



2011 ANNUAL REPORT



GREENTOWN CHINA HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)
(Stock Code: 03900)

*Welcome to your home of Greentown. Walk into a world of luxury and style.
Transform your dreams into reality here.*

*From the minute you set foot on the majestic doorway that leads into the elegant
hallway, you will be embraced by the luxury and grace of a bygone era.*

*Traditional style combined with contemporary detailing gives the place a
personal touch with a flair of splendour. Each unit is tastefully designed for
home lovers who have an eye for quality and beauty. Nestled in breath-taking
landscaped gardens, these homes allow you to experience the magical powers of
nature in your own private setting. Join the Greentown family and live the dream
of many others today. Find your home with Greentown and enjoy the luxury of
life with peace of mind.*



CONTENT

CORPORATE PROFILE	2
CORPORATE INFORMATION	4
FINANCIAL HIGHLIGHTS	6
CHAIRMAN'S STATEMENT	8
CEO'S REPORT	10
PROPERTY PORTFOLIO	12
MANAGEMENT DISCUSSION AND ANALYSIS	36
BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT	54
CORPORATE GOVERNANCE REPORT	60
INVESTOR RELATIONS	68
REPORT OF THE DIRECTORS	72
INDEPENDENT AUDITOR'S REPORT	91
CONSOLIDATED FINANCIAL STATEMENTS	92
DEFINITION	214



CORPORATE PROFILE



Greentown China Holdings Limited is one of the leading property developers in the People's Republic of China. It commands a leading position in the industry by leveraging on its quality properties. From 2005 to 2012, we have been ranked for eight consecutive years as one of the TOP 10 property enterprises in China jointly by four authoritative institutions, namely Enterprise Research Institute of the Development Research Center of the State Council, China Real Estate Association, Qinghua University Real Estate Research Center and China Index Institute.

In the 2011 China's Urban Resident Satisfaction Survey, Greentown Group ranked first in the "Resident Satisfaction" outstanding enterprise ranking. The Group also ranked first in the "Brand Loyalty", "Product Quality", "Property Services", and "Sales Services" indices.

Since its establishment 18 years ago, the Group has been based in Zhejiang province, one of the most economically vibrant and developed provinces in the PRC. With property projects covering most of the prosperous cities in Zhejiang province such as Hangzhou, Ningbo, Wenzhou, Taizhou, Shaoxing and other places on the list of the Top 100 most competitive counties and county-level cities of China in Zhejiang province, Greentown Group has built a sizable operation in the province with exceptionally high brand awareness. Since the commencement of the Group's national expansion

strategy in 2000, Greentown has successfully extended its business to other important cities such as Shanghai, Nanjing, Suzhou, Wuxi and Nantong in Yangtze River Delta, Beijing, Tianjin, Qingdao, Jinan and Dalian in Bohai Rim Economic Belt, as well as other provincial cities such as Hefei in Anhui province, Zhengzhou in Henan province, Changsha in Hunan province, and Urumqi in Xinjiang. This expansion has boosted the Group's business growth and reputation further. Greentown focuses on developing high quality real estate. Having continuously improved and enriched its product mix, Greentown now offers widely-received high quality housing types such as villa, flat mansion, low-rise apartment, high-rise apartment, urban complex, integrated community and commercial. Greentown is currently at the forefront of quality property developers in the PRC.

As at 31 December 2011, Greentown Group's premier land bank comprised a total GFA of over 40 million sqm, ensuring Greentown Group's sustainable and steady development in the next five to seven years. Leveraging on its quality human resources and effective corporate management structure, Greentown has established a strong presence in all cities where it has operations. The Group is confident that its excellent track record in developing high quality projects and outstanding operational capabilities has laid a solid foundation for its further expansion.



Beijing Majestic Mansion

CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr SONG Weiping (*Chairman*)
Mr SHOU Bainian (*Executive Vice Chairman*)
Mr LUO Zhaoming (*Vice Chairman*)
Mr GUO Jiafeng
Mr CAO Zhounan

Independent Non-Executive Directors

Mr JIA Shenghua
Mr JIANG Wei
Mr KE Huanzhang
Mr SZE Tsai Ping, Michael
Mr TANG Shiding
Mr HUI Wan Fai

AUDIT COMMITTEE

Mr SZE Tsai Ping, Michael (*Chairman*)
Mr JIA Shenghua
Mr JIANG Wei
Mr TANG Shiding
Mr HUI Wan Fai

NOMINATION COMMITTEE

Mr SZE Tsai Ping, Michael (*Chairman*)
Mr SHOU Bainian
Mr TANG Shiding
Mr HUI Wan Fai

REMUNERATION COMMITTEE

Mr JIA Shenghua (*Chairman*)
Mr SHOU Bainian
Mr SZE Tsai Ping, Michael

REGISTERED OFFICE

M&C Corporate Services Limited
PO Box 309, Uglan House
Grand Cayman, KY1-11047
Cayman Islands

HONG KONG BRANCH REGISTRAR

Computershare Hong Kong Investor Services
Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR

Butterfield Fund Services (Cayman) Limited
Butterfield House, 68 Fort Street
P.O. Box 705, George Town
Grand Cayman, Cayman Islands
British West Indies

AUDITORS

Deloitte Touche Tohmatsu

LEGAL ADVISORS TO OUR COMPANY

as to Hong Kong law:
Ashurst Hong Kong

as to PRC law:
Zhejiang T&C Law Firm

as to Cayman Islands law:
Maples and Calder

COMPANY SECRETARY

Mr FUNG Ching, Simon

AUTHORIZED REPRESENTATIVES

Mr SHOU Bainian
Mr FUNG Ching, Simon

Notes:

- (1) The following changes have been effected during the year ended 31 December 2011:
 - (i) Mr SHOU Bainian was appointed as a member of the remuneration committee of the Company on 28 March 2011;
 - (ii) Mr CAO Zhounan was appointed as an executive director of the Company with effect from July 2011;
 - (iii) Mr XIAO Zhiyue resigned as an independent non-executive director, the chairman and a member of the audit committee and the nomination committee of the Company with effect from 1 January 2012;
 - (iv) Mr SZE Tsai Ping, Michael was appointed as the chairman of the audit committee of the Company with effect from 1 January 2012.
- (2) The following changes have been effected after 31 December 2011:
 - (i) Mr HUI Wan Fai was appointed as an independent non-executive director and a member of the audit committee and the nomination committee of the Company with effect from 1 April 2012.

PRINCIPAL BANKERS

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

STOCK CODE

HKEx: 03900

WEBSITES

www.chinagreentown.com
www.greentownchina.com

HANGZHOU HEADQUARTERS

10/F, Block A, Century Plaza, No. 1 Hangda Road
Hangzhou, Zhejiang, PRC (Postal code: 310007)

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1406-08, New World Tower 1
16-18 Queen's Road, Central
Hong Kong

INVESTOR RELATIONS

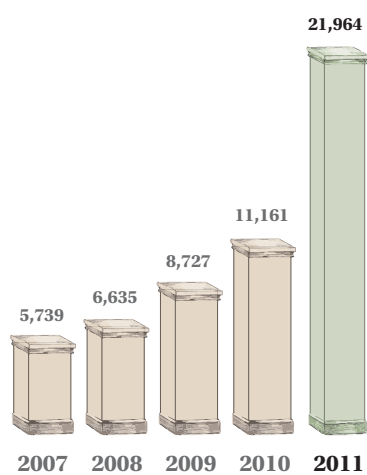
Email: ir@chinagreentown.com
Tel: (852) 2523 3137
Fax: (852) 2523 6608



FINANCIAL HIGHLIGHTS

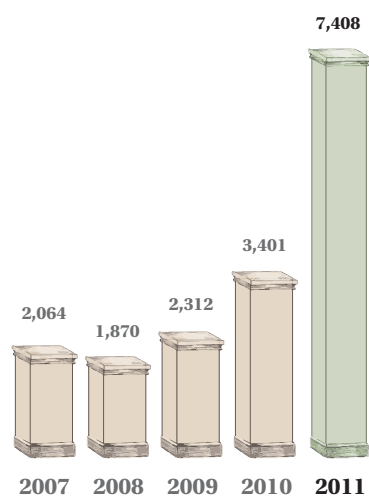
REVENUE

For the year ended 31 December
(RMB million)



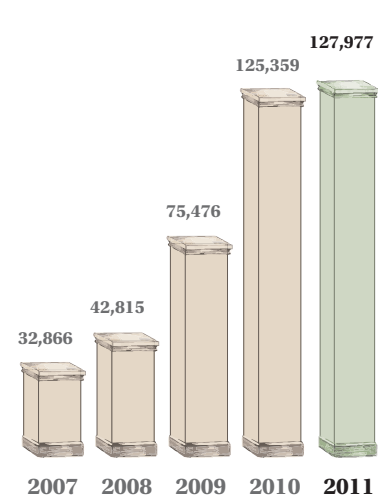
GROSS PROFIT

For the year ended 31 December
(RMB million)



TOTAL ASSETS

As at 31 December
(RMB million)



Shaoxing Jade Garden

Annual Report 2011
FINANCIAL HIGHLIGHTS

FIVE YEARS FINANCIAL SUMMARY

Consolidated Results

	For the year ended 31 December				
	2007	2008	2009	2010	2011
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	5,738,791	6,635,357	8,727,429	11,161,260	21,963,747
Cost of sales	(3,675,198)	(4,765,728)	(6,415,278)	(7,759,927)	(14,555,354)
Gross profit	2,063,593	1,869,629	2,312,151	3,401,333	7,408,393
Other income	287,909	356,192	625,862	1,232,230	1,000,840
Expenses	(736,210)	(1,413,842)	(1,983,175)	(2,198,221)	(2,541,686)
Share of results of jointly controlled entities and associates	120,181	383,731	615,372	564,971	833,167
Profit before taxation	1,735,473	1,195,710	1,570,210	3,000,313	6,700,714
Taxation	(729,884)	(629,088)	(478,078)	(1,084,766)	(2,582,772)
Profit for the year	1,005,589	566,622	1,092,132	1,915,547	4,117,942
Profit attributable to:					
Owners of the Company	923,376	540,285	1,012,120	1,531,774	2,574,637
Non-controlling interests	82,213	26,337	80,012	383,773	1,543,305
	1,005,589	566,622	1,092,132	1,915,547	4,117,942

Consolidated Assets and Liabilities

	As at 31 December				
	2007	2008	2009	2010	2011
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Total assets	32,865,845	42,815,076	75,475,752	125,358,954	127,976,528
Total liabilities	23,379,343	32,533,750	63,027,176	110,906,263	110,333,214
Total equity	9,486,502	10,281,326	12,448,576	14,452,691	17,643,314

CHAIRMAN'S STATEMENT



Dear Shareholders,

During 2011, Greentown went through a tough time from late autumn to severe winter, just the same as many other counterparts in the property industry. Being the focus of the media and press, Greentown faced the storm and became an indicator to the public. Fortunately, the Group is running well despite these challenges. In order to ensure the sustainable development of the Group, we have rationally analyzed the macro situation and proactively engaging in self-reflection. We identified three major areas for improvement: we need to pay attention to basic national conditions in China with in-depth consideration and research; we need to concentrate on optimizing and adjusting development strategy of the Group; and we need to focus on consolidating and enhancing the Group's basic skills in the industry.

First of all, we need to pay more attention to the basic national conditions in China as the Group has learnt many lessons from our previous experiences on real estate regulation. Particularly, in 2011, the Group has suffered great loss from our misjudgment on the intensity of control and regulation imposed on the property sector. This has attracted much media attention, much of which were not positive. Clearly, merely focusing on our own business development is not sufficient. The continual success of our Group requires us to have a comprehensive understanding of the different problems faced by China in its process of modernization, from the macro to the micro. Without doubt, China's urbanization process is in full speed and will not step back. While we have full confidence in this, we also need to be aware of the twists and turns in the process. All transformations in the history of human civilization were challenging and the process of the urbanization of China is such a complex yet great task. It is our obligation to take part in such great process and try our best to adapt to the environment, no matter how hard the environment might be. Looking at it this way, the adversities suffered by Greentown in 2011 should not be regarded as a blow to the Group, but a tough experience encountered by Greentown.

Secondly, as a result of our self-reflection, we determined that we have to optimize and adjust the development strategy of the Group. As there was inadequate awareness of the twists and turns of the process of modernization in the past, we were aggressive in seeking growth for the Company. However, we will establish a more stable and sound financial model going forward. In order to fully leverage on the advantages of the Group, we have to maintain the core competitiveness of the Group by concentrating on the development of mid-end and high-end properties. In spite of the challenges, we shall not step back. We shall enhance the quality of our products as well as our services, so that we could build a more solid shape for the brand of Greentown. In short, Greentown will focus on quality but not size going forward. Aside from commodity properties, we will also pay more attention to our involvement in the construction of social housing. While the economic gain from the construction of social housing is relatively insignificant, we believe that the participation in this large and meaningful project will be beneficial to Greentown in the long run. The vitality of the Greentown brand will only grow stronger when more and more people enjoy Greentown's premium products and services.

Once again, we must continue to pay full efforts in sharpening our edge which is the foundation of being the pioneer of the industry. While we appreciate that we still enjoyed a remarkable satisfaction rate in 2011 from the buyers of Greentown's properties based on the findings from various market researches despite market downturn, we also see our competitors are following closely behind. Should our attention strays for even a brief moment, we may lose our buyers' loyalty. Therefore, we need to be focused, particularly in such turbulent times. It is essential to strengthen our internal management, and to continuously enhance the quality of our products and services.

In 2012, the real estate market in China may still be in a difficult condition for an extended period. The Group is well prepared for that. As the saying in the "Classic of Poetry" goes, "Late Spring, Verdurous Tress". Spring may arrive late, but when it comes, all vegetations will prosper. Greentown will spare no efforts in preparing to thrive when spring comes.

Finally, I would like to take this opportunity to express my sincere gratitude to all of our shareholders, directors and institutional partners for their unceasing care and support for Greentown. I also want to extend my appreciation to our staff for their continuous dedication and contributions to the Group.

SONG Weiping
Chairman of the Board
30 March 2012



CEO'S REPORT



Dear Shareholders,

There are always four seasons every year. However, during the six years since 2006, the domestic real estate market has only experienced summers and winters. From 2009 which represented a mid-summer, 2010 which represented an early winter, to 2011 which represented a frosty winter, Greentown faced up these challenges with an positive attitude and did not complain. While actively coping with the pressures and impacts of macro-economic tightening policies, Greentown has at the same time been engaging in self-reflection. We have identified and worked on our shortcomings, repositioned our strategic direction and creatively redesigned our business development model to ensure that Greentown is well prepared for the boom time ahead and continues to develop steadily.

2011 REVIEW

Sales: In 2011, Greentown Group recognized total sales revenue of RMB35.3 billion (including contract sales of RMB33.1 billion and agreement sales of RMB2.2 billion), of which RMB23.3 billion was attributable to the Group. The macroeconomic tightening measures caused significant impact on the first-tier cities and high-end properties, which suppressed market demand. As such, the property sales of the Group decreased significantly as compared with the corresponding period of last year. However, it still ranked among the top ten in terms of the total sales and is recognized as the industry leader in terms of brand recognition and combined strength.

Project Development: Due to the strict macroeconomic tightening measures and unfavourable market trend, Greentown Group made a corresponding adjustment on the overall development progress. Our responsive strategies are to lower the development pace, decrease construction work for new projects and increase the effective use of capital. During 2011, Greentown Group commenced construction work for new projects with a total GFA of 6.39 million sq.m., representing a shortfall of 29% from the target set at the beginning of the year. Such adjustment has taken into full consideration of the short and mid-term operating conditions of each project in order to set a more reasonable development schedule for each project.

Product Service: The Greentown Group insists upon forward-looking positioning, innovative design, quality services and strives to become a first class brand. Through the commencement of specialized research projects on the third generation high-rise apartments and townhouses in response to the market demand, it not only diversified the Company's products but also won wide recognition and strong support from customers. Meanwhile, Premium Community Service System originated by Greentown has been widely promoted, and gradually becomes the main support in the residents' life as well as establishes a distinguished image in the industry. By organizing quality resources in the community, the Company provides life-cycle services including junior education, teenage life and senior health services to residents, further enhancing the added value and competitiveness of the properties.

2012 OUTLOOK

In 2012, China may extend the existing macroeconomic tightening measures in order to consolidate the result of the measures. Therefore, it is relatively difficult for the real estate industry to undergo a significant change. After a 10-year golden age, commodity properties is transforming into a housing system with separate tiers and categories. If the real estate industry is to get through these difficult situations and continues to develop in a sustainable manner, it must implement systematic revolution and transformation in order to conform with the market demand and sequence. All staff of the Company are mentally and physically well-prepared to face the future operating condition, particularly in sales and financing. Furthermore, we must pay close attention to the basic national conditions in China with in-depth consideration and research. We also have to put more efforts into optimizing the development strategies of the Company, as well as to consolidate and upgrade the Company's fundamental industry proficiency.

Sales: The active land purchasing and expansion strategy the Group pursued in the past resulted in the Group's saleable housing resources of approximately RMB133.0 billion. Despite the strict purchase restriction policy and assuming that the absorption rate is only 30%, the sales revenue still amounted to approximately RMB40.0 billion. Given the material effect on customers' application for mortgage loan due to the implementation of the purchase restrictions, customers who prefer high-end properties may opt for one-off payment which will benefit the Group from a cash flow perspective. At the same time, the Company is promoting the "agency model", which emphasizes "sales among all people". The Group will actively promote the transformation of marketing, so as to boost sales growth under difficult business conditions.

Cost Control: Greentown Group insists on maintaining high product quality and satisfying various consumers' needs by excellent product quality. However, the Company also clearly recognizes the importance of cost control, and has employed well-

recognized professional consultant to assist the Company in carrying out reform in order to improve efficiency of resource use. The Company will establish a centralized cost-control system to further enhance the competitiveness of the Company and to provide high quality products at low price to the consumers. Moreover, the Greentown Group is in the process of adopting an electronic web-based procurement platform, in order to centralize the operation of large-scale procurement and create higher value for the shareholders.

Gearing Ratio: We understand that the high gearing ratio of Greentown has been the investors' major concern. However, this is a necessary stage to enable the Company to transform from a provincial to a national enterprise, and from constructing a few estates to more than 100 high quality housing estates, beautifying more than 60 cities all over the country. We clearly understand the problems deriving from an excessively high gearing ratio and strive to lower our gearing ratio to below 100% as soon as possible, and to return to the industry's average level in the mid to long term. We are confident that this is achievable, with the increase in sales volume in the future, the adjustment of our land purchase strategy, and the systematic control of operating costs.

Land Reserve: As at the end of 2011, the national land reserve of the Greentown Group reached more than 40 million sq. m. As the Company has ample land reserve on hand which can satisfy the developmental need in the coming five to seven years, the Company will be more prudent in future purchase of land and evaluate its cash flow and financial position before making decision in land purchasing. More projects are expected to be developed with partners jointly, or in the form of construction management.

Construction Management Business: The establishment of Greentown Construction Management launches Greentown Group's construction management business. On the one hand, the business enabled the company to gain profit by exporting our brand name and management expertise, without the need of capital outlay, thus easing the Group's financial pressure; on the other hand, the business allowed the company to broaden its business and brand impact, opening up new market especially in the third to fourth tier cities, laying a solid foundation for future profits. We believe that this meticulously crafted high-end business will bring in attractive return.

Project Partnership: Based on the principle of "creating a win-win situation through completing each other", our project partnerships will be further strengthened. Having accumulated much successful partnership experience, we have developed mutual trust, understanding, and goodwill with our partners. Under the circumstances of a national credit crunch, our business partners will bring us substantial help through the utilization of their resource advantages and social influence.

Strategic Partnership: Aside from project-level partnerships, the Group will further leverage on its brand premium to attract large state-owned financial enterprises to form joint investment companies with the Group. Long term, stable partners with substantial financial resources will be invited to join us in developing our property development business, including residential properties, commercial properties and themed property development. This will laid a secure foundation for Greentown's future transformation and development. The implementation and upgrading of strategic partnerships will provide the Group with sufficient funding sources, and provide strong support for the Group's future project development and strategic transformation.

CONCLUSION

Although the real estate industry is now experiencing difficulty and fluctuation, the demographic dividend enjoyed by China, as well as China's continuous urbanization indicate that the properties market will continue its upward trend. As China's social welfare systems continues to improve, the real estate market will evolve into a two-tier market of social housing and commodity housing. Having satisfied their basic housing need, people will yearn for a better living environment with higher standards. This pattern of development fits well with Greentown's long term emphasis on high quality. Following our principles of "creating a platform for employees; creating value for customers; creating beauty for the cities; creating wealth for the society", Greentown will hold on to our ideals, and stride boldly forward to the future.

SHOU Bainian
Chief Executive Officer
30 March 2012



PROPERTY PORTFOLIO



HUZHOU MAJESTIC MANSION





PROPERTY PORTFOLIO

GREENTOWN IN CHINA



- 13% Hangzhou
- 31% Zhejiang (ex. Hangzhou)
- 13% The Yangtze River Delta Area
- 33% The Bohai Rim River Delta Area
- 10% Others

TOTAL GFA EXCEEDS
40 MILLION SQM

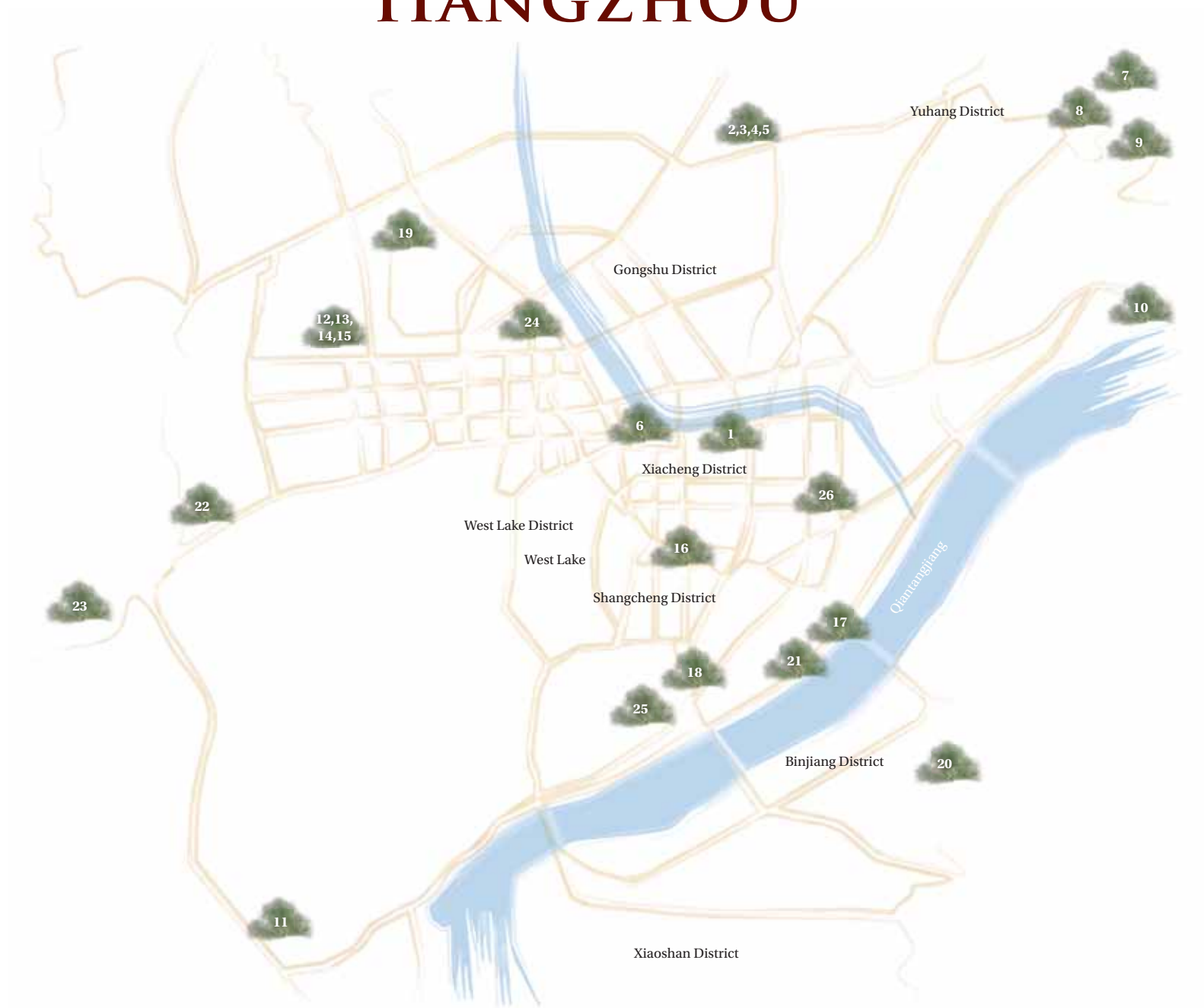
Annual Report 2011
PROPERTY PORTFOLIO

JIANGSU 10.8% Proportion to total land bank (%) 4,412,933 Total GFA (sq.m.)	HANGZHOU 13.1% Proportion to total land bank (%) 5,386,999 Total GFA (sq.m.)	XINJIANG 1.7% Proportion to total land bank (%) 686,824 Total GFA (sq.m.)
LIAONING 7.1% Proportion to total land bank (%) 2,893,558 Total GFA (sq.m.)	ANHUI 2.1% Proportion to total land bank (%) 868,813 Total GFA (sq.m.)	HAINAN 4.1% Proportion to total land bank (%) 1,675,992 Total GFA (sq.m.)
BEIJING 1.5% Proportion to total land bank (%) 634,193 Total GFA (sq.m.)	SHANGHAI 2.6% Proportion to total land bank (%) 1,081,189 Total GFA (sq.m.)	TIANJIN 0.5% Proportion to total land bank (%) 209,688 Total GFA (sq.m.)
HENAN 1.8% Proportion to total land bank (%) 725,206 Total GFA (sq.m.)	ZHEJIANG (Excluding Hangzhou) 30.7% Proportion to total land bank (%) 12,563,268 Total GFA (sq.m.)	HEBEI 1.4% Proportion to total land bank (%) 555,154 Total GFA (sq.m.)
HUNAN 0.6% Proportion to total land bank (%) 259,355 Total GFA (sq.m.)	SHANDONG 22.0% Proportion to total land bank (%) 9,025,942 Total GFA (sq.m.)	

	No. of Projects	Site Area (sqm)	Total GFA (sqm)	% of Total
Hangzhou	26	2,378,145	5,386,999	13.1%
Zhejiang (excluding Hangzhou)	37	6,939,613	12,563,268	30.7%
Jiangsu	11	1,928,980	4,412,933	10.8%
Shanghai	6	580,030	1,081,189	2.6%
Shandong	9	3,934,712	9,025,942	22.0%
Hainan	1	1,991,706	1,675,992	4.1%
Beijing	4	292,855	634,193	1.5%
Other Provincial Cities	11	3,664,854	6,198,598	15.2%
Total	105	21,710,895	40,979,114	100.0%

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

YANGTZE RIVER DELTA REGION HANGZHOU



Annual Report 2011
PROPERTY PORTFOLIO

Projects	Type	Equity Interest	Site Area (sqm)	Total GFA (sqm)
1 Hangzhou Orchid Residence	Low-Rise Apartment, High-Rise Apartment, Serviced Apartment	35%	44,502	211,028
2 Hangzhou Idyllic Garden Fengheyuan (40 [#])	High-Rise Apartment	100%	34,914	99,133
3 Hangzhou Idyllic Garden Tingquanyuan (41 [#])	Low-Rise Apartment, High-Rise Apartment	8%	29,196	72,434
4 Hangzhou Idyllic Garden Lancuiyuan (81 [#])	Low-Rise Apartment, High-Rise Apartment	50%	24,060	58,176
5 Hangzhou Idyllic Garden Luyunyuan (24 [#])	Low-Rise Apartment, High-Rise Apartment, Villa	33%	116,208	294,667
6 Hangzhou Hangqifa Project	High-Rise Apartment	50%	104,442	461,607
7 Hangzhou Blue Patio	Integrated Community	85%	231,538	386,347
8 Hangzhou Xingqiao Purple Osmanthus Apartment	Low-Rise Apartment, High-Rise Apartment	35%	34,157	81,006
9 Hangzhou Jade Garden	High-Rise Apartment	100%	78,386	309,596
10 Hangzhou Lijiang Apartment	High-Rise Apartment	100%	39,818	151,760
11 Hangzhou Yunqi Rose Garden	Villa	51%	176,793	79,931
12 Hangzhou Sincere Garden Zhijingyuan & Zhengxinyuan	High-Rise Apartment	100%	89,534	287,100
13 Hangzhou Sincere Garden Mingliyuan	High-Rise Apartment, Serviced Apartment	49%	62,972	196,547
14 Hangzhou Sincere Garden Shouchunyuan	High-Rise Apartment, Office	50%	61,461	199,435
15 Hangzhou Sincere Garden Zhichengyuan	High-Rise Apartment	40%	50,013	161,030
16 Hangzhou West Lake Ave Project	Office	56%	10,558	27,700
17 Hangzhou Wangjiang Project	Office	56%	11,022	54,321
18 Hangzhou Aesthetic Garden	High-Rise Apartment, Office	9%	27,503	73,906
19 Hangzhou Greentown Master Manor	High-Rise Apartment	25%	34,289	100,530
20 Hangzhou Bright Moon in Jiangnan	High-Rise Apartment	55%	102,411	332,018
21 Hangzhou Sapphire Mansion	Urban Complex	100%	66,090	340,478
22 Hangzhou Hope Town	Integrated Community	45%	464,833	823,159
23 Hangzhou Taohuayuan	Villa	64%	406,814	185,105
24 Hangzhou Orchid Mansion	High-Rise Apartment	8%	25,856	72,861
25 Hangzhou Majestic Mansion	Low-Rise Apartment, Villa	8%	22,867	50,785
26 Hangzhou Qingchun Plaza Project	Serviced Apartment, Office	30%	27,908	276,339
Total			2,378,145	5,386,999

Greentown China Holdings Limited
PROPERTY PORTFOLIO

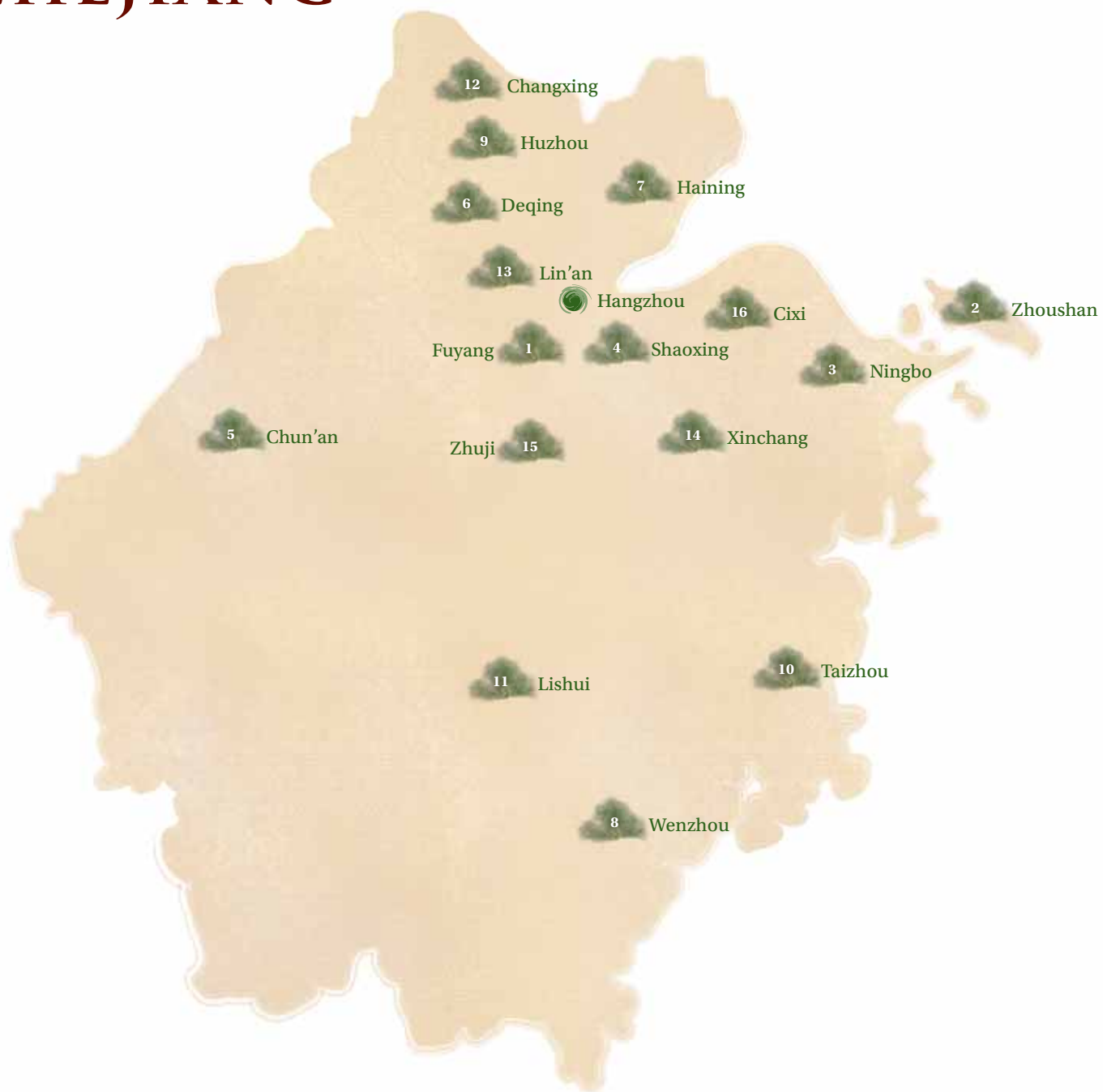
COMPLETION SCHEDULE OF PROJECTS IN HANGZHOU:

	Projects	Phase	Equity Interest	Total GFA (sqm)	Saleable Area (sqm)
2012	Hangzhou Blue Patio	Phase 4	85%	39,155	24,212
	Hangzhou Xingqiao Purple Osmanthus Apartment	Phase 3	35%	67,346	45,950
	Hangzhou Lijiang Apartment	Phase 2	100%	151,760	112,247
	Hangzhou Sincere Garden Zhijingyuan & Zhengxinyuan	Phase 1	100%	142,175	94,715
	Hangzhou Aesthetic Garden	Phase 1	9%	66,897	45,567
	Hangzhou Aesthetic Garden	Phase 2	9%	7,009	4,719
	Hangzhou Sapphire Mansion	Phase 2	100%	47,244	34,916
	Hangzhou Sapphire Mansion	Phase 3	100%	175,373	122,491
	Hangzhou Hope Town	Phase 6	45%	49,551	29,622
	Hangzhou Hope Town	Phase 7 (partial)	45%	31,958	18,072
	Hangzhou Taohuayuan	Phase 7	64%	13,942	8,836
	Hangzhou Taohuayuan	Phase 9	64%	52,948	34,281
	Hangzhou Orchid Mansion	Phase 1	8%	72,861	52,147
		Total			918,219

Annual Report 2011
PROPERTY PORTFOLIO

	Projects	Phase	Equity Interest	Total GFA (sqm)	Saleable Area (sqm)
2013	Hangzhou Idyllic Garden Fengheyuan (40 [#])	Fengheyuan	100%	99,133	64,779
	Hangzhou Blue Patio	Phase 5	85%	77,756	44,887
	Hangzhou Xingqiao Purple Osmanthus Apartment	Phase 4	35%	13,660	12,527
	Hangzhou Jade Garden	Phase 1	100%	149,282	115,490
	Hangzhou Yunqi Rose Garden	Phase 1	51%	38,786	22,111
	Hangzhou Yunqi Rose Garden	Phase 2	51%	7,100	4,545
	Hangzhou Yunqi Rose Garden	Phase 4 (clubhouse)	51%	6,381	-
	Hangzhou West Lake Ave Project	Phase 1	56%	27,700	10,670
	Hangzhou Bright Moon in Jiangnan	Phase 1	55%	169,400	123,222
	Hangzhou Sapphire Mansion	Phase 4	100%	64,491	45,546
	Hangzhou Sapphire Mansion	Phase 5 (commercial)	100%	53,370	-
	Hangzhou Hope Town	Phase 7 (partial)	45%	51,331	25,075
	Hangzhou Sincere Garden Shouchunyuan	Phase 1	50%	163,246	99,965
	Hangzhou Sincere Garden Shouchunyuan	Phase 2	50%	36,189	20,837
	Hangzhou Sincere Garden Zhijingyuan & Zhengxinyuan	Phase 2	100%	144,925	95,949
	Hangzhou Sincere Garden Mingliyuan	Phase 1	49%	129,458	80,344
	Hangzhou Taohuayuan	Phase 10	64%	31,018	19,962
	Hangzhou Taohuayuan	Phase 12	64%	13,106	8,219
		Total			1,276,332
Beyond 2013	Total			3,192,448	2,009,008

ZHEJIANG



Annual Report 2011
PROPERTY PORTFOLIO

Cities	No. of Projects	Site Area (sqm)	Total GFA (sqm)
1 Fuyang	1	153,336	421,738
2 Zhoushan	6	2,007,299	3,397,108
3 Ningbo	3	246,410	1,364,264
4 Shaoxing	3	300,953	736,874
5 Chun'an	2	130,603	154,145
6 Deqing	1	194,677	279,077
7 Haining	1	178,384	533,729
8 Wenzhou	2	200,932	668,168
9 Huzhou	1	189,393	263,939
10 Taizhou	6	739,860	1,777,207
11 Lishui	1	194,382	572,776
12 Changxing	1	68,641	199,869
13 Lin'an	4	1,674,182	694,986
14 Xinchang	1	126,799	40,880
15 Zhujing	1	344,683	965,412
16 Cixi	3	189,079	493,096
Total	37	6,939,613	12,563,268

Greentown China Holdings Limited
PROPERTY PORTFOLIO

Projects	Type	Equity Interest	Site Area (sqm)	Total GFA (sqm)
1 Lin'an Mantuo Garden	Villa	15%	138,200	69,251
2 Lin'an Qingshan Lake Rose Garden	Villa	50%	1,334,423	346,958
3 Lin'an Qingshan Lake Hongfengyuan	Villa	65%	161,255	111,807
4 Lin'an Qianwang Culture Square	High-Rise Apartment	65%	40,304	166,970
5 Thousand-Island Lake Rose Garden	Villa	51%	80,393	59,839
6 Thousand-Island Lake Resort Condo	High-Rise Apartment	80%	50,210	94,306
7 Taizhou Yulan Plaza	Urban Complex	49%	81,574	313,128
8 Taizhou Yulan Plaza Qionghuayuan	High-Rise Apartment	40%	32,101	121,517
9 Taizhou Rose Garden	High-Rise Apartment, Villa	55.2%	294,177	438,474
10 Taizhou Begonia Garden	High-Rise Apartment, Villa	45%	144,175	399,202
11 Taizhou Huangyan Xinqian Street Project	Urban Complex	41%	80,649	144,822
12 Taizhou lagerstroemia Garden	High-Rise Apartment	49%	107,184	360,064
13 Ningbo Eastern New City Project	High-Rise Apartment, Office, Serviced Apartment	45.1%	113,805	906,082
14 Ningbo Crown Garden	High-Rise Apartment, Office, Serviced Apartment	60%	92,169	347,583
15 Ningbo R&D Park	Office	60%	40,436	110,599
16 Changxing Plaza	Urban Complex	51%	68,641	199,869
17 Zhoushan Yulan Garden	High-Rise Apartment	100%	62,843	195,539
18 Zhoushan Changzhidao Project	Integrated Community	96.9%	1,541,204	2,515,735
19 Zhoushan Zhujiajian Dongsha Resort (North)	Villa, Serviced Apartment	90%	117,218	130,646
Zhoushan Zhujiajian Dongsha Resort (South)	Serviced Apartment, Hotel	100%	97,729	124,917
20 Zhoushan Lily Apartment	Serviced Apartment	100%	22,623	82,431
21 Zhoushan Daishan Sky Blue Apartment	High-Rise Apartment, Office, Hotel	60%	142,801	305,111
22 Zhoushan Rose Garden South	Low-Rise Apartment	100%	22,881	42,729
23 Lishui Beautiful Spring River	High-Rise Apartment, Villa	37.5%	194,382	572,776

Annual Report 2011
PROPERTY PORTFOLIO

Projects	Type	Equity Interest	Site Area (sqm)	Total GFA (sqm)
24 Haining Lily New Town	Integrated Community	50%	178,384	533,729
25 Fuyang Harmony Garden	High-Rise Apartment, Villa	40%	153,336	421,738
26 Wenzhou Begonia Bay	Low-Rise Apartment, High-Rise Apartment, Villa	25%	126,654	296,453
27 Wenzhou Lucheng Plaza	Urban Complex	60%	74,278	371,715
28 Huzhou Majestic Mansion	Low-Rise Apartment, High-Rise Apartment, Villa	70%	189,393	263,939
29 Cixi Rose Garden	High-Rise Apartment	49%	72,277	134,231
30 Cixi Chengnan Project	High-Rise Apartment	30%	54,226	189,348
31 Cixi Grace Garden	High-Rise Apartment	60%	62,576	169,499
32 Xinchang Rose Garden	Villa	80%	126,799	40,880
33 Deqing Yingxi Arcadia	Low-Rise Apartment, High-Rise Apartment, Villa, Commercial	100%	194,677	279,077
34 Shaoxing Jade Garden	Villa	51%	123,254	74,750
35 Shaoxing Yulan Garden	High-Rise Apartment, Office	35%	66,544	308,300
36 Shaoxing Lily Garden	High-Rise Apartment, Office, Villa	51%	111,155	353,824
37 Zhuji Greentown Plaza	Urban Complex	60%	344,683	965,430
Total			6,939,613	12,563,268

Greentown China Holdings Limited
PROPERTY PORTFOLIO

COMPLETION SCHEDULE OF PROJECTS IN ZHEJIANG (EXCLUDING HANGZHOU):

