

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 2015**

The board of directors (the “Board”) of Greentown China Holdings Limited (the “Company” or “Greentown”) is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2015 (the “Year”) prepared in accordance with the International Financial Reporting Standards, together with comparative audited figures for the year ended 31 December 2014. The following financial information is extracted from the audited consolidated financial statements in the Group’s 2015 annual report which is to be published by the Group.

* *for identification purposes only*

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**
FOR THE YEAR ENDED 31 DECEMBER 2015

	NOTES	2015 RMB'000	2014 RMB'000
Revenue	3	26,047,051	32,048,979
Cost of sales		<u>(20,626,106)</u>	<u>(23,916,319)</u>
Gross profit		5,420,945	8,132,660
Other income	4	849,170	964,263
Selling expenses		(1,229,119)	(991,966)
Administrative expenses		(2,572,730)	(1,835,533)
Finance costs	5	(885,945)	(679,688)
Reversal of impairment losses on property, plant and equipment		30,729	16,799
Impairment losses on completed properties for sale		(327,120)	(70,604)
Impairment losses on amounts due from an associate and a joint venture		(196,619)	(122,198)
Gain from changes in fair value of investment properties		40,000	60,000
Fair value changes on cross currency swaps		(128,622)	(121,022)
Fair value changes on senior notes' early redemption options		257,994	–
Gain on re-measurement of an associate to acquisition date fair value in business combination achieved in stages		–	37,196
Gain on acquisition of a subsidiary		2,242	1,363
Net gain on disposal of subsidiaries		2,906	8,670
Gain on disposal of an associate		2,958	120,773
Share of results of associates		1,436,026	339,873
Share of results of joint ventures		231,856	67,879
Profit before taxation		2,934,671	5,928,465
Taxation	6	<u>(1,675,175)</u>	<u>(2,718,644)</u>
Profit and total comprehensive income for the year		<u>1,259,496</u>	<u>3,209,821</u>
Attributable to:			
Owners of the Company		813,206	2,071,722
Non-controlling interests		446,290	1,138,099
		<u>1,259,496</u>	<u>3,209,821</u>
Earnings per share	7		
Basic		<u>RMB0.25</u>	<u>RMB0.80</u>
Diluted		<u>RMB0.25</u>	<u>RMB0.80</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	<i>NOTE</i>	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		6,512,266	6,216,092
Investment properties		1,931,500	1,891,500
Goodwill		769,241	–
Interests in associates		6,646,717	8,724,954
Interests in joint ventures		2,979,402	1,807,755
Available-for-sale investments		162,289	388,617
Prepaid lease payment		659,487	662,061
Rental paid in advance		8,843	8,697
Deferred tax assets		1,201,769	1,116,046
Senior notes' early redemption options		257,994	–
		21,129,508	20,815,722
CURRENT ASSETS			
Properties for development		9,982,486	5,749,961
Properties under development		48,772,289	41,312,223
Completed properties for sale		14,348,837	15,651,236
Inventories		92,245	123,062
Trade and other receivables, deposits and prepayments	8	4,318,531	5,215,241
Amounts due from related parties		24,275,996	27,156,714
Prepaid income taxes		1,351,708	1,055,775
Prepaid other taxes		1,183,024	979,687
Pledged bank deposits		3,358,767	1,350,690
Bank balances and cash		14,879,912	7,733,567
		122,563,795	106,328,156
Assets classified as held for sale		819,301	–
		123,383,096	106,328,156

	<i>NOTE</i>	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
CURRENT LIABILITIES			
Trade and other payables	9	18,754,124	19,380,948
Pre-sale deposits		22,223,247	20,116,444
Amounts due to related parties		11,642,692	9,850,372
Income taxes payable		4,355,641	5,290,359
Other taxes payable		740,929	969,807
Bank and other borrowings		12,540,078	12,167,171
Senior notes		2,497,056	–
Cross currency swaps		199,796	–
		72,953,563	67,775,101
Liabilities associated with assets classified as held for sale		312,340	–
		73,265,903	67,775,101
NET CURRENT ASSETS		50,117,193	38,553,055
TOTAL ASSETS LESS CURRENT LIABILITIES		71,246,701	59,368,777
NON-CURRENT LIABILITIES			
Bank and other borrowings		14,894,665	15,056,123
Senior notes		8,163,517	8,592,129
Corporate bonds		6,898,467	–
Deferred tax liabilities		4,629,993	804,043
Cross currency swaps		–	71,174
		34,586,642	24,523,469
		36,660,059	34,845,308
CAPITAL AND RESERVES			
Share capital		208,967	208,850
Reserves		23,792,070	23,431,221
Equity attributable to owners of the Company		24,001,037	23,640,071
Perpetual securities		3,014,681	3,014,681
Non-controlling interests		9,644,341	8,190,556
		36,660,059	34,845,308

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

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”)

Amendments to IFRSs applied in the current year

In the current year, the Group has applied, for the first time, 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 2015.

The application of the 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:

	2015	2014
	RMB’000	RMB’000
Property sales	23,325,860	30,110,664
Hotel operations	583,732	439,571
Project management	747,908	460,805
Property rental income	124,022	121,561
Design and decoration	1,099,165	748,647
Sales of construction materials	1,606	19,066
Other business	164,758	148,665
	26,047,051	32,048,979

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'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 2015 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 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 2015							
Segment revenue							
External revenue	23,325,860	583,732	124,022	2,013,437	26,047,051	–	26,047,051
Inter-segment revenue	–	18,624	–	301,950	320,574	(320,574)	–
Total	<u>23,325,860</u>	<u>602,356</u>	<u>124,022</u>	<u>2,315,387</u>	<u>26,367,625</u>	<u>(320,574)</u>	<u>26,047,051</u>
Segment results	<u>1,217,911</u>	<u>27,045</u>	<u>44,651</u>	<u>202,602</u>	<u>1,492,209</u>	<u>(18,954)</u>	<u>1,473,255</u>
Unallocated administrative expenses							(64,040)
Unallocated other income							16,677
Unallocated finance costs							(1,820)
Fair value changes on cross currency swaps							(128,622)
Unallocated taxation							(35,954)
Profit for the year							<u>1,259,496</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 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>

Segment assets and liabilities

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

Segment assets

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Property development	129,525,307	115,207,207
Hotel operations	6,656,336	6,057,524
Property investment	1,969,604	1,921,244
Others	4,843,293	2,923,431
	<hr/>	<hr/>
Total segment assets	142,994,540	126,109,406
Unallocated	1,518,064	1,034,472
	<hr/>	<hr/>
Consolidated assets	144,512,604	127,143,878

Segment liabilities

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Property development	100,698,005	86,659,435
Hotel operations	413,575	321,269
Property investment	801,599	916,091
Others	4,842,873	3,560,398
	<hr/>	<hr/>
Total segment liabilities	106,756,052	91,457,193
Unallocated	1,096,493	841,377
	<hr/>	<hr/>
Consolidated liabilities	107,852,545	92,298,570

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, available-for-sale investments, trade and other receivables, deposits and prepayments, and amounts due from related parties pertaining to non-operating group entities.
- all liabilities are allocated to operating segments other than derivative financial instruments, bank and other borrowings, amounts due to related parties, income taxes payable, other taxes payable and deferred tax liabilities pertaining to non-operating group entities.

