GREENTOWN

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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2008

OPERATIONAL HIGHLIGHTS

- Greentown has continued to successfully execute its strategies in 1H08. By developing new projects through joint ventures and focusing on product excellence, Greentown has attained a unique, leading position in the market. During 1H08, the Company achieved strong results despite the current volatile real estate market

- Although transaction volume in the China's real estate market declined significantly, the Company still achieved strong contracted sales in first half of the year. During 1H08, Greentown's contracted sales was over RMB7.8 billion, representing a 44% growth year-on-year (YoY); average selling price has also increased by 51%

- Greentown completed its construction plan for 1H08 and recognized total sales of RMB4.52 billion (including associates) or attributable sales of RMB2.53 billion. Company recognized 1H08 net profit attributable to the Company of RMB341 million, representing a 32% YoY growth

- As of August 31, 2008, Greentown has locked in 85% of its 2008 targeted saleable GFA (above ground) completion. Contracted sales achieved and to be recognized as revenue in 2H08 amounts to RMB9.3 billion, of which RMB5.7 billion are attributable to the Company

- Year-to-date as of August 31, 2008, Greentown has acquired new land bank of total GFA of 3.83 million sq.m, of which 1.97 million sq.m. are attributable to the Company

The board of directors (the "Board") of Greentown China Holdings Limited (the "Company", "Greentown") is pleased to present the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2008 (the "1H 2008"), 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 2008

	NOTES	Six months ended 30 June 2008 RMB'000 (Unaudited)	2007 RMB'000 (Unaudited)
Revenue	3	**1,765,161**	2,100,239
Cost of sales		**(1,118,113)**	(1,363,741)
Gross profit		**647,048**	736,498
Other income	4	**296,566**	111,108
Selling expenses		**(123,562)**	(82,903)
Administrative expenses		**(210,742)**	(134,355)
Finance costs	5	**(244,615)**	(78,927)
Fair value gain on transfer from completed properties for sale to investment property		**–**	16,658
Fair value changes on embedded financial derivatives		**24,153**	(52,480)
Net gain on partial disposal of subsidaries		**502**	–
Share of results of jointly controlled entities		**(4,475)**	16,745
Share of results of associates		**174,524**	(6,637)
Profit before taxation	6	**559,399**	525,707
Taxation	7	**(189,675)**	(261,781)
Profit for the period		**369,724**	263,926
Attributable to:			
Equity holders of the Company		**340,999**	258,891
Minority interests		**28,725**	5,035
		369,724	263,926
Dividends	8	**438,283**	490,170
Earnings per share	9		
Basic		**RMB0.22**	RMB0.18
Diluted		**RMB0.21**	RMB0.18

CONDENSED CONSOLIDATED BALANCE SHEET

AT 30 JUNE 2008

	As at 30 June 2008 *RMB'000* **(Unaudited)**	As at 31 December 2007 *RMB'000* (Audited)
NON-CURRENT ASSETS		
Property, plant and equipment	**1,216,975**	1,154,844
Investment property	**26,052**	26,052
Interests in associates	**1,439,823**	955,621
Interests in jointly controlled entities	**299,445**	193,644
Available-for-sale investments	**8,500**	1,000
Prepaid lease payment	**33,922**	34,413
Rental paid in advance	**13,140**	13,312
Deferred tax assets	**199,575**	163,491
	3,237,432	2,542,377
CURRENT ASSETS		
Properties for development	**12,580,155**	10,293,210
Properties under development	**14,793,434**	11,094,981
Completed properties for sale	**1,299,021**	1,127,401
Inventories	**14,033**	5,139
Embedded financial derivatives	**2,065**	17,378
Trade and other receivables, deposits and prepayments	**897,231**	2,260,651
Amounts due from related parties	**3,886,405**	1,772,763
Income taxes prepaid	**398,735**	166,996
Other taxes prepaid	**384,393**	201,742
Pledged bank deposits	**176,420**	506,282
Bank balances and cash	**2,683,657**	2,876,925
	37,115,549	30,323,468
CURRENT LIABILITIES		
Trade and other payables	**2,414,934**	1,913,882
Pre-sale deposits	**7,084,220**	3,583,055
Amounts due to related parties	**5,122,624**	4,865,677
Dividend payable	**1,367**	1,367
Income taxes payable	**1,054,194**	912,301
Other taxes payable	**234,179**	197,794
Embedded financial derivatives	**20,214**	61,622
Bank and other borrowings		
– due within one year	**2,855,940**	2,436,272
	18,787,672	13,971,970

	As at 30 June 2008 *RMB'000* **(Unaudited)**	As at 31 December 2007 *RMB'000* (Audited)
NET CURRENT ASSETS	**18,327,877**	16,351,498
TOTAL ASSETS LESS CURRENT LIABILITIES	**21,565,309**	18,893,875
NON-CURRENT LIABILITIES		
Bank and other borrowings		
– due after one year	**6,740,562**	4,368,130
Convertible bonds	**2,113,747**	2,069,821
Senior notes	**2,707,498**	2,879,761
Deferred tax liabilities	**99,742**	89,661
	11,661,549	9,407,373
	9,903,760	9,486,502
CAPITAL AND RESERVES		
Share capital	**157,395**	157,395
Reserves	**7,852,789**	7,950,073
Equity attributable to equity holders of the Company	**8,010,184**	8,107,468
Minority interests	**1,893,576**	1,379,034
	9,903,760	9,486,502

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2008

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2007.

In the current interim period, the Group has applied, for the first time, new interpretations ("new Interpretations") issued by the International Accounting Standards Board (the "IASB") and the International Financial Reporting Interpretations Committee (the "IFRIC") of the IASB which are effective for the Group's financial year beginning on 1 January 2008.

The adoption of these new Interpretations had no material effect on the results or financial position of the Group for the current or prior year accounting periods. Accordingly, no prior period adjustment has been recognised.

The Group has not early applied the following new, revised or amended standards or interpretations that have been issued but are not yet effective.