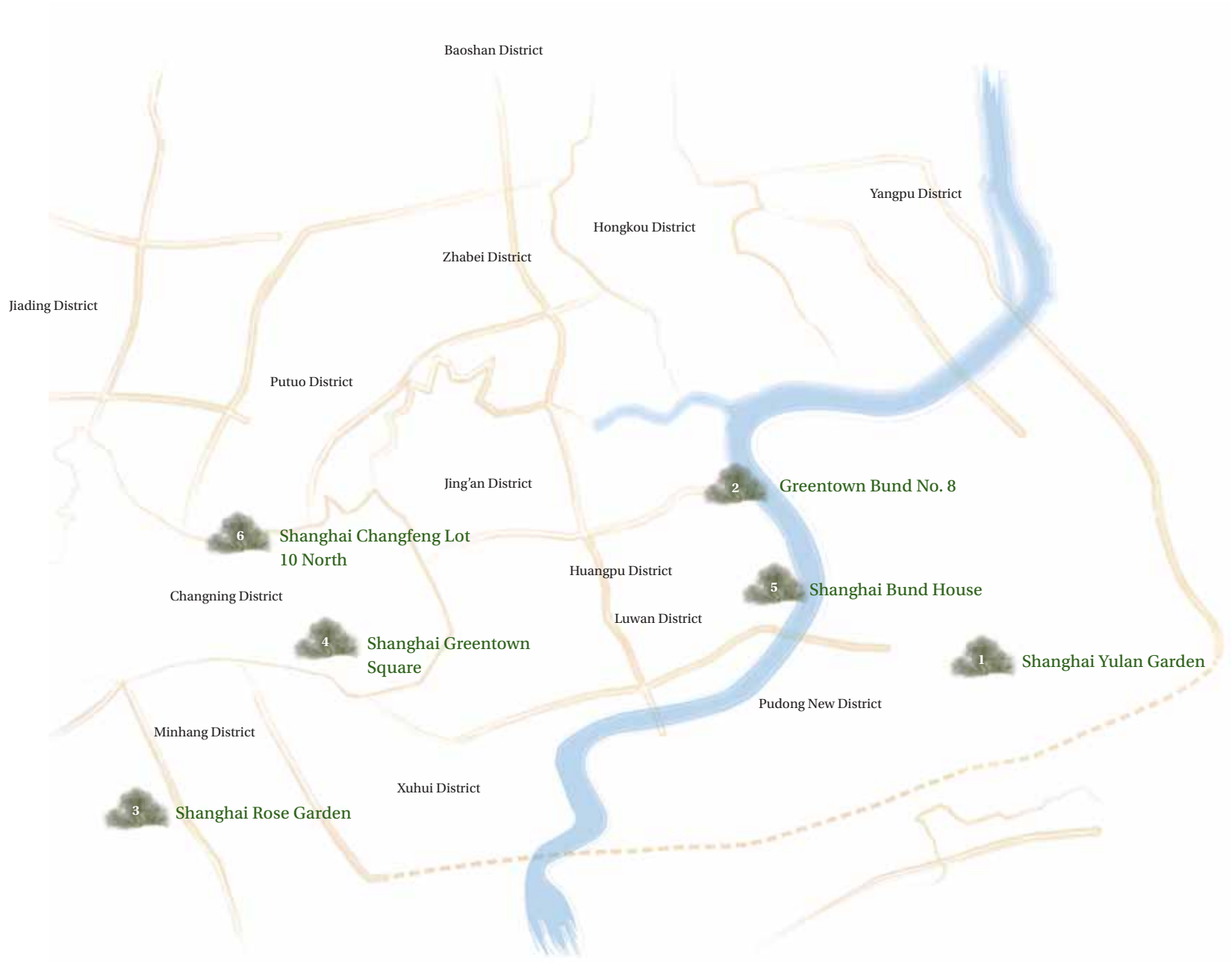
	Projects	Phase	Equity Interest	Total GFA (sqm)	Saleable Area (sqm)	
2012	Ningbo Crown Garden	Phase 2	60%	187,739	128,415	
	Ningbo Crown Garden	Phase 3 (partial)	60%	41,169	26,669	
	Shaoxing Jade Garden	Phase 2	51%	19,362	12,598	
	Shaoxing Jade Garden	Phase 4	51%	13,352	8,762	
	Haining Lily New Town	Phase 5	50%	85,342	52,983	
	Haining Lily New Town	Phase 14	50%	82,188	46,737	
	Haining Lily New Town	Phase 15	50%	71,170	56,699	
	Thousand-Island Lake Resort Condo	Phase 5	80%	94,306	73,154	
	Thousand-Island Lake Rose Garden	Phase 2	51%	59,839	31,535	
	Zhoushan Lily Apartment	Phase 1	100%	82,431	64,870	
	Zhoushan Changzhidao Project	Phase 3	96.9%	149,669	94,430	
	Zhoushan Changzhidao Project	Public facilities building	96.9%	7,550	-	
	Zhoushan Daishan Sky Blue Apartment	Phase 1	60%	71,601	56,400	
	Zhoushan Yulan Garden	Phase 1	100%	195,539	145,003	
	Lin'an Qianwang Culture Square	Phase 1	65%	73,254	57,694	
	Cixi Rose Garden	Phase 2	49%	134,231	84,540	
	Taizhou Rose Garden	Phase 1	55.2%	47,528	30,816	
	Taizhou Rose Garden	Phase 2	55.2%	82,153	54,136	
	Taizhou Yulan Plaza Qionghuayuan	Phase 1	40%	121,517	68,797	
	Zhuji Greentown Plaza	Phase 2	60%	66,824	51,414	
	Zhuji Greentown Plaza	Phase 3	60%	22,012	13,890	
	Zhuji Greentown Plaza	Phase 4	60%	92,407	75,860	
	Zhuji Greentown Plaza	Phase 5	60%	103,721	72,767	
	Changxing Plaza	Phase 2	51%	76,137	56,166	
	Lin'an Qingshan Lake Rose Garden	Phase 2	50%	49,239	41,452	
	Total				2,030,280	1,405,787

Annual Report 2011
PROPERTY PORTFOLIO

	Projects	Phase	Equity Interest	Total GFA (sqm)	Saleable Area (sqm)
2013	Ningbo Crown Garden	Phase 3 (partial)	60%	118,675	76,183
	Shaoxing Jade Garden	Phase 3	51%	12,328	5,848
	Shaoxing Jade Garden	Phase 5	51%	29,708	19,010
	Shaoxing Yulan Garden	Phase 2	35%	240,532	186,474
	Haining Lily New Town	Phase 16	50%	92,589	69,495
	Huzhou Majestic Mansion	Phase 2	70%	54,938	29,908
	Huzhou Majestic Mansion	Phase 3	70%	32,200	19,552
	Huzhou Majestic Mansion	Phase 4	70%	176,801	130,503
	Zhoushan Rose Garden South	Phase 1	100%	42,729	23,819
	Zhoushan Changzhidao Project	Phase 5	96.9%	27,071	17,006
	Zhoushan Changzhidao Project	Phase 10 (clubhouse)	96.9%	15,000	-
	Zhoushan Daishan Sky Blue Apartment	Phase 2	60%	52,585	40,390
	Zhoushan Zhujiajian Dongsha Resort	Phase 1	90%	25,512	10,800
	Lin'an Qingshan Lake Hongfengyuan	Phase 1	65%	26,979	20,622
	Lin'an Qingshan Lake Hongfengyuan	Phase 3 (clubhouse)	65%	3,300	-
	Cixi Grace Garden	Phase 1	60%	169,499	125,335
	Deqing Yingxi Arcadia	Phase 1	100%	154,451	100,817
	Taizhou Begonia Garden	Phase 1	45%	39,262	20,017
	*Taizhou Begonia Garden	Phase 2	45%	33,295	3,125
	Lishui Beautiful Spring River	Phase 1	37.5%	186,553	132,547
	Fuyang Harmony Garden	Phase 1	40%	46,176	21,501
	Fuyang Harmony Garden	Phase 2	40%	127,859	90,581
	Fuyang Harmony Garden	Phase 5 (kindergarden)	40%	4,109	-
	Zhuji Greentown Plaza	Phase 6	60%	65,574	52,311
	Zhuji Greentown Plaza	Phase 7	60%	53,773	42,535
	Zhuji Greentown Plaza	Phase 8	60%	30,134	16,483
	Zhuji Greentown Plaza	Phase 9	60%	23,111	11,518
	Changxing Plaza	Phase 3	51%	30,432	14,515
	Lin'an Qingshan Lake Rose Garden	Phase 3	50%	46,769	46,769
		Total			1,961,944
Beyond 2013	Total			8,571,044	5,803,715

* Taizhou Begonia Garden Phase 2 contains certain social housing units, which are non-salable.

SHANGHAI



Annual Report 2011
PROPERTY PORTFOLIO

Projects	Type	Equity Interest	Site Area (sqm)	Total GFA (sqm)
1 Shanghai Yulan Garden	Low-Rise Apartment, High-Rise Apartment	100%	58,163	134,231
2 Greentown Bund No. 8	Office	40%	2,762	23,821
3 Shanghai Rose Garden	Villa	100%	356,191	94,675
4 Shanghai Greentown Square	Urban Complex	70%	25,594	171,154
5 Shanghai Bund House	High-Rise Apartment	51%	47,050	236,178
6 Shanghai Changfeng Lot 10 North	Serviced Apartment, Office	31.5%	90,270	421,130
Total			580,030	1,081,189

COMPLETION SCHEDULE OF PROJECTS IN SHANGHAI:

	Projects	Phase	Equity Interest	Total GFA (sqm)	Saleable Area (sqm)
2012	Shanghai Yulan Garden	Phase 1 (partial)	100%	57,659	42,567
	Greentown Bund No. 8	Phase 1	40%	23,821	20,821
	Shanghai Rose Garden	Phase 4	100%	10,422	6,533
	Shanghai Rose Garden	Phase 5	100%	11,585	7,471
	Shanghai Bund House	Phase 1	51%	75,815	56,680
	Total			179,302	134,072
2013	Shanghai Yulan Garden	Phase 1 (partial)	100%	76,572	46,755
	Shanghai Rose Garden	Phase 6	100%	37,315	23,865
	Total			113,887	70,620
Beyond 2013	Total			788,000	412,234

JIANGSU PROVINCE

Projects	Type	Equity Interest	Site Area (sqm)	Total GFA (sqm)
1 Wuxi Yulan Garden	High-Rise Apartment	85%	131,154	377,619
2 Wuxi Lixin Ave West Project	High-Rise Apartment	39%	171,810	575,436
3 Wuxi Lihu Camphor Garden	High-Rise Apartment, Villa	100%	222,617	768,755
4 Nanjing Rose Garden	Villa	70%	143,402	57,304
5 Nantong Yulan Apartment	High-Rise Apartment	77%	31,342	81,402
6 Nantong Rudong Hupanju	Low-Rise Apartment, High-Rise Apartment	50%	62,524	101,047
7 Nantong Qidong Rose Garden	Low-Rise Apartment, High-Rise Apartment	51%	162,666	585,961
8 Suzhou Yeshan Island Project	Villa	70%	220,693	35,000
9 Suzhou Rose Garden	Low-Rise Apartment, Villa	66.7%	213,853	166,921
10 Suzhou Majestic Mansion	Low-Rise Apartment, Villa	100%	155,667	216,503
11 Changzhou Yulan Square	High-Rise Apartment	54.5%	413,252	1,446,985
Total			1,928,980	4,412,933

COMPLETION SCHEDULE OF PROJECTS IN JIANGSU:

	Projects	Phase	Equity Interest	Total GFA (sqm)	Saleable Area (sqm)
2012	Wuxi Yulan Garden	Phase 2 (partial)	85%	199,709	188,229
	Wuxi Lihu Camphor Garden	Phase 1 (partial)	100%	27,329	22,037
	Nanjing Rose Garden	Phase 4	70%	37,116	24,864
	Nantong Yulan Apartment	Phase 3	77%	81,402	61,462
	Nantong Rudong Hupanju	Phase 5	50%	101,047	76,766
	Total			446,603	373,358
2013	Wuxi Lihu Camphor Garden	Phase 1 (partial)	100%	47,476	14,355
	Wuxi Lihu Camphor Garden	Phase 2	100%	239,058	153,069
	Nanjing Rose Garden	Phase 5	70%	20,188	13,143
	Suzhou Majestic Mansion	Phase 1	100%	144,521	85,129
	Suzhou Majestic Mansion	Phase 2	100%	71,982	35,492
	Total			523,225	301,188
Beyond 2013	Total			3,443,105	2,221,792

BOHAI RIM REGION BEIJING



Projects	Type	Equity Interest	Site Area (sqm)	Total GFA (sqm)
1 Beijing Sincere Garden	High-Rise Apartment	50%	9,091	26,000
2 Beijing Majestic Mansion	Low-Rise Apartment	100%	230,716	231,029
3 Beijing Jinghang Plaza	High-Rise Apartment, Serviced Apartment	49%	39,455	280,875
4 Beijing Xiaoyunlu Project	Office	100%	13,593	96,289
Total			292,855	634,193

COMPLETION SCHEDULE OF PROJECTS IN BEIJING:

	Projects	Phase	Equity Interest	Total GFA (sqm)	Saleable Area (sqm)
2012	Beijing Sincere Garden	Phase 3	50%	26,000	24,972
	Total			26,000	24,972
2013	Beijing Majestic Mansion	Phase 3	100%	78,430	54,004
	Total			78,430	54,004
Beyond 2013	Total			529,763	300,086

SHANDONG, LIAONING, TIANJIN AND HEBEI

Projects	Type	Equity Interest	Site Area (sqm)	Total GFA (sqm)
1 Qingdao Ideal City	Integrated Community	80%	1,009,900	2,011,612
2 Qingdao Jiaozhou Lagerstroemia Square	Low-Rise Apartment, High-Rise Apartment, Commercial	100%	418,657	1,217,166
3 Qingdao Deep Blue Square	Integrated Community	100%	34,924	351,192
4 Jinan National Games Project	Integrated Community	45%	552,112	1,156,995
5 Jinan Lily Garden	High-Rise Apartment	49%	256,003	663,975
6 Jinan Dongshefang Project	Serviced Apartment, Office	39%	16,830	149,600
7 Shangdong Dongying Project	Integrated Community	8%	1,211,582	2,673,150
8 Shangdong Xueye Lake Project	Villa, Hotel, Serviced Apartment	49%	178,172	157,710
9 Xintai Yulan Garden	Low-Rise Apartment, High-Rise Apartment	70%	256,532	644,542
10 Tianjin Azure Coast	Urban Complex	80%	17,161	209,688
11 Shenyang National Games Project	Integrated Community	50%	1,139,253	2,708,908
12 Tangshan South Lake Project	High-Rise Apartment, Office, Serviced Apartment	100%	165,834	555,154
13 Dalian Deep Blue Centre Phase I	Serviced Apartment	80%	10,857	117,565
14 Dalian Deep Blue Centre Phase II	Office	100%	9,180	67,085
Total			5,276,997	12,684,342

COMPLETION SCHEDULE OF PROJECTS IN SHANDONG, LIAONING, TIANJIN AND HEBEI:

	Projects	Phase	Equity Interest	Total GFA (sqm)	Saleable Area (sqm)
2012	Qingdao Ideal City	Phase 2 (partial)	80%	138,416	74,019
	Qingdao Jiaozhou Lagerstroemia Square	Phase 1	100%	185,693	145,743
	Tangshan South Lake Project	Phase 1	100%	71,088	53,423
	Dalian Deep Blue Centre Phase I	Phase 1	80%	117,565	91,091
	Jinan National Games Project	Phase 6 (partial)	45%	15,120	13,690
Total			527,882	377,966	

Annual Report 2011
PROPERTY PORTFOLIO

	Projects	Phase	Equity Interest	Total GFA (sqm)	Saleable Area (sqm)
2013	Qingdao Ideal City	Phase 3 (partial)	80%	202,308	146,507
	Qingdao Ideal City	Phase 10	80%	362,539	141,692
	Qingdao Jiaozhou Lagerstroemia Square	Phase 3	100%	29,372	17,706
	Qingdao Jiaozhou Lagerstroemia Square	Phase 8	100%	108,654	28,897
	Jinan National Games Project	Phase 5	45%	110,776	72,798
	Jinan National Games Project	Phase 6 (partial)	45%	56,220	26,756
	Jinan National Games Project	Phase 8	45%	183,160	135,381
	Jinan National Games Project	Phase 10	45%	29,241	21,053
	Xintai Yulan Garden	Phase 1	70%	172,644	123,086
	Shenyang National Games Project	Phase 1 (partial)	50%	887,198	478,549
	Tangshan South Lake Project	Phase 2	100%	131,129	90,688
	Total			2,273,241	1,283,113
Beyond 2013	Total			9,883,219	6,978,252

OTHER PROVINCIAL CITIES

Projects	Type	Equity Interest	Site Area (sqm)	Total GFA (sqm)
1 Hefei Jade Lake Rose Garden	High-Rise Apartment, Villa	100%	333,374	868,813
2 Xinjiang Lily Apartment	Low-Rise Apartment, High-Rise Apartment, Office	50%	309,552	686,824
3 Changsha Bamboo Garden	Villa	49.5%	948,467	259,355
4 Zhengzhou Yanming Lake Project	Villa	100%	456,691	230,697
5 Zhengzhou Zhongmau Lily Garden	Low-Rise Apartment, High-Rise Apartment	100%	78,501	174,524
6 Henan Xinyang Nanwan Lake Project	Low-Rise Apartment, High-Rise Apartment, Hotel	20%	195,984	319,985
7 Hainan Clear Water Bay	Integrated Community	51%	1,991,706	1,675,992
Total			4,314,275	4,216,190

COMPLETION SCHEDULE OF PROJECTS IN OTHER PROVINCIAL CITIES:

	Projects	Phase	Equity Interest	Total GFA (sqm)	Saleable Area (sqm)
2012	Hefei Jade Lake Rose Garden	Phase 1 (partial)	100%	45,676	45,676
	Hefei Jade Lake Rose Garden	Phase 5 (school)	100%	23,360	-
	Xinjiang Lily Apartment	Phase 3	50%	52,980	31,083
	Hainan Clear Water Bay	Phase 1	51%	93,332	64,711
Total				215,348	141,470

Annual Report 2011
PROPERTY PORTFOLIO

	Projects	Phase	Equity Interest	Total GFA (sqm)	Saleable Area (sqm)
2013	Hefei Jade Lake Rose Garden	Phase 1 (partial)	100%	69,224	14,341
	Hefei Jade Lake Rose Garden	Phase 2	100%	247,996	201,924
	Hefei Jade Lake Rose Garden	Phase 3	100%	82,734	41,268
	Xinjiang Lily Apartment	Phase 4	50%	133,844	74,690
	Changsha Bamboo Garden	Phase 3	49.5%	8,257	8,257
	Changsha Bamboo Garden	Phase 4	49.5%	8,429	8,429
	Zhengzhou Zhongmau Lily Garden	Phase 1 (partial)	100%	85,213	62,632
	Zhengzhou Zhongmau Lily Garden	Phase 1 (partial)	100%	89,311	70,050
	Hainan Clear Water Bay	Phase 2	51%	91,330	63,601
	Hainan Clear Water Bay	Phase 4 (hotel)	51%	85,453	-
	Hainan Clear Water Bay	Phase 9 (commercial)	51%	68,805	-
		Total			970,596
Beyond 2013	Total			3,030,246	2,275,115

MANAGEMENT DISCUSSION AND ANALYSIS



HANGZHOU HOPE TOWN





MANAGEMENT DISCUSSION AND ANALYSIS



OPERATIONAL AND MANAGEMENT REVIEW

Financial Overview

The Company's net profit hit a record high in 2011. Net profit increased by RMB2,202 million from RMB1,916 million in 2010 to RMB4,118 million in 2011, representing an increase of 114.9%. Net profit margin increased from 17.2% in 2010 to 18.7% in 2011.

Profit attributable to the owners of the Company increased by RMB1,043 million from RMB1,532 million in 2010 to RMB2,575 million in 2011, representing an increase of 68.1%. Profit attributable to the owners of the Company increased at a year-on-year rate of 87.4%, 51.4%, and 68.1% respectively for the three years ended 31 December 2011, representing a compound annual growth rate ("CAGR") of 68.3%.

Excluding the post-tax net effect from certain items (namely the net loss on 2007 convertible bonds, net loss on partial redemption of trust loans in 2010 and fair value changes on trust-related financial derivatives, impairment

losses on properties for development, impairment losses on properties under development, reversal of impairment losses on property, plant and equipment, and gain from changes in fair value of investment properties), core profits attributable to the owners of the Company surged 99.6% (or RMB1,292 million) from RMB1,297 million in 2010 to RMB2,589 million in 2011.

Basic earnings per share increased from RMB0.93 in 2010 to RMB1.57 in 2011, representing an increase of 68.8%.

Property Sales

The PRC real estate market in 2011 remained volatile under the influence of macro-economic tightening policies. The Company and its subsidiaries, together with its jointly controlled entities and associates (collectively the "Greentown Group") proactively responded to the market challenges and adjusted its development strategy and business model accordingly. In 2011, Greentown Group recorded total sales revenue of RMB35.3 billion (including



Nanjing Rose Garden

RMB2.2 billion agreement sales), of which RMB23.3 billion was attributable to the Group. The GFA sold by Greentown Group amounted to 1.75 million sqm, with an average selling price of RMB19,987 per sqm.

Market Recognition

In 2011, the Group ranked among China's top 10 real estate enterprises by sales revenue, and also continued to enjoy a leading position in terms of brand recognition and overall strength. In particular, Greentown ranked first in "Residents' overall satisfaction" in the "2011 China Urban Resident Satisfaction Survey" published by the China Index Academy and the China Real Estate Index System. Greentown also came first in the "Brand Loyalty", "Product Quality", "Property Services", and "Sales Services" indices. In particular, according to the "Brand Loyalty" index, over 40% of the 100,000 Greentown Club members had purchased Greentown's properties more than once, or recommended their friends and family members to purchase Greentown's properties. Also, Greentown ranked first in five out of six sub-indices under the "Product Quality" index, namely "Quality of Public

Structures outside Buildings", "Quality of Construction Works of Building", "Quality of In-house Appliances", "Quality of In-house Plumbing" and "Quality of In-house Construction Works".

In addition, according to the "Survey on the 2011 PRC Real Estate Brandname Value" conducted by China Real Estate Top 10 Research Team, the value of the Greentown brand surged from RMB8.0 billion in 2010 to RMB12.6 billion in 2012 and Greentown ranked among the top 10 real estate enterprises in terms of brand value in China for eight consecutive years. At the same time, the Group was the only awardee of the "2011 Model of China Real Estate Brand Premium Creator" award, demonstrating recognition of, and confidence in, the Greentown brand from the market, customers and investors.

Development Scale

In 2011, in light of the market situation and Greentown Group's operational circumstances and having considered the overall plans set down in

the beginning of the year, Greentown Group duly adjusted its development pace and appropriately controlled the development scale. In 2011, the total GFA under the new construction sites amounted to 6.39 million sqm, which was 29% lower than 9 million sqm as originally planned. During the period, Greentown Group completed total GFA of 2.44 million sqm, of which 1.82 million sqm was saleable area. As at 31 December 2011, Greentown Group had 80 projects under construction, with a total GFA of 16.0 million sqm.

Land Bank

In response to the macro-economic environment, Greentown Group adopted the strategy of “active in sales, cautious in land acquisition” in 2011. Seizing opportunities for land acquisition, the Group actively partnered with cooperating entities, and through the processes of land tender, auction and listing, as well as through acquisition of equity interest, acquired a total of nine quality land sites in 2011 for an aggregate area of approximately 3.09 million sqm. The sites were located in Taizhou, Xinchang, and Cixi in Zhejiang Province, and also in areas such as Shanghai, Liaoning, Henan, and Shandong. The sites comprise a planned GFA of approximately 6.81 million sqm, of which 2.05 million sqm is attributable to the Group. Total land premium was RMB11.1 billion, of which RMB1.6 billion was borne by the Group. Average land price of the sites stood at RMB1,626 per sqm.

Newly Added Land Bank in 2011

Project	Region	Equity Interest	Land		Site Area (sqm)	Planned GFA (sqm)	Land Price per GFA (RMB/sqm)
			Total Land Premium (RMB: million)	Premium to the Group (RMB: million)			
Shandong Dongying Project	Shandong	8%	3,450	16	1,211,582	2,673,150	1,291
Shenyang National Games Project	Liaoning	50%	3,127	630	1,139,253	2,708,908	1,154
Taizhou Huangyan Xinqian Street Project	Zhejiang	41%	750	150	80,649	144,822	5,179
Shanghai Changfeng Lot 10 North	Shanghai	31.5%	2,430	620	90,270	421,130	5,770
Cixi Chengnan Project	Zhejiang	30%	615	103	54,266	189,348	3,248
Jinan Dongshefang Project	Shandong	39%	466	25	16,830	149,600	3,115
Henan Xinyang Nanwan Project	Henan	20%	105	10	195,984	319,985	328
Xinchang Rose Garden Phase 4	Zhejiang	80%	68	54	126,799	40,880	1,663
Shandong Xueye Lake Project	Shandong	49%	58	25	178,172	157,710	368
Total			11,069	1,633	3,093,805	6,805,533	1,626

As at 31 December 2011, Greentown Group accumulated land bank with a total GFA of approximately 40.98 million sqm. The Group's land bank spanned across the whole country, and is expected to be sufficient for the Group's development for the coming five to seven years. As the Group already has ample land reserve on hand, the Group will adopt a relatively cautious approach in 2012 and there is no plan for land acquisition for the time being.

Corporate Management

The Company offers an equal platform where all employees could discover, elevate, and realize their own values. The survival, growth, and development of a corporation is the summation of the hard work of all its workers, who shall be humble, fore-sighted, confident, pragmatic and result-oriented. In 2011, being the focus of public attention, the Company adhered to its long-standing values and goals, faced up to the challenges and strived to compete. Amidst challenging market conditions, the Company actively explored operational and management strategies and enhanced its core competitiveness surrounded by six key elements, namely: "sales", "cost control", "progress", "refinement", "human resources" and "service".

1) Sales

In 2011 the Company experienced unprecedented challenge in sales. Having said that, we worked hard by paying close attention to market change and adopting a "full-marketing" strategy in enhancing the team's competitiveness in adverse conditions and promoting turnover. Moreover, in the first quarter of 2012, the Company has implemented a transformation of the sales model, adopting an agency model to replace the traditional model with a view of maximising all favorable factors to enhance sales.

2) Cost control

The Company has consistently enforced a cost control mechanism that places equal emphasis on quality, cost, and progress. Not being a strong suit among the Company's many strengths, the issue of cost control has attracted much external attention. In 2011, a company-wide transformation has taken place. Paving the way for lasting changes, training programs, both internal and external, were provided to staff of the Group to enhance their sense of cost management. At the same time, the Group's cost control mechanisms have been thoroughly overhauled, with a cost control mechanism combining both comprehensive investigative procedures and focused supervision put into practice. In furtherance of the objects, the Company has implemented an e-merchandizing platform for procurement and improved access to procurement information with the aid of informational technology so as to enhance procurement efficiency and strictly control procurement costs.

3) Progress

In 2011, the Company focused on strengthening its project management capability. Much time and efforts have been invested in such areas as refining project schedule management check-points, improving dynamic progress supervision, and optimizing the pacing of project development. Improvements have been made to the yellow card/red card system for project schedule monitoring, further enhancing the early warning and intervention mechanism in project monitoring.



4) Refinement

In order to further enhance the Company's "quality strategy", internally we have been heavily promoting the need for refinement in management. The Company sought to build up and implement a standardized management system for refined management through the publishing and distributing of the "Greentown Group's guide for refined project management". Further support to the promotion of refined project management was provided by the publishing of detailed guidance notes such as "Design guidelines for building facades" and "Categories of French courtyards" etc.

5) Human resources

Employees are essential to a corporation. In order to meet the personnel demand in response to the Company's business growth and at the same time to create a better platform for personnel development, the Group has further improved its training system and developed different training systems to cater for different needs. Accreditation programs have been established for management level employees in engineering, finance, cost control and procurement, etc. At the same time, the recruitment of outstanding professionals from outside of the Group continued to optimize the Group's personnel structure and expedite the continuous self-development and improvement of staff members.

6) Service

"Winning the smile of customers" is the Company's primary target. On the one hand, the motto guides our customer complaint handling mechanism. Using customer care and maintenance of relationship as the starting point, we strive to ensure that each complaint is handled to the satisfaction of the customer with maximum efficiency; on the other hand, the motto guides our development of real estate services. We strive to continuously enrich and improve the services we provide to residents of our housing estates. The various kinds of services provided in our housing estates are becoming an integral part of the residents' lives.

Expansion of the Construction Management Business

Greentown Construction Management, established in September 2010, marked a new age in Greentown's history. Leveraging on Greentown's construction management expertise and brand recognition, the new business segment extended the reach of the Greentown brand through the provisions of construction management services to external bodies including government agencies, large scale state-owned enterprises, high-net worth individuals and other enterprises. The new business segment created a new source of revenue and expanded the Group's potential market and room for profit growth without the need of additional capital expenditure. As at 31 December 2011, Greentown Construction Management had 61 contracted projects on hand, with total planned GFA of approximately 12.5 million sqm.

OUTLOOK

In 2012, we expect that the tightening policies will continue to exist and we must rationally expedite the transformation of our business model, grasp the market pace and our strategy, adjust our operational strategy accordingly and enhance our foresightedness and flexibility in decision making.

In 2012, transformation will be the main theme of Greentown. From operational strategy, to products, to sales and marketing, certain changes will occur. On strategies, Greentown will no longer focus on expansion in scale through high gearing ratio. We will place emphasis on high quality and rely on our brandname and management to implement steady growth with a view to lowering the gearing ratio to a more reasonable level. On products, Greentown will continue to develop a diversified portfolio of housing types to satisfy the needs of customers from all walks of life. On sales and marketing, a major transition will take place whereby a new commission system will replace the traditional model, thereby mobilizing all the agents in the community to sell Greentown's properties. The healthy competition between personnel inside the Group and agents outside the Group in promoting sales growth will stimulate the Group's overall performance.

In 2012, Greentown Group expects to commence construction for projects with GFA totaling 5.8 million sqm. It is expected that 43 projects, or in project phases, will be completed in 2012 with a total GFA of 4.34 million sqm, of which 3.09 million sqm is saleable area, and 2.21 million sqm of such saleable area is attributable to the Group.



Beijing Sincere Garden

Projects Scheduled for Completion in 2012

	Project	Phase	Equity Interest	Total GFA (sqm)	Saleable Area (sqm)
Subsidiaries	Hefei Jade Lake Rose Garden	Phase 1 (partial)	100.0%	45,676	45,676
		Phase 5 (school)	100.0%	23,360	0
	Beijing Sincere Garden	Phase 3	50.0%	26,000	24,972
	Xinjiang Lily Apartment	Phase 3	50.0%	52,980	31,083
	Nanjing Rose Garden	Phase 4	70.0%	37,116	24,864
	Thousand-Island Lake Resort Condo	Phase 5	80.0%	94,306	73,154
	Ningbo Crown Garden	Phase 2	60.0%	187,739	128,415
		Phase 3 (partial)	60.0%	41,169	26,669
	Hangzhou Lijiang Apartment	Phase 2	100.0%	151,760	112,247
	Wuxi Lihu Camphor Garden	Phase 1 (partial)	100.0%	27,329	22,037
	Nantong Yulan Apartment	Phase 3	77.0%	81,402	61,462
	Hangzhou Sincere Garden Zhijingyuan & Zhengxinyuan	Phase 1	100.0%	142,175	94,715
	Thousand-Island Lake Rose Garden	Phase 2	51.0%	59,839	31,535
	Hangzhou Blue Patio	Phase 4 (partial)	85.0%	39,155	24,212
	Qingdao Ideal City	Phase 2 (partial)	80.0%	138,416	74,019
	Qingdao Jiaozhou Lagerstroemia Square	Phase 1	100.0%	185,693	145,743
	Tangshan South Lake Project	Phase 1	100.0%	71,088	53,423
	Zhoushan Lily Apartment	Phase 1	100.0%	82,431	64,870
	Zhoushan Changzhidao Project	Phase 3	96.9%	149,669	94,430
		Public facilities building	96.9%	7,550	0
	Zhoushan Daishan Sky Blue Apartment	Phase 1	60.0%	71,601	56,400
	Zhoushan Yulan Garden	Phase 1	100.0%	195,539	145,003
	Lin'an Qianwang Culture Square	Phase 1	65.0%	73,254	57,694
	Taizhou Rose Garden	Phase 1	55.2%	47,528	30,816
		Phase 2	55.2%	82,153	54,136
	Hangzhou Sapphire Mansion	Phase 2	100.0%	47,244	34,916
		Phase 3	100.0%	175,373	122,491
	Zhuji Greentown Plaza	Phase 2	60.0%	66,824	51,414
		Phase 3	60.0%	22,012	13,890

Annual Report 2011
MANAGEMENT DISCUSSION AND ANALYSIS

Project	Phase	Equity Interest	Total GFA (sqm)	Saleable Area (sqm)	
	Phase 4	60.0%	92,407	75,860	
	Phase 5	60.0%	103,721	72,767	
Changxing Plaza	Phase 2	51.0%	76,137	56,166	
Shanghai Yulan Garden	Phase 1 (partial)	100.0%	57,659	42,567	
Shanghai Rose Garden	Phase 4	100.0%	10,422	6,533	
	Phase 5	100.0%	11,585	7,471	
Shanghai Bund House	Phase 1	51.0%	75,815	56,680	
Dalian Deep Blue Centre	Phase 1	80.0%	117,565	91,091	
Hangzhou Taohuayuan	Phase 9	64.0%	52,948	34,281	
	Phase 7	64.0%	13,942	8,836	
Hainan Clear Water Bay	Phase 1	51.0%	93,332	64,711	
Subtotal			3,131,914	2,217,249	
Jointly controlled entities/Associates	Hangzhou Xingqiao Purple Osmanthus Apartment	Phase 3	35.0%	67,346	45,950
	Shaoxing Jade Garden	Phase 2	51.0%	19,362	12,598
		Phase 4	51.0%	13,352	8,762
	Wuxi Yulan Garden	Phase 2 (partial)	85.0%	199,709	188,229
	Haining Lily New Town	Phase 14	50.0%	82,188	46,737
		Phase 15	50.0%	71,170	56,699
		Phase 5	50.0%	85,342	52,983
	Jinan National Games Project	Phase 6 (partial)	45.0%	15,120	13,690
	Hangzhou Aesthetic Garden	Entire Project	9.0%	73,906	50,286
	Cixi Rose Garden	Phase 2	49.0%	134,231	84,540
	Taizhou Yulan Plaza Qionghuayuan	Entire Project	40.0%	121,517	68,797
	Hangzhou Hope Town	Phase 6	45.0%	49,551	29,622
		Phase 7 (partial)	45.0%	31,958	18,072
	Greentown Bund No.8	Phase 1	40.0%	23,821	20,821
	Hangzhou Orchid Mansion	Phase 1	8.0%	72,861	52,147
	Lin'an Qingshan Lake Rose Garden	Phase 2	50.0%	49,239	41,452
	Nantong Rudong Hupanju	Phase 5	50.0%	101,047	76,766
Subtotal			1,211,720	868,151	
Total			4,343,634	3,085,400	

As at 31 December 2011, the sales revenue of Greentown Group which has not yet been recognised in the income statement amounted to RMB79.7 billion, of which RMB53.6 billion was attributable to the Group. The majority of these revenues will be eventually recognized in the coming two years. Hence, the Company is optimistic about its earning prospect.

FINANCIAL ANALYSIS

Revenue

Revenue of the Group comes mainly from the sale of property, as well as from hotel operations, property rental, project management, sales of construction materials, and design and decoration. In 2011, the Group recognized revenue stood at RMB21,964 million, representing an increase of 96.8%, or RMB10,803 million, from RMB11,161 million in 2010.

The revenue from property sales in 2011 amounted to RMB21,071 million, accounting for 95.9% of the total revenue, and representing an increase of 94.8% from RMB10,816 million in 2010. The increase was due to the increased delivery of high-end properties, bringing up the average selling price. The total recognized average selling price of properties delivered in 2011 was RMB20,305 per sqm, surging 124.2% from RMB9,057 per sqm in 2010.



Thousand-Island Lake Rose Garden

Properties Delivered During 2011

Project	Type	Area Sold (sqm)	Sales Revenue (RMB million)	Sales Proportion	Average Selling Price (RMB/sqm)
Wenzhou Lucheng Plaza	High-rise apartment	217,957	8,699	41.3%	39,912
Hangzhou Sapphire Mansion	High-rise apartment	52,912	1,316	6.2%	24,871
Hangzhou Lilac Apartment	High-rise apartment	88,196	1,248	5.9%	14,150
Beijing Sincere Garden	High-rise apartment	33,818	1,211	5.7%	35,809
Beijing Majestic Mansion	Flat mansion	30,205	1,068	5.1%	35,358
Xinjiang Lily Apartment	Flat mansion	74,295	837	4.0%	11,266
Thousand-Island Lake Rose Garden	Villa, High-rise apartment	97,279	815	3.9%	8,378
Xiangshan Lily Apartment	High-rise apartment	54,258	752	3.6%	13,860
Shanghai Rose Garden	Villa	21,166	750	3.6%	35,434
Beijing Lily Apartment	High-rise apartment	77,027	722	3.4%	9,373
Huzhou Majestic Mansion	Villa	30,664	538	2.6%	17,545
Hangzhou Taohuayuan South	Villa	14,257	501	2.4%	35,141
Others		245,686	2,614	12.3%	10,640
Total		1,037,720	21,071	100%	20,305

As listed above, Wenzhou area came first in recorded sales revenue in 2011, generating sales revenue of RMB8,699 million and accounting for 41.3% of the Group's total sales revenue in 2011. Hangzhou area came second, generating sales revenue of RMB4,911 million and accounting for 23.3% of the Group's total sales revenue in 2011. Beijing area came third, generating RMB3,001 million sales revenue and accounting for 14.2% of the Group's total sales revenue in 2011.

Revenue recorded from the sale of apartments stood at RMB16,242 million, accounting for 77.1% of the Group's total sales revenue in 2011. Sales of villa recorded revenue of RMB2,898 million, accounting for 13.8% of the Group's total sales revenue in 2011. Sales of flat mansion recorded revenue of RMB1,905 million, accounting for 9.0% of the Group's total sales revenue in 2011. Sales of offices recorded revenue of RMB26 million, accounting for 0.1% of the Group's total sales revenue in 2011.

In 2011, the Group recorded revenue of RMB303 million from design and decoration, increasing substantially compared to RMB30 million in 2010. With the growth in the scale of business in design and decoration, it is expected that income from this segment will continue to grow.

The Group recorded revenue of RMB251 million from hotel operations in 2011, up by 30.1% from RMB193 million in 2010. Greentown Thousand-Island Lake Sheraton Resort Hotel, which commenced operation in 2010, and Hangzhou Rose Garden Resort, Sheraton Zhoushan Hotel and Xinchang Greentown Radisson Hotel, which have been in operation for a number of years, have accumulated a solid customer base and built up a well-developed market presence, and are expected to continue to bring in increasing revenue.

The Group recorded rental income totaling RMB90 million from investment properties in 2011, increasing significantly as compared to RMB33 million in 2010. The increase was mainly attributable to the contribution from Oakwood Residence Beijing which commenced operation in 2010 with an average occupancy rate of 77.3% in 2011.

Revenue from project management amounted to RMB199 million in 2011, representing a marked 452.8% increase from RMB36 million in 2010. This was mainly attributable to the increase in project management income from the Company's subsidiary, namely Greentown Construction Management. As the Group has been developing towards an "asset-light" model of operation, it is expected that the income from project management will continue to grow.



Hangzhou Taohuayuan



Gross Profit Margin

The Group recorded a gross profit of RMB7,408 million in 2011 and a gross profit margin of 33.7%, representing a significant increase from 30.5% in 2010. Gross profit amounted to RMB6,879 million from the sale of property in 2011, and the gross profit margin on property sales stood at 32.6%, increasing significantly as compared to 29.0% in 2010. Among the projects handed over, Wenzhou Lucheng Plaza, which accounted for 41.3% of the Group's total property sales revenue, is situated in the prosperous city of Wenzhou in Zhejiang Province. It is a high-end and high-rise apartment project with top-quality decoration. The project recorded gross profits of RMB3,363 million, with gross profit margin of 38.7%. Also, Hangzhou Lilac Apartment, which accounted for 5.9% of the Group's total property sales revenue, recorded gross profits of RMB586 million, with gross profit margin of 47.0%. Delivery of these high margin projects increased the Company's gross profit margin on property sales significantly.

Other Income

Other income mainly included interest income, trust income, net foreign exchange gains, government grants and brand usage fees, etc. Other income of RMB683 million was recorded by the Group in 2011, posting a slight increase of 5.2% from RMB649 million in 2010, mainly due to the increase in net foreign exchange gains.

Net foreign exchange gains of RMB196 million was recorded by the Group in 2011, increasing significantly as compared to RMB99 million in 2010. The increase was mainly attributable to the appreciation in Renminbi, as well as to the fact that a relatively larger portion of borrowings were denominated in foreign currencies. In 2011, Renminbi as compared to US dollar and HK dollar has appreciated by approximately 5% in value (2010: approximately 3%). As at 31 December 2011, the Group had an outstanding bank borrowings of USD 367 million (31 December 2010: USD 329 million), HKD2,532 million (31 December 2010: HKD2,150 million), and senior notes totaling USD 39 million (31 December 2010: USD 39 million).



Nanjing Rose Garden

Selling and Administrative Expenses

The Group incurred selling expenses of approximately RMB600 million, and administrative expenses of approximately RMB1,320 million during the year. Selling and administrative expenses amounted to RMB1,920 million in total, representing an increase of RMB262 million, or 15.8%, when compared with RMB1,658 million last year.

The largest spending in selling and administrative expenses was human resources cost, which increased by 15.9% to RMB671 million in 2011 (2010: RMB579 million). The increase was mainly due to the expansion of the Group's talent pool in 2011. Expenses in advertising, sales and marketing amounted to RMB273 million (2010: RMB262 million), accounting for approximately 1.2% of the Group's pre-sale turnover (2010: 0.8%), increasing slightly compared with 2010. Daily operational expenses incurred in 2011 totaled RMB584 million (2010: RMB479 million), representing a year on year increase of 21.9%. As the Group continues to develop in its scale of operation, basic expenses such as office rental, business meeting and travel expenses, utilities and property management expenses, rental charges and depreciation costs, etc., all went up by a certain extent.

