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 ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2008

OPERATIONAL HIGHLIGHTS

- In 2008, Greentown further improved the quality of its products and services through the continual implementation of "Product Quality Enhancement Strategy" and "Premium Community Service System".
- Notwithstanding the significant decline in transaction volume of China's residential market, the Company achieved strong contracted sales/pre-sales of RMB15.2 billion in 2008, flat YoY.
- Revenue for the year was RMB6,635 million, and net profit attributable to the equity holders was RMB540 million.
- The total gross floor area ("GFA") completed amounted to 2.07 million, an increase of 29% YoY. The newly commenced total GFA amounted to 3.00 million sq.m., a decrease of 22% YoY.
- Enhanced co-operation with strategic partners resulted in newly added land bank of 4.3 million GFA in 2008, bringing the total land bank to 25.2 million GFA at the end of 2008.

The board of directors (the "Board") of Greentown China Holdings Limited (the "Company") and its subsidiaries (the "Group") are pleased to present the audited consolidated results of the Group for the year ended 31 December 2008 ("FY Results 2008"), together with comparative figures. The annual results have been reviewed by the audit committee of the Company (the "Audit Committee").

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2008

	Notes	2008 Rmb'000	2007 Rmb'000
Revenue	3	**6,635,357**	5,738,791
Cost of sales		**(4,765,728)**	(3,675,198)
Gross profit		**1,869,629**	2,063,593
Other income	4	**329,145**	271,237
Selling expenses		**(293,686)**	(196,197)
Administrative expenses		**(443,565)**	(293,654)
Finance costs	5	**(401,290)**	(217,269)
Fair value gain on transfer from completed properties for sale to investment property		**–**	16,658
Impairment losses on property, plant and equipment		**(53,000)**	–
Decrease in fair value of investment property		**(1,052)**	–
Impairment losses on properties under development		**(190,433)**	–
Impairment losses on completed properties for sale		**(30,816)**	–
Fair value changes on embedded financial derivatives		**19,477**	(29,090)
Net gain on disposal of an associate		**27**	–
Net gain on partial disposal of subsidiaries		**7,543**	–
Net gain on purchase of additional interest in a subsidiary		**–**	14
Share of results of associates		**242,158**	66,650
Share of results of jointly controlled entities		**141,573**	53,531
Profit before taxation	6	**1,195,710**	1,735,473
Taxation	7	**(629,088)**	(729,884)
Profit for the year		**566,622**	1,005,589
Attributable to:			
Equity holders of the Company		**540,285**	923,376
Minority interests		**26,337**	82,213
		566,622	1,005,589
Dividends	8	**438,283**	490,170
Earnings per share	9		
Basic		**Rmb0.35**	Rmb0.63
Diluted		**Rmb0.34**	Rmb0.61

CONSOLIDATED BALANCE SHEET
As at 31 December 2008

	Notes	2008 Rmb'000	2007 Rmb'000
NON-CURRENT ASSETS			
Property, plant and equipment		**1,321,909**	1,154,844
Investment property		**25,000**	26,052
Interests in associates		**1,434,510**	955,621
Interests in jointly controlled entities		**326,217**	193,644
Available-for-sale investments		**8,500**	1,000
Prepaid lease payment		**148,647**	34,413
Rental paid in advance		**11,664**	13,312
Deferred tax assets		**260,832**	163,491
		3,537,279	2,542,377
CURRENT ASSETS			
Properties for development		**6,152,221**	10,293,210
Properties under development		**23,250,049**	11,094,981
Completed properties for sale		**1,962,108**	1,127,401
Inventories		**11,954**	5,139
Embedded financial derivatives		**157**	17,378
Trade and other receivables, deposits and prepayments	*10*	**1,334,601**	2,260,651
Amounts due from related parties		**4,215,415**	1,772,763
Prepaid income taxes		**297,522**	166,996
Prepaid other taxes		**335,532**	201,742
Pledged bank deposits		**220,217**	506,282
Bank balances and cash		**1,498,021**	2,876,925
		39,277,797	30,323,468
CURRENT LIABILITIES			
Trade and other payables		**3,392,250**	1,913,882
Pre-sale deposits		**6,136,522**	3,583,055
Amounts due to related parties		**5,279,321**	4,865,677
Dividend payable		**1,367**	1,367
Income taxes payable		**1,204,898**	912,301
Other taxes payable		**269,849**	197,794
Embedded financial derivatives		**22,725**	61,622
Bank and other borrowings			
– due within one year		**3,867,741**	2,436,272
Senior notes		**2,701,186**	–
		22,875,859	13,971,970
NET CURRENT ASSETS		**16,401,938**	16,351,498
TOTAL ASSETS LESS CURRENT LIABILITIES		**19,939,217**	18,893,875

	Notes	**2008**	2007
		Rmb'000	*Rmb'000*
NON-CURRENT LIABILITIES			
Bank and other borrowings			
– due after one year		**7,385,305**	4,368,130
Convertible bonds		**2,163,523**	2,069,821
Senior notes		**–**	2,879,761
Deferred tax liabilities		**109,063**	89,661
		9,657,891	9,407,373
		10,281,326	9,486,502
CAPITAL AND RESERVES			
Share capital		**157,395**	157,395
Reserves		**8,052,075**	7,950,073
Equity attributable to equity holders of the Company		**8,209,470**	8,107,468
Minority interests		**2,071,856**	1,379,034
		10,281,326	9,486,502

1. General

The Company was incorporated in the Cayman Islands on 31 August 2005 as an exempted company with limited liability under the Companies Law (2004 Revision) and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") with effect from 13 July 2006. The address of the registered office of the Company is disclosed in the section headed "Corporate Information" of the annual report.

