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GREENTOWN CHINA HOLDINGS LIMITED

綠城中國控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 03900)

**ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

The board of directors of Greentown China Holdings Limited (the “Company” or “Greentown”) is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2014 (the “Year”) prepared in accordance with the International Financial Reporting Standards, together with comparative figures for the year ended 31 December 2013. The following financial information is extracted from the audited consolidated financial statements in the Group’s 2014 annual report which is to be published.

* *for identification purposes only*

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

FOR THE YEAR ENDED 31 DECEMBER 2014

	NOTES	2014 RMB'000	2013 RMB'000
Revenue	3	32,048,979	28,990,570
Cost of sales		<u>(23,916,319)</u>	<u>(20,215,201)</u>
Gross profit		8,132,660	8,775,369
Other income	4	964,263	728,329
Selling expenses		(991,966)	(848,771)
Administrative expenses		(1,835,533)	(1,491,574)
Finance costs	5	(679,688)	(506,815)
Reversal of impairment loss on property, plant and equipment		16,799	60,685
Impairment loss on completed properties for sale		(70,604)	–
Impairment loss on amounts due from a joint venture		(122,198)	–
Gain from changes in fair value of investment properties		60,000	100,900
Fair value changes on cross currency swaps		(121,022)	49,849
Gain on re-measurement of associates to acquisition date fair value in business combination achieved in stages		37,196	3,923
Gain on acquisition of a subsidiary		1,363	–
Net gain on disposal of subsidiaries		8,670	–
Gain on disposal of associates		120,773	–
Gain relating to a newly acquired joint venture		–	704,131
Share of results of associates		339,873	1,092,037
Share of results of joint ventures		<u>67,879</u>	<u>477,999</u>
Profit before taxation		5,928,465	9,146,062
Taxation	6	<u>(2,718,644)</u>	<u>(3,155,857)</u>
Profit and total comprehensive income for the year		<u>3,209,821</u>	<u>5,990,205</u>
Attributable to:			
Owners of the Company		2,071,722	4,885,514
Non-controlling interests		<u>1,138,099</u>	<u>1,104,691</u>
		<u>3,209,821</u>	<u>5,990,205</u>
Earnings per share	7		
Basic		<u>RMB0.80</u>	<u>RMB2.18</u>
Diluted		<u>RMB0.80</u>	<u>RMB1.94</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	<i>NOTES</i>	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		6,216,092	4,864,054
Investment properties		1,891,500	1,831,500
Interests in associates		8,724,954	10,015,706
Interests in joint ventures		1,807,755	1,848,221
Available-for-sale investments		388,617	377,010
Prepaid lease payment		662,061	664,713
Rental paid in advance		8,697	9,385
Deferred tax assets		1,116,046	1,053,244
Cross currency swaps		–	49,849
		20,815,722	20,713,682
CURRENT ASSETS			
Properties for development		5,749,961	6,280,067
Properties under development		41,312,223	38,967,574
Completed properties for sale		15,651,236	13,062,500
Inventories		123,062	101,920
Trade and other receivables, deposits and prepayments	8	5,215,241	4,380,556
Amounts due from related parties		27,156,714	24,981,206
Prepaid income taxes		1,055,775	1,304,209
Prepaid other taxes		979,687	1,262,909
Pledged bank deposits		1,350,690	595,038
Bank balances and cash		7,733,567	10,686,041
		106,328,156	101,622,020
CURRENT LIABILITIES			
Trade and other payables	9	19,380,948	17,910,929
Pre-sale deposits		20,116,444	23,428,384
Amounts due to related parties		9,850,372	10,775,306
Income taxes payable		5,290,359	5,777,814
Other taxes payable		969,807	1,217,041
Bank and other borrowings – due within one year		12,167,171	6,017,895
		67,775,101	65,127,369
NET CURRENT ASSETS		38,553,055	36,494,651
TOTAL ASSETS LESS CURRENT LIABILITIES		59,368,777	57,208,333

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
NON-CURRENT LIABILITIES		
Bank and other borrowings – due after one year	15,056,123	15,935,463
Senior notes	8,592,129	8,558,184
Cross currency swaps	71,174	–
Deferred tax liabilities	804,043	703,714
	<u>24,523,469</u>	<u>25,197,361</u>
	<u>34,845,308</u>	<u>32,010,972</u>
CAPITAL AND RESERVES		
Share capital	208,850	208,656
Reserves	23,431,221	22,654,206
Convertible securities	–	2,084,472
	<u>23,640,071</u>	<u>24,947,334</u>
Equity attributable to owners of the Company	3,014,681	–
Perpetual securities	8,190,556	7,063,638
Non-controlling interests	<u>34,845,308</u>	<u>32,010,972</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

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 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, for the first time, a new interpretation and several 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 2014.

The application of the new interpretation and amendments to IFRSs in the current year has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

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

	2014	2013
	RMB’000	RMB’000
Property sales	30,110,664	27,460,381
Hotel operations	439,571	305,340
Project management	460,805	350,060
Property rental income	121,561	113,864
Design and decoration	748,647	581,651
Sales of construction materials	19,066	63,172
Other business	148,665	116,102
	32,048,979	28,990,570

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.

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

- 1 Property development
- 2 Hotel operations
- 3 Property investment
- 4 Others (including sales of construction materials, 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 hotel operations, the CODM reviews the financial information of each hotel, hence each hotel constitutes a separate operating segment. However, the hotels possess similar economic characteristics, and are with similar development and selling activities as well as similar customer bases. Therefore, all hotels 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 assesses the performance of the operating segments based on the post-tax profit of the group entities engaged in the respective segment activities, which includes share of results of joint ventures 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 in the 2014 annual report.

