current Assets

### Trade and Other Receivables, Deposits and Prepayments

	2012 RMB'000	2011 RMB'000
Trade receivables	459,907	402,958
Other receivables	2,828,812	2,858,368
Prepayments and deposits	1,100,461	1,142,132
Consideration receivable from disposal of a subsidiary and disposal/partial disposal of associates	323,606	777,015
	<b>4,712,786</b>	<b>5,180,473</b>

The Group allows an average credit period of 90 days to certain trade customers with good credit standing. 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.

	2012 RMB'000	2011 RMB'000
0–30 days	80,382	117,337
31–90 days	26,816	87,885
91–180 days	130,170	49,955
181–365 days	67,118	45,672
Over 365 days	155,421	102,109
Trade receivables	<b>459,907</b>	<b>402,958</b>

Most of the Group's customers take out mortgages from banks to buy their properties. Should a customer fail to obtain a mortgage and honour the property sale and purchase agreement between himself and the Group, the Group has the right to revoke the agreement, reclaim the property and re-sell it in the market. The Group does not notice any significant changes in the credit quality of its trade receivables and the amounts are considered to be recoverable.

Included in other receivables were advances to third parties of RMB1,749,824,000 (2011: RMB2,036,094,000) as at 31 December 2012. The advances are interest free, unsecured and expected to be recovered within one year except for RMB643,649,000 (2011: RMB1,467,158,000) which carries interest at 7% to 15% (2011: 8% to 12%) per annum, 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 50% (2011: 82%) 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.

## 24. Other Current Assets (continued)

### Trade and Other Receivables, Deposits and Prepayments (continued)

The consideration receivable from disposal of a subsidiary and disposal/partial disposal of associates as at 31 December 2012 is unsecured, non-interest bearing and expected to be settled in 2013.

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 2.9% (2011: 0.5% to 3.1%) per annum.

Pledged bank deposits represent deposits pledged to banks to secure short-term banking facilities granted to the Group. The pledged bank deposits carry interest at fixed rates which range from 0.4% to 4.7% (2011: 0.5% to 4.5%) per annum.

As at 31 December 2012, the Group had bank balances and cash (including pledged bank deposits) denominated in Renminbi amounting to RMB7,748,349,000 (2011: RMB5,853,788,000). 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:

	<b>HKD</b> RMB'000	<b>USD</b> RMB'000
<b>As at 31 December 2012</b>	<b>97,370</b>	<b>52,250</b>
As at 31 December 2011	13,328	16,675

## 25. Trade and Other Payables

The aged analysis of trade payables is stated as follows:

	<b>2012</b> RMB'000	2011 RMB'000
0-30 days	<b>6,107,937</b>	5,606,464
31-90 days	<b>1,933,377</b>	378,790
91-180 days	<b>1,304,746</b>	727,779
181-365 days	<b>870,156</b>	611,788
Over 365 days	<b>598,458</b>	586,084
Trade payables	<b>10,814,674</b>	7,910,905
Other payables and accrued expenses	<b>5,143,961</b>	4,427,201
Deposit received on disposal of a subsidiary	-	900,000
	<b>15,958,635</b>	13,238,106

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

## 26. Bank and Other Borrowings

	2012 RMB'000	2011 RMB'000
Secured bank loans (Note 37)	14,725,150	22,871,749
Unsecured bank loans	1,311,938	4,354,311
	<b>16,037,088</b>	27,226,060
Secured other loans (Note 37)	3,990,915	3,523,543
Unsecured other loans	1,104,100	934,090
	<b>5,095,015</b>	4,457,633
	<b>21,132,103</b>	31,683,693
	2012 RMB'000	2011 RMB'000
Carrying amount repayable*:		
Within one year	14,944,997	15,796,880
More than one year, but not exceeding two years	3,274,835	13,310,259
More than two years, but not exceeding three years	1,043,516	956,151
More than three years, but not exceeding four years	589,840	314,214
More than four years, but not exceeding five years	363,890	315,964
More than five years	845,734	909,770
	<b>21,062,812</b>	31,603,238
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	12,766	11,164
More than two years, but not exceeding three years	13,300	12,766
More than three years, but not exceeding four years	13,300	13,300
More than four years, but not exceeding five years	13,300	13,300
More than five years	16,625	29,925
	<b>69,291</b>	80,455
	<b>21,132,103</b>	31,683,693
Less: Amounts due within one year shown under current liabilities	<b>(15,014,288)</b>	(15,877,335)
Amounts shown under non-current liabilities	<b>6,117,815</b>	15,806,358

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

## 26. Bank and Other Borrowings (continued)

Bank and other borrowings can be further analysed as follows:

	2012 RMB'000	2011 RMB'000
Fixed-rate	5,719,056	4,551,565
Variable-rate	15,413,047	27,132,128
	<b>21,132,103</b>	31,683,693

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

	2012 RMB'000	2011 RMB'000
The People's Bank of China benchmark rate	13,124,539	22,767,762
London Interbank Offered Rate	1,469,549	2,311,674
Hong Kong Interbank Offered Rate	818,959	2,052,692
	<b>15,413,047</b>	27,132,128

The average interest rates were as follows:

	2012	2011
Bank loans	7.19%	6.67%
Other loans	12.39%	11.62%

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
<b>As at 31 December 2012</b>	<b>818,959</b>	<b>1,469,550</b>
As at 31 December 2011	2,052,692	2,311,674

At the end of the reporting period, certain bank loans are guaranteed by the following companies:

	2012 RMB'000	2011 RMB'000
Secured bank loans:		
Non-controlling shareholders of subsidiaries	446,800	432,000
Independent third parties	643,964	243,837
Unsecured bank loans:		
Non-controlling shareholders of subsidiaries	142,000	100,000
Independent third parties	1,000,000	-

## 27. Trust

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

On 14 April 2009, a trust agreement was entered into between 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.

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 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% per annum, and are repayable in full in 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;

## 27. Trust (continued)

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

- (b) (continued)
- (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).
- (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 "Trust 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 an 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 lost control over Wuxi Greentown, 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.



## 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 for a term of 33 months 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 an 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 Trust Guarantee and the RMB1 Options (together, the "trust-related financial derivatives") are accounted for as separate derivatives at fair value.

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	31 December 2011
Risk-free rate of interest	1.582%	1.908%	2.962%	2.877%
Dividend yield	–	–	–	–
Time to expiration	2.75 years	2.05 years	1.05 years	0.05 year
Volatility	35% – 48%	37% – 48%	26% – 58%	19% – 46%

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.

## 27. Trust (continued)

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

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

	<b>Liability Component</b>	<b>Trust Put</b>	<b>Guarantee*</b>	<b>RMB1 Options</b>	<b>Total</b>
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2011	781,338	239,620	8,180	3,680	1,032,818
Interest charged during the year	255,097	–	–	–	255,097
Interest paid during the year	(88,715)	–	–	–	(88,715)
Changes in fair value	–	(157,800)	(8,180)	(2,980)	(168,960)
At 31 December 2011	947,720	81,820	–	700	1,030,240
Interest charged during the year	31,141	–	–	–	31,141
Principal repaid during the year	(795,900)	–	–	–	(795,900)
Interest paid during the year	(182,961)	–	–	–	(182,961)
Changes in fair value	–	(81,820)	–	(700)	(82,520)
<b>At 31 December 2012</b>	–	–	–	–	–

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

In August 2010, 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. 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.

There was no repayment of principal in 2011.

Upon the maturity of the Zhonghai Trust in January 2012, Hangzhou Greentown Haiqi repaid the remaining half of the principal sum of its Trust Loan and Hangzhou Kangju repurchased the remaining 12.5% equity interest in Hangzhou Greentown Haiqi at the Equity Put Price; Greentown Real Estate repurchased the 45% equity interest in Wuxi Greentown at the Equity Put Price. Wuxi Greentown became a subsidiary of the Company as the Group has regained control over Wuxi Greentown. The assets and liabilities of Wuxi Greentown were re-consolidated accordingly. Please refer to Note 32 for details.