Other segment information

For the year ended 31 December 2015

	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>)	2,223,475	475,217	1,012	27,681	2,727,385	1,245	2,728,630
Interests in associates	6,646,717	-	-	-	6,646,717	-	6,646,717
Interests in joint ventures	2,979,402	-	-	-	2,979,402	-	2,979,402
Reversal of impairment losses on property, plant and equipment	-	(30,729)	-	-	(30,729)	-	(30,729)
Impairment losses on completed properties for sale	327,120	-	-	-	327,120	-	327,120
Impairment losses on amounts due from an associate and a joint venture	196,619	-	-	-	196,619	-	196,619
Gain from changes in fair value of investment properties	-	-	(40,000)	-	(40,000)	-	(40,000)
Gain on acquisition of a subsidiary	(2,242)	-	-	-	(2,242)	-	(2,242)
Net gain on disposal of subsidiaries	(2,906)	-	-	-	(2,906)	-	(2,906)
Gain on disposal of an associate	(2,958)	-	-	-	(2,958)	-	(2,958)
Depreciation of property, plant and equipment	128,971	146,021	2,107	26,369	303,468	732	304,200
Loss (gain) on disposal of property, plant and equipment	(3,780)	-	(1)	274	(3,507)	(30)	(3,537)
Interest income	(572,536)	(86)	(64)	(4,729)	(577,415)	(16,242)	(593,657)
Finance costs	795,347	14,944	42,172	31,662	884,125	1,820	885,945
Share of results of associates	(1,436,026)	-	-	-	(1,436,026)	-	(1,436,026)
Share of results of joint ventures	(231,856)	-	-	-	(231,856)	-	(231,856)
Taxation	1,516,354	8,346	10,000	104,521	1,639,221	35,954	1,675,175

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 losses on property, plant and equipment	–	(16,799)	–	–	(16,799)	–	(16,799)
Impairment losses on completed properties for sale	70,604	–	–	–	70,604	–	70,604
Impairment losses 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

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, goodwill and deferred tax assets.

4. OTHER INCOME

	2015 RMB'000	2014 RMB'000
Interest income on bank balances	119,458	107,188
Interest income on amounts due from related parties	474,199	558,018
Government grants	9,032	26,203
Comprehensive service income	86,577	129,901
Dividends from available-for-sale investments	99,570	76,168
Others	60,334	66,785
	849,170	964,263

5. FINANCE COSTS

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Interest on bank and other borrowings	2,133,080	2,461,864
Interest on senior notes	783,931	662,637
Interest on corporate bonds	111,192	–
	<u>3,028,203</u>	<u>3,124,501</u>
Less: capitalised in properties under development and construction in progress	<u>(2,142,258)</u>	<u>(2,444,813)</u>
	<u>885,945</u>	<u>679,688</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 7.28% (2014: 7.87%) per annum to expenditure on the development of properties for sale and for own use.

6. TAXATION

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Current tax:		
PRC enterprise income tax	704,744	1,271,129
LAT	860,606	1,396,485
	<u>1,565,350</u>	<u>2,667,614</u>
Under-provision in prior years:		
PRC enterprise income tax	747	448
Deferred tax:		
Current year	109,078	50,582
	<u>1,675,175</u>	<u>2,718,644</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:

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Profit before taxation	<u>2,934,671</u>	<u>5,928,465</u>
Tax at the applicable PRC enterprise income tax rate of 25% (2014: 25%)	733,668	1,482,116
Effect of different tax rates	(5,594)	(17,247)
Tax effect of share of results of associates	(359,007)	(84,968)
Tax effect of share of results of joint ventures	(57,964)	(16,970)
Tax effect of income not taxable for tax purposes	(89,694)	(19,028)
Tax effect of expenses not deductible for tax purposes	546,790	213,958
Under-provision in respect of prior year	747	448
Tax effect of impairment losses not recognised	25,380	–
Tax effect of tax losses not recognised	211,242	63,086
Recognition of deferred tax assets on tax losses previously not recognised	(833)	(5,276)
Utilisation of tax losses previously not recognised	(5,015)	(4,839)
LAT provision for the year	860,606	1,396,485
Tax effect of LAT	(215,151)	(349,121)
Tax effect of undistributed profits	<u>30,000</u>	<u>60,000</u>
Tax charge for the year	<u><u>1,675,175</u></u>	<u><u>2,718,644</u></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 2015, the Group estimated and made a provision for LAT in the amount of RMB860,606,000 (2014: RMB1,396,485,000), 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

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Profit for the year attributable to the owners of the Company	813,206	2,071,722
Premium of Convertible Securities on redemption	–	(66,677)
Distribution related to Perpetual Securities	(280,763)	(254,986)
Distribution related to Convertible Securities	–	(25,282)
	<hr/>	<hr/>
Earnings for the purpose of basic earnings per share	532,443	1,724,777
	<hr/>	<hr/>
Earnings for the purpose of diluted earnings per share	532,443	1,724,777
	<hr/>	<hr/>

Number of shares

	2015	2014
Weighted average number of ordinary shares for the purpose of basic earnings per share	2,161,681,120	2,159,405,822
Effect of dilutive potential ordinary shares:		
Share options	5,834,950	8,014,885
	<hr/>	<hr/>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	2,167,516,070	2,167,420,707
	<hr/>	<hr/>

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 2015 and 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

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Trade receivables	600,621	611,334
Other receivables	2,947,895	3,583,985
Prepayments and deposits	706,865	956,772
Consideration receivables from disposal of a subsidiary and an associate	63,150	63,150
	<u>4,318,531</u>	<u>5,215,241</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.

