



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)
(於開曼群島註冊成立的有限公司) (股票代碼：03900)



2014

中期報告

Interim report



A watercolor illustration of a modern building with a pool and people. The building is a multi-story structure with a glass facade and a balcony. In the foreground, there is a pool with a waterfall on the right side. Several people are sitting at a table near the pool, and one person is standing near the waterfall. The background is a light green wash.

Contents

Corporate Profile	2
Corporate Information	4
Land Bank Information	6
Management Discussion and Analysis	
Operational and Management Review	9
Outlook	11
Financial Analysis	16
Corporate Governance	24
Other Information	26
Report on Review of Condensed Consolidated Financial Statements	33
Condensed Consolidated Financial Statements	
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	34
Condensed Consolidated Statement of Financial Position	35
Condensed Consolidated Statement of Changes In Equity	37
Condensed Consolidated Statement of Cash Flows	38
Notes to the Condensed Consolidated Financial Statements	39
Definition	63

Corporate profile



Corporate Profile

GREENTOWN CHINA HOLDINGS LIMITED IS ONE OF THE LEADING PROPERTY DEVELOPERS IN CHINA. IT COMMANDS A LEADING POSITION IN THE INDUSTRY BY LEVERAGING ON ITS QUALITY PROPERTIES. WE HAVE BEEN RANKED FOR THE NINTH CONSECUTIVE YEAR AS ONE OF "THE TOP 100 CHINA REAL ESTATE COMPANIES: TOP 10 CHINA REAL ESTATE COMPANIES IN COMPREHENSIVE STRENGTH" JOINTLY BY THREE AUTHORITATIVE INSTITUTIONS, NAMELY DEVELOPMENT RESEARCH CENTER OF THE STATE COUNCIL, TSINGHUA UNIVERSITY REAL ESTATE RESEARCH CENTER AND CHINA INDEX INSTITUTE, AND WAS AGAIN NAMED "THE TOP 100 CHINA REAL ESTATE COMPANIES: TOP 10 CHINA REAL ESTATE COMPANIES IN TERMS OF CORPORATE SIZE". IN ADDITION, GREENTOWN WAS ALSO AWARDED "2012-2013 ANNUAL SOCIAL RESPONSIBILITY ENTERPRISE OF CHINA REAL ESTATE" IN RECOGNITION OF OUR CONTRIBUTION TO VARIOUS AREAS INCLUDING CULTURE CONSERVATION, ELDERLY CARE, EDUCATION AND POVERTY ALLEVIATION.

In March 2014, Greentown was named the "2014 Top 10 China Real Estate Companies", "2014 Top 10 China Real Estate Companies in Comprehensive Strength". "2014 Top 10 China Real Estate Companies in Comprehensive Development" and "2014 Top 10 China Real Estate Companies in City Coverage". Greentown received these honors at the press conference of the Top 500 China Real Estate Companies Survey jointly organized by the China Real Estate Research Association, the China Real Estate Association and the China Real Estate Appraisal.

Since its establishment 20 years ago, the Group has been based in Zhejiang Province, one of the most economically vibrant provinces in the PRC. With property projects covering most of the economically prosperous cities in Zhejiang Province such as Hangzhou, Ningbo, Wenzhou, Taizhou, Shaoxing and other cities amongst the Top 100 national most competitive county-level cities in Zhejiang Province, the Group has a sizable operation scale and enjoys a wide recognition. The Group has successfully set foot in other major cities located in Yangtze River Delta, including Shanghai, Nanjing, Suzhou, Wuxi, Nantong and major cities in Bohai Rim Economic Belt, including Beijing, Tianjin, Qingdao, Jinan, Dalian and other provincial cities, such as Hefei in Anhui Province, Zhengzhou in Henan Province, Changsha in Hunan Province, and Urumqi in Xinjiang, which enabled the operating results to grow continuously and established an excellent brand image in various cities. Greentown focuses on the development of superior-quality properties. Having continuously improved and enriched its product portfolio, Greentown now offers widely-received high quality housing types such as villa, flat mansion, low-rise apartment, high-rise apartment, urban complex, integrated community and commercial property.

On 8 June 2012, Wharf was introduced as a strategic shareholder of Greentown. The aggregate investment by Wharf amounted to approximately HK\$5.1 billion (equivalent to approximately RMB4.16 billion), including

the subscription of approximately 490 million placing shares and the subscription of Convertible Securities (as defined below) (which has been redeemed in full in February 2014). As of 30 June 2014, Wharf (through its wholly-owned subsidiary) was interested in 24.3% of the total issued share capital of the Company.

Greentown entered into an agreement with Sunac on 22 June 2012, pursuant to which a joint venture, Shanghai Sunac Greentown Investment Holding Co., Ltd. (上海融創綠城投資控股有限公司), was established and held as to 50% by Greentown and 50% by Sunac, respectively.

On 22 May 2014, Mr SONG Weiping, Mr SHOU Bainian, Ms XIA Yibo and their respective wholly-owned companies entered into a conditional sale and purchase agreement with Lead Sunny Investments Limited ("Sunac Subsidiary"), a wholly-owned subsidiary of Sunac, and Sunac in relation to the proposed sale of an aggregate of 524,851,793 Shares to Sunac Subsidiary. The consideration was HK\$12 per Share. Upon the completion of the transaction, Sunac (through Sunac Subsidiary) will be interested in approximately 24.3% of the shares of the Company and becomes the first substantial shareholder of the Company in line with Wharf. As at the date of this interim report, the relevant regulatory procedures in respect of the above transaction are still underway.

On 30 June 2014, the premier land bank of the Greentown Group comprised a total GFA of over 37.82 million sqm ensuring Greentown Group's sustainable and steady development in the coming future. Leveraging on its quality human resources and highly-effective corporate management structure, Greentown has established a strong presence in all cities where it operates. The Group's experience in developing numerous high-quality projects and outstanding operational capabilities have provided a strong momentum for its further expansion.

Corporate Information

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COMPANY SECRETARY

Mr FUNG Ching, Simon

AUTHORIZED REPRESENTATIVES

Mr SHOU Bainian
Mr FUNG Ching, Simon

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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SHARE REGISTRAR IN CAYMAN ISLANDS

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PRINCIPAL BANKERS

The Bank of East Asia, Limited
Standard Chartered Bank
(Hong Kong) Limited
Bank of China Limited
Industrial and Commercial
Bank of China Limited
Agricultural Bank of China Limited
China Construction Bank
Corporation
Bank of Communications Co., Ltd.
Shanghai Pudong Development
Bank Co., Ltd.
China Everbright Bank Corporation
Limited
Guangdong Development Bank
Co., Ltd.

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STOCK CODE

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LEGAL ADVISORS

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Ashurst Hong Kong

WEBSITES

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BOARD OF DIRECTORS**Executive Directors**

Mr SONG Weiping

(Chairman)

Mr SHOU Bainian

(Executive Vice Chairman)

Mr LUO Zhaoming

(Vice Chairman)

Mr GUO Jiafeng

Mr CAO Zhounan

Non-Executive Directors

Mr NG Tin Hoi, Stephen

Mr TSUI Yiu Cheung

Independent Non-Executive Directors

Mr JIA Shenghua

Mr KE Huanzhang

Mr SZE Tsai Ping, Michael

Mr HUI Wan Fai

Mr TANG Shiding*

Mr JIANG Wei**

Audit Committee

Mr SZE Tsai Ping, Michael

(Chairman)

Mr TSUI Yiu Cheung

Mr JIA Shenghua

Mr HUI Wan Fai

Nomination Committee

Mr SZE Tsai Ping, Michael

(Chairman)

Mr SHOU Bainian

Mr TSUI Yiu Cheung

Mr HUI Wan Fai

Remuneration Committee

Mr JIA Shenghua

(Chairman)

Mr SHOU Bainian

Mr NG Tin Hoi, Stephen

Mr SZE Tsai Ping, Michael

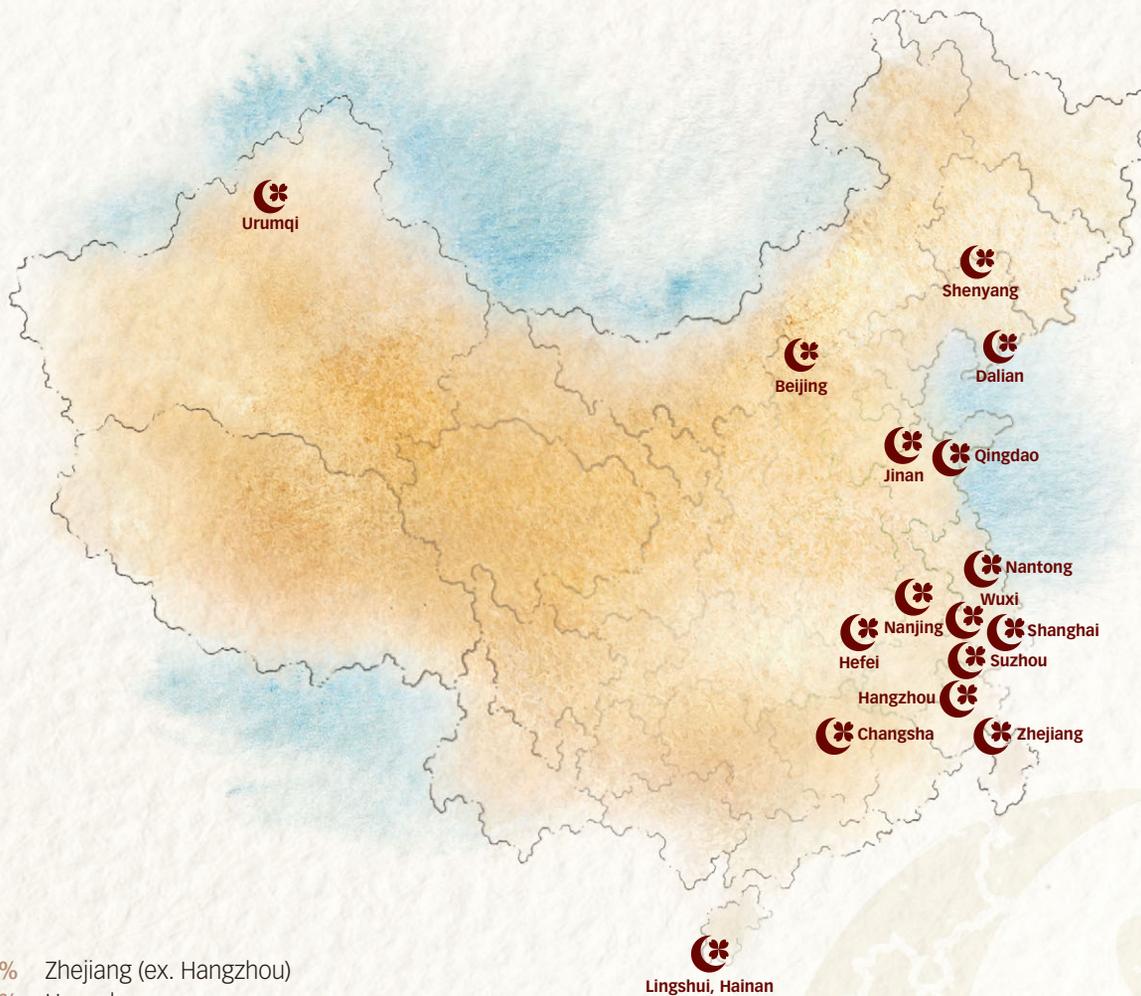
Note: * Mr TANG Shiding retired by rotation as an independent non-executive director and ceased to be a member of the audit committee and nomination committee of the Company on 27 June 2014.

** Mr JIANG Wei resigned as an independent non-executive director and a member of the audit committee of the Company with effect from 8 August 2014.