Finance Costs

In 2011, interest expenses charged to the consolidated statement of comprehensive income was RMB416 million (2010: RMB340 million). Total interest expenses for the year was RMB3,553 million (2010: RMB2,662 million), increasing 33.5% year on year. The increase was mainly attributable to the increase in both the average loan amount and the cost of borrowings. In particular, the average cost of borrowings increased from 7.3% in 2010 to 8.1% in 2011. The capitalized interest was RMB3,137 million with the capitalization rate of 88.3%, which was largely stable as compared with 87.2% in 2010.

Share of Results of Jointly Controlled Entities and Associates

Share of results of jointly controlled entities and associates increased by 47.4% from RMB565 million in 2010 to RMB833 million in 2011. Property sales from jointly controlled entities and associates in 2011 amounted to RMB11,333 million, representing an increase of 20.2% from RMB9,432 million in 2010. The increase was mainly attributable to the increase in delivery of high-end property with higher average selling price in 2011. The average selling price increased from RMB8,988 per sqm in 2010 to RMB13,625 per sqm in 2011. Gross profit margin for property sales increased from 24.7% in 2010 to 30.5% in 2011.



Hangzhou Blue Patio

**Properties Delivered by the Jointly Controlled Entities and Associates
During 2011**

Project	Type	Area Sold (sqm)	Sales Revenue (RMB million)	Sales Proportion	Average Selling Price (RMB/sqm)
Shaoxing Yulan Garden	High-rise apartment	218,129	2,450	21.6%	11,232
Taizhou Yulan Plaza	High-rise apartment	95,043	1,803	15.9%	18,970
Hangzhou Hope Town	High-rise apartment	107,214	1,558	13.7%	14,532
Wuxi Yulan Garden	High-rise apartment	118,262	1,258	11.1%	10,637
Hangzhou Begonia Apartment	High-rise apartment	73,609	1,120	9.9%	15,216
Hangzhou Orchid Apartment	High-rise apartment	43,023	996	8.8%	23,150
Cixi Rose Garden	Low-rise apartment, High-rise apartment	59,699	955	8.4%	15,997
Shaoxing Jade Garden	Villa	23,571	586	5.2%	24,861
Others		93,229	607	5.4%	6,511
Total		831,779	11,333	100%	13,625

Tax Expenses

In 2011, the Group recorded land appreciation tax expenses of RMB1,020 million (2010: RMB392 million) and enterprise income tax of RMB1,563 million (2010: RMB693 million). Effective enterprise income tax rate for 2011 amounted to 32.2% (excluding share of results of jointly controlled entities and associates), which was higher than the statutory tax rate 25.0%. This was mainly attributable to the unrecognized deferred tax assets of the loss of certain subsidiaries which have not yet commenced pre-sale and certain overseas subsidiaries, and withholding tax and the tax effect of non-deductible expense.



Beijing Sincere Garden

Net Loss on Partial Redemption of Trust Loans in 2010 and Changes in Fair Value of Trust-related Financial Derivatives

In 2009, the Group and Zhonghai Trust Company Ltd. (“Zhonghai Trust”) entered into a trust agreement. The trust unit put option, guarantee, and RMB1 option, relating to the above agreement were deemed as financial derivatives, with changes in their fair value recognized as gains or losses in the income statement. Zhonghai Trust matured in January 2012. The Group recorded a gain of RMB169 million in 2011 from the changes in fair value of trust-related financial derivatives. The Group recorded a net loss of RMB21 million in 2010 from the partial redemption of trust loans and changes in fair value of trust-related financial derivatives.

Provisions for Impairment Losses

The restriction on property purchases and credit tightening policies imposed by the PRC Government increased the level of risk and uncertainties of China’s real estate market. In light of this, the Group commissioned DTZ Debenham Tie Leung Ltd. to provide assessments on properties held for development and properties under development of the Group. According to the results of the assessment, subsidiaries of the Company recognized

impairment losses of RMB193 million in 2011, of which RMB144 million was recognized for the Zhoushan Zhujiajian Dongsha South Resort project and RMB62 million for the Suzhou Rose Garden project. A reversal of impairment provision made in 2008 amounting to RMB13 million was also recorded this year for Sheraton Zhoushan Hotel. Furthermore, the Taizhou Huangyan Xinqian Street project under an associate of the Group recorded impairment loss of RMB99 million.

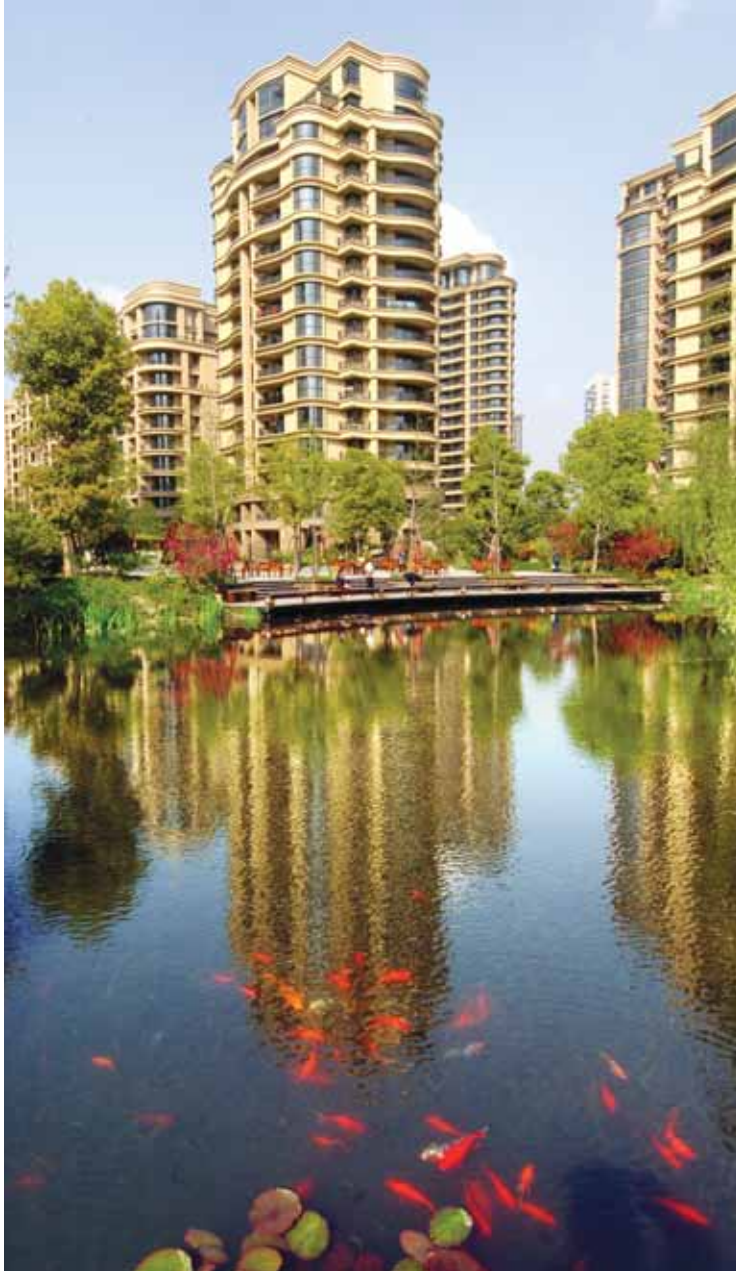
Pre-sale Deposits

Pre-sale deposits represent the amounts received from the pre-sale of properties. The amounts will be recognized as sales revenue upon delivery of properties. As at 31 December 2011, the balance of pre-sale deposits of the Group was RMB45,759 million, representing a decrease of RMB1,788 million from RMB47,547 million as at 31 December 2010, mainly due to the large amount of revenue recognized in 2011. The pre-sale deposits of jointly controlled entities and associates were RMB22,020 million in 2011, representing an increase of RMB1,580 million or 7.7% from RMB20,440 million in 2010.



Nanjing Rose Garden





Hangzhou Chunjianghuayue

Financial Resources and Liquidity

As at 31 December 2011, the Group had bank balances and cash, and pledged bank deposits of RMB5,884 million (as at 31 December 2010: RMB14,973 million), and total borrowings amounted to RMB32,112 million (as at 31 December 2010: RMB34,047 million). Net gearing ratio (measured by net debt over net assets) was 148.7%, representing an increase from 132.0% as at 31 December 2010, but it was significantly lower than the level on 30 June 2011, namely 163.2%. In order to ensure its sustainable development, the Group has been implementing a stringent fund management system. It is also working towards an “asset-light” development model. The Group is actively diversifying its business model through the development of the construction management service segment, upgrading of services and diversifying product mix. As at 31 December 2011, the Group had unutilized banking facilities of approximately RMB26.0 billion.

As at 31 December 2011, the Group had pledged bank deposits of RMB2,269 million, mainly comprises RMB2,075 deposits to secure general credit facilities for the Group, and RMB83 million deposits pledged to the banks to secure purchasers’ mortgages.

The total borrowings of the Group stood at RMB32,112 million on 31 December 2011, of which RMB27,506 million (85.6%) was denominated in RMB and, RMB2,553 million (8.0%) was denominated in US dollar and, RMB2,053 million (6.4%) was denominated in HK dollar.

Project Disposal

On 29 December 2011, the Group entered into an equity transfer agreement in respect of the disposal of a wholly-owned subsidiary, namely Hangzhou Greentown Hesheng Investment Company (“Greentown Hesheng”) to Shanghai Changye Investment Management Co., Ltd, a wholly-owned subsidiary of SOHO China Limited (a company listed on the Hong Kong Stock Exchange with stock code 00410), pursuant to which the Group agreed to dispose of 100% equity interest and shareholders’ loans in Greentown Hesheng at a consideration of RMB1,040 million. Greentown Hesheng mainly holds 10% equity interest in the Shanghai Haizhimen project. The transaction was not yet completed as at 31 December 2011.

On 5 January 2012, the Group entered into an equity transfer agreement in respect of the disposal of a wholly-owned subsidiary, namely Wuxi Greentown Hubin Real Estate Co., Ltd. (“Wuxi Hubin”) to a wholly-owned

subsidiary of Sunac China Holdings Limited (a company listed on the Hong Kong Stock Exchange with stock code 01918), namely Tianjin Sunac Zhidi Co., Ltd, pursuant to which the Group agreed to dispose of 51% equity interest in Wuxi Hubin at a consideration of RMB51 million, which was priced at the cost of registered capital of Wuxi Hubin. Wuxi Hubin mainly holds and develops the Wuxi Lihu Camphor Garden project. The aforesaid disposal is an event conducted subsequent to 31 December 2011.

In addition, the Group has fully or partially disposed of its equity interest in three associates, namely Hangzhou Greentown Shuyuan Real Estate Co., Ltd, Hangzhou Greentown Jinyu Real Estate Co., Ltd and Shanghai Jingyu Real Estate Co., Ltd to non-affiliated parties in 2011.

The transfer of equity interest and recovery of shareholders' loans from the five projects listed above contributed a total of RMB3,237 million of cash inflow to the Group. As at 31 December 2011, RMB1,465 million relevant funds have been received.

Risks of Foreign Exchange Fluctuation

The principal place of operation of the Group is the PRC, and the majority of the income and expenses were transacted in Renminbi. As the Group has bank deposits, borrowings, and amounts due from third parties denominated in foreign currencies, and the senior notes issued in 2006 is denominated in US dollars, the Group faces exchange rate risk. However, the Group's operating cash flow and liquidity are not subject to significant influence from fluctuations in exchange rates. No currency hedging arrangements were made as at 31 December 2011.

Financial Guarantees

The Group provided financial guarantees to banks for mortgage facilities granted to buyers of the Group's properties. As at 31 December 2011, such financial guarantees amounted to RMB18,886 million (as at 31 December 2010: RMB18,658 million).

Pledge of Assets

As at 31 December 2011, certain of the Group's buildings, hotels, prepaid lease rights, investment properties, properties for development, completed properties for sale, bank deposits, amount due from related parties, and interests in associates, with an aggregate carrying value of RMB35,773 million (as at 31 December 2010: RMB36,264 million) were pledged to banks and other financial institutions to secure special general credit facilities granted to the Group.

Capital Commitments

As at 31 December 2011, the Group has contracted, but not provided for, total capital expenditure of RMB19,327 million (as at 31 December 2010: RMB17,447 million) in respect of properties for development, properties under development, and construction in progress.

Capital Expenditure Plan

In consideration of the complex and highly uncertain economic environment, the Group takes a prudent approach towards the use of funds to ensure the safety of the capital chain. Currently, no material capital expenditure plan has been proposed for 2012.



BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT



SONG Weiping
*Chairman of
 the Board and
 Executive Director*
 Born in 1958

Mr SONG Weiping founded our Company in January 1995, and is primarily responsible for the formulation of our development strategies, as well as supervising our project planning, design and marketing. He is also a director of certain subsidiaries or associates of the Company. Mr SONG graduated from Hangzhou University with a bachelor's degree in history in 1982. In 2004 and 2005, Mr SONG was honored with the Ten Leaders of the Residential Property Sector in Zhejiang Award jointly by the Zhejiang Daily, the China Housing Industry Association and Special Committee of the China Construction Industry Association. In 2004, Mr SONG received the China Construction Architecture Award (Individual Contribution Award). He is the vice-chairman of the sixth Council of China Real Estate Association and the vice-chairman of Zhejiang Provincial Real Estate Association. Mr SONG is a controlling shareholder of the Company and is interested or deemed to be interested in the shares of the Company for the purpose of Part XV of the Securities and Futures Ordinance by, among other things, holding shares through his controlled corporations, namely Delta House Limited and Hong Kong Orange Osmanthus Foundation Limited. He is also a director of Delta House Limited and Hong Kong Orange Osmanthus Foundation Limited. Mr SONG is the spouse of Ms XIA Yibo who is interested in the shares of the Company through her controlled corporation, namely Wisearn Limited.



SHOU Bainian
*Executive Vice Chairman of the
 Board, Executive Director and
 Chief Executive Officer*
 Born in 1954

Mr SHOU Bainian is primarily responsible for our overall business operations and financial management. He is also a director of certain subsidiaries and associates of the Company. Mr SHOU graduated from Hangzhou University with a bachelor's degree in history in 1982. Between 1982 and 1998, he worked at the government office of Yin County of Zhejiang Province, the general office of Ningbo Municipal Government and China Huaneng Group's Zhejiang subsidiary. Mr SHOU joined us in April 1998. He is a vice-chairman of Hangzhou Real Estate Association. Mr SHOU is a controlling shareholder of the Company and is interested or deemed to be interested in the shares of the Company for the purpose of Part XV of the Securities and Futures Ordinance by, among other things, holding shares through his controlled corporation, Profitwise Limited. He is also a director of Profitwise Limited.



LUO Zhaoming
*Vice Chairman of the
 Board and Executive
 Director*
 Born in 1966

Mr LUO Zhaoming is primarily responsible for projects development and operation around the Bohai Rim region, three provinces in Northeast China and Jiangsu, Anhui, Xinjiang provinces, and to manage the Company's customer relationships and property management service. Mr LUO graduated from Tonji University with a doctorate degree in management in 2005. In May 1993, Mr LUO acted as the general manager of Beijing Yayun Huayuan Real Estate Development Limited (北京亞運花園房地產開發有限公司). In May 1995, Mr LUO acted as a director and the chief executive officer of HKI Development Limited (香江國際發展有限公司) and he held that position until January 2006. In October 2006, Mr LUO established and acted as a director and the chief executive officer of Beijing Life Builder Co., Ltd (北京萊福建設有限公司). At present, Mr LUO also serves as a director of Tandellen Group Limited. He joined the Company in July 2009.



GUO Jiafeng
*Executive Director
 and Executive General
 Manager*
 Born in 1965

Mr GUO Jiafeng is primarily responsible for the property development projects in Hunan Changsha, Zhejiang Hangzhou, Zhejiang Zhoushan, etc. He graduated from Zhejiang School of Construction with a diploma in industrial and civil architecture in 1981. Mr GUO has over 25 years ample experience in project development and construction. He joined the Company in April 2000.



CAO Zhounan
*Executive Director
 and Executive General
 Manager*
 Born in 1969

Mr CAO Zhounan is primarily responsible for overall operation and management of the Group. He is also the general manager of Greentown Construction Management, a subsidiary of the Group, being responsible for construction consultancy business for projects managed by Greentown. He graduated from Zhejiang University of Finance & Economics (浙江財經學院) in 1991, majoring in financial accounting. He obtained a Master's Degree from Université du Québec, Canada in 2009, majoring in Business Administration. From 1991 to 1995, he held office in Zhejiang Provincial Finance Bureau. From 1996 to 1998, he was the assistant to the county mayor of Zhejiang Province Yunhe County People's Government (浙江省雲和縣人民政府). From 1998 to 2001, he was a deputy division chief (副處長) of the Zhejiang Provincial Finance Bureau. From 2001 to 2009, he served as a vice general manager of the Zhejiang Provincial Railway Investment Group Co., Ltd. (浙江省鐵路集團). He joined the Company in February 2009.



JIA Shenghua
Independent
Non-Executive Director
Born in 1962



JIANG Wei
Independent
Non-Executive Director
Born in 1963



KE Huanzhang
Independent
Non-Executive Director
Born in 1938

Mr JIA Shenghua is a professor of Zhejiang University. Currently, Mr. JIA is an associate director of the Department of Social Sciences of Zhejiang University, as well as the director of Zhejiang University's Property Research Center. Mr JIA graduated from the Northwest Agricultural University with a doctorate degree in agricultural economics and management. Since 1989, Mr JIA has taught and conducted research in property economics, property development, and enterprise management in China. He studied in Germany from 1993 to 1994. He is currently a member of Zhejiang Enterprises Management Research Society, Zhejiang Land Academy and Hangzhou Land Academy. Mr JIA is currently also a council member of the Zhejiang Provincial Real Estate Association, and a member of the expert committee of the China Real Estate Research Association. At present, Mr JIA acts as an independent non-executive director of Zhejiang Zhongda Group Co., Ltd. (stock code: 600704.SH), a company listed in Shanghai, and an independent non-executive director of Yinyi Real Estate Co., Ltd. (stock code: 000981.SZ), and Rongan Property Co., Ltd. (stock code: 000517.SZ), both listed in Shenzhen. He was appointed as our independent non-executive director on 22 June 2006.

Mr JIANG Wei is currently a director and an vice president of China Resources (Holdings) Company Limited. Mr JIANG has a bachelor's degree in international trade and a master's degree in international business and finance, both from the University of International Business and Economics in Beijing, China. Mr JIANG has extensive experience in business planning and financial management. Mr JIANG is a director of China Vanke Company Limited (stock code: 000002.SZ), a company listed in Shenzhen. He is also a non-executive director of China Assets (Holdings) Limited (stock code: 00170.HK) and an executive director of Cosmos Machinery Enterprises Limited (stock code: 00118.HK both listed in Hong Kong). He was appointed as our independent non-executive director on 22 June 2006.

Mr KE Huanzhang is currently the chief planning consultant of the Beijing Municipal Institute of City Planning and Design (北京市城市規劃設計研究院). Mr KE has over 40 years of experience in the areas of housing, urbanrural development and town planning. Mr KE was graduated in 1962 from Southeast University (東南大學) (formerly the Nanjing Industrial Institute (南京工業學院)) and his major was construction. From 1979 to 1986, Mr KE served as the deputy section chief and deputy director-general of the Beijing Planning Bureau (北京市規劃局). From September 1986 to March 2001, Mr KE was the dean and senior town planning professor of the Beijing Municipal Institute of City Planning and Design (北京市城市規劃設計研究院). He was appointed as our independent non-executive director on 22 June 2009.



**SZE Tsai Ping,
Michael**

*Independent
Non-Executive Director*
Born in 1945



TANG Shiding

*Independent
Non-Executive Director*
Born in 1942



XIAO Zhiyue

*Independent
Non-Executive Director*
Born in 1958

Mr SZE Tsai Ping, Michael graduated with a Master of Laws (LLM) Degree from the University of Hong Kong. He has over 30 years of experience in the financial and securities field. He ceased to be a member of the Securities and Futures Appeals Tribunal in Hong Kong in April 2011. Mr SZE was a former council member of the Stock Exchange and was a former member of the Main Board Listing Committee of the Stock Exchange, and currently he is a member of the Cash Market Consultative Panel of the Hong Kong Exchanges and Clearing Limited. Mr SZE is a fellow of the Institute of Chartered Accountants in England and Wales, the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants and also a fellow of the Hong Kong Institute of Directors Limited. Mr SZE is an independent non-executive director of the following companies listed in Hong Kong: GOME Electrical Appliances Holding Limited (stock code: 00493.HK), Harbour Centre Development Limited (stock code: 00051.HK) and Walker Group Holdings Limited (stock code: 01386.HK). Mr SZE resigned as a non-executive director of Burwill Holdings Limited (stock code: 0024.HK), a company listed in Hong Kong, on 1 October 2011. He was appointed as our independent non-executive director on 22 June 2006.

Mr TANG Shiding is currently a consultant of Real Estate Association of China, and of Zhejiang Provincial Real Estate Association, and a specialist on the Comprehensive Real Estate Development Committee under the China Real Estate and Residence Research Society. Mr TANG served as the deputy director of Zhejiang Province Construction Department between 1992 and 2002. Mr TANG has also been a member of the Residential Guidance Working Committee of the China Civil Engineering Institute since December 2003. His publications include "Growth Pattern and Development Trend of the Real Estate Industry in Zhejiang". Currently, he serves as an independent non-executive director of Lander Real Estate Co., Ltd (stock code: 000558.SZ) and Zhejiang Yasha Decoration Co., Ltd. (stock code: 002375.SZ), both listed in Shenzhen. He was appointed as our independent non-executive director on 22 June 2006.

Mr XIAO Zhiyue is currently the chief executive officer of Cinda Capital Management Company Limited (信達資本管理有限公司). Mr XIAO obtained a bachelor's degree in economics from Hangzhou University in 1982, a master of laws degree from the London School of Economics and Political Science, Faculty of Laws, University of London in 1985, and a doctor of philosophy degree from King's College London, Faculty of Laws, University of London in 1990. Mr XIAO was a managing director of Credit Suisse (Hong Kong) Limited from 2007 to 2009. Prior to that, Mr XIAO has over 20 years work experience in law firms. He was admitted as a solicitor in Hong Kong and England & Wales in 1996 and 1997, respectively. He was a partner of Herbert Smith, an international law firm, from 1996 to 2007. Mr XIAO also serves as an independent non-executive director of Bank of Ningbo Co., Ltd. (stock code: 002142.SZ), which is listed in Shenzhen. He was appointed as our independent non-executive director on 3 June 2010, and tendered his resignation as an independent non-executive director of the Company on 15 December 2011 with effect from 1 January 2012.

SENIOR MANAGEMENT

FU Linjiang, born in 1958, is the Executive General Manager of the Company. He is primarily responsible for overall operation and management of the Group. He graduated from Shanghai Institute of Electric Power with major in thermal dynamic engineering. He obtained a Master's Degree from Maastricht School of Management in 2002, majoring in international business administration. He is a National Senior Professional Manager, senior engineer and senior economist. From 1980 to 2010, he held office as general manager, chairman, party secretary and other positions in large state-owned enterprises. From 2006 till now, he has also been a professor in Shanghai Institute of Electric Power. He was a national labor model and a labor model in Zhejiang Province. He joined the Company in June 2010.

YING Guoyong, born in 1961, is an Executive General Manager of Greentown Real Estate Group Co., Ltd (綠城房地產集團有限公司), a principal subsidiary of the Group. He is primarily responsible for the development and management of our projects in Hangzhou Binjiang district, Linan, Zhejiang Deqing, Cixi, Lishui, Taizhou, Henan Zhengzhou, Shandong Xintai, etc. He graduated from Hangzhou University with a bachelor's degree in law in 1985. Between 1985 to 2001, he worked in Zhejiang Province CPC. School, CPC Youth of Zhejiang Province Committee and Zhejiang Youth Travel Service Co. Ltd. He joined the Group in June 2001.

QIAN Xiaohua, born in 1963, is an Executive General Manager of Greentown Real Estate Group Co., Ltd (綠城房地產集團有限公司), a principal subsidiary of the Group. He is primarily responsible for the management of the Company's commercial property development. He graduated from Beijing Institute of Aeronautics with a bachelor's degree in solid mechanics in 1984 and from China-Europe International Business School with a master degree in business administration in 2002. From 1995 to 2005, he worked in Shanghai Midway Infrastructure (Holdings) Limited as a director and a chief executive officer. He joined the Group in February 2005.

YANG Zuoyong, born in 1962, is an Executive General Manager of Greentown Real Estate Group Co., Ltd (綠城房地產集團有限公司), a principal subsidiary of the Group, and mainly responsible for the management of project's development in Hangzhou, Wenzhou, Taizhou, Changxing and Zhuji. He is also the chairman and general manager of the following subsidiaries of the Group: Wenzhou Greentown Real Estate Development Company Limited, Zhuji Yuedu Properties Limited and Hangzhou Jinma Real Estate Co., Ltd. He graduated from China Communist Party School with major in finance and management in 1999. Between 1984 to 2006, Mr YANG held senior management positions in various government departments of Hangzhou City Westlake District. He joined the Group in January 2007.

WANG Hongbin, born in 1968, is an Executive General Manager of Greentown Real Estate Group Co., Ltd (綠城房地產集團有限公司), a principal subsidiary of the Group. He is primarily responsible for the development and administration of projects in Shanghai region and Dalian region. He graduated from Tongji University in 1989 with a major in civil engineering. Between 1989 and 1997, he was employed by Zhoushan Real Estate Corporation. He joined the Group in January 1997, and worked as the senior officer of certain project companies of the Group. He has been the general manager of Shanghai Greentown Forest Golf Villa Development Co., Ltd, a subsidiary of the Group, since December 2004.

KUO Xiaoming, born in 1972, is the Executive General Manager of Greentown Real Estate Group Co., Ltd (綠城房地產集團有限公司), a principal subsidiary of the Group. He is primarily responsible for the development and administration of projects in Hangzhou, Xiangshan, Suzhou and Hainan. Between 1996 and 1999, he was the project officer of the Group's Hangzhou Jiuxi Rose Garden Project and the deputy manager of the engineering department. Between 1999 and 2007, he was the deputy manager of the engineering department, manager of the engineering department, assistant to general manager, deputy general manager and general manager of Hangzhou Taohuayuan Real Estate Development Co., Ltd., a subsidiary of the Group, Mr KUO is experienced in construction operation. He joined the Company in August 1996.

HAN Bo, born in 1974, is the Executive General Manager of Greentown Real Estate Group Co., Ltd (綠城房地產集團有限公司), a principal subsidiary of the Group. He is primarily responsible for the Group's construction system management and the development and administration of projects in Hangzhou, Thousand-Island Lake and Wuzhou. He graduated from Zhejiang University with a bachelor's degree in civil engineering in 1996. From 1996 to 1998, he worked in Zhejiang Urban Construction Management Limited. Mr Han joined the Group in November 1998 as the construction manager of Hangzhou Sweet Osmanthus Town Project and the construction director of Purple Osmanthus Garden Project. From 2001 to 2006, he was the deputy manager, manager, assistant general manager and deputy general manager of the engineering department of Hangzhou Greentown Real Estate Development Co., Ltd. (Chunjiang Huayue Project), a subsidiary of the Group. He has been the general manager of Zhejiang Jiahe Industrial Co., Ltd. (Lijiang Apartment), a subsidiary of the Group, since May 2006.

FUNG Ching, Simon, born in 1969, is the Chief Financial Officer, Company Secretary and one of the authorised representatives of the Company. Prior to joining the Group in August 2010, Mr Fung served as the chief financial officer and secretary to the board of directors of Baoye Group Company Limited (寶業集團股份有限公司), a company listed in Hong Kong (stock code: 02355.HK), between 2004 and 2010, and he worked in PricewaterhouseCoopers between 1994 and 2004. Mr Fung has over 7 years of experience in managing finance and accounting functions, mergers and acquisitions, fund raising and investor relations for PRC corporations listed in Hong Kong, and has 10 years of experience in auditing, accounting and business advisory with a "Big-4" international accounting firm. Mr Fung graduated from the Queensland University of Technology in Australia with a bachelor's degree, majoring in accountancy. He is a fellow of the Hong Kong Institute of Certified Public Accountants and a fellow of the CPA Australia. Mr Fung is currently an independent non-executive director of Hainan Meilan International Airport Company Limited (海南美蘭國際機場股份有限公司), a company listed in Hong Kong (stock code: 00357.HK), and he has been appointed as a non-executive director of Baoye Group Company Limited in June 2011.



CORPORATE GOVERNANCE REPORT



SHAOXING JADE GARDEN





CORPORATE GOVERNANCE REPORT



Qingdao Ideal City

The Company believes that high corporate governance standards help enhance operational performance and the management's accountability. The Board has always strive to apply the principles of corporate governance and adopt sound corporate governance practices to meet legal and commercial standards, with a focus on internal control and fair disclosure.

The Company has complied with the code provisions in the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules during the year ended 31 December 2011.

(A) **THE BOARD OF DIRECTORS**

The Board takes responsibility to oversee all major matters of the Company, including the formulation and approval of all policy matters, strategies for development, internal control and risk management systems, and monitoring the performance of the senior management.

Compliance with the Model Code for Directors' Securities Transactions

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as the standard for securities transactions by the directors. The Company has made specific enquiries of all the directors and all the directors confirmed that they have complied with the required standards set out in the Model Code throughout the year ended 31 December 2011. Relevant employees who are likely to be in possession of unpublished price-sensitive information of the Group are also subject to compliance with written guidelines on no less exacting terms than the Model Code.

Directors' Responsibilities for Financial Statements

The directors acknowledge their responsibilities for preparing the financial statements of the Group in accordance with statutory requirements and applicable accounting standards. The respective responsibilities of our directors and its external auditors on the financial statements of the Group are set out in the "Independent Auditor's Report" on page 91 of this annual report.

Chairman and Chief Executive Officer

In order to reinforce their respective independence, accountability and responsibility, the role of the Chairman is separate from that of the Chief Executive Officer. The Chairman plays a leadership role and is responsible for the effective functioning of the Board in accordance with the good corporate governance practice adopted by the Company. He is also responsible for establishing corporate culture and developing strategies for the Company. The Chief Executive Officer focuses on developing and implementing policies approved and delegated by the Board. The Chief Executive Officer is also primarily responsible for the Group's day-to-day management and operations, and the formulation of the organization structure, control systems, and internal procedures and processes of the Company.

The Chairman of the Board is Mr SONG Weiping and the Chief Executive Officer of the Company is Mr SHOU Bainian.

Independent Non-Executive Directors

Independent non-executive directors play a significant role in the Board by virtue of their independent judgment. Their views carry significant weight in the Board's decision. In particular, they provide impartial and multi-perspective opinions on the Company's development strategy, operational performance, and internal control system. Every independent non-executive director possesses extensive academic, professional and industry expertise and management experience. They provide professional advices to the board according to the Company's particular situation. For the year ended 31 December 2011, all independent non-executive directors of the Company had confirmed their independence to the Company in accordance with the Listing Rules.

Board Meetings

The Board meets regularly to discuss the overall strategy as well as the operation and financial performance of the Group. Directors may participate either in person or through video/telephone conferences. Eight Board meetings were convened in the Year. The attendance of individual directors at these Board meetings is set out below:

	Number of meetings attended/held during the tenure of office
Executive Directors	
Mr SONG Weiping (Chairman)	3/8
Mr SHOU Bainian (Executive Vice Chairman)	7/8
Mr LUO Zhaoming (Vice Chairman)	4/8
Mr GUO Jiafeng	6/8
Mr CAO Zhounan *	2/8
Independent Non-Executive Directors	
Mr JIA Shenghua	6/8
Mr JIANG Wei	2/8
Mr KE Huanzhang	4/8
Mr SZE Tsai Ping, Michael *	5/8
Mr TANG Shiding	6/8
Mr XIAO Zhiyue *	3/8

- * Mr CAO Zhounan was appointed as an executive director, effective 1 July 2011.
- * Mr XIAO Zhiyue resigned as an independent non-executive director, chairman of the Audit Committee, and member of the Nomination Committee, effective 1 January 2012.
- * Mr SZE Tsai Ping, Michael was appointed as the chairman of the audit committee, effective 1 January, 2012.

All directors are provided with relevant materials relating to the issues for discussion before the meetings. They have access to members of the senior management and the Company Secretary at all times and may seek independent professional advice at the Company's expense. All directors have the opportunity to request to include new issues for discussion in the agenda for Board meetings. Notices of Board meetings are given to the directors within reasonable time before meeting and the Board procedures complied with the Articles of Association, as well as relevant rules and regulations.

Appointments, Re-election and Removal of Directors

Each of the executive directors and independent non-executive directors of the Company has entered into a service contract/appointment letter with the Company for a specific term and the details of which are described in the section headed "Report of the Directors – Directors' Service Contracts". Such term is subject to his re-appointment by the Company at an annual general meeting upon retirement. In accordance with the Articles of Association, at every annual general meeting of the Company, one third of the directors for the time being or, if their number is not three or a multiple of three, the number nearest to but not less than one-third shall retire from office by rotation provided that every director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years.

Mr SONG Weiping, Mr SHOU Bainian, Mr LUO Zhaoming, Mr CAO Zhounan (who was appointed as an executive director with effect from 1 July 2011) and Mr HUI Wan Fai (who was appointed as an independent non-executive director with effect from 1 April 2012) will retire at the 2012 annual general meeting of the Company, and will be subject to re-election in accordance with the Articles of Association. All the retiring directors, being eligible, will offer themselves for re-election.



Nanjing Rose Garden

Board Committees

The Board has established the Audit Committee, the Nomination Committee and the Remuneration Committee (collectively, the “Board Committees”) with defined terms of reference. The terms of reference of the Board Committees are available on the Company’s website. The Board Committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company’s expenses.

Audit Committee

All members of the Audit Committee are independent non-executive directors of the Company. The primary duties of the Audit Committee are to review and supervise the Group’s financial reporting procedures, the internal audit scheme formulated by the Internal Audit Department of the Group, and review the reports submitted by the Internal Audit Department. It is also responsible for reviewing affairs related to the appointment, resignation and replacement of independent auditors, as well as assessing the auditors’ performance, and whether their audit fees are reasonable, and providing relevant recommendations to the Board.

The major tasks accomplished during the year include:

- reviewing the annual and interim results announcements, reports and financial statements of the Group;
- reviewing and providing recommendations on the accounting policies adopted by the Group and the accounting practice;
- monitoring the work of the internal audit department of the Group and reviewing the internal audit reports;
- advising on material transactions of the Group and providing recommendations on related risks to management; and
- reviewing the audit fees of auditors and recommending the fees for approval by the Board.

The Audit Committee met twice for the year ended 31 December 2011. The attendance of individual members at the Audit Committee meetings is set out below:

	Number of Meetings Attended/Held
Independent Non-Executive Directors	
Mr XIAO Zhiyue (Chairman)*	2/2
Mr JIA Shenghua	2/2
Mr JIANG Wei	1/2
Mr SZE Tsai Ping, Michael*	1/2
Mr TANG Shiding	2/2

* Mr SZE Tsai Ping, Michael has been the chairman of the Audit Committee with effect from 1 January 2012 in place of Mr XIAO Zhiyue in light of Mr XIAO’s resignation with effect from the same day.

Nomination Committee

The Nomination Committee is primarily responsible for considering and recommending 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 in the year ended 31 December 2011 were Mr SZE Tsai Ping, Michael (Chairman), Mr SHOU Bainian, Mr TANG Shiding and Mr XIAO Zhiyue.

The Nomination Committee adopts certain criteria and procedures in the nomination of new directors. The major criteria include, among others, the candidates’ professional background and experience in the industry of the Group’s business and past employment track record of the candidates.

During the year ended 31 December 2011, two meetings were held by the Nomination Committee. Members of the Nomination Committee have reviewed the composition of the Board, reviewed the suitability of the directors’ skills and experience to the Company’s business, made recommendation to the Board on the re-appointment of directors, and assessed the independence of the

independent non-executive directors. The attendance of individual members at the Nomination Committee meetings during 2011 is set out below:

	Number of Meetings Attended/Held
Independent Non-Executive Directors	
Mr SZE Tsai Ping, Michael (Chairman)	2/2
Mr TANG Shiding	2/2
Mr XIAO Zhiyue*	2/2
Executive Director	
Mr SHOU Bainian	2/2

* Mr XIAO Zhiyue resigned as a member of the Nomination Committee with effect from 1 January 2012.

Remuneration Committee

The Remuneration Committee is responsible for making recommendations on directors' remuneration and other benefits. The remuneration of all directors is subject to regular monitoring by the Remuneration Committee to ensure that the level of their remuneration and compensation is reasonable. Members of the Remuneration Committee in the year ended 31 December 2011 were Mr JIA Shenghua (Chairman), Mr SZE Tsai Ping, Michael and Mr SHOU Bainian.

During the year ended 31 December 2011, two meetings were held by the Remuneration Committee, and members of the Remuneration Committee have reviewed the remuneration packages of the directors and the remuneration policies of the Company as set out in the section headed "Report of the Directors - Human Resources". The attendance of individual members at the Remuneration Committee meetings during 2011 is set out below:

	Number of Meetings Attended/Held
Independent Non-Executive Directors	
Mr JIA Shenghua (Chairman)	2/2
Mr SZE Tsai Ping, Michael	2/2
Executive Director	
Mr SHOU Bainian	1/2

(B) FINANCIAL REPORTING AND INTERNAL CONTROLS

Financial Reporting

The Board, supported by the finance department, is responsible for the preparation of the financial statements of the Company and the Group. In the preparation of financial statements, International Financial Reporting Standards have been adopted and appropriate accounting policies have been consistently used and applied.

Independent Auditors

Deloitte Touche Tohmatsu has been appointed as the Company's independent auditors since 2004.

A breakdown of the remuneration received by the independent auditors for audit and non-audit services provided to the Company is as follows:

Service Item	2011 (RMB'000)	2010 (RMB'000)
Audit services (including interim review)	5,040	4,800
Non-audit services (mainly were tax advisory services)	-	500
Total	5,040	5,300

The Audit Committee and the Board of the Company have agreed to the re-appointment of Deloitte Touche Tohmatsu as the independent auditors of the Group for 2012, and the proposal will be submitted for approval at the AGM.



Changsha Bamboo Garden

Internal Controls

The Board is responsible for the internal controls of the Group and for reviewing its effectiveness. Procedures have been designed to safeguard company assets against unauthorized use or disposition, ensure the maintenance of proper accounting records for the provision of reliable financial information for internal use or for external publication, and ensure compliance of applicable laws, rules and regulations. The directors have conducted a review of the effectiveness of the system of internal control of the Group, and reviewed and monitored the Company's internal management and operation during the Year. The internal audit department

established by the Company has conducted random internal auditing of the Company, its subsidiaries, associates and jointly-controlled entities. The works carried out by the internal audit department include ensuring the internal controls to be in place and function properly as intended.

The independent auditors will report to the Company on the weaknesses (if any) in the Group's internal control and accounting procedures which have come to their attention during the course of their audit work.



Hangzhou Taohuayuan



INVESTOR RELATIONS

INVESTOR RELATIONS AND COMMUNICATIONS WITH SHAREHOLDERS

The Company has established various channels of communication with its shareholders and the public to ensure that they are kept abreast of the Company's latest news and development. Information relating to the Company's financial details, property projects and major events are available through publication of annual and interim reports, announcements, circulars, press releases, and monthly newsletters.

The Board believes that effective investor relations can contribute towards lowering finance cost, improving market liquidity of the Company's shares, and building a more stable shareholder base. Therefore, the Company is committed to maintaining a high level of corporate transparency and follow a policy of disclosing relevant information to shareholders, investors, analysts and bankers in a timely manner.

The Company's dedicated investor relations team held regular meetings with investors to keep them abreast of the Company's latest business development and its corporate strategies. A series of public events have been hosted right after certain significant events of the Company such as results announcements, important business development or financing activities. Directors and senior management will attend the events to answer investors' questions. The post-results analyst briefings and press conferences are also webcasted for more timely dissemination of relevant information and broader reach to investors.

During the year, the Company had arranged over 80 site visits, conducted over 200 investor meetings and telephone conferences, and attended 16 investor presentations organized by investments banks. Through these investor relations activities, the Company seeks to continuously improve interactions with investors, and maintain a high level of transparency in operation.



Key investor relations events held in 2011 are as follows:

Events	Date
2010 Annual Results Announcement - Press Conference and Analyst Briefing	29 Mar
2011 Annual General Meeting	13 Jun
2011 Interim Results Announcement - Press Conference and Analyst Briefing	29 Aug

During the Year, in addition to receiving many investors and analysts visiting the Company and attending “one-on-one” meetings at the Company’s premises, the Company also attended the following important investor relations activities:



Greentown China Holdings Limited
INVESTOR RELATIONS

Date	Activities	Organizer	Location
6 Jan	Jefferies' China Property Day	Jefferies	Hong Kong
7 Jan	Credit Suisse China HK Property Day 2011	Credit Suisse	Hong Kong
12-13 Jan	DB Access China Conference 2011	DB	Beijing
17-18 Jan	UBS Conference	UBS	Shanghai
31 Mar-1 Apr	JP Morgan Asia Pacific Property Conference 2011	JP Morgan	Singapore
13-14 Apr	Nomura China Investor Forum 2011	Nomura	Hangzhou
1-3 Jun	J.P.Morgan-China Conference 2011	JP Morgan	Beijing
27-28 Jun	Samsung Securities Investor Conference	Samsung Securities	Hong Kong
14 Jul	Citi HK/China Mini Conference 2011	Citi	Hong Kong
26 Sept	UBS Hong Kong/China Property Conference 2011	UBS	Hong Kong
13-14 Oct	BNP Paribas Annual China Conference	BNP Paribas	Qingdao
19-20 Oct	Citi Greater China Investor Conference 2011	Citi	Macau
27-28 Oct	Goldman Sachs China Investment Frontier Conference 2011	Goldman Sachs	Beijing
2-3 Nov	Bank of America Merrill Lynch New China Conference	Bank of America Merrill Lynch	Beijing
24-25 Nov	Jefferies Hong Kong/China Property Summit	Jefferies	Hong Kong
30 Nov - 1 Dec	CLSA China & HK Property Access Day	CLSA	Hong Kong



Our investor relations team will continue to enhance the quality of communication with its investors and maintain corporate transparency. To ensure easy access to the Company's updated information, all of our published information including announcements, interim and annual reports, press releases, and monthly newsletters, are posted on our website www.chinagreentown.com in a timely manner. Interested party can also make enquiries by contacting the investor relations department at (852) 2523 3137 or by email to ir@chinagreentown.com.