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Within 90 days	302,171	360,756
91–180 days	85,883	19,494
181–365 days	74,208	91,240
Over 365 days	138,359	139,844
	<u>600,621</u>	<u>611,334</u>

9. TRADE AND OTHER PAYABLES

The aged analysis of trade payables is stated as follows:

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Within 180 days	8,072,246	9,054,735
180–365 days	2,342,294	1,459,852
Over 365 days	1,128,615	1,270,961
	<u>11,543,155</u>	<u>11,785,548</u>
Trade payables	11,543,155	11,785,548
Other payables and accrued expenses	6,230,768	7,595,400
Receipt in advance for a subsidiary held for sale	858,000	–
Consideration payables on acquisition of subsidiaries	122,201	–
	<u>18,754,124</u>	<u>19,380,948</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 2015, the development of the Chinese economy entered into a new norm. Pursuant to the government's general deployment of reform and against the backdrop of stabilizing residential housing consumption and strengthening inventory turnover, there has been an easing of policy with respect to the national real estate market. A raft of policies, including lowering the down-payment ratio and trimming the reserve requirement ratio and interest rate, were introduced. A number of favorable sentiments joined force to improve the market environment and stimulate the demand for housing purchase, in particular the demand for better housing. The real estate in the PRC market achieved many major breakthroughs.

The year of 2015 marked the outset of a new journey for the Company. The Company gradually adapted to China's economic transformation and upgrading, the new phase of urbanization, the further acceleration of globalization as well as other new trends. The Company has also proactively tackled the difficulties resulting from the present scarcity of land premium, the reversal between supply and demand, the profitability downturn of property companies, and the real estate industry's new norm of development pattern. With full support from our substantial shareholders (namely China Communications Construction Group (Limited) ("CCCCG") and The Wharf (Holdings) Limited) and our founding shareholders (including Mr SONG Weiping) as well as the effort made by all employees, the Company has achieved a smooth transition and stable operation performance.

In the ever rapidly-changing market environment, the Company persistently upheld its core belief of "Honesty, Goodwill, Exquisite and Perfect" to further keep abreast with market and customer demands, innovate product variety, integrate with the optimization marketing strategies of the Internet and internet-of-things ("IoT") in order to expand its customer base, enhance its comprehensive service standard and transform into an ideal lifestyle integrated service provider.

Results Overview

In 2015, the Group recognized revenue of RMB26,047 million, representing a decrease of 18.7% from RMB32,049 million in 2014, gross profit was RMB5,421 million, representing a decrease of 33.3% from RMB8,133 million in 2014. The decrease was mainly due to the fact that the sales area of properties delivered decreased 16.8% to 1,610,818 sqm from 1,936,916 sqm in 2014. The gross profit margin from property sales for the Year was 18.0%, representing a decrease from 23.5% in 2014. Such decrease was mainly due to the fact that certain proportion of projects delivered during the Year were located at third-tier and fourth-tier cities and their relatively lower selling price as a result of the macro control measures on the real estate industry promulgated by Chinese government over the past years has affected the gross profit margin for the Year to a certain extent.

The net profit for the Year was RMB1,259 million, representing a decrease of 60.8% from RMB3,210 million in 2014. The profit attributable to owners of the Company reached RMB 813 million, representing a decrease of 60.8% as compared to RMB 2,072 million recorded in 2014. After deduction of post-tax effect of net gains from acquisitions, impairment losses or reversal of impairment losses on some assets, and changes in fair value of financial derivatives and gain from changes in fair value of investment properties, the core profit attributable to owners of the Company for the Year was RMB1,033 million, representing a decrease of 53.8% compared to RMB2,236 million recorded in 2014. In addition to the decline of gross profit, the decrease was also mainly due to the increase of selling and administrative expenses, which is in line with the significant increase of net foreign exchange loss and certain increased human resources cost and hotel operations cost.

Pre-sales in 2015

During the Year, Greentown Group (including Greentown China Holdings Limited and its subsidiaries, together with its joint ventures and associates) has recorded approximately 3.90 million sqm of accumulated total saleable area, while the contracted sales amounted to approximately RMB71.9 billion, of which about RMB38.8 billion was attributable to the Group. As at 31 December 2015, Greentown Group has recorded RMB1.8 billion of subscription sales, of which approximately RMB1.0 billion was attributable to the Group. The annual sales of Greentown Group have substantially exceeded the target of RMB60.0 billion set at the beginning of the Year with an overall average selling price of RMB18,449 per sqm.

Land Bank

In 2015, Greentown Group acquired 8 high-quality land sites in core cities including Beijing, Hangzhou, Jinan, etc., through public land auctions and acquisitions. The total GFA was approximately 2.51 million sqm, of which approximately 1.33 million sqm was attributable to the Group. Total land premium of new projects amounted to approximately RMB15.3 billion, of which approximately RMB3.7 billion was paid by the Group from its own resources. As at 31 December 2015, Greentown Group had land bank reserves with a total GFA of approximately 31.24 million sqm, of which approximately 18.21 million sqm was attributable to the Group, and the total saleable area amounted to approximately 23.08 million sqm, of which approximately 13.56 million sqm was attributable to the Group, with an average GFA land cost of approximately RMB3,095 per sqm.

CCCG Becoming the Single Largest Shareholder of Greentown

On 27 March 2015, CCCG completed the acquisition of shares of the Company from Mr Song Weiping, Ms Xia Yibo (spouse of Mr Song) and Mr Shou Bainian, pursuant to which CCCG held an aggregate of 524,851,793 shares of the Company. In addition, on 4 June 2015, CCCG, through its wholly-owned subsidiary, CCCG Real Estate Group Limited (中交房地產集團有限公司) acquired another 100,000,000 shares of the Company. As at the date of this announcement, CCCG held 624,851,793 shares of the Company, representing approximately 28.899% of the total issued share capital of the Company, and thus is the single largest shareholder of Greentown. After the share purchase by CCCG, the Company has on separate appointed Mr Zhu Bixin as Executive Director and Co-chairman of the Board (who resigned on 15 January 2016), Mr Liu Wensheng as Executive Director and Co-chairman of the Board, Mr Sun Guoqiang as Executive Director, Mr Cao Zhounan as Executive Director and Chief Executive Officer, Mr Li Qingan as Executive Director and General Manager, and Mr Li Yongqian as Executive Director. Since the completion of the acquisitions, five out of the seven executive directors of Greentown are nominated by CCCG, forming a new corporate governance layout.

Standardization of Corporate Governance

In order to improve its modern corporate governance structure and operational mechanism, the Group promulgated and implemented the “Rules Governing the Procedures for the Meetings of the Respective Boards of Directors of Greentown China and Greentown Real Estate Group and the General Office of Greentown Real Estate Group” (《綠城中國董事會、綠城房產集團董事會、綠城房產集團總辦會議事規則》), so as to introduce a more standardized corporate governance in an orderly manner. Meanwhile, the pilot schemes in relation to the delegation of management approval authority, investment project management and project partnership investment system were carried out to ensure a rigorous governance structure, an equal reciprocity of obligations and rights, as well as a sound control system. All these measures enhanced the working efficiency and boosted the Group’s operational effectiveness.