Land Bank Information

Greentown in

China



- 31% Zhejiang (ex. Hangzhou)
- 10% Hangzhou
- 15% Other Area of The Yangtze River Delta
- 26% The Bohai Rim River Delta Area
- 18% Others

Total GFA Exceeds
37.82 Million sqm

**Zhejiang
(excluding Hangzhou)***31.2%*Proportion to total land bank (%)
11,793 Total GFA ('000 sqm)**Shandong***14.4%*Proportion to total land bank (%)
5,443 Total GFA ('000 sqm)**Hangzhou***10.2%*Proportion to total land bank (%)
3,869 Total GFA ('000 sqm)**Jiangsu***9.2%*Proportion to total land bank (%)
3,481 Total GFA ('000 sqm)**Liaoning***6.7%*Proportion to total land bank (%)
2,523 Total GFA ('000 sqm)**Shanghai***5.7%*Proportion to total land bank (%)
2,170 Total GFA ('000 sqm)**Hainan***4.5%*Proportion to total land bank (%)
1,719 Total GFA ('000 sqm)**Xinjiang***3.1%*Proportion to total land bank (%)
1,190 Total GFA ('000 sqm)**Hebei***2.8%*Proportion to total land bank (%)
1,064 Total GFA ('000 sqm)**Anhui***2.3%*Proportion to total land bank (%)
871 Total GFA ('000 sqm)**Henan***1.7%*Proportion to total land bank (%)
631 Total GFA ('000 sqm)**Beijing***1.6%*Proportion to total land bank (%)
606 Total GFA ('000 sqm)**Hunan***0.8%*Proportion to total land bank (%)
308 Total GFA ('000 sqm)**Tianjin***0.6%*Proportion to total land bank (%)
210 Total GFA ('000 sqm)**Other Provinces***5.2%*Proportion to total land bank (%)
1,945 Total GFA ('000 sqm)

	No. of Projects	Site Area (‘000 sqm)	Total GFA (‘000 sqm)	% of Total
Hangzhou	21	1,725	3,869	10.2%
Zhejiang (excluding Hangzhou)	33	6,558	11,793	31.2%
Jiangsu	7	1,340	3,481	9.2%
Shanghai	12	763	2,170	5.7%
Shandong	10	2,450	5,443	14.4%
Liaoning	3	1,049	2,523	6.7%
Hainan	1	1,728	1,719	4.5%
Beijing	3	294	606	1.6%
Other Cities	12	3,782	6,219	16.5%
Total	102	19,689	37,823	100%

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

Management Discussion and Analysis



Management Discussion and Analysis

OPERATIONAL AND MANAGEMENT REVIEW

Alongside with the adjustment of China's economic cycle and growth structure, the volatility encountered by the real estate industry over the past years were attributable to internal market supply and demand situation and external government policies. Nonetheless, the sector is moving back towards a long-term rational and sustainable trend of development in accordance with the expectation of the central government. Consequently, in spite of a flood of price cuts, increase in inventory level and decrease in inventory turnover among the real estate developers during the first half of the year which led to an uncertain market outlook, the Company, based on its experience and advantages accumulated through the development of superior-quality properties over the past 20 years together with the belief that the real estate industry will become more market-oriented after the market gradually matures, has not only actively responded to the systemic risks in the current industry but also introduced new vigor and vitality to itself, with the aim to utilise it as a driver for its future development.

Results Overview

For the six months ended 30 June 2014, the Group recorded a revenue of RMB12,560 million, representing an increase of 23.0% compared to RMB10,214 million during the same period in 2013. The gross profit amounted to RMB3,224 million, representing an increase of 2.1% compared to RMB3,158 million during the same period in 2013. The gross profit from property sales was RMB2,831 million and the gross profit margin from property sales was 24.0%, which is lower than 29.7% during the same period in 2013. The two main reasons for the decrease were the relatively high land costs (as most of the land of the projects with the revenue recognized during this period were acquired in 2009) and the relatively low selling price of the projects (as a result of the macro control measures imposed by the central government on the real estate industry).

During this period, profit attributable to owners of the Company amounted to RMB613 million, representing a decrease of 67.0% compared to RMB1,855 million during the same period in 2013. However, excluding the post-tax effect of net gains from acquisitions and fair value changes on financial derivatives, the core profit attributable to owners of the Company reached RMB661 million, representing a decrease of 59.2% compared to RMB1,620 million during the same period in 2013, mainly due to the significant drop of share of results of joint ventures and associates. During this period, the Group's share of results of joint ventures and associates was an aggregate loss of RMB121 million, representing a decrease of RMB806 million from an aggregate profit of RMB685 million during the same period in 2013, mainly due to the impairment losses made for the completed properties for sale of certain associates and the relatively low gross profit margin of the properties delivered during this period.

Pre-sales in the First Half of 2014

As at 30 June 2014, Greentown Group (including Greentown China Holdings Limited and its subsidiaries, together with its joint ventures and associates) recorded a total saleable area of 1.24 million sqm. Total pre-sales amounted to RMB30.5 billion (including subscription sales of RMB2.9 billion), and accounted for 47% of our annual sales target set at the beginning of the year. Total contracted sales attributable to the Group amounted to RMB13.2 billion. The overall average selling price was RMB22,279 per sqm, representing a slight increase compared to RMB20,395 per sqm in the same period in 2013.

Land Bank

In the first half of 2014, Greentown Group acquired 5 new land sites with a GFA of approximately 1.80 million sqm, of which approximately 1.09 million sqm was attributable to the Group. The newly added land sites' total land premium amounted to approximately RMB5.2 billion, of which approximately RMB950 million was required to be paid by the Group.

As at 30 June 2014, the GFA of Greentown Group's land bank was 37.82 million sqm, of which 20.48 million sqm was attributable to the Group. Total saleable area amounted to 26.49 million sqm, of which 14.13 million sqm was attributable to the Group, while the average GFA land cost was approximately RMB3,256 per sqm.

Issue of Subordinated Perpetual Capital Securities

This year, we continue to seize the opportunities for offshore financing and issued the subordinated perpetual capital securities ("Perpetual Securities") in an aggregate principal amount of USD500 million with coupon rate of 9% in January 2014, which was again sought after by the

bond investors. This bond issuance is not only in line with the Company's overall strategy of stable operations, but also represents a continuation of the targets that we set to achieve in the financial management in 2013 – to optimize the debt structure and reduce the Company's financing costs. The proceeds of this bond issuance were mainly applied for redeeming the unlisted perpetual subordinated convertible callable securities ("Convertible Securities") with an aggregate principal amount of HKD2.55 billion issued to a wholly-owned subsidiary of Wharf in 2012. The remaining proceeds was applied to refinance the existing short-term debts and for general working capital purposes of the Group.



Hangzhou Yunqi Rose Garden

Sunac's Proposed Acquisition of Shares of the Company

On 22 May 2014, Mr. Song Weiping (the chairman of the Board of the Company) and his spouse, and Mr. Shou Bainian (the executive vice chairman of the Board) and their respective wholly-owned companies entered into a conditional sale and purchase agreement with Sunac Subsidiary, a wholly-owned subsidiary of Sunac, and Sunac in relation to the proposed sale of an aggregate of 524,851,793 shares of the Company to Sunac Subsidiary at HKD12 per share in cash, representing a total consideration of approximately HKD6.3 billion. Upon completion of the proposed transaction, Sunac (through Sunac Subsidiary) will hold approximately 24.3% of the shares of the Company and will become, same as Wharf, one of the two largest shareholders of the Company.

The directors of the Company believe that upon completion of the proposed transaction, in addition to the Company's strong brand competitiveness, product advantages and superior service standards, the Company can also leverage on Sunac's various strength especially

in the aspects of clear development strategies, accurate market positioning and high operation flexibility, which in turn will create a better development platform and a more promising outlook for the Company.

As at the date of this interim report, the relevant regulatory procedures in respect of the proposed transaction are still underway.

OUTLOOK

Following the gradual relaxation or withdrawal of the restrictive property purchase policy in many cities in the PRC, the real estate market is rejuvenating progressively – policy regulations have become less restrictive and market confidence has been gradually restored. While the gradual recovery of the market will boost the sales of our products which will likely lead to a better sales performance, nonetheless, it is well recognized that the prosperity of China's macro-economy is the true way to lead to a full recovery of the real estate market.



Hangzhou Blue Patio

We are still optimistic that in the medium to long run, the real estate industry will remain to be a pillar for the country's economy. With the on-going advancement and progress in urbanization, China, as a big nation with 1.4 billion populations, will still have great demand for housing to satisfy the need of different demographic classes in the future. We also believe that the current problems in relation to the development of the industry will be solved gradually through active communication and joint cooperation among various market players such as the government, developers and home purchasers, and accordingly the medium to long-term of the industry remains buoyant.

In light of the current market environment, the Company will further strengthen the sales, improve the inventory turnover, speed up the return, adjust the development pace, strictly control the costs and improve its land bank structure through wisely selected high-quality projects to lay a solid foundation for its future development.

Effective Inventory Turnover and Adjustment of Development Pace to Ensure Healthy Cash Flow

Given the current business environment, the Company will place prudent cash flow management as top priority. On the one hand, we will vigorously strengthen marketing efforts, take various measures to improve inventory turnover and enhance the assessment of capital return – every manager of the project companies is required to commit to frontline sales and get personally involved in sales channel expansion and customer reception; he or she shall get hold of information regarding activity plan, customers' visits and transactions on a weekly basis and thus should possess the ability to adjust the corresponding marketing strategies in a timely manner to ensure that the weekly targets are fulfilled. At the same time, we will also develop different strategies for different regions to cope with the characteristics and responses of different markets – for regions where inventory level is high and inventory turnover is low, we will compare the latest market trends on a timely basis, analyze the



Zhejiang Anji Taohuayuan

mainstream customers' price expectation and adopt a flexible pricing measures accordingly. On the other hand, we will adjust the development pace reasonably – for projects with high inventory level, we will slow down the development pace appropriately so as to reduce capital injection to ensure a balance of payment and cash inflow.

Refine the Land Bank Structure and Complement the High Quality Projects

In respect of the land bank structure, after taking into account the fact that 1st and 2nd tier cities have better customer acceptance to the product positioning of the Company and the Company has established a unique advantage in these market segments, and that 3rd and 4th tier cities have a lower inventory turnover than that of the 1st and 2nd tier cities, the Company will readjust its current land bank structure in a rational manner. On the one hand, provided that a safe cash flow and a controllable gearing ratio can be maintained, the Company aims to, grasp the favourable opportunities derived from the adjustment of land market in the second half of the year to expand its land bank in prime sites of the 1st and 2nd tier cities and reduce the land bank in the 3rd and 4th tier cities gradually, and for new projects, the Company will implement strict control and positioning measures to minimize management radius and to focus on exploration of cities where the Company enjoys the prestige of both brand positioning and client base. On the other hand, the Company also aims to take advantage of the consolidation of the real estate industry

to explore more market opportunities, revitalize its assets and secure high quality projects through mergers and acquisitions.

The Company will utilize its branding advantage to further expand its cooperation with the other project partners. We aim to focus on developing our land bank in prime areas of the 1st and 2nd tier cities and optimizing our asset structure.

With Customer-Oriented Approach to Precise Product Positioning

Based on the principle of “implementing high-quality product strategy and creating long-standing masterpiece”, the Company will continue to improve and enhance the quality of its product and service, and to ensure consistency in quality across the projects for the purpose of developing high-value benchmark products under the brand of Greentown. On this basis, we will further strengthen our products and market positioning in order to meet the demand of the customers, and conduct in-depth research and analysis to understand the real needs of our customers such that we can optimize our product varieties, improve our products' cost-effectiveness and control our overall price which can ultimately support an increase in our sale price.

In addition, we will further enhance product differentiation and diversify research and development with the aim to satisfy the demand of a broader market group with more extensive product lines, such that a high inventory turnover can be achieved.

Better Cost Control and Strengthen Profitability Measurement

The Company will exert more efforts on cost control over various aspects of a real estate development project including product development expenses, land acquisition costs, upfront expenses, construction costs, financial costs, management costs, marketing costs and taxes etc. Through continuous improvement of computerized techniques to manage, control and establish the total-cost evaluation, review, early alert and appraisal mechanism, we will further optimize our total-cost control system. In addition, the Company will, through acceleration of its development cycle and improvement of its profit assessment mechanism, undertake relentless effort to learn from the peers in the same field. We strive to increase the profitability of the Company.

New Strength to the Company

Sunac is one of the excellent enterprises in the real estate sector in China. Sunac is also one of the market players which are committed to the development of high-end quality properties – their focused development strategies in the 1st and 2nd tier cities, mature and efficient management system and strong execution team have been unanimously recognized by the industry. Their advantages on market judgment, product positioning, sales capability and capital turnover have long been reflected in Sunac's outstanding performance over the recent years.

The synergies derived from the cooperation between Sunac and Greentown have already been proved in the parties' joint venture projects. Back in June 2012, we had

our first attempt to explore the operation mechanism of these two companies, each with complementary advantages, by injecting 8 projects located in Shanghai, Suzhou, Wuxi, Changzhou and Tianjin into a joint venture established by both parties. By the end of 2013, the newly established joint venture, after commencing operation for just more than a year, has achieved brilliant results by ranking No. 3 in the commodity houses sales. In the first half of 2014, the joint venture even won the championship in Shanghai houses sales. These overwhelming results well demonstrate the collaborative strength and fruitful outcome between the two parties, and the joint venture has been regarded by the real estate sector as one of the exemplary examples.

In addition, Wharf, being a well-established and leading real estate enterprise in Hong Kong which holds 24.3% stake in the Company, has strong capital strength and renowned reputation in the market and also enjoys a unique advantage in the offshore capital markets. We believe that this will facilitate Greentown to broaden its financing channels and improve its internal financial and risk management standards.

Projects Scheduled for Completion in the Second Half of the Year

In the second half of 2014, Greentown Group expects to commence construction of projects with a GFA of approximately 3.01 million sqm. In addition, it is expected that 31 projects (or phased project) will be completed in the second half of 2014 with a GFA of approximately 3.30 million sqm.