The consolidated financial statements are presented in Renminbi ("Rmb"), which is also the functional currency of the Company.

The Company is an investment holding company. The principal activity of its subsidiaries (together with the Company referred to as the "Group") is the development of residential properties in the People's Republic of China ("PRC").

2. Application of new and revised International Financial Reporting Standards ("IFRSs")

In the current year, the Group has applied, for the first time, the following 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, which are or have become effective.

IAS 39 & IFRS 7 (Amendments)	Reclassification of Financial Assets
IFRIC 11	IFRS 2: Group and Treasury Share Transactions
IFRIC 12	Service Concession Arrangements
IFRIC 14	IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of the new IFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

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

IFRSs (Amendments)	Improvements to IFRSs, May 2008[1]
IFRSs (Amendments)	Improvements to IFRSs, April 2009[2]
IAS 1 (Revised)	Presentation of Financial Statements[3]
IAS 23 (Revised)	Borrowing Costs[3]
IAS 27 (Revised)	Consolidated and Separate Financial Statements[4]
IAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[3]
IAS 39 (Amendment)	Eligible Hedged Items[4]
IFRS 1 & IAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[3]
IFRS 2 (Amendment)	Vesting Conditions and Cancellations[3]
IFRS 3 (Revised)	Business Combinations[4]
IFRS 7 (Amendment)	Improving Disclosures about Financial Instruments[3]
IFRS 8	Operating Segments[3]
IFRIC 9 & IAS 39 (Amendments)	Embedded Derivatives[5]
IFRIC 13	Customer Loyalty Programmes[6]
IFRIC 15	Agreements for the Construction of Real Estate[3]
IFRIC 16	Hedges of a Net Investment in a Foreign Operation[7]
IFRIC 17	Distributions of Non-cash Assets to Owners[4]
IFRIC 18	Transfers of Assets from Customers[8]

[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 after 1 January 2009, 1 July 2009 and 1 January 2010, as appropriate
[3] Effective for annual periods beginning on or after 1 January 2009
[4] Effective for annual periods beginning on or after 1 July 2009
[5] Effective for annual periods ending on or after 30 June 2009
[6] Effective for annual periods beginning on or after 1 July 2008
[7] Effective for annual periods beginning on or after 1 October 2008
[8] Effective for transfers on or after 1 July 2009

The adoption of IFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after 1 January 2010. IAS 27 (Revised) will affect the Group's accounting treatment for changes in the Group's ownership interest in a subsidiary that do not result in a loss of control. The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. Revenue

	2008	2007
	Rmb'000	*Rmb'000*
Property sales	**6,552,608**	5,690,089
Computer system design and installation services	**17,834**	4,629
Sales of construction materials	**11,620**	32,202
Hotel operations	**50,078**	7,390
Other business	**3,217**	4,481
	6,635,357	5,738,791

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

	2008	2007
	Rmb'000	*Rmb'000*
Interest income on bank balances	**22,311**	111,226
Interest income on amounts due from related parties	**36,763**	23,197
Government grants *(Note)*	**8,590**	34,094
Net foreign exchange gains	**227,652**	69,224
Others	**33,829**	33,496
	329,145	271,237

Note: Government grants mainly represent subsidies received from local authorities in accordance with the relevant rules and regulations.

5. Finance costs

	2008	2007
	Rmb'000	*Rmb'000*
Interest on:		
– bank borrowings wholly repayable within five years	**909,147**	350,756
– bank borrowings not wholly repayable within five years	**1,088**	21,750
– other borrowings	**111,190**	3,875
Effective interest expense on 2006 Convertible Bonds	**10,032**	25,065
Effective interest expense on 2007 Convertible Bonds	**93,670**	56,139
Interest on senior notes	**261,128**	274,534
	1,386,255	732,119
Less: Capitalised in properties under development	**(973,515)**	(477,175)
Capitalised in construction in progress	**(11,450)**	(37,675)
	401,290	217,269

Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 7.66% (2007: 7.31%) per annum to expenditure on the development of properties for sale and for own use.

6. Profit before taxation

	2008	2007
	Rmb'000	*Rmb'000*
Profit before taxation has been arrived at after charging (crediting):		
Salaries and other benefits	**312,596**	208,086
Retirement benefits scheme contributions	**19,393**	11,257
Less: Capitalised in properties under development	**(103,105)**	(60,068)
	228,884	159,275
Depreciation of property, plant and equipment	**73,896**	27,213
Less: Capitalised in properties under development	**(3,016)**	(3,099)
	70,880	24,114
Amortisation of prepaid lease payment (included in selling and administrative expenses)	**3,825**	–
Auditors' remuneration	**8,079**	8,714
Cost of inventories recognised as an expense	**4,765,728**	3,675,198
Share of tax of associates (included in share of results of associates)	**116,425**	96,069
Share of tax of jointly controlled entities (included in share of results of jointly controlled entities)	**81,162**	36,460
Gain or loss on disposal of property, plant and equipment	**(5,609)**	–