## 27. Trust (continued)

### (II) Cooperation with Hwabao Trust Co., Ltd.

On 25 March 2011, Greentown Real Estate, Suzhou Greentown Yuyuan, a wholly-owned subsidiary of Greentown Real Estate, and Hwabao Trust Co., Ltd., as trustee, entered into an investment agreement. Pursuant to the investment agreement, (i) the trustee shall establish a trust with a capital of not less than RMB723,750,000 and not more than RMB823,750,000 for the purposes of the acquisition of 9.5% equity interest in Suzhou Greentown Yuyuan and the provision of the remaining trust capital to Suzhou Greentown Yuyuan as a trust loan; (ii) the trustee shall acquire from Greentown Real Estate 9.5% equity interest in Suzhou Greentown Yuyuan for a consideration of RMB23,750,000 and Greentown Real Estate shall be entitled to any distributions paid on such 9.5% equity interest in Suzhou Greentown Yuyuan during the term of the trust; (iii) Greentown Real Estate shall subscribe for the junior units of the trust; (iv) the trustee shall provide the remaining trust capital to Suzhou Greentown Yuyuan as a trust loan; (v) Greentown Real Estate shall pledge its 90.5% equity interest in Suzhou Greentown Yuyuan to the trustee as security and provide a guarantee to the Trustee for the obligations of Suzhou Greentown Yuyuan; and (vi) Suzhou Greentown Yuyuan shall pledge its project land use rights to the trustee as security.

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

The trust (the "Hwabao Trust") was established on 15 April 2011 and the aforementioned transactions were completed on 15 April 2011. The unit price for each trust unit is RMB1.00. The duration of the Hwabao Trust shall be 18 months from the trust establishment date.

The 23,750,000 junior units of the Hwabao Trust subscribed for by the Group at a consideration of RMB23,750,000 are accounted for as an available-for-sale investment. The Group as beneficiary of junior units is subordinate to those of senior units in receiving trust income. The trust income shall be paid (a) in cash on the senior units and (b) in cash, in equity or in other kind on the junior 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 Suzhou Greentown Yuyuan.

The net proceeds received from the equity sale and trust loan are considered to be a liability and classified as a current amount due to non-controlling shareholder by virtue of the Hwabao Trust's representation on the board of directors of Suzhou Greentown Yuyuan. The contractual interest rate on the trust loan of RMB800 million is 9.8% per annum. The interest charged for the period is calculated by applying an effective interest rate of approximately 9.8% per annum to the liability since the trust establishment date.

On 1 July 2012, after having obtained consent from Hwabao Trust Co., Ltd., the Group disposed of the entire equity interest in Suzhou Greentown Yuyuan to an associate. Please refer to Note 33 for details.

Hwabao Trust was liquidated upon its maturity in October 2012.

## 27. Trust (continued)

### (II) Cooperation with Hwabao Trust Co., Ltd. (continued)

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

	RMB'000
At 15 April 2011	823,750
Interest charged during the year	55,533
At 31 December 2011	879,283
Interest charged during the year	41,026
Interest paid during the year	(81,532)
Principal repaid during the year	(23,750)
Disposal of a subsidiary	(815,027)
<b>At 31 December 2012</b>	<b>–</b>

### (III) Cooperation with Beijing International Trust Co., Ltd.

Pursuant to a cooperation agreement dated 25 March 2011, supplementary agreements dated 25 March 2011 and 26 April 2011 and a memorandum of understanding entered into between Greentown Real Estate and Beijing International Trust Co., Ltd., as trustee, (i) Greentown Real Estate shall establish a wholly-owned subsidiary called Hangzhou Lvhua Investment Management Co., Ltd. ("Hangzhou Lvhua") and transferred its 90% equity interest in Qingdao Greentown Huajing to Hangzhou Lvhua; (ii) the trustee shall establish a trust with a capital of approximately RMB4 billion for the purposes of (a) the acquisition of 100% equity interest in Hangzhou Lvhua and 10% equity interest in Qingdao Greentown Huajing from Greentown Real Estate for consideration of RMB342,000,000 and RMB38,000,000 respectively; and (b) the advance of approximately RMB3,620 million to Qingdao Greentown Huajing; (iii) Greentown Real Estate shall have the right to acquire all of the 100% equity interest in Hangzhou Lvhua and 10% equity interest in Qingdao Greentown Huajing from the trust and repay the advance to the trust during the period from 12 to 18 months after the trust establishment date for an aggregate consideration of RMB4 billion; (iv) the trust shall be entitled to dispose of any of its remaining equity interests in Hangzhou Lvhua and Qingdao Greentown Huajing to any parties at any price upon the expiry of 18 months from the trust establishment date; and (v) Greentown Real Estate shall have the obligation to fund the trust's cash shortfalls at specific points during the life of the trust when the trust's cash assets are less than that as stipulated in the agreements so as to allow the trust to pay the trust expenses and trust return.

Pursuant to a project management agreement dated 25 March 2011 entered into between Beijing International Trust Co., Ltd., Greentown Real Estate, Qingdao Greentown Huajing and Hangzhou Lvhua, Qingdao Greentown Huajing and Hangzhou Lvhua shall be managed by the directors, supervisors and senior management personnel assigned by Greentown Real Estate under the supervision of the trustee.

The trust (the "Beijing Trust") was established on 31 March 2011. A total of 4,000 million trust units have been subscribed, comprising 2,500 million senior units subscribed by qualified investors and 1,500 million junior units subscribed by Greentown Real Estate. The unit price for each trust unit is RMB1.00. The duration of the Beijing Trust shall be 18 months from 31 March 2011.

Senior units carry an expected fixed trust income of 7% to 7.8% per annum. Junior units are not entitled to any fixed trust income and are subordinate to the senior units in receiving trust distributions.

## 27. Trust (continued)

### (III) Cooperation with Beijing International Trust Co., Ltd. (continued)

In the opinion of the directors, the Beijing Trust is in substance a special purpose entity controlled by the Group because (i) the Beijing Trust is created to provide a source of funding to the Group; and (ii) the Group has rights to obtain the majority benefits and remains exposed to risk in the Beijing Trust by virtue of its investment in the junior units. As a result, (i) the Beijing Trust has been consolidated into the Group; and (ii) no disposal of the equity interests in Qingdao Greentown Huajing and Hangzhou Lvhua has been recognized and both Qingdao Greentown Huajing and Hangzhou Lvhua continue to be accounted for as subsidiaries of the Company.

The Group's RMB1,500 million investment in the junior units has been offset against its subscription to junior units in the Beijing Trust. The remaining proceeds of RMB2,500 million received by the Beijing Trust from the senior unit holders are considered to be a liability and classified as a current amount due to non-controlling shareholder. The interest charged for the period is calculated by applying an effective interest rate of approximately 13.3% per annum to the liability since the trust establishment date.

On 12 September 2012, Hangzhou Lvhua acquired the 10% equity interest in Qingdao Greentown Huajing from the Beijing Trust for a consideration of RMB38,000,000. On 25 September 2012, after having obtained consent from Beijing International Trust Co., Ltd., Hangzhou Lvhua disposed of its 60% equity interest in Qingdao Greentown Huajing to an independent third party and retained the remaining 40% interest in Qingdao Greentown Huajing as an associate. Please refer to Note 33 for details. Subsequently the Beijing Trust was early terminated on 27 September 2012 upon repayment of the trust capital.

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

	RMB'000
At 31 March 2011	2,500,000
Interest charged during the year	224,669
Interest paid during the year	(140,008)
At 31 December 2011	2,584,661
Interest charged during the year	268,857
Interest paid during the year	(194,268)
Disposal of a subsidiary	(2,659,250)
<b>At 31 December 2012</b>	<b>–</b>

## 27. Trust (continued)

### (IV) Summary

The movements of the liability components and trust-related financial derivatives of the various trust financing arrangements for the year are set out below:

	<b>Liability Component</b>	<b>Trust-related Derivatives</b>	<b>Total</b>
	RMB'000	RMB'000	RMB'000
At 1 January 2011	4,088,127	251,480	4,339,607
Trust loans raised during the year	3,323,750	–	3,323,750
Interest charged during the year	630,801	–	630,801
Principal repaid during the year	(3,150,000)	–	(3,150,000)
Interest paid during the year	(481,014)	–	(481,014)
Changes in fair value	–	(168,960)	(168,960)
At 31 December 2011	4,411,664	82,520	4,494,184
Trust loans raised during the year	–	–	–
Interest charged during the year	341,024	–	341,024
Principal repaid during the year	(819,650)	–	(819,650)
Interest paid during the year	(458,761)	–	(458,761)
Disposal of subsidiaries	(3,474,277)	–	(3,474,277)
Changes in fair value	–	(82,520)	(82,520)
<b>At 31 December 2012</b>	<b>–</b>	<b>–</b>	<b>–</b>

## 28. Convertible Bonds

On 18 May 2007, the Company issued at par 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.

