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GREENTOWN CHINA HOLDINGS LIMITED

綠城中國控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 03900)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2016**

The board of directors (the “Board”) of Greentown China Holdings Limited (“Greentown” or the “Company”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2016 (the “Reporting Period”) prepared in accordance with International Financial Reporting Standards, together with comparative figures for the corresponding period in 2015. The interim results have been reviewed by the audit committee of the Company (the “Audit Committee”) and approved by the Board. The following financial information is extracted from the unaudited condensed consolidated financial statements as set out in the 2016 Interim Report to be published by the Group.

* For identification purposes only

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2016

	<i>Notes</i>	Six months ended 30 June	
		2016	2015
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Revenue	3	9,682,113	10,755,916
Cost of sales		(7,305,560)	(8,195,187)
Gross profit		2,376,553	2,560,729
Other income	4	598,827	428,812
Selling expenses		(521,765)	(537,356)
Administrative expenses		(1,089,885)	(1,016,706)
Finance costs	5	(565,020)	(548,885)
Impairment loss on trade and other receivables, deposits and prepayments		(19,073)	–
Impairment loss on amount due from a joint venture		(81,787)	–
Impairment loss on completed properties for sale		(109,220)	(126,834)
Fair value changes on cross currency swaps		55,547	24,227
Fair value changes on senior notes' early redemption options		(107,334)	–
Gain on acquisition of a subsidiary		153	–
Gain on re-measurement of an associate to acquisition date fair value in business combination achieved in stages		35,775	–
Net gain on disposal of subsidiaries		2,707	2,906
Share of results of joint ventures		128,257	(70,110)
Share of results of associates		608,595	828,273
Profit before taxation		1,312,330	1,545,056
Taxation	6	(499,375)	(799,044)
Profit and total comprehensive income for the period		812,955	746,012
Attributable to:			
Owners of the Company		604,299	518,929
Non-controlling interests		208,656	227,083
		812,955	746,012
Earnings per share	7		
Basic		RMB0.20	RMB0.18
Diluted		RMB0.20	RMB0.18

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	<i>Note</i>	As at 30 June 2016 RMB'000 (Unaudited)	As at 31 December 2015 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		6,492,647	6,512,266
Investment properties		1,931,500	1,931,500
Goodwill		769,241	769,241
Interests in associates		6,913,106	6,646,717
Interests in joint ventures		3,101,349	2,979,402
Available-for-sale investments		162,292	162,289
Prepaid lease payment		646,022	659,487
Rental paid in advance		11,897	8,843
Deferred tax assets		1,229,542	1,201,769
Senior notes' early redemption options		150,660	257,994
		21,408,256	21,129,508
CURRENT ASSETS			
Properties for development		18,524,642	9,982,486
Properties under development		53,172,864	48,772,289
Completed properties for sale		14,181,355	14,348,837
Inventories		114,213	92,245
Trade and other receivables, deposits and prepayments	8	5,586,361	4,318,531
Amounts due from related parties		22,285,119	24,275,996
Prepaid income taxes		2,157,958	1,351,708
Prepaid other taxes		1,712,148	1,183,024
Pledged bank deposits		3,377,400	3,358,767
Bank balances and cash		19,527,421	14,879,912
		140,639,481	122,563,795
Assets classified as held for sale		748,299	819,301
		141,387,780	123,383,096

		As at 30 June 2016 <i>RMB'000</i> (Unaudited)	As at 31 December 2015 <i>RMB'000</i> (Audited)
	<i>Note</i>		
CURRENT LIABILITIES			
Trade and other payables	9	18,256,529	18,754,124
Pre-sale deposits		30,521,066	22,223,247
Amounts due to related parties		14,413,457	11,642,692
Income taxes payable		4,115,905	4,355,641
Other taxes payable		422,750	740,929
Bank and other borrowings		11,744,983	12,540,078
Senior notes		–	2,497,056
Cross currency swaps		–	199,796
		<u>79,474,690</u>	<u>72,953,563</u>
Liabilities associated with assets classified as held for sale		<u>312,308</u>	<u>312,340</u>
		<u>79,786,998</u>	<u>73,265,903</u>
NET CURRENT ASSETS		<u>61,600,782</u>	<u>50,117,193</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>83,009,038</u>	<u>71,246,701</u>
NON-CURRENT LIABILITIES			
Bank and other borrowings		27,251,590	14,894,665
Senior notes		4,649,169	8,163,517
Corporate bonds		6,906,928	6,898,467
Deferred tax liabilities		4,706,763	4,629,993
		<u>43,514,450</u>	<u>34,586,642</u>
		<u>39,494,588</u>	<u>36,660,059</u>
CAPITAL AND RESERVES			
Share capital		208,976	208,967
Reserves		24,249,870	23,792,070
Equity attributable to owners of the Company		<u>24,458,846</u>	<u>24,001,037</u>
Perpetual securities		5,598,919	3,014,681
Non-controlling interests		9,436,823	9,644,341
		<u>39,494,588</u>	<u>36,660,059</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

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 2016 are the same as those followed in the preparation of the Group’s consolidated financial statements for the year ended 31 December 2015.

In the current interim period, the Group has applied, for the first time, certain amendments to International Financial Reporting Standards (“IFRSs”) issued by the IASB which are effective for the Group’s financial year beginning on 1 January 2016.

