



Greentown China Holdings Limited

綠城中國控股有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 3900)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2006

The board of directors (the “Board”) of Greentown China Holdings Limited (the “Company”) is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2006 (the “First Half of 2006”), together with comparative figures. The interim results have been reviewed by Deloitte Touche Tohmatsu, our auditors, and the audit committee of the Company.

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2006

	NOTES	Six months ended 30 June	
		2006 Rmb'000 (Unaudited)	2005 Rmb'000 (Audited)
Continuing operations			
Revenue	3	1,210,449	991,372
Cost of sales		(692,667)	(685,183)
Gross profit		517,782	306,189
Other operating income		40,889	51,138
Selling and administrative expenses		(140,346)	(120,820)
Finance costs	5	(22,116)	(27,138)
Fair value changes on embedded financial derivatives		(10,842)	–
Net gain on disposal of an associate		27	573
Net gain on disposal of subsidiaries		–	39,332
Share of results of associates		(9,835)	26,845
Profit before taxation	4	375,559	276,119
Taxation	6	(130,565)	(54,960)
Profit for the period from continuing operations		244,994	221,159
Discontinued operations			
Loss for the period from discontinued operations		–	(34)
Profit for the period		244,994	221,125

* For identification purpose only

		Six months ended 30 June	
		2006	2005
	<i>NOTES</i>	Rmb'000	Rmb'000
		(Unaudited)	(Audited)
Attributable to:			
Equity holders of the Company		256,901	238,403
Minority interests		(11,907)	(17,278)
		244,994	221,125
Dividends	7	401,645	198,420
Earnings per share	8		
From continuing and discontinued operations:			
Basic		Rmb0.26	Rmb0.24
Diluted		Rmb0.25	Rmb0.24
From continuing operations:			
Basic		Rmb0.26	Rmb0.24
Diluted		Rmb0.25	Rmb0.24

CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2006

		As at	As at
		30 June	31 December
		2006	2005
	<i>NOTES</i>	Rmb'000	Rmb'000
		(Unaudited)	(Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		299,896	244,074
Intangible asset		144	288
Interests in associates		427,904	479,327
Available-for-sale investments		1,000	1,000
Rental paid in advance		14,127	14,161
Deferred tax assets		112,908	74,135
		855,979	812,985
CURRENT ASSETS			
Properties for development		2,851,443	2,506,091
Properties under development		6,405,479	5,654,287
Completed properties for sale		620,792	699,233
Inventories		2,295	12,419
Embedded financial derivatives		89,607	–
Trade and other receivables, deposits and prepayments	9	331,546	383,880
Amounts due from related parties		572,269	1,081,009
Income taxes recoverable		181,988	60,039
Other taxes recoverable		308,104	235,647
Pledged bank deposits		131,000	276,699
Bank balances and cash		922,999	859,393
		12,417,522	11,768,697

	Six months ended 30 June	
	2006	2005
<i>NOTES</i>	<i>Rmb'000</i>	<i>Rmb'000</i>
	(Unaudited)	(Audited)
CURRENT LIABILITIES		
Trade and other payables	985,706	1,000,291
Pre-sale deposits	5,084,830	4,823,954
Amounts due to related parties	396,509	652,086
Dividend payable	–	1,367
Income taxes payable	83,931	57,908
Other taxes payable	197,018	175,509
Embedded financial derivatives	266,765	–
Bank and other borrowings – due within one year	2,371,787	2,510,841
	9,386,546	9,221,956
NET CURRENT ASSETS	3,030,976	2,546,741
TOTAL ASSETS LESS CURRENT LIABILITIES	3,886,955	3,359,726
NON-CURRENT LIABILITIES		
Bank and other borrowings – due after one year	1,949,598	2,368,512
Convertible bonds	880,860	–
Deferred tax liabilities	309,752	128,081
	3,140,210	2,496,593
	746,745	863,133
CAPITAL AND RESERVES		
Paid-in capital	102,976	–
Reserves	425,817	665,938
Equity attributable to equity holders of the Company	528,793	665,938
Minority interests	217,952	197,195
	746,745	863,133

NOTES TO CONDENSED FINANCIAL INFORMATION

1. BASIS OF PREPARATION

The Company was incorporated in the Cayman Islands on 31 August 2005 as an exempted company with limited liability under the Companies Law of the Cayman Islands (2004 Revision).