Effective Improvement on the Debt Structure

On 10 February 2015, the Company issued additional USD 8.0% senior notes due 2019 in an aggregate principal amount of USD200 million. Upon such issuance, these additional USD senior notes were consolidated with, and formed a singled series as, the Company’s outstanding USD 8.0% senior notes due 2019. These additional USD senior notes are listed for trading on the Stock Exchange.

On 11 August 2015, the Company issued new USD 5.875% senior notes due 2020 (the “2020 Notes”) in an aggregate principal amount of USD500 million of which (i) 2020 Notes in an aggregate principal amount of approximately USD430 million were issued to holders of the Company’s outstanding USD 8.50% senior notes due 2018 and USD 8.0% senior notes due 2019 (together, the “Old USD Notes”) who have accepted the Company’s offer to exchange their Old USD Notes with the 2020 Notes; and (ii) 2020 Notes in an aggregate amount of approximately USD70 million were issued to new investors in connection with the Company’s exchange offer. The 2020 Notes are listed for trading on the Stock Exchange. In connection with the exchange offer, the Company also completed concurrent consent solicitations with respect to certain terms and conditions of the indentures in relation to the Company’s RMB2.5 billion senior notes due 2016 and the Old USD Notes. The Company’s exchange offer and concurrent consent solicitations was a landmark liability management transaction among real estate companies in the PRC in terms of structure innovation, transaction size, investors’ participation, and the pricing of the 2020 Notes. In this connection, Greentown China Holdings Limited was awarded the “Asian Best Debt Management Award 2015” by The Asset magazine, a prestigious international financial media, on 22 February 2016.

On 28 August 2015, the Company successfully completed the issue of RMB3 billion 5-year domestic bonds with a coupon rate of 4.7% per annum. On 18 September 2015, the Company successfully completed the further issue of RMB4 billion domestic bonds comprising RMB2 billion 5-year bonds with a coupon rate of 4.40% per annum, and RMB2 billion 7-year bonds with a coupon rate of 5.16% per annum. These RMB domestic bonds are listed for trading on the Shanghai stock exchange.

The Clarification of Investment Strategy

In 2015, the Company has clearly identified 15 cities for strategic development including Beijing, Shanghai, Guangzhou, Shenzhen, Hangzhou, Tianjin, Nanjing, Wuhan, Hefei, Jinan, Zhengzhou, Xiamen, Fuzhou, Chengdu and Chongqing. New projects have been explored mainly in these 15 key cities. The Company has been proactively identifying quality land and is cooperating with quality partners to acquire 8 new quality projects by public land auctions and acquisitions, of which 6 sites are located in our planned core cities, including Beijing, Hangzhou and Jinan, and therefore gradually bringing into forms the Group's investment strategy. The saleable resources generated from the new projects amounted to approximately RMB41.1 billion.

Innovation and Sales Heat

Since the beginning of 2015, the Central Government has cut the benchmark lending rate, lowered the reserve requirement and relaxed the property purchase limit. Driven by these favorable policies, the inventory reduction and stable development has become the key focus of the real estate companies. The Company took this opportunity and proactively established an operation mechanism based on a sizeable marketing system. The overall operation mechanism of the Company, from project expansion, product positioning, and development frequency to sales strategies, has shifted to be market-oriented. For product innovation, the Company has launched new products, namely Spring Blossom (桃李春風) (Chinese style small size villa), Young City (楊柳郡) (integrated community above subway) and Liuxiangyuan (留香園) (exquisite high-rise apartment with river view). The innovation which promotes “small towns” (小鎮中心), “elderly living” (養老產品), the third generation of high-rise products (三代高層產品), etc., were actively advocated and the balanced product structure of “2:6:2” has been initially shaped in line with market demand. The “2:6:2” balanced product structure refers to 20% of investment to be put into high-end products to cope with the demand of high-end market and support the growth of the brand value; 60% of investment to be put into the high cost-effective products to closely follow the market and accelerate turnover and increase profitability; and the remaining 20% of investment to be put into the development of high quality resettlement housings and social security housings and strengthen the recognition of the general public and the social impact of the Group. In respect of the sales strategy, the Company systemically launched the branding themes of “Forever Young” and “CROSSOVER” etc., which targeted the young elite. With the opening of new channels, such as “Greentown fans+APP” and the “Greentown Taobao” flagship store, the Company widely made use of the CP2C (customer planning to customer) model, and further promoted new property sales and inventory reduction. The innovative products, such as Spring Blossom and Young City, led to a sales hit instantly after launch.

Construction Management Business Integrated in an Orderly Manner

Based on the current foundation, the Company integrated the construction management platform, unified business planning and gathered the dominant resources internally in order to integrate and strengthen the operation of an asset-light business. On 2 August 2015, the Company completed the acquisition of Greentown Dingyi Real Estate Investment Management Co., Ltd. (“Greentown Dingyi”) and Greentown Shidai City Construction and Development Company Limited (“Greentown Shidai”). On 23 September 2015, the new Greentown Construction Management Group, namely “Greentown Management Group”, was established and its operation, management and working teams integrated in an orderly manner. At present, Greentown Management Group undertakes 60 projects with a total GFA of approximately 19.21 million sqm. Total saleable amount of the construction management projects are expected to reach approximately RMB136.3 billion, of which Greentown Management Group expects to receive revenue of approximately RMB5.0 billion from construction management. In 2015, Greentown Management Group recorded revenue of approximately RMB336 million from construction management and net profit of approximately RMB105 million. Leveraging on the brand name and the management output of the project construction management, the Company strives to enhance the proportion of the asset-light business, enhance the integration of project management strengths across the industry chain and accelerate the formation of a unified and complete construction management brand.

Brand Value Continued to Grow

Since its establishment in 1995, Greentown has built up its brand name on exquisite quality. After 21 years of development, Greentown’s ever-evolving business philosophy has enriched its brand value. Shifting from a “house builder” to a “lifestyle builder”, it has completely created a socialized and open service platform aiming to provide a comprehensive lifestyle service to both Greentown residents and the general public of different age and culture. Greentown aims to create a complete ecosystem in Greentown’s properties to improve and enhance the living quality of the residents.