Please refer to the 2011 consolidated financial statements for the principal terms of the 2007 Convertible Bonds.

## 28. Convertible Bonds (continued)

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

- (a) 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.

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

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

	<b>Liability Component</b> RMB'000	<b>Equity Component</b> RMB'000	<b>Total</b> RMB'000
As at 1 January 2011	178,110	27,275	205,385
Interest charged during the year	8,356	–	8,356
As at 31 December 2011	186,466	27,275	213,741
Interest charged during the year	3,259	–	3,259
Redemption	(189,725)	(27,275)	(217,000)
<b>As at 31 December 2012</b>	<b>–</b>	<b>–</b>	<b>–</b>

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.

On 18 May 2012, the remaining 2007 Convertible Bonds with an aggregate principal amount of RMB179,600,000 were redeemed for a cash consideration of RMB189,725,000 upon maturity.

## 29. Senior Notes

On 10 November 2006, the Company issued at par 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 2011 and 2012.

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”).

## 29. Senior Notes (continued)

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, US\$38,666,000 of the principal amount of the Notes remains outstanding.

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 on 22 May 2009. 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.

## 29. Senior Notes (continued)

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

	RMB'000
At 1 January 2011	253,854
Exchange realignment	(12,136)
Interest charged during the year	22,485
Interest paid/payable during the year	(22,485)
At 31 December 2011	241,718
Exchange realignment	(391)
Interest charged during the year	21,899
Interest paid/payable during the year	(21,899)
<b>At 31 December 2012</b>	<b>241,327</b>

As at 31 December 2012, the senior notes were classified as current liabilities as they will mature within one year.

## 30. Share Capital

	Number of Shares	Share Capital HKD'000
<i>Authorised</i>		
Ordinary shares of HKD0.10 each		
At 31 December 2011 and 2012	10,000,000,000	1,000,000
<i>Issued and fully paid</i>		
Ordinary shares of HKD0.10 each		
At 1 January 2011	1,637,653,647	163,765
Exercise of share options	2,369,250	237
At 31 December 2011	1,640,022,897	164,002
Exercise of share options	13,189,000	1,319
Issuance of new shares (Note a)	327,849,579	32,785
Issuance of new shares (Note b)	162,113,714	16,211
<b>At 31 December 2012</b>	<b>2,143,175,190</b>	<b>214,317</b>

### 30. Share Capital (continued)

	RMB'000
Shown on the consolidated statement of financial position	
<b>As at 31 December 2012</b>	<b>207,422</b>
As at 31 December 2011	166,441

Notes:

- (a) On 15 June 2012, the Company issued and allotted 327,849,579 shares of HKD0.10 each to Target Smart Investments Limited ("Target Smart"), a wholly-owned subsidiary of The Wharf (Holdings) Limited ("Wharf"), a company listed on the Stock Exchange, at HKD5.20 per share pursuant to a subscription agreement dated 8 June 2012. The total consideration received amounted to approximately HKD1,704,818,000 (equivalent to approximately RMB1,386,221,000).
- (b) On 2 August 2012, the Company further allotted and issued 162,113,714 shares of HKD0.10 each to Target Smart at HKD5.20 per share pursuant to an investment agreement dated 8 June 2012. The total consideration received amounted to approximately HKD842,991,000 (equivalent to approximately RMB689,095,000).

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

### 31. Convertible Securities

Active Way Development Limited (“Active Way”), a wholly-owned subsidiary of the Company, issued the Hong Kong dollar denominated perpetual subordinated convertible callable securities (“Convertible Securities”) with an aggregate principal amount of HKD2,550,000,000 on 2 August 2012 to Enzo Investments Limited, a wholly-owned subsidiary of Wharf, pursuant to an investment agreement dated 8 June 2012. The Company has agreed to guarantee on a subordinated basis the due payment of all sums expressed to be payable by Active Way under the Convertible Securities. The Convertible Securities are convertible into a maximum of 344,594,594 new shares of the Company at an initial conversion price of HK\$7.4 per share, subject to conversion price adjustments. The Convertible Securities are convertible at any time after the expiry of three years from the issue date, except if an offer is made to shareholders for all the outstanding shares of the Company or if a breach event occurs, in which case, the Convertible Securities may be converted at any time on or after the offer is formally announced in compliance with applicable rules and regulations or for so long as the breach event is continuing, as the case may be.

The Convertible Securities confer the holders a right to receive distribution at the applicable distribution rate from and including the issue date to but excluding and payable, on the first anniversary from the issue date, thereafter semi-annually in arrears. The distribution rate shall be (i) in respect of the period from, and including the issue date to, but excluding the 5th anniversary from the issue date, 9% per annum and (ii) in respect of the period from and including the 5th anniversary from the issue date to, but excluding the 10th anniversary from the issue date, 9% per annum plus 2% per annum and thereafter from, and including, each reset date falling after the 5th anniversary from the issue date to, but excluding, the immediately following reset date, the initial spread of 8.4% plus the applicable 5-year U.S. treasury rate plus 2% per annum. A reset date is defined as the fifth anniversary of the issue date and each day falling on the expiry of every five calendar years after the fifth anniversary of the issue date. The applicable 5-year U.S. treasury rate refers to the prevailing rate that represents the average for the week immediately prior to the date on which the reset is calculated as published by the Board of Governors of the U.S. Federal Reserve.

Active Way may at its sole discretion elect to defer any scheduled distribution to the next scheduled distribution payment date by giving prior written notice. Active Way may further defer any arrears of distribution following the foregoing notice requirement and is not subject to any limits as to the number of times distributions and arrears of distribution can be deferred. Any arrears of distribution and any additional distribution amount shall be extinguished upon any voluntary conversion by the holders of the Convertible Securities. Unless and until Active Way or the Company satisfies in full all outstanding arrears of distribution and any additional distribution amount, Active Way and the Company shall not declare or pay any dividends, distributions or make payment on, and will procure that no dividend or other payment is made on or redeem, reduce, cancel, buy-back or acquire for any consideration any share capital thereof (including preference shares) or parity securities.

As the Convertible Securities impose no contractual obligation on the Group to repay their principal or to pay any distributions, they do not meet the definition for classification as financial liabilities under IAS 32. As a result, the whole instrument is classified as equity, and distributions if and when declared are treated as equity dividends.

### 32. Acquisition of Subsidiaries

Particulars of the subsidiary acquired during 2011 were as follows:

Acquired Company	Principal Activity	Acquisition Date	Effective Equity Interest Acquired	Consideration RMB'000
綠城投資管理有限公司 Greentown Investment Management Co., Ltd. ("Greentown Investment") (Note (a))	Investment holding	4 January 2011	100%	20,000
				20,000

Notes:

- (a) Greentown Investment was acquired from a Shareholder's Company (as defined in Note 40).

Particulars of the subsidiary acquired during 2012 were as follows:

Acquired Company	Principal Activity	Acquisition Date	Effective Equity Interest Acquired	Consideration RMB'000
無錫綠城房地產開發有限公司 Wuxi Greentown (Note (i))	Real estate development	11 January 2012	85%	–
台州綠城泰業房地產開發有限公司 Taizhou Taiye (Note (ii))	Real estate development	27 September 2012	51%	13,000
杭州合仁裝飾有限公司 Hangzhou Heren Decoration Co., Ltd. ("Hangzhou Heren") (Note (iii))	Design and decoration	14 September 2012	32%	1,500
				14,500

Notes:

- (i) Wuxi Greentown was previously accounted for as an associate of the Group under the Zhonghai Trust arrangement. During the year, upon the maturity of the Zhonghai Trust, Wuxi Greentown became a subsidiary of the Company. Please refer to Note 27(i) for details. The entire equity interest in Wuxi Greentown was subsequently disposed of to an associate of the Group on 1 July 2012. Please refer to Note 33 for details.
- (ii) Taizhou Taiye was previously a 41%-owned associate of the Group. Taizhou Taiye is engaged in property development business. The Group acquired additional 10% equity interest so as to continue the expansion of the Group's property development operation.
- (iii) Hangzhou Heren was previously a 15%-owned available-for-sale investment of Greentown Construction Management Co., Ltd., ("Greentown Construction Management"), a 35%-owned subsidiary of the Group. Greentown Construction Management is a subsidiary of the Group because the Group has the right to appoint the majority of directors of Greentown Construction Management and hence the power to direct the financial and operational policies of Greentown Construction Management. Greentown Construction Management acquired additional 75% equity interest in Hangzhou Heren during the year. Therefore, Hangzhou Heren being a 90%-owned subsidiary of Greentown Property is also accounted for as a subsidiary of the Group. Hangzhou Heren is engaged in design and decoration business. It was acquired so as to provide design and decoration services to the Group's property development companies.