To rationalise its corporate structure in anticipation of the listing of its shares on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), the Company underwent a group reorganisation (the “Group Reorganisation”) to take up all subsidiaries and associates carrying on the real estate development and property investment and management businesses (the “Property Related Entities”) from the shareholders, namely Song Weiping, Shou Bainian and Xia Yibo (the “Shareholders”) of the Property Related Entities and to dispose of all subsidiaries and associates carrying on other non-property development and investment holding businesses (the “Non-property Related Entities”) to the companies owned by the Shareholders (the “Shareholders’ Companies”).

The Group Reorganisation was completed on 14 November 2005 and the Company became the holding company of the Property Related Entities.

Pursuant to the Group Reorganisation, the Company became the holding company of the companies now comprising the Group. The Group comprising the Company and its subsidiaries resulting from the Group Reorganisation is regarded as a continuing entity. Richwise Holdings Limited (“Richwise”), Greentown Real Estate Group Co., Ltd. (“Greentown Real Estate”), Shanghai Lvyu Real Estate Development Co., Ltd. (“Shanghai Lvyu”), Hangzhou Jiuxi Property Services Company Limited (“Hangzhou Jiuxi”) and Hangzhou Greentown Real Estate Development Co., Ltd. (“Hangzhou Greentown”) are considered to be companies under common control during the three years ended 31 December 2005 (the “Relevant Periods”).

as the Shareholders were working as a single management team that governed the financial and operating policies of the Group prior to and after the Group Reorganisation. For the purpose of presenting the financial positions, financial results and cash flows of the Group during the Relevant Periods, these companies are deemed to be subsidiaries of the Company throughout the Relevant Periods. Accordingly, the financial statements of the Group have been prepared on the basis as if the Company had always been the holding company of the Group using the principles of merger accounting. The consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement of the Group (including the Non-Property Related Entities up to the date of their disposal) for the three years ended 31 December 2005 include the results, changes in equity and cash flows of the companies comprising the Group as if the Company had always been the holding company of the Group and in accordance with the respective equity interests in the individual companies attributable to the existing shareholders throughout the Relevant Periods, or since their respective dates of incorporation/establishment, where this is a shorter period. The consolidated balance sheets of the Group as at 31 December 2003, 2004 and 2005 have been prepared to present the assets and liabilities of the companies comprising the Group (including the Non-Property Related Entities up to the date of their disposal) as at the respective dates as if the current group structure had been in existence at those dates and in accordance with the respective equity interests in the individual companies attributable to existing shareholders as at those dates. Acquisitions and disposals of subsidiaries, other than those of the Group Reorganisation, during the Relevant Periods are accounted for from their effective dates of acquisitions and disposals, respectively, by the purchase method of accounting.

All significant intra-group transactions and balances have been eliminated on consolidation.

The shares of the Company were listed on the Main Board of The Stock Exchange on 13 July 2006.

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

The condensed consolidated financial statements should be read in conjunction with the Accountant’s Report set out in Appendix I to the Prospectus of the Company dated 30 June 2006 (the “Prospectus”) in connection with the global offering of the shares of the Company (the “Global Offering”).

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies used in the condensed financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2005 except as described below.

In the current interim period, the Group has applied, for the first time, a number of new standards, amendments and interpretations (“new IFRSs”) issued by the International Accounting Standards Board (the “IASB”) and the International Financial Reporting Interpretations Committee (the “IFRIC”) of the IASB. The adoption of the new IFRSs had no material effect on how the results for the current or prior year accounting periods were prepared and presented. Accordingly, no prior period adjustment was required.

The Group has not applied the following new standard, amendment or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these standard, amendment or interpretations will have no material impact on the results and the financial position of the Group.

IAS1 (Amendment)	Capital Disclosures ¹
IFRS 7	Financial Instruments: Disclosures ¹
IFRIC 7	Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies ²
IFRIC 8	Scope of IFRS 2 ³
IFRIC 9	Reassessment of Embedded Derivatives ⁴

¹ Effective for annual periods beginning on or after 1 January 2007

² Effective for annual periods beginning on or after 1 March 2006

³ Effective for annual periods beginning on or after 1 May 2006

⁴ Effective for annual periods beginning on or after 1 June 2006

3. REVENUE

	Six months ended 30 June					
	2006			2005		
	Continuing operations <i>Rmb'000</i>	Discontinued operations <i>Rmb'000</i>	Total <i>Rmb'000</i>	Continuing operations <i>Rmb'000</i>	Discontinued operations <i>Rmb'000</i>	Total <i>Rmb'000</i>
Property sales	1,186,742	–	1,186,742	940,867	–	940,867
Construction contracts	–	–	–	45,864	–	45,864
Computer system design and installation	1,056	–	1,056	4,641	–	4,641
Sales of construction materials	21,767	–	21,767	–	–	–
Catering	–	–	–	–	142	142
Other business	884	–	884	–	456	456
	<u>1,210,449</u>	<u>–</u>	<u>1,210,449</u>	<u>991,372</u>	<u>598</u>	<u>991,970</u>

Over 90% of the Group's activities are engaged in properties development and sales and over 90% of the Group's sales are to customers in the PRC. The directors consider that these activities constitute one business segment since these activities are related and subject to common risks and returns. Accordingly, no business and geographical analysis of revenue is presented in accordance with IAS 14 "Segment Reporting".