On 11 September 2015, Greentown Group was honored at the press conference of the 2015 China Real Estate Brand Value Survey jointly organized by the Corporate Research Institute in Development and Research Centre of the State Council, Tsinghua University Real Estate Research Institute and China Index Academy. With a brand value of RMB21.183 billion, Greentown Group was named the “2015 Top 10 Brands of Chinese Real Estate Companies (Diversified Ownership)” and was re-elected as the “2015 Top Brand of Chinese Real Estate Companies in Customer Satisfaction”. Greentown has been participating in the survey since 2004 and the brand value of Greentown increased by 22 times to RMB21.183 billion from RMB952 million over the past 12 years.

OUTLOOK

With the backdrop of the new norm of China's economic development and the fundamental change in the industry, the real estate industry, as a whole, has come to a stage which truly relies on the evolvement and development of quality, brand and management. In 2016, it is expected that the government will adjust the relevant real estate policy flexibly and reduce inventories and capacity determinately. The real estate market will also have a new round of competition and development.

Over the past 21 years of development, the Company has created unique advantages in the full value chain comprising property investment, development, construction management and service, and consolidated and strengthened the core competitiveness of the Company in terms of quality, branding, construction, marketing, product innovation and cost control, which had laid down the solid foundation for the Company's strategic transformation.

In 2016, the Company will focus on "becoming an ideal lifestyle integrated service provider", continuing to optimize the corporate governance structure and build a modern enterprise system orderly. Based on the fundamental goals of "uplifting gross profit margin and profitability", the Company will continue to uphold the market-oriented approach and emphasize on sales segment and quality. The Company will promote the established transformation strategies of "platform-based services, financialisation of real estate, professionalism towards property development" and uphold Greentown's core values solidly with an aim to forge a full real estate value chain, a higher value enterprise as a role model of shareholder diversity in the PRC.

Strategically Transform into an Ideal Quality Living Service Provider

For real estate industry, the ultimate goal is to promote lifestyle through our services. In the coming year, the Company will focus on strengthening the delivery of market-oriented services to its customers based on the principle of "comprehensive coverage, stable implementation and focused supervision". The Company plans to attract customers and maintain sales volume by offering enhanced services. By treating the customers as our family, the Company also plans to improve the quality of living for its customers throughout the entire project positioning, development, sales and delivery operation cycles.

The Company will continue to enhance its design and construction quality and maintain our leading market position by strictly adhering to our market positioning as the provider of premium products, harnessing our product strengths and increasing product innovation.

The Company will further refine brand attributes to maintain its leading position in the real estate industry. While emphasizing the brand's competitive advantages, the Company will strengthen brand value and leverage Greentown Management Groups' brand in construction management to reinforce Greentown's brand influence in the PRC property market.

In 2016, the Company will optimize the source, competency and age structures of the key posts and will boldly recruit young talents and bring in outside elite. By focusing on the training of operational talents, expanding the basic staffing and the tendency of key posts, the Company aims to provide both a good working condition and a variety of opportunities for them to explore their potential so as to support for the Company's transformation into an ideal living services provider.

Continue to Optimize Corporate Control Management Model

The Company will optimize and innovate its mixed ownership management model in order to forge a strong and solid "Greentown China". In line with its "light assets" strategy, the Company will consolidate and organize its construction management business as a result of which the Company will spin off 'heavy assets' business segments, such as hotels and commercials, with the objective of ultimately having three main subsidiaries under Greentown China – namely "Greentown Real Estate Group", "Greentown Management Group" and "Greentown Assets Operation Group". Greentown China will therefore assume the responsibility for centralized administrative management and operating results of the group.

Greentown Real Estate Group will primarily engage in project investment and development, in order to undertake management and control functions along the principles of "streamlined and efficient control and allocation of resources". The Company will strengthen the local offices' execution, sales and customer services to ensure the implementation of all requirements and the materialization and achievement of its commitment to operations.

Greentown Management Group will primarily engage in construction development and management. Founded on the basis of business and team integration and management consolidation, this group will firmly implement the principles of "Quality Assurance" and "Value Sharing". It will lead and promote the reform of the real estate industry and upgrade the standards so as to formulate a full life cycle for real estate projects and quality and service security mechanism with objective, clear and systemic standards. Through professional management and strict contractual commitments, this group will advance a clear benefit and risk sharing mechanisms with a view to share and create higher value for entrusting parties.

Greentown Asset Operation Group will be established based on the strategic needs of "financialization" of the real estate industry. It will centralize and coordinate its hotel operations, business and non-business commercial operations, and club operations, etc. Through asset securitization, financialization, disposal and leasing, this group will aim to solve fundamental issues relating to asset operation, preservation and value appreciation. It also intends to further standardize its equity, property rights and property representative management, to establish property representative reporting mechanism which allows exploration of opportunities to establish a financial platform.

The Company will reform its remuneration allocation system by implementing new remuneration and incentive policies based closely on rewards and penalties and linking remuneration and performance rewards with project profitability. The performance-based variable component will also increasingly become an important part of the remuneration system. Through such change, the Company aims to incentivize employees' performance and maximize employees' potential. The Company will also put in place a clear set of incentive and penalty evaluation criteria, together with an automatic salary raise mechanism for outstanding employees, and timely evaluate employees' performance and deliver incentive policies.

Optimize Market-led Investment Strategy

The Company will optimize the geographic mix and reinforce regional concentration of its investments. The Company will continue to focus on 15 key cities: Beijing, Shanghai, Guangzhou, Shenzhen, Hangzhou, Tianjin, Nanjing, Wuhan, Hefei, Jinan, Zhengzhou, Xiamen, Fuzhou, Chengdu, and Chongqing. The Company will systematically develop projects in these key cities. The Company will proactively and systematically carry out new project exploration initiatives and adopt market-oriented strategies.

Based on the strategy to focus on core cities, the Company will focus on implementing destocking initiatives, particularly in third – and fourth-tier cities. The Company will reposition existing projects and review product positioning. The aim is to optimize and adjust the master design, development sequence, product mix and cost standards to reduce inventory and increase the return of capital.

Closely following the principle of “complementary advantages and mutual benefit” for joint-venture projects, all future joint-ventures will be ideally controlled by the management of Greentown. The Company will operate and manage projects in accordance with the principle of “same equity, same right and same investment” in order to ensure the standardization of Greentown's quality and brand name to optimize cooperation and improve satisfaction of customers and partners.

Based on the existing operation of Greentown Management Group, the Company will strengthen the integration of its project development industry chain, and extend its model of “single income generation” to become a model of “multi-income generation from each module of the project development value chain”. The Company will strive to develop an extensive data platform and will identify suitable combinations of high-quality land, investment and construction management business. The Company will formulate an urban redevelopment plan and overseas business development plan prior to pilot trials. Meanwhile, the Group will seek long-term strategic partners to source new construction management projects, and will aim to increase the weightage of asset-light businesses to maintain its leading position in the construction management industry.