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

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

An analysis of the Group's revenue and results by reportable 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 2014							
Segment revenue							
External revenue	30,110,664	439,571	121,561	1,377,183	32,048,979	–	32,048,979
Inter-segment revenue	–	9,388	112	451,748	461,248	(461,248)	–
Total	<u>30,110,664</u>	<u>448,959</u>	<u>121,673</u>	<u>1,828,931</u>	<u>32,510,227</u>	<u>(461,248)</u>	<u>32,048,979</u>
Segment results	<u>3,359,750</u>	<u>7,167</u>	<u>42,267</u>	<u>123,566</u>	<u>3,532,750</u>	<u>(18,793)</u>	<u>3,513,957</u>
Unallocated administrative expenses							(54,197)
Unallocated other income							10,339
Unallocated finance costs							(41,926)
Fair value changes on cross currency swaps							(121,022)
Unallocated taxation							(97,330)
Profit for the year							<u>3,209,821</u>
	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 2013							
Segment revenue							
External revenue	27,460,381	305,340	113,864	1,110,985	28,990,570	–	28,990,570
Inter-segment revenue	–	5,098	490	1,347,475	1,353,063	(1,353,063)	–
Total	<u>27,460,381</u>	<u>310,438</u>	<u>114,354</u>	<u>2,458,460</u>	<u>30,343,633</u>	<u>(1,353,063)</u>	<u>28,990,570</u>
Segment results	<u>5,687,139</u>	<u>44,740</u>	<u>78,133</u>	<u>241,455</u>	<u>6,051,467</u>	<u>(19,238)</u>	<u>6,032,229</u>
Unallocated administrative expenses							(25,197)
Unallocated other income							109,301
Unallocated finance costs							(30,136)
Fair value changes on cross currency swaps							49,849
Unallocated taxation							(145,841)
Profit for the year							<u>5,990,205</u>

Segment assets and liabilities

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

Segment assets

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
Property development	115,207,207	111,780,398
Hotel operations	6,057,524	5,067,566
Property investment	1,921,244	1,853,416
Others	2,923,431	1,900,384
	<hr/>	<hr/>
Total segment assets	126,109,406	120,601,764
Unallocated	1,034,472	1,733,938
	<hr/>	<hr/>
Consolidated assets	127,143,878	122,335,702

Segment liabilities

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
Property development	86,659,435	85,710,438
Hotel operations	321,269	261,676
Property investment	916,091	1,003,689
Others	3,560,398	2,793,658
	<hr/>	<hr/>
Total segment liabilities	91,457,193	89,769,461
Unallocated	841,377	555,269
	<hr/>	<hr/>
Consolidated liabilities	92,298,570	90,324,730

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

- all assets are allocated to operating segments other than bank balances and cash, property, plant and equipment, derivative financial instruments, 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 derivative financial instruments, bank and other borrowings, other taxes payable and deferred tax liabilities pertaining to non-operating group entities.

Other segment information

For the year ended 31 December 2014

	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 (<i>Note</i>)	(1,042,065)	1,230,962	775	33,082	222,754	–	222,754
Interests in associates	8,724,954	–	–	–	8,724,954	–	8,724,954
Interests in joint ventures	1,807,755	–	–	–	1,807,755	–	1,807,755
Reversal of impairment loss on property, plant and equipment	–	(16,799)	–	–	(16,799)	–	(16,799)
Impairment loss on completed properties for sale	70,604	–	–	–	70,604	–	70,604
Impairment loss on amounts due from a joint venture	122,198	–	–	–	122,198	–	122,198
Gain from changes in fair value of investment properties	–	–	(60,000)	–	(60,000)	–	(60,000)
Gain on re-measurement of an associate to acquisition date fair value in business combination achieved in stages	(37,196)	–	–	–	(37,196)	–	(37,196)
Gain on acquisition of a subsidiary	(1,363)	–	–	–	(1,363)	–	(1,363)
Net gain on disposal of subsidiaries	(8,670)	–	–	–	(8,670)	–	(8,670)
Gain on disposal of associates	(120,773)	–	–	–	(120,773)	–	(120,773)
Depreciation of property, plant and equipment	91,876	101,274	6,448	18,964	218,562	–	218,562
Loss (gain) on disposal of property, plant and equipment	(964)	47	58	445	(414)	–	(414)
Interest income	(642,727)	(1,391)	(43)	(13,080)	(657,241)	(7,965)	(665,206)
Finance costs	550,418	7,024	52,759	27,561	637,762	41,926	679,688
Share of results of associates	(339,873)	–	–	–	(339,873)	–	(339,873)
Share of results of joint ventures	(67,879)	–	–	–	(67,879)	–	(67,879)
Taxation	2,524,209	4,865	15,096	77,144	2,621,314	97,330	2,718,644

For the year ended 31 December 2013

	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 (<i>Note</i>)	3,565,958	1,533,616	520	26,912	5,127,006	–	5,127,006
Interests in associates	10,015,706	–	–	–	10,015,706	–	10,015,706
Interests in joint ventures	1,848,221	–	–	–	1,848,221	–	1,848,221
Gain from changes in fair value of investment properties	–	–	(100,900)	–	(100,900)	–	(100,900)
Reversal of impairment loss on property, plant and equipment	–	(60,685)	–	–	(60,685)	–	(60,685)
Gain relating to a newly acquired joint venture	(704,131)	–	–	–	(704,131)	–	(704,131)
Gain on re-measurement of associates to acquisition date fair value in business combination achieved in stages	(3,923)	–	–	–	(3,923)	–	(3,923)
Depreciation of property, plant and equipment	46,665	87,113	6,651	17,324	157,753	–	157,753
Loss (gain) on disposal of property, plant and equipment	(1,259)	(26)	20	(125)	(1,390)	–	(1,390)
Interest income	(458,795)	(3,749)	(9,196)	(5,861)	(477,601)	(16,092)	(493,693)
Finance costs	414,731	102	51,469	10,377	476,679	30,136	506,815
Share of results of associates	(1,092,037)	–	–	–	(1,092,037)	–	(1,092,037)
Share of results of joint ventures	(477,999)	–	–	–	(477,999)	–	(477,999)
Taxation	2,900,450	15,989	25,127	68,450	3,010,016	145,841	3,155,857

Note: Non-current assets mainly included property, plant and equipment, investment properties (excluding gain from changes in fair value of investment properties), prepaid lease payment, interests in joint ventures, interests in associates and rental paid in advance and excluded financial instruments and deferred tax assets.

4. OTHER INCOME

	2014 RMB'000	2013 RMB'000
Interest income on bank balances	107,188	139,282
Interest income on amounts due from related parties	558,018	354,411
Government grants	26,203	23,058
Net foreign exchange gains	–	90,240
Comprehensive service income	129,901	79,406
Dividends from available-for-sale investments	76,168	1,213
Others	66,785	40,719
	964,263	728,329

5. FINANCE COSTS

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
Interest on:		
– bank borrowings wholly repayable within five years	1,366,155	1,056,005
– bank borrowings not wholly repayable within five years	43,131	57,919
– other borrowings wholly repayable within five years	1,052,578	851,594
Interest on senior notes wholly repayable within five years	<u>662,637</u>	<u>465,879</u>
	3,124,501	2,431,397
Less: Capitalised in properties under development and construction in progress	<u>(2,444,813)</u>	<u>(1,924,582)</u>
	<u>679,688</u>	<u>506,815</u>

Borrowing costs capitalised during the year arose on the specific loan and general borrowing pool and are calculated by applying a capitalisation rate of 7.87% (2013: 8.66%) per annum to expenditure on the development of properties for sale and for own use.