4. PROFIT BEFORE TAXATION

	Six months ended 30 June					
	2006			2005		
	Continuing operations <i>Rmb'000</i>	Discontinued operations <i>Rmb'000</i>	Total <i>Rmb'000</i>	Continuing operations <i>Rmb'000</i>	Discontinued operations <i>Rmb'000</i>	Total <i>Rmb'000</i>
Profit before taxation has been arrived at after charging:						
Staff costs	71,053	–	71,053	30,873	176	31,049
Retirement benefit scheme contributions	3,312	–	3,312	3,166	3	3,169
Less: Capitalised in properties under development	(22,239)	–	(22,239)	(8,486)	(4)	(8,486)
Total staff costs	<u>52,126</u>	<u>–</u>	<u>52,126</u>	<u>25,553</u>	<u>175</u>	<u>25,728</u>
Depreciation of property, plant and equipment	12,838	–	12,838	10,302	–	10,302
Less: Capitalised in properties under development	(1,579)	–	(1,579)	(728)	–	(728)
	<u>11,259</u>	<u>–</u>	<u>11,259</u>	<u>9,574</u>	<u>–</u>	<u>9,574</u>
Amortisation of intangible assets (included in selling and administrative expenses)	144	–	144	144	–	144
Cost of inventory sold	665,189	–	665,189	655,261	–	655,261
Allowance for doubtful debts (included in selling and administrative expenses)	432	–	432	–	–	–
Loss on disposal of property, plant and equipment (included in selling and administrative expenses)	465	–	465	–	–	–
	<u>465</u>	<u>–</u>	<u>465</u>	<u>–</u>	<u>–</u>	<u>–</u>

5. FINANCE COSTS

	Six months ended 30 June					
	2006			2005		
	Continuing operations <i>Rmb'000</i>	Discontinued operations <i>Rmb'000</i>	Total <i>Rmb'000</i>	Continuing operations <i>Rmb'000</i>	Discontinued operations <i>Rmb'000</i>	Total <i>Rmb'000</i>
Interest on borrowings	224,359	–	224,359	178,201	–	178,201
Less: Interest capitalised	(202,243)	–	(202,243)	(151,063)	–	(151,063)
	<u>22,116</u>	<u>–</u>	<u>22,116</u>	<u>27,138</u>	<u>–</u>	<u>27,138</u>

6. TAXATION

	Six months ended 30 June					
	2006			2005		
	Continuing operations <i>Rmb'000</i>	Discontinued operations <i>Rmb'000</i>	Total <i>Rmb'000</i>	Continuing operations <i>Rmb'000</i>	Discontinued operations <i>Rmb'000</i>	Total <i>Rmb'000</i>
The charge (credit) comprises:						
PRC income tax	4,866	–	4,866	61,101	–	61,101
Deferred tax	125,699	–	125,699	(6,141)	–	(6,141)
	<u>130,565</u>	<u>–</u>	<u>130,565</u>	<u>54,960</u>	<u>–</u>	<u>54,960</u>

The Group, except for Shanghai Lvyu Real Estate Development Co., Ltd. and Hangzhou Jiuxi Property Services Company Limited, was subject to enterprise income tax levied at a rate of 33% of taxable income based on income for financial reporting purposes prepared in accordance with the laws and regulations in the PRC. Shanghai Lvyu and Hangzhou Jiuxi are subject to enterprise income tax levied at a rate of 15% and 27% respectively.

7. DIVIDENDS

On 19 March 2006, the Group declared a special dividend of US\$50 million (equivalent to approximately Rmb402 million) to the Company's shareholders whose names appeared on the register of members on the record date of 1 January 2006. The special dividend was paid in March and April 2006.

During the six months ended 30 June 2005, the following companies paid dividends to their then existing shareholders prior to the Group Reorganisation who are the equity holders of the Company.