IFRSs (Amendments)	Improvements to IFRSs[1]
IAS 1 (Revised)	Presentation of Financial Statements[2]
IAS 23 (Revised)	Borrowing Costs[2]
IAS 27 (Revised)	Consolidated and Separate Financial Statements[3]
IAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[2]
IAS 39 (Amendment)	Eligible Hedged Items[3]
IFRS 1 & IAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[2]
IFRS 2 (Amendment)	Vesting Conditions and Cancellations[2]
IFRS 3 (Revised)	Business Combinations[3]
IFRS 8	Operating Segments[2]
IFRIC 13	Customer Loyalty Programmes[4]
IFRIC 15	Agreements for the Construction of Real Estate[2]
IFRIC 16	Hedges of a Net Investment in a Foreign Operation[5]

[1] Effective for annual periods beginning on or after 1 January 2009, except the amendments to IFRS 5 which are effective for annual periods beginning on or after 1 July 2009
[2] Effective for annual periods beginning on or after1 January 2009
[3] Effective for annual periods beginning on or after 1 July 2009
[4] Effective for annual periods beginning on or after 1 July 2008
[5] Effective for annual periods beginning on or after 1 October 2008

The adoption of IFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. IAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions. The directors of the Company anticipate that the application of the other new, revised or amended standards or interpretations will have no material impact on the results and the financial position of the Group.

3. REVENUE

	Six months ended 30 June	
	2008	2007
	RMB'000	*RMB'000*
Property sales	**1,733,013**	2,080,628
Hotel operations	**21,149**	–
Sales of construction materials	**9,390**	17,208
Other business	**1,609**	1,963
Computer system design and installation	**–**	440
	1,765,161	2,100,239

Substantially all of the Group's activities are engaged in properties development and sales and substantially all of the Group's sales are to customers located in the PRC. The directors consider that these activities constitute one business segment and one geographical segment since these activities are related and subject to common risk and returns. Accordingly, no business or geographical analysis of revenue is presented. No geographical analysis of the Group's assets and liabilities is presented as the Group's assets and liabilities are substantially located in the PRC.

4. OTHER INCOME

	Six months ended 30 June	
	2008	2007
	RMB'000	*RMB'000*
Interest income	**81,849**	78,633
Net foreign exchange gains	**201,471**	–
Government grants	**1,850**	31,242
Others	**11,396**	1,233
	296,566	111,108

5. FINANCE COSTS

	Six months ended 30 June	
	2008	2007
	RMB'000	*RMB'000*
Interest on borrowings	**646,490**	342,184
Less: Interest capitalised	**(401,875)**	(263,257)
	244,615	78,927

6. PROFIT BEFORE TAXATION

	Six months ended 30 June	
	2008	2007
	RMB'000	*RMB'000*
Profit before taxation has been arrived at after charging:		
Salaries and other benefits	**151,840**	78,678
Retirement benefits scheme contributions	**7,821**	3,695
Less: Capitalised in properties under development	**(47,489)**	(22,382)
Total staff costs	**112,172**	59,991
Depreciation of property, plant and equipment	**34,148**	12,452
Less: Capitalised in properties under development	**(1,469)**	(1,312)
	32,679	11,140
Cost of inventories recognised as an expense	**1,118,113**	1,363,741
Amortisation of prepaid lease payment (included in selling and administrative expenses)	**491**	–

7. TAXATION

	Six months ended 30 June	
	2008	2007
	RMB'000	*RMB'000*
Current tax:		
PRC enterprise income tax	**96,449**	188,121
Land Appreciation Tax ("LAT")	**119,228**	132,705
	215,677	320,826
Deferred tax:		
Current period	**(26,002)**	(77,722)
Attributable to change in tax rate	**–**	18,677
	(26,002)	(59,045)
	189,675	261,781

PRC enterprise income tax is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year.

No provision for income tax has been made for the Company and group entities established in the British Virgin Islands as they are not subject to any income tax.

All PRC group entities are subject to enterprise income tax levied at a rate of 25%, except for Xinjiang Sunshine Greentown Real Estate Development Co., Ltd. which is exempted from enterprise income tax for three years starting from its first profit-making year in 2005, followed by a 50% reduction for the next three years.

On 16 March 2007, the PRC promulgated the Law of the People's Republic of China on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the PRC. On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Law. The New Law and Implementation Regulations will change the tax rate from 15%, 27% or 33% to 25% for certain subsidiaries from 1 January 2008.

PRC land appreciation tax

According to the requirements of the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例) effective from 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例實施細則) effective from 27 January 1995, all income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for property sales of ordinary residential properties (普通標準住宅) if their appreciation values do not exceed 20% of the sum of the total deductible items.

8. DIVIDENDS

On 23 May 2008, a dividend of HK32 (2007: HK36) cents per share was paid to shareholders as the final dividend for 2007.

The directors do not recommend the payment of any dividend for the six months ended 30 June 2008.

9. EARNINGS PER SHARE

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	
	2008	2007
	RMB'000	*RMB'000*
Earnings for the purposes of basic earnings per share (profit for the period attributable to equity holders of the Company)	**340,999**	258,891
Effect of dilutive potential ordinary shares:		
Fair value changes on embedded financial derivatives	**(24,153)**	–
Interest on 2006 Convertible Bonds (as defined in Note 25 to the Company's 2007 consolidated financial statements)	**4,936**	–
Earnings for the purposes of diluted earnings per share	**321,782**	258,891

Number of shares

	Six months ended 30 June	
	2008	2007
Weighted average number of ordinary shares for the purposes of basic earnings per share	**1,537,361,607**	1,417,155,351
Effect of dilutive potential ordinary shares:		
2006 Convertible Bonds (as defined in Note 25 to the Company's 2007 consolidated financial statements)	**11,191,336**	–
2007 Convertible Bonds (as defined in Note 25 to the Company's 2007 consolidated financial statements)	**–**	25,768,016
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**1,548,552,943**	1,442,923,367

The computation of diluted earnings per share for the six months ended 30 June 2007 does not assume the conversion of the Company's outstanding 2006 Convertible Bonds (as defined in Note 25 to the Company's 2007 consolidated financial statements) since their exercise would result in an increase in earnings per share.

The computation of diluted earnings per share for the six months ended 30 June 2008 does not assume the conversion of the Company's outstanding 2007 Convertible Bonds (as defined in Note 25 to the Company's 2007 consolidated financial statements) since their exercise would result in an increase in earnings per share.