6. TAXATION

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
Current tax:		
PRC enterprise income tax	1,271,129	1,997,345
LAT	<u>1,396,485</u>	<u>1,253,216</u>
	<u>2,667,614</u>	<u>3,250,561</u>
Under-provision in prior years:		
PRC enterprise income tax	<u>448</u>	<u>10,013</u>
Deferred tax:		
Current year	<u>50,582</u>	<u>(104,717)</u>
	<u>2,718,644</u>	<u>3,155,857</u>

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

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.

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

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
Profit before taxation	<u>5,928,465</u>	<u>9,146,062</u>
Tax at the applicable PRC enterprise income tax rate of 25% (2013: 25%)	1,482,116	2,286,515
Effect of different tax rates	(17,247)	(65,574)
Tax effect of share of results of associates	(84,968)	(273,009)
Tax effect of share of results of joint ventures	(16,970)	(119,500)
Tax effect of income not taxable for tax purposes	(19,028)	(100,975)
Tax effect of expenses not deductible for tax purposes	213,958	197,873
Under-provision in respect of prior year	448	10,013
Tax effect of tax losses not recognised	63,086	156,003
Recognition of deferred tax assets on tax losses previously not recognised	(5,276)	(9,311)
Utilisation of tax losses previously not recognised	(4,839)	(16,090)
LAT provision for the year	1,396,485	1,253,216
Tax effect of LAT	(349,121)	(313,304)
Tax effect of undistributed profits	<u>60,000</u>	<u>150,000</u>
Tax charge for the year	<u>2,718,644</u>	<u>3,155,857</u>

PRC LAT

According to the requirements of the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例) effective from 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例實施細則) effective from 27 January 1995, all income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for property sales of ordinary residential properties (普通標準住宅) if their appreciation values do not exceed 20% of the sum of the total deductible items.

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

For the year ended 31 December 2014, the Group estimated and made a provision for LAT in the amount of RMB1,396,485,000 (2013: RMB1,253,216,000), 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.

7. EARNINGS PER SHARE

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

Earnings

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
Profit for the year attributable to the owners of the Company	2,071,722	4,885,514
Premium of Convertible Securities on redemption	(66,677)	–
Distribution related to Perpetual Securities	(254,986)	–
Distribution related to Convertible Securities	(25,282)	(182,914)
	<hr/>	<hr/>
Earnings for the purpose of basic earnings per share	1,724,777	4,702,600
Effect of dilutive potential ordinary shares:		
Distribution related to Convertible Securities	–	182,914
	<hr/>	<hr/>
Earnings for the purpose of diluted earnings per share	<u>1,724,777</u>	<u>4,885,514</u>

Number of shares

	2014	2013
Weighted average number of ordinary shares for the purpose of basic earnings per share	2,159,405,822	2,154,876,654
Effect of dilutive potential ordinary shares:		
Share options	8,014,885	23,149,554
Convertible Securities	–	344,594,594
	<hr/>	<hr/>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>2,167,420,707</u>	<u>2,522,620,802</u>

The computation of 2014 diluted earnings per share does not assume the conversion of the Convertible Securities since their exercise would result in an increase in diluted earnings per share for the year. The computation of 2014 diluted earnings per share also does not assume the exercise of some of the share options because the exercise price of these share options was higher than the average market price for shares for the year.

8. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
Trade receivables	611,334	411,777
Other receivables	3,583,985	3,041,088
Prepayments and deposits	956,772	927,691
Consideration receivables from disposal of a subsidiary and an associate	63,150	–
	<u>5,215,241</u>	<u>4,380,556</u>

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.

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
Within 30 days	256,574	146,659
31–90 days	104,182	62,526
91–180 days	19,494	19,550
181–365 days	91,240	49,080
Over 365 days	139,844	133,962
	<u>611,334</u>	<u>411,777</u>

9. TRADE AND OTHER PAYABLES

The aged analysis of trade payables is stated as follows:

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
Within 30 days	5,307,305	5,682,270
31–90 days	1,455,515	850,113
91–180 days	2,291,915	1,050,500
181–365 days	1,459,852	1,637,541
Over 365 days	1,270,961	1,294,420
	<u>11,785,548</u>	<u>10,514,844</u>
Trade payables	11,785,548	10,514,844
Other payables and accrued expenses	7,595,400	7,256,485
Consideration payables on acquisition of subsidiaries and a joint venture	–	139,600
	<u>19,380,948</u>	<u>17,910,929</u>

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

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATIONAL AND MANAGEMENT REVIEW

In 2014, since the change in the PRC's policies regarding the real estate market (including the market differentiation regulations, reciprocal regulations and customised policy for different cities), the real estate market experienced a “new norm” in terms of development – there has been gradual slowdown in the growth rate of investment, increased level of inventory and more apparent market differentiation. The aggregate sales area of commodity housing in the PRC was 1,206.49 million sqm last year, representing a decrease of 7.6% compared to 2013. The aggregate sales revenue of commodity housing was RMB7,629.2 billion in 2014, representing a year-on-year decrease of 6.3% while an increase of 26.3% was recorded in 2013.

2014 is also a year of change for Greentown – after the events arising from the sale of equity interests and change of management, Greentown finally introduced China Communications Construction Group Limited (“CCCC”) as a strategic shareholder. Being a key state-owned enterprise supervised by State-owned Assets Supervision and Administration Commission of the state council (“SASAC”) and one of the Global Top 500 Enterprises, CCCC is an iconic company in the PRC construction industry and is also one of the 21 state-owned enterprises permitted by the SASAC to engage in property development as its principal business. Greentown will be able to benefit from various aspects with the strategic support from CCCC, such as enhancing business expansion and growth and exploring new financial channels.

In view of the volatile market conditions and development opportunities arising from the “change” – the Company adjusted its strategies in a timely manner, promptly responded to risks in the real estate market, effectively seized the opportunities arising from the less tightened real estate policies rolled out by the government with respect to mortgage and purchase restrictions, actively promoted the optimization of quality projects and quality work, increased sales, continuously improved the level of customer satisfaction, lowered the cost of financing as well as prudently increased good-quality land reserve – these all opened a new chapter for the development of the Company.

Results Overview

In 2014, the Group recognized revenue of RMB32,049 million, representing an increase of 10.5%, from RMB28,991 million in 2013; gross profit was RMB8,133 million, representing a decrease of 7.3% from RMB8,775 million in 2013, of which gross profit from property sales amounted to RMB7,074 million, gross profit margin from property sales was 23.5%, representing a decrease from 28.4% in 2013. The decrease was mainly due to the relatively high land costs (as the majority of the lands of the projects with the revenue recognized during the Year were acquired in 2009) and the relatively low selling price of the projects (as a result of the macro control measures imposed by the central government on the real estate industry over the past few years).