The year of 2016 is crucial for our strategic transformation and operational optimization. We will endeavor to achieve four areas of improvement: “service quality, organization establishment, product quality and brand recognition”; four areas of innovation – “operation system, organization structure, incentive mechanism and financial platform”, and another four areas of optimization – “city layout, stock structure, cooperation standard and construction management model”. By driving and fulfilling the diversified, varied and high quality demand, the Company strives to become the “No. 1 brand of comprehensive urban living service provider”.

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 RMB23,326 million, accounting for 89.6% of the total revenue, and representing a decrease of RMB6,785 million or 22.5% from RMB30,111 million in 2014. Such decrease was mainly due to the decrease in sales area of properties delivered and the decrease of the average selling prices from property sales. The sales area of properties delivered in 2015 was 1,610,818 sqm, representing a decrease of 16.8% from 1,936,916 sqm in 2014. The average selling price of properties delivered during the Year was RMB14,481 per sqm, representing a decrease of 6.9% from RMB15,546 per sqm in 2014, which was mainly due to the fact that high proportion of projects delivered during the Year, such as Taizhou Ningjiang Mingyue, Qingdao Jiaozhou Lagerstroemia Square, Cixi Sincere Garden, were located at third-tier and fourth-tier cities, affecting the average selling prices to a certain extent.

Properties with the revenue recognized by subsidiaries during 2015 were as follows:

Projects	Type of Properties	Area Sold (sqm) (Note)	Sales Revenue (RMB million)	% of Total	Average Selling Price (RMB/sqm)
Taizhou Ningjiang Mingyue	High-Rise Apartment, Villa	181,485	2,143	9.2%	11,808
Hangzhou Orchid Residence	High-Rise Apartment, Serviced Apartment	46,973	1,945	8.3%	41,407
Qingdao Ideal City	High-Rise Apartment, Low-Rise Apartment	117,552	1,607	6.9%	13,671
Hangzhou Yunqi Rose Garden	Villa	17,953	1,582	6.8%	88,119
Hainan Blue Town	High-Rise Apartment, Villa	35,625	1,495	6.4%	41,965
Qingdao Jiaozhou Lagerstroemia Square	High-Rise Apartment, Low-Rise Apartment	157,359	1,120	4.8%	7,117
Xinjiang Lily Apartment	High-Rise Apartment, Low-Rise Apartment	73,090	1,118	4.8%	15,296
Taizhou Rose Garden	High-Rise Apartment, Villa	66,339	898	3.8%	13,537
Cixi Sincere Garden	High-Rise Apartment	85,452	745	3.2%	8,718
Zhoushan Changzhidao	High-Rise Apartment, Villa	60,779	722	3.1%	11,879
Hangzhou Taohuayuan	Villa	15,561	691	3.0%	44,406
Deqing Yingxi Arcadia	High-Rise Apartment, Low-Rise Apartment, Villa	52,965	645	2.8%	12,178
Other		699,685	8,615	36.9%	12,313
Total		1,610,818	23,326	100.0%	14,481

Note: Area sold includes above ground and underground areas.

During the Year, projects in Zhejiang area (excluding Hangzhou) achieved sales revenue of RMB7,588 million, accounting for 32.5% of the property sales, ranking first. Projects in Hangzhou area achieved sales revenue of RMB6,898 million, accounting for 29.6%, ranking second. Projects in Shandong area achieved sales revenue of RMB3,340 million, accounting for 14.3%, ranking third.

During the Year, sales revenue of high-rise apartment, low-rise apartment and serviced apartment reached RMB15,342 million, accounting for 65.8% of the property sales; sales revenue of villa reached RMB7,714 million, accounting for 33.0%; and sales revenue of office reached RMB270 million, accounting for 1.2%.

During the Year, the Group achieved design and decoration revenue of RMB1,099 million, representing an increase of 46.7% from RMB749 million in 2014. Such increase was mainly due to the gradual expansion of design and decoration business year by year, and a steady growth in the customer base as a result of the customers' widely recognition of the high-end fit-out products and services being provided.

The Group's revenue from project management in 2015 amounted to RMB748 million, representing an increase of 62.3% from RMB461 million in 2014, mainly due to the continuous implementation of our light assets operation that leads to a steady growth of revenue derived from the project management. In 2015, the Group acquired Greentown Shidai and Greentown Dingyi, details of which please refer to "Material Acquisitions" below. By doing so, the Group consolidated and strengthened the existing construction management platform as well as expanded the market influence of the Group in the project management services.

During the Year, the Group's revenue from hotel operations was RMB584 million, representing an increase of 32.7% from RMB440 million in 2014. The increase was mainly due to the additional revenue contributed by several hotels such as Hangzhou Azure Qianjiang Luxury Collection Hotel, Hainan Westin Blue Bay Resort and Zhoushan Westin Zhujiajian Resort, etc, which commenced operations in the second half of 2014. Furthermore, hotels, such as Greentown Qiandao Lake Resort, 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 RMB124 million, in line with RMB122 million in 2014, 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 property sales was RMB4,194 million and the gross profit margin of property sales was 18.0%, lower than 23.5% in 2014. The decrease was mainly due to the fact that certain proportion of projects delivered during the Year were located at third-tier and fourth-tier cities, the selling price of which was relatively lower as a result of the macro control measures on the real estate industry promulgated by Chinese government over the past years which has affected the gross profit margin for the Year to a large extent.

Other Income

During the Year, the Group realized other income of RMB849 million, representing a decrease of RMB115 million from RMB964 million in 2014, mainly due to the decrease of interest income of RMB71 million.

During the Year, the Group received interest income of RMB594 million, representing a decrease of RMB71 million from interest income of RMB665 million in 2014, mainly due to the decrease in interest due from related parties.

Selling and Administrative Expenses

The Group's selling and administrative expenses during the Year amounted to RMB1,229 million and RMB2,573 million, respectively, and RMB3,802 million in total, representing an increase of 34.5% from RMB2,827 million in 2014, which were mainly due to the increase of net foreign exchange loss, human resources cost as well as daily operating expenses. Excluding the impact of net foreign exchange loss, the selling and administrative expenses recorded an increase of 20.4% as compared with last year.

The administrative expenses for the Year included a net foreign exchange loss of RMB426 million, representing a significant increase of RMB404 million as compared with loss of RMB22 million in 2014. Such increase was mainly due to the rapid depreciation of Renminbi during the second half of 2015 and that the amount of the borrowings denominated in foreign currency and the USD senior notes of the Group were significant.