The application of these 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	
	2016	2015
	RMB’000	RMB’000
Property sales	8,236,862	9,724,409
Hotel operations	298,005	259,407
Project management	352,555	154,540
Property rental income	65,053	61,580
Design and decoration	633,826	482,534
Sales of construction materials	5,992	2,030
Other business	89,820	71,416
	<u>9,682,113</u>	<u>10,755,916</u>

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 <i>RMB'000</i>	Hotel operations <i>RMB'000</i>	Property investment <i>RMB'000</i>	Others <i>RMB'000</i>	Segment total <i>RMB'000</i>	Eliminations <i>RMB'000</i>	Total <i>RMB'000</i>
For the six months ended							
30 June 2016							
External revenue	8,236,862	298,005	65,053	1,082,193	9,682,113	-	9,682,113
Inter-segment revenue	-	710	-	117,745	118,455	(118,455)	-
Total segment revenue	<u>8,236,862</u>	<u>298,715</u>	<u>65,053</u>	<u>1,199,938</u>	<u>9,800,568</u>	<u>(118,455)</u>	<u>9,682,113</u>
Segment results	<u>852,072</u>	<u>17,555</u>	<u>11,868</u>	<u>59,246</u>	<u>940,741</u>	<u>(1,419)</u>	<u>939,322</u>
Unallocated administrative expenses							(65,904)
Unallocated other income							16,801
Unallocated finance costs							(3,678)
Fair value changes on cross currency swaps							55,547
Unallocated taxation							<u>(129,133)</u>
Profit for the period							<u>812,955</u>
	Property development <i>RMB'000</i>	Hotel operations <i>RMB'000</i>	Property investment <i>RMB'000</i>	Others <i>RMB'000</i>	Segment total <i>RMB'000</i>	Eliminations <i>RMB'000</i>	Total <i>RMB'000</i>
For the six months ended							
30 June 2015							
External revenue	9,724,409	259,407	61,580	710,520	10,755,916	-	10,755,916
Inter-segment revenue	-	2,385	-	81,452	83,837	(83,837)	-
Total segment revenue	<u>9,724,409</u>	<u>261,792</u>	<u>61,580</u>	<u>791,972</u>	<u>10,839,753</u>	<u>(83,837)</u>	<u>10,755,916</u>
Segment results	<u>844,312</u>	<u>(8,312)</u>	<u>2,443</u>	<u>(39,846)</u>	<u>798,597</u>	<u>(2,735)</u>	<u>795,862</u>
Unallocated administrative expenses							(25,630)
Unallocated other income							529
Unallocated finance costs							(32,947)
Fair value changes on cross currency swaps							24,227
Unallocated taxation							<u>(16,029)</u>
Profit for the period							<u>746,012</u>

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 2016 <i>RMB'000</i>	As at 31 December 2015 <i>RMB'000</i>
Property development	148,283,868	129,525,307
Hotel operations	6,700,870	6,656,336
Property investment	1,969,338	1,969,604
Others	4,420,681	4,843,293
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Total segment assets	161,374,757	142,994,540
Unallocated	1,421,279	1,518,064
	<hr/>	<hr/>
Consolidated assets	162,796,036	144,512,604

Segment Liabilities

	As at 30 June 2016 <i>RMB'000</i>	As at 31 December 2015 <i>RMB'000</i>
Property development	118,612,614	100,698,005
Hotel operations	315,747	413,575
Property investment	758,399	801,599
Others	2,377,245	4,842,873
	<hr/>	<hr/>
Total segment liabilities	122,064,005	106,756,052
Unallocated	1,237,443	1,096,493
	<hr/>	<hr/>
Consolidated liabilities	123,301,448	107,852,545

4. OTHER INCOME

	Six months ended 30 June	
	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Interest income	538,327	336,400
Net foreign exchange gains	–	1,367
Comprehensive service income	9,898	33,848
Others	50,602	57,197
	<hr/>	<hr/>
	598,827	428,812

5. FINANCE COSTS

	Six months ended 30 June	
	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>
Interest on borrowings	1,687,770	1,639,513
Less: Capitalised in properties under development and construction in progress	<u>(1,122,750)</u>	<u>(1,090,628)</u>
	<u>565,020</u>	<u>548,885</u>

6. TAXATION

	Six months ended 30 June	
	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>
Current tax:		
PRC Enterprise Income Tax (“EIT”)	543,260	432,806
PRC Land Appreciation Tax (“LAT”)	<u>(107,258)</u>	<u>380,521</u>
	<u>436,002</u>	<u>813,327</u>
Deferred tax:		
Current period	<u>63,373</u>	<u>(14,283)</u>
	<u>499,375</u>	<u>799,044</u>

PRC EIT is recognised based on management’s best estimate of the annual income tax rate expected for the full financial year, which is 25%. All PRC subsidiaries are subject to EIT levied at a rate of 25% (2015: 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.

The Group recognised land appreciation tax based on management’s best estimates and in accordance to the requirements set forth in the relevant PRC tax laws and regulations. For the six months ended 30 June 2016, the Group has estimated and made a reversal for LAT in the amount of RMB107,258,000 (for the six months ended 30 June 2015: a provision of RMB380,521,000). The reversal was due to the fact that the revised estimated appreciation value of several property projects recognised as revenue during the period was different from the appreciation value estimated in prior years, resulting in an overprovision of LAT in prior year. The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for LAT is calculated.

7. EARNINGS PER SHARE

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

Earnings

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
Profit for the period attributable to the owners of the Company	604,299	518,929
Distribution related to Perpetual Securities	(178,698)	(136,425)
	<u>425,601</u>	<u>382,504</u>
Earnings for the purpose of basic earnings per share		
	<u>425,601</u>	<u>382,504</u>
Earnings for the purpose of diluted earnings per share		
	<u>425,601</u>	<u>382,504</u>

Number of Shares

	Six months ended 30 June	
	2016	2015
Weighted average number of ordinary shares for the purpose of basic earnings per share	2,162,481,228	2,161,193,828
Effect of dilutive potential ordinary shares:		
Share options	4,199,590	6,597,317
	<u>2,166,680,818</u>	<u>2,167,791,145</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share		
	<u>2,166,680,818</u>	<u>2,167,791,145</u>

The computation of 2016 and 2015 diluted earnings per share 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.

8. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at	As at
	30 June	31 December
	2016	2015
	RMB'000	RMB'000
Trade receivables	646,052	600,621
Other receivables	4,117,987	2,947,895
Prepayments and deposits	777,172	706,865
Consideration receivables from disposal of a subsidiary and an associate	45,150	63,150
	<u>5,586,361</u>	<u>4,318,531</u>

8. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (continued)

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 2016 <i>RMB'000</i>	As at 31 December 2015 <i>RMB'000</i>
Within 90 days	322,598	302,171
91–180 days	136,179	85,883
181–365 days	62,112	74,208
Over 365 days	125,163	138,359
	<hr/>	<hr/>
Trade receivables	646,052	600,621

9. TRADE AND OTHER PAYABLES

	As at 30 June 2016 <i>RMB'000</i>	As at 31 December 2015 <i>RMB'000</i>
Trade payables	10,768,689	11,543,155
Other payables and accrued expenses	6,493,347	6,230,768
Receipt in advance for a subsidiary held for sale	858,000	858,000
Consideration payables on acquisition of subsidiaries	136,493	122,201
	<hr/>	<hr/>
	18,256,529	18,754,124

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 2016 <i>RMB'000</i>	As at 31 December 2015 <i>RMB'000</i>
Within 180 days	8,294,413	8,072,246
181–365 days	1,588,376	2,342,294
Over 365 days	885,900	1,128,615
	<hr/>	<hr/>
Trade payables	10,768,689	11,543,155

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATIONS AND MANAGEMENT REVIEW

In the first half of 2016, with the continuous improvement in China's overall economy, supply-side reform and further inventory reduction, various policies were introduced in different cities to stimulate real estate market demand. As a result, in the first half of 2016, the sales of branded real estate enterprises continued to improve. Given the overall rising property transaction volume, active land market and record prices frequently reached by prime lands, the market has achieved a relatively high accomplishment rate in meeting the full-year sales targets. On the other hand, China's property market performed diversely. In first-tier cities and some second-tier cities, property sales rose rapidly and inventory shrunk sharply, with demand exceeding supply in major cities. In the contrary, in most third-tier and forth-tier cities, there was still much pressure to reduce inventory.

In the current operating environment where regulatory policies are tightening, new and existing customers tend to be more rational on consumption, and competition tends to be more intensive. The Company is consistently upholding its business philosophy of planning ahead and equipping itself. In the past six months, the "Greentown China – strategic planning and development" was thoroughly implemented by the Company. By adhering to the vision of evolving into an "integrated service provider for ideal lifestyle", the Company fully utilized its core advantages and characteristics on ideology, branding, quality, constructing, services, teamwork and system. It streamlined its business structure, improved its corporate governance, optimized its investment portfolio and enhanced its debt structure. On top of the foregoing, it strengthened its project investment and development as well as construction development and management, enhanced its professional capabilities in development, established an assets operation platform, developed town construction business, and pushed forward cash pooling and control system. The strategy of "platform-based services, financialization of real estate and professionalization of development" has been systematically and firmly implemented.

Results Overview

During the period, the Group recognized revenue of RMB9,682 million, representing a decrease of 10.0% from RMB10,756 million over the same period in 2015. Gross profit was RMB2,377 million, representing a decrease of 7.2% from RMB2,561 million over the corresponding period in 2015. Gross profit from property sales amounted to RMB1,794 million and gross profit margin from property sales was 21.8%, which was in line with 22.1% over the same period in 2015.

The net profit of the Group for the period was RMB813 million, representing an increase of 9.0% from RMB746 million over the same period in 2015. Profit attributable to owners of the Company for the period reached RMB604 million, representing an increase of 16.4% from RMB519 million recorded over the same period in 2015. After deduction of post-tax effect of net gains from acquisitions, impairment loss on some assets, and loss in fair value change of derivatives, the net core profit attributable to owners of the Company for the period was RMB761 million, representing an increase of 23.7% from RMB615 million recorded over the same period in 2015.

Earnings per share for the period was RMB0.20, representing an increase of 11.1% from RMB0.18 per share over the same period in 2015.

Pre-sales in the First Half of 2016

For the six months ended 30 June 2016, Greentown Group (including Greentown China Holdings Limited and its subsidiaries, together with its joint ventures and associates) recorded a total of approximately 2.35 million sqm of accumulated total saleable area and a contracted sales amounted to approximately RMB45.4 billion, of which about RMB23.7 billion was attributable to the Group. As at 30 June 2016, Greentown Group recorded a total subscription sales of approximately RMB2.4 billion, of which approximately RMB1.2 billion was attributable to the Group. The overall average selling price was RMB19,281 per sqm.

Land Bank

In the first half of 2016, the Group acquired three high-quality land sites in Beijing and Hangzhou through public land auctions. The total GFA of new projects was approximately 270,000 sqm, of which approximately 170,000 sqm was attributable to the Group. Total land premium of new projects amounted to approximately RMB9.97 billion, which was partially settled by resources from business partners or financing from financial institutions and approximately RMB3.037 billion of which was attributable to the Group on its own funds. The estimated saleable amount of new projects was approximately RMB20.5 billion, of which approximately RMB11.3 billion was attributable to the Group. As at 30 June 2016, Greentown Group had land bank reserves with a total GFA of approximately 29.76 million sqm, of which approximately 17.48 million sqm was attributable to the Group. The total saleable area amounted to approximately 22.21 million sqm, of which approximately 13.05 million sqm was attributable to the Group. The average land cost was approximately RMB3,508 per sqm.

Continuous Improvement in Corporate Governance by Innovating and Optimizing Management Structure

Following the effective changes in the shareholders and shareholding structure, other than the shares in the public, the Company has formed a solid substantial shareholder structure, namely “CCCG + Wharf + Founding Shareholders” and become a typical mixed ownership enterprise in China’s real estate industry.

The Company has highly focused on enhancing its professional management and control, streamlining management, intensifying operations and diversifying development, further optimized its corporate governance structure, established a modern corporate system, and constantly improved its sustainable development capability. Through intensive discussions and deliberations, and with the approval of the substantial shareholders and the board of directors the Company, innovative adjustments have been made to the management and control structure of the Company. In this regard, a brand-new management structure and business development layout in the form of “one body, four wings” is established, with Greentown China being the core and four sub-groups, namely Greentown Real Estate, Greentown Management, Greentown Assets and Greentown Town, being the four wings, which will hand in hand build up the No. 1 brand of “integrated service provider for ideal lifestyle in China”.

