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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2011

- Revenue achieved approximately RMB11.2 billion, representing an increase of 190% from the corresponding period of last year.
- Gross profit amounted to approximately RMB3.8 billion, representing a robust growth of 159% from the corresponding period of last year.
- Profit attributable to owners of the Company amounted to RMB891.8 million, soared 169% from the corresponding period of last year.
- Earnings per share was RMB0.54, representing a significant increase of 170% compared to the corresponding period of last year.
- Land bank exceeded 40 million sqm. of total gross floor area, of which approximately 25.33 million sqm. is attributable to the Group.

The board of directors (the “Board”) of Greentown China Holdings Limited (“Greentown” or the “Company”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2011 (the “Reporting Period”) prepared in accordance with the International Financial Reporting Standards, together with comparative figures for the corresponding period in 2010. The interim results have been reviewed by the audit committee of the Company (the “Audit Committee”) and approved by the Board. The following financial information is extracted from the unaudited condensed consolidated financial information as set out in the Group’s 2011 Interim Report which is to be published.

* For identification purposes only

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2011

		Six months ended 30 June	
	<i>Notes</i>	2011	2010
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Revenue	3	11,216,159	3,870,171
Cost of sales and services		(7,424,921)	(2,408,707)
Gross profit		3,791,238	1,461,464
Other income	4	416,638	135,984
Selling expenses		(265,477)	(226,814)
Administrative expenses		(687,262)	(439,511)
Finance costs		(228,883)	(201,832)
Net loss on redemption of the 2007 Convertible Bonds		–	(148,158)
Fair value changes on trust-related financial derivatives		(19,920)	18,200
Net gain on disposal of subsidiaries		–	4
Gain on de-consolidation of a subsidiary		20,948	–
Share of results of jointly controlled entities		(17,411)	73,569
Share of results of associates		33,084	70,481
Profit before taxation		3,042,955	743,387
Taxation	5	(1,266,456)	(382,754)
Profit and total comprehensive income for the period		1,776,499	360,633
Attributable to:			
Owners of the Company		891,770	331,713
Non-controlling interests		884,729	28,920
		1,776,499	360,633
Earnings per share	6		
Basic		RMB0.54	RMB0.20
Diluted		RMB0.54	RMB0.20

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011

	As at 30 June 2011	As at 31 December 2010
<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
NON-CURRENT ASSETS		
Property, plant and equipment	2,450,006	2,448,260
Investment properties	1,725,000	1,725,000
Interests in associates	5,082,823	3,224,763
Interests in jointly controlled entities	873,311	732,137
Available-for-sale investments	459,194	428,944
Prepaid lease payment	166,874	151,110
Rental paid in advance	13,055	13,559
Deferred tax assets	678,344	588,782
Amount due from a related party	–	10,000
Other receivables	–	30,180
	11,448,607	9,352,735
CURRENT ASSETS		
Properties for development	18,359,300	19,230,262
Properties under development	58,922,537	57,391,838
Completed properties for sale	2,676,640	1,976,802
Inventories	58,980	57,404
Trade and other receivables, deposits and prepayments	8 4,513,478	4,195,959
Amounts due from related parties	16,904,740	14,954,680
Prepaid income taxes	1,252,048	1,298,136
Prepaid other taxes	2,180,626	1,928,245
Pledged bank deposits	3,001,667	2,565,234
Bank balances and cash	6,744,431	12,407,659
	114,614,447	116,006,219
CURRENT LIABILITIES		
Trade and other payables	9 8,809,889	8,927,970
Pre-sale deposits	47,385,709	47,547,368
Amounts due to related parties	12,742,495	16,594,933
Income taxes payable	1,679,905	1,733,344
Other taxes payable	219,119	643,786
Bank and other borrowings (due within one year)	13,514,164	11,993,908
Convertible bonds	182,239	–
Trust-related financial derivatives	271,400	–
	84,804,920	87,441,309

	As at 30 June 2011 RMB'000 (Unaudited)	As at 31 December 2010 RMB'000 (Audited)
NET CURRENT ASSETS	29,809,527	28,564,910
TOTAL ASSETS LESS CURRENT LIABILITIES	41,258,134	37,917,645
NON-CURRENT LIABILITIES		
Bank and other borrowings (due after one year)	21,085,180	21,621,422
Amounts due to related parties	4,045,347	781,338
Trust-related financial derivatives	–	251,480
Convertible bonds	–	178,110
Senior notes	248,164	253,854
Deferred tax liabilities	383,909	378,750
	25,762,600	23,464,954
	15,495,534	14,452,691
CAPITAL AND RESERVES		
Share capital	166,411	166,243
Reserves	10,251,787	10,033,271
Equity attributable to owners of the Company	10,418,198	10,199,514
Non-controlling interests	5,077,336	4,253,177
	15,495,534	14,452,691

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2011

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with International Accounting Standard 34 “Interim Financial Reporting”.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments and investment properties, which are measured at fair values.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2011 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2010 except as described below.