The net profit for the Year was RMB3,210 million, representing a decrease of 46.4% from RMB5,990 million recorded in 2013. After deduction of post-tax effect of net gains from acquisitions, impairment losses or reversal of impairment loss on some assets, and changes in fair value of financial derivatives and gain from changes in fair value of investment properties, the core net profit for the Year was RMB3,379 million, representing a decrease of 36.0% compared to RMB5,279 million recorded in 2013. In addition to the decline of gross profit margin contributed by subsidiaries from the sales of properties, the decrease was also mainly due to the significant decrease of share of results of joint ventures and associates. During the Year, the share of results of joint ventures and associates decreased 74.0% to RMB408 million from RMB1,570 million in 2013. The decrease was mainly due to the impairment losses recognized by some joint ventures and associates, and the generally low gross profit margin of properties delivered during the Year. In 2014, the profit attributable to owners of the Company reached RMB2,072 million, representing a decrease of 57.6% as compared to RMB4,886 million recorded in 2013.

Pre-sales in the Year

In 2014, with the gradual relaxation or lifting of house purchase restrictions in numerous cities in the PRC, the policy aspect of the real estate market improved steadily. Leveraging on these opportunities and without compromising the high quality of products and by refining customer experience continuously, the Company adopted various means including flexible sales strategies, an incentive sales appraisal policy and appropriate and timely promotion to boost the overall sales of the Company.

For the year ended 31 December 2014, Greentown Group (including Greentown China Holdings Limited and its subsidiaries, together with its joint ventures and associates) sold properties with an aggregate area of approximately 3.91 million sqm. Total contracted sales were approximately RMB79.4 billion, of which approximately RMB39.9 billion was attributable to the Group. As at 31 December 2014, in addition to contracted sales, Greentown Group recorded subscription sales of RMB3.0 billion, of which approximately RMB1.5 billion was attributable to the Group. Greentown Group has exceeded the annual sales target of RMB65.0 billion set at the beginning of the Year. In 2014, the overall average selling price was RMB20,264 per sqm, representing a slight increase as compared with RMB20,115 per sqm in 2013.

Ranking First in Residents' Overall Satisfaction for the Fourth Time

In 2014, Greentown came first in residents' overall satisfaction and customer loyalty in 12 cities and 9 cities respectively. Greentown has achieved remarkable results in the "China's Urban Resident Satisfaction Survey" for four consecutive years and this represents the market's unanimous acknowledgement of Greentown's unrelenting pursuit of high quality products and services. Greentown received this honor at a press conference held by the "China Real Estate Top 10 Research Team", formed jointly by the Development Research Center of the State Council, the Institute of Real Estate Studies at Tsinghua University and the China Index Academy in September 2014.

We hope to gradually transform our customers' level of product satisfaction into loyalty to the "Greentown" brand through our own efforts. Accordingly, over the course of this Year, through various channels, including customers' feedback and suggestions seminars, quality

steering committee of property owners, supervisory committee of customer service quality etc., we have gathered customers' opinions and advice in order to improve the quality of our products and services and maintain our customers' loyalty. Through the comprehensive review of Greentown property owners' major concerns, we listened to their thoughts and planned to meet the different requirements of our property owners.

Greentown Group also ranked second in the "2014 China Real Estate Enterprises Top 10 Brand Value (Mixed Category)" with a brand valuation of RMB19.883 billion. Greentown Group has been named for the 11th consecutive year as one of the "China Real Estate Enterprises Top 10 Brand Value".

Introduction of Strategic Shareholder

On 23 December 2014, CCCG entered into a sale and purchase agreement in relation to the sale and purchase of shares in the Company with, among others, Mr Song Weiping, Ms Xia Yibo (the spouse of Mr Song) and Mr Shou Bainian, pursuant to which CCCG agreed to acquire an aggregate of 524,851,793 shares from the respective companies wholly-owned by Mr Song, Ms Xia and Mr Shou at HK\$11.46 per share in cash (representing a total consideration of HK\$6,014,801,547.78). Such transfer of Shares represented 24.287% of the total share capital of the Company as at the date of announcement. The transaction was completed on 27 March 2015. Please refer to the section headed "Events After the Balance Sheet Date" for details.

Offshore Financing

In January 2014, we successfully issued the subordinated perpetual capital securities in the aggregate principal amount of USD500 million with interest rate of 9% per annum. The proceeds from this financing were mainly utilised for early redemption of the perpetual subordinated capital securities issued to Wharf with an aggregate principal amount of HK\$2,550 million (equivalent to approximately USD410 million). This not only increased the amount of financing for the Company but also reduced the interest cost.

In addition, on 10 February 2015, the Company further issued USD200 million senior notes due in 2019 with an interest rate of 8.0% per annum. The proceeds from the issuance have been or will be used for refinancing certain existing short term debts and for general corporate purposes.

Land Bank

In 2014, Greentown Group acquired 11 new land sites, with a GFA of approximately 4.34 million sqm of which approximately 2.58 million sqm was attributable to the Group. The newly-added land sites' total land premium amounted to approximately RMB20.3 billion. The majority of the land premium was paid by business partners, while only approximately RMB3.0 billion was required to be paid by the Group in cash. As at 31 December 2014, Greentown Group had a total land bank of 98 projects (including projects under construction and projects held for construction) and a total GFA of 34.89 million sqm, of which 19.06 million sqm was attributable to the Group. Total saleable area amounted to 25.55 million sqm, of which 13.68 million sqm was attributable to the Group, while average land cost was RMB3,518 per sqm.

OUTLOOK

The real estate market index in China has been declining since 2014. Property investments experienced a significant slowdown, thus gross floor area sold and sales volume both dropped on a year-on-year basis. The declining trend of housing prices spread to 70 large and medium cities. As adjustments to the property market continued to deepen, local governments began to remove restrictions on real estate purchases from June 2014 and continue to loosen regulatory control. Ultimately, the Central Bank also loosened mortgage rules for first-time home buyers and the property market rebounded on a moderate scale in the later half of 2014.

In 2015, under the government's policy guidance of "Adhering to differentiation guidance, policy implementation by land, implementation of local government's subject responsibility, support for owner-occupied and improvement-oriented housings demands to facilitate the stable and healthy development of the real estate market", the domestic real estate market is expected to continue its upward trend. The regulatory policy on the industry may be further relaxed and a variety of policies, such as lowering the interest rate and relaxation of purchase restriction, may be rolled out.