REPORT OF THE DIRECTORS



HANGZHOU TAOHUAYUAN





REPORT OF THE DIRECTORS

The Board presents its annual report and the audited consolidated financial statements of the Group for the year ended 31 December 2011 (the “Consolidated Financial Statements”) to the Shareholders.

COMPANY INCORPORATION

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

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

PRINCIPAL BUSINESS

The Company is an investment holding company. The activities of its subsidiaries, jointly controlled entities and associates are set out in notes 42, 18 and 17 respectively to the Consolidated Financial Statements. There was no significant change in the nature of the Group’s principal business during the Year.

FINANCIAL POSITIONS AND RESULTS

The financial positions of the Group as at 31 December 2011 are set out in the Consolidated Statement of Financial Position prepared in accordance with IFRS on pages 93 to 94 of the annual report.

The results of the Group for the year ended 31 December 2011 prepared in accordance with IFRS are set out in the Consolidated Statement of Comprehensive Income on page 92 of the annual report.

A financial summary of the Group for the last five financial years is set out on page 7 of the annual report.

RESERVES

Details of movements in reserves of the Group in 2011 are set out in the Consolidated Statement of Changes in Equity on pages 95 to 96 of the annual report.

DIVIDENDS

The Board did not recommend the payment of a final dividend (2010: a final dividend of RMB0.36 per share). During the Year, an interim dividend of RMB0.1 per share was paid and the total dividend for the Year was RMB0.1 per share.

SEGMENT INFORMATION

The reporting segments of the Group are as follows:

- 1 Property development
- 2 Hotel operations
- 3 Property investment
- 4 Others (including sale of construction materials, electronic engineering, design and decoration, project management, etc.)

The segment information for the year ended 31 December 2011 is set out in note 7 to the Consolidated Financial Statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the Year are set out in note 15 to the Consolidated Financial Statements.

Details of Share Offering and Placing

	IPO	Placement
Listing place	Main Board of HKEx	Main Board of HKEx
Offering/Placing price	HK\$8.22 per Share	HK\$16.35 per Share
Listing date	13 July 2006	4 May 2007
Number of issued shares	347,402,500 Shares	141,500,000 Shares

SHARE CAPITAL

Details of movements during the Year in the share capital of the Company are set out in note 30 to the Consolidated Financial Statements.

SUFFICIENCY OF PUBLIC FLOAT

Base on the information that is publicly available to the Company and to the best of the directors' knowledge, the Company has maintained a sufficient public float as required by the Listing Rules throughout the year ended 31 December 2011.

CONVERTIBLE BONDS

Details of movements during the Year in the 2007 Convertible Bonds are set out in note 28 to the Consolidated Financial Statements.

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

During the year ended 31 December 2011, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities.

DIRECTORS

During the year ended 31 December 2011 and up to the date of this report, the directors were as follows:

Executive Directors

Mr SONG Weiping (*Chairman*)

Mr SHOU Bainian (*Executive Vice Chairman*)

Mr LUO Zhaoming (*Vice Chairman*)

Mr GUO Jiafeng

Mr CAO Zhounan (with effect from 1 July 2011)

Independent Non-Executive Directors

Mr JIA Shenghua

Mr JIANG Wei

Mr KE Huanzhang

Mr SZE Tsai Ping, Michael

Mr TANG Shiding

Mr XIAO Zhiyue (up to 31 December 2011)

During the Year, Mr CAO Zhounan was appointed as an executive director on 1 July 2011. Mr XIAO Zhiyue resigned from as an independent non-executive director, the Chairman and a member of the Audit Committee, and a member of the Nomination Committee, with effect from 1 January 2012. Mr SZE Tsai Ping, Michael was appointed as chairman of the Audit Committee of the Company, with effect from 1 January 2012.

Mr SONG Weiping, Mr SHOU Bainian, and Mr LUO Zhaoming shall retire from the office by rotation at the AGM in accordance with Article 130 of the Company's Articles of Association, while Mr CAO Zhounan and Mr HUI Wan Fai (an independent non-executive director appointed by the Board with effect from 1 April 2012) shall retire at the AGM in accordance with Article 114 of the Company's articles of association. All the retiring directors, being eligible, will offer themselves for re-election.

DIRECTORS' SERVICE CONTRACTS

Each of the executive directors has entered into a service contract with the Company for an initial term of three years and shall continue thereafter until terminated by either party by giving not less than three months' prior notice in writing.

Each of the independent non-executive directors has been appointed by the Company for a term of three years.

Apart from the foregoing, no director proposed for re-election at the AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the directors and senior management of the Group are set out on pages 54 to 59 of the annual report.

REMUNERATION OF DIRECTORS

The remuneration of the directors is disclosed on an individual named basis in note 11 to the Consolidated Financial Statements.

HIGHEST PAID INDIVIDUALS

During the Year, the relevant information of the five individuals with the highest remuneration of the Group is disclosed in note 11 to the Consolidated Financial Statements.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Board has obtained written confirmations from all independent non-executive directors concerning their independence in accordance with Rule 3.13 of the Listing Rules. The Board is in the opinion that the existing independent non-executive directors are independent based on the guidelines set out in Rule 3.13 of the Listing Rules.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 31 December 2011, the interests and short positions of directors and chief executive of the Company and their associates in the shares, underlying shares and debentures of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

Long Positions in Shares and Underlying Shares of the Company

Name of Director	Personal Interests in Underlying Shares	Family Interests	Interest of Controlled Corporation	Total Number of Shares and Underlying Shares Held	% of Issued Share Capital of the Company Held
Mr SONG Weiping	1,089,000 (note 3)	68,859,000 (note 2)	472,124,000 (note 1)	542,072,000	33.05%
Mr SHOU Bainian	609,000 (note 3)	-	384,490,500 (note 4)	385,099,500	23.48%
Mr LUO Zhaoming	15,000,000 (note 6)	-	100,000,000 (note 5)	115,000,000	7.01%
Mr GUO Jiafeng	576,000 (note 3)	-	13,010,000 (note 7)	13,586,000	0.83%
Mr CAO Zhounan	10,000,000 (note 8)	-	-	10,000,000	0.61%

Notes:

- (1) Mr SONG Weiping, being the sole shareholder of Delta House Limited ("Delta"), is deemed to be interested in 372,124,000 shares of the Company held by Delta pursuant to Part XV of the SFO. Hong Kong Orange Osmanthus Foundation Limited ("HKOO Foundation") is a company limited by guarantee and established by Mr SONG as a charitable institution of a public character exempt from tax under Section 88 of the Inland Revenue Ordinance, Chapter 112 of the Laws of Hong Kong. As Mr SONG is the sole member of HKOO Foundation, pursuant to Part XV of the SFO, Mr Song is deemed to be interested in 100,000,000 shares of the Company held by HKOO Foundation notwithstanding that Mr SONG is not beneficially interested in such Shares.
- (2) Mr SONG Weiping is deemed to be interested in such Shares held by Wisearn Limited ("Wisearn"), a company wholly-owned by his spouse, Ms XIA Yibo.
- (3) Pursuant to the Share Option Scheme adopted by a resolution of the Shareholders on 22 June 2006, these share options were granted on 22 January 2009 and are exercisable at HK\$2.89 per share from 22 January 2009 to 21 January 2019.
- (4) Mr SHOU Bainian is deemed to be interested in such shares as the sole shareholder of Profitwise Limited ("Profitwise").
- (5) Mr LUO Zhaoming is deemed to be interested in such shares held by Tandellen Group Limited ("Tandellen"), a company which is 50% owned by him and 50% owned by his spouse, Ms RUAN Yiling.
- (6) Pursuant to the Share Option Scheme, these share options were granted on 17 July 2009 and are exercisable at HK\$11.59 per share from 17 July 2009 to 16 July 2019.
- (7) Mr GUO Jiafeng is deemed to be interested in such shares as the sole shareholder of Jamuta Investments Limited.
- (8) Pursuant to the Share Option Scheme, these share options were granted on 13 May 2009 and are exercisable at HK\$7.16 per share from 13 May 2009 to 12 May 2019.

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

Name of Director	Name of Associated Corporation	Capacity	Interest in Registered Capital	% of the Total Registered Capital
Mr SONG Weiping (note 1)	Greentown Construction Management (綠城房產建設管理有限公司)	Beneficial owner	RMB72,000,000	36%
Mr CAO Zhounan (note 2)	Greentown Construction Management (綠城房產建設管理有限公司)	Beneficial owner	RMB54,000,000	27%

Notes:

- (1) Mr SONG Weiping was beneficially interested in RMB72,000,000 of the total registered capital of Greentown Construction Management.
- (2) Mr CAO Zhounan was beneficially interested in RMB54,000,000 of the total registered capital of Greentown Construction Management.

Other than as disclosed above, none of the directors and chief executive of the Company nor their associates had any interest or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as at 31 December 2011.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

The register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that, as at 31 December 2011, the following shareholders, other than those disclosed in the section headed "Directors' and Chief Executive's Interests in Securities", had notified the Company of relevant interests in the shares and underlying shares of the Company:

Name of Substantial Shareholder		Interest or Short Position in the Shares or Underlying Shares (Note 1)	Capacity in which Interests are Held	% of Issued Share Capital of the Company Held
Ms XIA Yibo	(note 2)	542,072,000 (L)	Interest of a controlled corporation and interest of spouse	33.05%
Delta	(note 3)	372,124,000 (L)	Beneficial owner	22.69%
HKOO Foundation	(note 3)	100,000,000 (L)	Beneficial owner	6.10%
Profitwise	(note 4)	384,490,500 (L)	Beneficial owner	23.44%
Ms RUAN Yiling	(note 5)	115,000,000 (L)	Interest of a controlled corporation and interest of spouse	7.01%
Tandellen Group Limited	(note 6)	100,000,000 (L)	Beneficial owner	6.10%
Lehman Brothers Holdings Inc.	(note 7)	101,400,450 (L)	Interest of controlled corporations	6.18%
		31,868,575 (S)	Interest of controlled corporations	1.94%

Notes:

- (1) The letter "L" denotes a long position. The letter "S" denotes a short position.
- (2) Ms XIA Yibo, being the sole shareholder of Wisearn, is deemed to be interested in 68,859,000 shares of the Company held by Wisearn pursuant to Part XV of the SFO. Ms XIA is the spouse of Mr SONG Weiping. Accordingly, pursuant to Part XV of the SFO, Ms XIA is also deemed to be interested in the following: (i) 372,124,000 shares of the Company held by Delta, a corporation of which Mr SONG is the sole shareholder, (ii) 100,000,000 shares of the Company held by HKOO Foundation, a charitable institution established by Mr SONG of which Mr SONG is the sole member (notwithstanding that neither Mr SONG nor Ms XIA is beneficially interested in those shares); and (iii) 1,089,000 share options of the Company held by Mr SONG. The aforesaid represents an aggregate of 542,072,000 shares of the Company.
- (3) Controlled corporations of Mr SONG Weiping, details of which are disclosed in the section "Directors' and Chief Executive's Interests in Securities" above.
- (4) A controlled corporation of Mr SHOU Bainian, details of which are disclosed in the section "Directors' and Chief Executive's Interests in Securities" above.
- (5) Ms RUAN Yiling held deemed interest in 100,000,000(L) shares held by Tandellen, a controlled corporation 50% owned by her and 50% owned by her spouse, Mr LUO Zhaoming, and deemed interest in 15,000,000(L) share options held by Mr LUO.
- (6) A controlled corporation of Mr LUO Zhaoming, details of which are disclosed in the section "Directors' and Chief Executive's Interests in Securities" above.
- (7) Lehman Brothers Holdings Inc., according to its disclosure of interest filing, held deemed interest in a total of 101,400,450(L) shares and 31,868,575(S) shares by virtue of its control over certain entities.

Other than the interests disclosed above, the Company has not been notified of any other notifiable interests or short positions in the shares or underlying shares of the Company as at 31 December 2011.

SHARE OPTION SCHEME

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

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

Share options may be exercised at any time from the date of grant of the share option to the expiry of the Share Option Scheme, unless otherwise specified in the Share Option Scheme. The exercise price is determined by the Board, and will not be less than the higher of (i) the closing price of the Shares of the Company as stated in the Stock Exchange's daily quotations sheet on the date of grant; (ii) the average of the closing prices of the Shares of the Company as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Shares of the Company. Detailed terms of the Share Option Scheme are set out in note 35 to the Consolidated Financial Statements.

As at the date of this annual report, the total number of shares available for issue under the Share Option Scheme is 27,014,150 shares, representing approximately 1.65% of the issued share capital of the Company.

SHARE OPTION SCHEME (CONTINUED)

Details of the share options granted, exercised and cancelled pursuant to the Share Option Scheme on 22 January 2009, 13 May 2009, 22 June 2009 and 17 July 2009, respectively, during the twelve months ended 31 December 2011 were as follows:

Name of Grantee	No. of Share Options Outstanding at the Beginning of the Year	No. of Share Options Granted During the Year	No. of Share Options Exercised During the Year	No. of Share Options Cancelled During the Year	No. of Share Options Forfeited During the Year	No. of Share Options Outstanding at the end of the Year	Date of Grant	Period During which Share Options are Exercisable	Exercise Price per Share (HK\$)
Directors									
Mr SONG Weiping	544,500	-	-	-	-	544,500	22 January 2009	22 January 2009 to 21 January 2019	2.89
	272,250	-	-	-	-	272,250	22 January 2009	22 January 2010 to 21 January 2019	2.89
	272,250	-	-	-	-	272,250	22 January 2009	22 January 2011 to 21 January 2019	2.89
	1,089,000	-	-	-	-	1,089,000			
Mr SHOU Bainian	81,000	-	-	-	-	81,000	22 January 2009	22 January 2009 to 21 January 2019	2.89
	264,000	-	-	-	-	264,000	22 January 2009	22 January 2010 to 21 January 2019	2.89
	264,000	-	-	-	-	264,000	22 January 2009	22 January 2011 to 21 January 2019	2.89
	609,000	-	-	-	-	609,000			
Mr LUO Zhaoming	7,500,000	-	-	-	-	7,500,000	17 July 2009	17 July 2009 to 16 July 2019	11.59
	3,750,000	-	-	-	-	3,750,000	17 July 2009	17 July 2010 to 16 July 2019	11.59
	3,750,000	-	-	-	-	3,750,000	17 July 2009	17 July 2011 to 16 July 2019	11.59
	15,000,000	-	-	-	-	15,000,000			
Mr CHEN Shunhua (Note 1)	250	-	250	-	-	-	22 January 2009	22 January 2010 to 21 January 2019	2.89
	188,250	-	188,250	-	-	-	22 January 2009	22 January 2011 to 21 January 2019	2.89
	188,500	-	188,500	-	-	-			
Mr GUO Jiafeng	288,000	-	-	-	-	288,000	22 January 2009	22 January 2009 to 21 January 2019	2.89
	144,000	-	-	-	-	144,000	22 January 2009	22 January 2010 to 21 January 2019	2.89
	144,000	-	-	-	-	144,000	22 January 2009	22 January 2011 to 21 January 2019	2.89
	576,000	-	-	-	-	576,000			
Mr CAO Zhouan (Note 2)	3,300,000	-	-	-	-	3,300,000	13 May 2009	13 May 2009 to 12 May 2019	7.16
	3,400,000	-	-	-	-	3,400,000	13 May 2009	13 May 2011 to 12 May 2019	7.16
	3,300,000	-	-	-	-	3,300,000	13 May 2009	13 May 2012 to 12 May 2019	7.16
	10,000,000	-	-	-	-	10,000,000			
Employees									
Certain other employees of the Company's subsidiaries, associated companies and jointly controlled entities	11,495,000	-	902,000	-	-	10,593,000	22 January 2009	22 January 2009 to 21 January 2019	2.89
	7,388,000	-	519,000	-	-	6,869,000	22 January 2009	22 January 2010 to 21 January 2019	2.89
	8,222,750	-	759,750	-	-	7,463,000	22 January 2009	22 January 2011 to 21 January 2019	2.89
	18,592,500	-	-	-	774,000	17,818,500	22 June 2009	22 June 2009 to 21 June 2019	11.00
	9,296,250	-	-	-	387,000	8,909,250	22 June 2009	22 June 2010 to 21 June 2019	11.00
	9,296,250	-	-	-	387,000	8,909,250	22 June 2009	22 June 2011 to 21 June 2019	11.00
	64,290,750	-	2,180,750	-	1,548,000	60,562,000			
Certain employees of Zhejiang Greentown Property Management Service Group Co., Ltd., Hangzhou Jinshagang Travel Cultural Company Limited and Greentown Holdings Group, all being associates of Mr SONG Weiping and Mr SHOU Bainian	872,500	-	-	-	-	872,500	22 June 2009	22 June 2009 to 21 June 2019	11.00
	436,250	-	-	-	-	436,250	22 June 2009	22 June 2010 to 21 June 2019	11.00
	436,250	-	-	-	-	436,250	22 June 2009	22 June 2011 to 21 June 2019	11.00
	1,745,000	-	-	-	-	1,745,000			
Total	93,498,250	-	2,369,250	-	1,548,000	89,581,000			

SHARE OPTION SCHEME (CONTINUED)

Notes:

- (1) Mr CHEN Shunhua resigned as an executive director on 10 December 2010.
- (2) Mr CAO Zhounan has been appointed as an executive director since 1 July 2011.
- (3) The vesting period of the above options is from the date of grant until the commencement of the period during which they are exercisable.

During the Year, 2,369,250 share options were exercised, and 1,548,000 share options lapsed.

VALUATION OF OPTIONS

The Company has been using the Binomial Valuation Model and the Black-Scholes Pricing Model (collectively, the “Models”) to value the share options granted. Details of the key parameters used in the Models and the corresponding fair values of the options granted during the Year are set out in note 35 to the Consolidated Financial Statements.

DIRECTORS’ INTERESTS IN CONTRACTS OF SIGNIFICANCE

Other than as disclosed in note 39 to the Consolidated Financial Statements, no contract of significance to which the Company, its holding company or subsidiaries was a party and in which a director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 December 2011.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

Significant related party transactions entered into by the Group for the year ended 31 December 2011 are disclosed in note 39 to the consolidated financial statements. Details of some of the said related party transactions, which also constituted connected transactions or continuing connected transactions on the part of the Company required to be disclosed in accordance with Chapter 14A of the Listing Rules, are listed as follows:

(A) Connected Transaction

In 2011, the Group entered into the following connected transaction which is subject to the reporting requirements under Chapter 14A of the Listing Rules:

On 3 June 2011, Greentown Real Estate Group Co., Ltd. (綠城房地產集團有限公司) (“Greentown Real Estate”), an indirect wholly-owned subsidiary of the Company, Beijing Greentown Sunshine Investment Co., Ltd. (北京綠城陽光投資有限公司) (“Greentown Sunshine”), wholly owned by Mr. Luo Zhaoming, and two other limited liability companies established in the PRC (“JV Partner A” and “JV Partner B”, respectively), each an independent third party, entered into an investment agreement (the “Investment Agreement”) for the establishment of a limited liability company in the PRC (“JV Co”). The business scope of the JV Co shall include investments in urban construction, infrastructure construction, pension and healthcare industries, equity investment, project investment, consultancy on investment management, consultancy on corporate management and fee based management of entrusted assets in the PRC.

Pursuant to the Investment Agreement, the registered capital of the JV Co shall be RMB2 billion. Each of Greentown Real Estate, Greentown Sunshine, JV Partner A and JV Partner B agreed to make a capital contribution of RMB480 million, RMB120 million, RMB1.2 billion and RMB200 million, respectively, to the registered capital of the JV Co, representing 24%, 6%, 60% and 10% of the equity interests in the JV Co, respectively. It was agreed that an initial 20% of the capital contribution would be paid by each of the parties upon the establishment of the JV Co, while the remaining 80% would be paid within two years after the establishment of the JV Co.

As Mr Luo is an executive director of the Company, he is a connected person of the Company. As Mr Luo has the right to exercise or control the exercise of 30% or more of the voting power at general meetings of Greentown Sunshine, Greentown Sunshine is an associate of Mr Luo and a connected person of the Company pursuant to Rule 14A.11 of the Listing Rules. Accordingly, the establishment of the JV Co. constituted a connected transaction of the Company under Chapter 14A of the Listing Rules.

Details of the Investment Agreement were disclosed in the announcement of the Company dated 3 June 2011.

(B) Continuing Connected Transactions

In 2011, the Group entered into the following continuing connected transactions (the “Non-exempt Continuing Connected Transactions”) which are subject to the reporting requirements under Chapter 14A of the Listing Rules:

(a) Properties Leasing Agreements

On 1 December 2008, the Company and Greentown Holdings Group Limited (綠城控股集團有限公司) (“Greentown Holdings Group”) entered into two properties leasing agreements (the “Properties Leasing Agreements”), each for a term of three years commencing from 1 January 2009 and ended 31 December 2011:

- (1) a properties leasing agreement pursuant to which the Company agreed to rent certain premises and properties situated at (i) Level 10 of Zone A; (ii) Room 111 on Level 1 of Zone B; (iii) Level 9 of Zone B; and (iv) Level 3 of Zone A, Huanglong Century Plaza, No. 1 Hangda Road, Xihu District, Hangzhou, Zhejiang Province, the PRC (collectively, the “Commercial Properties”), for general commercial uses; and

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

(B) **Non-exempt Continuing Connected Transactions (Continued)**

(a) **Properties Leasing Agreements (Continued)**

- (2) a framework property leasing agreement pursuant to which the Company agreed to rent 30 residential units to be used as staff quarters for the Group, of which 26 are situated at Zigui Garden, Wenexi Road, Xihu District, Hangzhou, Zhejiang Province, the PRC and four are situated at No. 532 Wenyixi Road, Xihu District, Hangzhou, Zhejiang Province, the PRC, (collectively, the “Staff Quarters”).

The annual cap of the rent payable by the Company under the Properties Leasing Agreements for each of the three years ended 31 December 2011 was RMB8.06 million (as to RMB7.56 million for the Commercial Properties and RMB0.50 million for the Staff Quarters), which was accordingly determined as the annual cap of the Properties Leasing Agreements for each of the three years ended 31 December 2011. There were no rent review provisions in the Properties Leasing Agreements.

As Greentown Holdings Group is wholly owned by Mr Song Weiping, Mr Shou Bainian and Ms Xia Yibo (collectively, the “Original Shareholders”), Greentown Holdings Group is a connected person of the Company and the transactions contemplated under the Properties Leasing Agreements constituted continuing connected transactions of the Company.

Details of the Properties Leasing Agreements were disclosed in the announcement of the Company dated 1 December 2008.

(b) **Advertising Services Agreement**

On 1 December 2008, the Company and Zhejiang Greentown Football Club Company Limited (浙江綠城足球俱樂部有限公司) (“Greentown Football Club”) entered into an advertising services agreement (the “Advertising Services Agreement”) for a term of three years commencing from 1 January 2009 and ended 31 December 2011, pursuant to which Greentown Football Club provided advertising services to the Company including advertising the Company’s Greentown Real Estate brand name at the football games and events participated by Greentown Football Club as a marketing campaign which allowed the brand name of the Company to be publicized to spectators and the wider public through various public media reporting the football events. Assuming that Greentown Football Club would remain within China Football Super League in 2009 to 2011, the aggregate annual advertising fees payable by the Company under the Advertising Services Agreement for each of the three years ended 31 December 2011 was RMB40 million, which was accordingly determined as the annual cap of the Advertising Services Agreement for each of the three years ended 31 December 2011.

On 15 December 2011, in view of the continuous development of the Group, the Company entered into a supplemental advertising services agreement (the “Supplemental Advertising Services Agreement”) to broaden the scope of advertising services provided by Greentown Football Club to the Company under the Advertising Services Agreement. In light of the increasing publicity of Greentown Football Club in the PRC on a nationwide basis, the Company was of a view that there has been an increasing marketing effect from the advertising services provided by Greentown Football Club to the Group. In particular, the Company was of the view that Greentown Football Club has effectively enhanced the Company’s corporate image on a nationwide basis in recent years. The Company agreed to strengthen these marketing campaigns in order to meet the continuous growth of the Group and to reinforce the Group’s corporate image in the PRC. Accordingly, the annual cap for the advertising services for the year ended 31 December 2011 was revised to RMB70 million under the Supplemental Advertising Services Agreement.

As Greentown Football Club is a wholly-owned subsidiary of Greentown Holdings Group which is in turn controlled by the Original Shareholders, Greentown Football Club is a connected person of the Company and the transactions contemplated under the Advertising Services Agreement (as supplemented by the Supplemental Advertising Services Agreement) constituted continuing connected transactions of the Company.

Details of the Advertising Services Agreement and the Supplemental Advertising Services Agreement were disclosed in the announcements of the Company dated 1 December 2008 and 15 December 2011, respectively.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

(B) Non-exempt Continuing Connected Transactions (Continued)

(c) Comprehensive Services Agreement

On 1 December 2008, the Company, Original Shareholders and Greentown Holdings Group entered into a comprehensive services agreement (the “Comprehensive Services Agreement”) for a term of three years commencing from 1 January 2009 and ended 31 December 2011 for the provision of the following services:

- (1) Interior decoration services
Pursuant to the Comprehensive Services Agreement, the Original Shareholders, through their associates, provided interior decoration services to the Company for the Company’s property developments upon terms not less favourable than those the Original Shareholders offers to any third parties from time to time. The Company was not obliged to use such services exclusively or at all from the Original Shareholders. By serving three months’ prior written notice, the Company might terminate such services in respect of any of the Company’s projects. The annual cap of the fees in respect of interior decoration services payable by the Company under the Comprehensive Services Agreement for each of the three years ended 31 December 2011 was RMB10 million.
- (2) Property management services
Pursuant to the Comprehensive Services Agreement, Greentown Holdings Group, through its associates, provided property management services to the Company for the Company’s property developments upon terms not less favourable than those Greentown Holdings Group offers to any third parties from time to time. The Company was not obliged to use such services exclusively or at all from Greentown Holdings Group. By serving three months’ prior written notice, the Company might terminate such services in respect of any of the Company’s projects. The annual caps of the fees in respect of property management services payable by the Company under the Comprehensive Services Agreement for the three years ended 31 December 2011 were RMB14 million, RMB16 million and RMB18 million, respectively.

Due to the growth of the property market in the PRC and the business of the Group, the demand of the Company for the property management services provided under the Comprehensive Services Agreement had become higher than expected. On 23 December 2010, the Company entered into a supplemental agreement (the “Supplemental Comprehensive Services Agreement”) with the Original Shareholders and Greentown Holdings Group pursuant to which, among others, the annual caps of the fees in respect of property management services payable by the Company for the two years ended 31 December 2011 were revised to RMB45 million and RMB80 million, respectively.

- (3) Supply of landscaping raw materials
Pursuant to the Comprehensive Services Agreement, Greentown Holdings Group, through its associates, supplied certain landscaping raw materials to the Company for the Company’s property developments upon terms not less favourable than those Greentown Holdings Group offers to any third parties from time to time. The Company was not obliged to purchase the landscaping raw materials exclusively or at all from Greentown Holdings Group. By serving three months’ prior written notice, the Company might terminate the purchase of such landscaping raw materials in respect of any specific supply contract. The annual caps of the costs in respect of the purchase of landscaping raw materials by the Company under the Comprehensive Services Agreement for the three years ended 31 December 2011 were RMB2 million, RMB2.5 million and RMB3 million, respectively.

Due to the growth of the property market in the PRC and the business of the Group, the demand of the Company for the supply of landscaping raw materials under the Comprehensive Services Agreement had become higher than expected. On 23 December 2010, the Company entered into the Supplemental Comprehensive Services Agreement pursuant to which, among others, the annual caps of the costs in respect of the purchase of landscaping raw materials by the Company under the Comprehensive Services Agreement for the two years ended 31 December 2011 were revised to RMB5 million and RMB18 million, respectively.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

(B) Non-exempt Continuing Connected Transactions (Continued)

(c) Comprehensive Services Agreement (Continued)

(4) Hotel management services

Pursuant to the Comprehensive Services Agreement, Greentown Holdings Group, through its associates, provided hotel management services to the Company for the Company's hotel property development projects upon terms not less favourable than those Greentown Holdings Group offers to any third parties from time to time. The Company was not obliged to use such services exclusively or at all from Greentown Holdings Group. By serving three months' prior written notice, the Company might terminate such services in respect of any of the Company's projects. The annual cap of the expenditure in respect of hotel management services payable by the Company under the Comprehensive Services Agreement for each of the three years ended 31 December 2011 was RMB2 million.

Due to the growth of the property market in the PRC and the business of the Group, the demand of the Company for the hotel management services under the Comprehensive Services Agreement had become higher than expected. On 23 December 2010, the Company entered into the Supplemental Comprehensive Services Agreement pursuant to which, among others, the annual caps of the expenditure in respect of the hotel management services payable by the Company under the Comprehensive Services Agreement for the two years ended 31 December 2011 were revised to RMB3 million and RMB5 million, respectively.

As the Original Shareholders are, together, entitled to exercise or control the exercise of 30% or more of the voting power at general meetings of Greentown Holdings Group, Greentown Holdings Group is a connected person of the Company and the transactions contemplated under the Comprehensive Services Agreement (as supplemented by the Supplemental Comprehensive Services Agreement) constituted continuing connected transactions of the Company.

Details of the Comprehensive Services Agreement and the Supplemental Comprehensive Services Agreement were disclosed in the announcements of the Company dated 1 December 2008 and 23 December 2010, respectively.

(d) Provision of Real Estate Services

On 14 April 2009, Greentown Real Estate and Zhonghai Trust Co., Ltd (中海信託股份有限公司) ("Zhonghai Trust") entered into a trust agreement (the "Trust Agreement"), pursuant to which Greentown Real Estate and Zhonghai Trust entered into a real estate consultancy agreement (the "Real Estate Consultancy Agreement"). Under the Real Estate Consultancy Agreement, Greentown Real Estate was appointed as the real estate services provider of the trust established pursuant to the Trust Agreement (the "Trust") for a period of 33 months during the term of the Trust to, among other things, manage the Qianjiang Project and Taihu Project and other real estate projects held by the project companies under the Trust.

Greentown Real Estate shall receive a fixed consultancy fee after each settlement date, distribution date and trust termination date at a rate of 0.25% per annum with reference to the nominal amount of the total number of outstanding trust units and the number of investment days of the Trust and a performance-based bonus. The annual maximum amount for the fixed consultancy fee and the performance-based bonus (if any) received by Greentown Real Estate did not exceed RMB5.1 million for each of the three years ended 31 December 2011.

As the Trust was a substantial shareholder of Hangzhou Greentown Haiqi Real Estate Development Co., Ltd. (杭州綠城海企房地產開發房有限公司), a subsidiary of the Company, the Trust was a connected person of the Company and the transactions contemplated under the Real Estate Consultancy Agreement constituted continuing connected transactions of the Company.

Details of the Real Estate Consultancy Agreement and the Trust Agreement were disclosed in the announcement of the Company dated 14 April 2009.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

(B) Non-exempt Continuing Connected Transactions (Continued)

(e) Educational Services Framework Agreement

On 23 December 2010, the Company and Zhejiang Greentown Education Investment Company Limited (浙江綠城教育投資有限公司) (“Greentown Education”) entered into an early educational participation services framework agreement (the “Educational Services Framework Agreement”) for the provision of early educational participation services by Greentown Education to the Group in the Group’s development projects for a term of two years commencing from 1 January 2010 and ended 31 December 2011. The services were charged according to government determined or directed price or, in absence of such government determination or direction, at market price (including tender price) which might be charged by an independent third party under normal commercial terms in respect of the provision of similar services in the same area, the vicinity or the PRC. The services provided by Greentown Education to the Group under the Educational Services Framework Agreement were not exclusive and the Group might engage other service providers for the same services. The annual caps of the fees in respect of early educational participation services payable by the Company under the Educational Services Framework Agreement for the two years ended 31 December 2011 were RMB2 million and RMB10 million, respectively.

As the Original Shareholders are together entitled to, directly or indirectly, exercise or control the exercise of 30% or more of the voting power at general meetings of Greentown Education, Greentown Education is a connected person of the Company and the transactions contemplated under the Educational Services Framework Agreement constituted continuing connected transactions of the Company.

Details of the Educational Services Framework Agreement were disclosed in the announcement of the Company dated 23 December 2010.

(f) Health Management Services Framework Agreement

On 23 December 2010, the Company and Zhejiang Greentown Health Promotion Management Company Limited (浙江綠城健康促進管理有限公司) (“Greentown Health”) entered into a health management services framework agreement (the “Health Management Services Framework Agreement”) for the provision of health management services to the Group for a term of two years commencing from 1 January 2010 and ended 31 December 2011. The services were charged according to government determined or directed price or, in absence of such government determination or direction, at market price (including tender price) which might be charged by an independent third party under normal commercial terms in respect of the provision of similar services in the same area, the vicinity or the PRC. The services provided by Greentown Health to the Group under the Health Management Services Framework Agreement were not exclusive and the Group might engage other service providers for the same services. The annual caps of the fees in respect of health management services payable by the Company under the Health Management Services Framework Agreement for the two years ended 31 December 2011 were RMB5 million and RMB25 million, respectively.

As the Original Shareholders together are entitled to, directly or indirectly, exercise or control the exercise of 30% or more of the voting power at general meetings of Greentown Health, Greentown Health is a connected person of the Company and the transactions contemplated under the Health Management Services Framework Agreement constituted continuing connected transactions of the Company.

Details of the Health Management Services Framework Agreement were disclosed in the announcement of the Company dated 23 December 2010.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

(B) **Non-exempt Continuing Connected Transactions (Continued)**

(g) **Healthcare Services Framework Agreement**

On 23 December 2010, the Company and Zhejiang Greentown Hospital Investment Company Limited (浙江綠城醫院投資有限公司) (“Greentown Hospital”) entered into a healthcare services framework agreement (the “Healthcare Services Framework Agreement”) for the provision of healthcare services to the Group for a term of two years commencing from 1 January 2010 and ended 31 December 2011. The services were charged according to government determined or directed price or, in absence of such government determination or direction, at market price (including tender price) which might be charged by an independent third party under normal commercial terms in respect of the provision of similar services in the same area, the vicinity or the PRC. The services provided by Greentown Hospital to the Group under the Healthcare Services Framework Agreement were not exclusive and the Group might engage other service providers for the same services. The annual caps of the fees in respect of healthcare services payable by the Company under the Healthcare Services Framework Agreement for the two years ended 31 December 2011 were RMB2 million and RMB6 million, respectively.

As the Original Shareholders together are entitled to, directly or indirectly, exercise or control the exercise of 30% or more of the voting power at general meetings of Greentown Hospital, Greentown Hospital is a connected person of the Company and the transactions contemplated under the Healthcare Services Framework Agreement constituted continuing connected transactions of the Company.

Details of the Healthcare Services Framework Agreement were disclosed in the announcement of the Company dated 23 December 2010.

The annual amounts for each of the Non-exempt Continuing Connected Transactions for the year ended 31 December 2011 were as follows:

Transaction amounts for the year ended 31 December 2011	RMB'000
Annual rental pursuant to the Properties Leasing Agreements	7,556
Advertising fee pursuant to the Advertising Services Agreement, as amended and supplemented by the Supplemental Advertising Services Agreement	70,000
Interior decoration service fees pursuant to the Comprehensive Services Agreement, as amended and supplemented by the Supplemental Comprehensive Services Agreement	3,132
Property management service fees pursuant to the Comprehensive Services Agreement, as amended and supplemented by the Supplemental Comprehensive Services Agreement	69,605
Purchase of raw materials pursuant to the Comprehensive Services Agreement, as amended and supplemented by the Supplemental Comprehensive Services Agreement	5,849
Hotel management services fees pursuant to the Comprehensive Services Agreement, as amended and supplemented by the Supplemental Comprehensive Services Agreement	4,016
Real estate consultancy fees pursuant to the Real Estate Consultancy Agreement	3,125
Educational services fees pursuant to the Educational Services Framework Agreement	433
Health management services fees pursuant to the Health Management Services Framework Agreement	1,210
Healthcare services fees pursuant to the Healthcare Services Framework Agreement	868

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

(B) Non-exempt Continuing Connected Transactions (Continued)

The independent non-executive directors of the Company have reviewed the Non-exempt Continuing Connected Transactions and confirmed that they were:

- (a) entered into by members of the Company in the ordinary and usual course of its business;
- (b)
 - (i) on normal commercial terms; or
 - (ii) on terms no less favourable to the Company than those available to (or from) independent third parties; or
 - (iii) on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole; and
- (c) entered into in accordance with the relevant agreements governing them.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the Non-Exempt Continuing Connected Transactions in accordance with Main Board Listing Rule 14A.38. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

In the opinion of the Directors, all the above transactions have been entered into in the ordinary course of the Group's business and are conducted on normal commercial terms and are fair and reasonable and in the interest of the Company's shareholders as a whole.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the Year and up to the date of this report, except disclosed below, none of the directors is considered to have interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group, as defined in the Listing Rules.

Greentown Holdings Group is engaged in various lines of businesses, including certain property development and sale.

On 22 June 2006, Mr SONG Weiping, Mr SHOU Bainan, Ms XIA Yibo and Greentown Holdings Group entered into a deed of non-competition (the "Deed of Non-Competition") with the Company to undertake that they will not, and shall procure their controlled affiliates (other than subsidiaries and associates of the Company) not to engage in any property development business (except for hotel development and property management) in the PRC, provided that Greentown Holdings Group may continue with the development and sale of the eight property projects (the "Non-inclusion Projects"). Pursuant to the Deed of Non-Competition, Greentown Holdings Group granted an option to the Company to acquire the Non-inclusion Projects. Details of the terms of the Deed of Non-Competition are described in the "Business Section" of the Company's Prospectus.

Pursuant to the ordinary resolutions passed at the extraordinary general meeting held on 26 March 2007, three out of eight Non-inclusion Projects were acquired by the Company. During the year ended 31 December 2007, Greentown Holdings Group disposed one Non-inclusion Project to an independent third party. As at 31 December 2011, there are still four Non-inclusion Projects pursuant to the Deed of Non-Competition.

On 3 August 2010, Mr SONG Weiping, Greentown Real Estate and Shanghai Xiping Financial Consulting Firm (上海欣萍財務諮詢事務所) entered into the JV Contract for the establishment of Greentown Construction Management in which Mr SONG Weiping is interested in 36%. The principal activities of the Greentown Construction Management are providing property construction management and advisory services in the PRC. The directors were of the view that the business activities of Greentown Construction Management may compete with that of the Group. A waiver from the Deed of Non-Competition in favour of Mr SONG Weiping was proposed by the Board and granted by the shareholders at the extraordinary general meeting of the Company held on 7 September 2010.

DIRECTORS' INTERESTS IN COMPETING BUSINESS (CONTINUED)

Mr LUO Zhaoming was appointed as an executive director and the vice chairman of the Company on 17 July 2009. As at the date of his appointment, Mr LUO was a director and the vice chairman of Hangzhou Sino-Ocean Laifu Land Limited* (杭州遠洋萊福房地產開發有限公司), Hangzhou Sino-Ocean Canal Business District Development Limited* (杭州遠洋運河商務區開發有限公司), Hangzhou Sino-Ocean New River Hotel Properties Limited* (杭州遠洋新河酒店置業有限公司) and Hangzhou Sino-Ocean Tian Qi Properties Limited* (杭州遠洋天祺置業有限公司). Each of these companies is a company incorporated in the PRC that principally carries on the business of property development. On 20 January 2010, Mr LUO ceased to be a director and vice chairman of Hangzhou Sino-Ocean Canal Business District Development Limited* (杭州遠洋運河商務區開發有限公司), Hangzhou Sino-Ocean New River Hotel Properties Limited* (杭州遠洋新河酒店置業有限公司) and Hangzhou Sino-Ocean Tian Qi Properties Limited* (杭州遠洋天祺置業有限公司). As at the date of this report, Mr LUO remains to be a director and the vice chairman of Hangzhou Sino-Ocean Laifu Land Limited* (杭州遠洋萊福房地產開發有限公司).

As at the date of appointment of Mr LUO on 17 July 2009, through companies controlled by him, Mr LUO indirectly held 30% equity interest in each of Hangzhou Sino-Ocean Canal Business District Development Limited* (杭州遠洋運河商務區開發有限公司), Hangzhou Sino-Ocean New River Hotel Properties Limited* (杭州遠洋新河酒店置業有限公司) and Hangzhou Sino-Ocean Tian Qi Properties Limited* (杭州遠洋天祺置業有限公司). On 18 January 2010, such equity interest was transferred to another subsidiary of Sino-Ocean Land Holdings Limited, a company listed on the Stock Exchange. As at the date of this report, Mr LUO does not directly or indirectly hold any equity interest in these companies.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate sales attributable to the Group's five largest customers were less than 30% of the Group's total sales and the sales attributable to the Group's largest customer were less than 10% of the Group's total sales for the Year.

The aggregate purchases attributable to the Group's five largest suppliers were less than 30% of the Group's total purchases and the purchases attributable to the Group's largest supplier were less than 10% of the Group's total purchases for the Year.

At no time during the year ended 31 December 2011, a director, an associate of a director or a shareholder of the Company (who to the knowledge of the directors own more than 5% of the Company's share capital) had any interest in any of the Group's five largest suppliers or customers.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

HUMAN RESOURCES

As at 31 December 2011, the Group employed a total of 4,383 employees (2010: 3,435). Employees were remunerated on the basis of their performance, experience and prevailing industry practices. The Group's remuneration policies and packages were reviewed by the remuneration committee of the Company and the Board on a regular basis. As an incentive for the employees, bonuses and cash awards may also be given to the employees based on individual performance evaluation.

The Company has adopted the Share Option Scheme as an incentive to directors and eligible employees. Details of the Share Option Scheme are set out in note 35 to the Consolidated Financial Statements.

* For identification purposes only

RETIREMENT BENEFIT SCHEME

The Group has joined a mandatory provident fund scheme (“MPF Scheme”) for all employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Schemes Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the MPF Scheme, the employer and its employees are each required to make contributions to the MPF Scheme at rates specified in the rules.

The employees of the Group’s subsidiaries in the PRC are members of the state-managed retirement benefits schemes operated by the PRC government. The PRC subsidiaries are required to contribute a certain percentage of payroll costs to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes is to make the specified contributions.