In the Reporting Period, the Group has applied, for the first time, a number of new and revised standards, amendments and interpretations (“new and revised IFRSs”) issued by the International Accounting Standards Board (the “IASB”) and the IFRS Interpretations Committee of the IASB, which were effective for the Group’s financial year beginning on 1 January 2011. The application of these new and revised IFRSs in the Reporting Period has had no material effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

3. REVENUE AND SEGMENT INFORMATION

	Six months ended 30 June	
	2011	2010
	RMB’000	RMB’000
Property sales	10,793,169	3,779,814
Hotel operations	115,551	77,136
Project management	137,400	–
Property rental income	39,798	5,234
Design and decoration	104,443	4,801
Sales of construction materials	13,874	1,193
Others	11,924	1,993
	11,216,159	3,870,171

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 People’s Republic of China (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.

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 reporting 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 jointly controlled entities and associates, and related finance costs. Financial information provided to the CODM is measured in a manner consistent with the accounting policies adopted in the preparation of the condensed consolidated interim financial statements.

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

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

	Property development RMB'000	Hotel operations RMB'000	Property investment RMB'000	Others RMB'000	Total RMB'000
Six months ended 30 June 2011					
Total segment revenue	10,793,169	120,649	40,228	608,411	11,562,457
Inter-segment revenue	–	(5,098)	(430)	(340,770)	(346,298)
External revenue	<u>10,793,169</u>	<u>115,551</u>	<u>39,798</u>	<u>267,641</u>	<u>11,216,159</u>
Segment results	<u>1,960,605</u>	<u>7,810</u>	<u>(21,381)</u>	<u>(22,399)</u>	<u>1,924,635</u>
Unallocated corporate expenses					(36,555)
Other income					43,447
Finance costs					(90,330)
Fair value changes on trust-related financial derivatives					(19,920)
Unallocated taxation					<u>(44,778)</u>
Profit for the period					<u>1,776,499</u>

	Property development <i>RMB'000</i>	Hotel operations <i>RMB'000</i>	Property investment <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
Six months ended 30 June 2010					
Total segment revenue	3,779,814	83,602	5,234	204,045	4,072,695
Inter-segment revenue	–	(6,466)	–	(196,058)	(202,524)
External revenue	<u>3,779,814</u>	<u>77,136</u>	<u>5,234</u>	<u>7,987</u>	<u>3,870,171</u>
Segment results	<u>759,518</u>	<u>2,625</u>	<u>(4,121)</u>	<u>(59,228)</u>	<u>698,794</u>
Unallocated corporate expenses					(51,218)
Other income					19,939
Finance costs					(161,208)
Fair value changes on trust- related financial derivatives					18,200
Net loss on redemption of 2007 Convertible Bonds					(148,158)
Unallocated taxation					<u>(15,716)</u>
Profit for the period					<u>360,633</u>

Segment assets

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

	As at 30 June 2011 <i>RMB'000</i>	As at 31 December 2010 <i>RMB'000</i>
Property development	116,060,815	115,537,454
Hotel operations	2,063,349	2,118,317
Property investment	1,792,968	1,778,909
Others	4,186,760	3,294,050
Total segment assets	124,103,892	122,728,730
Unallocated	1,959,162	2,630,224
Consolidated assets	126,063,054	125,358,954

4. OTHER INCOME

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
Interest income	267,583	98,757
Net foreign exchange gains	121,727	20,737
Government grants	6,615	2,242
Others	20,713	14,248
	<u>416,638</u>	<u>135,984</u>

5. TAXATION

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
Current tax:		
PRC Enterprise Income Tax ("EIT")	852,364	314,513
PRC Land Appreciation Tax ("LAT")	498,495	190,247
	<u>1,350,859</u>	<u>504,760</u>
Deferred tax:		
Current period	(84,403)	(122,006)
	<u>1,266,456</u>	<u>382,754</u>

PRC EIT is recognised based on management's best estimate of the annual income tax rate expected for the full financial year, which is 25%. All PRC subsidiaries are subject to EIT levied at a rate of 25% (2010: 25%).

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

No provision for income tax has been made for the Company and its subsidiaries incorporated in the British Virgin Islands as they are not subject to any income tax.

For the six months ended 30 June 2011, the Group has estimated and made a provision for LAT in the amount of RMB498,495,000 (for the six months ended 30 June 2010: RMB190,247,000) 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.

6. 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

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
Earnings for the purpose of basic earnings per share (profit for the period attributable to owners of the Company)	891,770	331,713
Effect of dilutive potential ordinary shares:		
Interest on the 2007 Convertible Bonds	4,129	–
	<u>895,899</u>	<u>331,713</u>

Number of shares

	Six months ended 30 June	
	2011	2010
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,638,189,598	1,651,421,760
Effect of dilutive potential ordinary shares:		
The 2007 Convertible Bonds	8,297,621	–
Share options	19,683,509	26,515,994
	<u>1,666,170,728</u>	<u>1,677,937,754</u>

The computation of diluted earnings per share for the six months ended 30 June 2010 does not assume the conversion of the Company's outstanding 2007 Convertible Bonds since their exercise would result in an increase in earnings per share.

7. DIVIDENDS

On 17 June 2011, a dividend of RMB0.36 per ordinary share, or RMB589,036,000 in total, was paid to shareholders as the final dividend for 2010 (2009: HKD0.26 per ordinary share).

The Board has resolved to declare an interim dividend of RMB0.10 per ordinary share in issue for the six months ended 30 June 2011 (six months ended 30 June 2010: RMB0.10 per ordinary share).

8. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 30 June 2011 <i>RMB'000</i>	As at 31 December 2010 <i>RMB'000</i>
Trade receivables	391,821	246,800
Other receivables	2,496,254	2,006,616
Prepayments and deposits	1,625,403	1,942,543
	4,513,478	4,195,959

The Group allows an average credit period of 90 days to its trade customers. The aged analysis of trade receivables is stated as follows:

	As at 30 June 2011 <i>RMB'000</i>	As at 31 December 2010 <i>RMB'000</i>
Within 30 days	115,606	165,138
31 – 90 days	96,699	10,885
91 – 180 days	22,315	31,498
181 – 365 days	126,515	7,009
Over 365 days	30,686	32,270
	391,821	246,800

9. TRADE AND OTHER PAYABLES

	As at 30 June 2011 <i>RMB'000</i>	As at 31 December 2010 <i>RMB'000</i>
Trade payables	5,608,904	4,867,641
Other payables and accrued expenses	3,200,985	4,060,329
	8,809,889	8,927,970

Trade payables principally comprise amounts outstanding for trade purchases and contractor payments. The aged analysis of trade payables is stated as follows:

	As at 30 June 2011 <i>RMB'000</i>	As at 31 December 2010 <i>RMB'000</i>
Within 30 days	3,627,618	2,452,105
31 – 90 days	902,503	285,936
91 – 180 days	143,527	712,622
181 – 365 days	559,256	731,915
Over 365 days	376,000	685,063
	5,608,904	4,867,641

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATION REVIEW

Property Sales

During the first half of 2011, the global economy still encountered volatility, and a series of stringent macro-economic adjustment measures were launched by the Chinese government, in which the restrictive property purchase policy and credit tightening policy continued to affect China's property market. In the face of demanding conditions, the Group remained calm and carried on, trying to seize new opportunities masked by crises. All of our employees have been working very hard and maintaining our commitment to premium product quality, so as to keep enhancing the Group's brand value. We firmly believed that as long as we weathered the crises, we would be greeted by a vigorous growth. In the first half of 2011, the Group achieved steady growth in business scale and the overall sales results were satisfactory amid the difficult operating environment.

In the first half of 2011, the Group together with its jointly controlled entities and associates (the "Greentown Group") had 72 projects for sale, which recorded a total sales amount of approximately RMB20.3 billion, representing a decrease of 7% from the same period of 2010. The amount attributable to the Group was RMB13.1 billion. The pre-sale rate of newly-launched projects reached 53%. Excellent product quality continued to support the selling prices. The average selling price of properties increased by 14.6% to RMB21,149 per sqm. in the first half of 2011 from RMB18,447 per sqm. for the same period of 2010. Among these, the average selling price of apartments was RMB18,062 per sqm., while that of villas was RMB33,762 per sqm.

Projects Sales During the First Half of 2011

Project	Equity interest	Saleable area (Sq.m.)	Contracted saleable area (Sq.m.)	Contracted sales amount (RMB million)	Average selling price (RMB/Sqm.)
Hainan Clear Water Bay	51%	125,264	87,656	2,450	27,950
Qingdao Ideal City	80%	154,649	102,755	1,197	11,649
Hangzhou Orchid Garden	42.5%	50,078	21,340	1,177	55,155
Shanghai Yulan Garden	100%	30,831	16,645	861	51,727
Lishui Beautiful Spring River	37.5%	41,953	31,725	540	17,021
Hangzhou Sapphire Mansion	100%	19,225	9,445	351	37,163
Hangzhou Bright Moon in Jiangnan	55%	24,524	10,135	319	31,475
Hangzhou Yunqi Rose Garden	51%	11,194	5,162	313	60,635
Shanghai Rose Garden	100%	7,471	2,191	267	121,862
Changxing Plaza	51%	5,554	3,094	176	56,884
Hangzhou Taohuayuan South	64%	4,813	4,330	174	40,185
Haining Lily New Town	50%	12,959	8,514	134	15,739
Shaoxing Yulan Garden	35%	13,174	8,153	100	12,265
Zhengzhou Zhongmou Lily Garden	100%	18,122	18,122	99	5,463
Xintai Yulan Garden	70%	10,520	7,019	48	6,839
Others in total		1,871,561	622,068	12,062	19,390
Total		2,401,892	958,354	20,268	21,149

Project Development

In the first half of 2011, the Greentown Group commenced construction of new projects with a total gross floor area (“GFA”) of 2.66 million sqm., which was 45% lower than that of 4.87 million sqm. scheduled at the start of the year in accordance with market conditions, corporate operations and the overall schedule of project launch.

In the first half of 2011, the Greentown Group completed a total GFA of approximately 914,160 sqm., including a saleable area of approximately 660,058 sqm.. As at 30 June 2011, approximately 560,000 sqm. of the saleable area was sold, representing 84.8% of the saleable area. The projects were completed on the schedule formulated early this year.

As at 30 June 2011, the Greentown Group had a total of 75 projects under construction, with a total GFA of 13.81 million sqm.