10. COMPARATIVE FIGURES

Previously, LAT was classified as a component of cost of sales and as a non-income tax. Starting from the financial year ended 31 December 2007, the Group, in order to conform to market practices, has decided to classify LAT as income tax and present it as such in the consolidated financial statements. The comparative figure of LAT expense has been reclassified from cost of sales to taxation in order to conform to the current period's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

Since the fourth quarter of 2007, the expectation and performance of the market was adversely affected by the multiplying effect arising from a number of factors including the PRC austerity measures and economic slowdown within and outside China. Consequently, the real estate industry in China has entered into a prolonged phase of correction. While industry cycles will ultimately result in a more mature and rational market such cycle, will present industry leader with ample opportunities who adopt sound business strategy. During the reporting period, by leveraging on the excellent quality of its own products and services, the Company achieved remarkable sales figures despite the volatile market environment. In the meantime, the Company fully capitalized on its brand premium to strengthen cooperation with its business partners, thereby achieving balance between scale expansion and risk control.

PART I OPERATIONAL AND MANAGEMENT REVIEW FOR THE REPORTING PERIOD

I. Leveraging on the excellent quality of its products and its brand' awareness in order to secure market share and achieve remarkable sales figures.

Over the years, the Company has focused wholeheartedly on the development of the "Product Quality Enhancement Strategy". Notwithstanding the volatile conditions prevailing in the market, the Company's strategy demonstrated its ability to mitigate risk and to achieve remarkable pre-sale figures. During the reporting period, the Group (including the associates) confirmed sales contracts worth a total of RMB7.8 billion (including agreements), which was 44% more than in the same period of last year. The attributable value of the Group's sales contracts amounted to RMB5.6 billion, an increase of 41% over the same period last year. Average selling price was RMB11,600 per sq. m., an increase of 51% over the same period last year. For the 8 months ended 31 August, the Group (including the associates) confirmed sales contracts worth a total of RMB12.2 billion (including agreements), which was 34% more than in the same period of last year. The attributable value of the Group's sales contracts amounted to RMB8.6 billion, an increase of 35% over the same period last year.

Major projects launched by the Group for sale were well received in the market.

The following table shows the status of major property projects that the Company launched for sale during the reporting period:

No.	Property project	Date when sales were launched	Saleable GFA launched for sale *(sq. m.)*	Percentage of total area sold within 30 days of being offered for sale	Pre-sales rate as of 31 August 2008
1	Hangzhou Lijiang Apartment Phase 1	2008-3-24	37,935	95.9%	97.6%
		2008-5-10	31,135	75.7%	81.8%
2	Hangzhou Sky Blue Apartment	2008-4-18	38,865	92.9%	94.3%
3	Ningbo Crown Garden Phase 1	2008-4-18	75,593	98.6%	99.3%
		2008-4-30	52,756	94.5%	97.0%
4	Hangzhou Blue Patio Phase 2	2008-3-22	7,974	76.3%	87.3%
5	Hefei Lily Apartment Phase 2	2008-4-19	22,806	74.6%	96.3%
6	Beijing Lily Apartment Phase 7	2008-3-1	12,097	75.6%	94.5%

The Group continued to achieve excellent sales for its newly launched properties between the end of the reporting period and 31 August 2008.

No.	Property project	Date when sales were launched	Saleable GFA launched for sale *(sq. m.)*	Pre-sales rate as of 31 August 2008
1	Hangzhou Yulan Apartment	2008-7-27	38,476	83.8%
2	Qingdao Ideal City Phase 1	2008-8-2	87,599	65.3%
3	Wenzhou Lucheng Plaza Phase 1	2008-8-1	108,860	51.2%
4	Hangzhou New Green Garden Phase 2	2008-8-21	21,642	57.4%
5	Haining Lily New Town Villa Phase 4	2008-8-12	9,380	81.0%

During the reporting period, with respect to all property projects available for sales, over 60% in area was sold by the Company. The pace of sales was relatively faster than the market's as a whole.

No.	Project category	Saleable GFA as of 1 January 2008	Saleable GFA launched between January and June	Saleable GFA sold between January and June	Pre-sale rate
		(sq. m.)	*(sq. m.)*	*(sq. m.)*	*(%)*
1	Residential	207,745	624,655	536,593	64%
2	Villa	23,404	94,154	57,338	49%
3	Commercial	24,241	15,179	12,732	32%
4	Office	55,662	27,718	40,831	49%
		311,052	761,706	647,494	60%

As of 31 August 2008, the sales rate calculated from the floor area offered for sale by the Group from the projects planned to be completed for the full year reached 85%. Contracted sales achieved and to be recognised as revenue in second half of 2008 amounts to RMB9.3 billion, of which, RMB5.7 billion was attributable to the Group. As such, there is strong insurance for the Company in achieving its target full year results.

II. Strengthening execution capabilities, assuring the completion plan for the year to be fully accomplished.

The Group strengthened its monitoring and appraisal measures for the progress of development on each project during this year. The Group also gained satisfactory results in terms of consolidating the planning design, construction, sourcing of construction materials and optimisation of workflows for its various projects. This further enhanced the Group's project management and operational capabilities. The pace of development for each project was assured. In the first half of the year, all projects planned to be completed and delivered were completed as scheduled.

As of today, the progress of other projects to be delivered in the year is smooth. In the meantime, the Company controlled the pace of development according to the actual condition of each project. During the first half of the year, the Group commenced work on new projects with a total GFA of 2.15 million sq. m., an increase of 104% over the same period of the previous year (a total of 1.24 million sq. m. was attributable to the Company, representing an increase of 96% over the same period of the previous year). As of 30 June 2008, the Group has 48 projects under construction, with a total GFA of 7.00 million sq. m., an increase of 105% over the same period of the previous year.