Projects scheduled for completion in the second half of 2014:

	Projects	Equity Interest	Phase	GFA (sqm)	
Subsidiaries	Qingdao Jiaozhou Lagerstroemia Square	100%	Phase III, Phase X	120,766	
	Qingdao Ideal City	80%	Phase III	67,934	
	Nantong Qidong Rose Garden	51%	Phase I	185,213	
	Taizhou Rose Garden	55.2%	Phase V partial	86,246	
	Zhoushan Changzhidao	96.875%	Taohuayuan Linglong Yuan	34,012	
	Lin'an Qianwang Culture Square	65%	Phase II partial	80,653	
	Huzhou Majestic Mansion	70%	Phase IV	72,620	
	Hangzhou Jade Garden	100%	Phase II	82,693	
	Xinchang Rose Garden	80%	Phase IV partial	21,275	
	Cixi Sincere Garden	100%	Phase I	189,348	
	Zhengzhou Yanming Lake Rose Garden	100%	Phase II	16,662	
	Hainan Greentown Blue Town	51%	Phase VII	61,960	
	Hangzhou Taohuayuan	64%	Phase XII	13,106	
	Xinjiang Jade Garden	60%	Phase I	277,675	
	Zhuji Greentown Plaza	60%	Phase IV partial	71,165	
	Shanghai Rose Garden	50%	Phase VII partial	14,774	
	Hangzhou Orchid Residence	85%	Phase I partial	68,715	
	Sub-total				1,464,817
	Joint Ventures/Associates	Shenyang National Games Project	50%	Phase I partial	179,907
Ningbo Center		49.34%	Phase I	236,415	
Hangzhou Greentown Master Manor		25%	Phase I	113,789	
Wuzhen Graceland		50%	Phase II	52,710	
			North and South of Senior College	34,145	
Jinan National Games Project		45%	Phase IX, Phase XI	86,954	
Lishui Beautiful Spring River		37.5%	Phase I, Phase II partial	194,750	
Fuyang Harmony Garden		40%	Phase III	153,436	
Lin'an Mantuo Garden		15%	Phase I	22,164	
Hangzhou Bright Moon in Jiangnan		55%	Phase II	185,294	
Hangzhou Idyllic Garden Lancuiyuan		50%	Lancuiyuan	56,533	
Wuxi Yulan West Garden		19.5%	Phase I	33,809	
Shanghai Yulan Garden – Glorious Garden		24.5%	Phase I	162,914	
Changzhou Yulan Square		48.5%	Phase I	196,901	
Hangzhou Melodious Manor		25%	Phase I	123,598	
Sub-total					1,833,319
Total					3,298,136

As at 30 June 2014, the sales revenue of Greentown Group not yet recognized in the income statement amounted to approximately RMB82.2 billion, of which RMB41.4 billion was attributable to the Group.

FINANCIAL ANALYSIS

Revenue

The revenue of the Group mainly derives from the property sales, as well as from hotel operations, property rental, project management, sales of construction materials, and design and decoration, etc. During this period, the revenue recognized from property sales was RMB11,805 million, which accounted for 94.0% of the

total revenue and represented an increase of RMB2,209 million or 23.0% from RMB9,596 million during the same period in 2013. Such increase was mainly due to the increase in average selling price. The average selling price of properties delivered during this period was RMB17,942 per sqm, representing an increase of 20.9% from RMB14,843 per sqm during the same period in 2013.



Shenyang National Games Project

The properties with the revenue recognized by subsidiaries during the first half of 2014 were as follows:

Projects	Type of Properties	Area Sold (sqm) (Note)	Sales Revenue (RMB million)	% of Total	Average Selling Price (RMB/sqm)
Shaoxing Lily Garden	High-Rise Apartment, Villa, Office	216,317	3,038	25.7%	14,044
Hangzhou Orchid Residence	High-Rise Apartment	47,592	2,220	18.8%	46,646
Shanghai Rose Garden	Villa	25,300	1,325	11.2%	52,372
Qingdao Jiaozhou Lagerstroemia Square	High-Rise Apartment, Low-Rise Apartment	75,065	624	5.3%	8,313
Hefei Jade Lake Rose Garden	High-Rise Apartment, Villa	65,361	606	5.1%	9,272
Others		228,331	3,992	33.9%	17,483
Total		657,966	11,805	100%	17,942

Note: Area sold includes above ground and underground areas.



Ningbo Research Center

During this period, projects in Zhejiang area (excluding Hangzhou) achieved sales revenue of RMB4,167 million, accounting for 35.3%, ranking first among all regions. Projects in Hangzhou area achieved sales revenue of RMB3,658 million, accounting for 31.0%, ranking second. Projects in Shanghai area achieved sales revenue of RMB1,325 million, accounting for 11.2%, ranking third.

During this period, sales revenue of high-rise apartment, low-rise apartment and serviced apartment reached RMB8,085 million, accounting for 68.5%; sales revenue of villa reached RMB3,501 million, accounting for 29.7%; sales revenue of office reached RMB219 million, accounting for 1.8%.

During this period, the Group achieved design and decoration revenue of RMB319 million, representing an increase of 12.3% from RMB284 million achieved in the same period in 2013. The increase was mainly due to the constant expansion of design and decoration business.

During this period, the Group's revenue from hotel operations was RMB164 million, representing an increase of 26.2% from RMB130 million during the same period in 2013. The increase was mainly due to revenue contributed by Sheraton Qingdao Licang Hotel and Hainan Greentown Blue Bay Resort which both commenced operations in the first half of 2014 and the increasing revenue from the operations of Greentown Qiandao Lake Resort, Sheraton Zhoushan Hotel and Sheraton Qingdao Jiaozhou Hotel commenced operations in previous years as a result of their stable customer base.



Hangzhou Hope Town

During this period, the Group's revenue from project management amounted to RMB119 million, representing an increase of 17.8% from RMB101 million during the same period in 2013, and was mainly attributable to construction income of Bluetown Construction Management, a subsidiary of the Company.

During this period, the Group's rental income from investment properties was RMB59 million, which remained stable compared to RMB53 million during the same period in 2013, and was mainly attributable to the rental income of Oakwood Residence Beijing.

Gross Profit Margin From Property Sales

During this period, the Group's gross profit from property sales was RMB2,831 million and the gross profit margin from property sales was 24.0%, lower than 29.7% of the same period in 2013. The two main reasons for the decrease were the relatively high land costs (as most of the land of the projects with the revenue recognized during this period were acquired in 2009) and the relatively low selling price of the projects (as a result of the macro control measures imposed by the central government on the real estate industry).

Other Income

Other income mainly included interest income, brand usage related income and government grants, etc. During this period, the Group realized other income of RMB646 million, representing an increase of RMB269 million from RMB377 million during the same period in 2013, mainly due to an increase in interest income.

Selling and Administrative Expenses

During this period, the Group's selling and administrative expenses amounted to RMB1,274 million, representing an increase of 26.6% compared to RMB1,006 million during the same period in 2013.

Human resource cost which is the largest single expense item in selling and administrative expenses, amounted to RMB406 million during this period (during the same period in 2013: RMB350 million), representing an increase of 16.0% compared with the same period in 2013, mainly due to the increase in number of staff for an increased business scale during this period. Expenses in marketing and related fees during this period amounted to RMB242 million, representing an increase of 8.5% compared to RMB223 million during the same period in 2013, mainly due to more efforts on sales and marketing exercises.

During this period, the daily operating expenses amounted to RMB345 million (during the same period in 2013: RMB277 million), increased 24.5% compared with the same period in 2013. Save as the slightly increase in the Group's basic expenses such as office expenses, travel expenses, rental fees and entertainment expenses as the result of the price growth during this period, the increase of the daily operating expenses was mainly due to the increased preliminary operating expenses incurred as a result of the commencement of operation of Sheraton Qingdao Licang Hotel and Hainan Greentown Blue Bay Resort during this period, and the forthcoming operation of Hainan Westin Blue Bay Resort, Hangzhou Azure Qiantang Luxury Collection Hotel and Zhoushan Westin Zhujiajian Resort in the second half of this year.

In addition, the administrative expenses included a net foreign exchange loss of RM69 million compared with a net foreign exchange gain of RMB18 million in other income during the same period in 2013, mainly due to a lot of borrowings denominated in foreign currency and depreciation of Renminbi during this period.

Financing Costs

During this period, interest expenses recorded in the condensed consolidated statement of profit or loss and other comprehensive income was RMB273 million (during the same period in 2013: RMB266 million). The total interest expenses during this period was RMB1,470 million, representing an increase of 47.9% from RMB994 million during the same period in 2013, mainly due to a significant increase in the weighted average of loan balance outstanding. The weighted average interest cost during this period was 7.9% per annum, lower than 8.8% per annum during the same period in 2013. During this period, the capitalized interest was RMB1,197 million, at a capitalization percentage of 81.4%.

Share of Results of Joint Ventures and Associates

During this period, the Group's share of results of joint ventures and associates was an aggregate loss of RMB121 million, representing a decrease of RMB806 million from an aggregate profit of RMB685 million during the same period in 2013, mainly due to the impairment losses made for properties of some associates and the relatively low gross profit margin of the properties delivered in this period.



Xinjiang Lily Apartment

During this period, Suzhou Greentown Yuyuan Real Estate Development Co., Ltd., Wuxi Sunac Greentown Hubin Real Estate Co., Ltd. and Wuxi Greentown Real Estate Development Co., Ltd., the Group's associates, recognized impairment losses of RMB167 million, RMB12 million and RMB2 million respectively for the completed properties for sale.

During this period, aggregate sales revenue from properties recognized by joint ventures and associates was RMB15,022 million, representing an increase of 13.6% from RMB13,221 million during the same period in 2013, mainly due to sold areas increased by 52.6% from 518,173 sqm during the same period in 2013 to 790,900 sqm and the average selling price decreased by

25.6% from RMB25,515 per sqm during the same period in 2013 to RMB18,994 per sqm. During this period, the gross profit margin from property sales generated by joint ventures and associates was 9.3%, mainly due to mark-to-market value appreciation recognized upon the acquisitions or high land price of the projects such as Shanghai Central Garden, Wenzhou Begonia Bay, Suzhou Majestic Mansion, Jinan Lily Garden and Hangzhou Zhijiang No. 1, resulting relatively high unit cost and low gross profit margin. As a result, the gross profit margin from property sales during this period was affected.

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

Projects	Category	Type of Properties	Area Sold (sqm) (Note)	Sales Revenue (RMB million)	% of Total	Average Selling Price (RMB/sqm)
Shanghai Central Garden	Joint venture	High-Rise Apartment	126,508	4,112	27.4%	32,504
Wenzhou Begonia Bay	Associate	Low-Rise Apartment, High-Rise Apartment, Villa	75,972	1,892	12.6%	24,904
Jinan Lily Garden	Joint venture	High-Rise Apartment	145,862	1,157	7.7%	7,932
Jinan National Games Project	Associate	Low-Rise Apartment, High-Rise Apartment, Serviced Apartment, Office	61,880	1,109	7.4%	17,922
Hangzhou Zhijiang No. 1	Joint venture	High-Rise Apartment	60,255	1,068	7.1%	17,725
Shanghai Dynasty on Bund	Associate	High-Rise Apartment	17,300	1,059	7.0%	61,214
Others			303,123	4,625	30.8%	15,258
Total			790,900	15,022	100%	18,994

Note: Area sold includes above ground and underground areas.

Taxation

During this period, taxation included LAT of RMB583 million (during the same period in 2013: RMB472 million) and EIT of RMB580 million (during the same period in 2013: RMB692 million). During this period, the effective EIT rate was 34.3% (excluding share of results of joint ventures and associates), higher than the statutory tax rate of 25.0%, which was mainly attributable to withholding tax on dividend, the unrecognized deferred tax assets of the losses of overseas subsidiaries and fair value changes on cross currency swaps, and certain non-deductible expenses.

Fair Value Changes on Cross Currency Swaps

In May 2013, the Company issued senior notes in the aggregate principal amount of RMB2.5 billion and entered into cross currency swap contracts with BOCI Financial Products Limited, Standard Chartered Bank and Industrial & Commercial Bank of China (Asia) Limited. The fair value changes on such cross currency swaps realized a loss of RMB86 million during this period (during the same period in 2013: a loss of RMB33 million).

Pre-sale Deposits

Pre-sale deposits represent the amounts received from the pre-sale of properties. The amounts will be recognized as sales revenue upon delivery of properties. As at 30 June 2014, the balance of pre-sale deposits of the Group was RMB23,702 million, in line with RMB23,428 million as at 31 December 2013.

As at 30 June 2014, the balance of pre-sale deposits of joint ventures and associates was RMB40,712 million, representing a decrease of RMB2,014 million or 4.7% from RMB42,726 million as at 31 December 2013.