Continuous Focus on Investment Structure and Preliminary Formation of Product Structure

Since 2016, the Company has effectively utilized the opportunity brought by the latest development in the real estate industry, adhered to the internal measures during the implementation of its strategic investment and development and focused on investment in 15 major cities, namely Beijing, Shanghai, Guangzhou, Shenzhen, Hangzhou, Tianjin, Jinan, Nanjing, Hefei, Zhengzhou, Chongqing, Wuhan, Chengdu, Xiamen and Fuzhou. During the first half of 2016, three high-quality land sites located in Beijing and Hangzhou were acquired by the Company through public land auctions, which further optimize the overall investment structure and support the strategic development of the Company.

Concurrently, the Company's product structure underwent continuous innovative improvements and optimization in response to the ever changing marketing environment. Subsequent to the launch of innovative products (Young City (楊柳郡), Liuxiangyuan (留香園) and Spring Blossom (桃李春風)) in 2015, the Company has introduced "five top new products" (Willow Breeze (柳岸曉風), Wutong County (梧桐郡), Fragrance County (芳菲郡), Jinlin Mansion (金麟府) and Fengqichaoming (鳳起潮鳴)) into the market and remodeled Chinese-style small-sized villas and lifestyle experience mansions in 2016, and achieved in various aspects including product innovation, market turnover, customer recognition and brand effect. We have started building up an "oval-shaped 2:6:2 product structure" (namely 20% on high-end products, 60% on mainstream products and 20% on resettlement housing and social security housing products) to further adapt to the market requirements. The Company has achieved a steady growth in market influence and reputation among customers in key cities.

Orderly Integration of the Construction Management, with Asset Operation Showing Initial Effects

By leveraging on the existing platform, the Company has consolidated the construction management platform by concentrating its superior resources and strengthening the overall operation of its light assets. In September 2015, the Company acquired Greentown Dingyi Real Estate Investment Management Co., Ltd* (綠城鼎益房地產投資管理有限公司) ("Greentown Dingyi") and Greentown Shidai City Construction & Development Company Limited* (綠城時代城市建設發展有限公司) ("Greentown Shidai") to establish Greentown Management Group. The Company has already undertaken an orderly integration of business, management and talents and led the industry with a complete standardized system of "Construction Management 4.0", bringing in an increasingly sophisticated asset-light operating model and fast-growing business. On 27 June 2016, the Company published an announcement in relation to the restructuring of Bluetown, involving the acquisition of construction management business of Bluetown in merging with Greentown Management Group, which was established in September 2015 after the acquisition of Greentown Dingyi and Greentown Shidai. As a result, the new Greentown Management Group will further expand its scale. As at 30 June 2016, the total number of projects managed by the new Greentown Management Group, taking into account the proposed restructuring and consolidation, has reached 166 in total with a planned total GFA of approximately 52.25 million sqm. Greentown Management Group will evolve into the largest, most professional and strongest asset-light operation group in China.

During the development of the Company, the overall planning and extensive development of projects have transformed into various types of high-quality assets including a large number of hotels, commercial and auxiliary properties. It has also developed into a relatively comprehensive professional company in constantly enriching the Group's industry chain. Following the efforts in the planning and coordination of the Company's assets and transforming into an asset operation company, the Company has on the one hand strengthened its existing professional operation of the assets which provides an effective support to the Company's property development business, enhances the utilization of the assets, optimizes the operational efficiency of the assets and effectively improves its asset structure; the Company has on the other hand connected the international and domestic capital market and commenced the platform for the gradual integration of the industry and financing, asset securitization and asset operation, which provides a systematic financial support to the Company's core business.

Effective Improvement of Debt Structure with Clear Direction

In March 2016, the Company entered into a USD720 million club loan agreement for a term of three years with a consortium of 19 banks, at an interest rate of LIBOR plus 3.13% per annum. The facility was mainly utilised for refinancing some of the Company's existing offshore debts with higher interest rates and financing its general working capital and capital expenditures. Subsequently, the Company also obtained a three-year bilateral loan of USD300 million, with an interest rate of LIBOR plus 3% per annum from one of the four top state-owned banks in China. On 15 April 2016, the Company issued a senior perpetual capital securities ("Perpetual Securities") in an aggregate principal amount of USD400 million with coupon rate of 5.5% to CCCI. There was a relatively significant decrease in interest expenses for the above financing, as compared with the comparable previous financing. As a result, it reduced the interest expenses of the Company and further improved the Company's debt structure.

With the optimization of the debt structure and improvement of cash flow, the Company has further established the guiding principle for its overall operation, namely "taking finance as a leading factor", and an evaluation system with operational indicators focusing on profits and cash flow, through which the operation and management will gradually focus on profits and cash flow. The Company will strictly evaluate each operational indicator with a view to providing clear directions on the operation and management of the Company.

OUTLOOK

Looking forward, against the backdrop of China's new economic landscape, the "One Belt, One Road" initiatives, the supply-side reform and the new type of urbanization of villages, the macro control measures for the real estate sector will continue to vary from city to city. The policies stimulating housing purchases will continue for a certain period of time and may strengthen in part. The market growth in quantity and price is expected to stabilize in the second half of the year, while the competition in real estate industry in aspects of quality, brand, finance and capital will further intensify. Partnership between leading enterprises as well as mergers and acquisitions will be frequent during this phase.

The Company will adhere to its vision of becoming “integrated service provider for ideal lifestyle”. With strong support from the substantial shareholders, we will take advantage of the diversified ownership model and intensify the implementation of the cost-effective development strategy. We will continue to be the industry leader in terms of quality and our investment will continue to focus on the 15 core cities and the core land lots for products and services catering for customers’ key demand. Our costs will return to the market-leading level and the prices will return to a level acceptable to the general public. By adhering to Greentown Real Estate principle of building top class products, standardizing the development of construction management business of Greentown Management, innovating the Greentown small-town building business for new type of urbanization of new town as well as establishing a ground-breaking assets operation and financing for the Greentown assets, our macro policies and capabilities in response to the industry cycle fluctuation will be enhanced as a whole. In the next one to two years, we will gradually benefit from our clear strategies, flexible mechanisms, improved finance structure, optimized investments, scientific governance and seasoned management which will bring in comprehensive returns to Company.