The entire profit model of the real estate industry has undergone fundamental changes with the gradual erosion of the land premium. Being able to cope with the trend of separation in investment and development, enhance the capability on professional development and living service, and realise added-value in both property development and services will be essential for the continuous survival and growth of enterprises.

From a long-term perspective, the PRC will undergo a steady urbanization process. Huge demand for home purchase driven by this trend will continue to fuel expansion of this industry. In 2015, the Company will focus on improving its finance, sales, product, service and manpower with the objective of "One Low, Five High", representing low debt ratio, high turnover, high reputation, high value for money, high added-value and high growth rate. With the initiative to develop strategic policies, we are well positioned for long term development.

Strategic Alliance for Development

In 2014, the Company successfully introduced CCCG, another strategic investor which has, along with Wharf, become co-largest shareholders of the Company. Being one of the Global Top 500 Enterprises and the market leader in the building segment, CCCG has strong advantage in resources. Its strengths will complement with the brand value, management experience and customer recognition of Greentown. Currently being the sole property platform of CCCG in the overseas listing arena, Greentown will benefit from the background of CCCG as a state-owned enterprise in terms of land acquisition, development and financing while CCCG will be able to expand its overall real estate segment rapidly with Greentown's assistance. On the other hand, Wharf, as a renowned Hong Kong blue-chip company with over one hundred years of history, has a wealth of practical experience in dealing with industry risk and market changes, which in turn will safeguard the rapid and healthy growth of Greentown. Greentown and Wharf together with CCCG represent a strong alliance in the market and will complement with each other to create strategic values.

Realise Product Diversity and Pursue Asset Light and Service Shift with Excellent Quality

After 20 years of development, the key strengths of Greentown have been gradually consolidated and optimized. In 2015, the Company will increase the proportion of investments in first-tier and key cities, expand the coverage in regions and further grow the production lines from high-end product to medium and high-end products, continuously enhance the cost effectiveness of the products, realise the diversity of product, expand the customer base and intensify the development of product which target at white collar customers in cities. Furthermore, the Company will restructure its assets actively to improve the liquidity and increase the proportion of asset-light businesses such as project management services. By leveraging on our brand and management expertise, we will fully utilize our commercial value in our capability regarding professional development.

Customer and community support is a valuable asset and driver of the Company. Continuous improvement of service quality is one of our long-term development strategies. In 2015, the Company will make a material change to its service strategy – we will increase investments in projects with a high level of return attributable by services, transform its service model from a traditional property management developer to a comprehensive and ideal living services provider, and explore and implement both a service model and a commerce model of the living services industry in China. We aim to integrate the online service channels such as the internet, Wechat, cloud computing and big data with the offline servicing mechanism to upgrade the Greentown Living Services System. By combining the wisdom living concepts together, we can provide more and better soft services to cover a comprehensive range of areas including education, healthcare, culture, health maintenance and retirement needs. These will improve both the value-added and value for money of Greentown’s products, as well as customer recognition and satisfaction.

Quality is vital to Greentown. The Company will still adhere to the principle of “fine and excellence product” to ensure that high quality products are delivered even in volatile market conditions. The Company will focus on building the “Greentown” brand, increasing the brand impact and profitability and upgrading the brand positioning in order to strengthen market confidence and enhance our customer loyalty.

Refine Sales Strategies and Unwavering Efforts to Reduce Inventory

The Company’s top priority in 2015 is to increase sales, expand sales channels and increase the inventory turnover. The Company will continue to maintain a clear strategy and effective management, learn from the good sales experience of our peers, and implement flexible sales and pricing strategies after taking into account some refined market research. In order to effectively reduce inventory, the Company will implement specific and effective measures to address the characteristics of different regions, cities and projects and to speed up the delivery of new housing projects and the sales of existing projects – with respect to regions with higher inventory and longer turnover period, we will refine sales strategies and adopt flexible pricing strategies, and increase turnover rates to ensure a steady capital flow for the Company’s future development of new products more competitively. Meanwhile, we will continue to improve the quality of our products, enhance our product value, products’ competitiveness and customer satisfaction to expedite the sales of our products.

Refine Financial Management and Reduce Finance Cost

Wharf, being a renowned property developer in Hong Kong with over a hundred years of history, has facilitated us in broadening our financing channels and improving our internal financial and risk management since it has become one of our largest shareholders. We believe that with CCCG becoming another largest shareholder of the Company, by leveraging on the strength of CCCG in global resources as a global Top 500 enterprise and a leading state-owned enterprise, CCCG will bring in further onshore and offshore financing opportunities to us, facilitate us in diversifying financing channels, improve our debt structure and reduce our finance costs.

By refining financial management and controls, we set to balance between quality and profit by conducting product research at the stage of land acquisition and planning. We will optimize the cost control mechanism, the bidding and tender mechanism and procedure supervision system in order to improve the cost controls for the whole production process.

Optimize Staff Structure and Enhance Team Competency

Being people-oriented is our development motto. The Company values staff advancement and development as a driver of the Group's long-term growth. In 2015, the Company will optimize the staff structure in five aspects to enhance the Group's overall competency. First, we will elucidate our manpower measure, strengthen supervision on the core values of our manpower, and employ talents with aspiration, sense of responsibilities and competency. Second, we will improve training for internal staff, build up a team of young operational managing staff, and increase our efforts on the nomination and recruitment of a team of young and middle-aged management talent in order to maintain the vitality of our senior management. Third, we will optimize our structure on talent recruitment, senior appointment and team composition to expedite the development of our versatile management talent with specific emphasis on operational management. Fourth, we will build a sound and stable scientific remuneration incentive system which links to the management and operational results of the Company. Fifth, we will pursue and facilitate the brain flow and transfer mechanism between Greentown and the renowned companies.

Looking ahead, Greentown has a long way to go. Faced with the policies and challenges of the market, we have to work closely with our strategic partners, fully commit ourselves to further mutual development, and continuously improve our products, services, sales, financial and manpower in order to enhance the Company's core competitiveness and sustainability and set a landmark on the real estate market in the PRC.

FINANCIAL ANALYSIS

Revenue

The revenue of the Group mainly derives from the sales of property, as well as from hotel operations, property rental, project management, sales of construction materials, and design and decoration, etc. During the Year, the revenue from property sales amounted to RMB30,111 million, accounting for 94.0% of the total revenue, and representing an increase of RMB2,651 million or 9.7% from RMB27,460 million in 2013. Such increase was mainly due to the increase in sales area. The sales area of properties delivered in 2014 was 1,936,916 sqm, representing an increase of 17.1% from 1,653,830 sqm in 2013.