Financial Resources and Liquidity

As at 30 June 2014, the Group had bank balances and cash (including pledged bank deposits) of RMB9,503 million (as at 31 December 2013: RMB11,281 million). Total borrowings amounted to RMB35,898 million (as at 31 December 2013: RMB30,512 million), and the net borrowings amounted to RMB26,395 million (as at 31 December 2013: RMB19,231 million). Net gearing ratio (measured by net borrowings over net assets) was 78.1%, representing an increase from 60.1% as at 31 December 2013, mainly due to several bank borrowings obtained for more payment for land cost and construction fees.

Among the total borrowings of RMB35,898 million as at 30 June 2014, borrowings with maturity of within one year amounted to RMB7,843 million and borrowings with maturity of after one year amounted to RMB28,055 million, accounting for 21.8% and 78.2%, respectively. Bank balances and cash was sufficient to cover borrowings with maturity of within one year.

Greentown Group has obtained facilities of approximately RMB49.4 billion from commercial banks, of which approximately RMB17.9 billion was effectively drawn as at 30 June 2014.

Risks of Foreign Exchange Fluctuation

The principal place of operation of the Group is China, and the majority of the income and expenditure were transacted in Renminbi. As the Group had deposits, borrowings, amounts due to related parties and other receivables denominated in foreign currency, and the USD1 billion senior notes issued in 2013 were denominated in US dollars, 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 30 June 2014.

Financial Guarantees

The Group provided financial guarantees to banks for mortgage facilities granted to buyers of the Group's properties. As at 30 June 2014, such financial guarantees amounted to RMB15,279 million (as at 31 December 2013: RMB17,625 million).

Pledge of Assets

As at 30 June 2014, the Group pledged buildings, hotels, construction in progress, prepaid lease payment, investment properties, properties for development, properties under development, completed properties for sale, pledged bank deposits, interests in joint ventures

and interests in associates, with an aggregate carrying value of RMB25,086 million (as at 31 December 2013: RMB22,725 million) to secure general credit facilities granted by banks and other financial institutions to the Group.

Capital Commitments

As at 30 June 2014, the Group had contracted, but not provided for, capital expenditure commitments of RMB14,830 million (as at 31 December 2013: RMB14,065 million) in respect of properties for development, properties under development and construction in progress.

Capital Expenditure Plan

In consideration of the complicated and highly uncertain economic environment, the Group takes a prudent approach towards the use of funds to ensure the safety of the capital chain, and therefore there is currently no material capital expenditure plan in the second half of 2014.

Human Resources

As at 30 June 2014, the Group employed a total of 5,277 employees (As at 31 December 2013: 4,928). Employees were remunerated on the basis of their performance, experience and prevailing industry practices. The 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, cash awards and Share Option may also be given to the employees based on their individual performance evaluation.

Corporate governance



Corporate Governance

CORPORATE GOVERNANCE CODE

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 under Appendix 14 to the Listing Rules throughout the Reporting Period.

COMPLIANCE WITH THE MODEL CODE OF THE LISTING RULES

The Company has adopted the Model Code under Appendix 10 to the Listing Rules as the Company's code for dealing in securities of the Company by the Directors. After specific enquiry, all Directors confirmed that they have complied with the Model Code throughout the Reporting Period. Relevant employees who are likely to be in possession of unpublished inside 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 two meetings 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 during the meeting.

REVIEW OF INTERIM RESULTS

The interim results announcement and the interim report for the Reporting Period 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 Reporting Period prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting", and a review report dated 22 August 2014 was issued by DTT.

INVESTMENT COMMITTEE

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

Other Information



Other Information

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 30 June 2014, the interests and short positions of directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations as defined in Part XV in the SFO, as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or required to notify the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Long Positions in Shares and Underlying Shares of the Company

Name of Director	Personal Interests in Underlying Shares (Share Options Granted to Directors)	Family Interests	Corporate Interests	Total Number of Shares and Underlying Shares Held	% of Issued Share Capital of the Company Held
Mr SONG Weiping	1,089,000 (note 1)	68,859,000 (note 2)	472,124,000 (note 3) (note 9)	542,072,000	25.11%
Mr SHOU Bainian	–	–	384,490,500 (note 4) (note 9)	384,490,500	17.81%
Mr LUO Zhaoming	15,000,000 (note 5)	–	100,000,000 (note 6)	115,000,000	5.33%
Mr GUO Jiafeng	336,000 (note 1)	–	13,010,000 (note 7)	13,346,000	0.62%
Mr CAO Zhounan	3,359,000 (note 8)	–	–	3,359,000	0.16%

Notes:

- It represents the share options granted on 22 January 2009 pursuant to the Share Option Scheme and are exercisable at the price of HK\$2.89 per share from 22 January 2009 to 21 January 2019.
- Mr SONG Weiping is deemed to be interested in such shares held by Wisearn Limited ("Wisearn"), a company wholly-owned by his spouse, Ms XIA Yibo.
- Mr SONG Weiping, being the sole shareholder of Delta House Limited ("Delta"), is deemed to be interested in 372,124,000 shares held by Delta pursuant to Part XV of the SFO. Hong Kong Orange Osmanthus Foundation Limited ("HKOO Foundation") is a company limited by guarantee and established by Mr SONG Weiping as a charitable institution of a public character exempt from tax under Section 88 of the Inland Revenue Ordinance, Chapter 112 of the Laws of Hong Kong. As Mr SONG Weiping is the sole member of HKOO Foundation, pursuant to Part XV of the SFO, Mr Song is deemed to be interested in 100,000,000 shares held by HKOO Foundation notwithstanding that Mr SONG Weiping is not beneficially interested in such shares.
- Mr SHOU Bainian is deemed to be interested in such shares as the sole shareholder of Profitwise Limited ("Profitwise").
- Pursuant to the Share Option Scheme, these share options were granted on 17 July 2009 and are exercisable at HK\$11.59 per share from 17 July 2009 to 16 July 2019.
- Mr LUO Zhaoming is deemed to be interested in such shares held by Tandellen Group Limited ("Tandellen"), a company which is 50% owned by him and 50% owned by his spouse, Ms RUAN Yiling.
- Mr GUO Jiafeng is deemed to be interested in such shares as the sole shareholder of Jamuta Investments Limited.
- Pursuant to the Share Option Scheme, these share options were granted on 13 May 2009 and are exercisable at the price of HK\$7.16 per share from 13 May 2009 to 12 May 2019.
- On 22 May 2014, Mr SONG Weiping, Ms XIA Yibo, Mr Shou Bainian, Delta, Wisearn and Profitwise entered into a conditional sale and purchase agreement with Sunac Subsidiary and Sunac in relation to the proposed sale of an aggregate of 524,851,793 shares of the Company to Sunac Subsidiary at HKD12 per share in cash, representing a total consideration of approximately HKD6.3 billion. Upon completion of the proposed transaction, Sunac (through Sunac Subsidiary) will hold approximately 24.31% of the shares of the Company. As at the date of this interim report, the relevant regulatory procedures in respect of the proposed transaction are still underway.

Long Position in Debentures of the Company

Name of Director	Personal Interest in the Underlying Debentures	Family Interest	Corporate Interest
Mr SZE Tsai Ping	–	US\$300,000 (note 1)	–

Note:

- (1) These debentures are held by Ms Yu Ka Po Ruby, the spouse of Mr SZE Tsai Ping. Accordingly, Mr SZE Tsai Ping is deemed to be interested in these debentures.

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

Name of Director	Name of Associated Corporation	Interest in Registered Capital	% of the Total Registered Capital
Mr SONG Weiping	Bluetown Construction Management (藍城房產建設管理集團有限公司)	RMB69,200,000	34.6%
Mr CAO Zhounan	Bluetown Construction Management (藍城房產建設管理集團有限公司)	RMB20,000,000	10%

Save as disclosed above, as at 30 June 2014, none of the directors and chief executive of the Company had any interest or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or required to notify the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders' Interests in Securities

The register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that, as at 30 June 2014, the following shareholders, other than those disclosed in the section headed "Directors' and Chief Executive's Interests in Securities", had notified the Company of relevant interests in the shares and underlying shares of the Company:

Name of Substantial Shareholder	Interest or Short Position in the Shares or Underlying Shares (Note 1)	Capacity in which Interests are Held	% of Issued Share Capital of the Company Held
Ms XIA Yibo (note 2) (note 11)	542,072,000 (L)	Interest of a controlled corporation and interest of spouse	25.11%
Delta (note 3) (note 11)	372,124,000 (L)	Beneficial owner	17.24%
HKOO Foundation (note 3)	100,000,000 (L)	Beneficial owner	4.63%
Profitwise (note 4) (note 11)	384,490,500 (L)	Beneficial owner	17.81%
Ms RUAN Yiling (note 5)	115,000,000 (L)	Interest of a controlled corporation and interest of spouse	5.33%
Tandellen (note 6)	100,000,000 (L)	Beneficial owner	4.63%

Name of Substantial Shareholder	Interest or Short Position in the Shares or Underlying Shares (Note 1)	Capacity in which Interests are Held	% of Issued Share Capital of the Company Held
Lehman Brothers Holdings Inc. (note 7)	101,400,450 (L) 31,868,575 (S)	Interest of a controlled corporation Interest of a controlled corporation	4.70% 1.48%
HSBC Trustee (Guernsey) Limited (note 8)	524,851,793 (L)	Interest of a controlled corporation	24.31%
Wheelock and Company Limited ("Wheelock") (note 9)	524,851,793 (L)	Interest of a controlled corporation	24.31%
Wharf (note 10)	524,851,793 (L)	Interest of a controlled corporation	24.31%

Notes:

- (1) The letter "L" denotes a long position. The letter "S" denotes a short position.
- (2) Ms XIA Yibo, being the sole shareholder of Wisearn, is deemed to be interested in 68,859,000 shares held by Wisearn pursuant to Part XV of the SFO. Ms XIA Yibo is the spouse of Mr SONG Weiping. Accordingly, pursuant to Part XV of the SFO, Ms XIA Yibo is also deemed to be interested in: (i) 372,124,000 shares held by Delta, a company of which Mr SONG Weiping is the sole shareholder; (ii) 100,000,000 shares held by HKOO Foundation, a charitable institution established by Mr SONG Weiping, of which Mr SONG Weiping is the sole member (notwithstanding that neither Mr SONG Weiping nor Ms XIA Yibo is beneficially interested in those shares); and (iii) 1,089,000 share options held by Mr SONG Weiping.
- (3) A company controlled by Mr SONG Weiping for the purpose of the SFO, details of which are disclosed in note (2) above.
- (4) A company controlled by Mr SHOU Bainian for the purpose of the SFO.
- (5) Ms RUAN Yiling is deemed to be interested in 100,000,000 shares held by Tandellen, a company as to 50% owned by her and 50% owned by her spouse, Mr LUO Zhaoming, and deemed to be interested in 15,000,000 share options held by Mr LUO Zhaoming.
- (6) A company controlled by Mr LUO Zhaoming for the purpose of the SFO, details of which are disclosed in note (5) above.
- (7) Lehman Brothers Holdings Inc., according to its disclosure of interest filing, is deemed to be interested in a total of 101,400,450 shares (L) and 31,868,575 shares (S) through its controlled corporations for the purpose of the SFO.
- (8) HSBC Trustee (Guernsey) Limited is deemed to be interested in 524,851,793 shares for the purpose of the SFO through its controlled corporations, namely Wheelock, Wheelock Investments Limited, WF Investment Partners Limited, Wharf, Wharf China Holdings Limited, Target Smart Investments Limited ("Target Smart") and Enzo Investments Limited ("Enzo").
- (9) Wheelock is deemed to be interested in 524,851,793 shares for the purpose of the SFO through its controlled corporations, namely Wheelock Investments Limited, WF Investment Partners Limited, Wharf, Wharf China Holdings Limited, Target Smart and Enzo.
- (10) Wharf is deemed to be interested in 524,851,793 shares for the purpose of the SFO through its controlled corporations, namely Wharf China Holdings Limited, Target Smart and Enzo.
- (11) On 22 May 2014, Mr SONG Weiping, Ms XIA Yibo, Mr Shou Bainian, Delta, Wisearn and Profitwise entered into a conditional sale and purchase agreement with Sunac Subsidiary and Sunac in relation to the proposed sale of an aggregate of 524,851,793 shares of the Company to Sunac Subsidiary at HKD12 per share in cash, representing a total consideration of approximately HKD6.3 billion. Upon completion of the proposed transaction, Sunac (through Sunac Subsidiary) will hold approximately 24.31% of the shares of the Company. As at the date of this interim report, the relevant regulatory procedures in respect of the proposed transaction are still underway.

Other than as disclosed above, the Company has not been notified of any other notifiable interests or short positions in any shares or underlying shares of the Company as at 30 June 2014.

SHARE OPTION SCHEME

The Share Option Scheme was adopted pursuant to a resolution of the shareholders' meeting passed on 22 June 2006 for the primary purpose of providing incentives and/or reward to directors and employees of the Group and will expire on 21 June 2016. Under the Share Option Scheme, the Board may grant share options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for Shares in the Company.