Clarifying Business Layout and Intensifying Operation Management

To optimize the innovative management and control structure under the concept of “one body, four wings”, the Company endeavors to foster a strong and solid “Greentown China” brand name. The Company will fully utilize the resources of its sub-groups, namely Greentown Real Estate, Greentown Management, Greentown Assets and Greentown Town and maintain the modern corporate governance structure of a public listed company as a whole, with a view to fully capitalizing on the comprehensive advantages of being a diversified ownership corporation.

Greentown China has adopted the strategic group management and control model. It is committed to creating strategies, formulating standards, building brands and providing support. It will perform the main management and control functions for its subsidiaries in respect of strategies, major investments, organization, core staff, budget and funds, brand culture, risks as well as coordination and distribution among key resources. It will encourage and motivate its sub-groups to grow stronger and bigger and to promote the Company’s strategic development.

The ***Four Sub-groups*** will focus on management, business, operation and execution, and act as the principal entities to carry out the Group’s diversified development, professional management and control and streamlined management. Pursuant to the overall strategic planning and deployment of Greentown China, they will be in charge of executing the business and control as well as innovation.

Greentown Real Estate Group will adhere to the strategic goal of becoming “No. 1 in China” in seven aspects, namely product quality, service quality, cost-efficiency, turnover rate, gross profit margin, satisfaction and management efficiency and strive to build the principal property development business of Greentown in order to become “No. 1 brand of real estate in China”.

Greentown Management Group creates an absolute core advantages in respect of scale, quality, whole industry chain, development capabilities and management capabilities. It is committed to becoming China’s No. 1 professional development service provider in the new era of the real estate industry of China and fulfilling the dream of “building better houses and better lives for more people”.

Greentown Assets Group coordinates the operation of various properties, including hotels, business centers, commercial district blocks and clubs houses. It will continue to improve the operation of its properties, further standardize its equity, property rights and property representative management, and establish an asset value management system and financial services platform. By connecting finance to real estate, it is committed to becoming a financial holding group with an independent brand of “Greentown Assets”, which will provide strong financial support to the main businesses of Greentown China.

Greentown Town Group strives to become a new growth driver by innovative project acquisition models, as well as innovative development on products, industry and services. It will foster the core competitiveness of town development and selectively undertake the development of short term projects in third-tier and forth-tier quality cities, with an objective of becoming the model of new town developer of China.

Eight Major Changes to Achieve “Ideal Greentown”

By inheriting the competitive advantages and characteristics of Greentown, the Company will follow the working philosophies of “quality as core, team as foundation, finances as leading factor, resources as pivot, and procedures as guarantee”. It will continue to proceed with changes in eight areas, namely development mode, governance structure, management mode, production method, investment direction, product structure, financial management and operation appraisal. All these areas will orderly advance into the “Ideal Greentown”.

Development Model Becoming Strategy-guided. The Company will be in line with its strategies and determinedly transform into an “integrated service provider for ideal lifestyle”. It will firmly promote the strategy of “platform-based services, financialization of real estate and professionalization of development” and further define the strategic planning of the four sub-groups to build a development mechanism with an integration of strategies, teams and business. It will unwaveringly conduct the new investment and development strategy under the strategic direction to gather the development forces.

Governance Structure Transformed to Corporate Governance with Collective Management and Control. The Company will revise and improve rules governing the procedures for meetings, decision-making mechanism and approval authority at all levels of the boards of directors of Greentown China, the CEO Office meeting of Greentown China, the respective boards of directors of the sub-groups and the General Manager Office meeting of the sub-groups. It will strengthen the accountability of the operation teams and insist the functional matters to be decided by respective management while major matters to be decided at office meetings. It will further standardize the delegation, performance and management of directors, supervisors and property representatives and improve reporting and evaluation system of property representatives.

Operation Mode to be Transformed into Sustainable Operation. In respect of operation evaluation, the Company will focus on “profit and cash flow”. In respect of operation decision, it will listen to the opinions and recommendations from respective shareholders through the board of directors of Greentown China, with an emphasis on the reasonable opinions of substantial shareholders. In respect of brand management, it will systematically standardize the use of brand names and continue to improve brand value. In respect of cooperation model, it will effectively raise the cooperation threshold and strictly implement the principle of “same equity, same investment and same right”. By agreeing and complying with the preconditions in terms of project shareholding, controlling, financial consolidation and remunerated brand usage implemented by Greentown, it will protect the interests of the Company and safeguard the benefits of shareholders.

Production Becoming Customer-oriented. The Company’s production will evolve from marketing-based to finance-based. By facilitating the sharing of government resources, branding resources, customer resources and supplier resources, the Company will optimize its joint project survey and joint positioning mechanism, reinforce its synergy on product design, invention and customer services, and strengthen its quality supervision system of customer service and property owners. Through the launch of customer interactive platforms such as Greentown Club and Greentown Fans, it can enhance participation by the customers in the process of project development and construction, property services and owner autonomies. As a result, it will realize a transformation from seizing customers to leading customers and lead to changes to the market.

Investment to Focus on Cities. The investment business will continue to focus on 15 key cities, including, among others, Beijing, Shanghai, Guangzhou, Shenzhen and Hangzhou. The construction management business will continue to expand and focus on structural adjustment in areas where they operate. The town business will explore high-quality projects in the surroundings of first-tier and second-tier cities as well as short-term projects in quality third-tier and fourth-tier cities. Concurrently, the Company will expedite its pace of strategic inventory reduction in third-tier and fourth-tier cities as early as possible, and optimize the overall investment structure.

Oval-Shaped Product Structure. Based on the “2:6:2” oval-shaped product structure and the better matching with the market demand, the Company will continuously engaged in the research and development of products and services. By building the lifestyle experience mansions and a research and development base, we aim to facilitate research and development, innovation and advancement of the products and services and to provide the continuous force for the Company’s stable quality and management.

Financial Management Transformed to Operation Management. By fully taking advantage of the lead in finance, the Company will endeavor to facilitate the management improvement and operation enhancement by way of management criticism. The Company will rely on financials to guide investment. It will consider the arrangement of profit and cash flow as well as reasonable gearing ratio and interest coverage ratio, etc., as major financial indicators for direct investments and distributions, and allocate corresponding financial support. It will implement coordination of onshore and offshore debt management, innovate debt settlement methods, adjust the debt structure and continuously lower financing costs with a view to building a sound environment for the Company’s operation.