7. Taxation

	2008	2007
	Rmb'000	*Rmb'000*
Current tax:		
PRC enterprise income tax	**359,160**	454,870
Land Appreciation Tax ("LAT")	**345,975**	416,883
	705,135	871,753
Under-provision in prior years:		
PRC enterprise income tax	**1,892**	–
Deferred tax		
Current year	**(77,939)**	(108,410)
Attributable to a change in tax rate	**–**	(33,459)
	(77,939)	(141,869)
	629,088	729,884

No provision for income tax has been made for the Company and group entities established in the British Virgin Islands (the "BVI") 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% (2007: 33%), except for the following entities:

		Enterprise income tax rate	
	Notes	**2008**	2007
Shanghai Lvyu Real Estate Development Co., Ltd. ("Shanghai Lvyu")	*(i)*	**18%**	15%
Hangzhou Rose Garden Property Services Co., Ltd. ("Hangzhou Rose Garden")	*(ii)*	**25%**	27%
Xinjiang Sunshine Greentown Real Estate Development Co., Ltd. ("Xinjiang Sunshine")	*(iii)*	**12.5%**	Exempted

Notes:

(i) Shanghai Lvyu is established in Shanghai Pudong New Area and is therefore subject to a reduced enterprise income tax rate of 18% (2007: 15%).

(ii) Hangzhou Rose Garden is established in Hangzhou Zhijiang National Tourism and Resort Zone in Zhejiang Province and was therefore subject to a reduced enterprise income tax rate of 27% in 2007.

(iii) Xinjiang Sunshine 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 National People's Congress promulgated the Law of the People's Republic of China on Enterprise Income Tax (the "New EIT Law") by order No. 63 of the President of the PRC which was effective from 1 January 2008.

On 6 December 2007, the State Council issued Implementation Regulation of the New EIT Law. Pursuant to the New EIT Law and Implementation Regulation, a uniform income tax rate of 25% was imposed for both domestic and foreign-invested enterprises.

On 26 December 2007, the New EIT Law's Detailed Implementation Rules and the details of the transitional arrangement were promulgated respectively. They contemplate various transition periods and measures for existing preferential tax policies, including a grace period of a maximum of five years for the enterprises which are currently entitled to a lower income tax rate under the previous tax law and continued implementation of preferential tax treatment with a fixed term until the expiration of such fixed term. In addition, the New EIT Law provides that qualified dividend income between two "resident enterprises" that have a direct investment relationship is exempted from income tax. Otherwise, such dividends will be subject to a 5% or 10% withholding tax under the new EIT Law.

PRC LAT

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.

Effective from 1 September 2002 in Hunan, 1 January 2003 in Zhoushan and Xinjiang, 1 January 2004 in Shangyu, 1 July 2004 in Anhui, 1 October 2004 in Hangzhou, 1 October 2006 in Shanghai Pudong New Area and 1 January 2007 in Beijing, the local tax bureau requires pre-payment of LAT on the pre-sale and sale proceeds of property developments. According to the Notices for the Strengthening of Administration on LAT (關於加強土地增值稅管理工作的通知), the Group is required to pre-pay LAT on pre-sale proceeds at 0.5-2% for ordinary residential properties and 1-6% for other properties.

As at the date of these consolidated financial statements, the relevant local tax bureaus responsible for the enforcement of LAT regulations have not required the Group to pay any LAT other than the aforesaid LAT pre-payment.

For the year ended 31 December 2008, the Group estimated and made a provision for LAT in the amount of Rmb345,975,000 (2007: Rmb416,883,000), according to the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for LAT is calculated.

8. Dividends

On 21 May 2007, a dividend of HK36 cents per share, or Rmb490,170,000 in total, was paid to shareholders as the final dividend for 2006.

On 30 May 2008, a dividend of HK32 cents per share, or Rmb438,283,000 in total, was paid to shareholders as the final dividend for 2007.

The directors are not recommending any final dividends to be declared and paid this time in respect of the financial year ended 31 December 2008. However, the directors reserve the right to declare and pay dividends in respect of the financial year ended 31 December 2008 on or after the date of the annual report.

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

	2008	2007
	Rmb'000	*Rmb'000*
Earnings for the purposes of basic earnings per share (profit for the year attributable to equity holders of the Company)	**540,285**	923,376
Effect of dilutive potential shares:		
Fair value changes on embedded financial derivatives	**(19,477)**	–
Interest on 2007 Convertible Bonds	**–**	21,852
Interest on 2006 Convertible Bonds	**10,032**	–
Effect of foreign exchange rate changes	**(7,109)**	–
Earnings for the purposes of diluted earnings per share	**523,731**	945,228

Number of shares

	2008	2007
Weighted average number of ordinary shares for the purposes of basic earnings per share	**1,537,361,607**	1,474,969,957
Effect of dilutive potential ordinary shares:		
2007 Convertible Bonds	**–**	66,213,853
2006 Convertible Bonds	**10,760,900**	–
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**1,548,122,507**	1,541,183,810

The computation of diluted earnings per share for 2007 does not assume the conversion of the Company's outstanding 2006 Convertible Bonds since their exercise would result in an increase in earnings per share.