Human resources cost, which is the largest single expense item in selling and administrative expenses, amounted to RMB1,237 million in 2015 (2014: RMB950 million), representing an increase of 30.2% as compared with last year, mainly due to an increase in the cost of staff in connection with certain hotels that commenced operation during the second half of 2014 and on the other hand, the absolute amount of human resources cost increased as a result of the increased presales amount owing to the Group's greater effort to reduce inventories in response to the steady recovery of the real estate market. Expenses in marketing and related fees during the Year amounted to RMB584 million, representing a slight increase as compared with RMB556 million in 2014. During the Year, the daily operating expenses amounted to RMB991 million (2014: RMB864 million), representing an increase of 14.7% as compared with that of last year. The increase was mainly due to the expenses, such as water and electricity charges, property management fees and depreciation, increased in connection with the certain hotels operated during the second half of 2014.

Financing Cost

During the Year, interest expenses recorded in the consolidated statement of profit or loss and other comprehensive income was RMB886 million (2014: RMB680 million). The total interest expenses during the Year was RMB3,028 million, representing a decrease of 3.1% from RMB3,125 million in 2014, mainly due to the completion of the exchange offer in relation to the offshore senior notes and the issuance of the domestic corporate bonds in the second half of 2015 and the decrease of the weighted average interest cost from 7.9% in 2014 to 7.3%. As at 31 December 2015, the Group's weighted average interest cost at the end of the period was 6.6%, representing a decrease of 100 basis points as compared with 7.6% as at 31 December 2014. During the Year, the capitalized interest was RMB2,142 million, at a capitalization percentage of 70.7%, representing a decrease as compared with 78.2% in 2014.

Share of Results of Joint Ventures and Associates

During the Year, the Group's share of results of joint ventures and associates amounted to an aggregate gain of RMB1,668 million, representing an increase of RMB1,260 million from a gain of RMB408 million in aggregate in 2014, mainly due to: (a) disposal of the real estate projects held by Shanghai Sunac Greentown Investment Holdings Co., Ltd. ("Shanghai Sunac Greentown") and Sunac Greentown Investment Holdings Limited ("Sunac Greentown Investment"), details of which please refer to "Transactions with Sunac China" below. The share of results of these two associates of the Group for the Year amounted to RMB714 million in aggregate; (b) Hangzhou Wulin No. 1, the project delivered in the Year, was a high-end fit-out apartment project with a higher average selling price and a relatively higher gross profit margin from property sales and the Group's share of its results was a gain of RMB425 million.

During the Year, revenue from property sales recognized by joint ventures and associates amounted to RMB39,755 million in aggregate, in line with RMB39,416 million in 2014.

Projects with the revenue recognized by joint ventures and associates in 2015 were as follows:

Projects	Category	Type of Properties	Area Sold (<i>sqm</i>) (<i>Note</i>)	Sales Revenue (<i>RMB million</i>)	% of Total	Average Selling Price (<i>RMB/sqm</i>)
Haining Lily New Town	Joint Venture	High-Rise Apartment	123,746	1,614	4.1%	13,043
Jinan Lily Garden	Joint Venture	High-Rise Apartment	164,940	1,394	3.5%	8,452
Hangzhou Wulin No. 1	Associate	High-Rise Apartment	49,659	3,362	8.5%	67,702
Hangzhou Sincere Garden Zhichengyuan	Associate	High-Rise Apartment	94,679	3,119	7.8%	32,943
Hangzhou Xinhua Garden	Associate	High-Rise Apartment	85,076	3,009	7.6%	35,368
Jinan National Games Project	Associate	High-Rise Apartment, Villa	240,102	2,565	6.5%	10,683
Hangzhou Idyllic Garden Luyunyuan	Associate	High-Rise Apartment, Villa	100,550	1,856	4.7%	18,458
Hangzhou Xizi International	Associate	High-Rise Apartment, Office	54,343	1,825	4.6%	33,583
Shanghai Dynasty on Bund	Associate	High-Rise Apartment	27,586	1,679	4.2%	60,864
Yiwu Rose Garden	Associate	Villa	37,505	1,627	4.1%	43,381
Beijing Jinghang Plaza	Associate	High-Rise Apartment, Office	58,321	1,584	4.0%	27,160
Hangzhou Hope Town	Associate	High-Rise Apartment, Low-Rise Apartment	113,073	1,422	3.6%	12,576
Shanghai Changfeng Center	Associate	High-Rise Apartment, Office	36,585	1,281	3.2%	35,014
Other			1,040,861	13,418	33.6%	12,891
Total			2,227,026	39,755	100.0%	17,851

Note: Area sold includes above ground and underground areas.

Taxation Expenses

During the Year, taxation included the LAT of RMB861 million (2014: RMB1,396 million) and enterprise income tax of RMB814 million (2014: RMB1,323 million). During the Year, the effective enterprise income tax rate was 45.9% (excluding share of results of joint ventures and associates and the losses of certain offshore subsidiaries), 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 onshore subsidiaries, fair value changes on cross currency swaps and the tax effect of nondeductible expenses.

Gain from Changes in Fair Value of Investment Properties

Investment property is a property held for rental earning and 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 assessment, the gain from changes in fair value of investment properties amounted to RMB40 million in 2015 (2014: RMB60 million).

Fair Value Changes on Cross Currency Swaps

In May 2013, the Company issued senior notes in an amount of RMB2,500 million and entered into several 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 RMB129 million during the Year (2014: loss of RMB121 million).

Fair Value Changes on Early Redemption Options of Senior Notes

All of the senior notes of the Group contain early redemption options. Early redemption options are regarded as embedded derivatives not closely related to the host contracts. During the Year, the fair value changes on early redemption options of senior notes was a gain of RMB258 million.

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 assessment, Zhoushan Putuo Greentown Industry Investment Co., Ltd., a subsidiary of the Company, recognized a reversal of impairment provision of RMB25 million in 2015 (2014: a reversal of impairment provision of RMB17 million). In 2015, Xinchang Greentown Real Estate Co., Ltd., a subsidiary of the Company, recognized a reversal of impairment provision of RMB6 million for its hotel properties.

The Group provided for impairment loss of certain subsidiaries for their completed properties for sale during the Year as follows:

Company	Project	Decrease in Net Profit (RMB million)
Cixi Greentown Real Estate Development Co., Ltd.	Cixi Sincere Garden	88
Anhui Greentown Rose Garden Real Estate Development Co., Ltd.	Hefei Jade Lake Rose Garden	87
Zhuji Yuedu Real Estate Co., Ltd.	Zhuji Greentown Plaza	61
Xinchang Greentown Real Estate Co., Ltd.	Xinchang Rose Garden	60
Zhoushan Greentown Weilanhai'an Real Estate Development Co., Ltd.	Zhoushan Daishan Sky Blue Apartment	17
Hangzhou Greentown Beisheng Real Estate Co., Ltd.	Hangzhou Idyllic Garden	14
		<hr/>
Total		327

In addition, an impairment loss of RMB98 million (2014: 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, and an impairment loss of RMB98 million was made on the amount due from Wenzhou Greentown Development Real Estate Development Co., Ltd. (Wenzhou Begonia Bay), an associate of the Group.