The total number of Shares in respect of which share options may be granted under the Share Option Scheme is not permitted to exceed 10% of the Shares in issue at any point of time, without prior approval from the Company's shareholders. The number of Shares issued and to be issued in respect of which share options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the Shares in issue at any point of time, without prior approval from the Company's shareholders. Share options granted to independent non-executive directors and substantial shareholders of the Company in excess of 0.1% of the Company's share capital and with a value in excess of HK\$5,000,000 must be approved in advance by the Company's shareholders.

Share options may be exercised at any time from the date of grant of the share option to the expiry of the Share Option Scheme, unless otherwise specified in the Share Option Scheme. The exercise price is determined by the Board, and will not be less than the higher of (i) the closing price of the Shares of the Company as stated in the Stock Exchange's daily quotations sheet on the date of grant; (ii) the average of the closing prices of the Shares of the Company as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Shares of the Company.

Details of the share options granted, exercised and cancelled pursuant to the Share Option Scheme during the six months ended 30 June 2014 were as follows:

Name of Grantee	No. of Share Options Outstanding at the Beginning of the Period	No. of Share Options Granted During the Period	No. of Share Options Exercised During the Period	No. of Share Options Forfeited During the Period	No. of Share Options		Period During which Share Options are Exercisable	Exercise Price Per Share (HK\$)	
					Outstanding at the End of the Period	Date of Grant			
Directors									
Mr SONG Weiping	544,500	-	-	-	544,500	22 January 2009	22 January 2009 to 21 January 2019	2.89	
	272,250	-	-	-	272,250	22 January 2009		22 January 2010 to 21 January 2019	2.89
	272,250	-	-	-	272,250	22 January 2009		22 January 2011 to 21 January 2019	2.89
	1,089,000	-	-	-	1,089,000				
Mr LUO Zhaoming	7,500,000	-	-	-	7,500,000	17 July 2009	17 July 2009 to 16 July 2019	11.59	
	3,750,000	-	-	-	3,750,000	17 July 2009		17 July 2010 to 16 July 2019	11.59
	3,750,000	-	-	-	3,750,000	17 July 2009		17 July 2011 to 16 July 2019	11.59
	15,000,000	-	-	-	15,000,000				
Mr GUO Jiafeng	48,000	-	-	-	48,000	22 January 2009	22 January 2009 to 21 January 2019	2.89	
	144,000	-	-	-	144,000	22 January 2009		22 January 2010 to 21 January 2019	2.89
	144,000	-	-	-	144,000	22 January 2009		22 January 2011 to 21 January 2019	2.89
	336,000	-	-	-	336,000				

Name of Grantee	No. of Share	No. of Share	No. of Share	No. of Share	No. of Share		Period During which Share Options are Exercisable	Exercise Price Per Share (HK\$)
	Options Outstanding at the Beginning of the Period	Options Granted During the Period	Options Exercised During the Period	Options Forfeited During the Period	Options Outstanding at the End of the Period	Date of Grant		
Directors								
Mr CAO Zhounan	-	-	-	-	-	13 May 2009	13 May 2009 to 12 May 2019	7.16
	59,000	-	-	-	59,000	13 May 2009	13 May 2011 to 12 May 2019	7.16
	3,300,000	-	-	-	3,300,000	13 May 2009	13 May 2012 to 12 May 2019	7.16
	<u>3,359,000</u>	-	-	-	<u>3,359,000</u>			
Employees								
Certain employees of the	2,850,000	-	42,500	-	2,807,500	22 January 2009	22 January 2009 to 21 January 2019	2.89
Company's subsidiaries,	3,396,250	-	79,000	-	3,317,250	22 January 2009	22 January 2010 to 21 January 2019	2.89
associates and	4,450,750	-	217,500	-	4,233,250	22 January 2009	22 January 2011 to 21 January 2019	2.89
joint ventures	13,173,000	-	-	-	13,173,000	22 June 2009	22 June 2009 to 21 June 2019	11.00
	7,198,500	-	-	-	7,198,500	22 June 2009	22 June 2010 to 21 June 2019	11.00
	<u>7,460,000</u>	-	-	-	<u>7,460,000</u>	22 June 2009	22 June 2011 to 21 June 2019	11.00
	<u>38,528,500</u>	-	<u>339,000</u>	-	<u>38,189,500</u>			
Certain employees of Greentown	872,500	-	-	-	872,500	22 June 2009	22 June 2009 to 21 June 2019	11.00
Property Management Service	436,250	-	-	-	436,250	22 June 2009	22 June 2010 to 21 June 2019	11.00
Group Co., Ltd., Hangzhou	<u>436,250</u>	-	-	-	<u>436,250</u>	22 June 2009	22 June 2011 to 21 June 2019	11.00
Jinshagang Travel Cultural	1,745,000	-	-	-	1,745,000			
Company Limited and Greentown Holdings Group Limited (all being associates of Mr SONG Weiping and Mr SHOU Bainian)								
Total	60,057,500	-	339,000	-	59,718,500			

The vesting period of the above share options is from the date of grant until the commencement of the period during which they are exercisable.

During the period, a total of 339,000 share options were exercised, and no share options were lapsed or cancelled.

Other details regarding the Share Option Scheme should be referred to note 23 to the Condensed Consolidated Financial Statements.

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

Moon Wise Global Limited (月慧環球有限公司), a wholly-owned subsidiary of the Company, and issued the Perpetual Securities in the aggregate principal amount of USD500 million in January 2014, which are guaranteed by the Company and have an initial distribution rate of 9% per annum. The listing of and permission to deal in the Perpetual Securities was approved by the Stock Exchange. The net proceeds from the issuance of Perpetual Securities is approximately USD493,781,000, which have been partly applied for redeeming in full the Convertible Securities in an aggregate principal amount of HKD2.55 billion issued in August 2012 to a wholly-owned subsidiary of Wharf, and the remaining balance was applied for refinancing certain existing short term debts and for general corporate purposes.

Save as disclosed above, there was no purchase, sale or redemption by the Company or any of its subsidiaries of the Company's listed securities in the Stock Exchange.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2014 (for the six months ended 30 June 2013: Nil).

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

22 August 2014

Report On Review Of Condensed Consolidated Financial Statements

Deloitte.
德勤

TO THE BOARD OF DIRECTORS OF GREENTOWN CHINA HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Greentown China Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 34 to 62, which comprises the condensed consolidated statement of financial position as of 30 June 2014 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

22 August 2014

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2014

	Notes	Six Months Ended 30 June	
		2014 RMB'000 (Unaudited)	2013 RMB'000 (Unaudited)
Revenue	3	12,560,245	10,213,995
Cost of sales		(9,336,149)	(7,055,929)
Gross profit		3,224,096	3,158,066
Other income	4	645,753	377,366
Selling expenses		(384,305)	(337,818)
Administrative expenses		(889,278)	(668,375)
Finance costs	5	(273,082)	(265,672)
Fair value changes on cross currency swaps		(86,302)	(32,950)
Gain on re-measurement of an associate to acquisition day			
fair value in business combination achieved in stages	24	37,196	–
Gain on acquisition of a subsidiary	24	1,363	–
Gain relating to a newly acquired joint venture		–	704,131
Share of results of joint ventures		(39,152)	173,655
Share of results of associates		(81,429)	511,464
Profit before taxation	6	2,154,860	3,619,867
Taxation	7	(1,162,973)	(1,163,931)
Profit and total comprehensive income for the period		991,887	2,455,936
Attributable to:			
Owners of the Company		613,174	1,854,924
Non-controlling interests		378,713	601,012
		991,887	2,455,936
Earnings per share	9		
Basic		RMB0.19	RMB0.82
Diluted		RMB0.19	RMB0.74

Condensed Consolidated Statement of Financial Position

As at 30 June 2014

	Notes	As at 30 June 2014 RMB'000 (Unaudited)	As at 31 December 2013 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	10	5,775,134	4,864,054
Investment properties		1,831,500	1,831,500
Interests in associates	11	9,660,192	10,015,706
Interests in joint ventures	12	1,787,042	1,848,221
Available-for-sale investments		384,252	377,010
Prepaid lease payment		635,547	664,713
Rental paid in advance		7,185	9,385
Deferred tax assets		1,051,572	1,053,244
Cross currency swaps		–	49,849
		21,132,424	20,713,682
CURRENT ASSETS			
Properties for development	13	9,838,618	6,280,067
Properties under development	14	39,324,542	38,967,574
Completed properties for sale		17,736,911	13,062,500
Inventories		105,383	101,920
Trade and other receivables, deposits and prepayments	15	5,698,105	4,380,556
Amounts due from related parties		25,009,117	24,981,206
Prepaid income taxes		1,392,980	1,304,209
Prepaid other taxes		1,233,162	1,262,909
Pledged bank deposits	26	799,894	595,038
Bank balances and cash		8,702,757	10,686,041
		109,841,469	101,622,020
CURRENT LIABILITIES			
Trade and other payables	16	18,864,887	17,910,929
Pre-sale deposits	17	23,701,786	23,428,384
Amounts due to related parties		10,857,758	10,775,306
Dividend payable		928,301	–
Income taxes payable		5,342,270	5,777,814
Other taxes payable		833,911	1,217,041
Bank and other borrowings – due within one year	18	7,842,596	6,017,895
		68,371,509	65,127,369

	Notes	As at 30 June 2014 RMB'000 (Unaudited)	As at 31 December 2013 RMB'000 (Audited)
NET CURRENT ASSETS		41,469,960	36,494,651
TOTAL ASSETS LESS CURRENT LIABILITIES		62,602,384	57,208,333
NON-CURRENT LIABILITIES			
Bank and other borrowings – due after one year	18	19,435,217	15,935,463
Senior notes	19	8,619,872	8,558,184
Deferred tax liabilities		733,417	703,714
Cross currency swaps		36,453	–
		28,824,959	25,197,361
		33,777,425	32,010,972
CAPITAL AND RESERVES			
Share capital	20	208,683	208,656
Reserves		22,173,256	22,654,206
Convertible securities		–	2,084,472
Equity attributable to owners of the Company		22,381,939	24,947,334
Perpetual securities	21	3,014,681	–
Non-controlling interests		8,380,805	7,063,638
		33,777,425	32,010,972

The condensed consolidated financial statements on pages 34 to 62 were approved and authorised for issue by the Board of Directors on 22 August 2014 and are signed on its behalf by:

SHOU Bainian
DIRECTOR

LUO Zhaoming
DIRECTOR

Condensed Consolidated Statement of Changes In Equity

For the six months ended 30 June 2014

	Attributable to owners of the Company							Subtotal RMB'000	Perpetual securities RMB'000	Non- controlling interests RMB'000	Total RMB'000
	Share capital RMB'000	Share premium RMB'000	Special reserve RMB'000	Statutory reserve RMB'000 (Note)	Share option reserve RMB'000	Convertible securities RMB'000	Retained earnings RMB'000				
At 1 January 2013 (audited)	207,422	8,395,764	(410,856)	449,470	267,863	2,084,472	10,148,028	21,142,163	-	6,345,912	27,488,075
Profit and total comprehensive income for the period	-	-	-	-	-	-	1,854,924	1,854,924	-	601,012	2,455,936
Dividends recognised as distributions	-	-	-	-	-	-	(1,077,319)	(1,077,319)	-	-	(1,077,319)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(320,000)	(320,000)
Transfer (note)	-	-	-	431,827	-	-	(431,827)	-	-	-	-
Exercise of share options	927	107,314	-	-	(41,319)	-	-	66,922	-	-	66,922
Partial disposal of a subsidiary	-	-	60,919	-	-	-	-	60,919	-	(38,419)	22,500
Acquisition of subsidiaries (note 24)	-	-	-	-	-	-	-	-	-	814	814
Capital contribution from non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	192,250	192,250
At 30 June 2013 (unaudited)	208,349	8,503,078	(349,937)	881,297	226,544	2,084,472	10,493,806	22,047,609	-	6,781,569	28,829,178
At 1 January 2014 (audited)	208,656	8,530,329	(316,680)	1,314,590	217,778	2,084,472	12,908,189	24,947,334	-	7,063,638	32,010,972
Profit and total comprehensive income for the period	-	-	-	-	-	-	613,174	613,174	-	378,713	991,887
Dividends recognised as distributions (note 8)	-	-	-	-	-	-	(928,301)	(928,301)	-	-	(928,301)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(21,219)	(21,219)
Issue of Perpetual Securities	-	-	-	-	-	-	-	-	3,014,681	-	3,014,681
Redemption of Convertible Securities	-	-	-	-	-	(2,151,149)	-	(2,151,149)	-	-	(2,151,149)
Transfer on redemption of Convertible Securities	-	-	-	-	-	66,677	(66,677)	-	-	-	-
Distribution relating to Convertible Securities	-	-	-	-	-	-	(99,896)	(99,896)	-	-	(99,896)
Liquidation of subsidiaries	-	-	-	-	-	-	-	-	-	(6,125)	(6,125)
Transfer (note)	-	-	-	368,156	-	-	(368,156)	-	-	-	-
Exercise of share options	27	1,096	-	-	(346)	-	-	777	-	-	777
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	(24,664)	(24,664)
Acquisition of subsidiaries (note 24)	-	-	-	-	-	-	-	-	-	77,375	77,375
Capital contribution from non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	913,087	913,087
At 30 June 2014 (unaudited)	208,683	8,531,425	(316,680)	1,682,746	217,432	-	12,058,333	22,381,939	3,014,681	8,380,805	33,777,425