The computation of diluted earnings per share for 2008 does not assume the conversion of the Company's outstanding 2007 Convertible Bonds since their exercise would result in an increase in earnings per share.

10. Other current assets

Trade and other receivables, deposits and prepayments

	2008	2007
	Rmb'000	*Rmb'000*
Trade receivables	**205,844**	246,965
Other receivables	**207,864**	244,236
Prepayments and deposits	**920,893**	1,769,450
	1,334,601	2,260,651

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

	2008	2007
	Rmb'000	*Rmb'000*
0 – 30 days	**133,976**	196,988
31 – 90 days	**34,123**	27,935
91 – 180 days	**125**	14,798
181 – 365 days	**1,025**	3,756
Over 365 days	**36,595**	3,488
Trade receivables	**205,844**	246,965

Most of the Group's customers take out mortgages from banks to buy their properties. Should a customer fail to obtain a mortgage and honour the property sale and purchase agreement between himself and the Group, the Group has the right to revoke the agreement, reclaim the property and re-sell it in the market.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the previous year, the Group adhered to the rationale of "Creating Beauty for the City and Creating Value for Customers" and committed to create a civilized, harmonious, warm and elegant living culture. Based on the mindset of honest, kindhearted, delicate and perfect corporate, there has been a continuous enhancement in product and service quality. Key performance of the reporting period is as follows:

Project Development

The Company responded to the market condition and adjusted the progress and scale according to the actual situation of every project. Besides, the Company fully leveraged on its existing mature product series and its experienced management team to shorten project development cycle. 38 projects or phases of projects had commenced construction. The GFA of newly commenced projects amounted to 3.00 million sq.m., a decrease of 22% over the same period last year.

As at 31 December 2008, the Group had 47 projects under development. The total GFA amounted to 6.31 million sq.m..

The Company had completed 30 projects or phases of projects. Total GFA completed amounted to 2.07 million sq.m., an increase of 29% over the same period last year. Completed saleable area amounted to 1.56 million sq.m., of which 87%, representing 1.35 million sq.m., has been sold before December 2008. The remaining 0.21 million sq.m. of completed properties for sale include 30,000 sq.m. of commercial facilities that have not launched for sale.

Property Sales

During the reporting period, a total of 1.23 million sq.m. had been sold/pre-sold for the year. The sold/pre-sold amount was approximately RMB15.2 billion, which was about the same as last year, of which the sold/pre-sold amount of Hangzhou was RMB5.6 billion, representing 37% of the total amount and a slight increase over the same period last year; the sold/pre-sold amount of Zhejiang (excluding Hangzhou) was RMB6.5 billion, representing 43% of the total amount and an increase of 56% over the same period last year, further consolidating the strategic position in Zhejiang among the national presence of the Company. The area sold/pre-sold attributable to the Company was approximately 800,000 sq.m. and the sold/pre-sold amount was approximately RMB10.2 billion. The average price of property was RMB11,910/sq.m., of which the average price of apartment and villa was RMB11,168/sq.m. and RMB23,877/sq.m. respectively.

The Company fully implemented its "Product Quality Refining Strategy" in every aspect. The quality in property projects and the impact of the Company's brand continued to enhance. Through sales tactics such as live view demonstration and field preview and marketing, the Company ensured the outstanding competitiveness of its products in the market. As of 31 December 2008, the proportion of area completed in 2008 and 2009 for sale/pre-sale was approximately 87% and 44% respectively.

Land Bank

In 2008, leveraging on its products, services and brand effect, the Company prudently looked for opportunities and strengthened the cooperation with prestigious corporations such as the Zhejiang Daily Group, Zhejiang Energy Group, Zhejiang Provincial Railway Investment Group, China CYTS Tours Holding and Xizi Group which have strong financial position and reputable brands. Jointly with those corporations, the Company acquired quality projects in Jiangcun Lot, Cixi Project and Taizhou West Business area Lot C2 and shared resources to better control financial risk and increase returns. The Company consistently placed emphasis on the market of Zhejiang Province, which has enjoyed very high brand name effect, with a focus on Hangzhou and devoted to develop major cities in Yangtze River Delta region.

During the reporting period, the Company expanded into 4 cities, namely Xiangshan, Cixi in Zhejiang, Lingshui in Hainan, and Dalian in Liaoning. The number of new projects amounted to 14, of which 12 projects were acquired with other partners. Site area of land bank added amounted to approximately 3.16 million sq.m., and total GFA to be built on the land bank added amounted to 4.28 million sq.m, of which 2.41 million sq.m. attributable to the Company. The newly added land bank further consolidated our foundation for the expansion towards the whole country and our sustainable development.

Financial Analysis

Revenue

Revenue consists of revenue from sales of properties, sales of construction materials, computer system design and installation and hotel operations. Our revenue increased by 15.6% to RMB6,635 million in 2008 from RMB5,739 million in 2007. Revenue from property sales represented 98.8% of our revenue in 2008. Property sales increased by 15.2% to RMB6,553 million in 2008 from RMB5,690 million in 2007. The GFA of sales recognized in the accounts increased by 35.7% to 884,918 square meters in 2008 from 652,158 square meters in 2007. The average selling price per square meter for the properties sold decreased by 15.1% to RMB7,404 in 2008 from RMB8,725 in 2007.