DONATIONS

During the year ended 31 December 2011, the Group made charitable donations amounting to RMB5,028,000.

POST BALANCE SHEET EVENTS

Subsequent to the date of the balance sheet, significant post balance sheet events of the Group occurred and their details are set out in note 41 to the Consolidated Financial Statements.

ANNUAL GENERAL MEETING

It is proposed that the AGM will be held on 8 June 2012 (Friday). 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.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 31 May 2012 (Thursday) to 8 June 2012 (Friday), 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., on 30 May 2012 (Wednesday).

AUDITORS

The Consolidated Financial Statements of the Group for the year ended 31 December 2011 have been audited by Messrs. Deloitte Touche Tohmatsu. A resolution will be proposed at the forthcoming AGM to re-appoint Messrs. Deloitte Touche Tohmatsu as the auditors of the Company.

By order of the Board

Chairman

SONG Weiping

30 March 2012

INDEPENDENT AUDITOR'S REPORT



TO THE MEMBERS OF GREENTOWN CHINA HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Greentown China Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 92 to 213, which comprise the consolidated statement of financial position as at 31 December 2011, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2011 and of the Group's profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
30 March 2012

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2011

	NOTES	2011 RMB'000	2010 RMB'000
Revenue	7	21,963,747	11,161,260
Cost of sales		(14,555,354)	(7,759,927)
Gross profit		7,408,393	3,401,333
Other income	8	683,146	649,402
Selling expenses		(599,914)	(541,191)
Administrative expenses		(1,320,020)	(1,116,891)
Finance costs	9	(415,698)	(340,063)
Reversal of impairment losses on property, plant and equipment	15	13,067	39,933
Impairment losses on properties for development		(62,187)	-
Impairment losses on properties under development		(143,867)	-
Gain from changes in fair value of investment properties	16	5,000	-
Fair value gain on transfer from completed properties for sale to investment properties		-	528,144
Net loss on 2007 Convertible Bonds	28	-	(148,158)
Net loss on partial redemption of trust loans in 2010 and fair value changes on trust-related financial derivatives	27	168,960	(21,359)
Net gain on disposal of subsidiaries	32	3,639	4,361
Net gain on disposal of associates		104,507	10,390
Gain on partial disposal of an associate		1,573	-
Gain on de-consolidation of a subsidiary	27	20,948	-
Net loss on disposal of jointly controlled entities		-	(30,559)
Share of results of associates		777,498	300,265
Share of results of jointly controlled entities		55,669	264,706
Profit before taxation	10	6,700,714	3,000,313
Taxation	12	(2,582,772)	(1,084,766)
Profit and total comprehensive income for the year		4,117,942	1,915,547
Attributable to:			
Owners of the Company		2,574,637	1,531,774
Non-controlling interests		1,543,305	383,773
		4,117,942	1,915,547
Earnings per share	14		
Basic		RMB1.57	RMB0.93
Diluted		RMB1.55	RMB0.92

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2011

	NOTES	2011 RMB'000	2010 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	2,861,141	2,448,260
Investment properties	16	1,730,000	1,725,000
Interests in associates	17	5,866,392	3,224,763
Interests in jointly controlled entities	18	1,061,033	732,137
Available-for-sale investments	19	303,300	428,944
Prepaid lease payment	20	196,726	151,110
Rental paid in advance		15,358	13,559
Deferred tax assets	21	728,165	588,782
Amount due from related party	27	-	10,000
Other receivables	35	-	30,180
		12,762,115	9,352,735
CURRENT ASSETS			
Properties for development	22	14,127,886	19,230,262
Properties under development	23	67,597,987	57,391,838
Completed properties for sale		2,956,620	1,976,802
Inventories		73,387	57,404
Available-for-sale investments	19	234,720	-
Trade and other receivables, deposits and prepayments	24	5,180,473	4,195,959
Amounts due from related parties	39(ii)	15,131,620	14,954,680
Prepaid income taxes		1,509,285	1,298,136
Prepaid other taxes		2,518,644	1,928,245
Pledged bank deposits	24, 36	2,268,642	2,565,234
Bank balances and cash	24	3,615,149	12,407,659
		115,214,413	116,006,219
CURRENT LIABILITIES			
Trade and other payables	25	13,238,106	8,927,970
Pre-sale deposits		45,758,782	47,547,368
Amounts due to related parties	39(ii)	13,689,413	16,594,933
Dividend payable		164,026	-
Income taxes payable		2,935,305	1,733,344
Other taxes payable		926,474	643,786
Bank and other borrowings			
- due within one year	26	15,877,335	11,993,908
Trust-related financial derivatives	27	82,520	-
Convertible bonds	28	186,466	-
		92,858,427	87,441,309

Greentown China Holdings Limited
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011

	NOTES	2011 RMB'000	2010 RMB'000
NET CURRENT ASSETS		22,355,986	28,564,910
TOTAL ASSETS LESS CURRENT LIABILITIES		35,118,101	37,917,645
NON-CURRENT LIABILITIES			
Bank and other borrowings			
- due after one year	26	15,806,358	21,621,422
Amounts due to related parties	27, 39(ii)	992,174	781,338
Trust-related financial derivatives	27	-	251,480
Convertible bonds	28	-	178,110
Senior notes	29	241,718	253,854
Deferred tax liabilities	21	434,537	378,750
		17,474,787	23,464,954
		17,643,314	14,452,691
CAPITAL AND RESERVES			
Share capital	30	166,441	166,243
Reserves		11,773,458	10,033,271
Equity attributable to owners of the Company		11,939,899	10,199,514
Non-controlling interests		5,703,415	4,253,177
		17,643,314	14,452,691

The consolidated financial statements on page 92 to 213 were approved and authorised for issue by the board of directors on 30 March 2012 and are signed on its behalf by:

SHOU Bainian
DIRECTOR

LUO Zhaoming
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2011

	Attributable to owners of the Company								Non-controlling interests	Total
	Share capital	Share premium	Special reserve	Statutory reserve	Conversion option reserve	Share options reserve	Retained earnings	Subtotal		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2010	166,605	6,275,035	(678)	265,234	350,806	236,229	2,310,915	9,604,146	2,844,430	12,448,576
Profit and total comprehensive income for the year	-	-	-	-	-	-	1,531,774	1,531,774	383,773	1,915,547
Dividends recognised as distributions (Note 13)	-	-	-	-	-	-	(533,671)	(533,671)	-	(533,671)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(102,832)	(102,832)
Transfer (Note i)	-	-	-	73,826	-	-	(73,826)	-	-	-
Remuneration shares issued to former Chief Financial Officer of the Company	65	8,148	-	-	-	-	-	8,213	-	8,213
Shares issued upon purchase of additional interest in a subsidiary (Note 31)	1,145	148,781	-	-	-	-	-	149,926	-	149,926
Recognition of equity-settled share-based payments	-	-	-	-	-	37,953	-	37,953	-	37,953
Exercise of share options	267	10,941	-	-	-	(3,530)	-	7,678	-	7,678
Shares repurchased and cancelled	(1,846)	(153,060)	-	-	-	-	-	(154,906)	-	(154,906)
Shares issued on conversion of the 2007 Convertible Bonds	7	1,883	-	-	(258)	-	-	1,632	-	1,632
Transfer on redemption of the 2007 Convertible Bonds	-	-	-	-	(323,273)	-	323,273	-	-	-
Disposal of subsidiaries	-	-	-	-	-	-	-	-	(8,866)	(8,866)
Purchase of additional interests in subsidiaries	-	-	(463,054)	-	-	-	-	(463,054)	(41,880)	(504,934)
Partial disposal of subsidiaries	-	-	9,823	-	-	-	-	9,823	136,325	146,148
Acquisition of subsidiaries (Note 31)	-	-	-	-	-	-	-	-	175,331	175,331
Capital contribution from non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	866,896	866,896
At 31 December 2010	166,243	6,291,728	(453,909)	339,060	27,275	270,652	3,558,465	10,199,514	4,253,177	14,452,691

Greentown China Holdings Limited
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2011

	Attributable to owners of the Company							Subtotal RMB'000	Non- controlling interests RMB'000	Total RMB'000
	Share capital RMB'000	Share premium RMB'000	Special reserve RMB'000	Statutory reserve RMB'000 (Note i)	Conversion option reserve RMB'000	Share options reserve RMB'000	Retained earnings RMB'000			
Profit and total comprehensive income for the year	-	-	-	-	-	-	2,574,637	2,574,637	1,543,305	4,117,942
Dividends recognised as distributions (Note 13)	-	-	-	-	-	-	(753,062)	(753,062)	-	(753,062)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(35,470)	(35,470)
Transfer (Note i)	-	-	-	7,090	-	-	(7,090)	-	-	-
Recognition of equity-settled share-based payments	-	-	-	-	-	11,907	-	11,907	-	11,907
Exercise of share options	198	7,994	-	-	-	(2,454)	-	5,738	-	5,738
Disposal of subsidiaries	-	-	-	-	-	-	-	-	(34,977)	(34,977)
Purchase of additional interests in subsidiaries	-	-	(97,583)	-	-	-	-	(97,583)	(8,171)	(105,754)
Partial disposal of subsidiaries	-	-	(1,252)	-	-	-	-	(1,252)	6,372	5,120
De-consolidation of a subsidiary	-	-	-	-	-	-	-	-	(38,759)	(38,759)
Liquidation of a subsidiary	-	-	-	-	-	-	-	-	(14,977)	(14,977)
Capital contribution from non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	32,915	32,915
At 31 December 2011	166,441	6,299,722	(552,744)	346,150	27,275	280,105	5,372,950	11,939,899	5,703,415	17,643,314

Notes:

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2011

	2011 RMB'000	2010 RMB'000
OPERATING ACTIVITIES		
Profit before taxation	6,700,714	3,000,313
Adjustments for:		
Share of results of associates	(777,498)	(300,265)
Share of results of jointly controlled entities	(55,669)	(264,706)
Depreciation and amortisation	147,604	133,772
Impairment loss on goodwill	-	9,682
Reversal of impairment losses on property, plant and equipment	(13,067)	(39,933)
Impairment losses on properties for development	62,187	-
Impairment losses on properties under development	143,867	-
Interest income	(376,158)	(444,545)
Trust income	(17,469)	(32,592)
Finance costs	415,698	340,063
Net unrealised foreign exchange gains	(141,797)	(98,955)
Loss (gain) on disposal of property, plant and equipment	118	(13,380)
Change in fair value of investment properties	(5,000)	-
Fair value gain on transfer from completed properties for sale to investment properties	-	(528,144)
Equity-settled share based payments	11,907	46,166
Net loss on 2007 Convertible Bonds	-	148,158
Net loss on partial redemption of trust loans in 2010 and fair value changes on trust-related financial derivatives	(168,960)	21,359
Net gain on disposal of subsidiaries	(3,639)	(4,361)
Net loss on disposal of jointly controlled entities	-	30,559
Net gain on disposal of associates	(104,507)	(10,390)
Gain on partial disposal of an associate	(1,573)	-
Gain on de-consolidation of a subsidiary	(20,948)	-
Operating cash flows before movements in working capital	5,795,810	1,992,801
Decrease (increase) in properties for development	3,281,496	(5,331,678)
Increase in properties under development	(9,936,958)	(26,109,626)
Increase in completed properties for sale	(979,818)	(307,317)
Increase in inventories	(15,983)	(36,803)
Decrease in trade and other receivables, deposits and prepayments	70,415	708,880
Decrease (increase) in amounts due from related parties	266,683	(8,297,479)
Increase in prepaid other taxes	(590,403)	(701,763)
Increase in rental paid in advance	(1,799)	(533)
(Decrease) increase in pre-sale deposits	(443,996)	24,246,586
Increase in trade and other payables	4,754,075	5,436,457
(Decrease) increase in amounts due to related parties	(926,936)	3,211,418
Increase (decrease) in other taxes payable	282,754	(267,969)
Cash generated from (used in) operations	1,555,340	(5,457,026)
Income taxes paid	(1,680,219)	(1,315,615)
NET CASH USED IN OPERATING ACTIVITIES	(124,879)	(6,772,641)

Greentown China Holdings Limited
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2011

	NOTES	2011 RMB'000	2010 RMB'000
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(569,242)	(585,193)
Proceeds from disposal of property, plant and equipment		6,388	28,020
Increase in prepaid lease payment		(51,123)	(228)
Investments in associates		(2,368,374)	(1,361,211)
Investments in jointly controlled entities		(249,383)	(403,527)
Dividends received from associates and jointly controlled entities		-	329,086
Proceeds from disposal of interests in associates		50,000	26,908
Disposal of interests in jointly controlled entities		-	22,187
Acquisition of subsidiaries (net of cash and cash equivalents acquired)	31	(19,998)	(90,361)
De-consolidation of a subsidiary	27	(579,578)	-
Disposal of subsidiaries (net of cash and cash equivalents disposed of)	32	(15,685)	40,792
Proceeds from partial disposal of interest in associates		26,250	-
Deposit received for disposal of a subsidiary		900,000	-
Prepayments (to) from third parties		(923,460)	499,738
Advance (to) from related parties		(433,623)	55,004
Decrease (increase) in pledged bank deposits		296,592	(188,412)
Interest received		520,934	439,626
Trust income received		17,469	32,592
Partial refund of Zhonghai Trust principal classified as available-for-sale investments		-	69,030
Purchase of available-for-sale investments		(109,076)	(293,900)
NET CASH USED IN INVESTING ACTIVITIES		(3,501,909)	(1,379,849)

Annual Report 2011
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2011

	2011 RMB'000	2010 RMB'000
FINANCING ACTIVITIES		
Bank and other borrowings raised	14,958,498	28,263,587
Repayment of bank and other borrowings	(16,290,135)	(17,176,578)
(Repayment of) borrowings from related parties	(519,696)	2,650,750
Trust loans raised	3,323,750	3,150,000
Trust loans repaid	(3,150,000)	-
Contribution by non-controlling shareholders of subsidiaries	32,915	866,896
Interest paid	(2,820,814)	(2,511,651)
Dividends paid to owners of the Company	(589,036)	(535,038)
Dividends paid to non-controlling interests	(35,470)	(102,832)
Redemption of 2007 Convertible Bonds	-	(2,199,926)
Proceeds from exercise of share options	5,738	7,678
Share option premium received	28,149	-
Payment on repurchase of shares	-	(154,905)
Partial redemption of trust loans	-	(903,710)
Purchase of additional interests in subsidiaries	(105,754)	(355,008)
Proceeds from partial disposal of subsidiaries	5,120	146,148
NET CASH (USED IN) FROM FINANCING ACTIVITIES	(5,156,735)	11,145,411
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(8,783,523)	2,992,921
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	12,407,659	9,405,347
Effects of exchange rate changes on the balance of cash held in foreign currencies	(8,987)	9,391
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	3,615,149	12,407,659
REPRESENTED BY BANK BALANCES AND CASH	3,615,149	12,407,659

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2011

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 for sale of residential properties in the PRC.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”)

New and revised standards and interpretations applied in the current year

In the current year, the Group has applied a number of new and revised standards and interpretations issued by the International Accounting Standards Board (the “IASB”) and the IFRS Interpretations Committee of the IASB that are effective for the Group’s financial year beginning on 1 January 2011.

The application of the new and revised IFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and revised standards and interpretations issued but not yet effective

The Group has not early applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets ¹
IFRS 7 (Amendments)	Disclosures – Offsetting Financial Assets and Financial Liabilities ²
IFRS 9	Financial Instruments ³
IFRS 9 and IFRS 7 (Amendments)	Mandatory Effective Date of IFRS 9 and Transition Disclosures ³
IFRS 10	Consolidated Financial Statements ²
IFRS 11	Joint Arrangements ²
IFRS 12	Disclosure of Interests in Other Entities ²
IFRS 13	Fair Value Measurement ²
IAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income ⁵
IAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets ⁴
IAS 19 (Revised 2011)	Employee Benefits ²
IAS 27 (Revised 2011)	Separate Financial Statements ²
IAS 28 (Revised 2011)	Investments in Associates and Joint Ventures ²
IAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities ⁶
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine ²

¹ Effective for annual periods beginning on or after 1 July 2011
² Effective for annual periods beginning on or after 1 January 2013
³ Effective for annual periods beginning on or after 1 January 2015
⁴ Effective for annual periods beginning on or after 1 January 2012
⁵ Effective for annual periods beginning on or after 1 July 2012
⁶ Effective for annual periods beginning on or after 1 January 2014

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSS”) (CONTINUED)

New and revised standards and interpretations issued but not yet effective (continued)

IFRS 9 Financial Instruments

IFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. IFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of IFRS 9 are described as follows:

- IFRS 9 requires all recognised financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- The most significant effect of IFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under IFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability’s credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability’s credit risk are not subsequently reclassified to profit or loss. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

The directors anticipate that the adoption of IFRS 9 in the future may have significant impact on amounts reported in respect of the Group’s financial assets and financial liabilities. Regarding the Group’s financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In May 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including IFRS 10, IFRS 11, IFRS 12, IAS 27 (as revised in 2011) and IAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

IFRS 10 replaces the parts of IAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and SIC – 12 *Consolidation – Special Purpose Entities*. IFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor’s returns. Extensive guidance has been added in IFRS 10 to deal with complex scenarios.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) (CONTINUED)

New and revised standards and interpretations issued but not yet effective (continued)

New and revised Standards on consolidation, joint arrangements, associates and disclosures (continued)

IFRS 11 replaces IAS 31 *Interests in Joint Ventures* and SIC – 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. IFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under IFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under IAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under IFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under IAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

IFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than those in the current standards.

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

The directors anticipate that these five standards will be adopted in the Group’s consolidated financial statements for the annual period beginning 1 January 2013. The application of these five standards may have significant impact on amounts reported in the consolidated financial statements. However, the directors have not yet performed a detailed analysis of the impact of the application of these standards and hence have not yet quantified the extent of the impact.

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in IFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under IFRS 7 *Financial Instruments: Disclosures* will be extended by IFRS 13 to cover all assets and liabilities within its scope.

IFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that IFRS 13 will be adopted in the Group’s consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new Standard may affect the amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

3. PRINCIPAL ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments and investment properties, which are measured at fair values, as explained in the accounting policies set out below.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All significant intra-group transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in existing subsidiaries on or after 1 January 2010

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, it (i) derecognises the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost, (ii) derecognises the carrying amount of any non-controlling interests in the former subsidiary at the date when control is lost (including any components of other comprehensive income attributable to them), and (iii) recognises the aggregate of the fair value of the consideration received and the fair value of any retained interest, with any resulting difference being recognised as a gain or loss in profit or loss attributable to the Group. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in a jointly controlled entity or an associate.

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 *Share-based Payment* at the acquisition date (see the accounting policy below); and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another Standard.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and considered as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments made against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Business combinations (continued)

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Acquisition of assets

When the Group acquires a subsidiary, a group of assets or net assets that does not constitute a business, the cost of the acquisition is allocated between the individual identifiable assets and liabilities in the group based on their relative fair values at the acquisition date. No goodwill will be recognised for acquisition of a subsidiary that is accounted for as acquisition of assets.

Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of profit or loss and other comprehensive income of the associates, less any identified impairment loss. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Investments in associates (continued)

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment.

Upon disposal of an associate that results in the Group losing significant influence over that associate, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with IAS 39. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when it loses significant influence over that associate.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

Jointly controlled entities

Joint venture arrangements that involve the establishment of a separate entity in which venturers have joint control over the economic activity of the entity are referred to as jointly controlled entities.

The results and assets and liabilities of jointly controlled entities are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in jointly controlled entities are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of profit or loss and other comprehensive income of the jointly controlled entities, less any identified impairment loss. When the Group's share of losses of a jointly controlled entity equals or exceeds its interest in that jointly controlled entity (which includes any long-term interests that, in substance, form part of the Group's net investment in the jointly controlled entity), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that jointly controlled entity.

When a group entity transacts with a jointly controlled entity of the Group, profits or losses are eliminated to the extent of the Group's interest in the jointly controlled entity.

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts received or receivable for goods sold and services provided in the normal course of business, net of discounts and sales-related taxes.

Revenue from sales of properties in the ordinary course of business is recognised when the respective properties have been completed and delivered to the buyers. Deposits received from pre-sales of properties are carried as pre-sale deposits.

Revenue from sales of other goods is recognised when the goods are delivered and title has passed.

Service income is recognised when services are provided.

Brand usage fees are recognised on sales or pre-sales of properties by brand users at agreed fee rates.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Rental income, including rental invoiced in advance from properties let under operating leases, are recognised on a straight line basis over the period of the relevant leases.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the year in which they are incurred.

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Leasehold land and buildings

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance lease or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as “prepaid lease payments” in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis except for those that are classified and accounted for as investment properties under the fair value model. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment, unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease.

Retirement benefit costs

The Group participates in state-managed retirement benefit schemes, which are defined contribution schemes, pursuant to which the Group pays a fixed percentage of its qualifying staff’s wages as contributions to the plans. Payments to such retirement benefit schemes are charged as an expense when employees have rendered service entitling them to the contributions.

Property, plant and equipment

Property, plant and equipment, including land and buildings held for use in the production or supply of goods or services, or for administrative purposes other than construction in progress, are stated in the consolidated statement of financial position at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment other than construction in progress less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment (continued)

Property, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy and, where appropriate, the amortisation of prepaid lease payments provided during the construction period. Such properties are classified to the appropriate category of property, plant and equipment when completed and ready for intended use (i.e. when they are in the location and condition necessary for them to be capable of operating in the manner intended by management). Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment properties

Investment properties are properties (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year in which the item is derecognised.

Impairment of tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Properties for development

Properties for development, representing leasehold land located in the PRC for development for future sale in the ordinary course of business, are stated at the lower of cost and net realisable value. Cost comprises the costs of land use rights and other directly attributable costs. Net realisable value represents the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale. Properties for development are transferred to properties under development upon commencement of development.

Properties under development

Properties under development, representing leasehold land and buildings located in the PRC under development for future sale in the ordinary course of business, are stated at the lower of cost and net realisable value. Cost comprises the costs of land use rights, construction costs, borrowing costs capitalised and other direct development expenditure. Net realisable value represents the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale. Properties under development are transferred to completed properties for sale upon completion of development.

Completed properties for sale

Completed properties for sale are stated at the lower of cost and net realisable value. Cost comprises the costs of land use rights, construction costs, borrowing costs capitalised and other direct development expenditure. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

The Group transfers a property from completed properties for sale to investment property when there is a change of intention to hold the property to earn rentals or/and for capital appreciation rather than for sale in the ordinary course of business, which is evidenced by the commencement of an operating lease to another party. Any difference between the fair value of the property at the date of transfer and its previous carrying amount is recognised in profit or loss.

Inventories

Inventories other than properties for development, properties under development and completed properties for sale are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method.

Financial instruments

Financial assets and financial liabilities are recognised on the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets

The Group's financial assets are classified into one of the three categories, including financial assets at fair value through profit or loss ("FVTPL"), loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis.

Financial assets at fair value through profit or loss

Financial assets at FVTPL include financial assets held for trading.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, amounts due from related parties, pledged bank deposits, bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost less any identified impairment losses at the end of the reporting period (see accounting policy on impairment loss on financial assets below).

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade and other receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 90 days, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade or other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs. The Group's financial liabilities are generally classified into financial liabilities at FVTPL and other financial liabilities.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial liabilities and equity (continued)

Financial liabilities at fair value through profit or loss

Financial liabilities at FVTPL include financial liabilities held for trading.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing in the near future; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities at FVTPL are measured at fair value, with changes in fair value arising on remeasurement recognised directly in profit or loss in the period in which they arise.

Other financial liabilities

Other financial liabilities including bank and other borrowings, trade and other payables, amounts due to related parties and dividend payable are subsequently measured at amortised cost, using the effective interest method.

Convertible bonds

Convertible bonds containing liability and equity components and closely-related early redemption options

Convertible bonds were issued by the Group that contain liability, conversion option and early redemption options. The early redemption options are closely related to the host liability component and are therefore not separately accounted for. The liability and conversion option are classified separately into respective items on initial recognition. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is classified as an equity instrument. At the date of issue, the fair value of the liability component is determined using the prevailing market interest rates of similar non-convertible debts. The difference between the gross proceeds of the issue of the convertible bonds and the fair value assigned to the liability component, representing the conversion option for the holder to convert the bonds into equity, is included in equity (conversion option reserve).

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial liabilities and equity (continued)

Convertible bonds (continued)

Convertible bonds containing liability and equity components and closely-related early redemption options (continued)

In subsequent periods, the liability component of the convertible bonds is carried at amortised cost using the effective interest method. The equity component, representing the option to convert the liability component into ordinary shares of the Company, will remain in conversion option reserve until the embedded conversion option is exercised (in which case the balance stated in conversion option reserve will be transferred to share premium). Where the conversion option remains unexercised at the expiry date, the balance stated in conversion option reserve will be released to the retained earnings. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible bonds using the effective interest method.

Senior notes

Senior notes issued by the Company that contain both liability and early redemption option (which is not closely related to the host contract) are classified separately into respective items on initial recognition. At the date of issue, both the liability and early redemption option components are recognised at fair value.

In subsequent periods, the liability component of the senior notes is carried at amortised cost using the effective interest method. The early redemption option is measured at fair value with changes in fair value recognised in profit or loss.

Transaction costs that relate to the issue of the senior notes are allocated to the liability and early redemption option components in proportion to their relative fair values. Transaction costs relating to the early redemption option are charged to profit or loss immediately. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the senior notes using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of obligation under the contract, as determined in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the revenue recognition policy.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

The Group derecognises a financial liability when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to employees

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve). Share option premiums received or receivable from grantees are recognised in share options reserve.

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates during the vesting period, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

At the time when the share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will continue to be held in share options reserve.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below.

Net realisable value for properties for development, properties under development and completed properties for sale

Properties for development, properties under development and completed properties remaining unsold at the end of each reporting period are stated at the lower of cost and net realisable value.

Net realisable value for properties for development and properties under development is determined by reference to management estimates of the selling price based on prevailing market conditions, less applicable variable selling expenses and the anticipated costs to completion. Net realisable value for completed properties for sale is determined by reference to management estimates of the selling price based on prevailing market conditions, less applicable variable selling expenses. During the course of their assessment, management will also make reference to property valuations conducted by independent qualified professional valuers based on comparable market prices. Management are required to revise these estimates if there is a change in market condition or demand. If actual market conditions are less favourable than those projected by management, additional adjustments to the value of properties for development, properties under development and completed properties for sale may be required. As at 31 December 2011, the carrying amounts of properties for development, properties under development and completed properties for sale are RMB14,127,886,000 (2010: RMB19,230,262,000), RMB67,597,987,000 (2010: RMB57,391,838,000) and RMB2,956,620,000 (2010: RMB1,976,802,000) respectively (net of accumulated impairment loss of RMB62,187,000 (2010: nil), RMB143,867,000 (2010: nil) and RMB nil (2010: nil) respectively).

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Fair value of investment properties

Investment properties are carried in the consolidated statement of financial position at 31 December 2011 at their fair value of approximately RMB1,730,000,000 (2010:RMB1,725,000,000). The fair value was based on valuation on these properties conducted by the independent qualified professional valuers using property valuation techniques which adopt the investment approach by capitalising the net rental income derived from the existing tenancies with due provision for the reversionary income potential of the property interests, or where appropriate, by direct comparison approach by making reference to comparable sales transactions as available in the relevant markets. Favourable or unfavourable changes to the assumptions such as rental yield and estimation of future rentals would result in changes in the fair value of the Group's investment properties and corresponding adjustments to the amount of gain or loss reported in the consolidated statement of comprehensive income.

Estimated impairment of trade receivable

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows to determine impairment loss. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective increase rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise.

Land Appreciation Tax

The provision for Land Appreciation Tax ("LAT") amounting to RMB1,443,486,000 (2010: RMB734,399,000) (included in income taxes payable) is estimated and made 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.

Trust

As described in Note 27, the Trust-related arrangements contain a number of derivatives that are remeasured to fair value through profit or loss at the end of the reporting period. The Company engaged an independent appraiser to assist it in determining the fair value of these derivatives. The determination of fair value was made after consideration of a number of factors, including: the value of the underlying projects, current conditions of the PRC property market; the Group's business plan and prospects; business risks the Group faces; market yields of reference government bonds and volatility of property price indices. This conclusion of value was based on generally accepted valuation procedures and practices that rely extensively on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained.

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes the borrowings disclosed in Notes 26 to 29 and 39(ii) (net of cash and cash equivalents), and capital and reserves.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2011 RMB'000	2010 RMB'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	24,845,916	32,115,783
Available-for-sale financial assets	538,020	428,944
Financial liabilities		
Fair value through profit or loss (FVTPL)		
Trust-related financial derivatives	82,520	251,480
Amortised cost	59,027,777	60,007,346

(b) Financial risk management objectives and policies

The Group's major financial instruments include available-for-sale investments, trade and other receivables, amounts due from related parties, pledged bank deposits, bank balances and cash, trade and other payables, amounts due to related parties, dividend payable, bank and other borrowings, trust-related financial derivatives, convertible bonds and senior notes. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. There has been no significant change in the Group's exposure to these risks or the manner in which it manages and measures risks.

Market risk

(i) Currency risk

The Group has bank balances, other receivables, bank and other borrowings, amounts due to related parties and senior notes denominated in foreign currencies, which expose the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Liabilities		Assets	
	2011 RMB'000	2010 RMB'000	2011 RMB'000	2010 RMB'000
Hong Kong dollars ("HKD")	2,068,499	1,829,797	105,899	776,936
United States dollars ("USD")	2,553,392	3,373,411	48,180	518,830

The Group does not use any derivative contracts to hedge against its exposure to currency risk except that, during 2010, the Group entered into a RMB non-deliverable forward contract to buy USD101,068,000 at a RMB:USD exchange rate of 6.6900 on 21 May 2011. No financial assets or liabilities were recognised in respect of this foreign currency forward contract because its fair value was considered to be insignificant.

6. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

Market risk (continued)

(i) Currency risk (continued)

Sensitivity analysis

The Group is mainly exposed to the fluctuations in exchange rates between RMB and HKD/USD. The exposure in USD arises mainly from the Group's bank balances and cash, other receivables, bank and other borrowings, senior notes and amounts due to related parties.

The following table details the Group's sensitivity to a 5% (2010: 5%) increase and decrease in RMB against the relevant foreign currencies. 5% represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and foreign currency forward contracts and adjusts their translation at the year end for a 5% change in foreign currency rates. A positive number below indicates an increase in post-tax profit where RMB strengthens 5% against the relevant currency. For a 5% weakening of RMB against the relevant currency, there would be an equal and opposite impact on post-tax profit.

	HKD Impact		USD Impact	
	2011	2010	2011	2010
	RMB'000	RMB'000	RMB'000	RMB'000
Profit or loss	73,598	39,482	93,945	81,946

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank deposits, amounts due from/to related parties, bank and other borrowings, convertible bonds and senior notes (see Notes 24, 26, 27, 28, 29 and 39 for details).

The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank deposits, amounts due from/to related parties and bank and other borrowings (see Notes 24, 26 and 39 for details).

The Group does not use any derivative contracts to hedge against its exposure to interest rate risk.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

6. FINANCIAL INSTRUMENTS (CONTINUED)

(b) **Financial risk management objectives and policies (continued)**

Market risk (continued)

(ii) Interest rate risk (continued)

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to market deposit and lending interest rates for non-derivative instruments. For variable-rate bank deposits, bank and other borrowings and amounts due from/to related parties, the analysis is prepared assuming the balances outstanding at the end of the reporting period were outstanding for the whole year. A 5 basis point (2010: 5 basis point) increase or decrease in market deposit interest rates and a 50 basis point (2010: 50 basis point) increase or decrease in market lending interest rates represent management's assessment of the reasonably possible change in interest rates.

If the market deposit interest rates had been 5 basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2011 would have increased/decreased by RMB1,356,000 (2010: increased/decreased by RMB4,653,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank deposits.

If the market lending interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2011 would have decreased/increased by RMB109,742,000 (2010: decreased/increased by RMB115,579,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank and other borrowings and amounts due from/to related parties.

Credit risk

As at 31 December 2011, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group arises from:

- the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position; and
- the amount of contingent liabilities disclosed in Note 38.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue trade debts, other receivables and amounts due from related parties. In addition, the Group reviews the recoverable amount of each overdue debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. To minimise the credit risk arising from customer mortgage guarantees, the Group has reserved the right to collect the properties sold to customers should they default on their mortgage payments and demanded the application for building ownership certificates by customers since these guarantees provided by the Group to the banks will be released upon receiving such certificates. To minimise the credit risk arising from guarantees provided to banks and other parties in respect of credit facilities utilised by jointly controlled entities and associates, the Group has delegated a team responsible for assessing the credit standing of such entities and the limits to the guarantees to be provided. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

6. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)**Credit risk (continued)**

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies or with a good reputation.

The Group's concentration of credit risk by geographical locations is mainly in the PRC. Other than the concentration of credit risk on liquid funds which are deposited with several large state-owned banks and commercial banks in the PRC, the Group does not have any other significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank and other borrowings, trust loans, convertible bonds, senior notes and amounts due to related parties as a significant source of liquidity.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows.

In addition, the following table details the Group's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted contractual net cash inflows and outflows on derivative instruments that are settled on a net basis. The liquidity analysis for the Group's derivative financial instruments are prepared based on the contractual maturities as the management consider that the contractual maturities are essential for an understanding of the timing of the cash flows of derivatives.

6. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Liquidity and interest risk tables

	Weighted average interest rate %	On demand or less than 1 year RMB'000	1-5 years RMB'000	>5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount at 31/12/2011 RMB'000
2011						
Non-derivative financial liabilities						
Trade and other payables	-	10,768,064	1,302,223	-	12,070,287	12,070,287
Dividend payable	-	164,026	-	-	164,026	164,026
Bank and other borrowings						
- fixed-rate	11.05%	3,063,588	2,294,781	8,357	5,366,726	4,551,565
- variable-rate	6.13%	14,984,259	14,048,372	963,879	29,996,510	27,132,128
Amounts due to related parties						
- interest-free	-	4,708,789	-	-	4,708,789	4,708,789
- fixed-rate	10.18%	8,258,527	-	-	8,258,527	7,495,342
- variable-rate	7.27%	2,657,550	-	-	2,657,550	2,477,456
2007 Convertible Bonds	-	189,734	-	-	189,734	186,466
Senior notes	9%	21,755	259,847	-	281,602	241,718
Financial guarantee contracts	-	22,963,660	-	-	22,963,660	-
		67,779,952	17,905,223	972,236	86,657,411	59,027,777

6. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Liquidity and interest risk tables (continued)

	Weighted average interest rate %	On demand or less than 1 year RMB'000	1-5 years RMB'000	>5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount at 31/12/2010 RMB'000
2010						
Non-derivative financial liabilities						
Trade and other payables	-	7,782,615	801,166	-	8,583,781	8,583,781
Bank and other borrowings						
- fixed-rate	8.48%	3,264,099	655,731	42,767	3,962,597	3,235,379
- variable-rate	5.41%	10,792,257	21,715,299	1,525,579	34,033,135	30,379,951
Amounts due to related parties						
- interest-free	-	4,867,620	-	-	4,867,620	4,867,620
- fixed-rate	9.28%	10,098,191	-	-	10,098,191	9,240,978
- variable-rate	7.35%	3,507,735	-	-	3,507,735	3,267,673
2007 Convertible Bonds	-	-	185,609	-	185,609	178,110
Senior notes	9%	22,847	295,739	-	318,586	253,854
Financial guarantee contracts	-	22,943,985	-	-	22,943,985	-
		63,279,349	23,653,544	1,568,346	88,501,239	60,007,346
Derivatives - net settlement						
Foreign exchange forward contracts	-	(6,802)	-	-	(6,802)	-

Bank loans with a repayment on demand clause are included in the "less than 1 year" time band in the above maturity analysis. As at 31 December 2011, the aggregate undiscounted principal amounts of these bank loans amounted to RMB80,455,000 (2010: RMB204,320,000) respectively. Taking into account the Group's financial position, the directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors believe that such bank loans will be repaid after the reporting date in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest cash outflows will amount to RMB99,286,000 (2010: RMB239,075,000).

6. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Liquidity and interest risk tables (continued)

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The amounts included above for variable interest rate non-derivative financial liabilities is subject to change if changes in variable interest rate differ from those interest rate estimates determined at the end of the reporting period.

(c) Fair value

The fair values of financial assets and financial liabilities (including derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices or rates from observable current market transactions. For an option-based derivative, the fair value is estimated using option pricing model (for example, the binomial model).

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

	2011		2010	
	Carrying amount of liability component RMB'000	Fair value RMB'000	Carrying amount of liability component RMB'000	Fair value RMB'000
Financial liabilities				
2007 Convertible Bonds	186,466	158,048 ¹	178,110	154,007 ¹
Senior notes	241,718	169,365 ¹	253,854	238,622 ¹

¹ Based on quoted price

6. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value (continued)

Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

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

	2011	2010
	Level 3	Level 3
	RMB'000	RMB'000
Financial liabilities at FVTPL		
Trust-related financial derivatives	82,520	251,480

Reconciliation of Level 3 fair value measurements of financial liabilities

	Trust-related financial derivatives RMB'000
At 1 January 2010	338,080
Net gain in profit or loss (included in net loss on partial redemption of trust loans in 2010 and fair value changes on trust-related financial derivatives)	(86,600)
At 31 December 2010	251,480
Net gain in profit or loss (included in net loss on partial redemption of trust loans in 2010 and fair value changes on trust-related financial derivatives)	(168,960)
At 31 December 2011	82,520

7. REVENUE AND SEGMENT INFORMATION

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

	2011	2010
	RMB'000	RMB'000
Property sales	21,071,067	10,816,049
Hotel operations	250,993	193,018
Project management	199,267	36,116
Property rental income	90,052	32,962
Design and decoration	302,995	30,363
Sales of construction materials	8,572	12,845
Other business	40,801	39,907
	21,963,747	11,161,260

The chief operating decision-maker of the Group has been identified as the executive directors and certain senior management (collectively referred to as the "CODM"). Operating segments are determined based on the Group's internal reports which are submitted to the CODM for performance assessment and resources allocation. This is also the basis upon which the Group is organised and managed.

The Group's consolidated revenue and results are attributable to the market in the PRC (country of domicile) and almost all of the Group's consolidated assets are located in the PRC. The Group has identified four reportable segments, namely property development, hotel operations, property investment and others segments.

The Group's reportable and operating segments under IFRS 8 are as follows:

- 1 Property development
- 2 Hotel operations
- 3 Property investment
- 4 Others (including sales of construction materials, electronic engineering, design and decoration, project management, etc.)

For the property development operations, the CODM reviews the financial information of each property development project, hence each property development project constitutes a separate operating segment. However, the property development projects possess similar economic characteristics, and are with similar development and selling activities as well as similar customer bases. Therefore, all property development projects are aggregated into one reportable segment for segment reporting purposes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

7. REVENUE AND SEGMENT INFORMATION (CONTINUED)

For the property investment operations, the CODM reviews the financial information of each investment property, hence each investment property constitutes a separate operating segment. However, the investment properties possess similar economic characteristics, and are with similar development and selling activities as well as similar customer bases. Therefore, all investment properties are aggregated into one reportable segment for segment reporting purposes.

The CODM assess the performance of the operating segments based on the post-tax profit of the group entities engaged in the respective segment activities, which includes share of results of jointly controlled entities and associates and related finance costs. Financial information provided to the CODM is measured in a manner consistent with the accounting policies adopted in the preparation of the consolidated financial statements as described in Note 3.

Sales between segments are carried out on terms agreed between the counterparties.

No customers account for 10% or more of the Group's revenue.

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

	Property development RMB'000	Hotel operations RMB'000	Property investment RMB'000	Others RMB'000	Segment total RMB'000	Eliminations RMB'000	Total RMB'000
For the year ended 31 December 2011							
Segment revenue							
External revenue	21,071,067	250,993	90,052	551,635	21,963,747	-	21,963,747
Inter-segment revenue	-	15,435	883	654,673	670,991	(670,991)	-
Total	21,071,067	266,428	90,935	1,206,308	22,634,738	(670,991)	21,963,747
Segment results	4,156,958	6,589	(17,761)	41,004	4,186,790	(16,317)	4,170,473
Unallocated administrative expenses							(51,235)
Unallocated other income							9,368
Unallocated finance costs							(32,411)
Fair value changes on trust-related financial derivatives							168,960
Unallocated taxation							(147,213)
Profit for the year							4,117,942

Greentown China Holdings Limited
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2011

7. REVENUE AND SEGMENT INFORMATION (CONTINUED)

	Property development RMB'000	Hotel operations RMB'000	Property investment RMB'000	Others RMB'000	Segment total RMB'000	Eliminations RMB'000	Total RMB'000
For the year ended 31 December 2010							
Segment revenue							
External revenue	10,816,049	193,018	32,962	119,231	11,161,260	-	11,161,260
Inter-segment revenue	-	10,641	357	366,581	377,579	(377,579)	-
Total	10,816,049	203,659	33,319	485,812	11,538,839	(377,579)	11,161,260
Segment results	1,943,651	35,691	332,556	(8,144)	2,303,754	(4,260)	2,299,494
Unallocated administrative expenses							(97,632)
Unallocated other income							17,527
Unallocated finance costs							(51,767)
Net loss on partial redemption of trust loans and fair value changes on trust-related financial derivatives							(21,359)
Net loss on 2007 Convertible Bonds							(148,158)
Unallocated taxation							(82,558)
Profit for the year							1,915,547

Annual Report 2011
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2011

7. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities

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

Segment assets

	2011 RMB'000	2010 RMB'000
Property development	119,352,193	115,537,454
Hotel operations	2,469,622	2,118,317
Property investment	1,800,169	1,778,909
Others	2,579,308	3,294,050
Total segment assets	126,201,292	122,728,730
Unallocated	1,775,236	2,630,224
Consolidated assets	127,976,528	125,358,954

Segment liabilities

	2011 RMB'000	2010 RMB'000
Property development	102,423,173	103,043,120
Hotel operations	232,837	131,414
Property investment	1,229,673	1,320,550
Others	2,374,927	1,695,759
Total segment liabilities	106,260,610	106,190,843
Unallocated	4,072,604	4,715,420
Consolidated liabilities	110,333,214	110,906,263

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than bank balances and cash, property, plant and equipment, available-for-sale investments, trade and other receivables, deposits and prepayments, and deferred tax assets pertaining to non-operating group entities.
- all liabilities are allocated to operating segments other than senior notes, convertible bonds, trust-related financial derivatives, bank and other borrowings, other taxes payable and deferred tax liabilities pertaining to non-operating group entities.