Note: The statutory reserve is non-distributable and the transfer to this reserve is determined by the board of directors of the relevant companies in accordance with the relevant laws and regulations of the People's Republic of China ("the PRC"). This reserve can be used to offset accumulated losses and increase capital upon approval from the relevant authorities.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2014

	Note	Six Months Ended 30 June	
		2014 RMB'000 (Unaudited)	2013 RMB'000 (Unaudited)
Net cash (used in) from operating activities		(4,975,383)	8,339
Net cash used in investing activities			
Additions to property, plant and equipment		(907,790)	(868,472)
Proceeds from disposal of property, plant and equipment		2,662	656
Increase in prepaid lease payment		(71)	–
(Advance to) repayment from third parties		(371,378)	54,961
Advance to related parties		(27,897)	(88,733)
(Increase) decrease in pledged deposits		(204,856)	752,130
Acquisition of subsidiaries (net of cash and cash equivalents acquired)	24	17,231	(6,443)
Dividends received from associates and joint ventures		638,510	272,887
Purchase of available-for-sale investments		(7,242)	(13,310)
Investments in associates		(248,254)	(1,067,043)
Investments in joint ventures and purchase of shareholder's loans as part of acquisition of a joint venture		(221,758)	(600,000)
Consideration paid for acquisition of subsidiaries recognised in prior year		(69,600)	–
Other investing cash flows		551,494	347,370
		(848,949)	(1,215,997)
Net cash from financing activities			
Bank and other borrowings raised		6,926,766	7,312,206
Repayment of bank and other borrowings		(2,940,446)	(10,829,234)
(Repayment of) advance from related party borrowings		(461,251)	2,121,652
Interest paid		(1,334,790)	(1,009,816)
Dividends paid to non-controlling interests		(27,344)	(320,000)
Proceeds from partial disposal of subsidiaries		–	22,500
Redemption of Convertible Securities		(2,151,149)	–
Distribution relating to Convertible Securities		(99,896)	–
Contribution by non-controlling shareholders of subsidiaries		913,087	192,250
Proceeds from issuance of Senior Notes due 2016 and 2018		–	6,891,379
Proceeds from issue of Perpetual Securities		3,014,681	–
Proceeds from exercise of share options		777	66,922
Share option premium received		682	22,202
		3,841,117	4,470,061
Net (decrease) increase in cash and cash equivalents		(1,983,215)	3,262,403
Cash and cash equivalents at 1 January		10,686,041	6,163,632
Effect of foreign exchange rate changes		(69)	(16,636)
Cash and cash equivalents at 30 June, represented by bank balances and cash		8,702,757	9,409,399
As per condensed consolidated statement of financial position		8,702,757	9,409,399

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2014

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Board (the "IASB") as well as 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").

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.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2014 are the same as those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2013.

In the current interim period, the Group has applied, for the first time, a new interpretation and several amendments to International Financial Reporting Standards ("IFRSs") issued by the IASB which are effective for the Group's financial year beginning on 1 January 2014.

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

3. REVENUE AND SEGMENT INFORMATION

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

	Six Months Ended 30 June	
	2014	2013
	RMB'000	RMB'000
Property sales	11,805,098	9,595,940
Hotel operations	163,636	130,467
Project management	119,024	100,677
Property rental income	59,157	52,580
Design and decoration	319,038	283,685
Sales of construction materials	13,392	22,507
Other business	80,900	28,139
	12,560,245	10,213,995

3. REVENUE AND SEGMENT INFORMATION (continued)

An analysis of the Group's revenue and results by reportable and operating segments for the period is as follows:

	Property Development RMB'000	Hotel Operations RMB'000	Property Investment RMB'000	Others RMB'000	Total RMB'000
For the Six months ended 30 June 2014					
External revenue	11,805,098	163,636	59,157	532,354	12,560,245
Inter-segment revenue	–	4,362	85	275,811	280,258
Total segment revenue	11,805,098	167,998	59,242	808,165	12,840,503
Segment results	1,241,593	(37,184)	(2,049)	13,073	1,215,433
Unallocated administrative expenses					(86,261)
Unallocated other income					6,949
Unallocated finance costs					(13,626)
Fair value changes on cross currency swaps					(86,302)
Unallocated taxation					(44,306)
Profit for the period					991,887

	Property Development RMB'000	Hotel Operations RMB'000	Property Investment RMB'000	Others RMB'000	Total RMB'000
For the Six months ended 30 June 2013					
External revenue	9,595,940	130,467	52,580	435,008	10,213,995
Inter-segment revenue	–	3,016	247	570,310	573,573
Total segment revenue	9,595,940	133,483	52,827	1,005,318	10,787,568
Segment results	2,739,319	(29,674)	(4,395)	9,476	2,714,726
Unallocated administrative expenses					(8,949)
Unallocated other income					10,994
Unallocated finance costs					(167,902)
Fair value changes on cross currency swaps					(32,950)
Unallocated taxation					(59,983)
Profit for the period					2,455,936

3. REVENUE AND SEGMENT INFORMATION (continued)

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

Segment Assets

	As at 30 June 2014 RMB'000	As at 31 December 2013 RMB'000
Property development	118,529,367	111,780,398
Hotel operations	5,951,524	5,067,566
Property investment	1,877,246	1,853,416
Others	2,663,600	1,900,384
Total segment assets	129,021,737	120,601,764
Unallocated	1,952,156	1,733,938
Consolidated assets	130,973,893	122,335,702

Segment Liabilities

	As at 30 June 2014 RMB'000	As at 31 December 2013 RMB'000
Property development	91,175,476	85,710,438
Hotel operations	307,140	261,676
Property investment	975,035	1,003,689
Others	3,138,466	2,793,658
Total segment liabilities	95,596,117	89,769,461
Unallocated	1,600,351	555,269
Consolidated liabilities	97,196,468	90,324,730

4. OTHER INCOME

	Six Months Ended 30 June	
	2014	2013
	RMB'000	RMB'000
Interest income	545,047	328,654
Net foreign exchange gains	–	17,734
Government grants	1,034	600
Brand usage related income	64,344	–
Others	35,328	30,378
	645,753	377,366

5. FINANCE COSTS

	Six Months Ended 30 June	
	2014	2013
	RMB'000	RMB'000
Interest on borrowings	1,470,233	994,244
Less: Interest capitalised in properties under development and construction in progress	(1,197,151)	(728,572)
	273,082	265,672

6. PROFIT BEFORE TAXATION

	Six Months Ended 30 June	
	2014	2013
	RMB'000	RMB'000
Profit before taxation has been arrived at after charging:		
Salaries and other benefits	531,504	478,925
Retirement benefits scheme contributions	23,774	21,520
Less: Capitalised in properties under development	(149,637)	(150,149)
	405,641	350,296
Depreciation of property, plant and equipment	71,297	74,183
Less: Capitalised in properties under development	(4,007)	(4,529)
	67,290	69,654
Cost of properties and inventories recognised as an expense	9,185,089	6,986,982
Amortisation of prepaid lease payment (included in administrative expenses)	5,137	3,457

7. TAXATION

	Six Months Ended 30 June	
	2014	2013
	RMB'000	RMB'000
Current tax:		
PRC Enterprise Income Tax ("EIT")	530,174	733,915
PRC Land Appreciation Tax ("LAT")	582,594	471,758
	1,112,768	1,205,673
Deferred tax:		
Current period	50,205	(41,742)
	1,162,973	1,163,931

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% (2013: 25%).

In addition, the Law of the People's Republic of China on Enterprise Income Tax (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.

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.

For the six months ended 30 June 2014, the Group has estimated and made a provision for LAT in the amount of RMB582,594,000 (for the six months ended 30 June 2013: RMB471,758,000) 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.

8. DIVIDENDS

During the interim period, a final dividend of RMB0.43 per ordinary share, or RMB928,301,000 in total, for the year ended 31 December 2013 was declared by the Board and approved by the shareholders at the annual general meeting. The final dividend was subsequently paid on 18 July 2014.

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2014 (for the six months ended 30 June 2013: RMB nil per ordinary share).

9. 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	
	2014	2013
	RMB'000	RMB'000
Profit for the period attributable to the owners of the Company	613,174	1,854,924
Premium of Convertible Securities on redemption	(66,677)	–
Distribution related to Perpetual Securities	(116,819)	–
Distribution related to Convertible Securities	(25,282)	(91,404)
Earnings for the purpose of basic earnings per share	404,396	1,763,520
Effect of dilutive potential ordinary shares:		
Distribution related to Convertible Securities	–	91,404
Earnings for the purpose of diluted earnings per share	404,396	1,854,924

Number of Shares

	Six Months Ended 30 June	
	2014	2013
Weighted average number of ordinary shares for the purpose of basic earnings per share	2,158,621,591	2,152,537,013
Effect of dilutive potential ordinary shares:		
Share options	8,922,774	24,920,175
Convertible Securities	–	344,594,594
Weighted average number of ordinary shares for the purpose of diluted earnings per share	2,167,544,365	2,522,051,782

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 earnings per share for the period. The computation of 2014 diluted earnings per share also does not assume the exercise of some of the share options because the exercise price of these share options was higher than the average market price for shares for the period.

10. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group incurred additional expenditure on property, plant and equipment in the amount of RMB988,546,000 (for the six months ended 30 June 2013: RMB868,472,000), in which RMB912,667,000 (for the six months ended 30 June 2013: RMB816,281,000) was spent on the construction of its hotel properties.

Details of the hotel buildings and construction in progress pledged to secure banking facilities granted to the Group are disclosed in note 26.

11. INTERESTS IN ASSOCIATES

During the period, the Group made an additional capital contribution of RMB248,254,000 to existing associates.

On 30 May 2014, the Group acquired additional 50% equity interest in Hangzhou Greentown Jinyu Real Estate Co., Ltd. ("Greentown Jinyu") from an independent third party for a cash consideration of RMB147,370,000. Before the acquisition, the Group owned 35% equity interest in Greentown Jinyu and the investment was previously accounted for as an interest in an associate using the equity method of accounting. After the acquisition, Greentown Jinyu became an 85%-owned subsidiary of the Company, for details please refer to Note 24.

12. INTERESTS IN JOINT VENTURES

During the period, the Group invested in newly established joint ventures in the amount of RMB5,000,000. In addition, the Group made an additional capital contribution of RMB33,330,000 to existing joint ventures.

On 22 January 2014, through a 50%-owned subsidiary the Group acquired additional 39.82% equity interest in Shanghai Haochuan Real Estate Co., Ltd. ("Shanghai Haochuan") from independent third parties for a total cash consideration of RMB183,428,000. Before the acquisition, Shanghai Haochuan was a 60.18%-owned joint venture of a 50%-owned associate of the Group. After the acquisition, it is accounted for as a joint venture of the Group as valid board resolution requires unanimous approval from all directors of Shanghai Haochuan.

13. PROPERTIES FOR DEVELOPMENT

Included in properties for development as at 30 June 2014 was an amount of RMB2,229,220,000 (as at 31 December 2013: RMB2,139,387,000) in respect of long-term leasehold land for which the Group was in the process of obtaining the land use rights certificates.

All properties for development are expected to be recovered after more than 12 months from the end of the period.

14. PROPERTIES UNDER DEVELOPMENT

	As at 30 June 2014 RMB'000	As at 31 December 2013 RMB'000
Long-term leasehold land – at cost	19,064,051	18,096,461
Development costs	16,541,662	17,025,985
Finance costs capitalised	3,718,829	3,845,128
	39,324,542	38,967,574

Properties under development for sale amounting to RMB25,889,914,000 (as at 31 December 2013: RMB22,865,603,000) are expected to be recovered after more than 12 months from the end of the period.

15. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 30 June 2014 RMB'000	As at 31 December 2013 RMB'000
Trade receivables	525,718	411,777
Other receivables	3,943,752	3,041,088
Prepayments and deposits	1,228,635	927,691
	5,698,105	4,380,556

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 as follows:

	As at 30 June 2014 RMB'000	As at 31 December 2013 RMB'000
Within 30 days	185,298	146,659
31–90 days	98,260	62,526
91–180 days	8,953	19,550
181–365 days	64,703	49,080
Over 365 days	168,504	133,962
	525,718	411,777

16. TRADE AND OTHER PAYABLES

	As at 30 June 2014 RMB'000	As at 31 December 2013 RMB'000
Trade payables	11,163,825	10,514,844
Other payables and accrued expenses	7,631,062	7,256,485
Consideration payables on acquisition of subsidiaries and a joint venture	70,000	139,600
	18,864,887	17,910,929

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 2014 RMB'000	As at 31 December 2013 RMB'000
Within 30 days	5,193,284	5,682,270
31–90 days	1,177,897	850,113
91–180 days	1,426,977	1,050,500
181–365 days	2,287,528	1,637,541
Over 365 days	1,078,139	1,294,420
	11,163,825	10,514,844

17. PRE-SALE DEPOSITS

Pre-sale deposits represent amounts received in respect of properties pre-sold. They are expected to be recognised as revenue upon delivery of properties as contracted.