Projects Completed During the First Half of 2011

Project	Phase	Equity interest	Total GFA (Sqm.)	Saleable area (Sqm.)
Wenzhou Lucheng Plaza	Phase 1	60%	142,401	108,860
Thousand-Island Lake Rose Garden	Phase 1 (partial)	51%	111,406	73,697
Huzhou Majestic Mansion	Phase 1 (partial)	70%	100,340	50,372
Beijing Lily Apartment	Phase 9 (partial)	80%	56,700	42,354
Nantong Yulan Apartment	Phase 2	77%	44,261	32,212
Beijing Majestic Mansion	Phase 2 (partial)	100%	38,016	27,888
Thousand-Island Lake Resort Condo	Phase 4	80%	24,924	22,935
Zhuji Greentown Plaza	Phase 1 (partial)	60%	30,100	21,565
Hangzhou Taohuayuan South	Phase 8 (partial)	64%	20,307	13,828
Nanjing Rose Garden	Phase 3 (partial)	70%	19,486	12,216
Taizhou Yulan Plaza	Phase 1 (partial)	49%	111,424	105,413
Hangzhou Lilac Apartment	Entire Project	50%	109,158	73,272
Xiangshan Lily Apartment	Phase 2 (partial)	50%	97,859	70,440
Hangzhou Taohuayuan Jinlanyuan	Jinlanyuan	32.6%	7,778	5,006
Total			914,160	660,058

Land Bank

In the first half of 2011, the Greentown Group acquired sites in Taizhou, Cixi and Xinchang of Zhejiang, as well as Shanghai, Liaoning, Henan and Shandong via open land auctions and equity acquisitions. The Group added eight projects with a total site area of approximately 2.9 million sqm. to its land bank. The planned GFA of these newly acquired projects was approximately 4.52 million sqm., of which 2.01 million sqm. was attributable to the Group. The total land premium paid amounted to approximately RMB11.16 billion, of which approximately RMB2.33 billion was attributable to the Group. The average land cost per floor area (calculated on the basis of planned GFA) was RMB2,471 per sqm. As at 30 June 2011, the total GFA of the Greentown Group's land bank exceeded 40.69 million sqm., of which approximately 25.33 million sqm. was attributable to the Group. The increasingly diversified locations of the Group's land bank that spanned across the country will help to ensure the success of its developments in the future.

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

Newly Acquired Land Bank in the First Half of 2011

Project	Region	Equity interest	Total land premium (RMB million)	Land premium attributable to the Group (RMB million)	Site area (Sq.m.)	Planned GFA (Sq.m.)	Average land cost per floor area (RMB/Sqm.)
Shenyang National Games Project	Liaoning	50%	3,127	630	1,139,300	1,899,000	1,647
Taizhou Huangyan Xinqian Street Project	Zhejiang	41%	2,775	558	298,402	535,842	5,179
Shanghai Changfeng Lot 10 North Site	Shanghai	31.5%	2,430	620	90,270	225,674	10,768
Cixi Chengnan Project	Zhejiang	30%	1,920	413	169,267	423,167	4,537
Jinan Dongshefang Project	Shandong	39%	465	20	16,830	149,787	3,104
Henan Xinyang Nanwan Lake Project	Henan	20%	105	10	195,984	293,975	357
Xinchang Rose Garden Phase 4	Zhejiang	80%	68	54	126,799	126,799	536
Shandong Xueye Lake Project	Shandong	49%	271	25	863,338	863,338	314
Total			<u>11,161</u>	<u>2,330</u>	<u>2,900,190</u>	<u>4,517,582</u>	2,471

Construction Management Business

Greentown Property Construction Management Company Ltd. (“Greentown Construction Management”), a subsidiary of the Group, provides consultancy services in our brand and management expertise through integrating Greentown’s existing brands and management resources, and increasing revenue by providing services without capital investment. Thanks to Greentown’s reputation for high quality and its strong brand image, Greentown Construction Management has successfully entered into contracts for a total of 38 projects with a total planned GFA of 6.74 million sqm. in a short time of nine months. And the Group has established its presence in such provinces and regions as Zhejiang, Jiangsu, Shanghai, Fujian, Shandong, Henan, Hainan and Inner Mongolia. The establishment and implementation of the Group’s strategy of participating in property construction management and advisory services enables the Group to create more value drawing on its development management expertise. The Group’s business model has been transformed from pure investment to a combination of multiple business models covering investment and operation.

OUTLOOK

The macro-economic adjustment measures for the property sector in the PRC will persist in the second half of 2011 and continue to have a considerable impact on our marketing, sales and financing efforts. Based on its sober knowledge of market conditions, the Group will further accelerate its transition to adopt a development strategy featuring the provision of branding and management consultancy services to external parties. The Group will also strengthen the development of human resources and refine the management of sales, cost, quality and schedule. Along with further implementation of strict risk control measures, the Group will improve its management capacity and risk resistance capacity to achieve sustainable development.

The Group’s current land bank is sufficient and this allows us to cater to project development needs in the future without acquiring substantial quantity of new land. The Group has adopted a prudent strategy in land acquisition since the second half of 2010, taking into account potential market changes in the future. As at 26 August 2011, the Group’s total land premium outstanding for 2011 amounted to merely approximately RMB1.8 billion. Therefore, land acquisition expenditure would not pose major pressure on the Group’s capital chain.