	Six months ended 30 June 2005 <i>Rmb'000</i>
Richwise Holdings Limited	11,173
Greentown Real Estate Group Co., Ltd.	187,247
	<u>198,420</u>

8. EARNINGS PER SHARE

From continuing and discontinued operations

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

Earnings

	Six months ended 30 June	
	2006 <i>Rmb'000</i>	2005 <i>Rmb'000</i>
Earnings for the purposes of basic earnings per share (profit for the period attributable to equity holders of the Company)	256,901	238,403
Effect of dilutive potential ordinary shares:		
Fair value changes in embedded financial derivatives	10,842	–
Earnings for the purposes of diluted earnings per share	<u>267,743</u>	<u>238,403</u>

Number of shares

	Six months ended 30 June	
	2006	2005
Weighted average number of ordinary shares for the purposes of basic earnings per share	1,000,000,000	1,000,000,000
Effect of dilutive potential ordinary shares:		
Convertible bonds	55,996,357	–
	<hr/>	<hr/>
Weighted average number of ordinary shares for the purposes of diluted earnings per share	1,055,996,357	1,000,000,000

The denominators for the purposes of calculating both basic and diluted earnings per share has been adjusted to reflect the capitalisation issue in June 2006 (see note 19).

From continuing operations

The calculation of the basic and diluted earnings per share from continuing operations attributable to the equity holders of the Company is based on the following data:

Earnings figures are calculated as follows:

	Six months ended 30 June	
	2006	2005
	Rmb'000	Rmb'000
Profit for the period attributable to equity holders of the Company	256,901	238,403
(Profit) loss for the period from discontinued operations	–	34
	<hr/>	<hr/>
Earnings for the purposes of basic earnings per share from continuing operations	256,901	238,437
Effect of dilutive potential ordinary shares:		
Fair value changes in embedded derivatives	10,842	–
	<hr/>	<hr/>
Earnings for the purposes of diluted earnings per share from continuing operations	267,743	238,437

The denominators used are the same as those detailed above for both basic and diluted earnings per share.

From discontinued operations

Basic loss per share for discontinued operations is nil per share (2005: nil per share), and diluted earnings per share for discontinued operations is nil per share (2005: nil per share), based on the loss for the period from discontinued operations of nil (2005: 34,000) and the denominators detailed above for both basic and diluted earnings per share.

9. OTHER CURRENT FINANCIAL ASSETS

The Group allows an average credit period of 60 days to its trade customers. The aged analysis of trade receivables is stated as follows:

	As at	As at
	30 June	31 December
	2006	2005
	Rmb'000	Rmb'000
0 – 30 days	7,390	5,619
31 – 90 days	3,254	1,968
91 – 180 days	1,180	4,486
181 – 365 days	2,035	3,188
Over 365 days	1,425	4,669
	<hr/>	<hr/>
Trade receivables	15,284	19,930
Other receivables	234,528	187,343
Prepayments and deposits	81,734	176,608
	<hr/>	<hr/>
	331,546	383,881

MANAGEMENT DISCUSSION AND ANALYSIS

The year of 2006 is a year of significant importance to the Company. During the First Half of 2006, the Company has become a player in the international capital market, and has consolidated its leading position among other competitors in Zhejiang and continued to implement its strategy to expand its brand name across the country. On top of our successful introduction of strategic investors in January 2006 with the issuance of convertible bonds, we scored even greater success with the listing of our shares on the Stock Exchange on 13 July 2006.

As at 30 June 2006, the Company recorded a revenue of Rmb1,210,450,000, a year-on-year increase of 22%; our profit attributable to shareholders amounted to Rmb256,900,000, a year-on-year increase of 8%; and our earnings per share amounted to Rmb0.25.

Dividend

The Board endeavors to maintain a stable dividend policy for a sound financial condition for our future development. Under the principle of maximizing shareholders' interests, the Board resolves not to distribute interim dividend for the First Half of 2006. Both the Company and the Board consider that the dividend distribution policy for the whole year of 2006 as disclosed in our Prospectus will not change.

Market Review

With the speeding up the progress of urbanization and the economic development of the PRC, the real estate industry which represents a pillar industry of the national economy will find ample room of development over the next 15 to 20 years. Since the second half of 2004, in order to ensure long-term, steady and healthy development and prevent the real estate industry from "overshooting" in its growth in certain regions and cities, the PRC government adopted a number of macro-economic control policies in respect of land supplies, credit availability, taxation and industry guidance. The implementation of these policies in effect have resulted in the consolidation of the industry, and enterprises having the advantages of capital, management and brand name have found a better opportunity to increase their market shares. The Company stays firm with its perspective of "providing quality products and superior services and continues to improve the operation and management of its projects. For the First Half of 2006, our operations were running smoothly, thereby paving the way for us to accomplish all our set targets for the year.