18. BANK AND OTHER BORROWINGS

	As at 30 June 2014 RMB'000	As at 31 December 2013 RMB'000
Secured bank loans (note 26)	17,213,336	13,164,350
Unsecured bank loans	4,737,277	2,992,189
	21,950,613	16,156,539
Secured other loans (note 26)	5,283,641	5,796,819
Unsecured other loans	43,559	–
	5,327,200	5,796,819
	27,277,813	21,953,358
The amount is repayable as follows:		
Amounts due within one year	7,842,596	6,017,895
Amounts due after one year	19,435,217	15,935,463
	27,277,813	21,953,358

At the end of the period, certain bank loans were also supported by guarantees from the following parties:

	As at 30 June 2014 RMB'000	As at 31 December 2013 RMB'000
Secured bank loans, guaranteed by:		
Independent third parties	480,000	580,000
Non-controlling shareholders of subsidiaries	795,900	1,018,380
Associates	490,000	490,000
Unsecured bank loans, guaranteed by:		
Independent third parties	270,500	207,000

19. SENIOR NOTES

New USD Senior Notes – Unsecured

On 4 February 2013, the Company issued senior notes with an aggregate principal amount of USD400,000,000 at 100% of face value (the “USD Senior Notes”), which are listed on The Stock Exchange of Hong Kong Limited (“Stock Exchange”). The USD Senior Notes carry interest at the rate of 8.5% per annum payable semi-annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to approximately USD394,626,000 (approximately RMB2,480,617,000). The USD Senior Notes will mature on 4 February 2018.

On 26 March 2013, the Company issued another senior notes with an aggregate principal amount of USD300,000,000 at 102.5% of face value plus accrued interest (the “Additional USD Senior Notes”) that were consolidated and formed a single series with the USD Senior Notes. The Additional USD Senior Notes are listed on the Stock Exchange and carry the same terms and conditions as the USD Senior Notes. The net proceeds, after deduction of direct issuance costs, amounted to approximately USD308,515,000 (approximately RMB1,934,851,000).

Please refer to the Group’s 2013 consolidated financial statements for the principal terms of the USD Senior Notes and Additional USD Senior Notes (collectively as “New USD Senior Notes”).

The movements of New USD Senior Notes during the period are set out below:

	RMB'000
At 1 January 2014	4,265,827
Exchange realignment	39,638
Interest charged during the period	182,491
Interest paid/payable during the period	(182,771)
Carrying amounts at the end of the reporting period	4,305,185

RMB Senior Notes – Unsecured

On 13 May 2013, the Company issued senior notes with an aggregate principal amount of RMB2,500,000,000 at 100% of face value (the “RMB Senior Notes”), which are listed on the Stock Exchange. The RMB Senior Notes carry interest at the rate of 5.625% per annum payable semi-annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to approximately RMB2,475,911,000. The RMB Senior Notes will mature on 13 May 2016.

Please refer to the Group’s 2013 consolidated financial statements for the principal terms of RMB Senior Notes.

The movements of RMB Senior Notes during the period are set out below:

	RMB'000
At 1 January 2014	2,480,996
Interest charged during the period	74,328
Interest paid/payable during the period	(70,313)
Carrying amounts at the end of the reporting period	2,485,011

19. SENIOR NOTES (continued)**Second USD Senior Notes – Unsecured**

On 24 September 2013, the Company issued senior notes with an aggregate principal amount of USD300,000,000 at 100% of face value (the “Second USD Senior Notes”), which are listed on the Stock Exchange. The Second USD Senior Notes carry interest at the rate of 8.0% per annum payable semi-annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to approximately USD296,947,000 (approximately RMB1,826,138,000). The Second USD Senior Notes will mature on 24 March 2019.

Please refer to the Group’s 2013 consolidated financial statements for the principal terms of the Second USD Senior Notes.

The movements of Second USD Senior Notes during the period are set out below:

	RMB'000
At 1 January 2014	1,811,361
Exchange realignment	16,908
Interest charged during the year	75,211
Interest paid/payable during the year	(73,804)
Carrying amounts at the end of the reporting period	1,829,676

The summary of movements of all senior notes during the period is set out below:

	RMB'000
At 1 January 2014	8,558,184
Exchange realignment	56,546
Interest charged during the period	332,030
Interest paid/payable during the period	(326,888)
Carrying amounts at the end of the reporting period	8,619,872

All of the senior notes contain early redemption options. Early redemption options are regarded as embedded derivatives not closely related to the host contracts. The directors consider that the fair value of the early redemption options is insignificant on initial recognition and on 31 December 2013 and 30 June 2014.

20. SHARE CAPITAL

	Number of Shares	Share Capital HKD'000
<i>Issued and fully paid</i>		
Ordinary shares of HKD0.10 each		
As at 1 January 2013	2,143,175,190	214,317
Exercise of share options	11,463,500	1,146
As at 30 June 2013	2,154,638,690	215,463
As at 1 January 2014	2,158,500,690	215,850
Exercise of share options	339,000	34
As at 30 June 2014	2,158,839,690	215,884
		RMB'000
Shown on the condensed consolidated statement of financial position		
As at 31 December 2013		208,656
As at 30 June 2014		208,683

21. PERPETUAL SECURITIES

On 28 January 2014 (the "Issue Date"), Moon Wise Global Limited ("Moon Wise"), a wholly-owned subsidiary of the Company, issued USD denominated subordinated perpetual capital securities ("Perpetual Securities") with an aggregate principal amount of USD500,000,000. The Company has agreed to guarantee on a subordinated basis the due payment of all sums expressed to be payable by Moon Wise under the Perpetual Securities.

The Perpetual Securities confer the holders a right to receive distribution at the applicable distribution rate from the Issue Date semi-annually in arrears. The distribution rate shall be (i) in respect of the period from, and including the Issue Date to, but excluding the 5th anniversary from the Issue Date (the "First Call Date"), 9% per annum and (ii) in respect of the periods (A) from and including the First Call Date to, but excluding the immediately following reset date and (B) from, and including, each reset date falling after the First Call Date to, but excluding, the immediately following reset date, the initial spread of 7.373% plus the applicable 5-year U.S. treasury rate plus 5% per annum. A reset date is defined as the First Call Date and each day falling on the expiry of every five calendar years after the First Call Date. The applicable 5-year U.S. treasury rate refers to the prevailing rate that represents the average for the week immediately prior to the date on which the reset is calculated as published by the Board of Governors of the U.S. Federal Reserve.

21. PERPETUAL SECURITIES (continued)

Moon Wise may at its sole discretion elect to defer any scheduled distribution to the next scheduled distribution payment date by giving prior written notice. Moon Wise may further defer any arrears of distribution following the foregoing notice requirement and is not subject to any limits as to the number of times distributions and arrears of distribution can be deferred. Unless and until (i) Moon Wise or the Company satisfies in full all outstanding arrears of distribution and any additional distribution amount or (ii) it is permitted by a resolution passed by a majority of not less than three quarters of the votes casted at a duly convened meeting of the holders of the Perpetual Securities, Moon Wise and the Company shall not declare or pay any dividends, distributions or make payment on, and will procure that no dividend or other payment is made on or redeem, reduce, cancel, buy-back or acquire for any consideration any share capital thereof (including preference shares) or parity securities.

As the Perpetual Securities only impose contractual obligations on the Group to repay principal or to pay any distributions under certain circumstances which are at the Group's discretion, they have in substance confer the Group an unconditional right to avoid delivering cash or other financial asset to settle contractual obligations, therefore they do not meet the definition for classification as financial liabilities under IAS 32 *Financial Instruments: Presentation*. As a result, the whole instrument is classified as equity, and distributions if and when declared are treated as equity dividends.

The net proceeds of the Perpetual Securities were used to replace the Convertible Securities issued in August 2012 and for general working capital purposes. Please refer to the Group's 2013 consolidated financial statements for the principal terms and conditions of the Convertible Securities. The Convertible Securities has been redeemed on 20 February 2014 at a premium and a distribution of RMB99,896,000 has been paid by the Company during the period.

22. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

22. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

	As at 30 June 2014 Level 2 RMB'000	As at 31 December 2013 Level 2 RMB'000
Financial assets		
Cross currency swaps	–	49,849
Financial liabilities		
Cross currency swaps	36,453	–

The fair value of cross currency swaps is based on broker quotes. The quotes are calculated by discounting estimated future cash flows based on contracted interest rates discounted at respective currency's observable yield curves at the end of the reporting period.

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values:

	As at 30 June 2014		As at 31 December 2013	
	Carrying Amount of Liability Component RMB'000	Fair Value RMB'000	Carrying Amount of Liability Component RMB'000	Fair Value RMB'000
Financial liabilities				
Senior notes (Level 2)	8,619,872	8,650,035¹	8,558,184	8,869,747 ¹

¹ Based on quoted price

23. SHARE-BASED PAYMENT TRANSACTIONS

The Company has a share option scheme for eligible employees of the Group. All outstanding share options are vested in prior year. Details of the share options outstanding during the current period are as follows:

	Number of Share Options	Weighted Average Exercise Price HKD
Outstanding as at 1 January 2014	60,057,500	9.30
Exercised during the period	(339,000)	2.89
Outstanding as at 30 June 2014	59,718,500	9.33

In the current period, no share options were granted.

In respect of the share options exercised during the period, the weighted average share price at the dates of exercise was HKD8.47 (for the six months ended 30 June 2013: HKD15.36).

24. ACQUISITION OF SUBSIDIARIES

Particulars of the subsidiaries acquired during the six months ended 30 June 2014 were as follows:

Acquired Company	Principal Activities	Acquisition Date	Effective Equity Interest Acquired	Consideration RMB'000
馬鞍山偉華置業發展有限公司 Ma'anshan Weihua Property Development Co., Ltd. (Note (i))	Real estate development	27 February 2014	70%	74,200
麒愉有限公司 Magic Delight Limited (Note (ii))	Investment holding	27 March 2014	50%	–
杭州綠城九龍倉置業有限公司 Hangzhou Greentown Wharf Property Co., Ltd. (Note (ii))	Real estate development	27 March 2014	50%	–
杭州綠城錦玉置業有限公司 Greentown Jinyu (Note (iii))	Real estate development	30 May 2014	85%	147,370

24. ACQUISITION OF SUBSIDIARIES (continued)

Notes:

- (i) Greentown Real Estate Group Co., Ltd., a wholly-owned subsidiary of the Company acquired 70% equity interest of Ma'anshan Weihua Property Development Co., Ltd. ("Ma'anshan Weihua"). The Group acquired Ma'anshan Weihua so as to continue the expansion of the Group's property development operation.
- (ii) Onnex Limited, a wholly-owned subsidiary of the Company, acquired 50% equity interest of Magic Delight Limited ("Magic Delight"). Magic Delight became a subsidiary of the Company because the Group has the right to appoint majority of directors of Magic Delight and hence the power over Magic Delight and has the ability to use its power to affect its returns. Hangzhou Greentown Wharf Property Co., Ltd. ("Hangzhou Greentown Wharf") is a wholly-owned subsidiary of Magic Delight, therefore was also acquired by the Group. The Group acquired Magic Delight and Hangzhou Greentown Wharf so as to continue the expansion of the Group's property development operation.
- (iii) Greentown Real Estate Group Co., Ltd., a wholly-owned subsidiary of the Company acquired additional 50% equity interest of Greentown Jinyu during the period. Greentown Jinyu was previously a 35%-owned associate of the Group. The Group acquired additional 50% equity interest so as to continue the expansion of the Group's property development operation.

Particulars of the subsidiary acquired during the six months ended 30 June 2013 were as follows:

Acquired Company	Principal Activities	Acquisition Date	Effective Equity Interest Acquired	Consideration RMB'000
浙江文瀾文化發展有限公司 Zhejiang Wenlan Culture Development Co., Ltd (Note (i))	Production of literary products	5 March 2013	52.85%	2,400
海南中油深海養殖科技開發有限公司 Hainan Zhongyou Deep Sea Cultivation Technology Development Co., Ltd. (Note (ii))	Real estate development	15 January 2013	51%	104,090

Notes:

- (i) Hangzhou Golden Horse Real Estate Development Co., Ltd., a 51%-owned subsidiary of the Company, and Hangzhou Greentown Haiqi Real Estate Development Co., Ltd., a wholly-owned subsidiary of the Company, each acquired 35% equity interest of Zhejiang Wenlan Culture Development Co., Ltd.
- (ii) Hainan Greentown Gaodi Investment Co., Ltd., a 51%-owned subsidiary of the Company, acquired 100% equity interest of Hainan Zhongyou Deep Sea Cultivation Technology Development Co., Ltd.