### 32. Acquisition of Subsidiaries (continued)

The acquisition of Wuxi Greentown, Taizhou Taiye and Hangzhou Heren were accounted for using the acquisition method.

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

	2012 RMB'000	2011 RMB'000
Net assets acquired:		
Property, plant and equipment	5,116	–
Properties under development	1,764,835	–
Completed properties for sale	270,678	–
Trade and other receivables, deposits and prepayments	56,538	20,027
Amounts due from related parties	282,399	–
Prepaid income tax	23,504	–
Prepaid other taxes	18,239	–
Bank balances and cash	74,811	2
Trade and other payables	(131,239)	(29)
Pre-sale deposits	(400,476)	–
Amounts due to related parties	(925,829)	–
Income taxes payable	(33,159)	–
Other taxes payable	(25)	–
Bank and other borrowings	(613,650)	–
	391,742	20,000
Non-controlling interests	(102,857)	–
	288,885	20,000
Less:		
Transferred from interests previously held and classified as associates/available-for-sale investments	(221,006)	–
Gain on re-measurement of an associate to acquisition date fair value in business combination achieved in stages (Note i)	(3,399)	–
Gain on re-measurement of an associate to acquisition date fair value upon re-consolidation of a subsidiary (Note ii)	(49,980)	–
	14,500	20,000
Total consideration, satisfied by:		
Cash	14,500	20,000
	14,500	20,000
Net cash flow arising on acquisition		
Cash paid	(14,500)	(20,000)
Bank balances and cash acquired	74,811	2
	60,311	(19,998)

Note:

- i. The Group's 41% equity interest in Taizhou Taiye, which was previously accounted for as an associate, was remeasured to its fair value upon acquisition, resulting in a gain of RMB3,399,000.
- ii. The Group's 85% equity interest in Wuxi Greentown, which was previously accounted for as an associate, was remeasured to its fair value upon the maturity of the Zhonghai Trust, resulting in a gain of RMB49,980,000.

### 32. Acquisition of Subsidiaries (continued)

The receivables acquired (which principally comprised amounts due from related parties) with a fair value of RMB338,937,000 at the date of acquisition had gross contractual amounts of RMB338,937,000, which were expected to be fully collected.

The non-controlling interest recognised at the acquisition date was measured by reference to the proportionate share of the recognised amounts of net assets of Wuxi Greentown, Taizhou Taiye and Hangzhou Heren and amounted to RMB102,857,000.

Revenue for the year includes RMB92,248,000 which is attributable to Wuxi Greentown between the date of acquisition and the end of the year. Taizhou Taiye and Hangzhou Heren did not contribute any revenue to the Group between the date of acquisition and the end of the year.

The profit attributable to Wuxi Greentown amounted to RMB16,858,000, which have been recognised in the Group's profit for the year between the date of acquisition and the end of the year. The loss attributable to Taizhou Taiye amounted to RMB5,354,000 and gain attributable to Hangzhou Heren amounted to RMB1,000 have been recognised in the Group's profit for the year between the date of acquisition and the end of the year.

Had the acquisition of Wuxi Greentown, Taizhou Taiye and Hangzhou Heren been effected at 1 January 2012, the effect on the Group's revenue and profit for the year ended 31 December 2012 would have been insignificant.

### 33. Disposal of Subsidiaries

On 29 August 2011, the Group disposed of its entire 57% equity interest in Xinjiang Sunshine Greentown Property Management Co., Ltd. to Greentown Property Management Service Group Co., Ltd, a Shareholders' Company, for nil consideration.

On 5 September 2011, the Group conditionally disposed of its entire 60% equity interest in Xinjiang Hongyuan Investment Co., Ltd. ("Xinjiang Hongyuan") to Shanghai Jiechen Investment Consulting Service Co., Ltd. ("Jiechen"), an independent third party, for a cash consideration of RMB25,500,000.

On 13 January 2012, the Group disposed of its 51% equity interest in Sunac Greentown Hubin, a wholly-owned subsidiary, to Sunac Zhidi, a wholly-owned subsidiary of Sunac, a company listed on the Stock Exchange and an independent third party, for a cash consideration of RMB51,000,000. The remaining 49% equity interest in Sunac Greentown Hubin is accounted for as an associate.

On 27 February 2012, the Group disposed of its 81% equity interest in Zhejiang Greentown Electronic Engineering Co., Ltd. ("Zhejiang Greentown Electronic Engineering") to an independent third party, for a cash consideration of approximately RMB7,096,000. The Group has retained the remaining 9% equity interest in Zhejiang Greentown Electronic Engineering and classified the retained investments as an available-for-sale investment measured at cost.

On 21 May 2012, the Group disposed of its 100% equity interest in Greentown Hesheng to Shanghai Chang Sheng for a cash consideration of RMB130,330,000.



### 33. Disposal of Subsidiaries (continued)

On 18 June 2012, the Group disposed of its entire 70% equity interest in Shanghai Greentown Plaza Development Co., Ltd. to SOHO (Shanghai) Investment Co., Ltd., a wholly-owned subsidiary of SOHO China Limited, for a cash consideration of approximately RMB1,289,736,000.

On 1 July 2012, Greentown Real Estate disposed of its equity interests in seven subsidiaries, namely Huazhe Bund, Lvshun Real Estate, Suzhou Greentown Yuyuan, Suzhou Greentown Rose Garden, Wuxi Greentown, Changzhou Greentown Real Estate Co., Ltd. and Tianjin Yijun, to Sunac Greentown. Please refer to Note 17 for details. The aggregate consideration for the disposal of the seven subsidiaries was RMB2,311,290,000.

On 27 August 2012, Greentown Construction Management disposed of its entire equity interest in Hangzhou Lvcheng Landscape Architectural Co., Ltd. to independent third parties, for a cash consideration of approximately RMB1,000,000.

On 15 September 2012, the Group disposed of its entire 60% equity interest in Qingdao Lvcheng Miaomu Co., Ltd. to independent third parties for a cash consideration of approximately RMB1,200,000.

On 25 September 2012, the Group disposed of its 60% equity interest in Qingdao Huajing to an independent third party, for a cash consideration of approximately RMB228,000,000. The remaining 40% equity interest in Qingdao Huajing is accounted for as an associate. Please refer to Note 27(III) for details.

On 10 October 2012, the Group disposed of its 60% equity interest in Tangshan Greentown Real Estate Development Co., Ltd. ("Tangshan Greentown") to a subsidiary of a 24%-owned associate of the Group, for a cash consideration of approximately RMB30,000,000. The Group has retained the remaining 40% equity interest in Tangshan Greentown and classified the retained investment as an associate.

On 13 November 2012, the Group disposed of its 60% equity interest in Zhejiang Greentown United Decoration Development Co., Ltd. ("Greentown United Decoration") to independent third parties for a cash consideration of approximately RMB12,000,000. The Group has retained the remaining 40% equity interest in Greentown United Decoration and classified the retained investment as an associate.