Operation Evaluation Becoming Profit-oriented. The Company will establish an evaluation system focused on profit and cash flow results orientation and performance evaluation. In order to consider the operation situation, it will set clear annual operational indicators, of which evaluation targets, evaluation methods, evaluation spots and rewards and punishment methods are to be clearly defined. By implementing strict evaluation, our staff will strive to improve sales. As such, the corporate value and the brand value will be enhanced.

Looking forward, the Company will satisfy the market and customer demand. With the innovative diversified ownership management structure, it will turn the competitive advantages and characteristics of Greentown into operational advantages of the Company, enhance the core brand value of “Greentown”, improve business performance and enhance the sustainable, scientific and healthy development of the Company.

FINANCIAL ANALYSIS

Revenue

The revenue of the Group mainly derives from the sales of properties, as well as from hotel operations, property rental, project management, sales of construction materials, and design and decoration, etc. Our revenue is revenue after deduction of sales tax and other applicable tax. During this period, the revenue from properties sales amounted to RMB8,237 million, accounting for 85.1% of the total revenue, and representing a decrease of 15.3% from RMB9,724 million during the same period in 2015. Such decrease was mainly due to the decrease in average selling price from properties sales. The average selling price of properties delivered in this period was RMB13,267 per sqm, representing a decrease of 13.1% from RMB15,274 per sqm during the same period in 2015, which was mainly due to the fact that higher proportion of projects delivered for the period were located at non-core area of second-tier cities or third-tier and fourth-tier cities, affecting the average selling prices to a certain extent. In addition, the sold area of properties was 620,849 sqm during this period, representing a slight decrease from 636,633 sqm during the same period in 2015.

Properties with the revenue recognized by subsidiaries during the first half of 2016 were as follows:

Projects	Type of Properties	Area Sold (sqm) (Note)	Sales Revenue (RMB million)	% of Total	Average Selling Price (RMB/sqm)
Xinjiang Lily Apartment	High-Rise Apartment, Office	110,536	1,411	17.1%	12,765
Hainan Blue Town	High-Rise Apartment, Villa	64,949	1,266	15.4%	19,492
Hangzhou Jade Garden	High-Rise Apartment	57,476	948	11.5%	16,494
Hangzhou Blue Patio	High-Rise Apartment, Low-Rise Apartment, Villa	120,615	893	10.8%	7,404

Projects	Type of Properties	Area Sold (<i>sqm</i>) (<i>Note</i>)	Sales Revenue (<i>RMB million</i>)	% of Total	Average Selling Price (<i>RMB/sqm</i>)
Zibo Lily Garden	Low-Rise Apartment, Villa	26,740	405	4.9%	15,146
Qingdao Ideal City	High-Rise Apartment, Low-Rise Apartment, Villa	16,073	326	4.0%	20,282
Zhoushan Changzhidao	High-Rise Apartment	27,364	325	4.0%	11,877
Hangzhou Orchid Residence	High-Rise Apartment, Serviced Apartment	7,105	281	3.4%	39,550
Hefei Jade Lake Rose Garden	High-Rise Apartment, Villa	17,666	271	3.3%	15,340
Others		172,325	2,111	25.6%	12,250
Total		620,849	8,237	100.0%	13,267

Note: Area sold includes above ground and underground areas.

Projects in Hangzhou area achieved sales revenue of RMB2,739 million during this period, accounting for 33.3%, ranking first. Projects in Xinjiang area achieved sales revenue of RMB1,508 million, accounting for 18.3%, ranking second. Projects in Zhejiang area (excluding Hangzhou) achieved sales revenue of RMB1,299 million, accounting for 15.8%, ranking third.

During this period, sales revenue of high-rise apartment, low-rise apartment and serviced apartment of the Group reached RMB5,700 million, accounting for 69.2% of the property sales; sales revenue of villa reached RMB1,740 million, accounting for 21.1%; and sales revenue of office reached RMB797 million, accounting for 9.7%.

During this period, the Group achieved design and decoration revenue of RMB634 million, representing an increase of 31.3% from RMB483 million during the same period in 2015. Such increase was mainly due to the gradual expansion of design and decoration business scale year by year, and a steady growth in the customer base as a result of the customers' widely recognition of the high-end fit-out products and services being provided.

During this period, the Group's revenue from project management services amounted to RMB353 million, representing an increase of 127.7% from RMB155 million during the same period in 2015. Such increase was mainly due to two factors, namely the Group's proportion of asset-light business has been strengthened as a result of the acquisition of Greentown Dingyi and Greentown Shidai, which are mainly engaged in project management services; and the consolidation and strengthening of the existing project management platform following the continuous implementation of the asset-light operation of the Group and the expanded market influence of the Group in the project management services.

During this period, the Group's revenue from hotel operations was RMB298 million, representing an increase of 15.1% from RMB259 million during the same period in 2015. Such increase was mainly due to the sound operation and increasingly stable customer base following the Company's operations of Hainan Westin Blue Bay Resort and Hangzhou Azure Qianjiang Luxury Collection Hotel which commenced operations in previous years.

During this period, the Group achieved rental income from investment properties of RMB65 million, representing a slight increase from RMB62 million during the same period in 2015. Such increase was mainly attributed by the rental income from Oakwood Residence Beijing.

Gross Profit Margin from Property Sales

During this period, the Group's gross profit from property sales was RMB1,794 million and the gross profit margin from property sales was 21.8%, in line with 22.1% during the same period in 2015.

Other Income

During this period, the Group realized other income of RMB599 million, representing an increase of RMB170 million from RMB429 million during the same period in 2015. Such increase was mainly due to the increase in interest income.

Selling and Administrative Expenses

The Group's selling expenses and administrative expenses amounted to RMB522 million and RMB1,090 million, respectively, and amounted to RMB1,612 million in aggregate during this period. Selling and administrative expenses include human resources costs, expenses in marketing and related fees and daily operating expenses. The selling and administrative expenses represented an increase of RMB58 million from RMB1,554 million during the same period in 2015. Such increase was mainly due to the increase in foreign exchange loss. Excluding the net foreign exchange loss of RMB123 million, the selling and administrative expenses recorded a decrease of RMB65 million as compared with the same period of last year.