Greentown China Holdings Limited
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2011

7. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Other segment information

For the year ended 31 December 2011

	Property development RMB'000	Hotel operations RMB'000	Property investment RMB'000	Others RMB'000	Reportable segment total RMB'000	Unallocated RMB'000	Total RMB'000
Amounts included in the measure of segment profit or loss or segment assets:							
Addition to non-current assets (Note)	2,769,975	496,407	704	40,747	3,307,833	407	3,308,240
Interests in associates	5,866,392	-	-	-	5,866,392	-	5,866,392
Interests in jointly controlled entities	1,061,033	-	-	-	1,061,033	-	1,061,033
Net gain on disposal of associates	(104,507)	-	-	-	(104,507)	-	(104,507)
Gain on partial disposal of an associate	(1,573)	-	-	-	(1,573)	-	(1,573)
(Gain) loss on disposal of subsidiaries	(3,907)	-	-	268	(3,639)	-	(3,639)
Gain on de-consolidation of a subsidiary	(20,948)	-	-	-	(20,948)	-	(20,948)
Depreciation of property, plant and equipment	41,960	89,031	7,452	13,118	151,561	508	152,069
Reversal of impairment losses on property, plant and equipment	-	(13,067)	-	-	(13,067)	-	(13,067)
Gains on disposal of property, plant and equipment	390	-	28	44	462	(344)	118
Interest income	(368,482)	(1,573)	(69)	(5,809)	(375,933)	(225)	(376,158)
Finance costs	285,569	5,165	53,512	39,041	383,287	32,411	415,698
Share of results of associates	(777,498)	-	-	-	(777,498)	-	(777,498)
Share of results of jointly controlled entities	(55,669)	-	-	-	(55,669)	-	(55,669)
Taxation	2,411,369	3,333	128	20,729	2,435,559	147,213	2,582,772

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

7. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Other segment information (continued)

For the year ended 31 December 2010

	Property development RMB'000	Hotel operations RMB'000	Property investment RMB'000	Others RMB'000	Reportable segment total RMB'000	Unallocated RMB'000	Total RMB'000
Amounts included in the measure of segment profit or loss or segment assets:							
Addition to non-current assets (Note)	1,844,360	447,633	32,958	8,884	2,333,835	3,377	2,337,212
Interests in associates	3,224,763	-	-	-	3,224,763	-	3,224,763
Interests in jointly controlled entities	732,137	-	-	-	732,137	-	732,137
Net gain on disposal of an associate	(10,390)	-	-	-	(10,390)	-	(10,390)
Net loss on disposal of jointly controlled entities	30,559	-	-	-	30,559	-	30,559
Depreciation of property, plant and equipment	59,274	65,892	5,750	4,105	135,021	1,129	136,150
Reversal of impairment losses on property, plant and equipment	-	(39,933)	-	-	(39,933)	-	(39,933)
Gains on disposal of property, plant and equipment	(850)	-	-	-	(850)	(12,530)	(13,380)
Interest income	(432,420)	(19)	(310)	(1,521)	(434,270)	(10,275)	(444,545)
Finance costs	228,415	1,771	50,785	7,325	288,296	51,767	340,063
Share of results of associates	(300,265)	-	-	-	(300,265)	-	(300,265)
Share of results of jointly controlled entities	(264,706)	-	-	-	(264,706)	-	(264,706)
Taxation	854,016	9,983	132,163	6,046	1,002,208	82,558	1,084,766

Note: Non-current assets included mainly property, plant and equipment, prepaid lease payment, interests in jointly controlled entities, interests in associates and rental paid in advance and excluded available-for-sale investments, deferred tax assets, amount due from related party and other receivables.

Greentown China Holdings Limited
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

8. OTHER INCOME

	2011 RMB'000	2010 RMB'000
Interest income on bank balances	74,248	74,012
Interest income on amounts due from related parties	301,910	370,533
Trust income	17,469	32,592
Government grants	9,938	12,991
Net foreign exchange gains	196,459	98,955
Brand usage fees	46,334	19,737
Others	36,788	40,582
	683,146	649,402

9. FINANCE COSTS

	2011 RMB'000	2010 RMB'000
Interest on:		
– bank borrowings wholly repayable within five years	2,228,791	1,756,587
– bank borrowings not wholly repayable within five years	118,714	87,404
– other borrowings	543,471	174,331
Effective interest expense on trust-related amounts due to related parties (Note 27)	630,801	577,344
Effective interest expense on 2007 Convertible Bonds (Note 28)	8,356	43,344
Interest on senior notes (Note 29)	22,485	23,469
	3,552,618	2,662,479
Less: Capitalised in properties under development	(3,100,671)	(2,281,335)
Capitalised in construction in progress	(36,249)	(41,081)
	415,698	340,063

Borrowing costs capitalised during the year arose on the specific loan and general borrowing pool and are calculated by applying a capitalisation rate of 8.10% (2010: 7.30%) per annum to expenditure on the development of properties for sale and for own use.

Annual Report 2011
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2011

10. PROFIT BEFORE TAXATION

	2011 RMB'000	2010 RMB'000
Profit before taxation has been arrived at after charging (crediting):		
Salaries and other benefits	888,688	682,078
Equity-settled share-based payments	11,907	46,166
Retirement benefits scheme contributions	32,379	21,964
Staff costs (including directors' emoluments)	932,974	750,208
Less: Capitalised in properties under development	(262,013)	(171,151)
	670,961	579,057
Depreciation of property, plant and equipment	152,069	136,150
Less: Capitalised in properties under development	(9,767)	(6,824)
	142,302	129,326
Amortisation of prepaid lease payment (included in administrative expenses)	5,302	4,446
Auditors' remuneration	14,087	10,266
Cost of properties and inventories recognised as an expense	14,437,377	7,708,603
Loss (gain) on disposal of property, plant and equipment	118	(13,380)
Impairment loss on goodwill (included in administrative expenses)	-	9,682

Greentown China Holdings Limited
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2011

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

The emoluments paid or payable to each of the 11 (2010: 12) directors of the Company were as follows:

	SONG Weiping RMB'000	SHOU Bainian RMB'000	LUO Zhaoming RMB'000	GUO Jiafeng RMB'000	CAO Zhounan# RMB'000	JIA Shenghua RMB'000	SZE Tsai Ping, Michael RMB'000	TANG Shiding RMB'000	JIANG Wei RMB'000	KE Huanzhang RMB'000	XIAO Zhiyue~ RMB'000	2011 Total RMB'000
Fees	-	-	-	-	-	120	166	120	166	120	166	858
Other emoluments:												
Salaries and other benefits	2,000	2,000	1,200	1,000	1,200	-	-	-	-	-	-	7,400
Contributions to retirement benefits/pension schemes	78	78	64	86	48	-	-	-	-	-	-	354
Performance related incentive payments (Note)	450	450	360	359	925	-	-	-	-	-	-	2,544
Equity-settled share-based payments	9	8	3,738	1	5,162	-	-	-	-	-	-	8,918
Total emoluments	2,537	2,536	5,362	1,446	7,335	120	166	120	166	120	166	20,074

	SONG Weiping RMB'000	SHOU Bainian RMB'000	LUO Zhaoming RMB'000	CHEN Shunhua^ RMB'000	GUO Jiafeng RMB'000	JIA Shenghua RMB'000	SZE Tsai Ping, Michael RMB'000	TSUI Yiu Wa, Alec* RMB'000	TANG Shiding RMB'000	JIANG Wei RMB'000	KE Huanzhang RMB'000	XIAO Zhiyue- RMB'000	2010 Total RMB'000
Fees	-	-	-	-	-	120	173	72	120	173	120	101	879
Other emoluments:													
Salaries and other benefits	1,833	1,833	1,200	1,130	1,000	-	-	-	-	-	-	-	6,996
Contributions to retirement benefits/pension schemes	65	65	25	56	95	-	-	-	-	-	-	-	306
Performance related incentive payments (Note)	1,747	1,747	380	320	300	-	-	-	-	-	-	-	4,494
Equity-settled share-based payments	160	155	14,368	91	14	-	-	-	-	-	-	-	14,788
Total emoluments	3,805	3,800	15,973	1,597	1,409	120	173	72	120	173	120	101	27,463

^ Mr CHEN Shunhua resigned as an executive director of the Company with effect from 10 December 2010.

* Mr TSUI Yiu Wa, Alec retired by rotation as an independent non-executive director of the Company with effect from 3 June 2010.

- Mr XIAO Zhiyue was appointed as an independent non-executive director of the Company with effect from 3 June 2010 and resigned with effect from 1 January 2012.

Mr CAO Zhounan was appointed as an executive director of the Company with effect from 1 July 2011. The emoluments disclosed include those in the capacity of an employee and a director.

Note: The performance related incentive payments is determined as a percentage of the results of the Group for both years.

Annual Report 2011
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2011

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (CONTINUED)

No directors waived any emoluments in both years.

Of the five individuals with the highest emoluments in the Group, four (2010: three) were directors of the Company whose emoluments are included in the disclosure above. The emoluments of the remaining one (2010: two) individual(s) were as follows:

	2011 RMB'000	2010 RMB'000
Salaries and other benefits	684	1,977
Contributions to retirement benefits/pension schemes	43	42
Performance related incentive payments	1,039	380
Equity-settled share-based payments	1	16,619
	1,767	19,018

The individuals' emoluments were within the following bands:

	2011 No. of employees	2010 No. of employees
HKD2,000,001 to HKD2,500,000	1	-
HKD10,000,001 to HKD10,500,000	-	1
HKD11,500,001 to HKD12,000,000	-	1

During the year, no emoluments were paid by the Group to any of the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

Greentown China Holdings Limited
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

12. TAXATION

	2011 RMB'000	2010 RMB'000
Current tax:		
PRC enterprise income tax	1,653,519	621,370
LAT	1,020,354	392,197
	2,673,873	1,013,567
(Over) Under provision in prior years:		
PRC enterprise income tax	(2,954)	8,951
Deferred tax (Note 21):		
Current year	(88,147)	62,248
	2,582,772	1,084,766

No provision for income tax has been made for the Company and group entities incorporated in Hong Kong as they have no assessable profits derived from Hong Kong.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards, except for the following entities:

	Note	Enterprise income tax rate	
		2011	2010
Xinjiang Sunshine Greentown Real Estate Development Co., Ltd. ("Xinjiang Sunshine")	(i)	25%	12.5%

Note:

- (i) 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.

In addition, the EIT Law provides that qualified dividend income between two "resident enterprises" that have a direct investment relationship is exempted from income tax. Otherwise, such dividends will be subject to a 5% or 10% withholding tax under the EIT Law. A 10% withholding tax rate is applicable to the Group.

12. TAXATION (CONTINUED)

The tax charge for the year can be reconciled to the profit per the consolidated statement of comprehensive income as follows:

	2011 RMB'000	2010 RMB'000
Profit before taxation	6,700,714	3,000,313
Tax at the applicable PRC enterprise income tax rate of 25% (2010: 25%)	1,675,179	750,078
Effect of different tax rates	(11,502)	(47,916)
Tax effect of share of results of associates	(194,375)	(75,066)
Tax effect of share of results of jointly controlled entities	(13,917)	(66,176)
Tax effect of income not taxable for tax purposes	(11,780)	(12,213)
Tax effect of expenses not deductible for tax purposes	226,761	234,440
(Over) under-provision in respect of prior year	(2,954)	8,951
Tax effect of tax losses not recognised	68,165	74,055
Tax effect of deductible temporary differences not recognised	48,198	26,720
Recognition of deferred tax assets on tax losses previously not recognised	(20,201)	(89,337)
Utilisation of tax losses previously not recognised	(18,549)	(54,609)
Utilisation of deductible temporary differences previously not recognised	(13,675)	(17,690)
LAT provision for the year	1,020,354	392,197
Tax effect of LAT	(248,932)	(95,096)
Tax effect of undistributed profits	80,000	56,428
Tax charge for the year	2,582,772	1,084,766

Details of deferred taxation for the year ended 31 December 2011 are set out in Note 21.

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.

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% - 3% for ordinary residential properties and 1% - 6% for other properties.

For the year ended 31 December 2011, the Group estimated and made a provision for LAT in the amount of RMB1,020,354,000 (2010: RMB392,197,000), 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.

13. DIVIDENDS

On 10 June 2010, a final dividend for 2009 of HK26 cents per share, or RMB371,255,000 in total, was paid to the shareholders.

On 24 September 2010, an interim dividend for 2010 of RMB0.10 per share, or RMB162,416,000 in total, was paid to the shareholders.

On 17 June 2011, a final dividend for 2010 of RMB0.36 per share, or RMB589,036,000 in total, was paid to the shareholders.

On 26 August 2011, the directors resolved to declare an interim dividend of RMB0.10 per share, or RMB164,026,000 in total, in respect of the six months ended 30 June 2011. The interim dividend was subsequently paid on 19 March 2012.

The directors have resolved not to declare any final dividend for 2011.

14. EARNINGS PER SHARE

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

Earnings

	2011 RMB'000	2010 RMB'000
Earnings for the purpose of basic earnings per share (profit for the year attributable to owners of the Company)	2,574,637	1,531,774
Effect of dilutive potential shares:		
Interest on the 2007 Convertible Bonds	8,356	-
Earnings for the purpose of diluted earnings per share	2,582,993	1,531,774

Number of shares

	2011	2010
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,639,318,123	1,644,066,844
Effect of dilutive potential ordinary shares:		
Share options	16,718,289	23,570,997
The 2007 Convertible Bonds	8,297,621	-
Weighted average number of ordinary shares for the purpose of diluted earnings per share	1,664,334,033	1,667,637,841

The computation of diluted earnings per share for 2010 does not assume the conversion of the Company's outstanding 2007 Convertible Bonds (as defined in Note 28) since their assumed exercise would result in an increase in earnings per share.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

15. PROPERTY, PLANT AND EQUIPMENT

	Hotel buildings RMB'000	Land and buildings RMB'000	Leasehold improvements RMB'000	Machinery RMB'000	Furniture, fixtures and equipment RMB'000	Transportation equipment RMB'000	Construction in progress RMB'000	Total RMB'000
COST								
At 1 January 2010	1,289,127	71,201	45,660	6,807	128,818	182,427	538,047	2,262,087
Additions	-	5,017	17,573	3,533	58,071	53,477	447,522	585,193
Transfer	813,789	-	-	-	-	-	(813,789)	-
Acquired on acquisition of subsidiaries (Note 31)	-	616	-	2,169	1,765	7,030	1,270	12,850
Disposals	-	(19,270)	(800)	(426)	(2,524)	(5,808)	-	(28,828)
Disposal of subsidiaries (Note 32)	-	-	(92)	(491)	(965)	(4,598)	-	(6,146)
At 31 December 2010	2,102,916	57,564	62,341	11,592	185,165	232,528	173,050	2,825,156
Additions	-	2,979	6,615	2,050	59,045	66,873	431,680	569,242
Disposals	-	(645)	(670)	(154)	(8,444)	(9,894)	-	(19,807)
Disposal of subsidiaries (Note 32)	-	-	-	(2,949)	(1,744)	(6,865)	-	(11,558)
De-consolidation of a subsidiary (Note 27)	-	-	-	-	(799)	(2,767)	-	(3,566)
At 31 December 2011	2,102,916	59,898	68,286	10,539	233,223	279,875	604,730	3,359,467
DEPRECIATION AND IMPAIRMENT								
At 1 January 2010	(106,008)	(21,007)	(27,037)	(457)	(56,082)	(85,663)	-	(296,254)
Provided for the year	(65,288)	(4,373)	(9,197)	(1,560)	(26,304)	(29,428)	-	(136,150)
Impairment loss reversed in profit or loss	39,933	-	-	-	-	-	-	39,933
Eliminated on disposals	-	7,878	-	49	1,612	4,649	-	14,188
Eliminated on disposal of subsidiaries (Note 32)	-	-	28	332	162	865	-	1,387
At 31 December 2010	(131,363)	(17,502)	(36,206)	(1,636)	(80,612)	(109,577)	-	(376,896)
Provided for the year	(64,990)	(4,608)	(8,319)	(1,178)	(36,891)	(36,083)	-	(152,069)
Impairment loss reversed in profit or loss	13,067	-	-	-	-	-	-	13,067
Eliminated on disposals	-	94	350	112	6,442	6,303	-	13,301
Eliminated on disposal of subsidiaries (Note 32)	-	-	-	1,349	728	2,079	-	4,156
De-consolidation of a subsidiary (Note 27)	-	-	-	-	67	48	-	115
At 31 December 2011	(183,286)	(22,016)	(44,175)	(1,353)	(110,266)	(137,230)	-	(498,326)
CARRYING VALUES								
At 31 December 2011	1,919,630	37,882	24,111	9,186	122,957	142,645	604,730	2,861,141
At 31 December 2010	1,971,553	40,062	26,135	9,956	104,553	122,951	173,050	2,448,260

15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The above items of property, plant and equipment other than construction in progress are depreciated on a straight-line basis, taking into account their residual value, at the following rates per annum:

Hotel buildings	Over the shorter of the term of the land use rights or 40 years
Land and buildings	Over the shorter of the term of the land use rights or 20 years
Leasehold improvements	Over the shorter of the lease term or five years
Machinery	10% to 33 ¹ / ₃ %
Furniture, fixtures and equipment	10% to 33 ¹ / ₃ %
Transportation equipment	10% to 20%

During 2008, the Group engaged DTZ Debenham Tie Leung Limited, independent qualified professional valuers not connected with the Group, to conduct a review of the Group's hotel buildings. The professional valuers from DTZ Debenham Tie Leung Limited are members of the Hong Kong Institute of Surveyors. It was determined that one of those buildings was impaired due to the economic downturn and the performance of the hotel building being adversely affected. Accordingly, an impairment loss of RMB53,000,000 was recognised in 2008 in respect of hotel buildings. The recoverable amount of the relevant hotel building has been determined on the basis of its value in use. The discount rate adopted in measuring the amount of value in use of the relevant hotel building was 10%.

In view of the improving performance of the hotel operations, the Group engaged DTZ Debenham Tie Leung Limited to update their review of the Group's hotel buildings as at 31 December 2011 and as a result an impairment loss of RMB13,067,000 was reversed in 2011 (2010:RMB39,933,000) in respect of hotel buildings based on their value in use.

The land and buildings and hotel buildings shown above are located on:

	2011	2010
	RMB'000	RMB'000
Land and buildings		
Land in the PRC under:		
Medium-term lease	37,882	40,062
Hotel buildings		
Land in the PRC under:		
Medium-term lease	1,919,630	1,971,553

Details of the hotel buildings, land and buildings and construction in progress pledged to secure banking facilities granted to the Group are disclosed in note 36.

16. INVESTMENT PROPERTIES

	RMB'000
FAIR VALUE	
At 1 January 2010	25,000
Transfer from completed properties for sale	1,700,000
At 31 December 2010	1,725,000
Increase in fair value recognised in profit or loss	5,000
At 31 December 2011	1,730,000

The fair value of the Group's investment property at 31 December 2011 and 2010 have been arrived at on the basis of a valuation carried out on that date by DTZ Debenham Tie Leung Limited, independent qualified professional valuers not connected with the Group. The valuation was arrived at by the investment approach by capitalising the net rental income derived from the existing tenancies with due provision for the reversionary income potential of the property interests, or where appropriate, by the direct comparison approach by making reference to comparable sales transactions as available in the relevant market.

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

The investment property shown above is located on:

	2011 RMB'000	2010 RMB'000
Land in the PRC under Medium-term lease	1,730,000	1,725,000

17. INTERESTS IN ASSOCIATES

	2011 RMB'000	2010 RMB'000
Cost of unlisted investments in associates	4,887,483	2,834,627
Share of post-acquisition profits, net of dividends received	978,909	390,136
	5,866,392	3,224,763

17. INTERESTS IN ASSOCIATES (CONTINUED)

As at 31 December 2010 and 2011, the Group had interests in the following associates established and operating in the PRC:

Name of associate	Registered capital	Attributable equity interest held by the Group		Principal activities
		2011	2010	
杭州余杭綠城九洲房地產開發有限公司 Hangzhou Yuhang Greentown Jiuzhou Real Estate Development Co., Ltd.	RMB85,000,000	35%	35%	Real estate development
杭州翡翠城房地產開發有限公司 Hangzhou Jade City Real Estate Development Co., Ltd. ("Hangzhou Jade City")	RMB50,000,000	45%	45%	Real estate development
上海靜宇置業有限公司 Shanghai Jingyu Real Estate Co., Ltd. ("Shanghai Jingyu")	RMB100,000,000	- (xii)	49%	Real estate development
杭州錢新綠城房地產開發有限公司 Hangzhou Qianxin Greentown Real Estate Development Co., Ltd. ("Hangzhou Qianxin Greentown")	RMB30,000,000	50% (i)	50% (i)	Real estate development
浙江發展綠城房地產開發有限公司 Zhejiang Fazhan Greentown Real Estate Development Co., Ltd.	RMB50,000,000	45%	45%	Real estate development
杭州濱綠房地產開發有限公司 Hangzhou Binlv Real Estate Development Co., Ltd. ("Hangzhou Binlv")	RMB1,389,140,188	50% (iv)	50% (iv)	Real estate development
浙江中青旅綠城投資置業有限公司 Zhejiang Zhongqinglv Greentown Real Estate Investment Co., Ltd. ("Zhejiang Zhongqinglv")	RMB200,000,000	49% (ii)	49% (ii)	Investment and consulting
河南中州綠城置業投資有限公司 Henan Zhongzhou Greentown Real Estate Investment Co., Ltd. ("Henan Zhongzhou")	RMB60,000,000	38% (ii)	38% (ii)	Real estate development
德清綠城西子房地產開發有限公司 Deqing Greentown Xizi Real Estate Development Co., Ltd. ("Deqing Xizi")	RMB30,000,000	25% (ii)	25% (ii)	Real estate development

17. INTERESTS IN ASSOCIATES (CONTINUED)

Name of associate	Registered capital	Attributable equity interest held by the Group		Principal activities
		2011	2010	
德清縣綠城中田房地產開發有限公司 Deqing Greentown Zhongtian Real Estate Development Co., Ltd. ("Deqing Zhongtian")	RMB50,000,000	- (ii)	47% (ii)	Real estate development
紹興金綠泉置業有限公司 Shaoxing Jinlvquan Real Estate Co., Ltd. ("Shaoxing Jinlvquan")	RMB580,000,000	35%	35%	Real estate development
濟南海爾綠城置業有限公司 Jinan Haier Greentown Real Estate Co., Ltd. ("Jinan Haier Greentown")	RMB200,000,000	45%	45%	Real estate development
無錫綠城房地產開發有限公司 Wuxi Greentown Real Estate Development Co., Ltd. ("Wuxi Greentown")	RMB102,000,000	85% (iii)	85% (iii)	Real estate development
慈溪綠城投資置業有限公司 Cixi Greentown Real Estate Investment Co., Ltd. ("Cixi Greentown")	RMB98,000,000	49% (ii)	49% (ii)	Real estate development
台州浙能綠城置業有限公司 Taizhou Zheneng Greentown Real Estate Co., Ltd. ("Taizhou Zheneng")	RMB300,000,000	49% (v)	49% (v)	Real estate development
杭州浙能綠城置業有限公司 Hangzhou Zheneng Greentown Real Estate Co., Ltd. ("Hangzhou Zheneng")	RMB300,000,000	49% (v)	49% (v)	Real estate development
台州浙信綠城房地產開發有限公司 Taizhou Zhexin Greentown Real Estate Development Co., Ltd. ("Taizhou Zhexin")	RMB20,000,000	40%	40%	Real estate development
台州綠城房地產有限公司 Taizhou Greentown Real Estate Co., Ltd. ("Taizhou Greentown")	RMB100,000,000	45%	45%	Real estate development

Greentown China Holdings Limited
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2011

17. INTERESTS IN ASSOCIATES (CONTINUED)

Name of associate	Registered capital	Attributable equity interest held by the Group		Principal activities
		2011	2010	
台州綠城能源房地產有限公司 Taizhou Greentown Nengyuan Real Estate Co., Ltd. ("Taizhou Greentown Nengyuan")	RMB100,000,000	49%	49%	Real estate development
杭州鐵綠商貿有限公司 Hangzhou Tielv Trading Co., Ltd. ("Hangzhou Tielv")	RMB2,000,000	45% (vi)	45% (vi)	Trading
浙江鐵建綠城房地產開發有限公司 Zhejiang Tiejian Greentown Real Estate Development Co., Ltd. ("Zhejiang Tiejian Greentown")	RMB100,000,000	38%	38%	Real estate development
杭州百大置業有限公司 Hangzhou Baida Real Estate Co., Ltd. ("Hangzhou Baida")	RMB728,000,000	30%	30%	Real estate development
杭州新綠西置業有限公司 Hangzhou Xinlvxi Real Estate Co., Ltd. ("Hangzhou Xinlvxi")	RMB10,000,000	42%	42%	Real estate development
杭州賽麗綠城申花置業有限公司 Hangzhou Saili Greentown Shenhua Real Estate Co., Ltd. ("Saili Greentown")	RMB100,000,000	25%	25% (viii)	Real estate development
寧波都市房產開發有限公司 Ningbo Dushi Real Estate Development Co., Ltd. ("Ningbo Dushi")	USD200,000,000	45%	45% (viii)	Real estate development
杭州紫元綠西房地產有限公司 Hangzhou Ziyuan Lvxi Real Estate Co., Ltd. ("Ziyuan Lvxi")	RMB50,000,000	33%	33% (viii)	Real estate development
北京東部綠城置業有限公司 Beijing Eastern Greentown Real Estate Co., Ltd. ("Eastern Greentown")	RMB50,000,000	49%	49% (x)	Real estate development
杭州海航綠城置業有限公司 Hangzhou Haihang Greentown Real Estate Co., Ltd. ("Haihang Greentown")	RMB1,860,180,000	40%	40% (viii)	Real estate development

17. INTERESTS IN ASSOCIATES (CONTINUED)

Name of associate	Registered capital	Attributable equity interest held by the Group		Principal activities
		2011	2010	
浙江海航綠城投資有限公司 Zhejiang Haihang Greentown Investment Co., Ltd. ("Haihang Greentown Investment")	RMB100,000,000	40%	40% (viii)	Investment holding
綠城易居房屋銷售有限公司 Greentown Yiju Real Estate Agency Co., Ltd. ("Greentown Yiju")	RMB50,000,000	18% (viii)	19% (viii)	Real estate agency
杭州綠城錦玉置業有限公司 Hangzhou Greentown Jinyu Real Estate Co., Ltd. ("Greentown Jinyu")	RMB250,000,000	35% (viii)	43% (viii)	Real estate development
杭州綠城金久房地產開發有限公司 Hangzhou Greentown Jinjiu Real Estate Development Co., Ltd. ("Greentown Jinjiu")	RMB100,000,000	40%	40% (viii)	Real estate development
無錫太湖綠城置業有限公司 Wuxi Taihu Greentown Real Estate Co., Ltd. ("Taihu Greentown")	RMB300,000,000	39%	39% (viii)	Real estate development
上海綠恒房地產開發有限公司 Shanghai Lvheng Real Estate Development Co., Ltd. ("Shanghai Lvheng")	RMB100,000,000	40%	40% (viii)	Real estate development
杭州綠城墅園置業有限公司 Hangzhou Greentown Shuyuan Real Estate Co., Ltd. ("Greentown Shuyuan")	RMB50,000,000	- (viii)	35% (viii)	Real estate development
上海青蓮房地產開發有限公司 Shanghai Qinglian Real Estate Development Co., Ltd. ("Shanghai Qinglian")	RMB50,000,000	20% (ix)	20% (ix)	Real estate development
溫州綠城發展房地產開發有限公司 Wenzhou Greentown Development Real Estate Development Co., Ltd. ("Wenzhou Greentown")	RMB200,000,000	25% (vii)	-	Real estate development

Greentown China Holdings Limited
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2011

17. INTERESTS IN ASSOCIATES (CONTINUED)

Name of associate	Registered capital	Attributable equity interest held by the Group		Principal activities
		2011	2010	
大冶有色綠城房地產開發有限公司 Daye Youse Greentown Real Estate Development Co., Ltd. ("Daye Youse Greentown")	RMB160,000,000	30% (vii)	-	Real estate development
中投發展有限責任公司 China Investment Development Co., Ltd. ("China Investment Development")	RMB2,000,000,000	24% (vii)	-	Infrastructure construction and investment holding
上海綠城益達投資有限公司 Shanghai Greentown Yida Investment Co., Ltd. ("Greentown Yida")	RMB2,000,000	40% (vii)	-	Investment holding
台州綠城泰業房地產開發有限公司 Taizhou Greentown Taiye Real Estate Development Co., Ltd. ("Taizhou Taiye")	RMB100,000,000	41% (vii)	-	Real estate development
慈溪綠城房地產發展有限公司 Cixi Greentown Property Development Co., Ltd. ("Cixi Greentown Property")	RMB98,000,000	30% (vii)	-	Real estate development
浙江綠城天台山旅遊投資有限公司 Zhejiang Tiantaishan Tourism Investment Co., Ltd. ("Tiantaishan Tourism")	RMB30,000,000	30% (vii)	-	Real estate development
上海浙鐵綠城房地產開發有限公司 Shanghai Zhetie Greentown Real Estate Development Co., Ltd. ("Zhetie Greentown")	RMB50,000,000	32% (vii)	-	Real estate development
西南綠城房地產開發有限公司 Xinan Greentown Real Estate Development Co., Ltd. ("Xinan Greentown")	RMB100,000,000	14% (vii)	-	Real estate development
浙江綠城佳園建設工程管理有限公司 Zhejiang Greentown Jiayuan Project Management Co., Ltd. ("Greentown Jiayuan")	RMB20,000,000	34% (vii)	-	Project Management

17. INTERESTS IN ASSOCIATES (CONTINUED)

Name of associate	Registered capital	Attributable equity interest held by the Group		Principal activities
		2011	2010	
山東高速綠城萊蕪雪野湖開發有限公司 Shandong Gaosu Greentown Laiwu Xueyehu Development Co., Ltd. (“Greentown Gaosu Xueyehu”)	RMB50,000,000	49% (vii)	-	Real estate development
山東財富縱橫置業有限公司 Shandong Caifu Zongheng Real Estate Co., Ltd. (“Shandong Caifu Zongheng”)	RMB50,000,000	39% (xi)	-	Real estate development
盛聯管理有限公司 Poly Link Management Limited (“Poly Link Management”)	USD50,000	25% (xi)	-	Investment holding
信陽市萬恒置業有限公司 Xinyang Wanheng Real Estate Co., Ltd. (“Xinyang Wanheng”)	RMB50,000,000	20% (xi)	-	Real estate development
杭州遠洋天祺置業有限公司 Hangzhou Sino-Ocean Tian Qi Properties Limited (“Sino-Ocean Tian Qi”)	USD147,760,000	25% (xi)	-	Real estate development
杭州遠洋運河商務區開發有限公司 Hangzhou Sino-Ocean Canal Business District Development Co., Ltd. (“Sino-Ocean Canal Business District”)	USD143,210,000	25% (xi)	-	Real estate development
杭州遠洋新河酒店置業有限公司 Hangzhou Sino-Ocean New River Hotel Properties Limited (“Sino-Ocean New River Hotel”)	USD83,620,000	25% (xi)	-	Real estate development
德發國際有限公司 Moral Wealth International Limited (“Moral Wealth”)	HKD10,000	25% (xi)	-	Investment holding
天澤發展有限公司 Sky Charter Development Limited (“Sky Charter”)	HKD1,000,000	25% (xi)	-	Investment holding

17. INTERESTS IN ASSOCIATES (CONTINUED)

Notes:

- (i) Only two out of five directors of Hangzhou Qianxin Greentown are appointed by the Group, while a valid board resolution requires two-thirds of the total votes. The Group does not have the power to control or jointly control the financial and operating policies of Hangzhou Qianxin Greentown. Therefore, Hangzhou Qianxin Greentown is accounted for as an associate of the Group.
- (ii) Henan Zhongzhou, Deqing Xizi, Deqing Zhongtian and Cixi Greentown are subsidiaries of Zhejiang Zhongqinglv. Deqing Zhongtian was liquidated in 2011.
- (iii) Wuxi Greentown became an associate of the Group in 2009 as the Group transferred control over Wuxi Greentown to the Zhonghai Trust pursuant to the trust arrangements set out in Note 27(I)(C) while retaining in substance a present ownership interest of 85% in Wuxi Greentown.
- (iv) Only two out of five directors of Hangzhou Binlv are appointed by the Group, while a valid board resolution requires half of the total votes. The Group does not have the power to control or jointly control the financial and operational policies of Hangzhou Binlv. Therefore, Hangzhou Binlv is accounted for as an associate of the Group.
- (v) Hangzhou Zheneng was a subsidiary of Taizhou Zheneng in 2009. Taizhou Zheneng transferred its 49% equity interest in Hangzhou Zheneng to Greentown Real Estate Group Co., Ltd. ("Greentown Real Estate") in 2010.
- (vi) Hangzhou Tielv is a wholly owned subsidiary of Hangzhou Jade City.
- (vii) These associates were newly established in 2011. Xinan Greentown is 17% owned by Greentown Property Construction Management Co., Ltd., a non-wholly-owned subsidiary of the Company and is 8% owned by Greentown Real Estate Group Co., Ltd, a wholly owned subsidiary of the Company.
- (viii) These associates were newly established in 2010. Greentown Yiju is 50% owned by Greentown Property Construction Management Co., Ltd., a non-wholly-owned subsidiary of the Company. Only two out of five directors of Greentown Yiju are appointed by the Group while a valid board resolution requires half of the total votes. The Group does not have the power to control or jointly control the financial and operating policies of Greentown Yiju. Therefore, Greentown Yiju is accounted for as an associate of the Group. 1.6% equity interest in Greentown Property Construction Management Co., Ltd. was disposed of in 2011, hence the decrease in the attributable equity interest in Greentown Yiju held by the Group. 7.5% equity interest in Greentown Jinyu was disposed of in 2011. The 35% equity interest in Greentown Shuyuan was disposed of in 2011.
- (ix) Shanghai Qinglian was acquired in 2010 and is 40% owned by Shanghai Huazhe Bund Real Estate Co., Ltd., a non-wholly owned subsidiary of the Group.
- (x) Eastern Greentown became an associate of the Group in 2010 as the Group disposed of its 51% equity interest in Eastern Greentown. Please refer to Note 32 for details.
- (xi) These associates were newly acquired in 2011. Sino-Ocean Tian Qi, Sino-Ocean Canal Business District, Sino-Ocean New River Hotel, Moral Wealth and Sky Charter are subsidiaries of Poly Link Management.
- (xii) The 49% equity interest in Shanghai Jingyu was disposed of in 2011.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

17. INTERESTS IN ASSOCIATES (CONTINUED)

The summarised financial information in respect of the Group's associates is set out below:

	2011 RMB'000	2010 RMB'000
Total assets	81,374,228	53,555,250
Total liabilities	(64,391,603)	(45,068,300)
Net assets	16,982,625	8,486,950
Group's share of net assets of associates	5,866,392	3,224,763
Revenue	9,535,330	6,131,317
Profit for the year	1,645,639	691,954
Group's share of results of associates for the year	777,498	300,265

18. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	2011 RMB'000	2010 RMB'000
Cost of unlisted investments in jointly controlled entities	917,589	605,398
Share of post-acquisition profits, net of dividends received	143,444	126,739
	1,061,033	732,137

18. INTERESTS IN JOINTLY CONTROLLED ENTITIES (CONTINUED)

As at 31 December 2010 and 2011, the Group had interests in the following jointly controlled entities established and operating in the PRC:

Name of jointly controlled entity	Registered capital	Attributable equity interest held by the Group		Principal activities
		2011	2010	
浙江報業綠城投資有限公司 Zhejiang Newspapering Greentown Investment Co., Ltd. ("Zhejiang Newspapering Greentown")	RMB80,000,000	50%	50%	Investment holding
寧波浙報綠城房地產開發有限公司 Ningbo Zhebao Greentown Real Estate Development Co., Ltd. ("Ningbo Zhebao")	RMB60,000,000	– (ix)	50%	Real estate development
海寧綠城新湖房地產開發有限公司 Haining Greentown Sinhoo Real Estate Development Co., Ltd. ("Haining Greentown")	RMB20,000,000	50%	50%	Real estate development
浙江綠西房地產集團有限公司 Zhejiang Lvxi Real Estate Group Co., Ltd. ("Zhejiang Lvxi Group")	RMB100,000,000	50% (i)	50% (i)	Investment holding, real estate development and business consulting
臨安西子房地產開發有限公司 Lin'an Xizi Real Estate Development Co., Ltd. ("Lin'an Xizi")	RMB80,000,000	50% (i)	50% (i)	Real estate development
南通嘉匯置業有限公司 Nantong Jiahui Real Estate Co., Ltd. ("Nantong Jiahui")	RMB30,000,000	50% (i)	50% (i)	Real estate development
浙江西子置業有限公司 Zhejiang Xizi Real Estate Co., Ltd. ("Zhejiang Xizi")	RMB80,000,000	50% (i)	50% (i)	Real estate development
浙江綠城新興置業有限公司 Zhejiang Greentown Xinxing Real Estate Co., Ltd. ("Greentown Xinxing")	RMB80,000,000	35% (i)	35% (i)	Real estate development
紹興綠城寶業房地產開發有限公司 Shaoxing Greentown Baoye Real Estate Co., Ltd. ("Shaoxing Greentown Baoye")	RMB100,000,000	51% (ii)	51% (ii)	Real estate development

18. INTERESTS IN JOINTLY CONTROLLED ENTITIES (CONTINUED)

Name of jointly controlled entity	Registered capital	Attributable equity interest held by the Group		Principal activities
		2011	2010	
杭州凱喜雅房地產開發有限公司 Hangzhou Kaixiya Real Estate Development Co., Ltd. ("Hangzhou Kaixiya")	RMB100,000,000	50% (i)	50% (i)	Real estate development
浙江綠城新湖商業管理有限公司 Zhejiang Greentown Sinhoo Commerce Management Co., Ltd. ("Zhejiang Greentown Sinhoo")	RMB5,000,000	50% (iii)	50% (iii)	Commerce management
浙江鐵投綠城投資有限公司 Zhejiang Tietou Greentown Investment Co., Ltd. ("Zhejiang Tietou Greentown Investment")	RMB80,000,000	50% (iv)	50% (iv)	Investment holding
浙江鐵投綠城房地產開發有限公司 Zhejiang Tietou Greentown Real Estate Development Co., Ltd. ("Zhejiang Tietou Greentown Real Estate")	RMB80,000,000	50% (iv)	50% (iv)	Real estate development
山東東城置業有限公司 Shandong Dongcheng Real Estate Co., Ltd. ("Shandong Dongcheng")	RMB200,000,000	49% (v)	49% (v)	Real estate development
杭州綠城智能科技有限公司 Hangzhou Greentown Intelligent Technology Co., Ltd. ("Greentown Intelligent Technology")	RMB10,000,000	45%	45% (vi)	Business consulting
杭州綠城北秀置業有限公司 Hangzhou Greentown Beixiu Real Estate Co., Ltd. ("Greentown Beixiu")	RMB50,000,000	50%	50% (vi)	Real estate development
杭州臨宜房地產開發有限公司 Hangzhou Linyi Real Estate Development Co., Ltd. ("Hangzhou Linyi")	USD50,000,000	50%	50% (vi)	Real estate development
杭州綠城中勝置業有限公司 Hangzhou Greentown Zhongsheng Real Estate Co., Ltd. ("Greentown Zhongsheng")	RMB100,000,000	55% (viii)	-	Real estate development
瀋陽全運村建設發展有限公司 Shenyang National Games Real Estate Co., Ltd. ("Shenyang National Games")	RMB300,000,000	50% (vii)	-	Real estate development

18. INTERESTS IN JOINTLY CONTROLLED ENTITIES (CONTINUED)

Notes:

- (i) Lin'an Xizi, Nantong Jiahui, Zhejiang Xizi, Greentown Xinxing and Hangzhou Kaixiya are subsidiaries of Zhejiang Lvxi Group.
- (ii) Three out of five directors of Shaoxing Greentown Baoye are appointed by the Group, while a valid board resolution requires unanimous approval from all directors. The Group does not have the power to control the financial and operational policies of Shaoxing Greentown Baoye. Therefore, Shaoxing Greentown Baoye is accounted for as a jointly controlled entity of the Group.
- (iii) Zhejiang Greentown Sinhoo is a wholly owned subsidiary of Haining Greentown.
- (iv) Zhejiang Tietou Greentown Investment holds 100% equity interest in Zhejiang Tietou Greentown Real Estate.
- (v) The 49% equity interest in Shandong Dongcheng was acquired in 2010. Two out of five directors of Shandong Dongcheng are appointed by the Group, while a valid board resolution requires four-fifths of the total votes. Therefore, Shandong Dongcheng is accounted for as a jointly controlled entity of the Group.
- (vi) These jointly controlled entities were established in 2010. Greentown Intelligent Technology is 50% owned by Zhejiang Greentown Electronic Engineering Co., Ltd, a non-wholly owned subsidiary of the Group.
- (vii) These jointly controlled entities were newly established in 2011.
- (viii) Greentown Zhongsheng ceased to be a subsidiary and was de-consolidated and accounted for as a jointly controlled entity of the Group during 2011. Please refer to note 27(VII) for details.
- (ix) Ningbo Zhebao was liquidated in 2011.