During the reporting period, the delivery of completed projects were as follows:

No.	Project	Phases	Total GFA (sq. m.)	Saleable GFA (sq. m.)	Interests attributable to the Company
1	Taohuayuan South	Phase 1C	34,800	22,910	51.0%
2	Taohuayuan South	Phase 1D2	4,500	4,500	51.0%
3	Zhoushan Rose Garden	All	6,786	4,148	100.0%
4	Shanghai Rose Garden	Phase 1	31,591	19,364	100.0%
5	Beijing Lily Apartment	Phase 5	42,293	35,379	80.0%
6	Hefei Sweet Osmanthus	Phase 4	56,947	45,390	90.0%
7	Hefei Lily Apartment	Phase 1	2,273	2,273	54.0%
8	Changsha Sweet Osmanthus Town	Phase 3	46,129	36,093	52.7%
9	Hangzhou Jade City	Phase 2	32,902	20,945	45.0%
10	Haining Lily New Town	Multi-storey, Phase 4	65,736	40,882	50.0%
11	Haining Lily New Town	Villa, Phase 2	30,313	30,087	50.0%
12	Deqing Sweet Osmanthus Town	Phase 1	45,360	33,972	46.6%
13	Shanghai East Sea Plaza	Phase 1	81,247	80,505	49.0%
14	Nantong Hupanju	Phase 1	34,272	33,430	50.0%
			515,149	409,878	

III. Strengthening the cooperation strategy to increase quality land bank and to control financial risk.

During this year, by capturing the favourable opportunities arising from the land market, the Company fully leveraged on its brand premium and the funding from cooperation entities. Land bank of quality were promptly and reasonably acquired at Hangzhou, Ningbo and Sanya, where there exists substantial potential for development. This effectively control its financial risk.

As of the end of August 2008, the Company newly acquired 11 new projects with total GFA 3.83 million sq. m. (according to the plot-ratio), of which 1.97 million sq. m. was attributable to the Company.

As of the end of August, the Company's land bank had an accumulated total GFA of 26.27 million sq. m. of which 16.02 million sq. m. was attributable to the Company and based on total saleable above ground GFA amounted to 19.88 (including the properties held for operation and investment). The land bank attributable to the Company's interests had a total area of 10.43 million sq. m., with an average land cost in floor area of approximately RMB2,000 per sq. m.

Analysis of major projects undertaken as of 31 August 2008 is as follows:

No.	New projects	GFA (based on plot ratio) *(sq. m.)*	Strategic partner	Interest attributable to the Company	Percentage of the total capital cost invested by the Company
1	Beijing Nanshatan Project	81,944	Zhoushan Rongxin Land	50%	9% *(Note 1)*
2	Ningbo Xiangshan Project	143,222	Zhoushan Rongxin Land	50%	9% *(Note 1)*
3	Hangzhou Jiangcun Lot no. 1-2	196,931	Zhejiang Daily Newspaper Group	50%	36.2% *(Note 2)*
4	Hangzhou Jiangcun Lot no. 7	128,086	Zhejiang Energy Group	49%	49% *(Note 3)*
5	Hangzhou Jiangcun Lot no. 10 *(Note 4)*	162,922	Zhejiang Railway Investment	50%	30%
6	Hainan Lingshui Project *(Note 4)*	2,333,935	Zhejiang Railway Investment	51%	51%
7	Yuhang Linping Lot No. 2008-15 *(Note 4)*	42,996	–	100%	100%
8	Ningbo Cixi Project *(Note 4)*	158,585	Zhongqing Tourism Holdings Company Limited	49%	30%

Notes:

1. The Company and the strategic partner contributed RMB100 million respectively to set up an investment company. The project is 100% held by the investment company, and the strategic partner contributed RMB900 million, which was used to settle the land payment of two projects.

2. The Company contributed RMB10 million and the strategic partner contributed RMB590 million, with the remaining RMB1,500 million to be financed by an associate where each party owns 50%.

3. The Company contributed RMB95 million to finance the land premium payable in 2008 out of a total of RMB634 million. The land premium of RMB423 million payable at the beginning of 2009 will be financed by the Company.

4. Projects 5-8 were acquired after 30 June.

IV. The continuous strengthening of the Company's internal management structure and quality control have enhanced and guaranteed its overall capability in terms of the quality and efficiency of its operations.

The basic fundamentals for the Company's development are: consolidation of corporate culture, improvement of its human resources platform, optimisation of its management processes, and enhancement of the quality of its work. Over the year, it further finalised the unification of its corporate culture, placed greater emphasis on the enhancement of the quality of staff for succession planning, and allocated resources for the establishment of systems to train new staff, professional employees and key junior managers. A talent development scheme has also been designed to expand and improve the human resources team. This is built around functional systems and specific objectives corresponding to various levels of management.

At the same time, the Group pursued a three-tier management mechanism consisting of "Group Company – Governance by Executive Director – Project Company". The responsibilities of each level of management are more clearly defined. Management processes were optimised to make them more effective and efficient. A separate committee and working group for project appraisals were established. The implementation of project plans was monitored at every step. This has helped to guide project companies in studying issues and coming up with solutions, and it has produced practical benefits in terms of the timely completion of the projects concerned.

More importantly, the Company took further steps to implement its "Product Quality Enhancement Strategy" during the first half of 2008. Seminars, field trips and exchange programmes were arranged for its engineering professionals. A rationalised organisational structure for landscape design and construction management was established. More efforts were made to improve landscape design and its management. The Company as well conducted special researches on topics like reorganising the development of high-rise apartments, townhouses and villas. The luxurious decor of the Company's products was widely noticed and well received in the market, further solidifying the Group's competitive advantages. In the meantime, the "Premium Community Service System" was implemented at the Company comprehensively. This system organizes premium resources in the community, and provides for one-stop services in living, health and education to the residents. This adds value and competitiveness to Greentown's products.

PART II FUTURE OUTLOOK AND STRATEGIC PLANS

The Company continues to believe strongly that with the sustainability of the nation's economy in the long-term, the continued acceleration of the trend towards urbanisation and the growing desire of urban residents (including rural residents who have moved to urban areas) to improve their living conditions, there is no fundamental change providing both in the future development of China's real estate industry. The adjustments in the market at present is cyclical in nature, which can be regarded as tests for real estate enterprises in terms of operation and management, product quality and financing capabilities. It can also be regarded as beneficial to the sound, rational and sustainable development of the industry in the long-term, providing both challenges and opportunities to the industry and its players.