Project Development

For the First Half of 2006, the Company had commenced the construction or construction in phases of 11 projects. The GFA of newly commenced projects amounted to 684,000 sq.m., of which the Company owned as to 439,000 sq.m., the breakdown of which is as follows:

Newly commenced projects as at 30 June 2006

	GFA of newly commenced projects	<i>Unit: sq.m.</i> GFA of newly commenced projects in which the Company is interested
Hangzhou	125,942	58,301
Zhejiang Province and other districts	470,287	315,345
Shanghai	11,556	11,556
Beijing	42,294	33,835
Other cities of China	34,010	20,121
Total	<u>684,089</u>	<u>439,158</u>

During the same period, 4 projects had been completed and delivered to owners, and the total completed and delivered GFA amounted to 168,000 sq.m. of which the Company owned as to 134,000 sq.m., the breakdown of which as at 30 June 2006 is as follows:

Completion of projects as at 30 June 2006

1 January 2006 – 30 June 2006

No.	Project	Project phase	Location	Area of GFA completed	Unit: sq.m.	
					Interest attributable to the Company	GFA in which the Company is interested
1	Chunjiang Huayue	III	Shangcheng District, Hangzhou, Zhejiang Province	60,192	100%	60,192
2	Taohuayuan West	(Portion)	Yuhang District, Hangzhou, Zhejiang Province	35,580	100%	35,580
3	Haining Baihe	Multi-storey Phase II	Haining, Zhejiang Province	64,590	50%	32,295
4	Beijing Baihe Apartments	Phase I (Portion)	Fangshan District, Beijing	7,984	80%	6,387
Total				168,346	N/A	134,454

According to the development plan of the Company, it is anticipated that of the 13 projects which will be completed and delivered by 31 December 2006, the completed area will amount to 963,000 sq.m. of which the Company will own as to 768,000 sq.m. in GFA. So far these projects are in good progress. The stage of development of projects as at 31 August 2006 is shown by the following list:

Projects to be delivered during the second half of 2006

(1 July 2006 – 31 December 2006)

No	Project	Project phase	Location	Estimated Area of GFA completed during the second half of 2006	Interest attributable to the Company	Construction status as at 30 August	Estimated date of delivery	Estimated GFA which the Company is interested during the second half of 2006
1.	Chunjiang Huayue	Phase IV	Shangcheng District, Hangzhou, Zhejiang Province	79,457	100%	Construction of the main body and installation have been completed, 70% of the landscaping have been completed	1 November 2006	79,457
2.	Chunjiang Huayue	Phase V	Shangcheng District, Hangzhou, Zhejiang Province	67,806	100%	Construction of the main body and installation have been completed, 40% of the landscaping have been completed	1 December 2006	67,806
3.	Jiuxi Rose Garden Villa	–	Zhijiang State Travel and Holiday Area, Hangzhou, Zhejiang Province	2,836	100%	Construction of the main body has been completed, 90% of the installation has been completed, 60% of the interior decoration has been completed	1 November 2006	2,836
4.	Deep Blue Plaza	–	Xiacheng District, Hangzhou, Zhejiang Province	134,107	100%	Construction of main body has been completed, 90% of the installation has been completed, 60% of landscaping and interior decoration have been completed	1 October 2006	134,107

No	Project	Project phase	Location	Estimated Area of GFA completed during the second half of 2006	Interest attributable to the Company	Construction status as at 30 August	Estimated date of delivery	Estimated GFA which the Company is interested during the second half of 2006
5.	Dingxiang Apartment	–	Xihu District, Hanzhou, Zhejiang Province	31,468	100%	Construction of the main body, installation and landscaping have been completed, 95% of interior decoration has been completed	1 October 2006	31,468
6.	Jingui Plaza	–	Xihu District, Hangzhou, Zhejiang Province	33,776	100%	Construction of main body has been completed, 90% of the installation has been completed, 60% of interior decoration has been completed	1 December 2006	33,776
7.	Taohuayuan West	Portion	Yuhang District, Hangzhou, Zhejiang Province	10,285	100%	70% of construction of main body and installation have been completed, 60% of the landscaping has been completed	1 December 2006	10,285
8.	Zhoushan Guihua City	Phase I	Lincheng New District, Zhoushan, Zhejiang Province	153,680	100%	Construction of the main body and installation have been completed, 50% of landscaping has been completed	1 December 2006	153,680
9.	Hefei Guihua Garden	Portion	High and New Technological Development Zone, Hefei, Anhui	64,464	90%	Construction of main body and installation have been completed, 90% of the landscaping has been completed	1 October 2006	58,018
10.	Taohuayuan South	Phase I	Yuhang District, Hangzhou, Zhejiang Province	18,981	51%	Construction of main body has been completed installation has been completed, 60% of landscaping and interior decoration have been completed	1 December 2006	9,680
11.	Shangyu Guihua Garden	–	Lingyun Street, Baiguan Road Shangyu, Zhejiang Province	184,839	51%	Construction of main body and installation have been completed, 80% of the landscaping has been completed	1 November 2006	94,268
12.	Changsha Guihua	Phase I	Yuhua District, Changsha, Hunan Province	169,813	51%	Construction of the main body and installation have been completed, 60% of the landscaping has been completed	1 December 2006	86,605