The summarised financial information in respect of the Group's interests in the jointly controlled entities which are accounted for using the equity method is set out below:

	2011 RMB'000	2010 RMB'000
Current assets	9,924,116	7,782,780
Non-current assets	47,039	92,387
Current liabilities	(6,367,105)	(5,732,483)
Non-current liabilities	(2,529,087)	(1,424,360)
Income	1,048,723	1,743,008
Expenses	(987,625)	(1,483,054)

The Group has discontinued recognition of its share of losses of certain jointly controlled entities as its share of losses of those jointly controlled entities equals or exceeds its interests in those jointly controlled entities. The amounts of unrecognised share of losses of these jointly controlled entities, both for the year and cumulatively, are as follows:

	2011 RMB'000	2010 RMB'000
Unrecognised share of losses of jointly controlled entities for the year	44,279	4,228
Accumulated unrecognised share of losses of jointly controlled entities	61,071	16,792

19. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments comprise:

	2011 RMB'000	2010 RMB'000
Non-current portion:		
Unlisted junior units in Zhonghai Trust (Note 27)	-	110,970
Unlisted ordinary units in Zhongtai Trust (Note 27)	-	150,000
Unlisted equity securities	303,300	167,974
	303,300	428,944
Current portion:		
Unlisted junior units in Zhonghai Trust (Note 27)	110,970	-
Unlisted junior unites in Hwabao Trust (Note 27)	23,750	-
Unlisted equity securities	100,000	-
	234,720	-
	538,020	428,944

The above unlisted trust units and equity securities were issued by private entities established in the PRC. The available-for-sale investments are measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the directors are of the opinion that their fair values cannot be measured reliably. Included in the current portion of unlisted equity securities is the Group's holding of 10% equity interest in Shanghai Haizhimen Property Management Co., Ltd. ("Shanghai Haizhimen"). On 29 December 2011, the Group had conditionally agreed to dispose of its 100% equity interest in Hangzhou Greentown Hesheng Investment Company ("Greentown Hesheng") which holds the 10% equity interest in Shanghai Haizhimen to Shanghai Changye Investment Management Co., Ltd., an independent third party.

20. PREPAID LEASE PAYMENT

	2011 RMB'000	2010 RMB'000
The Group's prepaid lease payment comprises:		
Leasehold land in the PRC:		
Medium-term lease	201,377	155,556
Analysed for reporting purposes as:		
Current asset (included in trade and other receivables)	4,651	4,446
Non-current asset	196,726	151,110
	201,377	155,556

Greentown China Holdings Limited
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2011

21. DEFERRED TAXATION

The following are the major deferred tax assets (liabilities) recognised and movements thereon during the current and prior years:

	Temporary differences on revenue recognition and related cost of sales RMB'000	Impairment losses RMB'000	Tax losses RMB'000	Fair value adjustments RMB'000	LAT provision RMB'000	Undistributed profits RMB'000	Others RMB'000	Total RMB'000
At 1 January 2010	14,938	19,400	232,888	(52,931)	164,839	(70,756)	(36,098)	272,280
(Charge) credit to profit or loss	(2,076)	(10,488)	106,507	(148,781)	38,305	(56,428)	10,713	(62,248)
At 31 December 2010	12,862	8,912	339,395	(201,712)	203,144	(127,184)	(25,385)	210,032
(Charge) credit to profit or loss	(2,720)	43,978	64,736	(38,516)	95,141	(80,000)	5,528	88,147
De-consolidation of a subsidiary (Note 27)	-	-	(4,551)	-	-	-	-	(4,551)
At 31 December 2011	10,142	52,890	399,580	(240,228)	298,285	(207,184)	(19,857)	293,628

Others represent mainly deferred tax liabilities recognised in respect of temporary differences arising from accelerated tax depreciation.

For the purpose of presentation in the consolidated statement of financial position, deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same legal entity and fiscal authority. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2011 RMB'000	2010 RMB'000
Deferred tax assets	728,165	588,782
Deferred tax liabilities	(434,537)	(378,750)
	293,628	210,032

21. DEFERRED TAXATION (CONTINUED)

At the end of the reporting period, the Group had unutilised tax losses of RMB2,471,047,000 (2010: RMB2,147,087,000) available for offset against future profits. A deferred tax asset has been recognised in respect of RMB1,602,020,000 (2010: RMB1,361,279,000) of such losses. No deferred tax asset has been recognised in respect of the remaining RMB869,027,000 (2010: RMB785,808,000) due to the unpredictability of future profit streams. Pursuant to the relevant laws and regulations in the PRC, the unrecognised tax losses at the end of the reporting period will expire in the following years:

	2011 RMB'000	2010 RMB'000
2011	–	21,246
2012	84,874	86,771
2013	199,683	201,764
2014	168,472	228,433
2015	150,804	247,594
2016	265,194	–
	869,027	785,808

Based on the latest budgets, management believes that there will be sufficient future profits for the realisation of the deferred tax assets recognised in respect of these tax losses.

At the end of the reporting period, the Group has deductible temporary differences of RMB192,792,000 (2010: RMB106,880,000) in respect of which no deferred tax asset has been recognised as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of certain temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to RMB4,567,640,000 (31 December 2010: RMB2,700,973,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

22. PROPERTIES FOR DEVELOPMENT

Included in properties for development as at 31 December 2011 is an amount of RMB10,271,888,000 (2010: RMB11,804,525,000) in respect of long-term leasehold land for which the Group was in the process of obtaining the land use rights certificates.

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

23. PROPERTIES UNDER DEVELOPMENT

	2011 RMB'000	2010 RMB'000
Long-term leasehold land - at cost	40,728,038	39,987,244
Development costs	21,945,782	13,486,921
Finance costs capitalised	4,924,167	3,917,673
	67,597,987	57,391,838

Properties under development for sale amounting to RMB43,290,608,000 (2010: RMB42,495,327,000) are expected to be recovered after more than 12 months from the end of the reporting period.

24. OTHER CURRENT ASSETS

Trade and other receivables, deposits and prepayments

	2011 RMB'000	2010 RMB'000
Trade receivables	402,958	246,800
Other receivables	2,858,368	2,006,616
Prepayments and deposits	1,142,132	1,942,543
Consideration receivable from disposal of a subsidiary and disposal/partial disposal of associates	777,015	-
	5,180,473	4,195,959

The Group allows an average credit period of 90 days to certain trade customers with good credit standing. The aged analysis of trade receivables is stated below. The trade receivables which are aged 91 days or above are all past due but not impaired. The Group does not notice any significant changes in the credit quality of its trade receivables and the amounts are considered to be recoverable.

	2011 RMB'000	2010 RMB'000
0-30 days	117,337	165,138
31-90 days	87,885	10,885
91-180 days	49,955	31,498
181-365 days	45,672	7,009
Over 365 days	102,109	32,270
Trade receivables	402,958	246,800

24. OTHER CURRENT ASSETS (CONTINUED)

Trade and other receivables, deposits and prepayments (continued)

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. The Group does not notice any significant changes in the credit quality of its trade receivables and the amounts are considered to be recoverable.

Included in other receivables were advances to third parties of RMB2,036,094,000 (2010: RMB1,112,634,000) as at 31 December 2011. The advances are interest free, unsecured and expected to be recovered within one year except for RMB1,467,158,000 (2010:RMB815,526,000) which carries interest at 8% to 12% (2010:8%) per annum, is unsecured and is expected to be recovered within one year. The advances comprise mainly earnest money for potential projects. The Group has concentration of credit risk as 82% (2010: 82%) of the total advances to third parties was due from the five largest counterparties. The Group does not notice any significant changes in the credit quality of its advances to third parties and the amounts are considered to be recoverable. Included in the advances was an amount of RMB824,670,000 (2010: RMB815,526,000) which had been advanced to Shanghai Haizhimen by Greentown Hesheng, a wholly-owned subsidiary which the Group had conditionally agreed to dispose of on 29 December 2011. Please refer to note 19 for details.

Other receivables, other than advances to third parties which were mainly earnest money for potential projects, are repayable on demand. Prepayments and deposits are expected to be recovered after more than 12 months.

The consideration receivable from disposal of a subsidiary and disposal/partial disposal of associates is unsecured, non-interest bearing and to be settled in 2012.

No allowance was made for trade and other receivables.

Bank balances and cash/pledged bank deposits

Bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. Bank balances carry interest at market rates which range from 0.5% to 3.1% (2010: 0.4% to 2.6%) per annum.

Pledged bank deposits represent deposits pledged to banks to secure short-term banking facilities granted to the Group. The pledged bank deposits carry interest at market rates which range from 0.5% to 4.5% (2010: 0.4% to 3.0%) per annum.

As at 31 December 2011, the Group had bank balances and cash (including pledged bank deposits) denominated in Renminbi amounting to RMB5,853,788,000 (2010: RMB14,555,710,000). Renminbi is not freely convertible into other currencies.

Bank balances and cash/pledged bank deposits that are denominated in currencies other than the functional currency of the respective group entities are set out below:

	HKD RMB'000	USD RMB'000
As at 31 December 2011	13,328	16,675
As at 31 December 2010	10,938	406,245

Greentown China Holdings Limited
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2011

25. TRADE AND OTHER PAYABLES

The aged analysis of trade payables is stated as follows:

	2011 RMB'000	2010 RMB'000
0-30 days	5,606,464	2,452,105
31-90 days	378,790	285,936
91-180 days	727,779	712,622
181-365 days	611,788	731,915
Over 365 days	586,084	685,063
Trade payables	7,910,905	4,867,641
Other payables and accrued expenses	4,427,201	4,060,329
Deposit received on disposal of a subsidiary	900,000	-
	13,238,106	8,927,970

Trade payables and other payables principally comprise amounts outstanding for trade purposes and ongoing costs.

26. BANK AND OTHER BORROWINGS

	2011 RMB'000	2010 RMB'000
Secured bank loans (Note 36)	22,871,749	26,950,924
Unsecured bank loans	4,354,311	3,933,507
	27,226,060	30,884,431
Secured other loans (Note 36)	3,523,543	2,230,200
Unsecured other loans	934,090	500,699
	4,457,633	2,730,899
	31,683,693	33,615,330

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

26. BANK AND OTHER BORROWINGS (CONTINUED)

	2011 RMB'000	2010 RMB'000
Carrying amount repayable*:		
Within one year	15,796,880	11,789,588
More than one year, but not exceeding two years	13,310,259	10,533,285
More than two years, but not exceeding three years	956,151	9,324,617
More than three years, but not exceeding four years	314,214	135,647
More than four years, but not exceeding five years	315,964	150,647
More than five years	909,770	1,477,226
	31,603,238	33,411,010
Carrying amount of loans that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause (shown under current liabilities), which is originally repayable:		
More than one year, but not exceeding two years	11,164	4,320
More than two years, but not exceeding three years	12,766	200,000
More than three years, but not exceeding four years	13,300	-
More than four years, but not exceeding five years	13,300	-
More than five years	29,925	-
	80,455	204,320
	31,683,693	33,615,330
Less: Amounts due within one year shown under current liabilities	(15,877,335)	(11,993,908)
Amounts shown under non-current liabilities	15,806,358	21,621,422

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

Bank and other borrowings can be further analysed as follows:

	2011 RMB'000	2010 RMB'000
Fixed-rate	4,551,565	3,235,379
Variable-rate	27,132,128	30,379,951
	31,683,693	33,615,330

Greentown China Holdings Limited
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

26. BANK AND OTHER BORROWINGS (CONTINUED)

Interest on variable-rate bank and other borrowings is based on:

	2011 RMB'000	2010 RMB'000
The People's Bank of China benchmark rate	22,767,762	26,350,509
London Interbank Offered Rate	2,311,674	2,199,645
Hong Kong Interbank Offered Rate	2,052,692	1,829,797
	27,132,128	30,379,951

The average interest rates were as follows:

	2011	2010
Bank loans	6.67%	5.73%
Other loans	11.62%	8.23%

Bank and other borrowings that are denominated in currencies other than the functional currency of the respective group entities are set out below:

	HKD RMB'000	USD RMB'000
As at 31 December 2011	2,052,692	2,311,674
As at 31 December 2010	1,829,797	2,199,645

At the end of the reporting period, certain bank loans are supported by guarantees from the following companies:

	2011 RMB'000	2010 RMB'000
Secured bank loans:		
Non-controlling shareholders of subsidiaries	432,000	699,331
Independent third parties	243,837	24,462
Unsecured bank loans:		
Non-controlling shareholders of subsidiaries	100,000	100,000

27. TRUST

(I) Cooperation with Zhonghai Trust Company Ltd.

On 14 April 2009, a trust agreement was entered into between Greentown Real Estate, a wholly-owned subsidiary of the Company, and Zhonghai Trust Company Ltd, as trustee of the Zhonghai Greentown No. 1 Real Estate Investment Fund (the “Zhonghai Trust”). Pursuant to the terms of the Zhonghai Trust, a bank in the PRC subscribed for a total of 1,700,000,000 senior trust units of the Zhonghai Trust, comprising 100% of the total senior trust units and 85% of the total trust units available for subscription under the Zhonghai Trust, at a consideration of approximately RMB1,683,000,000. On 17 April 2009, Greentown Real Estate subscribed for a total of 180,000,000 junior trust units of the Zhonghai Trust, comprising 60% of the total junior trust units and 9% of the total trust units available for subscription under the Zhonghai Trust, at a consideration of RMB180,000,000. The remaining junior trust units of the Zhonghai Trust available for subscription under the Zhonghai Trust, comprising 40% of the total junior trust units and 6% of the total trust units available for subscription under the Zhonghai Trust, were subscribed by qualified investors in the PRC for a consideration of RMB120,000,000. The Zhonghai Trust was fully constituted on 20 April 2009 (the “Trust Establishment Date”) and the initial trust capital was approximately RMB1,983,000,000.

Pursuant to the terms of the Zhonghai Trust, the following agreements were entered into between Greentown Real Estate and Hangzhou Kangju Investment Management Company Limited (“Hangzhou Kangju”), a wholly-owned subsidiary of the Company, and the trustee:

- (a) On 14 April 2009 and 17 April 2009, Greentown Real Estate and Hangzhou Kangju entered into separate equity sale and purchase agreements with the trustee for the sale of 45% equity interest in Wuxi Greentown and 25% equity interest in Hangzhou Greentown Haiqi Real Estate Development Co. Ltd. (“Hangzhou Greentown Haiqi”) for a consideration of RMB45,900,000 and RMB250,000,000, respectively (collectively, the “Equity Sale”). The sale by Greentown Real Estate of its 45% equity interest in Wuxi Greentown was completed on 15 April 2009. The sale by Hangzhou Kangju of its 25% equity interest in Hangzhou Greentown Haiqi was completed on 17 April 2009.
- (b) On 20 April 2009, the trustee entered into separate loan agreements with each of Wuxi Greentown and Hangzhou Greentown Haiqi pursuant to which the Zhonghai Trust provided a loan in the principal amount of RMB437,100,000 to Wuxi Greentown and a loan in the principal amount of RMB1,250,000,000 to Hangzhou Greentown Haiqi (collectively, the “Trust Loans”). The Trust Loans bear an interest rate of 14% per annum, and are repayable in full in the 33rd month after the Trust Establishment Date save and except that if 40% of the total above-ground gross floor area (“GFA”) of phase one of the Qianjiang Project (undertaken by Hangzhou Greentown Haiqi) and the Taihu Project (undertaken by Wuxi Greentown) (as the case may be) is sold, the relevant project company shall repay half of the principal sum of the relevant Trust Loan; and if 80% of the total above-ground GFA of phase one of the Qianjiang Project and the Taihu Project (as the case may be) is sold, the relevant project company shall repay all of the principal sum of the Trust Loan. Under other circumstances, Hangzhou Greentown Haiqi or Wuxi Greentown (as the case may be) may request early repayment by multiple instalments if all of the following conditions are satisfied:
 - (i) the Zhonghai Trust has been established for more than six months;
 - (ii) the relevant Trust Loan has been drawn for more than six months;
 - (iii) a one-month prior written notice for early repayment has been given to the trustee;
 - (iv) each repayment of the principal sum of the relevant Trust Loan(s) shall not be less than one-third of the principal sum of the relevant Trust Loan(s) as stipulated in the loan agreements or RMB250.0 million, whichever is lower; and
 - (v) Greentown Real Estate or its nominees have acquired the equity interest in Hangzhou Greentown Haiqi or Wuxi Greentown (as the case may be) held by the Zhonghai Trust in such proportion equivalent to the percentage of the principal sum of the relevant Trust Loan repaid by Hangzhou Greentown Haiqi or Wuxi Greentown (as the case may be).

27. TRUST (CONTINUED)

(I) Cooperation with Zhonghai Trust Company Ltd. (continued)

- (c) In connection with the Equity Sale and the Trust Loans, Greentown Real Estate and Hangzhou Kangju entered into various additional agreements with the trustee in respect of:
- (i) The equity interests sold in the Equity Sale, pursuant to which the Zhonghai Trust shall be obliged (the “Equity Put”) to require Greentown Real Estate or its nominees to repurchase the equity interests sold in the Equity Sale at a pre-agreed purchase price (the “Equity Put Price”) upon (a) the expiry of the 33rd month after the Trust Establishment Date; (b) the occurrence of certain material adverse events affecting Wuxi Greentown, Hangzhou Greentown Haiqi or Greentown Real Estate; or (c) early repayment of the Trust Loans. The Equity Put Price is based on a fixed rate of 40% per annum with reference to the number of investment days in Wuxi Greentown and/or Hangzhou Greentown Haiqi less any cumulative dividend paid by Wuxi Greentown and/or Hangzhou Greentown Haiqi;
 - (ii) The outstanding equity interests in Wuxi Greentown and Hangzhou Greentown Haiqi held by Greentown Real Estate and Hangzhou Kangju immediately after the Equity Sale (the “Remaining Equity Interests”), pursuant to which the trustee has the right to acquire the Remaining Equity Interests for a consideration of RMB1 if certain material adverse events occur. However, each of Greentown Real Estate and Hangzhou Kangju has been granted a call option to repurchase the relevant Remaining Equity Interests from the Zhonghai Trust for a consideration of RMB1 if the Trust Loans have been repaid and if the realization value of the Equity Put is not less than the Equity Put Price (the “RMB1 Options”); and
 - (iii) Trust units held by beneficiaries of the Zhonghai Trust (other than Greentown Real Estate), pursuant to which such beneficiaries of the Zhonghai Trust have been granted a put option (the “Trust Put”) to procure Greentown Real Estate to purchase all outstanding Trust units not then held by Greentown Real Estate at a pre-agreed purchase price (the “Trust Put Price”) in the event that (a) certain material adverse events occur; and (b) the Zhonghai Trust is unable to obtain certain agreed minimum returns on equity upon the exercise of Equity Put. The Trust Put Price is based on a fixed rate of 11.5% per annum in the case of senior trust units and 45% per annum in the case of junior trust units with reference to the number of investment days of the Zhonghai Trust less any cumulative trust income distributed to the beneficiaries of the senior trust units or the junior trust units (as the case may be).
- (d) Under the terms of the Zhonghai Trust, Greentown Real Estate also provided (i) a guarantee to the trustee in respect of all of the obligations of Wuxi Greentown, Hangzhou Greentown Haiqi and other parties related to Greentown Real Estate under, among other things, the Trust Loans (the “Trust Guarantee”); and (ii) a surety of RMB10,000,000 to the trustee as security for the obligations of Wuxi Greentown, Hangzhou Greentown Haiqi, Greentown Real Estate and other parties related to Greentown Real Estate under, among other things, the Trust Loans and Equity Put (the “Surety”). Furthermore, as security for, among other things, obligations of Wuxi Greentown and Hangzhou Greentown Haiqi under the Trust Loans, Greentown Real Estate and Hangzhou Kangju pledged all of their respective Remaining Equity Interests in Wuxi Greentown and Hangzhou Greentown Haiqi to the trustee.

27. TRUST (CONTINUED)

(I) Cooperation with Zhonghai Trust Company Ltd. (continued)

The accounting treatment for the junior trust units subscribed for by Greentown Real Estate and the various agreements entered into between the trustee, Greentown Real Estate and Hangzhou Kangju (described above) is as follows:

- (A) The 180,000,000 junior units of the Zhonghai Trust subscribed for by the Group at a consideration of RMB180,000,000 are accounted for as an available-for-sale investment. Beneficiaries of junior units are subordinate to those of senior units in receiving trust income. They are entitled to a floating income only, which is based on a maximum floating rate of 45% per annum with reference to the number of investment days of the Zhonghai Trust and less any cumulative trust income distributed to the beneficiaries of each junior unit, (i) upon early repayment of the Trust Loans and exercise of the Equity Put; (ii) prior to exercise of the Trust Put; and (iii) upon termination of the Zhonghai Trust.
- (B) The Surety of RMB10,000,000 provided by the Group to the trustee as security for certain obligations of the Group under the Zhonghai Trust is accounted for as a non-current amount due from related party. The Surety shall be refunded upon termination of the Zhonghai Trust.
- (C) For accounting purposes, the Equity Sale and the Equity Put together are considered to be sale and repurchase arrangements. The sale and repurchase arrangements between the Zhonghai Trust and the Group in relation to the 25% equity interest in Hangzhou Greentown Haiqi and the 45% equity interest in Wuxi Greentown are accounted for as a financing arrangement rather than a disposal of equity interests in Hangzhou Greentown Haiqi and Wuxi Greentown.

On the Trust Establishment Date, as the Group is entitled to appoint the majority of the composition of the board of directors of Hangzhou Greentown Haiqi, Hangzhou Greentown Haiqi remains a subsidiary of the Company. Furthermore, the Group still has in substance a present ownership interest of 100% in Hangzhou Greentown Haiqi by virtue of its investment in the junior units of the Zhonghai Trust and the sale and repurchase arrangements in place.

On the Trust Establishment Date, Wuxi Greentown became an associate of the Group as the Group has transferred control over Wuxi Greentown to the Zhonghai Trust, but it is able to exercise significant influence over Wuxi Greentown by appointing one director on the board of directors of Wuxi Greentown. The assets and liabilities of Wuxi Greentown were de-consolidated and the 85% equity interest which is considered to be held by the Group in Wuxi Greentown is accounted for as an associate using the equity method.

27. TRUST (CONTINUED)

(I) Cooperation with Zhonghai Trust Company Ltd. (continued)

(D) The net proceeds received from the Zhonghai Trust under the sale and repurchase arrangements in relation to the 25% equity interest in Hangzhou Greentown Haiqi and the 45% equity interest in Wuxi Greentown and the Trust Loans have been split into a liability component and a number of derivatives as follows:

(i) Liability component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the derivatives.

The interest charged for the year is calculated by applying an effective interest rate of approximately 22% per annum to the liability component since the Trust Establishment Date.

The cash receipts of RMB45,900,000 and RMB250,000,000 are accounted for as borrowings of the Group for a term of 33 months as a result of the sale and repurchase arrangements in relation to the 45% equity interest in Wuxi Greentown and the 25% equity interest in Hangzhou Greentown Haiqi respectively.

The cash receipts from the Trust Loans granted by the Zhonghai Trust to Hangzhou Greentown Haiqi and Wuxi Greentown are accounted for as borrowings of the Group and associate respectively in the principal amount of RMB1,250,000,000 and RMB437,100,000 respectively.

The liability component is classified as an amount due to non-controlling shareholder by virtue of the Zhonghai Trust's representation on the board of directors of Hangzhou Greentown Haiqi.

(ii) The Trust Put, the Trust Guarantee and the RMB1 Options (together, the "trust-related financial derivatives") are accounted for as separate derivatives at fair value.

The binomial model is used in the valuation of the trust-related financial derivatives. Inputs into the model at the respective valuation dates are as follows:

	20 April 2009	31 December 2009	31 December 2010	31 December 2011
Risk-free rate of interest	1.582%	1.908%	2.962%	2.877%
Dividend yield	-	-	-	-
Time to expiration	2.75 years	2.05 years	1.05 years	0.05 year
Volatility	35% - 48%	37% - 48%	26% - 58%	19% - 46%

The variables and assumptions used in computing the fair value of the trust-related financial derivatives are based on the directors' best estimates. The value of the trust-related financial derivatives varies with different variables of certain subjective assumptions.

27. TRUST (CONTINUED)

(I) Cooperation with Zhonghai Trust Company Ltd. (continued)

(D) (continued)

(ii) (continued)

The movements of the liability component and trust-related financial derivatives for the year are set out below:

	Liability component RMB'000	Trust Put RMB'000	Guarantee* RMB'000	RMB1 Options RMB'000	Total RMB'000
At 1 January 2010	1,367,015	169,900	167,950	230	1,705,095
Interest charged during the year	298,789	-	-	-	298,789
Interest paid during the year	(88,715)	-	-	-	(88,715)
Redemption	(795,751)	-	-	-	(795,751)
Changes in fair value	-	69,720	(159,770)	3,450	(86,600)
At 31 December 2010	781,338	239,620	8,180	3,680	1,032,818
Interest charged during the year	255,097	-	-	-	255,097
Interest paid during the year	(88,715)	-	-	-	(88,715)
Changes in fair value	-	(157,800)	(8,180)	(2,980)	(168,960)
At 31 December 2011	947,720	81,820	-	700	1,030,240

* The Guarantee relates to the loan in the amount of RMB437,100,000 provided by the Zhonghai Trust to Wuxi Greentown plus accrued interest.

Since 40% of the total above-ground GFA of the Qianjiang Project had been sold, pursuant to the Trust Loan agreement and the Equity Put, Hangzhou Greentown Haiqi repaid half of the principal sum of its Trust Loan and Hangzhou Kangju repurchased 12.5% equity interest in Hangzhou Greentown Haiqi at the Equity Put Price in August 2010 for RMB903,710,000 in aggregate. A loss of RMB21,359,000 comprising the loss on partial redemption of trust loans and fair value changes on trust-related financial derivatives was recognized in profit or loss for the year ended 31 December 2010. Furthermore, the Zhonghai Trust made a distribution in September 2010 and Greentown Real Estate, as a beneficiary of the junior trust units, received RMB101,622,000 representing a partial refund of trust principal of RMB69,030,000 plus trust income.

27. TRUST (CONTINUED)

(I) Cooperation with Zhonghai Trust Company Ltd. (continued)

As at 31 December 2011, the liability component is classified as a current amount due to non-controlling shareholder and the trust-related financial derivatives are classified as a current liability. The surety is also classified as a current amount due from related party as at 31 December 2011.

(II) Cooperation with China Ping An Trust & Investment Co., Ltd.

On 31 December 2009, Greentown Real Estate entered into a framework cooperation agreement with China Ping An Trust & Investment Co., Ltd., as trustee, pursuant to which Greentown Real Estate agreed to, among other things, (i) make a capital injection of RMB300,000,000 into Zhejiang Newspapering Greentown Real Estate Development Co., Ltd. (“Zhejiang Newspapering Greentown Real Estate”); (ii) after the capital injection, dispose of its 50% equity interest in Zhejiang Newspapering Greentown Real Estate to the trustee at RMB200,000,000 upon satisfaction of certain conditions; (iii) provide an entrusted loan in an aggregate amount of RMB1,300,000,000 to Zhejiang Newspapering Greentown Real Estate through certain banks and assign the entrusted loan to the trustee at RMB1,300,000,000 upon satisfaction of certain conditions; (iv) provide and procure provision of a security package in favour of the trustee to secure the obligations of Zhejiang Newspapering Greentown Real Estate under the entrusted loan upon it being assigned to the trustee and the obligations of Greentown Real Estate under a repurchase agreement; and (v) repurchase the 50% equity interest in Zhejiang Newspapering Greentown Real Estate from the trustee at RMB200,000,000 after 12 months from the date of completion of the disposal.

The trustee agreed to establish a trust with a fund size of RMB1,500,000,000 after the capital injection for the purpose of acquisition of the 50% equity interest in Zhejiang Newspapering Greentown Real Estate and the entrusted loan from Greentown Real Estate. The duration of the trust shall be 12 months from the trust establishment date, or 15 months if the entrusted loan is extended.

The trust (the “Ping An Trust”) was established on 13 January 2010 and the aforementioned transactions were completed on 13 January 2010.

Before completion of the disposal, Greentown Real Estate owned 100% equity interest in Zhejiang Newspapering Greentown Real Estate. After completion of the disposal on 13 January 2010, as Greentown Real Estate is entitled to appoint the majority of the composition of the board of directors of Zhejiang Newspapering Greentown Real Estate, Zhejiang Newspapering Greentown Real Estate remains a subsidiary of the Company after the disposal. Furthermore, Greentown Real Estate still has in substance a present ownership interest of 100% in Zhejiang Newspapering Greentown Real Estate by virtue of the sale and repurchase arrangement in place.

The trust financing arrangements set out above are considered to be a sale and repurchase arrangement. This sale and repurchase arrangement is accounted for as a financing arrangement rather than a disposal of equity interest in Zhejiang Newspapering Greentown Real Estate.

27. TRUST (CONTINUED)

(II) Cooperation with China Ping An Trust & Investment Co., Ltd. (continued)

The net proceeds received from the capital injection and entrusted loan are considered to be a liability and classified as a current amount due to non-controlling shareholder by virtue of the Ping An Trust's representation on the board of directors of Zhejiang Newspapering Greentown Real Estate. The contractual interest rate on the entrusted loan of RMB1,300 million is 11.5% per annum. The interest charged for the period is calculated by applying an effective interest rate of approximately 10% per annum to the liability since the trust establishment date.

The movements of the liability for the year are set out below:

	RMB'000
At 13 January 2010	1,500,000
Interest charged during the year	145,375
Interests paid during the year	(75,417)
At 31 December 2010	1,569,958
Interest charged during the year	53,250
Interests paid during the year	(123,208)
Principal repaid during the year	(1,500,000)
At 31 December 2011	-

(III) Cooperation with Zhongtai Trust Co., Ltd.

On 27 January 2010, Greentown Real Estate, Shanghai Greentown Woods Golf Villas Development Co., Ltd. ("Shanghai Greentown"), an indirect wholly-owned subsidiary of the Company, and Zhongtai Trust Co., Ltd., as trustee, entered into a framework cooperation agreement. Pursuant to the framework cooperation agreement, (a) the trustee shall establish a trust with a capital of not more than RMB1,650,000,000 and not less than RMB880,000,000 for the purposes of (i) the capital injection of RMB96,080,000 by the trustee into Shanghai Greentown for the subscription of a 49% equity interest in Shanghai Greentown; and (ii) the acquisition of the part of a shareholders' loan in the amount of not less than RMB783,920,000 to be provided by Greentown Real Estate to Shanghai Greentown (the "Assigned Shareholders' Loan"); (b) the trustee shall act as the trustee of the trust; (c) Greentown Real Estate shall subscribe for all the ordinary units of the trust in cash by its internal resources; (d) the trustee shall use part of the trust capital in the amount of RMB96,080,000 for the capital injection into Shanghai Greentown for the subscription of a 49% equity interest in Shanghai Greentown; (e) before the trust establishment date, Greentown Real Estate shall enter into an entrusted loan agreement with a financial institution in the PRC to provide the shareholders' loan through the financial institution to Shanghai Greentown; (f) after the establishment of the trust, Greentown Real Estate shall assign the Assigned Shareholders' Loan to the trustee and the consideration for the Assigned Shareholders' Loan shall be the balance of the trust capital after deducting the amount for the capital injection; (g) Greentown Real Estate shall provide a guarantee in favour of the trustee in respect of the repayment obligations of Shanghai Greentown in relation to the Assigned Shareholders' Loan and the interest accrued thereon; (h) Greentown Real Estate shall provide an equity pledge in respect of its 51% direct equity interest in Shanghai Greentown in favour of the trustee to secure the performance of the repayment obligations of Shanghai Greentown in relation to the Assigned Shareholders' Loan and the interest accrued thereon; (i) Greentown Real Estate shall provide a guarantee on return and a guarantee on net asset value to the trustee; and (j) Greentown Real Estate shall deposit the escrow dividends that may be distributed by Shanghai Greentown in an escrow account to secure the payment obligations of Greentown Real Estate under the various documents.

27. TRUST (CONTINUED)

(III) Cooperation with Zhongtai Trust Co., Ltd. (continued)

On or before the trust establishment date, Greentown Real Estate and the trustee would enter into a custodian agreement with a custodian bank. Pursuant to the custodian agreement, Greentown Real Estate shall pay a custodian fee in an amount of not more than RMB30,000,000 to the custodian bank for the holding of the trust capital.

Before the capital injection, Greentown Real Estate held all of the equity interest in Shanghai Greentown. After the capital injection, as Greentown Real Estate is entitled to appoint the majority of the composition of the board of directors of Shanghai Greentown, Shanghai Greentown remains a subsidiary of the Company after the disposal. Furthermore, Greentown Real Estate still has in substance a present ownership interest of 100% in Shanghai Greentown by virtue of its investment in the ordinary units of the trust.

The trust (the “Zhongtai Trust”) was established on 11 February 2010 and the aforementioned transactions were completed on 11 February 2010. A total of 1,650 million trust units have been subscribed, comprising 1,003.9 million preferred A units (division A of the preferred units which have a duration of 12 months) and 496.1 million preferred B units (division B of the preferred units which have a duration of 18 months) subscribed by qualified investors and 150 million ordinary units (with a duration of 18 months) subscribed by Greentown Real Estate. The unit price for each trust unit is RMB1.00. The maximum duration of the Zhongtai Trust shall be 18 months from the trust establishment date.

The 150,000,000 ordinary units of the Zhongtai Trust subscribed for by the Group at a consideration of RMB150,000,000 are accounted for as an available-for-sale investment. The Group as beneficiary of ordinary units is subordinate to those of preferred units in receiving trust income. The trust income shall be paid (a) in cash on the preferred units and (b) in cash, in equity or in other kind on the ordinary units, upon the expiry or the termination of the relevant trust units.

The trust financing arrangements set out above are considered to be a sale and repurchase arrangement. This sale and repurchase arrangement is accounted for as a financing arrangement rather than a disposal of equity interest in Shanghai Greentown.

The net proceeds received from the capital injection and Assigned Shareholders’ Loan are considered to be a liability and classified as a current amount due to non-controlling shareholder by virtue of the Zhongtai Trust’s representation on the board of directors of Shanghai Greentown. The contractual interest rate on the Assigned Shareholders’ Loan of RMB1,553.9 million is 9.3% per annum. The interest charged for the period is calculated by applying an effective interest rate of approximately 9.3% per annum to the liability since the trust establishment date.

27. TRUST (CONTINUED)

(III) Cooperation with Zhongtai Trust Co., Ltd. (continued)

The movements of the liability for the year are set out below:

	RMB'000
At 11 February 2010	1,650,000
Interest charged during the year	133,180
Interest paid during the year	(46,349)
At 31 December 2010	1,736,831
Interest charged during the year	42,251
Interest paid during the year	(129,082)
Principal repaid during the year	(1,650,000)
At 31 December 2011	-

(IV) Cooperation with Hwabao Trust Co., Ltd.

On 25 March 2011, Greentown Real Estate, Suzhou Greentown Yuyuan Real Estate Development Co., Ltd. ("Suzhou Yuyuan"), a wholly-owned subsidiary of Greentown Real Estate, and Hwabao Trust Co., Ltd., as trustee, entered into an investment agreement. Pursuant to the investment agreement, (i) the trustee shall establish a trust with a capital of not less than RMB723,750,000 and not more than RMB823,750,000 for the purposes of the acquisition of 9.5% equity interest in Suzhou Yuyuan and the provision of the remaining trust capital to Suzhou Yuyuan as a trust loan; (ii) the trustee shall acquire from Greentown Real estate 9.5% equity interest in Suzhou Yuyuan for a consideration of RMB23,750,000 and Greentown Real Estate shall be entitled to any distributions paid on such 9.5% equity interest in Suzhou Yuyuan during the term of the trust; (iii) Greentown Real Estate shall subscribe for the junior units of the trust; (iv) the trustee shall provide the remaining trust capital to Suzhou Yuyuan as a trust loan; (v) Greentown Real Estate shall pledge its 90.5% equity interest in Suzhou Yuyuan to the trustee as security and provide a guarantee to the Trustee for the obligations of Suzhou Yuyuan; and (vi) Suzhou Yuyuan shall pledge its project land use rights to the trustee as security.

Before the equity sale, Greentown Real Estate held all of the equity interest in Suzhou Yuyuan. After the equity sale, as Greentown Real Estate is entitled to appoint the majority of the composition of the board of directors of Suzhou Yuyuan, Suzhou Yuyuan remains a subsidiary of the Company after the disposal. Furthermore, Greentown Real Estate still has in substance a present ownership interest of 100% in Suzhou Yuyuan by virtue of its investment in the junior units of the trust.

The trust (the "Hwabao Trust") was established on 15 April 2011 and the aforementioned transactions were completed on 15 April 2011. The unit price for each trust unit is RMB1.00. The duration of the Hwabao Trust shall be 18 months from the trust establishment date.

The 23,750,000 junior units of the Hwabao Trust subscribed for by the Group at a consideration of RMB23,750,000 are accounted for as an available-for-sale investment. The Group as beneficiary of junior units is subordinate to those of senior units in receiving trust income. The trust income shall be paid (a) in cash on the senior units and (b) in cash, in equity or in other kind on the junior units, upon the expiry or the termination of the relevant trust units.

27. TRUST (CONTINUED)

(IV) Cooperation with Hwabao Trust Co., Ltd. (continued)

The trust financing arrangements set out above are considered to be a sale and repurchase arrangement. This sale and repurchase arrangement is accounted for as a financing arrangement rather than a disposal of equity interest in Suzhou Yuyuan.

The net proceeds received from the equity sale and trust loan are considered to be a liability and classified as a current amount due to non-controlling shareholder by virtue of the Hwabao Trust's representation on the board of directors of Suzhou Yuyuan. The contractual interest rate on the trust loan of RMB800 million is 9.8% per annum. The interest charged for the period is calculated by applying an effective interest rate of approximately 9.8% per annum to the liability since the trust establishment date.

The movements of the liability for the year are set out below:

	RMB'000
At 15 April 2011	823,750
Interest charged during the year	55,533
At 31 December 2011	879,283

(V) Cooperation with Beijing International Trust Co., Ltd.

Pursuant to a cooperation agreement dated 25 March 2011, supplementary agreements dated 25 March 2011 and 26 April 2011 and a memorandum of understanding entered into between Greentown Real Estate and Beijing International Trust Co., Ltd., as trustee, (i) Greentown Real Estate shall establish a wholly-owned subsidiary called Hangzhou Lvhua Investment Management Co., Ltd. ("Hangzhou Lvhua") and transferred its 90% equity interest in Qingdao Greentown Huajing Real Estate Co., Ltd. ("Qingdao Huajing") to Hangzhou Lvhua; (ii) the trustee shall establish a trust with a capital of approximately RMB4 billion for the purposes of (a) the acquisition of 100% equity interest in Hangzhou Lvhua and 10% equity interest in Qingdao Huajing from Greentown Real Estate for consideration of RMB342,000,000 and RMB38,000,000 respectively; and (b) the advance of approximately RMB3,620 million to Qingdao Huajing; (iii) Greentown Real Estate shall have the right to acquire all of the 100% equity interest in Hangzhou Lvhua and 10% equity interest in Qingdao Huajing from the trust and repay the advance to the trust during the period from 12 to 18 months after the trust establishment date for an aggregate consideration of RMB4 billion; (iv) the trust shall be entitled to dispose of any of its remaining equity interests in Hangzhou Lvhua and Qingdao Huajing to any parties at any price upon the expiry of 18 months from the trust establishment date; and (v) Greentown Real Estate shall have the obligation to fund the trust's cash shortfalls at specific points during the life of the trust when the trust's cash assets are less than that as stipulated in the agreements so as to allow the trust to pay the trust expenses and trust return.

Pursuant to a Project Management agreement dated 25 March 2011 entered into between Beijing International Trust Co., Ltd., Greentown Real Estate, Qingdao Huajing and Hangzhou Lvhua, Qingdao Huajing and Hangzhou Lvhua shall be managed by the directors, supervisors and senior management personnel assigned by Greentown Real Estate under the supervision of the trustee.

The trust (the "Beijing Trust") was established on 31 March 2011. A total of 4,000 million trust units have been subscribed, comprising 2,500 million senior units subscribed by qualified investors and 1,500 million junior units subscribed by Greentown Real Estate. The unit price for each trust unit is RMB1.00. The duration of the Beijing Trust shall be 18 months from 31 March 2011.

27. TRUST (CONTINUED)

(V) Cooperation with Beijing International Trust Co., Ltd. (continued)

Senior units carry an expected fixed trust income of 7% to 7.8% per annum. Junior units are not entitled to any fixed trust income and are subordinate to the senior units in receiving trust distributions.

In the opinion of the directors, the Beijing Trust is in substance a special purpose entity controlled by the Group because (i) the Beijing Trust is created to provide a source of funding to the Group; and (ii) the Group has rights to obtain the majority benefits and remains exposed to risk in the Beijing Trust by virtue of its investment in the junior units. As a result, (i) the Beijing Trust has been consolidated into the Group; and (ii) no disposal of the equity interests in Qingdao Huajing and Hangzhou Lvhua has been recognized and both Qingdao Huajing and Hangzhou Lvhua continue to be accounted for as subsidiaries of the Company.

The Group's RMB1,500 million investment in the junior units has been offset against its subscription to junior units in the Beijing Trust. The remaining proceeds of RMB2,500 million received by the Beijing Trust from the senior unit holders are considered to be a liability and classified as a current amount due to non-controlling shareholder. The interest charged for the period is calculated by applying an effective interest rate of approximately 13.3% per annum to the liability since the trust establishment date.

The movements of the liability for the year are set out below:

	RMB'000
At 31 March 2011	2,500,000
Interest charged during the year	224,669
Interest paid during the year	(140,008)
At 31 December 2011	2,584,661

Greentown China Holdings Limited
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2011

27. TRUST (CONTINUED)

(VI) Summary

The movements of the liability components and trust-related financial derivatives of the various trust financing arrangements for the year are set out below:

	Liability Component* RMB'000	Trust-related derivatives RMB'000	Total RMB'000
At 1 January 2010	1,367,015	338,080	1,705,095
Trust loans raised during the period	3,150,000	-	3,150,000
Interest charged during the period	577,344	-	577,344
Interest paid during the period	(210,481)	-	(210,481)
Redemption	(795,751)	-	(795,751)
Changes in fair value	-	(86,600)	(86,600)
At 31 December 2010	4,088,127	251,480	4,339,607
Trust loans raised during the period	3,323,750	-	3,323,750
Interest charged during the period	630,801	-	630,801
Principal repaid during the period	(3,150,000)	-	(3,150,000)
Interest paid during the period	(481,014)	-	(481,014)
Changes in fair value	-	(168,960)	(168,960)
At 31 December 2011	4,411,664	82,520	4,494,184

* As at 31 December 2011, approximately RMB4,411,664,000 (2010: RMB3,306,789,000) and RMB nil (2010: RMB781,338,000) were included in current and non-current amounts due to related parties respectively.