Hence, the Company intends to face this round of adjustment in the market with a proactive and rational attitude. Greentown will be well prepared to the relatively long-term adjustment in the market, and will persist to undertake a number of fundamental management tasks in a capable manner, namely enhancing its efficiency, improving its quality, and accelerating the progress of its projects. It will meet the various performance indicators as planned. This will lay solid foundations for it to achieve great leaps forward in its future development.

The Company will make it a priority to successfully carry out the following tasks during the second half of the year:

I. Exercising ongoing control over sales activities, enhancing the quality of its products, services and improving sales performance.

The Company will conduct greater market research to drive the sales of its projects. Employees working on projects where sales commence during the second half of the year must be clear about the core value of target customers, as this will help them to build up their customer base to formulate the right sales and promotional activities. They must also make extra efforts to enhance the effectiveness and quality of their work in order to attract potential buyers. A rational approach must be adopted to selecting the right time to launch sales, and projects must be accurately priced in order to speed up their pace of sales. The Company aims to achieve the Company's sales target of RMB20 billion over the year.

II. Strengthening project management and controlling the pace of development.

The numerous issues and conflicts that can arise in the course of a project's development need to be investigated in depth and resolved quickly. This will make it possible to complete it in a timely manner. The Company's professional capabilities will be enhanced. The progress of its design work will be accelerated. Communication and coordination with government departments will be strengthened. Where possible, proposals to resolve issues that may arise during preliminary work will be prepared in advance. This will ensure that construction permits can be obtained promptly and prevent hold ups in the commencement of construction work. The periods of time required to complete the different phases of a project's construction will be planned in reverse chronological order to ensure that adequate time is allowed for it to be delivered on schedule and to the required quality standards. In the latter half of 2008, it is scheduled to commence work on the construction of new projects with a total GFA of 2,840,000 sq. m., Floor area offered for sale from projects completed will amount to 1.29 million sq. m.. The Group will have projects under construction of 8.15 million square meter at the end of the year.

III. Taking practical steps to improve cash-flow management, and proceeding with exploratory work on potential new projects in a prudent manner.

By fully capitalizing on the good reputation enjoyed by the Company with various major banks, more innovative financing methods will be adopted, and financing channels will be expanded. More efforts will be devoted to expecting pre-sales proceeds. Control and planning mechanisms for project funding will be improved. Expense and cost audits will be strengthened in order to control project costs in a more stringent manner.

On the basis of ensuring sufficient cash flow and sound risk control for the Company, the Company will take advantage of the market adjustment on potential mergers and acquisitions. It will continue to build up its quality land bank in a rational way that will pave the way for opportunities sustained development in the future.

IV. Finalising the unification of corporate culture and consolidating the foundations of good corporate governance.

The Company will place more emphasis on unifying its corporate culture. Its corporate culture will be closely aligned with the requirements of the Company. It will also aim to satisfy all the practical aspects of the work being carried out at every level and across every function of the Company.

The Company will further strengthen its human resources. In line with its slogan of "turning Greentown into an academy", it will discover, develop and respect the talents of its people. This will also become the dominant theme of its future development and a major factor and driving force behind its progress. Talented middle and senior-level managers will be provided with training programmes. Professional certification activities will be arranged for project general managers, as well as engineering and sales managers. Efforts to nurture talent for succession planning will be stepped up, and suitable candidates will be selected at appropriate times. In the meantime, the Company will refine and finalize the incentive schemes for its operation teams according to the decision of the Company's Board.

The three-tier management system will be further perfected as a means of strengthening the creation of the corporate culture. Management control procedures and workflow systems will be adjusted and optimised in accordance with approval and authorisation requirements determined by the Group's three tiers of management. This will enhance the efficiency of its management.

V. In-depth implementation of the "Centurion Product Quality Enhancement Strategy", and continuous improvement in product quality.

Greentown has stated its commitment to continuous quality improvement and the implementation of the "Centurion Product Quality Enhancement Strategy". This is the theme for the Company's development, and is also the most powerful way to mitigating market risk as well as paving a way towards becoming a genuinely excellent enterprise. To prepare for the consistent implementation of the "Product Quality Enhancement Strategy", standards will be determined and product-innovation efforts will be increased. Research activities and the application of the four new technologies will be stepped up. The results of the Company's studies of innovations and the redesign of products such as high-rise apartments will be studied as soon as possible, and their application and promotion in project developments will be strengthened. The integration of premium resources into planning design, construction, luxury decorations and material sourcing will be accelerated. Standardised grading mechanisms and supplier appraisal systems will be perfected. The Company will expand the scope of its strategic partnerships in order to ensure the consistent quality of the construction of its projects.

PART III FINANCIAL ANALYSIS

Revenue

Revenue (net of business tax) is primarily derived from sales of properties, hotel operations, and sales of construction materials. For the six months ended 30 June 2008, revenue was RMB1,765 million, whereas revenue for the same period in 2007 was RMB2,100 million. The revenue from property sales represented 98.2% of total revenue. The revenue from property sales decreased by 16.7% to RMB1,733 million from RMB2,081 million for the same period in 2007. The GFA of sales recognized in the accounts amounted to 197,295 sq. m., a decrease of 28.7% from 276,888 sq. m. for the same period in 2007. However, the average selling price of its units achieved an increase of 16.9% to RMB8,784 from RMB7,514 for the same period in 2007.

Property sales in 2008 were mainly derived from projects in Hangzhou, Shanghai and Hunan. Sales derived from projects in Hangzhou accounted for 39.9% of the total property sales and 19.0% of total area sold. The property sales were mainly derived from Taohuayuan South project, representing 37.5% of the total property sales. The average selling price per sq. m. for projects in Hangzhou was RMB18,461, which was higher than the overall average price. Sales derived from projects in Shanghai accounted for 21.2% of the total property sales and 9.7% of total area sold. The property sales were mainly derived from Shanghai Rose Garden project. Its average selling price per sq. m. amounted to RMB21,144 and was the highest among all projects. The property sales derived from projects in Hunan were mainly derived from Changsha Sweet Osmanthus Town and Changsha Green Bamboo Garden, which accounted for 19.6% of the total property sales and 30.2% of total area sold. The area sold ranked first among all cities.