No	Project	Project phase	Location	Estimated Area of GFA completed during the second half of 2006	Interest attributable to the Company	Construction status as at 30 August	Estimated date of delivery	Estimated GFA which the Company is interested during the second half of 2006
13.	Xingjiang Rose Garden	Phase I	Shumogou District, Urumqi, Xinjiang Uygur Autonomous Region	11,073	51%	Construction of main body and installation have been completed, 100% of landscaping has been completed	1 September 2006	5,647
Total				962,585				767,633

Property Sales

For the First Half of 2006, a total of approximately 286,000 sq.m. were sold/pre-sold (including customers that have executed sale and purchase agreements), and the turnover for the sold/pre-sold area amounted to approximately Rmb2.4 billion. As at 30 June 2006, of all the Company's saleable/pre-saleable properties by area, 66% has been sold/pre-sold. The Company has accomplished the sales of over 90% of the area as estimated in our profit forecast in the Prospectus for the year of 2006.

On 13 July subsequent to the reporting period, Shanghai Jingyu Real Property Investment Company Limited, an associated company owned as to 49% by the Company, entered into a property pre-sale agreement with an independent third party, whereby it was agreed that East Sea Plaza Phase I, a property under development should be pre-sold to an independent third party at a total consideration of Rmb1.95 billion. To date, procedures such as filing of the contract are being gone through.

Land Bank

Increasing our land bank is one of the key strategies of the Company for boosting our sustainable development. In the First Half of 2006, the Company has secured a plot of land by way of acquisition of the equity interest of a project company. It is located in Jiubaozhen, Jianggan District, Hangzhou. Its total planned GFA is 100,000 sq.m. and the total planned area is 336,000 sq.m.. The Company owns as to 100% of the project company.

As at 30 June 2006, the Company's land bank amounted to 8.65 million sq.m. in GFA, of which the Company owned as to 5.94 million sq.m. in GFA; the total GFA of land for which the Company has obtained the land use rights amounted to 7.51 million sq.m., of which the Company owned as to 4.80 million sq.m. in GFA.

In addition, the Company has entered into contracts or agreements of certain projects. Set forth below are the nature of the projects and the interests owned by the Company:

Unit: sq.m.

No.	Project	Phase	Location	Total site area	Total Gross Floor Area	Attributable Profit to the Company	Current Status
1	Hangzhou Liu Zhuang Project	Phase II	Tianmushan Road, Xihu District, Hangzhou, Zhejiang Province	16,188	17,807	45%	Land Use Rights Certificate to be obtained after settlement of the land premium.
2	Hangzhou Baochu Road Project		Baochu Road, Xihu District, Hangzhou, Zhejiang Province	25,041	46,200	75%	Tender notice has been obtained. Land Grant Contract will be signed after the approval from relevant local authorities.
3	Shanghai Green View Project		Xinqiaozhen Songjiang District, Shanghai	360,000	432,000	60%	In communication with the government departments.
4	Beijing Qinglongqiao Project	Phase III	Qinglongqiao Cun, Haidianxiang, Haidian District, Beijing	90,196	76,811	65%	Relocation commenced.
5	Beijing Qinglongqiao Project	Phase IV	Qinglongqiao Cun, Haidianxiang, Haidian District, Beijing	151,044	154,996	65%	Relocation commenced.
6	Qingdao Project		Licang District Qingdao City, Shandong Province	1,200,587	1,580,900	80%	Entity for the project development has been confirmed. The first phase of commodity property of an area of 200 mu has been confirmed. Relocation commenced.
Total				1,843,056	2,308,714	N/A	

On 26 July subsequent to the reporting period, Ningbo Zheda Science Park Construction Co., Ltd. (re-named “NZSPC”), a subsidiary of the Company, entered into an agreement with the local government, pursuant to which the contract for the grant of land use rights entered into between NZSPC and the State-owned Land Bureau of Ningbo Science Park on 28 July was discharged, and a compensation of Rmb20 million should be made by the government as a result. Afterwards NZSPC duly acquired the State-owned land use rights by way of listing-for-sale and which was owned as to 60% by the Company.