Projects Planned to be Completed in the Second Half of 2011

Project	Phase	Equity interest	Total GFA (Sqm.)	Saleable area (Sqm.)	Area sold
					as at 20 August 2011 (Sqm.)
Shaoxing Yulan Garden	Phase 1 (partial)	35%	236,676	198,767	190,435
Wuxi Yulan Garden	Phase 1 (partial)	85%	183,649	148,691	116,024
Hangzhou Hope Town	Phase 5 (partial)	45%	166,699	115,784	102,580
Wenzhou Lucheng Plaza	Phase 2	60%	141,272	105,011	105,011
Xinjiang Lily Apartment	Phase 1 (partial)	50%	118,742	71,495	71,495
Hangzhou Begonia Apartment	Phase 1	42%	94,461	71,260	68,749
Cixi Rose Garden	Phase 1	49%	93,646	62,519	50,885
Shanghai Bund House	Phase 1	51%	75,815	56,681	37,593
Hangzhou Sapphire Mansion	Phase 1	100%	63,284	49,537	49,537
Haining Lily New Town	Phase 3 (partial)	50%	60,263	45,990	42,568
Beijing Sincere Garden	Phase 2	50%	59,146	36,665	33,994
Hangzhou Orchid Apartment	Entire Project	50%	58,534	44,338	40,825
Shanghai Rose Garden	Phase 3	100%	47,912	18,650	13,185
Taizhou Yulan Plaza	Phase 1 (partial)	49%	43,285	37,622	19,858
Beijing Lily Apartment	Phase 9 (partial)	80%	34,691	32,236	29,017
Hangzhou Blue Patio	Phase 6 (partial)	85%	33,728	23,487	23,219
Thousand-Island Lake Rose Garden	Phase 1 (partial)	51%	30,754	30,754	20,287
Hangzhou Blue Patio	Phase 4 (partial)	85%	25,562	16,273	16,273
Shaoxing Jade Garden	Phase 1 (partial)	51%	23,712	14,528	14,528
Xinchang Rose Garden	Phase 3	80%	20,132	19,909	11,514
Hangzhou Taohuayuan South	Phase 7 (partial)	64%	13,942	8,836	8,836
Hangzhou Taohuayuan South	Phase 9 (partial)	64%	10,638	6,908	6,908
Hangzhou Xingqiao Purple Osmanthus Apartment	Phase 2 (partial)	35%	7,632	5,622	0
Changsha Bamboo Garden	North Phase 5	49.5%	4,156	4,156	0
Xiangshan Lily Apartment	Kindergarten	50%	3,083	–	–
Total			<u>1,651,414</u>	<u>1,225,719</u>	<u>1,073,321</u>

The Greentown Group will newly launch a total saleable GFA of 2.87 million sqm. for the second half of 2011. The Group will strengthen its strategy of “earlier, greater and faster sales” for rapid assets turnover. The Group has already made sound preparations in anticipation of potential market volatility. If the sales slow down, the Group will adjust project schedules in a flexible manner to reduce capital expenditure. Coupled with a pro-active marketing strategy, the Group is able to recover its capital in a short period, thus enabling a more stable and healthy financial position.

In addition, the Group is fully aware of the importance of cost control. Accordingly, we have engaged a leading professional cost consultancy in China to review and carry out a series of efficiency improvement measures, including the utilization of e-commerce and online platforms for group purchases in order to lower the cost.

While reducing the capital pressure, the Group will continue to develop the business model of delivering commercial construction projects on behalf of external clients and exporting the Group's brand and management as part of our effort to explore new markets and create new drive for growth.

In terms of financing channels, the Group has been actively exploring innovative financing models. We pioneered in China to launch trust funds and RMB-denominated real estate funds in collaboration with large-scale state-owned financial enterprises, large-scale local state-owned enterprises and established private enterprises. As a favoured customer of the four largest state-owned banks in China, the Greentown Group has always maintained excellent reputation and credit records and enjoyed steady credit support from the banks.

It is widely recognised that the growth rate of China's GDP being the highest in the world, coupled with the continuous growth of disposable income per capita and the urbanization progress, the inelastic demand for home purchasing in cities has soared. Amid the volatile global financial market, global investors are focusing on China. Both domestic and overseas investors commonly believe that RMB will certainly be the only currency to appreciate in the long term. Accordingly, they are eager to increase their investment holdings in China. Quality properties in the prime areas of major cities are increasingly considered as an investment tool with the greatest potential of value appreciation. In this regard, the Greentown Group, which has a consistent focus on the development of properties in the prime areas, is perfectly positioned to meet the expectations of both residents and investors.

As at 30 June 2011, the Greentown Group's sales revenue which is not yet recognized in the income statement amounted to approximately RMB88.7 billion of which approximately RMB57.8 billion was attributable to the Group, the majority of which will be recognized in the income statement gradually over the next two years. With an evident trend of income growth on the horizon, the Group is optimistic for our earnings prospect in the coming years.