Cost of sales and gross profit margin

Cost of sales is comprised of land premium, preliminary expenses, construction costs, costs for public facilities and utilities, interests capitalized and fee for managing development. The cost of sales per sq. m. increased by 14.9% to RMB5,593 from RMB4,866 over the same period in 2007, which was mainly attributable to higher cost arising from more villas delivered during the period. Gross profit margin from property sales increased from 35.3% for the first half of 2007 to 36.3% for the period.

Other income

Other income includes interest income, foreign exchange gain and government subsidy and so on. Other income of RMB297 million was recorded during the period, representing an increase of 167.6% from RMB111 million for the interim period of 2007. During the first half of 2008, the successive appreciation in Renminbi amounted to approximately 6%. The senior notes issued in 2006 denominated in US dollar had generated substantial exchange gain. At the same time, a slight foreign exchange loss was incurred on the deposits denominated in foreign currency. After setting off with exchange gain from Renminbi appreciation, a net exchange gain of RMB201 million was resulted. With the placing of shares and the issue of convertible bonds denominated in Renminbi during the first half of 2007 being conducted one after the other, the substantial amount of foreign currency deposits temporarily being idle generated an exchange loss. The exchange gain generated from the senior notes issued in 2006 denominated in US dollar was less than sufficient to offset such loss. Hence, a net exchange loss of RMB5 million was resulted. Interests income was RMB82 million, which was almost the same as the interests income of RMB79 million for the first half of 2007.

Selling and administrative expenses

Selling and administrative expenses increased by RMB117 million or 53.9% to RMB334 million, and its percentage to total pre-sales amount decreased from 10.7% in 2007 to 5.9% for the period. If calculated separately, administrative expense increased by 57.5% to RMB211 million from RMB134 million in the same period in 2007. Human resource cost was the single largest item under administrative expense, representing 38.5% to the total administrative expense, almost the same as 38.1% for the same period in 2007. However the amount increased by 58.8% to RMB81 million from RMB51 million for the same period in 2007. The increase was related to the increase in the number of property projects, strengthening of human resource bank, and overall salary increment for staff. Depreciation under administrative expenses increased by 190.9% to RMB32 million for the period from RMB11 million for the same period in 2007. Depreciation accrued on the fixed assets with respect to Zhoushan Sheraton Hotel and Hangzhou Rose Garden Hotel newly added in the period amounted to RMB12 million. Selling expense increased by 48.2% to RMB123 million from RMB83 million for the first half of 2007. It represented 2.2% of the property pre-sale amount of our subsidiaries for the first half of 2008, which was almost the same with the same period in 2007. The biggest increase was human resource cost for sales-related staff. With the increase in number of projects, there was a corresponding increase in the number of sales staff. The increase in sales amount also directly resulted in the increase in human resource cost. Therefore the human resource cost for the period amounted to RMB33 million, an increase of 200% from the same period in 2007.

Finance costs

Interest expenses charged to the consolidated income statement for the year increased by 210.1% to RMB245 million from RMB79 million for the first half of 2007. Total interest expenses increased by 89.2% to RMB647 million from RMB342 million for the first half of 2007. The reasons for the increase were additions in the number of projects, an increase in average debt amounts and average interest rate of bank loans increased from 6.2% for the first half of 2007 to 7.7% for the period. RMB402 million of such interest expenses was capitalized and the capitalization rate was 62.1%. For the first half of 2007, RMB263 million of such interest expenses was capitalized and the capitalization rate was 76.9%. The decrease in the capitalization rate was attributable to a greater number of new projects acquired between 2007 and the first half of 2008 that did not yet commence construction.

Share of profit of associates and jointly controlled entities

The share of profit of associates and jointly controlled entities was RMB170 million for the period, which was increased by RMB160 million from a profit of RMB10 million for the first half of 2007. The GFA sold increased by 116.1% to 234,000 sq. m. from 108,279 sq. m. for the same period in 2007. The contracted sales amount was RMB2,751 million, an increase of 544% from RMB427 million for the same period in 2007. The average selling price per sq. m. increased to RMB11,756 for the first half of 2008 from RMB3,945 for the same period in 2007. In the meantime, gross profit margin from sales increased from 23.6% for the first half of 2007 to 27.6% for the period. Shanghai East Sea Plaza Phase 1 delivered as a whole successfully, which directly contributed RMB173 million to the profit for the period. The reason was that the type of the project is office, for which the selling price per sq. m. amounted to RMB23,459, which directly resulted in the rapid increase in the selling price per sq. m. achieved by the associates and jointly controlled entities for the period. The growth in the gross profit margin of the associates and jointly controlled entities for the period was primarily attributable to the growth in gross profit margin of Haining Lily New City. Since Haining Lily New City was available for sale in the market earlier, the advantage enjoyed by the brand of Greentown in its property projects was fully reflected locally. Hence the selling price increases gradually year by year. The selling price per sq. m. for the period was RMB6,169, an increase of 49.6% from the selling price per sq. m. of RMB4,123 for the same period in 2007. In the meantime, the gross profit margin also increased from 32.8% for the first half of 2007 to 41.6% for the period.

Taxation charges

Taxation for the first half of 2008 included land appreciation tax of RMB119 million and enterprise income tax of RMB71 million. Land appreciation tax accounted for 6.9% of revenue from property sales, which was similar to 6.3% for the same period in 2007. Effective tax rate for enterprise income tax was 28.5% (after eliminating share of profit of associates and jointly controlled entities and gain from revaluation of convertible bonds). Certain deferred tax charges not taken into account on subsidiaries not yet commencing pre-sale and certain non-deductible expenses resulted in the difference between the effective tax rate and the standard tax rate of 25%.

Earnings for the period and profit attributable to the equity holders

Earnings for the period increased by 40% to RMB370 million with a net profit margin of 20.9%. Earnings for the first half of 2007 was RMB264 million with a net profit margin of 12.6%. If the gains from revaluation of properties and convertible bonds were excluded, earnings for the period was RMB346 million with a net profit margin of 19.6%. Corresponding earnings for the first half of 2007 was RMB300 million with a net profit margin of 14.3%.