Properties with the revenue recognized by subsidiaries during 2014 were as follows:

Projects	Type of Properties	Area Sold (sqm) (Note)	Sales Revenue (RMB million)	% of Total	Average Selling Price (RMB/sqm)
Hangzhou Orchid Residence	High-Rise Apartment, Serviced Apartment	93,149	3,744	12.4%	40,194
Shaoxing Lily Garden	High-Rise Apartment, Villa, Office	259,299	3,683	12.2%	14,204
Shanghai Rose Garden	Villa	51,374	2,522	8.4%	49,091
Taizhou Rose Garden	High-Rise Apartment, Villa	105,231	1,515	5.0%	14,397
Hainan Greentown Blue Town	High-Rise Apartment, Low-Rise Apartment, Villa	78,010	1,436	4.8%	18,408
Xinjiang Jade Garden	High-Rise Apartment	137,719	1,292	4.3%	9,381
Hangzhou Jade Garden	High-Rise Apartment	66,586	1,254	4.2%	18,833
Qingdao Jiaozhou Lagerstroemia Square	High-Rise Apartment, Low-Rise Apartment	154,662	1,191	4.0%	7,701
Qingdao Ideal City	High-Rise Apartment, Low-Rise Apartment	101,868	1,076	3.6%	10,563
Zhuji Greentown Plaza	High-Rise Apartment, Villa	69,621	1,054	3.5%	15,139
Nantong Qidong Rose Garden	High-Rise Apartment, Low-Rise Apartment	96,599	928	3.1%	9,607
Others		722,798	10,416	34.5%	14,411
Total		1,936,916	30,111	100.0%	15,546

Note: Area sold includes above ground and underground areas.

During the Year, projects in Zhejiang area (excluding Hangzhou) achieved sales revenue of RMB9,446 million, accounting for 31.4% of the property sales, ranking first among all regions. Projects in Hangzhou area achieved sales revenue of RMB8,587 million, accounting for 28.5%, ranking second. Projects in Shandong area achieved sales revenue of RMB2,858 million, accounting for 9.5%, ranking third.

During the Year, sales revenue of high-rise apartment, low-rise apartment and serviced apartment reached RMB21,697 million, accounting for 72.1% of the property sales; sales revenue of villa reached RMB8,066 million, accounting for 26.8%; sales revenue of office reached RMB348 million, accounting for 1.1%.

During the Year, the Group achieved design and decoration revenue of RMB749 million, representing an increase of 28.7% from RMB582 million achieved in 2013. Such increase was mainly due to the gradual expansion of design and decoration business scale year by year.

The Group's revenue from project management in 2014 amounted to RMB461 million, representing an increase of 31.7% from RMB350 million in 2013, mainly consisting of project management revenue of Bluetown Construction Management Group Co., Ltd., a subsidiary of the Company. The momentum for the growth of project management is promising and its contribution to the Group is expected to increase in the coming years.

During the Year, the Group's revenue from hotel operations was RMB440 million, representing an increase of 44.3% from RMB305 million in 2013. The increase was mainly due to the additional revenue contributed by Hainan Greentown Blue Bay Resort, Hainan Westin Blue Bay Resort and Sheraton Qingdao Licang Hotel, etc, which have commenced operations in 2014. Furthermore, Greentown Qiandao Lake Resort, Sheraton Zhoushan Hotel and Sheraton Qingdao Jiaozhou Hotel which commenced operations in previous years also recorded an increase in operational revenue as a result of their stable customer base.

During the Year, the Group's rental income from investment properties was RMB122 million, representing a slight increase from RMB114 million in 2013, mainly attributed by the rental income from Oakwood Residence Beijing.

Gross Profit Margin from Property Sales

During the Year, the Group's gross profit from properties sales was RMB7,074 million and the gross profit margin of property sales was 23.5%, lower than 28.4% in 2013. The two main reasons for the decrease were the relatively high land costs (as the majority of the lands of the projects with the revenue recognized during the Year were acquired in 2009) and the relatively low selling price of the projects (as a result of the macro control measures imposed by the central government on the real estate industry over the past few years).

Other Income

During the Year, the Group realized other income of RMB964 million, representing an increase of RMB236 million from RMB728 million in 2013, mainly due to an increase in interest income and the recognition of RMB76 million dividends income from available-for-sale investments.

During the Year, the Group received interest income of RMB665 million, representing an increase of RMB171 million from RMB494 million in 2013, mainly due to the increase in interest income on amounts due from related parties.

Selling and Administrative Expenses

The Group's selling and administrative expenses during the Year amounted to RMB2,827 million, representing an increase of 20.8% from RMB2,340 million in 2013.

Human resources cost, which is the largest single expense item in selling and administrative expenses, amounted to RMB950 million in 2014 (2013: RMB723 million), representing an increase of 31.4% as compared with last year, mainly due to an increase in the number of staff for an increased business scale and the optimization of the remuneration system in the Year. Expenses in marketing and related fees during the Year amounted to RMB556 million, in line with RMB561 million in 2013. During the Year, the daily operating expenses amounted to RMB864 million (2013: RMB664 million), increased 30.1% compared with last year. Save for the slightly increase in the Group's basic expenses such as office expenses, travel expenses, rental fees and entertainment expenses as the result of the price growth during the Year, the increase of the daily operating expenses was mainly due to the increased preliminary operating expenses incurred and depreciation in connection with the commencement of operation of Sheraton Qingdao Licang Hotel, Hainan Greentown Blue Bay Resort and Hainan Westin Blue Bay Resort, etc. in the Year.

In addition, the administrative expenses included a net foreign exchange loss of RMB22 million compared with a net foreign exchange gain of RMB90 million in other income in 2013, mainly due to a lot of borrowings of the Group denominated in foreign currency and the depreciation of Renminbi during the Year.

Financing Cost

During the Year, interest expenses recorded in the consolidated statement of profit or loss and other comprehensive income was RMB680 million (2013: RMB507 million). The total interest expenses during the Year was RMB3,125 million, representing an increase of 28.5% from RMB2,431 million in 2013, mainly due to the significant increase in the weighted average of loan balance outstanding during the Year. The weighted average interest cost during this Year was 7.9% per annum, lower than 8.7% per annum in 2013. During this Year, the capitalized interest was RMB2,445 million, at a capitalization percentage of 78.2%, which was quite consistent with 79.1% in 2013.

Share of Results of Joint Ventures and Associates

During the Year, the Group's share of results of joint ventures and associates was RMB408 million, representing a decrease of RMB1,162 million from RMB1,570 million in 2013, mainly due to the impairment losses recognized by some joint ventures and associates (refer to "Provision and Reversal of Provision for Impairment Losses") and the relatively low gross profit margin of the properties delivered in this Year.