Human resources cost, which is the largest single expense item in selling and administrative expenses, amounted to RMB542 million during this period (for the same period in 2015: RMB595 million), representing a decrease of 8.9% as compared with last year; During this period, expenses in marketing and related fees amounted to RMB230 million (for the same period in 2015: RMB247 million), representing a decrease of 6.9% as compared with last year; During this period, the daily operating expenses amounted to RMB414 million (for the same period in 2015: RMB445 million), representing a decrease of 7.0% as compared with last year. During this period, the Company strives to enhance the cost-effectiveness of marketing expenses and strictly control different expenses for better impacts by optimizing the costs and expenses management system.

In addition, the administrative expenses of the Group during this period included an unrealized net foreign exchange loss of RMB123 million, which is mainly due to high amount of foreign currency borrowings of the Group and impacts arising from fluctuation of RMB: USD exchange rate. The net foreign exchange gain included in other income during the same period in 2015 amounted to RMB1 million.

Financing Cost

During this period, interest expenses recorded in the condensed consolidated statement of profit or loss and other comprehensive income was RMB565 million (for the same period in 2015: RMB549 million). The total interest expenses during this period was RMB1,688 million, representing an increase of RMB48 million from RMB1,640 million during the same period in 2015, mainly due to the significant increase in corresponding indebtedness scale as a result of larger business scale of the Group. The weighted average interest cost during the period was 6.3% per annum, down from 7.5% per annum for the same period in 2015. During this period, the capitalized interest was RMB1,123 million, at a capitalization percentage of 66.5% (for the same period in 2015: 66.5%).

Share of Results of Joint Ventures and Associates

During this period, the Group's share of results of joint ventures amounted to a gain of RMB128 million while the Group's share of results of associates amounted to a gain of RMB609 million, totalling RMB737 million and representing a slight decrease as compared with gain of RMB758 million during the same period in 2015.

During this period, revenue from property sales recognized by joint ventures and associates amounted to RMB11,388 million in aggregate, representing a decrease of 11.6% from RMB12,881 million for the same period in 2015. During this period, the average selling price from property sold decreased from RMB20,366 per sqm of the same period in 2015 by 10.1% to RMB18,313 per sqm, mainly due to the higher selling price of certain extent of building sites located in Shanghai during the same period in 2015. In addition, the sold area during this period was 621,870 sqm, representing a slight decrease from 632,468 sqm for the same period in 2015.

Properties with the revenue recognized by joint ventures and associates in the first half of 2016 were as follows:

Projects	Type	Type of Properties	Area Sold (sqm) (Note)	Sales Revenue (RMB million)	% of Total	Average Selling Price (RMB/sqm)
Hangzhou Wulin No. 1	Associate	High-Rise Apartment	58,422	3,408	29.9%	58,334
Yiwu Rose Garden	Associate	High-Rise Apartment, Villa	39,254	777	6.8%	19,794
Hangzhou Hope Town	Associate	High-Rise Apartment, Low-Rise Apartment	39,527	551	4.8%	13,940
Hangzhou Idyllic Garden Luyunyuan	Associate	High-Rise Apartment, Villa	32,446	539	4.7%	16,612
Ningbo Center	Associate	High-Rise Apartment	25,349	511	4.5%	20,159
Shanghai Changfeng Center	Associate	High-Rise Apartment, Office	20,152	429	3.8%	21,288
Wuxi Lihu Camphora Garden	Joint Venture	High-Rise Apartment, Villa	66,890	946	8.3%	14,143
Hangzhou Zhijiang No. 1	Joint Venture	High-Rise Apartment	40,121	702	6.2%	17,497
Wuzhen Graceland	Joint Venture	Low-Rise Apartment, Villa	27,821	415	3.6%	14,917
Others			271,888	3,110	27.4%	11,439
Total			621,870	11,388	100.0%	18,313

Note: Area sold includes above ground and underground areas.

Taxation Expenses

During this period, taxation included enterprise income tax of RMB606 million (for the same period in 2015: RMB419 million) and the LAT reversal of RMB107 million (for the same period in 2015: a provision of RMB381 million). During this period, the LAT reversal was mainly due to the revised estimated appreciation value of several property projects recognised as revenue during the period was different from the appreciation value estimated in prior years, resulting in an overprovision of LAT in prior year. During this period, the effective enterprise income tax rate was 41.6% (excluding share of results of joint ventures and associates and the losses of certain offshore subsidiaries), higher than the statutory tax rate of 25.0%, which was mainly attributable to withholding tax on dividend, the unrecognized deferred tax assets of the losses of certain onshore subsidiaries, fair value changes on early redemption options of senior notes and the tax effect of non-deductible expenses.

Fair Value Changes on Cross Currency Swaps

In May 2013, the Company issued senior notes in an amount of RMB2.5 billion and entered into several cross currency swap contracts with BOCI Financial Products Limited, Standard Chartered Bank and Industrial & Commercial Bank of China (Asia) Limited. The contracts have been settled in this period. The fair value changes on such cross currency swaps realized gain of RMB56 million during this period (for the same period in 2015: gain of RMB24 million).

Fair Value Changes on Early Redemption Options of Senior Notes

All of the senior notes of the Group contain early redemption options. Early redemption options are regarded as embedded derivatives not closely related to the host contracts. During this period, the fair value changes on early redemption options of senior notes were a loss of RMB107 million, which were mainly related to the exercise of early redemption options of senior notes due 2018 during this period.