Six projects by the Group's subsidiaries with a total GFA of 194,555 square meters were not completed as scheduled in the plan announced at the beginning of 2008. These projects were Taohuayuan South Phase 2 Lot F, Shanghai Rose Garden Phase 2 and Changsha Green Bamboo Garden North Phase 2 (partial), which were affected by the slowdown of construction progress due to adjustments in sales plan; Beijing Majestic Mansion Phase 1 (partial), which was affected by the delay of urban facilities outside the project; and Qingdao Ideal City Phase 1 (partial) and Hangzhou Jiuxi Rose Garden Part 3, which were affected by a delay and adjustment in construction progress, respectively.

Property sales in 2008 were mainly derived from projects in Ningbo, Hangzhou, Zhoushan and Anhui. Sales derived from projects in Ningbo reached RMB2,003 million, representing 30.6% of total property sales and ranked top in proportion of property sales. Property sales derived from projects in Hangzhou, Zhoushan and Anhui in 2008 ranked second, third and fourth, respectively, representing 19.9%, 11.9% and 10.1%, respectively, of total property sales in 2008. Compared to 2007, our property sales increased in 2008 mainly because we delivered more projects in 2008, especially in Ningbo. Our average selling price per square meter decreased in 2008 mainly because we sold more projects in Ningbo, Zhoushan and Anhui in 2008, compared to 2007 when we sold more projects in Shanghai (32.9% of our 2007 revenue) and Beijing (represented 21.2% of our 2007 revenue), which yield higher property prices due to geographical advantages and full capitalization of the Greentown brand in these regions. Additionally, we sold less villas, which have higher selling price per square meter than other properties, in 2008 which contributed to the decrease of our average selling price per square meter in 2008. As a percentage of revenue, our sales from villas decreased from 38.1% in 2007 to 30.7% in 2008. Set out below is a table that illustrates the saleable area, revenue, and interest attributable to the Group.

Project	**Saleable Area (sq.m.)**	**Revenue RMB million**	**Interest attributable to the Group**
Hangzhou			
Taohuayuan South	36,030	680	51%
Blue Patio	76,470	392	85%
Taohuayuan West	3,113	85	100%
Chunjiang Huayue	4,006	64	100%
Tonglu Sweet Osmanthus Garden	9,510	63	100%
Others	732	23	
	129,861	1,307	
Zhejiang Province Region (excluding Hangzhou)			
Ningbo Crown Garden	123,393	1,181	60%
Ningbo R&D Park	179,255	822	60%
Zhoushan Osmanthus Town	122,818	780	100%
Shangyu Osmanthus Garden	2,493	10	51%
	427,959	2,793	

Project	Saleable Area (sq.m.)	Revenue RMB million	Interest attributable to the Group
Anhui			
Hefei Sweet Osmanthus Garden	50,622	220	90%
Hefei Lily Apartment	86,405	444	70%
	137,027	664	
Shanghai			
Shanghai Rose Garden	25,492	542	100%
Shanghai Greentown	7,344	62	100%
	32,836	604	
Hunan			
Changsha Sweet Osmanthus Town	75,126	340	51%
Changsha Green Bamboo Garden	11,661	167	52%
	86,787	507	
Jiangsu			
Nanjing Rose Garden	24,122	300	70%
Beijing			
Beijing Lily Apartment	35,177	160	80%
Beijing Majestic Mansion	817	33	100%
	35,994	193	
Xinjiang			
Xinjiang Rose Garden	10,332	185	61%
Total	**884,918**	**6,553**	

Gross Profit Margin

Gross profit margin decreased from 36.1% in 2007 to 27.8% in 2008. Because the Group is dedicated to improving product quality and enhancing its product tier ranking, the Group incurred higher construction cost in respect of its property projects and therefore affected gross profit margin. The acquisition of the Ningbo Crown project, which accounted for 18.0% of total property sales in 2008, in March 2008 at a time when construction of the first phase of the project was nearly completed, resulted in higher acquisition cost and a lower gross profit margin of 25.9%. The Ningbo Research & Development Park project, which accounted for 12.5% of total property sales in 2008, was a project with property prices fixed by the PRC government, and therefore had a lower gross profit margin of 15.6%. Further, our gross profit margin in 2008 decreased because Shanghai Greentown and Shanghai Rose Garden projects, which accounted for an aggregate of 32.9% of total property sales in 2007, are located in Shanghai, which is more economically developed and fully recognizes the brand premium of Greentown projects. As a result, these projects have higher selling prices, and hence higher gross profit margins. The gross profit margin of Shanghai Greentown and Shanghai Rose Garden were 46.7% and 44.6% respectively in 2007.

Other Income

Other income includes interest income, government subsidy and foreign exchange gains. Other income of RMB329 million was recorded during 2008, representing an increase of 21.4% from RMB271 million for 2007. The foreign exchange gain in 2008 was RMB228 million, mainly due to the successive appreciation in RMB of approximately 7% and substantial foreign exchange gain generated by the US dollar-denominated Notes. Interest income was RMB59 million during 2008, which decreased substantially from RMB134 million for 2007. The decrease was attributable to higher interest income generated by temporary deposit of funds overseas following the placing of shares of the Company and the issue of RMB-denominated convertible bonds in 2007.