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 2015, the balance of pre-sale deposits of the Group was RMB22,223 million, representing an increase of RMB2,107 million or 10.5% from RMB20,116 million as at 31 December 2014.

As at 31 December 2015, the pre-sale deposits of joint ventures and associates was RMB30,639 million, representing a decrease of RMB11,459 million or 27.2% from RMB42,098 million as at 31 December 2014, which was mainly due to the disposal of the real estate projects held by Shanghai Sunac Greentown and Sunac Greentown Investment.

Financial Resources and Liquidity

As at 31 December 2015, the Group had bank balances and cash (including pledged bank deposits) of RMB18,239 million (as at 31 December 2014: RMB9,084 million). Total borrowings amounted to RMB44,994 million (as at 31 December 2014: RMB35,815 million) and the net borrowings (total borrowings less bank balances and cash) amounted to RMB26,755 million (as at 31 December 2014: RMB26,731 million). The net gearing ratio (measured by net borrowings over net assets) was 73.0%, representing a decline as compared to 76.7% as at 31 December 2014.

Greentown Group has obtained facilities of approximately RMB67.1 billion from commercial banks, of which approximately RMB17.3 billion had been drawn down as at 31 December 2015.

Material Acquisitions

On 2 August 2015, Greentown Real Estate entered into a share transfer agreement with the shareholders of Greentown Dingyi and other parties in relation to the acquisition of the entire equity interest in Greentown Dingyi for a total consideration of approximately RMB625 million. On the same day, Greentown Real Estate entered into a share transfer agreement with the shareholders of Greentown Shidai and other parties in relation to the acquisition of 92% equity interest in Greentown Shidai for a total consideration of RMB294 million. Upon the completion of the acquisitions, the Group holds 100% shareholding in Greentown Dingyi and Greentown Shidai.

Both of Greentown Dingyi and Greentown Shidai are principally engaged in the business of project management. The aforesaid acquisitions are in line with the Group's operation philosophy of increasing the proportion of light asset business. As at 31 December 2015, the Group has settled the consideration of approximately RMB828 million in aggregate in respect of the two acquisitions.

Transactions with Sunac China

On 15 May 2015, the Company and Sunac China Holdings Limited ("Sunac China") entered into a framework agreement (the "Framework Agreement") together with the underlying documents for the transactions contemplated thereunder, pursuant to which it was conditionally agreed that the Group would transact with the Sunac China and its subsidiaries in relation to (a) the Group's acquisition of the return on investment in respect of 51% equity interests in Shanghai Huazhe Bund Realty Co., Ltd.; (b) the Group's acquisition of 45% equity interests in, and shareholder's loan of Beijing Xingye Wanfa Real Estate Development Co., Ltd.; (c) the Group's acquisition of 50% equity interests in, and shareholder's loan of Zhejiang Jinying Real Estate Co., Ltd.; (d) the Group's disposal of 50% equity interests in Shanghai Greentown Forest Golf Villa Development Co., Ltd.; (e) the Group's disposal of 25% equity interests in Hangzhou Sunac Greentown Real Estate Development Co., Ltd.; (f) the Group's disposal of 50% equity interests in Shanghai Sunac Greentown; (g) the Group's disposal of 50% of the issued share capital of Sunac Greentown Investment; and (h) the development of the Tianjin National Game Village Project on a joint venture basis. Please refer to the circular of the Company dated 29 June 2015 for the details of the Framework Agreement and the transactions contemplated thereunder.

As at 31 December 2015, the Group has received the transaction amounts in full in respect of the transactions contemplated under the Framework Agreement, which increased the Group's net cash inflow equivalent to approximately RMB3,391 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. The Group had deposits, borrowings, amounts due from and amounts due to related parties, amounts due from and amounts due to the third parties denominated in foreign currency, and the aggregate amount of approximately USD1.3 billion senior notes issued in 2013 and 2015 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. As such, 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 2015.

Financial Guarantees

The Group provided financial guarantees to banks for mortgage facilities granted to buyers of the Group's properties. As at 31 December 2015, such financial guarantees amounted to RMB21,845 million (as at 31 December 2014: RMB17,826 million).

Pledge of Assets

As at 31 December 2015, 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 RMB29,370 million (as at 31 December 2014: RMB26,217 million) to secure general credit facilities granted by banks and other financial institutions to the Group.

Capital Commitments

As at 31 December 2015, the Group had contracted, but not provided for, capital expenditure commitments of RMB16,465 million (as at 31 December 2014: RMB13,786 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 secure the capital chain. Currently there is no material capital expenditure plan.

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, sold or redeemed any of the Company's listed securities during the Year.

HUMAN RESOURCES

As at 31 December 2015, the Group employed a total of 5,328 employees (2014: 5,050). 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 OF THE LISTING RULES

In the opinion of the Board, the Company had complied with the requirements of all the applicable code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") throughout the Year.

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. Relevant employees who are likely to be in possession of unpublished inside information of the Group are also subject to compliance with the written guidelines on same terms as the Model Code.

AUDIT COMMITTEE

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 ended 31 December 2015 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 2015 (for the year ended 31 December 2014: Nil).

ANNUAL GENERAL MEETING

It is proposed that the annual general meeting of the Company will be held on 17 June 2016 (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 from 15 June 2016 (Wednesday) to 17 June 2016 (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 14 June 2016 (Tuesday).

PUBLICATION OF ANNUAL REPORT

The annual report of the Group for the year ended 31 December 2015 containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.chinagreentown.com).

APPRECIATION

The Board would like to take this opportunity to express gratitude to our shareholders, customers, suppliers, banks, professional parties and employees for their continuous patronage and support.

By order of the Board
Greentown China Holdings Limited

Fung Ching, Simon
Company Secretary

Hangzhou, the PRC
25 March 2016

As at the date of this announcement, the board of directors of the Company comprises seven executive directors, namely Mr Song Weiping, Mr Liu Wensheng, Mr Sun Guoqiang, Mr Shou Bainian, Mr Cao Zhounan, Mr Li Qingan, and Mr Li Yongqian, and four independent non-executive directors, namely Mr Jia Shenghua, Mr Ke Huanzhang, Mr Sze Tsai Ping, Michael and Mr Hui Wan Fai.