Provision for Impairment Loss

In view of the changes on market environment, the Group conducted impairment assessments on certain properties during this period, based on the prudent principles. According to the assessment results, the Group provided for an impairment loss of its certain subsidiaries for their completed properties for sale during this period as follows:

Company	Project	Impairment Loss <i>(RMB million)</i>
Zhuji Yuedu Real Estate Co., Ltd.	Zhuji Greentown Plaza	60
Zhejiang Hongshun Real Estate Development Co., Ltd.	Lin'an Mantuo Garden	39
Anhui Greentown Rose Garden Real Estate Development Co., Ltd.	Hefei Jade Lake Rose Garden	10
Total		109

In addition, an impairment loss of RMB82 million was made on the amount due from Shaoxing Greentown Baoye Real Estate Development Co., Ltd. (Shaoxing Jade Garden), a joint venture of the Group, during this period.

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 2016, the balance of pre-sale deposits of the Group was RMB30,521 million, representing an increase of RMB8,298 million or 37.3% from RMB22,223 million as at 31 December 2015.

As at 30 June 2016, the pre-sale deposits of joint ventures and associates were RMB46,536 million, representing an increase of RMB15,897 million or 51.9% from RMB30,639 million as at 31 December 2015.

Financial Resource and Liquidity

As at 30 June 2016, the Group had bank balances and cash (including pledged bank deposits) of RMB22,905 million (as at 31 December 2015: RMB18,239 million). Total borrowings amounted to RMB50,553 million (as at 31 December 2015: RMB44,994 million) and the net borrowings (total borrowings less bank balances and cash) amounted to RMB27,648 million (as at 31 December 2015: RMB26,755 million). The net gearing ratio (measured by net borrowings over net assets) was 70.0%, representing a decline as compared to 73.0% as at 31 December 2015.

Greentown Group has obtained facilities of approximately RMB74.0 billion from commercial banks, of which approximately RMB20.8 billion had been drawn down as at 30 June 2016.

Risks of Foreign Exchange Fluctuation

The principal place of operation of the Group is the People's Republic of China, and the majority of the income and expenditure were transacted in Renminbi. The Group had deposits, borrowings, amounts due from and amounts due to related parties, amounts due from and amounts due to the third parties denominated in foreign currency, and the aggregate amount of approximately USD700 million outstanding senior notes issued in 2013 and 2015 was denominated in US dollars. As such, the Group was exposed to exchange rate risk. However, the Group's operating cash flow and liquidity is not subject to significant influence from fluctuations in exchange rates. The Group did not enter into any foreign currency risk hedging arrangements as at 30 June 2016.

Financial Guarantees

The Group provided financial guarantees to banks for mortgage facilities granted to buyers of the Group's properties. As at 30 June 2016, such financial guarantees amounted to RMB22,581 million (as at 31 December 2015: RMB21,845 million).

Pledge of Assets

As at 30 June 2016, 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 RMB37,794 million (as at 31 December 2015: RMB29,370 million) to secure general credit facilities granted by banks and other financial institutions to the Group.

Capital Commitments

As at 30 June 2016, the Group had contracted, but not provided for, capital expenditure commitments of RMB11,187 million (as at 31 December 2015: RMB16,465 million) in respect of properties for development, properties under development and construction in progress.

CAPITAL EXPENDITURE PLAN

In consideration of the complicated and highly uncertain economic environment, the Group takes a prudent approach towards the use of funds to secure the capital chain. Currently there is no material capital expenditure plan.

EVENTS AFTER THE BALANCE SHEET DATE

On 26 July 2016, Hangzhou Zhiquan Investment Co., Ltd.* (杭州致全投資有限公司), a wholly-owned subsidiary of the Company, and CCCC Real Estate Company Limited* (中交地產有限公司), a wholly-owned subsidiary of CCCG, entered into a joint development agreement pursuant to which the two companies proposed to jointly develop, on a 85:15 ownership basis, a piece of land located in the Mentougou (門頭溝) District of Beijing with a site area of approximately 72,401.83 sqm primarily into residential properties with an expected gross floor area of approximately 202,725 sqm. The entering into of the agreement and the transactions contemplated thereunder constitute a connected transaction of the Company. Please refer to the announcement of the Company dated 26 July 2016 for the details of this transaction.

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

During the Reporting Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

HUMAN RESOURCES

As at 30 June 2016, the Group employed a total of 5,350 employees (as at 31 December 2015: 5,328). The employees of the Group were remunerated on the basis of their performance, experience and prevailing industry practices. The Group's remuneration policies and packages

were reviewed by the remuneration committee of the Company and the Board on a regular basis. As an incentive for the employees, bonuses and cash awards may also be granted to the employees based on their individual performance evaluation.

CORPORATE GOVERNANCE CODE

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

COMPLIANCE WITH THE MODEL CODE OF THE LISTING RULES

The Company adopts the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 to the Listing Rules as the Company’s code for dealing in securities of the Company by the Directors. After specific enquiry, all Directors confirmed that they had complied with the required standard as set in 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 one meeting during the Reporting Period, and all committee members attended the meeting. The Audit Committee has reviewed the accounting policies and critical accounting estimates and assumptions adopted by the Group. The audit objectives and the scope of the internal audit department of the Group were also discussed during the meeting.

REVIEW OF INTERIM RESULTS

The interim results announcement for the six months ended 30 June 2016 have been reviewed by the Audit Committee and approved by the Board.

The auditor of the Company, Deloitte Touche Tohmatsu (“DTT”), has performed a review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” on the interim financial information of the Group for the six months ended 30 June 2016 prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting”, and a review report dated 26 August 2016 was issued by DTT.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2016 (for the six months ended 30 June 2015: Nil).

PUBLICATION OF INTERIM REPORT

The full text of the Company's 2016 Interim Report will be sent to the shareholders of the Company and posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.chinagreentown.com) respectively in due course.

FORWARD LOOKING STATEMENTS

This announcement includes forward-looking statements. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believe”, “estimate”, “anticipate”, “expect”, “intend”, “may”, “will” or “should” (or of similar nature) or, in each case, their negative, or other variations or similar terminologies. These forward looking statements involve all matters that are not historical events. These forward looking statements appear in various parts of this announcement and include the Company's current intention and belief or statements about the current expectation on the Company's results of operations, financial condition and liquidity and the development of the industry in which Greentown Group operates.

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

APPRECIATION

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

By order of the Board
Greentown China Holdings Limited
Fung Ching, Simon
Company Secretary

Hangzhou, the PRC

26 August 2016

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