Selling and Administrative Expenses

Selling and administrative expenses increased by RMB247 million, or 50.4%, to RMB737 million in 2008. As a percentage of revenue, our selling and administrative expenses increased from 8.6% in 2007 to 11.1% in 2008. Administrative expenses increased by 50.7% to RMB443 million in 2008 from RMB294 million in 2007. Human resource cost of RMB121 million was the single largest item under administrative expenses in 2008, representing an increase of RMB24 million, or 24.7%, from RMB97 million in 2007. This increase was due to the increase in the number of property projects of the Group and the strengthening of human resources of the Group. Depreciation under administrative expenses increased by 200.0% to RMB69 million in 2008 from RMB23 million in 2007. Depreciation accrued on fixed assets with respect to Zhoushan Sheraton Hotel and Hangzhou Rose Garden Hotel newly added in 2008 amounted to RMB25 million. Selling expenses increased 50.0% to RMB294 million in 2008 from RMB196 million in 2007. As a percentage of pre-sale proceeds received by our subsidiaries, our selling expenses increased from 2.3% in 2007 to 2.8% in 2008. The biggest increase in selling expenses was in sales and marketing activities as well as advertising expense, which increased by 50.5% to RMB146 million in 2008 from RMB97 million in 2007.

Impairment Provision

The impairment provision in 2008 was RMB274 million, of which Shanghai Xinjiangwan Project, Zhoushan Sheraton Hotel, Hefei Sweet Osmanthus Garden, Nantong Yulan Apartment and Thousand-Island Lake Rose Garden accounted for RMB148 million, RMB53 million, RMB28 million, RMB21 million and RMB21 million, respectively.

Finance Costs

Interest expenses charged to the Company's consolidated income statement for 2008 increased by 84.8% to RMB401 million in 2008 from RMB217 million in 2007. Total interest expenses increased by 89.3%, to RMB1,386 million in 2008 from RMB732 million in 2007. The increase was mainly attributable to an increase in the number of projects in 2008, an increase in average debt amounts and an increase in average interest rate of bank loans from 6.7% in 2007 to 7.7% in 2008. In 2008, RMB985 million of such interest expenses was capitalized and the capitalization rate was 71.1%. In 2007, RMB515 million of such interest expenses was capitalized and the capitalization rate was 70.4%.

Share of Profit (loss) of Associates and Jointly Controlled Entities

Share of profit of associates and jointly controlled entities in 2008 was RMB384 million, representing an increase of RMB264 million from RMB120 million in 2007. The GFA sold by our associates and jointly controlled entities increased by 6.2% to 660,973 square meters in 2008 from 622,602 square meters in 2007. The average selling price per square meter of projects sold by our associates and jointly controlled entities increased to RMB8,886 in 2008 from RMB4,610 in 2007. Gross profit margin from sales by our associates and jointly controlled entities increased from 25.2% in 2007 to 29.0% in 2008. The Shanghai East Sea Plaza Phase 1, delivered as a whole successfully, directly contributed RMB175 million to our share of profit of our associates and jointly controlled entities in 2008. Shanghai East Sea Plaza Phase 1, an office project, has a selling price per square meter of RMB23,459, which directly contributed significantly to the rapid increase in the average selling price per square meter achieved by our associates and jointly controlled entities in 2008. The growth in the gross profit margin of our associates and jointly controlled entities in 2008 was primarily attributable to the growth in gross profit margin of our Zhengzhou Lily Apartment project. Because the Zhengzhou Lily Apartment project has entered into the market for a relatively long time, the advantage enjoyed by the Greentown brand in this property project has been gradually reflected locally. Hence, the selling price of the project has increased gradually year after year. The selling price per square meter of this project in 2008 was RMB5,992, an increase of 44.7% from the selling price per square meter of RMB4,141 in 2007. In the meantime, the gross profit margin of this project also increased from 18.0% for 2007 to 41.0% for the period.

Taxation Charges

Taxation in 2008 included land appreciation tax of RMB346 million and enterprise income tax of RMB283 million. As a percentage of revenue from property sales, land appreciation tax in 2008 decreased to 5.3% from 7.3% in 2007 as there were more villa projects delivered in 2007. Effective tax rate for enterprise income tax was 63.3% (after eliminating share of profit of associates and jointly controlled entities and gain from revaluation of convertible bonds). Certain deferred tax assets not taken into account on loss from subsidiaries not yet commencing pre-sales 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 decreased by 43.6% to RMB567 million in 2008 from RMB1,006 million in 2007. Net profit margin decreased to 8.5% in 2008 from 17.5% in 2007. If the gains or losses from revaluation of the convertible bonds and properties were excluded, earnings for 2008 was RMB822 million and net profit margin in 2008 was 12.4%. Corresponding earnings for 2007 was RMB1,018 million and net profit margin was 17.7%. The profit attributable to the equity holders of the Group for 2008 was RMB540 million, a decrease of 41.5% from RMB923 million for 2007.

In 2008, basic and diluted earnings per share were RMB0.35 and RMB0.34, respectively. Return on equity for 2008 was 6.6%. In 2007, basic and diluted earnings per share were RMB0.63 and RMB0.61 respectively. Return on equity for 2007 was 14.8%. The decrease in earnings per share and return on equity for 2008 was due to the decrease in profits attributable to equity holders and the increase in weighted average number of ordinary shares and average shareholder equity for the period. Weighted average number of ordinary shares and average shareholder equity increased by 62,391,650 shares and RMB1,918 million in 2008 over 2007, respectively.