### 33. Disposal of Subsidiaries (continued)

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

	2012 RMB'000	2011 RMB'000
Net assets disposed of:		
Property, plant and equipment	20,111	7,402
Properties for development	9,984,796	–
Properties under development	17,493,065	555,306
Completed properties for sale	907,680	–
Inventories	16,154	–
Available-for-sale investments	100,000	–
Interests in jointly controlled entities	5,000	–
Rental paid in advance	1,927	–
Trade and other receivables, deposits and prepayments	1,186,899	126,706
Amounts due from related parties	691,845	–
Prepaid income taxes	80,268	116
Prepaid other taxes	107,377	–
Bank balances and cash	445,913	15,685
Deferred tax assets	94,705	–
Deferred tax liabilities	(43,334)	–
Trade and other payables	(2,490,403)	(33,130)
Pre-sale deposits	(3,162,907)	–
Amounts due to related parties	(15,294,162)	(415,242)
Income taxes payable	(298,489)	–
Other taxes payable	(3,806)	(5)
Bank borrowings	(4,671,980)	(200,000)
Non-controlling interests	(1,407,985)	(34,977)
	<b>3,762,674</b>	<b>21,861</b>
Net gain on disposal of subsidiaries	<b>549,697</b>	<b>3,639</b>
Total consideration	<b>4,312,371</b>	<b>25,500</b>
Satisfied by:		
Cash received, net (Note)	2,898,912	–
Cash receivable	7,123	25,500
Transfer to interest in associates	1,381,798	–
Transfer to available-for-sale investments	24,538	–
	<b>4,312,371</b>	<b>25,500</b>
Net cash inflow (outflow) arising on disposal		
Cash received	2,898,912	–
Bank balances and cash disposed of	(445,913)	(15,685)
	<b>2,452,999</b>	<b>(15,685)</b>

Note: The cash received on disposal of subsidiaries is presented net of the Group's fund injection into Sunac Greentown pursuant to the cooperative framework agreement dated 22 June 2012.

### 34. Operating Leases

#### The Group as Lessee

	2012 RMB'000	2011 RMB'000
Minimum lease payments made under operating leases in respect of buildings during the year	<b>78,905</b>	70,514

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:

	2012 RMB'000	2011 RMB'000
Within one year	<b>42,914</b>	50,571
In the second to fifth year inclusive	<b>26,434</b>	56,640
After five years	<b>431</b>	796
	<b>69,779</b>	108,007

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

	2012 RMB'000	2011 RMB'000
Property rental income, net of negligible outgoings	<b>122,604</b>	99,710

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

	2012 RMB'000	2011 RMB'000
Within one year	<b>26,612</b>	32,016
In the second to fifth year inclusive	<b>15,076</b>	18,090
After five years	<b>12,274</b>	17,596
	<b>53,962</b>	67,702

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.

### 35. Commitments

	2012 RMB'000	2011 RMB'000
Commitments contracted for but not provided in the consolidated financial statements in respect of:		
Properties for development and properties under development	<b>15,079,597</b>	19,184,459
Construction in progress	<b>196,766</b>	142,190
	<b>15,276,363</b>	19,326,649

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

	2012 RMB'000	2011 RMB'000
Contracted for but not provided in respect of properties for development and properties under development	<b>2,283,607</b>	1,757,029

### 36. 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.

### 36. Share-based Payment Transactions (continued)

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

	<b>Date of Grant</b>	<b>Vesting Period</b>	<b>Exercise Period</b>	<b>Exercise Price</b>	<b>Fair Value</b>
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.

### 36. 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 1/1/2012	Granted During Year	Exercised During Year	Forfeited During Year	31/12/2012
2009A	27,199,000	–	(8,295,500)	–	18,903,500
2009B	10,000,000	–	(4,783,500)	–	5,216,500
2009C	37,382,000	–	(110,000)	(835,000)	36,437,000
2009D	15,000,000	–	–	–	15,000,000
	<b>89,581,000</b>	<b>–</b>	<b>(13,189,000)</b>	<b>(835,000)</b>	<b>75,557,000</b>
Exercisable at the end of the year					<b>75,557,000</b>
Weighted average exercise price	<b>HK\$8.21</b>	<b>–</b>	<b>HK\$4.51</b>	<b>HK\$11.00</b>	<b>HK\$8.82</b>

Option Type	Outstanding at 1/1/2011	Granted During Year	Exercised During Year	Forfeited During Year	31/12/2011
2009A	29,568,250	–	(2,369,250)	–	27,199,000
2009B	10,000,000	–	–	–	10,000,000
2009C	38,930,000	–	–	(1,548,000)	37,382,000
2009D	15,000,000	–	–	–	15,000,000
	93,498,250	–	(2,369,250)	(1,548,000)	89,581,000
Exercisable at the end of the year					86,281,000
Weighted average exercise price	HK\$8.12	–	HK\$2.89	HK\$11.00	HK\$8.21

In respect of the share options exercised during the year, the weighted average share price at the dates of exercise is HK\$10.84 (2011: HK\$7.88).

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 2012, share option premiums receivable amounting to RMB89,448,000 (2011: RMB92,570,000) were included in current other receivables 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.

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%

### 36. Share-based Payment Transactions (continued)

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 RMB1,203,000 for the year ended 31 December 2012 (2011: RMB11,907,000) 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.

### 37. 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:

	2012 RMB'000	2011 RMB'000
Land and buildings	32,807	35,033
Hotel buildings	1,964,841	1,623,052
Construction in progress	262,565	–
Prepaid lease payment	229,419	139,037
Properties for development	261,497	448,657
Properties under development	17,540,720	29,212,935
Completed properties for sale	900,363	237,290
Investment properties	1,700,000	1,700,000
Pledged bank deposits	1,734,337	2,268,642
Interests in associates	177,232	108,479
Interests in jointly controlled entities	44,552	–
	<b>24,848,333</b>	<b>35,773,125</b>

### 38. 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.

### 39. Contingent Liabilities

#### (i) Guarantees

The Group provided guarantees of RMB17,144,296,000 (2011: RMB18,886,018,000) at 31 December 2012 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:

	2012 RMB'000	2011 RMB'000
Associates	3,821,076	2,173,280
Jointly controlled entities	4,230,736	1,904,362
Independent third parties	200,000	200,000
	<b>8,251,812</b>	4,277,642

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

	2012 RMB'000	2011 RMB'000
Share of mortgage loan guarantees provided by associates to banks in favour of its customers	3,773,850	2,984,971

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

	2012 RMB'000	2011 RMB'000
Share of mortgage loan guarantees provided by jointly controlled entities to banks in favour of its customers	1,333,389	1,394,135

The directors consider that the fair value of the above guarantees is insignificant on initial recognition and it is not probable that an outflow in settlement will be required.



### 39. Contingent Liabilities (continued)

#### (ii) **Litigation against Zhejiang Fosun Commerce Development Limited (“Zhejiang Fosun”)**

On 29 December 2011, Zhejiang Jiahe Industrial Co., Ltd. (“Greentown Jiahe”), a wholly-owned subsidiary of the Company, Shanghai Zendai Land Company Limited (“Shanghai Zendai Land”), a wholly-owned subsidiary of Shanghai Zendai Property Limited, a company listed on the Stock Exchange and an independent third party, and Shanghai Chang Ye, a wholly-owned subsidiary of SOHO China Limited, entered into an agreement pursuant to which Shanghai Chang Ye had conditionally agreed to acquire, and (i) Greentown Jiahe had conditionally agreed to sell its 100% equity interest in Greentown Hesheng and its loan granted to Greentown Hesheng; and (ii) Shanghai Zendai Land had conditionally agreed to sell its 100% equity interest in Shanghai Zendai Wudaokou Property Company Limited (“Shanghai Zendai Wudaokou”) and its loan granted to Shanghai Zendai Wudaokou. Pursuant to a supplementary agreement dated 9 January 2012, the relevant parties agreed that Shanghai Chang Sheng should assume all rights, obligations and liabilities of Shanghai Chang Ye under the equity transfers and loan assignments. Greentown Hesheng and Shanghai Zendai Wudaokou owned 10% and 40% equity interests respectively in Shanghai Haizhimen, while Zhejiang Fosun, a wholly-owned subsidiary of Fosun International Limited, a company listed on the Stock Exchange, owned the remaining 50% equity interest in Shanghai Haizhimen. Shanghai Haizhimen indirectly owns 100% interest in a land parcel in Shanghai. The disposal of the 100% equity interest in Greentown Hesheng resulted in a gain of RMB115,330,000 to the Group in 2012.