In the second half of 2011, the Group will make further efforts to safeguard against financial risks and improve our financial management capacity. Meanwhile, on the basis of stable operation, the Group will react proactively to the changes in the macro economy and policies, strengthen cost and risk control, as well as improve our management in order to further enhance the Company's overall competitiveness. No matter what sort of challenges the Group faces, we will continue to adhere to its mission of "building platforms for our staff and creating value for our customers; bringing beauty to our cities and wealth to our society". Together with our corporate culture based on sincerity, goodwill, gracefulness and striving for perfection, we will certainly stand out amongst fierce competition.

FINANCIAL ANALYSIS

Results

For the six months ended 30 June 2011, the Group's profit totalled RMB1,776 million, representing an increase of 392.0% from RMB361 million for the same period of 2010, and its net profit margin was 15.8%, representing an increase of 6.5 percentage points from 9.3% for the same period of 2010.

The profit attributable to the owners of the Company amounted to RMB892 million, representing an increase of RMB560 million or 168.7% as compared with RMB332 million for the same period of 2010. The profit attributable to the owners of the Company excluding the fair value changes on trust-related financial derivatives and net loss on redemption of the 2007 Convertibles Bonds amounted to RMB907 million, representing an increase of 94.6% as compared with RMB466 million for the same period of 2010. Basic earnings per share for the Reporting Period was RMB0.54, representing an increase of 170.0% as compared with RMB0.20 per share for the same period of 2010.

Revenue

The revenue of the Group (net of business tax) comes mainly from property sales revenue, and also covers the revenue from hotel operations, property rental income, design and decoration, project management and sales of construction materials, etc. For the Reporting Period, the revenue recognized by the Group was RMB11,216 million, representing an increase of 189.8% from RMB3,870 million for the same period of 2010.

For the Reporting Period, the revenue from property sales recognized was RMB10,793 million, which accounted for 96.2% of the total revenue and represented an increase of 185.5% from RMB3,780 million for the same period of 2010. Such increase was mainly attributable to the increase in areas sold and the rise in the unit price of the properties. For the Reporting Period, the recognized areas of the Group sold and the unit price were 539,595 sqm. and RMB20,002 per sqm., respectively, representing an increase of 82.4% and 56.5% from 295,808 sqm. and RMB12,779 per sqm. for the same period of 2010, respectively.

The table below summarises the sales revenue and area of the properties sold during the Reporting Period:

Project	Property type	Area sold (<i>Sqm.</i>)	Sales revenue (<i>RMB million</i>)	Share of total property sales revenue	Unit price (<i>RMB/Sqm.</i>)
Wenzhou Lucheng Plaza	High-rise apartment	115,680	4,697	43.5%	40,603
Beijing Majestic Mansion	Flat mansion	30,205	1,068	9.9%	35,358
Hangzhou Lilac Apartment	High-rise apartment	49,977	855	7.9%	17,108
Xiangshan Lily Apartment	High-rise apartment	52,788	729	6.8%	13,810
Thousand-Island Lake Rose Garden	Villa, high-rise apartment	69,150	600	5.6%	8,677
Hangzhou Taohuayuan South	Villa	13,828	477	4.4%	34,495
Huzhou Majestic Mansion	Villa	26,436	466	4.3%	17,627
Beijing Lily Apartment	High-rise apartment	38,002	345	3.2%	9,078
Nantong Yulan Apartment	High-rise apartment	32,555	337	3.1%	10,352
Others		110,974	1,219	11.3%	10,985
Total		<u>539,595</u>	<u>10,793</u>	<u>100.0%</u>	20,002

As disclosed above, the revenue from project sales in Wenzhou, Hangzhou and Beijing amounted to RMB4,697 million, RMB2,449 million and RMB1,413 million, respectively, accounting for 43.5%, 22.7% and 13.1%, respectively, of the total property sales revenue.

For the Reporting Period, the revenue from sales of apartments, villas, flat mansions and offices were RMB8,007 million, RMB1,639 million, RMB1,124 million and RMB23 million, respectively, accounting for 74.2%, 15.2%, 10.4% and 0.2% of the total sales revenue, respectively.

For the Reporting Period, the Group recorded a revenue of RMB116 million from hotel operations, representing a significant increase from RMB77 million for the same period of 2010. The main reasons for such increase were that Greentown Thousand-Island Lake Sheraton Hotel commenced operations in the first half of 2010 and the continuous increase of revenue from the operations of Hangzhou Rose Garden Resort and Sheraton Zhoushan Hotel as a result of their stable customer bases and various other aspects.

For the Reporting Period, the Group realized rental income from investment properties of RMB40 million, which was mainly attributable to rental income arising from the Oakwood Residence Chaoyang, Beijing, which commenced its operation in 2010.

For the Reporting Period, the revenue of the Group from project management services amounted to RMB137 million, which was mainly derived from revenue contributed by Greentown Construction Management. It is expected that its revenue will continue to increase as the scale of project management services expands.