During the Year, sales revenue from properties recognized by joint ventures and associates amounted to RMB39,416 million, representing an increase of 19.7% from RMB32,921 million in 2013, mainly due to sold areas increased by 39.5% from 1,503,542 sqm in 2013 to 2,097,973 sqm. However, the average selling price decreased by 14.2% from RMB21,896 per sqm in 2013 to RMB18,788 per sqm. During this Year, the gross profit margin of property sales generated by joint ventures and associates was 14.4%, mainly due to mark-to-market value appreciation recognized upon the acquisitions or high land price of the projects such as Shanghai Central Garden, Wenzhou Begonia Bay, Suzhou Majestic Mansion, Jinan Lily Garden and Hangzhou Zhijiang No. 1, resulting relatively high unit cost and low gross profit margin. As a result, the gross profit margin of property sales during this Year was affected.

Projects with the revenue recognized by joint ventures and associates during 2014 were as follows:

Projects		Type of Properties	Area Sold (sqm) (Note)	Sales Revenue (RMB million)	% of Total	Average Selling Price (RMB/sqm)
Shanghai Central Garden	Joint venture	High-Rise Apartment	162,793	5,473	13.9%	33,619
Hangzhou Bright Moon in Jiangnan	Joint venture	High-Rise Apartment	120,820	3,211	8.1%	26,577
Jinan Lily Garden	Joint venture	High-Rise Apartment	189,149	1,498	3.8%	7,920
Hangzhou Zhijiang No. 1	Joint venture	High-Rise Apartment	72,507	1,309	3.3%	18,053
Shanghai Yulan Garden – Glorious Garden	Associate	Low-Rise Apartment, High-Rise Apartment	79,882	3,132	7.9%	39,208
Shanghai Dynasty on Bund	Associate	High-Rise Apartment	44,664	2,583	6.6%	57,832
Wenzhou Begonia Bay	Associate	Low-Rise Apartment, High-Rise Apartment, Villa	105,138	2,304	5.8%	21,914
Ningbo Center	Associate	High-Rise Apartment, Office	94,580	2,086	5.3%	22,055
Jinan National Games Project	Associate	Low-Rise Apartment, High-Rise Apartment, Villa Serviced Apartment, Office	113,761	2,039	5.2%	17,924
Lishui Beautiful Spring River	Associate	High-Rise Apartment, Villa	122,137	1,861	4.7%	15,237
Wuxi Lihu Camphora Garden	Associate	High-Rise Apartment, Villa	82,831	1,326	3.4%	16,008
Others			909,711	12,594	32.0%	13,844
Total			2,097,973	39,416	100.0%	18,788

Note: Area sold includes above ground and underground areas.

Taxation Expenses

During the Year, taxation included the LAT of RMB1,396 million (2013: RMB1,253 million) and enterprise income tax of RMB1,323 million (2013: RMB1,903 million). During the Year, the effective enterprise income tax rate was 32.1% (excluding share of results of joint ventures and associates), higher than the statutory tax rate of 25.0%, which was mainly attributable to withholding tax on dividend, the unrecognized deferred tax assets of the losses of certain overseas subsidiaries and fair value changes on cross currency swaps, and the tax effect of non-deductible expenses.

Gain from Changes in Fair Value of Investment Properties

Investment properties are properties held for rental earning and are measured at fair value. The Group commissioned DTZ Debenham Tie Leung Limited to provide assessments on investment properties of the Group. According to the results of the assessments, the gain from changes in fair value of investment properties amounted to RMB60 million in 2014 (2013: gain of RMB101 million).

Fair Value Changes on Cross Currency Swaps

In May 2013, the Company issued senior notes in the aggregate principal amount of RMB2,500 million and entered into cross currency swap contracts with BOCI Financial Products Limited, Standard Chartered Bank and Industrial & Commercial Bank of China (Asia) Limited. The fair value changes on such cross currency swaps realized loss of RMB121 million (2013: gain of RMB50 million) during the Year.

Provision and Reversal of Provision for Impairment Losses

The restriction on property purchases and credit tightening policies imposed by the State increased the level of risk and uncertainties of China's real estate market. In light of this, the Group commissioned DTZ Debenham Tie Leung Limited to provide assessments on properties held by the Group. According to the results of the assessments, Zhoushan Putuo Greentown Industry Investment Co., Ltd., a subsidiary of the Company, recognized a reversal of impairment loss of RMB17 million for hotel property (Zhoushan Westin Zhujiajian Resort) in 2014 (2013: a reversal of impairment loss of RMB61 million). The Group's subsidiary Zhuji Yuedu Real Estate Co., Ltd. recognized impairment loss of RMB71 million for its completed properties for sale (Zhuji Greentown Plaza). In addition, an impairment loss of RMB122 million was made on the amount due from Shaoxing Greentown Baoye Real Estate Development Co., Ltd. (Shaoxing Jade Garden), a joint venture of the Group.

The Group's joint ventures and associates recognized a total impairment losses of RMB620 million, mainly from China Investment Development Co., Ltd., Hangzhou Haihang Greentown Real Estate Co., Ltd.(Hangzhou Sincere Garden Zhichengyuan), Suzhou Greentown Yuyuan Real Estate Development Co., Ltd. (Suzhou Majestic Mansion) and Wuxi Sunac Greentown Hubin Real Estate Co., Ltd. (Wuxi Lihu Camphora Garden), who recognized impairment losses of RMB250 million, RMB213 million, RMB89 million and RMB54 million for their properties respectively. Such impairment losses reduced the Group's share of results of joint ventures and associates by RMB217 million.

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 2014, the balance of pre-sale deposits of the Group was RMB20,116 million, representing a decrease of RMB3,312 million or 14.1% from RMB23,428 million as at 31 December 2013.

As at 31 December 2014, the pre-sale deposits of joint ventures and associates was RMB42,098 million, representing a decrease of RMB628 million or 1.5% from RMB42,726 million as at 31 December 2013.

Financial Resources and Liquidity

As at 31 December 2014, the Group had bank balances and cash (including pledged bank deposits) of RMB9,084 million (as at 31 December 2013: RMB11,281 million). Total borrowings amounted to RMB35,815 million (as at 31 December 2013: RMB30,512 million) and the net borrowings (total borrowings less bank balances and cash) amounted to RMB26,731 million (as at 31 December 2013: RMB19,231 million). The net gearing ratio (measured by net borrowings over net assets) was 76.7%, representing an increase from 60.1% as at 31 December 2013, which was mainly due to several bank and other borrowings obtained for payment for land cost and construction fees.