On 30 May 2012, Zhejiang Fosun filed a civil suit to Shanghai No. 1 Intermediate People’s Court (the “Court”) and received a notification of acceptance from the Court, pursuant to which Zhejiang Fosun had initiated a civil action against the relevant parties to protect its pre-emptive rights in the above-mentioned indirect transfers of equity interests in Shanghai Haizhimen by asking for the transactions to be invalidated.

On 4 June 2012, the Group was served with a document of summons issued by the Court in relation to the civil action, pursuant to which Greentown Jiahe, among others, is named as a defendant.

On 29 November 2012, a preliminary trial was held at the Court. As of the date of these financial statements, the Court had not reconvened and passed any preliminary judgement.

Having consulted with its legal advisers, the Company believes that the transactions did not constitute a breach of the pre-emptive rights by Greentown Jiahe as alleged by Zhejiang Fosun in the document of summons because Zhejiang Fosun was not an equity holder of Greentown Hesheng and therefore not entitled to any pre-emptive rights in the transfer of equity interest in Greentown Hesheng. The Company considers that the civil action does not have any material adverse effect on the operation or financial position of the Group.

### 39. Contingent Liabilities (continued)

#### (iii) Litigation against Ms Zhao Xingru ("Ms Zhao")

On 26 and 27 July 2010, Greentown Real Estate entered into a cooperation agreement and a supplementary agreement (collectively the "Cooperation Agreements") with Ms Zhao and Mr Zhou Dingwen ("Mr Zhou"), pursuant to which Greentown Real Estate acquired 60% of equity interest in Xinjiang Hongyuan at a consideration of RMB25,500,000. The acquisition was completed on 29 July 2010. The acquisition was accounted for as an acquisition of assets and liabilities.

On 5 September 2011, the Group conditionally disposed of its entire 60% equity interest in Xinjiang Hongyuan to Jiechen.

Pursuant to a termination agreement dated 11 June 2012, the agreement dated 5 September 2011 in respect of the conditional disposal by the Group and the entrusting management of the Group's entire 60% equity interest in Xinjiang Hongyuan to Jiechen was terminated.

On 5 November 2012, Ms Zhao filed a civil suit to Xinjiang Uygur Autonomous Region Urumqi Intermediate People's Court (the "Urumqi Court") and received a notification of acceptance from the Urumqi Court, pursuant to which Ms Zhao requested that (i) the Cooperative Agreements be revoked; (ii) Greentown Real Estate pay Ms Zhao damages of RMB11,000,000; and (iii) Greentown Real Estate bear the litigation costs.

As of the date of these financial statements, no preliminary trial has been convened.

Having consulted with its legal advisors, the Company believes that (i) Ms Zhao's claim for damages is not well-founded; and (ii) regardless of the legal status of the Cooperative Agreements, there will be no material impact on the Group's interests in Xinjiang Hongyuan. The Company considers that the civil action does not have any material adverse effect on the operation or financial position of the Group.

#### 40. 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:

	2012 RMB'000	2011 RMB'000
Sale of properties to a non-controlling Shareholder	1,737	–
Sale of properties to officers	–	16,162
Sale of materials to jointly controlled entities and associates (Note)	81,050	49,691
Construction service income from associates (Note)	1,308	7,386
Construction service income from jointly controlled entities (Note)	1,479	1,367
Construction service income from Shareholders' Companies	–	208
Construction consulting service income from jointly controlled entities and associates (Note)	25,669	1,398
Rental income from Shareholders' Companies	–	377
Real estate service income from non-controlling shareholders	223	3,125
Rental expenses paid/payable to:		
– Shareholders' Companies	8,623	7,556
– non-controlling shareholders	500	–
Purchases from Shareholders' Companies (Note)	9,839	5,849
Interior decoration service fees paid/payable to Shareholders' Companies	–	3,132
Property management fees paid/payable to Shareholders' Companies	97,931	69,605
Interest income arising from amounts due from:		
– associates (Note)	1,200,668	373,852
– jointly controlled entities (Note)	116,119	136,568
– non-controlling shareholders	12,375	7,122
Interest expense arising from amounts due to:		
– associates (Note)	227,524	140,458
– jointly controlled entities (Note)	4,544	53,193
– non-controlling shareholders	599,803	727,482
Advertising expenses paid/payable to Shareholders' Companies	70,000	70,000
Other service fees to Shareholders' Companies	357	2,806
Other service fees to non-controlling shareholders	–	128
Brand usage fees from jointly controlled entities and associates (Note)	54,148	52,121
Hotel management fees paid/payable to Shareholders' Companies	7,414	4,016
Hotel service income from associates (Note)	662	261
Hotel service income from jointly controlled entities (Note)	66	56
Hotel service income from Shareholders' Companies	641	349
Interior decoration service income from		
– jointly controlled entities and associates (Note)	107,273	5,833
– non-controlling shareholders	70	–
Sales commission to Shareholder's Companies	–	305
Health management service fee to Shareholders' Companies	1,280	1,210
Healthcare service fee to Shareholders' Companies	1,224	868
Educational service fee to Shareholders' Companies	529	433
Marketing service income from jointly controlled entities and associates (Note)	14,902	20,747
Advertising income from jointly controlled entities and associates (Note)	4,830	–
Landscape construction fee to associates (Note)	45,812	–
Other income from Shareholder's company	198	–

Note: Purchases from Shareholders' Companies represent raw materials purchased for use by construction contractors, the costs of which are included in the overall construction contracts. The transactions with jointly controlled and associates entities are presented gross before elimination of unrealised profits or losses attributable to the Group.

#### 40. 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 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, which are all unsecured except for those trust-related balances, as follows:

	2012					
	Project-related		Non-project Related		Total	
	Interest Bearing RMB'000	Non-interest Bearing RMB'000	Interest Bearing RMB'000	Non-interest Bearing RMB'000	Interest Bearing RMB'000	Non-interest Bearing RMB'000
Due from						
Shareholder	-	14,439	-	-	-	14,439
Shareholders' Companies	-	-	-	4,485	-	4,485
Non-controlling shareholders	2,651,153	3,752,412	453,186	34,694	3,104,339	3,787,106
Associates	8,574,686	4,561,830	-	-	8,574,686	4,561,830
Jointly controlled entities	1,322,714	177,299	-	1,668	1,322,714	178,967
Officers	-	60,519	-	10,000	-	70,519
	<b>12,548,553</b>	<b>8,566,499</b>	<b>453,186</b>	<b>50,847</b>	<b>13,001,739</b>	<b>8,617,346</b>
Due to						
Shareholder	-	13,160	-	-	-	13,160
Shareholders' Companies	-	16,538	-	18,850	-	35,388
Non-controlling shareholders	322,276	1,023,312	-	1,894	322,276	1,025,206
Associates	1,677,069	2,655,171	-	311	1,677,069	2,655,482
Jointly controlled entities	1,141,447	243,691	-	-	1,141,447	243,691
Officers	-	11,395	-	-	-	11,395
	<b>3,140,792</b>	<b>3,963,267</b>	<b>-</b>	<b>21,055</b>	<b>3,140,792</b>	<b>3,984,322</b>

#### 40. Related Party Disclosures (continued)

- (ii) As at the end of the reporting period, the Group had balances with related parties, which are all unsecured except for those trust-related balances, as follows: (continued)

	Project-related		2011 Non-project Related		Total	
	Interest	Non-	Interest	Non-	Interest	Non-
	Bearing	interest	Bearing	interest	Bearing	interest
	RMB'000	Bearing	RMB'000	Bearing	RMB'000	Bearing
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Due from						
Shareholder	–	14,439	–	–	–	14,439
Shareholders' Companies	–	–	–	46,232	–	46,232
Non-controlling shareholders	2,782,025	3,363,817	473,751	88,185	3,255,776	3,452,002
Associates	5,876,353	745,702	–	17	5,876,353	745,719
Jointly controlled entities	1,372,703	254,251	–	3,984	1,372,703	258,235
Officers	–	92,555	–	17,606	–	110,161
	10,031,081	4,470,764	473,751	156,024	10,504,832	4,626,788
Due to						
Shareholder	–	13,160	–	–	–	13,160
Shareholders' Companies	–	8,970	–	43,806	–	52,776
Non-controlling shareholders (including: Trust-related (Note 27))	5,890,121	1,464,554	–	229,728	5,890,121	1,694,282
Associates	4,411,664	–	–	–	4,411,664	–
Jointly controlled entities	2,855,152	2,282,973	–	1,719	2,855,152	2,284,692
Officers	1,227,525	642,055	–	–	1,227,525	642,055
	–	21,074	–	750	–	21,824
	9,972,798	4,432,786	–	276,003	9,972,798	4,708,789

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.