The profit attributable to the equity holders of the Group was RMB341 million, an increase of 31.7% from RMB259 million for the first half of 2007.

Basic and diluted earnings per share were RMB0.22 and RMB0.21 respectively. Return on equity was 4.2%.

Pre-sale deposits

As of 30 June 2008, the balance of pre-sale deposits of the subsidiaries was RMB7,084 million, an increase of 97.7% from RMB3,583 million as of 31 December 2007. The balance of pre-sale deposits of associates and jointly controlled entities was RMB6,640 million (31 December 2007: RMB6,603 million).

Financial Resources and Liquidity

As of 30 June 2008, the Group's cash amounted to RMB2,860 million (31 December 2007: RMB3,383 million) with total borrowings of RMB14,418 million (31 December 2007: RMB11,754 million). Gearing ratio, measured by net debt over equity, increased from 88.2% as at 31 December 2007 to 116.7% as at 30 June 2008.

Foreign Exchange Fluctuation Risks

The principal place of operation for the Group is the People's Republic of China. Most of the income and expenditure are denominated in Renminbi. As the proceeds from the issue of convertible bonds and senior notes were received in US dollars, the Group is exposed to foreign exchange risks. However, the Group's operating cash flow or liquidity had not been subject to any exchange rate fluctuations. The Group did not enter into any foreign exchange hedging arrangements as at 30 June 2008.

Pledge of Assets

As at 30 June 2008, the Group had pledged buildings, construction in progress, properties for development, properties under development, hotel buildings, prepaid lease payment, completed properties for sale and bank deposits with an aggregate carrying amount of approximately RMB(8,692) million (31 December 2007: RMB7,004 million) to secure general credit facilities granted to the Group.

Financial Guarantees

As at 30 June 2008, the Group provided guarantees of approximately RMB3,746 million (31 December 2007: RMB1,989 million) to banks in favor of its customers in respect of the mortgage loans provided by the banks to those customers for the purchase of the Group's developed properties.

Capital Commitments

As at 30 June 2008, the Group has contracted capital expenditure in respect of properties for development, properties under development and construction in progress but not provided for amounted to RMB6,886 million (31 December 2007: RMB5,815 million).

Employees

As at 30 June 2008, the Group has employed a total of 2,366 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.

Directors' Interests and Short Positions in Shares

As at 30 June 2008, the interests and short positions of the directors or chief executives in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Mode Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

Name of Director	Personal interests	Family interests	Corporate interests	Other interests	Total	Approximate shareholding percentage in the Company
Mr. Song Weiping	–	68,859,000(L)[1]	492,124,000(L)[2]	–	560,983,000(L)	36.60%
			36,000,000(S)[2]	–	36,000,000(S)	2.35%
Mr. Shou Bainian	–	347,500(L)	384,143,000(L)[3]	–	384,490,500(L)	25.00%
			25,000,000(S)[3]		25,000,000(S)	1.63%

Notes:

(1) Mr. Song Weiping is interested in such ordinary shares held by Wisearn Limited, a company wholly-owned by his spouse, Mrs. Xia Yibo.

(2) Mr. Song Weiping is interested in such ordinary shares as the sole shareholder of Delta House Limited.

(3) Mr. Shou Bainian is interested in such ordinary shares as the sole shareholder of Profitwise Limited.

(4) The letter "L" denotes a long position. The letter "S" denotes a short position.

Save as disclosed above, as at 30 June 2008, none of the directors or chief executives of the Company had registered any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders' Interests and Short Positions in Shares

As at 30 June 2008, the interests or short positions of every person, other than the directors or chief executives of the Company, in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Name	Number of Ordinary Shares held	Nature of Interest	Percentage of shareholding in the Company
Mr. Song Weiping	560,983,000(L)[(1)]	Interest of a controlled corporation and interest jointly held with another person	36.63%
	36,000,000(S)	Interest of a controlled corporation	2.35%
Mr. Shou Bainian	348,143,000(L)[(2)]	Interest of a controlled corporation	24.99%
	25,000,000(S)	Interest of a controlled corporation	1.63%
	347,500(L)	Beneficial owner	0.02%
Mrs. Xia Yibo	560,983,000(L)[(3)]	Interest of a controlled corporation and interest jointly held with another person	36.63%
	36,000,000(S)[(3)]	Interest jointly held with another person	2.35%
Delta House Limited	492,124,000(L)[(4)]	Beneficial owner	32.13%
	36,000,000(S)[(4)]	Beneficial owner	2.35%
Profitwise Limited	384,143,000(L)[(5)]	Beneficial owner	25.00%
	25,000,000(S)[(5)]	Beneficial owner	1.63%
UBS AG	112,734,756(L)[(6)]	Beneficial owner	7.33%
	7,356,260(L)[(6)]	Person having a security interest in shares	0.48%
	1,307,242(L)[(6)]	Interest of a controlled corporation	0.09%
	38,213,038(S)[(6)]	Beneficial owner	2.49%
Lehman Brothers Holdings Inc.	114,118,242(L)[(7)]	Interest of a controlled corporation	7.44%
	38,462,275(S)[(7)]	Interest of a controlled corporation	2.51%
J.P. Morgan Securities Ltd.	31,037,760(L)[(8)]	Beneficial owner	2.39%
	48,701,000(L)[(8)]	Interests held jointly with another person	3.75%
Baytree Investments (Mauritius) Pte Ltd	82,867,000(L)[(9)]	Beneficial owner	6.00%
Temasek Capital (Private) Limited	82,867,000(L)[(9)]	Interest of a controlled corporation and interest jointly held with another person	6.00%
Warburg Pincus Partners LLC	70,000,000(L)[(10)]	Interest of a controlled corporation	5.39%
Warburg Pincus Private Equity IX, L.P.	70,000,000(S)[(10)]	Beneficial owner	5.39%

Notes:

(1) Includes interest in 501,524,000 shares held via a controlled corporation, and deemed interest in 68,859,000 shares held by Wisearn Limited, a controlled corporation owned by his spouse, Mrs. Xia Yibo.

(2) Interests held by Mr. Shou Bainian through a controlled corporation.