On 2 August 2006, the Company entered into a strategic co-operation agreement with the China Gezhouba Group to jointly develop the Hangzhou and Zhejiang markets by way of project joint ventures.

On 3 August 2006, the Company acquired a plot of land by way of listing. It is located in Tonglu County, Hangzhou with a site area of 107,387 sq.m., and it is anticipated that a total of 128,864 sq.m. in GFA will be developed. The Company has established a wholly-owned subsidiary for the development and construction of the project.

Brand Building

Commitment to improving quality and value is an essential component in our brand building strategy. During the first half of the year, the Company proceeded with its promotion activities centered around the theme of “the Splendid Way of Greentown Living”, in which the establishment of a system to take care of the health of Greentown residents in the name of “Angel’s Plan” was emphasized. Our Greentown Club held a lot of highly entertaining social events and handing-over evening shows. These efforts are to highlight the exemplary landscape communities and units aiming at enhancing the value attached to our brand name all-round.

In the First Half of 2006, the Company was once again ranked one of the Top 10 Property Enterprises in China in terms of overall corporate strength by Enterprise Research Institute of the Development Research Centre of the State Council, Qinghua University Real Estate Research Center and Soufun China Index Institute. We were also ranked one of Top 10 Real Estate Enterprises in China in 2006 by the City Development and Environment Research Center of the China Social Science Institute, the Federation of China National Real Estate Enterprises and the China Real Estate Enterprises Association. It has been ranked by the Zhejiang Province Association of Real Estate Properties as the No. 1 of the Top 50 Real Estate Development Enterprises of Zhejiang in 2005. Hence, both our brand name and our leading position in the industry have been further recognized and consolidated.

Business Strategies

1. We adhere to our brand name development strategy to enhance the quality of our products through innovations and improvements. We place more emphasis on the sales and marketing strategy centered around “quality experience” to improve our service quality, customer satisfaction and loyalty and to consolidate and enhance the brand name of Greentown products;
2. We shall strengthen our dynamic management of targets and implementation of plans, in particular the grasping of our project construction plans and sales plans in order that our annual operation targets can be accomplished;
3. We shall fully leverage on our overall strengths of group management and strengthen the dynamic management and guidance of our project companies so as to elevate the construction capability and operation standard of our project companies;

4. We shall take advantage of this opportune time and our overall strength in brand name, capital and management to push forward with our development strategy, in particular the land bank in Hangzhou and Zhejiang, thereby ensuring the sustainable growth as shown in our results and our enduring momentum in development;
5. We shall move further in building up and implementation of our operation risk control system and put more efforts in the research on policy and market, thereby heightening our grasping of the market;
6. By internal training and introduction of new blood, we aim at improving the quality of our human resources in order to cope with any new business environment and to meet our management requirements.

FINANCIAL ANALYSIS

Our interim result recorded a revenue of Rmb1,210,449,000, an increase of Rmb991,372,000 over the interim period of 2005 by Rmb219,077,000, or approximately 22%. Increase in revenue was mainly attributable to the significant increase in the average selling prices of units delivered over the same period of last year. Our 2006 cost of sales was nearly the same as that of last year. However, our unit cost has increased, which was mainly attributable to the lower unit cost of Beijing Sunshine and Anhui Greentown, the major properties sold in the first half of 2005, whereas the land cost of Hangzhou Chunjiang Huayue and Taohuayuan, the major properties sold in the First Half of 2006, are relatively higher. Our gross profit margin rose from 31% of the interim period of last year to 43% of this period. The higher gross profit margin was attributable to the generally higher property prices over the last few years as well as the the higher gross profit margin of Taohuayuan and Hangzhou Chunjiang Huayue which represented 85% of the total revenue.

Other income declined from Rmb51,138,000 of the same period of last year to Rmb40,889,000 of this period. It was mainly attributable to the increase in interest income and decrease in government subsidy. Selling and administration expenses rose from Rmb120,820,000 of the same period of last year to Rmb140,346,000 of this period, or by approximately 16%. It was mainly attributable to the increase in salary of staff, benefit and remuneration, and our expansion also resulted in the outgoings for our employees.