#### 40. Related Party Disclosures (continued)

- (ii) As at the end of the reporting period, the Group had balances with related parties, which are all unsecured except for those trust-related balances, as follows: (continued)
- (c) The project-related balances due from non-controlling shareholders are mainly prepaid distributions. The project-related balances due from jointly controlled entities/associates are mainly project advances to these jointly controlled entities/associates 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 are mainly project advances from these minority shareholders and are tied to the project development cycle. In the opinion of the directors, these balances are repayable on demand and are expected to be settled when the projects concerned commence pre-sales.
  - (g) The project-related balances due to jointly controlled entities/associates are mainly prepaid distributions.

The non-project related balances with related parties are mainly unsecured advances and repayable on demand.

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 RMB2,651,153,000 (2011: RMB2,782,025,000) at 31 December 2012 carried interest at fixed rates ranging from 7.31% to 7.82% (2011: 7.31% to 7.82%) per annum.
- (b) The project-related amounts due from associates of RMB8,574,686,000 (2011: RMB5,876,353,000) at 31 December 2012 carried interest at fixed rates ranging from 5.40% to 12.00% (2011: 5.40% to 7.34%) per annum.
- (c) The project-related amounts due from jointly controlled entities of RMB1,322,714,000 (2011: RMB1,229,354,000) at 31 December 2012 carried interest at a fixed rate of 6.67% (2011: 7.34%) per annum.  
  
The project-related amount due from jointly controlled entities of RMB143,349,000 at 31 December 2011 carried interest at a variable rate of 8.39% per annum.
- (d) The project-related amounts due to non-controlling shareholders of RMB322,276,000 (2011: RMB5,890,121,000) at 31 December 2012 carried interest at fixed rates ranging from 7.34% to 8.00% (2011: 7.34% to 22.00%) per annum.

#### 40. Related Party Disclosures (continued)

(ii) As at the end of the reporting period, the Group had balances with related parties, which are all unsecured except for those trust-related balances, as follows: (continued)

(e) The project-related amounts due to jointly controlled entities of RMB1,141,447,000 (2011: RMB279,269,000) at 31 December 2012 carried interest at a fixed rate of 0.50% to 10.00% (2011: 7.34%) per annum.

The project-related amounts due to jointly controlled entities of RMB948,256,000 at 31 December 2011 carried interest at a variable rate of 6.33% per annum.

(f) The non-project related amounts due from non-controlling shareholders of RMB453,186,000 (2011: RMB473,751,000) at 31 December 2012 carried interest at a variable rate of 0.5% to 6.56% (2011: 0.5% to 6.56%) per annum.

(g) The project related amounts due to associates of RMB417,524,000 (2011: RMB1,325,952,000) at 31 December 2012 carried interest at fixed rates ranging from 0.5% to 7.02% (2011: 5.67% to 7.02%) per annum.

The project related amounts due to associates of RMB1,259,545,000 (2011: RMB1,529,200,000) at 31 December 2012 carried interest at variable rates ranging from 6.67% to 8.21% (2011: 7.85% to 8.50%) per annum.

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

	2012 RMB'000	2011 RMB'000
Purchase of additional interests in subsidiaries from non-controlling shareholders	–	105,754

On 25 April 2011, the Group entered into an agreement to acquire 18% equity interest held by Beijing Qiantian Real Estate Co., Ltd. in Beijing Greentown Yinshi Real Estate Co., Ltd. for a consideration of RMB105,754,000.

(b) During the year, in addition to those disclosed in note 33, the Group made disposals to related parties as follows:

	2012 RMB'000	2011 RMB'000
Disposal of interests in subsidiaries to non-controlling shareholders	–	5,120

On 12 May 2011, the Group entered into an agreement to dispose of its 5% equity interest in Taizhou Jili Jiayuan Real Estate Development Co., Ltd. for a consideration of RMB1,920,000 to a third party.

On 2 June 2011, the Group entered into an agreement to dispose of its 1.6% equity interest in Greentown Property Construction Management Co., Ltd. for a consideration of RMB3,200,000 to a third party.

#### 40. Related Party Disclosures (continued)

##### (iii) (continued)

- (c) On 15 November 2012, the Group entered into a framework agreement with Wharf, a non-controlling shareholder of the Company, pursuant to which the Company subscribed for 400 new shares at HKD1.00 each in Green Magic, an indirect wholly-owned subsidiary of Wharf, for HKD400 (equivalent to RMB324). The Group also advanced a shareholder's loan of HKD332,300,000 (equivalent to RMB269,462,000) to Green Magic. After the subscription, the Group and Wharf holds 40% and 60% equity interest respectively in Green Magic. The Group accounts for Green Magic as an associate.

##### (iv) Compensation of Key Management Personnel

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

	2012 RMB'000	2011 RMB'000
Short-term benefits	23,366	21,365
Post-employment benefits	245	260
Share-based payments	1,203	8,947
	<b>24,814</b>	<b>30,572</b>

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



#### 41. Statement of Financial Position of the Company

	2012 RMB'000	2011 RMB'000
<b>ASSETS</b>		
Property, plant and equipment	771	1,062
Investment in a subsidiary and amounts due from subsidiaries and related parties	10,345,082	8,545,378
Other receivables	121,186	124,423
Bank balances and cash	48,276	9,922
	<b>10,515,315</b>	<b>8,680,785</b>
<b>LIABILITIES</b>		
Other payables	110,087	489,411
Amounts due to related parties	5,179,904	4,614,559
Dividend payable	–	164,026
Other taxes payable	6,630	8,108
Convertible bonds	–	186,466
Senior notes	241,327	241,718
	<b>5,537,948</b>	<b>5,704,288</b>
<b>ASSETS LESS LIABILITIES</b>	<b>4,977,367</b>	<b>2,976,497</b>
<b>CAPITAL AND RESERVES</b>		
Share capital	207,422	166,441
Reserves (Note)	4,769,945	2,810,056
	<b>4,977,367</b>	<b>2,976,497</b>

Note:

The movement of the reserves of the Company is as follows:

	RMB'000
At 1 January 2011	3,770,965
Loss for the year	(225,294)
Dividends recognised as distributions	(753,062)
Recognition of equity-settled share-based payments	11,907
Exercise of share options	5,540
At 31 December 2011	2,810,056
Loss for the year	(123,911)
Shares issued	2,035,406
Recognition of equity-settled share-based payments	1,203
Exercise of share options	47,191
At 31 December 2012	4,769,945

## 42. Other Matter

Pursuant to a termination agreement dated 11 June 2012, the agreement dated 5 September 2011 in respect of the conditional disposal by the Group and the entrusting management of the Group's entire 60% equity interest in Xinjiang Hongyuan to Jiechen was terminated. As a result, the Group resumes control over Xinjiang Hongyuan. The effect of the re-acquisition in 2012 is as follows:

	2012 RMB'000
Net assets acquired:	
Property, plant and equipment	6,668
Properties under development	750,452
Trade and other receivables, deposits and prepayments	174,362
Bank balances and cash	61,621
Trade and other payables	(40,856)
Amounts due to related parties	(380,740)
Other taxes payable	(7)
Bank and other borrowings (due after one year)	(529,000)
	42,500
Non-controlling interests	(17,000)
	25,500
Total consideration, satisfied by:	
Reversal of consideration receivable	25,500
	25,500
Net cash outflow arising on acquisition	
Cash paid	-
Bank balances and cash acquired	61,621
	61,621

## 43. Events After the End of the Reporting Period

The following significant events took place subsequent to 31 December 2012:

- (i) On 28 January 2013, the Company entered into a purchase agreement with, among others, certain joint lead managers and bookrunners in relation to the issue of the 8.50% senior notes due 2018 in the aggregate principal amount of USD400,000,000 ("2013 Notes"). The listing of and permission to deal in the 2013 Notes was approved by the Stock Exchange. The net proceeds of the 2013 Notes of approximately USD394,000,000 was intended for the purpose of refinancing certain existing short term debts and the remainder for general corporate purposes.
- (ii) On 16 March 2013, the Company and Sunac (both as the purchasers) entered into a framework agreement with China Gold Associates Limited (as the vendor) in relation to the conditional acquisition of the entire equity interest in three PRC project companies at an aggregate consideration of RMB9,019 million (subject to adjustment). The Company and Sunac will acquire the aforesaid interest in the PRC project companies through a 50:50 offshore joint venture. These three PRC project companies have several property development projects located in Huangpu District, Shanghai. The acquisition is not yet completed as at the date of these financial statements.