Pre-sale Deposits

As of December 31, 2008, our subsidiaries had a balance of pre-sale deposits of RMB6,137 million, an increase of 71.3% from RMB3,583 million in 2007. As of December 31, 2008, our associates and jointly controlled entities had a balance of pre-sale deposits of RMB5,058 million, a decrease of 23.4% from RMB6,603 million in 2007.

Financial Resources and Liquidity

As of December 31, 2008, the Group had cash on hand of RMB1,718 million (RMB3,383 million in 2007) and total borrowings of RMB16,118 million (RMB11,754 million in 2007). Gearing ratio, measured by net debt over equity, increased from 88.2% as of December 31, 2007 to 140.1% as of December 31, 2008. The Group had cash on hand of RMB4,363 million and total borrowings of RMB19,724 million as of March 31, 2009.

Foreign Exchange Fluctuation Risks

The principal place of operation for the Group is the PRC. Most of the Group's income and expenditure are denominated in RMB. Because the proceeds from the issue of convertible bonds and the 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 of December 31, 2008.

Financial Guarantees

Certain banks provided secured lending to the buyers of the Group's properties. The Group had provided guarantees for such secured lending. As of December 31, 2008, the Group had provided guarantees to secure loans in the aggregate amount of RMB3,900 million (RMB1,989 million as of December 31, 2007).

Pledge of Assets

As of December 31, 2008, the Group had pledged its buildings, hotel buildings, prepaid lease payment, construction in progress, properties for development, properties under development, completed properties for sale and bank deposits of approximately RMB12,216 million to banks to secure general banking facilities granted to the Group, representing an increase of RMB5,212 million (RMB7,004 million as of December 31, 2007).

Employees

As at 31 December 2008, the Company had a total of 2,637 employees (as of 31 December 2007: 1,755 employees). Of which, there were 1,260 employees with bachelor's degree or a higher qualification, representing approximately 48%. There were 740 employees with middle and senior professional titles, representing approximately 28%. There were 242 operation and management officers (referring to those ranking as department managers at the Group and assistant general manager or above within project companies), representing approximately 9%.

Awards

In 2008, facing the challenges from the market, the Company maintained stable development and its good image and reputation in the industry and among its customers. The Company was chosen as the "Top 10 Tax Payable by Real-Estate Companies in China for 2008", and became "Top 10 of the top 100 Real-Estate Companies in China" for five consecutive years and "Top 10 Brand Value of Real-Estate Companies in China".

Remuneration Policies

Employees were remunerated on the basis of their performance, experience and prevailing industry practices. The Company reviews its remuneration policies on a regular basis, and appraises individual staffs according to their performances. Bonuses and cash awards may be distributed to employees as an incentive, so as to adequately motivate the enthusiasm and responsibilities of employees towards their work.

Property Sales

The Company will focus on the newly added saleable projects in 2009 and capture the market sentiment to formulate plans for the launch and sale of projects. The Company has stated its commitment to continuous quality improvement and the implementation of the "Centurion Product Quality Enhancement Strategy". This is the direction for Greentown and the theme for the Company's development in the following years, and is also the most powerful way to mitigate market risk as well as to pave the way to a genuinely excellent enterprise.

In 2009, the Company estimates that a total of 63 projects or phases of projects will commence sales. Additioned saleable area will amount to approximately 1.98 million sq.m., together with the saleable area of projects launched in late 2008, the saleable area in 2009 will be approximately 3.10 million sq.m..

Future Prospects

2009 will still be a difficult and uncertain year for Greentown. The continual global financial crisis and the suppressed growth momentum of the overall macro-economy of China inevitably affected the real estate industry. Meanwhile, we can see that the active fiscal policy, relaxed monetary policy and the series of stimulus strategies implemented by the central and local governments since the fourth quarter of 2008 were paying off and the economy and property market of the PRC may revive progressively. We believe that as there is no change in the fundamentals including the bright prospect of China's economy, acceleration of urbanization, the real estate industry as the pillar industry and the continuous demand to improve living standards of the people. We are confident of the long term development of the property market in China; however, we recognize and are also geared up for uncertainties on the recovery of China's economy in the short term under the global impact and the continual adjustment of the property market.

Project Development

In view of the increasing market uncertainties, in 2009, the Company will place more emphasis on planning and the implementation of process management and the pace of development of land bank will be reasonably adjusted. It is expected that a total of 43 projects or phases of projects will commence construction, including the projects of joint ventures that the Company has interests in. The GFA of newly commenced projects will amount to 2.14 million sq.m., a decrease of 29% over the same period in 2008. The Company may make corresponding changes to the development plan in 2009 basing on market situation.

In 2009, the Company estimates that a total of 35 projects or phases of projects will be completed and delivered. The total GFA delivered will amount to 1.96 million sq.m., a slight decrease of 5% over the same period in 2008, of which 1.28 million sq.m. will be saleable GFA. The total GFA attributable to the projects completed by the Company is estimated to be approximately 1.30 million sq. m., of which the saleable GFA will be approximately 850,000 sq.m..