In the first half of 2005, we recorded a gain on disposal of subsidiaries that amounted to Rmb39,332,000 but we did not have this gain in the interim period of 2006.

We shared net losses of associates of Rmb9,835,000 in the First Half of 2006 because those associates had not delivered properties to the customers so that no revenue was recognised in the book of associates. However, in the same period of last year, we shared net profits of associates of Rmb26,845,000 because the Hangzhou Jimei Qilixiangxi Project had delivered properties to customers and recognised the corresponding revenues.

Our income tax rose from Rmb54,960,000 of the same period of last year to Rmb130,565,000 of this period, and our effective tax rate rose from 20% to 35% of this period. It is because the profit in the First Half of 2005 included government subsidy and gains in the investment in associated companies, provision for taxation was not required, so that our effective taxation liabilities were lower than normal. These effects have resulted in a higher effective taxation liabilities for this period.

Taking into account all the above-mentioned analysis, comparing with the same period of last year, our gross profit margin increased by 22% and our gross profit increased by 69%, but profit attributable to our shareholders increased from Rmb238,403,000 to Rmb256,901,000 of the last comparable period by only 8%, the reasons were: decrease in income of other operations, decrease in gains from the disposal of subsidiaries, decrease in the investment gains in associated companies and the increase in effective tax rate.

Financial Resources and Liquidity

At 30 June 2006, the Group's cash on hand amounted to Rmb923 million (31 December 2005: Rmb859 million) with total borrowings of Rmb5,148,245,000 (31 December 2005: Rmb4,879,353,000). Gearing ratio, measured by net debt to equity ratio, was slightly increased from 433% at 31 December 2005 to 556% at 30 June 2006. Immediately after the Group's shares were listed in the Stock Exchange, the gearing ratio dropped significantly to approximately 40%.

All borrowings, except for convertible bonds, were denominated in Renminbi, while the convertible bonds were denominated in United States Dollars.

FOREIGN EXCHANGE RISKS

Most of the Group's revenues and operating costs were denominated in Rmb. As the proceeds from the Global Offering were received in Hong Kong Dollars, the Group is exposed to foreign exchange risks. For the First Half of 2006, the Group has recorded an exchange loss of approximately Rmb1,843,000. The Group's operating cash flow or liquidity is not subject to any exchange rate fluctuations. The Group did not enter into any foreign exchange hedging arrangements as at 30 June 2006.

EMPLOYEES

As at 30 June 2006, the Group employed a total of 1,062 employees. Employees were remunerated on the basis of their performance, experience and prevailing industry practices. The Group's remuneration policies and packages were reviewed on a regular basis. As an incentive for the employees, bonuses and cash awards may also be given to employees based on individual performance evaluation.

The Company adopted a share option scheme on 22 June 2006, details of which have been disclosed in the Prospectus. As at 30 June 2006, no option had been granted under the share option scheme.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2006.

CORPORATE GOVERNANCE

In the opinion of the directors, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules throughout the First Half of 2006.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its code of conduct for dealings in securities of the Company by the directors. The Company has made specific enquiry of all directors of the Company, and the directors confirmed that they have complied with the Model Code throughout the First Half of 2006.

AUDIT COMMITTEE

The Audit Committee has reviewed the Group's unaudited interim financial statements for the First Half of 2006. The Audit Committee comprises all of the five independent non-executive directors, namely Mr. Tsui Yiu Wa, Alec (the Chairman of the Audit Committee), Mr. Jia Shenghua, Mr. Jiang Wei, Mr. Sze Tsai Ping, Michael and Mr. Tang Shiding.

PUBLICATION OF INTERIM REPORT ON THE STOCK EXCHANGE WEBSITE

The Company's 2006 interim report as of 30 June 2006 will be submitted to the Stock Exchange for uploading onto the Stock Exchange's website (www.hkex.com.hk) in due course.

By Order of the Board of
Greentown China Holdings Limited
Song Weiping
Chairman

Hangzhou, the PRC, 5 September 2006

As at the date hereof, Mr. Song Weiping, Mr. Shou Bainian, Mr. Chen Shunhua and Mr. Guo Jiafeng are the executive directors of the Company; Mr. Tsui Yiu Wa, Alec, Mr. Jia Shenghua, Mr. Jiang Wei, Mr. Sze Tsai Ping, Michael and Mr. Tang Shiding are the independent non-executive directors of the Company.

“Please also refer to the published version of this announcement in The Standard.”