Gross Profit Margin from Property Sales

For the Reporting Period, the Group recorded a gross profit from property sales of RMB3,522 million and a gross profit margin from property sales of 32.6%, representing a decrease from 36.8% for the same period of 2010 but an increase from 29.0% for the full year of 2010. Among the sold properties, the Wenzhou Lucheng Plaza project is a premium high-rise apartment project located in the economically prosperous city of Wenzhou in Zhejiang Province. The project, accounting for 43.5% of the total property sales revenue, contributed a gross profit of RMB1,822 million and achieved a gross profit margin of 38.8%. Hangzhou Lilac Apartment, accounting for 7.9% of the total property sales revenue for the Reporting Period, contributed a gross profit of RMB361 million and achieved a gross profit margin of 42.2%. The delivery of these projects helped to pull up the gross profit margin from property sales for the Reporting Period to a great extent. Beijing Majestic Mansion, which was delivered during the Reporting Period, contributed 9.9% of the total property sales revenue. As the units delivered were sold at an earlier stage, the selling prices were not high at the time and therefore the gross profit margin for the Reporting Period was affected to a certain extent.

Other Income

Other income mainly included interest income, net foreign exchange gains and government grants, etc. Other income of RMB417 million was recorded by the Group for the Reporting Period, representing a substantial increase from RMB136 million for the same period of 2010, which was mainly due to the large increase of interest income and net foreign exchange gains.

The interest income of the Group for the Reporting Period was RMB268 million, representing an increase of RMB169 million from RMB99 million for the same period of 2010, which was mainly due to the large increase of interest income from jointly controlled entities and associates.

The Group's net foreign exchange gains for the Reporting Period was RMB122 million, representing a robust growth from the net foreign exchange gains of RMB21 million for the same period of 2010, which was primarily due to the appreciation of Renminbi for the Reporting Period and a greater amount of borrowings denominated in foreign currencies. The appreciation of Renminbi was 2% for the Reporting Period, while Renminbi appreciation was insignificant for the same period of 2010. As at 30 June 2011, the Group had USD denominated bank borrowings of US\$329 million and HKD denominated bank borrowings of HK\$2,922 million.

Fair Value Changes on Trust-related Financial Derivatives

In 2009, a trust agreement was entered into between Greentown Real Estate Group Co., Ltd., a subsidiary of the Company, and Zhonghai Trust Company Ltd. The Trust Unit Put Option, the Guarantee and RMB1 Option relating to the agreement were deemed as financial derivatives and were measured according to their fair values. For the Reporting Period, the fair value changes on trust-related financial derivatives resulted in a loss of RMB20 million, compared with a gain of RMB18 million for the same period of 2010.

Selling and Administrative Expenses

The Group's selling and administrative expenses for the Reporting Period amounted to RMB953 million, representing an increase of 43.1% or RMB287 million from RMB666 million for the same period of 2010.

The biggest spending in selling and administrative expenses was the human resources cost, which increased by 45.9% to RMB372 million for the Reporting Period (for the same period of 2010: RMB255 million). The increase was mainly due to the expansion of property projects and enlargement of the talent pool. The sales and marketing expenses and the advertising expenses for the Reporting Period amounted to RMB140 million (for the same period of 2010: RMB130 million), accounting for 1.0% of the property pre-sales of the Group, which was slightly higher than 0.8% for the same period of 2010. The daily operating expenses for the Reporting Period amounted to RMB269 million, representing an increase of 54.6% from RMB174 million for the same period of 2010. Such increase was mainly due to an increase in office expenses, business meeting expenses, travelling expenses, utilities and property management expenses, rental charges and depreciation costs as a result of the expansion of the corporate scale.

Finance Costs

The interest expenses of the Group for the Reporting Period charged to the income statement was RMB229 million (for the same period of 2010: RMB202 million). The total interest expenses for the Reporting Period was RMB1,552 million (for the same period of 2010: RMB1,093 million), representing an increase of 42.0%. Such increase was mainly caused by the increase in the average borrowing amount. The interest capitalized for the Reporting Period was RMB1,323 million and the capitalization rate was 85.2% (for the same period of 2010: 81.5%). The improvement in the capitalization rate was mainly attributable to the timely commencement of development upon the acquisition of lands.

Share of Results of Jointly Controlled Entities and Associates

The Group's share of results of jointly controlled entities and associates for the Reporting Period was RMB16 million, representing a significant decrease from RMB144 million for the same period of 2010, which was mainly due to a decrease in the number of properties completed by jointly controlled entities and associates for the Reporting Period. The revenue from property sales carried forward by jointly controlled entities and associates for the Reporting Period amounted to RMB940 million, representing a significant decrease from RMB4,197 million for the same period of 2010. Such decrease was principally due to a significant decrease in the areas of properties sold from 447,020 sqm. for the same period of 2010 to 70,731 sqm. for the Reporting Period. The Company's jointly controlled entities and associates mainly completed the sale of Taizhou Yulan Plaza in the Reporting Period. The area of properties sold for the Reporting Period amounted to 61,057 sqm. with a revenue of RMB851 million, representing 90.5% of revenue from property sales.

Taxation Charges

Taxation for the Reporting Period included LAT of RMB498 million (for the same period of 2010: RMB190 million), and EIT of RMB768 million, comprising current tax of RMB852 million and deferred tax credit of RMB84 million (for the same period of 2010: RMB315 million and deferred tax credit RMB122 million respectively). The effective tax rate for EIT for the Reporting Period was 30.2%, which was higher than that of the statutory tax rate of 25%. It was mainly due to the unrecognized tax effect of the losses of certain subsidiaries and the tax effect of non-deductible expenses.