24. ACQUISITION OF SUBSIDIARIES (continued)

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

	Six Months Ended 30 June	
	2014 RMB'000	2013 RMB'000
Net assets acquired:		
Property, plant and equipment	2,870	22
Rental paid in advance	–	429
Deferred tax assets	18,830	–
Properties for development	1,295,250	149,571
Properties under development	4,817,102	–
Trade and other receivables, deposits and prepayments	28,682	501
Amounts due from related parties	15	2,165
Prepaid income taxes	368,449	–
Bank balances and cash	238,801	47
Trade and other payables	(109,628)	–
Pre-sale deposits	(4,060,190)	–
Amounts due to related parties	(468,904)	(45,911)
Income taxes payable	(3,129)	(21)
Bank and other borrowings	(1,724,681)	–
	403,467	106,803
Goodwill	–	501
Non-controlling interests	(77,375)	(814)
	326,092	106,490
Less:		
Transferred from interests previously held and classified as an associate	(65,963)	–
Gain on re-measurement of an associate to acquisition day fair value in business combination achieved in stages (Note (i))	(37,196)	–
Gain on acquisition of a subsidiary (Note (ii))	(1,363)	–
	221,570	106,490
Total consideration, satisfied by:		
Cash	221,570	6,490
Consideration payable	–	100,000
	221,570	106,490
Net cash inflow (outflow) arising on acquisition:		
Cash paid	(221,570)	(6,490)
Bank balances and cash acquired	238,801	47
	17,231	(6,443)

24. ACQUISITION OF SUBSIDIARIES (continued)

Notes:

- (i) The Group's 35% equity interest in Greentown Jinyu, which was previously accounted for as an associate, was remeasured to its fair value upon acquisition, resulting in a gain of RMB37,196,000.
- (ii) The acquisition of Magic Delight and Hangzhou Greentown Wharf was completed with a consideration of HKD1, resulting in a gain of RMB1,363,000.

The acquisition of the subsidiaries has been accounted for using the acquisition method. The effect of the acquisitions was presented together as the assets and liabilities acquired from Magic Delight and Hangzhou Greentown Wharf were not material in comparison to the assets and liabilities acquired from Ma'anshan Weihua and Greentown Jinyu. As the acquisition of Greentown Jinyu was completed in May 2014, the acquired assets and liabilities were recognized at provisional amounts.

The receivables acquired (which principally comprised trade and other receivables, deposits and prepayments, amounts due from related parties) with a fair value of RMB28,697,000 at the date of acquisition had gross contractual amounts of RMB28,697,000, which were expected to be fully collected.

The non-controlling interest recognised at the acquisition date was measured by reference to the proportionate share of the recognised amounts of net assets of subsidiaries and amounted to RMB77,375,000.

Ma'anshan Weihua, Magic Delight and Hangzhou Greentown Wharf did not contribute any revenue to the Group between the date of acquisition and the end of the period. Greentown Jinyu contributed RMB2,219,919,000 in revenue to the Group between the date of acquisition and the end of the period.

The losses attributable to Ma'anshan Weihua and Magic Delight amounted to RMB3,372,000 and RMB3,604,000 respectively have been recognised in the Group's profit for interim period between the date of acquisition and the end of the period. The profits attributable to Hangzhou Greentown Wharf and Greentown Jinyu amounted to RMB9,893,000 and RMB148,339,000 have been recognised in the Group's profit for interim period between the date of acquisition and the end of the period.

Had the acquisition of the subsidiaries been effected at 1 January 2014, the effect on the Group's revenue and profit for the six months period ended 30 June 2014 would have been insignificant.

25. COMMITMENTS

	As at 30 June 2014 RMB'000	As at 31 December 2013 RMB'000
Commitments contracted for but not provided in the condensed consolidated financial statements in respect of:		
Properties for development and properties under development	14,735,865	14,038,730
Construction in progress	94,543	25,855
	14,830,408	14,064,585

In addition to the above, the Group's share of the commitments of its joint ventures is as follows:

	As at 30 June 2014 RMB'000	As at 31 December 2013 RMB'000
Contracted for but not provided in respect of properties for development and properties under development	1,938,968	2,136,249

26. PLEDGE OF ASSETS

At the end of the period, the following assets were pledged to banks and other parties to secure credit facilities granted to the Greentown Group:

	As at 30 June 2014 RMB'000	As at 31 December 2013 RMB'000
Land and buildings	16,001	16,317
Hotel buildings	2,187,788	1,484,407
Construction in progress	1,264,211	533,039
Prepaid lease payment	467,590	470,343
Properties for development	395,908	431,533
Properties under development	15,280,811	15,843,475
Completed properties for sale	2,290,578	1,201,163
Investment properties	1,800,000	1,800,000
Pledged bank deposits	799,894	595,038
Interests in associates	443,643	255,270
Interests in joint ventures	139,876	94,004
	25,086,300	22,724,589

27. CONTINGENT LIABILITIES

(i) Guarantees

The Group provided guarantees of RMB15,278,889,000 as at 30 June 2014 (as at 31 December 2013: RMB17,625,119,000) to banks in favour of its customers in respect of the mortgage loans provided by the banks to those customers for the purchase of the Group's developed properties. These guarantees provided by the Group to the banks will be released upon receiving the building ownership certificate of the respective properties by the banks from the customers as a pledge for security to the mortgage loans granted.

The Group also provided guarantees to banks and other parties in respect of credit facilities utilised by the following companies:

	As at 30 June 2014 RMB'000	As at 31 December 2013 RMB'000
<i>Credit guarantees provided to:</i>		
Associates	5,224,947	6,570,135
Joint ventures	826,000	336,000
Independent third parties	300,000	300,000
	6,350,947	7,206,135
<i>Mortgage and charge guarantees provided to:</i>		
Associates	443,643	255,270
Joint ventures	445,222	456,910
	888,865	712,180
Total	7,239,812	7,918,315

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

	As at 30 June 2014 RMB'000	As at 31 December 2013 RMB'000
Share of mortgage loan guarantees provided by associates to banks in favour of its customers	4,789,378	5,076,552

Contingent liabilities arising from interests in joint ventures at the end of the period:

	As at 30 June 2014 RMB'000	As at 31 December 2013 RMB'000
Share of mortgage loan guarantees provided by joint ventures to banks in favour of its customers	1,981,228	1,667,378

27. CONTINGENT LIABILITIES (continued)

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

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

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

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

On 29 November 2012, a preliminary trial was held at the Court. On 24 April 2013, the Court issued its preliminary judgment (the “Judgment”), granting orders for (among other things):

1. the invalidation of the agreement to transfer 100% equity interests in Shanghai Zendai Wudaokou and Greentown Hesheng respectively from Shanghai Zendai Land and Greentown Jiahe to Shanghai Chang Ye as stipulated under the agreement dated 29 December 2011;
2. the invalidation of the equity transfer agreement in relation to the transfer of 100% equity interests in Shanghai Zendai Wudaokou by Shanghai Zendai Land to Shanghai Chang Sheng (“Shanghai Zendai Wudaokou Transfer”) dated 29 December 2011;
3. the invalidation of the equity transfer agreement in relation to the transfer of 100% equity interests in Greentown Hesheng by Greentown Jiahe to Shanghai Chang Sheng (“Greentown Hesheng Transfer”) dated 12 January 2012; and
4. the restatement of the ownership of Shanghai Zendai Wudaokou and Greentown Hesheng back to the state before the Shanghai Zendai Wudaokou Transfer and Greentown Hesheng Transfer, respectively.

The Group has reviewed the Judgment. SOHO China Limited had made an appeal to the Higher People’s Court of Shanghai in relation to the Judgment. As of the date of these financial statements, the second trial is in progress.

Having consulted with its legal advisers, the Group believes the Judgment cannot be enforced and will not become effective pending the results of the appeal. The Group considers that the Judgment does not have any material adverse effect on the operation or financial position of the Group.

28. RELATED PARTY DISCLOSURES

- (i) During the six months ended 30 June 2014, in addition to those disclosed elsewhere in the condensed consolidated financial statements, the Group had the following significant transactions with related parties:

	Six Months Ended 30 June	
	2014	2013
	RMB'000	RMB'000
Sales of properties to a non-controlling shareholder	–	98,191
Sales of materials to		
– associates (note)	2,328	6,148
– joint ventures (note)	1,968	15,670
– non-controlling shareholders	12	–
Construction service income from joint ventures and associates (note)	1,818	1,693
Construction service income from non-controlling shareholders	–	235
Construction consulting service income from joint ventures and associates (note)	1,268	2,170
Construction consulting service income from Shareholders' Companies	220	676
Rental expenses paid/payable to		
– shareholders' companies	4,081	3,760
– non-controlling shareholders	64	500
Purchases from Shareholders' Companies (note)	2,039	4,165
Property management fees paid/payable to Shareholders' Companies	47,891	29,291
Interest income arising from amounts due from		
– associates (note)	271,283	262,135
– joint ventures (note)	80,798	41,129
– non-controlling shareholders	10,263	7,445
Interest expense arising from amounts due to		
– associates (note)	980	35,687
– joint ventures (note)	28,954	17,369
– non-controlling shareholders	132,629	17,549
Advertising expenses paid/payable to Shareholders' Companies	35,000	35,000
Interior decoration service fees paid to associates (note)	6,300	8,224
Interior decoration service income from joint ventures and associates (note)	181,383	116,753
Interior decoration service income from Shareholders' Companies	135	3,363
Sales Commission paid to Shareholders' Companies	–	1,691
Hotel management fees paid/payable to Shareholders' Companies	1,512	4,766
Hotel service income from joint ventures and associates (note)	488	883
Hotel service income from Shareholders' Companies	86	474
Hotel service income from non-controlling shareholders	109	161
Health management service fee to Shareholders' Companies	293	460
Healthcare service fee to Shareholders' Companies	1,919	51
Marketing service income from joint ventures and associates (note)	7,604	1,051
Advertising income from		
– associates (note)	1,683	1,621
– joint ventures (note)	2,943	677

28. RELATED PARTY DISCLOSURES (continued)

- (i) During the six months ended 30 June 2014, in addition to those disclosed elsewhere in the condensed consolidated financial statements, the Group had the following significant transactions with related parties: (continued)

	Six Months Ended 30 June	
	2014	2013
	RMB'000	RMB'000
Brand usage fees from associates (note)	80,464	–
Landscape construction fee to associates (note)	22,986	34,290
Other income from		
– associates (note)	3,173	–
– joint ventures (note)	32	–
– Shareholders' Companies	411	219
Other fees to		
– associates (note)	4	–
– Shareholders' Companies	2,200	1,872

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

Mr SONG Weiping, Mr SHOU Bainian and Ms XIA Yibo are each a "Shareholder", and collectively the "Shareholders", of the Company. Shareholders' Companies represent companies owned by the Shareholders and affiliates.

- (ii) During the six months ended 30 June 2014, in addition to those disclosed in Note 24, the Group made the following acquisition and disposal from related parties:

	Six Months Ended 30 June	
	2014	2013
	RMB'000	RMB'000
Acquisition of an associate from a shareholders' company	–	20,000
Acquisition of an associate from a non-controlling shareholder	–	160,520
Disposal of partial interests in a subsidiary to a non-controlling shareholder	–	22,500

- (iii) Compensation of key management personnel

The remuneration of directors and other members of key management during the six months ended 30 June 2014 was as follows:

	Six Months Ended 30 June	
	2014	2013
	RMB'000	RMB'000
Short-term benefits	9,657	7,024
Post-employment benefits	153	152
	9,810	7,176

Definition

In this interim report, unless the context otherwise requires, the following expressions have the following meanings:

Audit Committee	the audit committee of the Company
Bluetown Construction Management	藍城房產建設管理集團有限公司 (Bluetown Property Construction Management Group Co., Ltd.), formerly known as 綠城房產建設管理有限公司 (Greentown Property Construction Management Co., Ltd.), a subsidiary of the Company
Board	The Board of Directors of the Company
Company/Greentown	Greentown China Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
GFA	Gross floor area
Greentown Group	Greentown China Holdings Limited and its subsidiaries together with its joint ventures and associates
Group	Greentown China Holdings Limited and its subsidiaries
Listing Rules	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
PRC/China	The People's Republic of China
Reporting Period	the six months ended 30 June 2014
SFO	Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong
Share Option Scheme	The share option scheme adopted by a resolution of the shareholders of the Company on 22 June 2006
sqm	Square metres
Stock Exchange/HKEx	The Stock Exchange of Hong Kong Limited
Sunac	Sunac China Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 01918)

Wharf	The Wharf (Holdings) Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 00004)
Wharf Group	Wharf and its subsidiaries



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