Greentown Group has obtained facilities of approximately RMB49.4 billion from commercial banks, of which approximately RMB18.3 billion was effectively drawn as at 31 December 2014.

Project Transfer

On 13 October 2014, the Group entered into a transfer agreement of shares and shareholder's loan with Sino-Ocean Land (Hong Kong) Limited ("Sino-Ocean"), pursuant to which, the Company had transferred 24.5% shares and shareholder's loan held in Poly Link Management Limited ("Poly Link") to Sino-Ocean for a total consideration of RMB1,090 million. Poly Link was formerly an associate of the Group, which indirectly held and developed the project of Hangzhou Ocean Mansion. As at 31 December 2014, the Group had received RMB1,060 million for the consideration amount of the transfer. The transfer increased the profit attributable to owners of the Company by RMB121 million.

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 had deposits, bank and other borrowings, amounts due from and amounts due to related parties denominated in foreign currency and amounts due from and amounts due to the third parties denominated in foreign currency, and the aggregate amount of USD1 billion senior notes issued in 2013 were denominated in US dollars. In addition, the Company issued senior notes in the aggregate principal amount of RMB2,500 million in May 2013, and entered into cross currency swap contracts with certain banks. The Group was exposed to exchange rate risk. However, the Group's operating cash flow and liquidity is 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 2014.

Financial Guarantees

The Group provided financial guarantees to banks for mortgage facilities granted to buyers of the Group's properties. As at 31 December 2014, such financial guarantees amounted to RMB17,826 million (as at 31 December 2013: RMB17,625 million).

Pledge of Assets

As at 31 December 2014, the Group pledged buildings, hotels, construction in progress, prepaid lease payment, investment properties, properties for development, properties under development, completed properties for sale, pledged bank deposits, interests in joint ventures and interests in associates, with an aggregate carrying value of RMB26,217 million (as at 31 December 2013: RMB22,725 million) to secure general credit facilities granted by banks and other financial institutions to the Group.

Capital Commitments

As at 31 December 2014, the Group had contracted, but not provided for, capital expenditure commitments of RMB13,786 million (as at 31 December 2013: RMB14,065 million) in respect of properties for development, properties under development or 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 secure the capital chain. Currently there is no material capital expenditure plan.

EVENTS AFTER THE BALANCE SHEET DATE

The following significant events took place subsequent to 31 December 2014:

On 10 February 2015, the Company, certain offshore subsidiaries of the Company, China Orient Asset Management (International) Holding Limited and Credit Suisse International entered into a purchase agreement in connection with the issue by the Company of the 8.0% senior notes due 2019 in the aggregate principal amount of USD200 million (the “New Notes”), which upon issuance will be consolidated and form a single series with the USD300 million 8.0% senior notes due 2019 issued by the Company on 24 September 2013. The listing of and permission to deal in the New Notes on the Stock Exchange became effective on 16 February 2015.

On 23 December 2014, Delta House Limited, Profitwise Limited and Wisearn Limited, which are companies wholly-owned by Mr Song Weiping, Mr Shou Bainian and Ms Xia Yibo, respectively, entered into a sale and purchase agreement with CCCG pursuant to which Delta House Limited, Profitwise Limited and Wisearn Limited agreed to sell and CCCG agreed to acquire an aggregate of 524,851,793 Shares. The transaction was completed on 27 March 2015 pursuant to which CCCG has become a substantial shareholder of the Company and is interested in 524,851,793 Shares, representing approximately 24.287% of the total issued share capital of the Company as at the date of this announcement, while Mr Song and Mr Shou are interested or deemed to be interested in an aggregate of 400,621,707 Shares (excluding share options), representing approximately 18.538% of the total issued share capital of the Company as at the date of this announcement. As at the date of this announcement, Wharf is a substantial shareholder of the Company and is interested (through its wholly-owned subsidiary) in 524,851,793 Shares, representing approximately 24.287% of the total issued share capital of the Company. Details of the transaction are set out in the announcements of the Company dated 23 December 2014, 24 March 2015 and 27 March 2015, respectively.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

Save as disclosed in this announcement, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company’s listed securities during the Year.

HUMAN RESOURCES

As at 31 December 2014, the Group employed a total of 5,050 employees (2013: 4,928). The employees of the Group 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 granted to the employees based on their individual performance evaluation.

CORPORATE GOVERNANCE CODE

Throughout the Year, the Board considers that the Company has met the code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules.

COMPLIANCE WITH THE MODEL CODE OF THE LISTING RULES

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 as the Company's code for dealing in securities of the Company by the Directors. After specific enquiry, all Directors confirmed that they have complied with the Model Code throughout the Year. Relevant employees who are likely to be in possession of inside information of the Group are also subject to compliance with the written guidelines on no less exacting terms than the Model Code.

AUDIT COMMITTEE

The Audit Committee comprises of four members (one non-executive Director and three independent non-executive Directors). The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed the audit objectives, the scopes and the report of the internal audit department of the Group. The results of the Group for the Year have been reviewed by the Audit Committee.

FORWARD LOOKING STATEMENTS

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

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

DIVIDENDS

The Board has resolved not to declare any final dividend for the year ended 31 December 2014 (for the year ended 31 December 2013: RMB0.43 per share).

ANNUAL GENERAL MEETING

It is proposed that the annual general meeting of the Company will be held on 19 June 2015 (Friday). A notice convening the AGM will be published and dispatched 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 during the following periods:

From 17 June 2015 (Wednesday) to 19 June 2015 (Friday), both days inclusive, during which period no transfer of shares will be registered, for the purpose of ascertaining shareholders' entitlement to attend and vote at the AGM. In order to be eligible to attend and vote at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share register in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on 16 June 2015 (Tuesday).

PUBLICATION OF ANNUAL REPORT ON THE STOCK EXCHANGE WEBSITE

The annual report of the Company for the Year containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and published on the website of the Stock Exchange at www.hkexnews.com and the websites of the Company at www.chinagreentown.com or www.greentownchina.com.

APPRECIATION

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

By Order of the Board of
Greentown China Holdings Limited
Song Weiping
Co-chairman

Hangzhou, the PRC
27 March 2015

As at the date of this announcement, the Board comprises four executive directors, namely Mr Song Weiping, Mr Zhu Bixin, Mr Shou Bainian and Mr Sun Guoqiang, two non-executive directors, namely, Mr Andrew Chow and Mr Tsui Yiu Cheung and four independent non-executive directors, namely Mr Jia Shenghua, Mr Ke Huanzhang, Mr Sze Tsai Ping, Michael, and Mr Hui Wan Fai.