FORWARD LOOKING STATEMENTS

This announcement includes forward-looking statements. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes," "estimates," "anticipates," "expects," "intends," "may," "will" or "should" or, in each case, their negative, or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this announcement and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects and growth strategies, and the industry in which we operate.

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

- general economic and business conditions in the PRC;
- our business and operating strategies;
- our capital expenditure plans;
- various business opportunities that we may pursue;
- our dividend policy;
- our financial condition and results of operations;
- availability and changes of bank loans and other forms of financing;
- the industry outlook generally;
- future developments in the property market in Zhejiang Province and other areas of PRC;
- the performance of the property market in Zhejiang Province and other areas of the PRC in which we engage in property development;
- changes in political, economic, legal and social conditions in the PRC, including the PRC government's, particularly the Zhejiang provincial government's, specific policies which affect land supply, availability and cost of financing, and pre-sale, pricing and volume of our property developments;
- the timely repayments by our purchasers of mortgage loans guaranteed by us;
- changes in competitive conditions and our ability to compete under these conditions;

- the performance of the obligations and commitments of our joint venture partners under the existing and future joint venture agreements;

- the performance of the obligations and undertakings of the independent contractors under various construction, building, interior decoration and installation contracts;

- significant delay in obtaining the occupation permits, proper legal titles or government approvals for our properties under development or held for future development;

- changes in the value of the RMB and other currency changes;

- changes in PRC and international interest rates;

- changes in foreign exchange control regulations in the PRC;

- terrorist attacks;

- failure to retain key employees;

- incurrence of material weaknesses in internal controls over financial reporting and disclosure controls; and

- other factors beyond our control.

In light of these risks, uncertainties and assumptions, the forward-looking events described in this announcement may not occur.

We undertake no obligation to publicly update or publicly revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this announcement.

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 year ended 31 December 2008.

CORPORATE GOVERNANCE REPORT

The Company recognises the value and importance of achieving high corporate governance standards to enhance corporate performance and accountability. The Board will strive to the principles of corporate governance and adopt sound corporate governance practices to meet the legal and commercial standards, focusing on areas such as internal control, fair disclosure and accountability to all shareholders.

The Company has complied with the code provisions in the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange (the "Listing Rules") during the year ended 31 December 2008.

Nomination Committee

The Nomination Committee is primarily responsible to consider and recommend to the Board suitably qualified persons to become the member of the Board and is also responsible for reviewing the structure, size and composition of the Board on a regular basis and as required. Members of the Nomination Committee include SZE Tsai Ping, Michael, TSUI Yiu Wa, Alec, SHOU Bainian and TANG Shiding. SZE Tsai Ping, Michael is the chairman of the Nomination Committee.

Audit Committee

The Audit Committee is responsible for the review and supervision of the Group's financial reporting process, internal controls and review of the Company's financial statements. The Audit Committee meets regularly with the Company's external auditors to discuss the audit process and accounting issues. Their written terms of reference are in line with the code provisions of the Code. The Audit Committee comprises five members and all of whom are independent non-executive directors of the Company. The chairman of the Audit Committee is TSUI Yiu Wa, Alec.

The annual results of the Company have been reviewed by the Audit Committee.

Remuneration Committee

The Remuneration Committee is responsible for making recommendations to the directors' remuneration and other benefits. The remuneration of all directors is subject to regular monitoring by the Remuneration Committee to ensure that level of their remuneration and compensation are reasonable. Their written terms of reference are in line with the code provisions of the Code. Members of the Remuneration Committee include JIA Shenghua, SZE Tsai Ping, Michael and CHEN Shunhua. JIA Shenghua is the chairman of the Remuneration Committee.

Compliance with the Model Code for Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as the standard for securities transactions by the directors. The Company has made specific enquiries with all the directors of the Company and all the directors of the Company confirmed that they have complied with the required standards set out in the Model Code throughout the year ended 31 December 2008.

ANNUAL GENERAL MEETING

It is proposed that the annual general meeting (the "AGM") of the Company will be held on 17 June 2009 (Wednesday). A notice convening the AGM will be published and despatched to the shareholders of the Company in the manner as required by the Listing Rules in due course.

DIVIDENDS

The directors are not recommending any final dividends to be declared and paid this time in respect of the financial year ended 31 December 2008. However, the directors reserve the right to declare and pay dividends in respect of the financial year ended 31 December 2008 on or after the date of the annual report.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 15 June 2009 (Monday), to 17 June 2009 (Wednesday), both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the entitlement to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m., 12 June 2009 (Friday).

PUBLICATION OF ANNUAL REPORT ON THE STOCK EXCHANGE WEBSITE

The annual report of the Company for the year ended 31 December 2008 containing all the information required by the Listing Rules will be despatched to the Company's shareholders and published on the website of the Stock Exchange at www.hkex.com.hk and the website of the Company at www.chinagreentown.com or www.greentownchina.com in due course.

APPRECIATION

Lastly, on behalf of the Board, I would like to take this opportunity to express my sincere gratitude to our management and all our fellow staff for their contributions to our development. Also, I would like to extend my deepest appreciation to our shareholders, business partners, customers and professional advisors for their support and confidence in making the Company a more prosperous and fruitful future.

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

Hangzhou, the PRC, 26 April 2009

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*