Pre-sale Deposits

Pre-sale deposits represented the amounts received from the pre-sale of properties, which will be carried forward as sales revenue upon the delivery of properties. As at 30 June 2011, the balance of pre-sale deposits of the Group was RMB47,386 million, representing a slight decrease from RMB47,547 million as at 31 December 2010, which was mainly due to an increase in delivery of properties for the Reporting Period.

Besides, the balance of pre-sale deposits of jointly controlled entities and associates was RMB29,390 million, representing an increase of RMB8,950 million or 43.8% from RMB20,440 million as at 31 December 2010, and locking in part of the profit for the second half of 2011 and the years after.

Financial Resources and Liquidity

As at 30 June 2011, the Group's cash and bank deposits amounted to RMB9,746 million (as at 31 December 2010: RMB14,973 million) and total borrowings amounted to RMB35,030 million (as at 31 December 2010: RMB34,047 million). The net gearing ratio (net debt divided by net assets) increased from 132.0% as at 31 December 2010 to 163.2% as at 30 June 2011, but the current assets of the Group still greatly exceeded current liabilities. Among the total credit facility of RMB60 billion for 2011, the Greentown Group still has an undrawn portion of approximately RMB28.4 billion available. The Group is devoting itself to implementing a stringent fund management system to ensure a sustainable growth.

Foreign Exchange Risks

The principal place of operation for the Group is the PRC. Most of the income and expenditure are denominated in Renminbi. As the Group has deposits, borrowings and amounts due from third parties denominated in foreign currencies, and the senior notes issued in 2006 were all denominated in US dollars, the Group was exposed to foreign exchange risks. However, the Group's operating cash flows or liquidity was not significantly affected by any exchange rate fluctuations. The Group did not enter into any foreign currency hedging arrangement as at 30 June 2011.

Financial Guarantees

Certain banks provide mortgage loans to the buyers of the Group's properties, which are guaranteed by the Group. As at 30 June 2011, guarantees for these mortgage loans amounted to RMB18,661 million (as at 31 December 2010: RMB18,658 million). The banks will release such guarantees only upon the delivery of property certificates of such projects to the banks as security.

Pledge of Assets

As at 30 June 2011, the Group pledged buildings, hotels, prepaid lease payment, investment properties, properties for development, properties under development, completed properties for sale, bank deposits, amounts due from related parties and interest in jointly controlled entities and associates with an aggregate carrying amount of RMB36,915 million (as at 31 December 2010: RMB36,264 million) to secure general credit facilities granted by banks and other financial institutions to the Group.

Capital Commitments

As at 30 June 2011, the Group had contracted for, but not provided for, capital expenditure of RMB16,177 million (as at 31 December 2010: RMB17,447 million) in respect of properties for development, properties under development and construction in progress.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

HUMAN RESOURCES

As at 30 June 2011, the Group employed a total of 4,038 employees (30 June 2010: 3,257). Employees were remunerated on the basis of their performance, experience and prevailing industry practices. The Group's remuneration policies and packages were reviewed by the remuneration committee and the Board on a regular basis. As an incentive for employees, bonuses and cash awards may also be given to employees based on individual performance evaluation.

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Board, the Company has complied with all the provisions of the Code on Corporate Governance Practices set out in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2011.

COMPLIANCE WITH THE MODEL CODE OF THE LISTING RULES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the “Model Code”) as the Company’s code for dealing in securities of the Company by the Directors. After specific enquiry, all Directors confirmed that they have complied with the Model Code throughout the six months ended 30 June 2011. Relevant employees who are likely to be in possession of unpublished price-sensitive information of the Group are also subject to compliance with written guidelines on same terms as the Model Code.

AUDIT COMMITTEE

The Audit Committee held one meeting during the Reporting Period, and all committee members attended the meeting. The Audit Committee has reviewed the accounting policies and critical accounting estimates and assumptions adopted by the Group. The audit objectives and the scope of the internal audit department of the Group were also discussed.

REVIEW OF INTERIM RESULTS

The Interim Results Announcement and the Interim Report for the six months ended 30 June 2011 have been reviewed by the Audit Committee and approved by the Board.

The auditor of the Company, Deloitte Touche Tohmatsu (“DTT”), has performed a review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” on the interim financial information of the Group for the six months ended 30 June 2011 prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting”, and a review report dated 26 August 2011 was issued by DTT.

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of RMB0.10 per ordinary share in issue in respect of the six months ended 30 June 2011 (for the six months ended 30 June 2010: RMB0.10 per ordinary share). The record date and book closure dates for determining entitlements to the interim dividend and the actual payment date will be further announced by the Company.

PUBLICATION OF INTERIM REPORT

The full text of the Company’s 2011 Interim Report will be sent to the shareholders of the Company and posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.chinagreentown.com) respectively in due course.

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
Song Weiping
Chairman

Hangzhou, the PRC
26 August 2011

As at the date of this announcement, the Board comprises five executive directors, namely Mr Song Weiping, Mr Shou Bainian, Mr Luo Zhaoming, Mr Guo Jiafeng and Mr Cao Zhounan; and six independent non-executive directors, namely Mr Jia Shenghua, Mr Jiang Wei, Mr Ke Huanzhang, Mr Sze Tsai Ping, Michael, Mr Tang Shiding and Mr Xiao Zhiyue.