#### 44. Particulars of Principal Subsidiaries

Particulars of the principal subsidiaries as at 31 December 2011 and 2012 are set out below:

Name of Subsidiary	Place and Date of Registration	Registered Capital	Attributable Equity Interest		Principal Activities	Legal Form	
			Direct	Indirect			
			2012	2011	2012	2011	
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	-	-	50% (Note ii)	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 Bamboo Lake International Business Community Development Co., Ltd.	The PRC 26 September 2003	RMB50,600,000	-	-	49% (Note i)	49% (Note i)	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	-	-	- (Note iii)	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%	64%	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

#### 44. Particulars of Principal Subsidiaries (continued)

Name of Subsidiary	Place and Date of Registration	Registered Capital	Attributable Equity Interest				Principal Activities	Legal Form
			Direct		Indirect			
			2012	2011	2012	2011		
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
杭州玫瑰園度假村有限公司 Hangzhou Rose Garden Resort 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
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
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
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%	77%	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

#### 44. Particulars of Principal Subsidiaries (continued)

Name of Subsidiary	Place and Date of Registration	Registered Capital	Attributable Equity Interest		Principal Activities	Legal Form		
			Direct	Indirect				
			2012	2011	2012	2011		
寧波太平洋實業有限公司 Ningbo Pacific Real Estate Co., Ltd.	The PRC 11 July 2003	RMB177,000,000	-	-	60%	60%	Real estate development	Foreign equity joint venture
台州吉利嘉苑房地產開發有限公司 Taizhou Jilijiyuan Real Estate Development Co., Ltd.	The PRC 15 October 2001	RMB40,000,000	-	-	55%	55%	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 Qiandaohu 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
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
北京亞奧綠城房地產開發有限公司 Beijing Ya'ao Greentown 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
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

#### 44. Particulars of Principal Subsidiaries (continued)

Name of Subsidiary	Place and Date of Registration	Registered Capital	Attributable Equity Interest		Principal Activities	Legal Form	
			Direct	Indirect			
			2012	2011	2012	2011	
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	RMB1,200,000,000	-	-	100%	100%	Real estate development Sino-foreign equity joint venture
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
諸暨市越都置業有限公司 Zhujii Yuedu 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	-	-	- (Note iii)	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%	60%	Real estate development Sino-foreign equity joint venture
溫州綠城置業有限公司 Wenzhou Greentown Real Estate Co., Ltd.	The PRC 21 May 2007	RMB386,000,000	-	-	60%	60%	Real estate development Sino-foreign equity joint venture
溫州綠景置業有限公司 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	-	-	- (Note iii)	67%	Real estate development Limited liability company
蘇州綠城御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	-	-	- (Note iii)	100%	Real estate development Limited liability company

#### 44. Particulars of Principal Subsidiaries (continued)

Name of Subsidiary	Place and Date of Registration	Registered Capital	Attributable Equity Interest		Principal Activities	Legal Form	
			Direct	Indirect			
			2012	2011	2012	2011	
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
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%	97%	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%	60%	Real estate development Limited liability company
舟山市明程房地產開發有限公司 Zhoushan Mingcheng Real Estate Development Co., Ltd.	The PRC 31 October 2005	RMB10,000,000	-	-	97%	97%	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%	97%	Real estate development Limited liability company
河南錦江置業有限公司 Henan Jinjiang Real Estate 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	-	-	- (Note iii)	100%	Real estate development Limited liability company
海南綠城高地投資有限公司 Hainan Greentown Gaodi Investment Co., Ltd.	The PRC 15 November 2007	RMB60,000,000	-	-	51%	51%	Real estate development Limited liability company

#### 44. Particulars of Principal Subsidiaries (continued)

Name of Subsidiary	Place and Date of Registration	Registered Capital	Attributable Equity Interest				Principal Activities	Legal Form
			Direct		Indirect			
			2012	2011	2012	2011		
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%	80%	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	-	-	- (Note iii)	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
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%	70%	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	-	-	- (Note iii)	100%	Real estate development	Limited liability company
天津逸駿投資有限公司 Tianjin Yijun Investment Co., Ltd.	The PRC 11 January 2008	RMB10,000,000	-	-	- (Note iii)	80%	Real estate development	Limited liability company
大連綠城置業有限公司 Dalian Greentown Real Estate Co., Ltd.	The PRC 15 March 2010	RMB100,000,000	-	-	90%	100%	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%	100%	Real estate development	Limited liability company
紹興綠城金昌置業有限公司 Shaoxing Greentown Jinchang Real Estate Co., Ltd.	The PRC 6 November 2009	RMB100,000,000	-	-	51%	51%	Real estate development	Limited liability company



#### 44. Particulars of Principal Subsidiaries (continued)

Name of Subsidiary	Place and Date of Registration	Registered Capital	Attributable Equity Interest		Principal Activities	Legal Form	
			Direct	Indirect			
			2012	2011	2012	2011	
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%	70%	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	-	-	35% (Note ii)	35% (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	-	-	- (Note iii)	55%	Real estate development Limited liability company
啟東綠城香格置業有限公司 Qidong Greentown Xiangge Real Estate Co., Ltd.	The PRC 27 October 2009	RMB65,000,000	-	-	51%	51%	Real estate development Limited liability company
北京雲溪綠城房地產開發有限公司 Beijing Yunxi Greentown Real Estate Development Co., Ltd.	The PRC 20 October 2009	RMB10,000,000	-	-	99%	99%	Real estate development Limited liability company
北京綠城銀石置業有限公司 Beijing Greentown Yinshi Real Estate Co., Ltd.	The PRC 20 February 2008	RMB50,000,000	-	-	100%	100%	Real estate development Limited liability company
杭州銀嘉房地產開發有限公司 Hangzhou Yinjia Real Estate Development Co., Ltd.	The PRC 17 September 2003	RMB100,000,000	-	-	56%	56%	Real estate development Limited liability company
台州綠城泰業房地產開發有限公司 Taizhou Greentown Taiye Real Estate Development Co., Ltd.	The PRC 18 February 2011	RMB130,000,000	-	-	51%	-	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.

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 to 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 entities were disposed of during the year. Please refer to Note 33 for details.

# 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, a 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	綠城房產建設管理有限公司 (Greentown Property Construction Management Co., Ltd.*)
Greentown Group	Greentown China Holdings Limited and its subsidiaries together with its jointly controlled entities and associates
Group	Greentown China Holdings Limited and its subsidiaries
Listing Rules	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
PRC/China	The People's Republic of China
PSCS	The Hong Kong dollar denominated perpetual subordinated convertible callable securities issued by Active Way Development Limited (being a wholly-owned subsidiary of the Company) with an aggregate principal amount of HK\$2,550 million
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
sqm	Square metres
Stock Exchange/HKEx	The Stock Exchange of Hong Kong Limited
Sunac	Sunac China Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 01918)
Sunac Zhidi	天津融創置地有限公司 (Tianjin Sunac Zhidi Co., Ltd.*), a company established under the laws of the PRC, which is a wholly-owned subsidiary of Sunac
Wharf	The Wharf (Holdings) Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 00004)
Wharf Group	Wharf and its subsidiaries
the Year	The year ended 31 December 2012

\* For identification purposes only



GREENTOWN CHINA HOLDINGS LIMITED

**HANGZHOU HEADQUARTERS**

10/F, Block A, Century Plaza, No. 1 Hangda Road,  
Hangzhou, Zhejiang, PRC (Postcode: 310007)  
Tel: (86-571) 8898 8888 Fax: (86-751) 8790 1717

**HONG KONG OFFICE**

Rm 1406-1408, New World Tower 1  
16-18 Queen's Road, Central, Hong Kong  
Tel: (852) 2523 3137 Fax: (852) 2523 6608

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

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