(3) Mrs. Xia Yibo held interest in 68,859,000 shares via Wisearn Limited, and deemed interest in 492,124,000(L) shares and 36,000,000(S) shares held by Delta House Limited, a controlled corporation owned by her spouse, Mr. Song Weiping.

(4) Interests held by Mr. Song Weiping through a controlled corporation, duplicates to those disclosed in the section "Directors' Interests and Short Positions in Shares" above.

(5) Interests held by Mr. Shou Bainian through a controlled corporation, duplicates to those disclosed in the section "Directors' Interests and Short Positions in Shares" above.

(6) UBS AG held interest in a total of 1,307,242(L) shares in the company by virtue of its 100% control over the following corporations, which held direct interests in the company:

Name of Controlled Corporation	No. of Shares (L)
UBS Global Asset Management Life Ltd.	85,000
UBS Global Asset Management (UK) Limited	1,222,242

Among the entire Interest of UBS AG in the company, 74,239,356(L) shares and 38,213,038(S) shares were held through derivatives as follows:

- 57,639,356(L) shares and 14,408,639(S) shares through physically settled derivates (on exchange)
- 16,600,000(L) shares and 16,600,000(S) shares through physically settled derivatives (off exchange)
- 7,204,345(S) shares through cash settled derivatives (on exchange)

(7) Lehman Brothers Holdings Ltd. held interest in a total of 114,118,242(L) shares and 38,462,275(S) shares in the company by virtue of its control over the following corporations, which held direct interests in the company:

- Lehman Brothers Commercial Corporation Asia Limited held 13,855,436(L) shares in the company. Lehman Brothers Commercial Corporation Asia Limited was 50% owned by LBCCA Holdings I LLC and 50% owned by LBCCA Holdings II LLC. LBCCA Holdings I LLC and LBCCA Holdings II LLC were respectively wholly owned by Lehman Brothers Holdings Inc..
- Lehman Brothers International (Europe) held 40,188,248(L) shares and 32,405,700(S) shares in the company. Lehman Brothers International (Europe) was wholly owned by Lehman Brothers Holding Inc..
- Lehman Brothers Inc. held 2,207,575(L) shares and 2,207,575(S) shares in the company. Lehman Brothers Inc. was wholly owned by Lehman Brothers Holdings Inc.
- Lehman Brothers Finance S.A. held 57,866,983(L) shares and 3,849,000(S) shares in the company. Lehman Brothers Finance S.A. was wholly owned by Lehman Brothers Holdings Inc.

Among the entire interest of Lehman Brothers Holdings Ltd. in the company, 41,565,984(L) shares and 3,849,000(S) shares were held through derivatives as follows:

- 41,565,984(L) shares through physically settled derivatives (off exchange)
- 249,000(S) shares through physically settled derivatives (off exchange)
- 36,000,000(S) shares through cash settled derivatives (off exchange)

(8) J.P.Morgan Securities Ltd. held interest in a total of 79,738,760(L) shares and 48,701,000(S) shares in the company by virtue of its control over the following corporations, which held direct interests in the company:

- J.P. Morgan Securities Ltd. held 79,738,760(L) shares and 48,701,000(S) shares in the company. J.P. Morgan Securities Ltd. was owned as to 98.95% by J.P. Morgan Chase International Holdings Limited, which in turn was wholly owned by J.P. Morgan Chase (UK) Holdings Limited. J.P.Morgan Chase (UK) Limited was wholly owned by J.P.Morgan Capital Holdings Limited which was in turn 72.72% owned by J.P.Morgan International Finance Limited. J.P.Morgan International Finance Limited was wholly owned by Bank One International Holdings Corporation which was an indirect wholly owned subsidiary of J.P.Morgan Chase & Co. through J.P.Morgan International Inc. and J.P.Morgan Chase Bank, N.A.

Among the entire interest of J.P.Morgan Securities Ltd. in the company, 67,738,760(L) shares and 48,701,000(S) shares were held through derivatives as followings:

- 67,738,760(L) shares and 48,701,000(S) shares through physically settled derivatives (off exchange)

(9) Baytree Investments (Mauritius) Pte Ltd. was a wholly owned subsidiary of Seletas Investments Pte. Ltd. which in turn was a wholly owned by Temasek Holdings (Private) Limited.

(10) Warburg Pincus Private IX, L.P. was wholly owned by Warburg Pincus IX LLC which in turn was wholly owned by Warburg Pincus Partners LLC.

(11) The letter "L" denotes a long position. The letter "S" denotes a short position.

Save as disclosed above, as at 30 June 2008, no person, other than the directors or chief executives of the Company whose interests are set out in the section headed "Directors' Interests and Short Positions in shares" above, had registered any interest or short position in the shares and underlying shares of the Company that was required to be recorded pursuant to section 336 of the SFO.

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 2008.

Share Option Scheme

The Company adopted a share option scheme (the "Scheme") on 22 June 2006. Unless otherwise cancelled or amended, the Scheme shall be valid and effective for a period of 10 years commencing on the date of adoption, after which period no further option shall be granted.

The purpose of the Scheme is to provide incentive and/or reward to the Eligible Persons (as defined below) for their contribution to the Company and their continuing efforts to promote the Company's interests. Under the Scheme, the Board of the Company may in its absolute discretion select to make an offer to any directors or employees of the Group and any other person (including a consultant or advisor) who in the sole discretion of the Board has contributed or will contribute to the Group (the "Eligible Persons") to subscribe for options for such number of shares as the Board may determine at the price calculated in accordance with the higher of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; (ii) the average of the closing prices of the shares as stated in the Stock Exchange's daily quotation sheet for the five business days immediately preceding the date of grant; and (iii) the nominal value of a share. For (i) and (ii) above, the date of grant shall be taken to be the date of the Board meeting at which the grant is proposed.

No share options of the Company have been granted under the Scheme since its adoption.

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 Rules Governing the Listing of Securities on The Stock Exchange (the "Listing Rules") throughout the first half of 2008.

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 all directors confirmed that they have complied with the required standard set out in the Model Code throughout the first half of 2008.

Audit Committee

The Audit Committee has reviewed the Group's unaudited interim financial statements and the interim report for the First Half of 2008. 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.

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

Hangzhou, the PRC
8th September 2008

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.

* *For identification purpose only*