27. TRUST (CONTINUED)

(VII) De-consolidation of Greentown Zhongsheng

During the year, the Group together with the non-controlling equity holder of Greentown Zhongsheng, a 55%- owned subsidiary, entered into a trust financing arrangement with a trust company for a term of one year with respect to Greentown Zhongsheng. This trust financing arrangement involved a change in the board composition of Greentown Zhongsheng and resulted in the Group losing control, but retaining joint control, over Greentown Zhongsheng. As a result, Greentown Zhongsheng ceased to be a subsidiary of the Company and was de-consolidated and accounted for as a jointly controlled entity of the Group during the current period.

The net assets of Greentown Zhongsheng de-consolidated at the date of de-consolidation were as follows:

	2011 RMB'000
Net assets de-consolidated:	
Property, plant and equipment	3,451
Deferred tax assets	4,551
Properties for development	1,820,880
Properties under development	2,285,940
Trade and other receivables	679
Bank balances and cash	579,578
Trade and other payables	(1,485,764)
Amounts due to related parties	(1,378,532)
Pre-sale deposits	(1,344,590)
Other taxes payable	(61)
Bank borrowings	(400,000)
	86,132
Non-controlling interests	(38,759)
Gain on de-consolidation of a subsidiary	20,948
Transfer to interest in jointly controlled entities	68,321

28. CONVERTIBLE BONDS

On 18 May 2007, the Company issued at par USD settled zero coupon convertible bonds (the “2007 Convertible Bonds”) in an aggregate principal amount of RMB2,310,000,000 due 2012. The 2007 Convertible Bonds are also listed on the Singapore Exchange Securities Trading Limited. The net proceeds from the issue of the 2007 Convertible Bonds are mainly used to finance the development of the Group’s existing projects and new projects (including land acquisition costs), with the remainder being applied to the Group’s general working capital requirement.

The 2007 Convertible Bonds constitute direct, unsubordinated, unconditional and unsecured obligations of the Company, and shall at all times rank pari passu and without any preference or priority among themselves.

The principal terms of the 2007 Convertible Bonds are as follows:

(i) **Guarantee**

Each initial Subsidiary Guarantor (as defined below) has unconditionally and irrevocably guaranteed, on a joint and several basis, the due payment of all sums expressed to be payable by the Company under the 2007 Convertible Bonds and the trust deed (as amended or supplemented from time to time, the “Trust Deed”) dated 18 May 2007 constituting the 2007 Convertible Bonds. Each Subsidiary Guarantor’s obligations in respect of the 2007 Convertible Bonds and the Trust Deed (the “Guarantee”) are contained in the Trust Deed.

The initial Subsidiary Guarantors (comprising all of the Subsidiary Guarantors which guarantee the payment of the senior notes (as described in Note 29) as of 18 May 2007) are Richwise Holdings Limited (BVI) (“Richwise”), Green Sea International Limited (BVI), Hua Yick Investments Limited (BVI), Best Smart Enterprises Limited (BVI), Addgenius Enterprises Limited (BVI), Active Way Development Limited (BVI) and Zest Rich Investments Limited (BVI).

The Company will cause each of its future Subsidiaries (as defined in the indenture dated 8 November 2006 constituting the senior notes) which guarantees the payment of amounts payable under the senior notes or the indenture to guarantee the payment of any amount payable under the 2007 Convertible Bonds and the Trust Deed.

A Subsidiary Guarantor shall be simultaneously released from its obligations under the Guarantee upon the release of the Subsidiary Guarantor from its Subsidiary Guarantee (as defined in Note 29) under the indenture dated 8 November 2006.

The payment obligations of the Subsidiary Guarantors under the Guarantee shall at all times rank at least equally with all their other present and future unsecured and unsubordinated obligations.

28. CONVERTIBLE BONDS (CONTINUED)

(ii) USD settlement

All amounts due under, and all claims arising out of or pursuant to, the 2007 Convertible Bonds, the Guarantee and/or the Trust Deed from or against the Company and/or any Subsidiary Guarantor shall be payable and settled in USD only.

(iii) Conversion right

The conversion right attaching to any 2007 Convertible Bonds may be exercised, at the option of the holder thereof, at any time on and after 28 June 2007 up to the close of business (at the place where the certificate evidencing such bonds is deposited for conversion) on 11 May 2012 or, if such bonds shall have been called for redemption before 18 May 2012 (the "Maturity Date"), then up to the close of business (at the place aforesaid) on a date no later than seven business days prior to the date fixed for redemption thereof.

The number of shares to be issued on conversion of the 2007 Convertible Bonds will be determined by dividing the RMB principal amount of the 2007 Convertible Bonds to be converted (translated into Hong Kong dollars at the fixed exchange rate of HKD1.00 = RMB0.9843) by the Conversion Price (as defined below) in effect at the conversion date.

The price at which shares will be issued upon conversion (the "Conversion Price") will initially be HKD22.14 per share but will be subject to adjustment for, among other things, subdivision or consolidation of shares, bonus issues, rights issues, distributions and other dilutive events. The present Conversion Price is HKD21.99 per share.

(iv) Final redemption

Unless previously redeemed, converted or purchased and cancelled, the Company will redeem the 2007 Convertible Bonds on the Maturity Date at the USD equivalent of their RMB principal amount multiplied by 105.638%.

(v) Early redemption at the option of the Company

At any time after 18 May 2010 and prior to the Maturity Date, the Company may, having given not less than 30 nor more than 60 days' notice to the bondholders, the trustee and the principal agent (which notice will be irrevocable), redeem all or some only of the 2007 Convertible Bonds at the USD equivalent of their Early Redemption Amount (as defined below) on the redemption date, provided, however, that no such redemption may be made unless the closing price of the shares (as derived from the daily quotations sheet of the Stock Exchange) translated into RMB at the prevailing rate applicable to the relevant trading day, for 20 out of 30 consecutive trading days, where the last day of such 30-trading day period falls within five trading days prior to the date upon which notice of such redemption is given, was at least 120% of the Conversion Price then in effect translated into RMB at the fixed rate of exchange of HKD1.00 to RMB0.9843.

The Company may, having given not less than 30 nor more than 60 days' notice to the bondholders, the trustee and the principal agent (which notice will be irrevocable), redeem all and not some only of the 2007 Convertible Bonds at the USD equivalent of their Early Redemption Amount (as defined below) on the redemption date if at any time at least 90% in principal amount of the 2007 Convertible Bonds has already been converted, redeemed or purchased and cancelled.

28. CONVERTIBLE BONDS (CONTINUED)

(v) **Early redemption at the option of the Company (continued)**

“Early Redemption Amount” of the 2007 Convertible Bonds, for each RMB100,000 principal amount of the 2007 Convertible Bonds, is determined so that it represents for the bondholder a gross yield of 1.1% per annum, calculated on a semi-annual basis. The applicable Early Redemption Amount for each RMB100,000 principal amount of the 2007 Convertible Bonds is calculated on a semi-annual basis in accordance with the following formula, rounded (if necessary) to two decimal places with 0.005 being rounded upwards (provided that if the date fixed for redemption is a Semi-Annual Date (as set out below), such Early Redemption Amount shall be as set out in the table below in respect of such Semi-Annual Date):

$$\text{Early Redemption Amount} = \text{Previous Redemption Amount} \times (1+r/2)^{d/p}$$

Previous Redemption Amount = the Early Redemption Amount for each RMB100,000 principal amount on the Semi-Annual Date immediately preceding the date fixed for redemption as set out below:

Semi-Annual Date	Early redemption Amount RMB
18 November 2007	100,550.00
18 May 2008	101,103.03
18 November 2008	101,659.09
18 May 2009	102,218.22
18 November 2009	102,780.42
18 May 2010	103,345.71
18 November 2010	103,914.11
18 May 2011	104,485.64
18 November 2011	105,060.31
18 May 2012	105,638.14

r = 1.1% expressed as a fraction

d = number of days from and including the immediately preceding Semi-Annual Date to, but excluding, the date fixed for redemption, calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed

p = 180

28. CONVERTIBLE BONDS (CONTINUED)

(vi) Early redemption at the option of the bondholders

On 18 May 2010, the holders of the 2007 Convertible Bonds will have the right, at such holders' option, to require the Company to redeem all or some only of the 2007 Convertible Bonds of such holders at the USD equivalent of their RMB principal amount multiplied by 103.346%.

The net proceeds received from the issue of the 2007 Convertible Bonds have been split between a liability component and an equity component as follows:

- (a) Liability component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, with the issuer and bondholder early redemption options but without the conversion option. The early redemption options are not separately accounted for because they are considered to be closely related to the host liability component.

The interest charged for the period is calculated by applying an effective interest rate of approximately 4.69% to the liability component since the convertible bonds were issued.

- (b) Equity component represents the option of the bondholders to convert the convertible bonds into equity of the Company, which is equal to the difference between the net proceeds received and the fair value of the liability component.

The movements of the liability component and equity component of the 2007 Convertible Bonds for the year are set out below:

	Liability component RMB'000	Equity component RMB'000	Total RMB'000
As at 1 January 2010	2,188,166	350,806	2,538,972
Redemption	(2,051,768)	(323,273)	(2,375,041)
Conversion	(1,632)	(258)	(1,890)
Interest charged during the year	43,344	-	43,344
As at 31 December 2010	178,110	27,275	205,385
Interest charged during the year	8,356	-	8,356
As at 31 December 2011	186,466	27,275	213,741

On 16 April 2010, the deadline for the submission of the put exercise notice in respect of the 2007 Convertible Bonds, the Company received from certain bondholders put exercise notices requiring the Company to redeem part of the 2007 Convertible Bonds with an aggregate principal amount of RMB2,128,700,000, representing 92.15% of the total principal amount of the 2007 Convertible Bonds outstanding as at 31 December 2009. Such portion of the 2007 Convertible Bonds were redeemed for RMB2,199,926,000 on 18 May 2010. A loss of RMB148,158,000 was recognized in profit or loss for the year ended 31 December 2010 as a result of a revision in estimates of the expected payments over the expected life of the 2007 Convertible Bonds.

In addition, certain holders of the 2007 Convertible Bonds with an aggregate principal amount of RMB1,700,000 opted to convert their holdings into 78,540 shares in the Company at a conversion price of HK\$21.99 per share. Such conversion shares were issued on 16 April 2010.

As at 31 December 2011, the remaining 2007 Convertible Bonds due on 18 May 2012 were classified as a current liability.

29. SENIOR NOTES

On 10 November 2006, the Company issued at par senior notes in an aggregate principal amount of USD400,000,000. The senior notes are designated for trading in the National Association of Securities Dealer Inc.'s PORTAL market and are listed on the Singapore Exchange Securities Trading Limited. The senior notes carry interest at the rate of 9% per annum, payable semi-annually in arrears, and will mature on 8 November 2013, unless redeemed earlier.

The principal terms of the senior notes are as follows:

The senior notes are:

- (i) general obligations of the Company;
- (ii) guaranteed by the Subsidiary Guarantors, subsidiaries other than those organised under the laws of the PRC, on a senior basis, subject to certain limitations (the "Subsidiary Guarantees");
- (iii) senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the senior notes;
- (iv) at least pari passu in right of payment with all other unsecured, unsubordinated indebtedness of the Company (subject to any priority rights of such unsubordinated indebtedness pursuant to applicable law); and
- (v) effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries, subsidiaries organised under the laws of the PRC.

After the charge of the Collateral (as defined below) by the Company and the Subsidiary Guarantor Chargor (as defined below) and subject to certain limitations, the senior notes will:

- (i) be entitled to a first priority lien on the Collateral charged by the Company and the Subsidiary Guarantor Chargor (subject to any permitted liens);
- (ii) rank effectively senior in right of payment to unsecured obligations of the Company with respect to the value of the Collateral charged by the Company securing the senior notes; and
- (iii) rank effectively senior in right of payment to unsecured obligations of the Subsidiary Guarantor Chargors with respect to the value of the Collateral charged by each Subsidiary Guarantor Chargor securing the senior notes (subject to priority rights of such unsecured obligations pursuant to applicable law).

The Company has agreed, for the benefit of the holders of the senior notes, to charge, or cause the initial Subsidiary Guarantor Chargor to charge, as the case maybe, the capital stock of each initial Subsidiary Guarantor (collectively, the "Collateral") in order to secure the obligations of the Company under the senior notes and the indenture and of the Subsidiary Guarantor Chargor under its Subsidiary Guarantee. The initial Subsidiary Guarantor Chargor will be Richwise. The Collateral securing the senior notes and the Subsidiary Guarantees may be released or reduced in the event of certain asset sales and certain other circumstances.

29. SENIOR NOTES (CONTINUED)

At any time and from time to time on or after 8 November 2010, the Company may redeem the senior notes, in whole or in part, at a redemption price equal to the percentage of principal amount set forth below plus accrued and unpaid interest to the redemption date if redeemed during the twelve-month period beginning on 8 November of each of the years indicated below.

Period	Redemption price
2010	104.50%
2011	102.25%
2012 and thereafter	100.00%

At any time prior to 8 November 2010, the Company may at its option redeem the senior notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the senior notes plus the Applicable Premium (as defined below) as of, and accrued and unpaid interest, if any, to the redemption date.

“Applicable Premium” means with respect to the senior notes at any redemption date, the greater of (1) 1.00% of the principal amount of such senior notes and (2) the excess of (A) the present value at such redemption date of (i) the redemption price of such senior notes on 8 November 2010 plus (ii) all required remaining scheduled interest payments due on such senior notes through 8 November 2010 (but excluding accrued and unpaid interest to such redemption date), computed using a discount rate equal to the Adjusted Treasury Rate, the rate per annum equal to the semi-annual equivalent yield in maturity of the comparable US Treasury security, plus 100 basis points, over (B) the principal amount of such senior notes on such redemption date.

At any time and from time to time prior to 8 November 2009, the Company may redeem up to 35% of the aggregate principal amount of the senior notes at a redemption price of 109% of the principal amount of the senior notes, plus accrued and unpaid interest, if any, with the proceeds from sales of certain kinds of its capital stock, subject to certain conditions.

The senior notes contain a liability component and an early redemption option:

- (i) Liability component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the embedded derivatives.

The interest charged for the year is calculated by applying an effective interest rate of approximately 9% per annum to the liability component since the senior notes were issued.

- (ii) Early redemption option is regarded as an embedded derivative not closely related to the host contract. The directors consider that the fair value of the early redemption option is insignificant on initial recognition and on 31 December 2010 and 2011.

On 21 April 2009, the Company commenced a tender offer (the “Tender Offer”) to purchase for cash any and all of its outstanding US\$400,000,000 9.00% Senior Notes due 2013 (the “Notes”). In conjunction with the Tender Offer, the Company also solicited (the “Consent Solicitation”, and together with the Tender Offer, the “Offer”) from the holders of the Notes consents (the “Consents”) to proposed amendments and waivers (the “Proposed Amendments and Waivers”) of the provisions of the indenture governing the Notes (the “Indenture”), dated as of 10 November 2006. The Offer expired at 5:00 p.m., New York City time, on 19 May 2009 (the “Expiration Date”).

29. SENIOR NOTES (CONTINUED)

Holders who validly tendered and did not withdraw their Notes on or prior to 5:00 p.m., New York City Time, on 4 May 2009 (the “Consent Date”) were eligible to receive the total consideration of US\$850 for each US\$1,000 principal amount of the Notes tendered (the “Total Consideration”), which consists of (i) an amount of US\$775 (the “Purchase Price”), (ii) an amount of US\$59, which constitutes an early tender payment (the “Early Tender Payment”), and (iii) a consent payment of US\$16 (the “Consent Payment”), plus accrued and unpaid interest thereon up to, but not including, the date of payment (the “Settlement Date”). Holders who validly tendered after the Consent Date but on or before the Expiration Date were eligible to receive the Purchase Price only, plus accrued and unpaid interest thereon up to, but not including, the Settlement Date. Holders who did not tender their Notes but validly deliver Consents on or prior to the Consent Date, and did not validly revoke their Consents on or prior to the Consent Date, were eligible to receive the Consent Payment only.

As of the Expiration Date:

- (i) US\$361,334,000 of the principal amount of the Notes, representing approximately 90.3% of the total aggregate principal amount of Notes outstanding, had been validly tendered and not been withdrawn; and
- (ii) Consents (including Consents deemed to have been delivered) from holders holding US\$370,003,000 of the principal amount of the Notes, representing approximately 92.5% of the total aggregate principal amount of Notes outstanding, had been validly delivered and not been revoked.

The Company accepted all the tendered Notes for payment. Following the settlement of the Offer, US\$38,666,000 of the principal amount of the Notes remains outstanding.

On 5 May 2009, the Company executed with the Subsidiary Guarantors and the trustee a supplement to the Indenture containing the Proposed Amendments and Waivers which became effective upon execution but does not become operative until the settlement date on 22 May 2009. The Proposed Amendments and Waivers, among other things,

- (a) eliminated substantially all of the restrictive covenants contained in the Indenture including the limitations on (i) incurrence of indebtedness and preferred stock, (ii) restricted payments, (iii) liens other than liens over the Collateral, (iv) dividends and other payment restrictions affecting subsidiaries, (v) sales and issuances of capital stock in restricted subsidiaries, (vi) issuances of guarantees by restricted subsidiaries, (vii) sale and leaseback transactions, (viii) transactions with shareholders and affiliates, (ix) business activities, (x) designation of restricted and unrestricted subsidiaries and (xi) anti-layering, and compliance with certain financial requirements in the mergers, consolidations or sales of assets covenants;
- (b) eliminated certain Events of Default with respect to the Notes; and
- (c) waived any and all actual defaults or Events of Default that have occurred and are continuing as well as any and all potential defaults or Events of Default that may have occurred or are continuing under the Indenture directly or indirectly, from or in connection with, any non-compliance or potential non-compliance with the Indenture.

The aggregate amount paid by the Company to the holders for the purchase of the Notes tendered pursuant to the Tender Offer and the payment for the Consents delivered pursuant to the Consent Solicitation is approximately US\$311,026,000 (equivalent to RMB2,122,427,000) (which includes accrued interest thereon and fees paid). Payment was made on 22 May 2009 for all tendered Notes and delivered Consents.

Annual Report 2011
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

29. SENIOR NOTES (CONTINUED)

The movements of the senior notes during the year are set out below:

	RMB'000
At 1 January 2010	261,514
Exchange realignment	(7,660)
Interest charged during the year	23,469
Interest paid/payable during the year	(23,469)
At 31 December 2010	253,854
Exchange realignment	(12,136)
Interest charged during the year	22,485
Interest paid/payable during the year	(22,485)
At 31 December 2011	241,718

As at 31 December 2010 and 2011, the Notes were classified as non-current liabilities after the Proposed Amendments and Waivers had taken effect.

Greentown China Holdings Limited
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2011

30. SHARE CAPITAL

	Number of shares	Share capital HKD'000
<i>Authorised</i>		
Ordinary shares of HKD0.10 each At 31 December 2010 and 2011	10,000,000,000	1,000,000
<i>Issued and fully paid</i>		
Ordinary shares of HKD0.10 each		
At 1 January 2010	1,641,850,107	164,185
Issue on conversion of 2007 Convertible Bonds	78,540	8
Issue in part consideration for the acquisition of Grandlink Development Limited (Note 31)	13,010,000	1,301
Exercise of share options	3,051,500	305
Shares repurchased and cancelled	(21,076,500)	(2,108)
Issue of remuneration shares to former Chief Financial Officer of the Company	740,000	74
At 31 December 2010	1,637,653,647	163,765
Exercise of share options	2,369,250	237
At 31 December 2011	1,640,022,897	164,002
		RMB'000
Shown on the consolidated statement of financial position		
As at 31 December 2011		166,441
As at 31 December 2010		166,243

On 8 January 2010, 740,000 ordinary shares in the Company were issued and allotted to the then Chief Financial Officer of the Company as part of his remuneration package. As a result, an equity-settled share-based payment expense of RMB8,213,000 was recognised in profit or loss for the year ended 31 December 2010.

All shares issued during the year rank pari passu with other shares in issue in all respects.

31. ACQUISITION OF SUBSIDIARIES

Particulars of the subsidiaries acquired during 2010 were as follows:

Acquired company	Principal activities	Acquisition date	Effective equity interest acquired by the Group	Consideration RMB'000
創興發展有限公司 Grandlink Development Co., Ltd. ("Grandlink")	Investment holding	6 January 2010	100%	Note (i)
天津逸駿投資有限公司 Tianjin Yijun Investment Co., Ltd.	Real estate development	13 January 2010	80%	8,000
杭州銀嘉房地產開發有限公司 Hangzhou Yinjia Real Estate Development Co., Ltd.	Real estate development	21 January 2010	56%	60,000
杭州錢王美廬餐飲管理有限公司 Hangzhou Qianwang Meilu Food & Restaurant Co., Ltd. ("Qianwang Meilu")	Food and entertainment	31 January 2010	80%	10,000
紹興綠城金昌置業有限公司 Shaoxing Greentown Jinchang Real Estate Co., Ltd. ("Shaoxing Greentown Jinchang") (Note (ii))	Real estate development	12 April 2010	51%	30,000
新疆鴻遠投資有限公司 Xin Jiang Hongyuan Investment Co., Ltd.	Real estate development	29 July 2010	60%	25,500
北京金策國泰投資管理有限公司 Beijing Jince Guotai Investment Management Co., Ltd.	Investment management	31 August 2010	51%	5,100
浙江綠城廣告策劃有限公司 Zhejiang Greentown Advertising Planning Co., Ltd. ("Zhejiang Greentown Advertising Planning")	Advertising	7 December 2010	100%	600
啟東綠城香格置業有限公司 Qidong Greentown Xiangge Real Estate Co., Ltd.	Real estate development	31 December 2010	51%	33,150
				172,350

Greentown China Holdings Limited
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2011

31. ACQUISITION OF SUBSIDIARIES (CONTINUED)

Notes:

- (i) On 16 December 2009, the Company, Richwise Holdings Limited, a wholly-owned subsidiary of the Company, Mr GUO Jiafeng, an executive director of the Company, and Jamuta Investments Limited (“Jamuta”), which is wholly-owned by Mr GUO, entered into an agreement, pursuant to which, among other things, Richwise agreed to buy, and Jamuta agreed to sell, the entire issued share capital of Grandlink, a wholly-owned subsidiary of Jamuta, for RMB250 million (the “Consideration”).

Before the completion of this acquisition, Grandlink wholly owned Zhoushan Yihua Design Consultancy Co., Ltd. (“Zhoushan Yihua”). Further, before the completion of this acquisition, Mr GUO wholly owned Zhoushan Xianghe Design Consultancy Co., Ltd. (“Zhoushan Xianghe”), which owned 13% of the equity interest in Hangzhou Yuhang Greentown Real Estate Development Co., Ltd. (“Yuhang Greentown”) (with the remaining 51% and 36% equity interest in Yuhang Greentown being owned by Greentown Real Estate and other investors, respectively). Before the completion of this acquisition, Zhoushan Yihua acquired the entire equity interest in Zhoushan Xianghe from Mr GUO under a separate agreement.

Immediately before the completion of this acquisition, Grandlink owned indirectly (through Zhoushan Yihua and Zhoushan Xianghe) 13% of the equity interest in Yuhang Greentown. The Consideration were satisfied by way of (i) a loan in the amount of RMB4 million procured by Richwise for Zhoushan Yihua for the purpose of financing its acquisition of the entire equity interest in Zhoushan Xianghe from Mr GUO, (ii) RMB96 million in cash; and (iii) RMB150 million by the allotment and issue of 13,010,000 new shares in the Company to Jamuta (or its nominee(s)) at an issue price of HK\$13.09 per share.

This acquisition was completed on 6 January 2010 and accounted for as a purchase of additional interest in Yuhang Greentown.

- (ii) Shaoxing Greentown Jinchang was previously a 42%- owned associate of the Group.

Particulars of the subsidiary acquired during 2011 were as follows:

Acquired company	Principal activity	Acquisition date	Equity interest acquired	Consideration RMB'000
綠城投資管理有限公司Greentown Investment Management Co., Ltd. (“Greentown Investment”) (Note (a))	Investment holding	4 January 2011	100%	20,000
				20,000

Notes:

- (a) Greentown Investment was being acquired from a Shareholder’s Company (as defined in Note 39). Greentown Investment subsequently established two wholly-owned subsidiaries engaged in investment holding.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

31. ACQUISITION OF SUBSIDIARIES (CONTINUED)

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

	2011 RMB'000	2010 RMB'000
Net assets acquired:		
Property, plant and equipment	-	12,850
Properties for development	-	765,092
Properties under development	-	529,388
Inventories	-	639
Trade and other receivables	20,027	703,689
Amounts due from related parties	-	60,000
Prepaid other taxes	-	67
Bank balances and cash	2	81,389
Trade and other payables	(29)	(283,922)
Amounts due to related parties	-	(1,344,589)
Income taxes payable	-	(98)
Other taxes payable	-	-
Bank borrowings	-	(166,892)
	20,000	357,613
Goodwill	-	9,682
Non-controlling interests	-	(175,331)
	20,000	191,964
Less:		
Interest previously acquired and classified as jointly controlled entities/associates	-	(19,614)
	20,000	172,350
Total consideration, satisfied by:		
Other payables	-	600
Cash	20,000	171,750
	20,000	172,350
Net cash outflow arising on acquisition		
Cash paid	(20,000)	(171,750)
Bank balances and cash acquired	2	81,389
	(19,998)	(90,361)

The acquisition of Greentown Investment has been accounted for as an acquisition of assets.

32. DISPOSAL OF SUBSIDIARIES

On 31 March 2010, the Group disposed of its 100% equity interest in Changxing Huadi Real Estate Co, Ltd. (“Changxing Huadi”) to Wuxi Huadi Investment Management Co, Ltd., a third party, for a cash consideration of RMB50,000,000. The 100% equity interest in Changxing Huadi was previously held by Changxing Greentown Real Estate Development Co., Ltd., a non-wholly owned subsidiary of the Company.

On 1 July 2010, the Group disposed of its entire 51% equity interest in Xinjiang Yecheng Wanshun Real Estate Development Co., Ltd. to XIA Songhua, a non-controlling shareholder of the subsidiary, for a cash consideration of RMB12,373,000.

On 31 August 2010, the Group disposed of its 51% equity interest in Beijing Eastern Greentown Real Estate Co., Ltd., a wholly-owned subsidiary, to China Gezhouba Group Real Estate Corporation, a third party, for a cash consideration of RMB25,500,000. The remaining 49% equity interest in Beijing Eastern Greentown Real Estate Co., Ltd. is accounted for as an associate.

On 29 August 2011, the Group disposed of its entire 57% equity interest in Xinjiang Sunshine Greentown Property Management Co., Ltd. to Greentown Property Management Service Group Co., Ltd., a Shareholders’ Company, for nil consideration.

On 5 September 2011, the Group disposed of its entire 60% equity interest in Xinjiang Hongyuan Investment Co., Ltd. to Shanghai Jiechen Investment Consulting Service Co., Ltd., a third party, for a cash consideration of RMB25,500,000.

Annual Report 2011
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

32. DISPOSAL OF SUBSIDIARIES (CONTINUED)

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

	2011 RMB'000	2010 RMB'000
Net assets disposed of:		
Property, plant and equipment	7,402	4,759
Properties for development	-	1,178,544
Properties under development	555,306	143,434
Trade and other receivables, deposits and prepayments	126,706	29,325
Prepaid income taxes	116	632
Bank balances and cash	15,685	47,081
Deferred tax assets	-	2,247
Trade and other payables	(33,130)	(1,092,772)
Pre-sale deposits	-	(48,763)
Amounts due to related parties	(415,242)	(98,776)
Other taxes payable	(5)	(2)
Bank borrowings	(200,000)	(50,000)
Non-controlling interests	(34,977)	(8,866)
	21,861	106,843
Gain on disposal of subsidiaries	3,639	4,361
Total consideration	25,500	111,204
Satisfied by:		
Cash received	-	87,873
Cash receivable	25,500	-
Transfer to interest in an associate	-	23,331
	25,500	111,204
Net cash inflow (outflow) arising on disposal		
Cash received	-	87,873
Bank balances and cash disposed of	(15,685)	(47,081)
	(15,685)	40,792

33. OPERATING LEASES

The Group as lessee

	2011	2010
	RMB'000	RMB'000
Minimum lease payments made under operating leases in respect of buildings during the year	70,514	47,741

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2011	2010
	RMB'000	RMB'000
Within one year	50,571	33,717
In the second to fifth year inclusive	56,640	25,081
After five years	796	4,495
	108,007	63,293

Operating lease payments represent rentals payable by the Group for certain office premises. Leases are negotiated for a term ranging from 1 to 6 years with fixed rentals.

The Group as lessor

	2011	2010
	RMB'000	RMB'000
Property rental income, net of negligible outgoings	99,710	36,415

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	2011	2010
	RMB'000	RMB'000
Within one year	32,016	25,898
In the second to fifth year inclusive	18,090	10,776
After five years	17,596	7,001
	67,702	43,675

Property rental income represents rentals receivable by the Group. Leases are negotiated for a term ranging from three months to 15 years with fixed rentals.

34. COMMITMENTS

	2011 RMB'000	2010 RMB'000
Commitments contracted for but not provided in the consolidated financial statements in respect of:		
Properties for development and properties under development	19,184,459	17,414,872
Construction in progress	142,190	32,217
	19,326,649	17,447,089

In addition to the above, the Group's share of the commitments of its jointly controlled entities are as follows:

	2011 RMB'000	2010 RMB'000
Contracted for but not provided in respect of properties for development and properties under development	1,757,029	351,575

35. SHARE-BASED PAYMENT TRANSACTIONS

The Company's share option scheme (the "Scheme") was adopted pursuant to the shareholders' resolution passed on 22 June 2006 for the primary purpose of providing incentives and/or reward to directors and employees of the Group and will expire on 21 June 2016. Under the Scheme, the Board of Directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company.

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to independent non-executive directors and substantial shareholders of the Company in excess of 0.1% of the Company's share capital or with a value in excess of HKD5 million must be approved in advance by the Company's shareholders.

Options may be exercised at any time from the date of grant of the share option to the expiry of the Scheme, unless otherwise specified in the Scheme. The exercise price is determined by the directors of the Company, and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant; (ii) the average closing price of the share for the five business dates immediately preceding the date of grant; and (iii) the nominal value of the Company's shares.

35. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

Details of specific categories of options granted in 2009 are as follows:

	Date of grant	Vesting period	Exercise period	Exercise price	Fair value
2009A	22/1/2009	22/1/2009–21/1/2011	22/1/2009–21/1/2019	HK\$2.89	HK\$1.19
2009B	13/5/2009	13/5/2009–12/5/2012	13/5/2009–12/5/2019	HK\$7.16	HK\$3.41
2009C	22/6/2009	22/6/2009–21/6/2011	22/6/2009–21/6/2019	HK\$11.00	HK\$4.71
2009D	17/7/2009	17/7/2009–16/7/2011	17/7/2009–16/7/2019	HK\$11.59	HK\$4.17

The closing prices of the Company's shares on 22 January, 13 May, 22 June and 17 July 2009, the dates of grant, were HK\$2.75, HK\$7.16, HK\$11.00 and HK\$11.52 respectively.

The share options are exercisable during the following periods:

2009A

- (i) up to 50% of the share options granted to each grantee from 22 January 2009;
- (ii) up to 75% of the share options granted to each grantee at any time after the expiration of 12 months from 22 January 2009; and
- (iii) all the remaining share options granted to each grantee at any time after the expiration of 24 months from 22 January 2009, and in each case, not later than 21 January 2019.

2009B

- (i) up to 33% of the share options granted to each grantee from 13 May 2009;
- (ii) up to 67% of the share options granted to each grantee at any time after the expiration of 24 months from 13 May 2009; and
- (iii) all the remaining share options granted to each grantee at any time after the expiration of 36 months from 13 May 2009, and in each case, not later than 12 May 2019.

2009C

- (i) up to 50% of the share options granted to each grantee from 22 June 2009;
- (ii) up to 75% of the share options granted to each grantee at any time after the expiration of 12 months from 22 June 2009; and
- (iii) all the remaining share options granted to each grantee at any time after the expiration of 24 months from 22 June 2009, and in each case, not later than 21 June 2019.

2009D

- (i) up to 50% of the share options granted to each grantee from 17 July 2009;
- (ii) up to 75% of the share options granted to each grantee at any time after the expiration of 12 months from 17 July 2009; and
- (iii) all the remaining share options granted to each grantee at any time after the expiration of 24 months from 17 July 2009, and in each case, not later than 16 July 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

35. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

The following table discloses movements of the Company's share options held by directors and employees during the year:

Option type	Outstanding at 1/1/2011	Granted during year	Exercised during year	Forfeited during year	31/12/2011
2009A	29,568,250	-	(2,369,250)	-	27,199,000
2009B	10,000,000	-	-	-	10,000,000
2009C	38,930,000	-	-	(1,548,000)	37,382,000
2009D	15,000,000	-	-	-	15,000,000
	93,498,250	-	(2,369,250)	(1,548,000)	89,581,000
Exercisable at the end of the year					86,281,000
Weighted average exercise price			HK\$2.89		

Option type	Outstanding at 1/1/2010	Granted during year	Exercised during year	Forfeited during year	31/12/2010
2009A	32,867,500	-	(3,051,500)	(247,750)	29,568,250
2009B	10,000,000	-	-	-	10,000,000
2009C	40,321,000	-	-	(1,391,000)	38,930,000
2009D	15,000,000	-	-	-	15,000,000
	98,188,500	-	(3,051,500)	(1,638,750)	93,498,250
Exercisable at the end of the year					64,038,688
Weighted average exercise price			HK\$2.89		

HK\$1.00 is payable for each acceptance of grant of share options. In addition, (i) in respect of the 2009A share options, certain grantees were required to pay an option premium of HK\$1.00 per share option up front; and (ii) in respect of the 2009C share options, certain grantees were required to pay an option premium of HK\$3.50 per share option in three annual instalments. As at 31 December 2011, share option premiums receivable amounting to RMB92,570,000 (2010: RMB90,539,000) and RMBnil (2010: RMB30,180,000) were included in current other receivables and non-current other receivables respectively according to the payment terms of the share option premiums.

The estimated fair values of the 2009A, 2009B, 2009C and 2009D share options at their respective dates of grant are RMB39,173,000, RMB30,023,000, RMB168,173,000 and RMB55,132,000 respectively.

35. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

The following assumptions were used to calculate the fair values of the share options:

	2009A	2009B	2009C	2009D
Grant date share price	HK\$2.75	HK\$7.16	HK\$11.00	HK\$11.52
Exercise price	HK\$2.89	HK\$7.16	HK\$11.00	HK\$11.59
Expected life	10 years	10 years	10 years	5.1 years
Expected volatility	58%	59%	59%	57%
Dividend yield	2.81%	2.81%	4.16%	4.16%
Risk-free interest rate	1.450%	2.372%	2.951%	1.79%

The Binomial model has been used to estimate the fair value of the 2009A, 2009B and 2009C share options. The Black-Scholes pricing model has been used to estimate the fair value of the 2009D share options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. Changes in variables and assumptions may result in changes in the fair value of the share options.

Expected volatility was determined by using the historical volatility of the share price of comparable listed companies over the most recent period. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non transferability, exercise restrictions and behavioural considerations.

The Group recognised the total expense of RMB11,907,000 for the year ended 31 December 2011 (2010: RMB37,953,000) in relation to share options granted by the Company.

At the end of each reporting period, the Group revises its estimates of the number of share options that are expected to ultimately vest. The impact of the revision of the estimates, if any, is recognised in profit and loss, with a corresponding adjustment to the share options reserve.

36. PLEDGE OF ASSETS

Other than those security arrangements disclosed in Notes 27 and 29, at the end of the reporting period, the following assets were pledged to banks and other parties to secure credit facilities granted to the Group:

	2011 RMB'000	2010 RMB'000
Land and buildings	35,033	29,782
Hotel buildings	1,623,052	1,577,929
Prepaid lease payment	139,037	135,631
Properties for development	448,657	1,656,960
Properties under development	29,212,935	28,380,933
Completed properties for sale	237,290	-
Investment properties	1,700,000	1,700,000
Bank deposits	2,268,642	2,565,234
Amounts due from associates	-	78,820
Interests in associates	108,479	138,700
	35,773,125	36,263,989

37. RETIREMENT BENEFITS PLANS

The employees of the Group's subsidiaries in the PRC are members of the state-managed retirement benefits schemes operated by the PRC government. The PRC subsidiaries are required to contribute a certain percentage of payroll costs to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes is to make the specified contributions.

38. CONTINGENT LIABILITIES

The Group provided guarantees of RMB18,886,018,000 (2010: RMB18,657,985,000) at 31 December 2011 to banks in favour of its customers in respect of the mortgage loans provided by the banks to those customers for the purchase of the Group's developed properties. These guarantees provided by the Group to the banks will be released upon receiving the building ownership certificate of the respective properties by the banks from the customers as a pledge for security to the mortgage loans granted.

Other than those disclosed in Note 27, the Group also provided guarantees to banks and other parties in respect of credit facilities utilised by the following companies:

	2011 RMB'000	2010 RMB'000
Associates	2,173,280	3,120,000
Jointly controlled entities	1,904,362	1,930,000
	4,077,642	5,050,000

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

	2011 RMB'000	2010 RMB'000
Share of mortgage loan guarantees provided by associates to banks in favour of its customers	2,984,971	3,363,035

Contingent liabilities arising from interests in jointly controlled entities at the end of the reporting period:

	2011 RMB'000	2010 RMB'000
Share of mortgage loan guarantees provided by jointly controlled entities to banks in favour of its customers	1,394,135	761,407

The directors consider that the fair value of the above guarantees is insignificant on initial recognition and it is not probable that an outflow in settlement will be required.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

39. RELATED PARTY DISCLOSURES

- (i) During the year, in addition to those disclosed in other notes to the consolidated financial statements, the Group entered into the following transactions with related parties:

	2011 RMB'000	2010 RMB'000
Sale of properties to Shareholders	-	30,725
Sale of properties to officers	16,162	50,378
Sale of materials to jointly controlled entities and associates (Note)	49,691	7,826
Construction service income from associates (Note)	7,386	4,979
Construction service income from jointly controlled entities (Note)	1,367	1,794
Construction service income from Shareholders' Companies	208	126
Construction consulting service income from jointly controlled entities and associates (Note)	1,398	-
Rental income from Shareholders' Companies	377	-
Real estate service income from non-controlling shareholders	3,125	4,579
Rental expenses paid/payable to:		
- Shareholders' Companies	7,556	7,992
- non-controlling shareholders	-	200
Purchases from Shareholders' Companies (Note)	5,849	3,215
Interior decoration service fees paid/payable to Shareholders' Companies	3,132	200
Property management fees paid/payable to Shareholders' Companies	69,605	43,476
Interest income arising from amounts due from:		
- associates (Note)	373,852	355,859
- jointly controlled entities (Note)	136,568	27,236
- non-controlling shareholders	7,122	77,557
Interest expense arising from amounts due to:		
- associates (Note)	140,458	98,879
- jointly controlled entities (Note)	53,193	28,210
- non-controlling shareholders	727,482	499,732
Advertising expenses paid/payable to Shareholders' Companies	70,000	40,000
Other service fees to Shareholders' Companies	2,806	1,792
Other service fees to non-controlling shareholders	128	-
Brand usage fees from jointly controlled entities and associates (Note)	52,121	15,990
Hotel management fees paid/payable to Shareholders' Companies	4,016	2,824
Hotel service income from associates (Note)	261	768
Hotel service income from jointly controlled entities (Note)	56	110
Hotel service income from Shareholders' Companies	349	898
Interior decoration service income from jointly controlled entities and associates (Note)	5,833	1,673
Sales commission to Shareholder's Companies	305	443
Health management service fee to Shareholders' Companies	1,210	1,373
Healthcare service fee to Shareholders' Companies	868	40
Educational service fee to Shareholders' Companies	433	16
Marketing service income from jointly controlled entities and associates (Note)	20,747	-

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

39. RELATED PARTY DISCLOSURES (CONTINUED)

- (i) During the year, in addition to those disclosed in other notes to the consolidated financial statements, the Group entered into the following transactions with related parties: (continued)

The directors considered that the transactions above were carried out in accordance with the terms agreed with the counterparties.

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

- (ii) As at the end of the reporting period, the Group had balances with related parties, which are all unsecured except for those trust-related balances, as follows:

	2011					
	Project-related		Non-project related		Total	
	Interest bearing RMB’000	Non-interest bearing RMB’000	Interest bearing RMB’000	Non-interest bearing RMB’000	Interest bearing RMB’000	Non-interest bearing RMB’000
Due from						
Shareholder	-	14,439	-	-	-	14,439
Shareholders’ Companies	-	-	-	46,232	-	46,232
Non-controlling shareholders	2,782,025	3,363,817	473,751	88,185	3,255,776	3,452,002
Associates	5,876,353	745,702	-	17	5,876,353	745,719
Jointly controlled entities	1,372,703	254,251	-	3,984	1,372,703	258,235
Officers	-	92,555	-	17,606	-	110,161
	10,031,081	4,470,764	473,751	156,024	10,504,832	4,626,788
Due to						
Shareholder	-	13,160	-	-	-	13,160
Shareholders’ Companies	-	8,970	-	43,806	-	52,776
Non-controlling shareholders	5,890,121	1,464,554	-	229,728	5,890,121	1,694,282
<i>(including: Trust-related (Note 27))</i>	4,411,664	-	-	-	4,411,664	-
Associates	2,855,152	2,282,973	-	1,719	2,855,152	2,284,692
Jointly controlled entities	1,227,525	642,055	-	-	1,227,525	642,055
Officers	-	21,074	-	750	-	21,824
	9,972,798	4,432,786	-	276,003	9,972,798	4,708,789

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

39. RELATED PARTY DISCLOSURES (CONTINUED)

- (ii) As at the end of the reporting period, the Group had balances with related parties, which are all unsecured except for those trust-related balances, as follows: (continued)

	Project-related		2010 Non-project related		Total	
	Interest bearing	Non-interest bearing	Interest bearing	Non-interest bearing	Interest bearing	Non-interest bearing
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Due from						
Shareholder	-	30,725	-	-	-	30,725
Shareholders' Companies	-	-	-	12,110	-	12,110
Non-controlling shareholders	2,479,261	3,816,646	2,846	-	2,482,107	3,816,646
Associates	6,570,126	904,009	-	144,269	6,570,126	1,048,278
Jointly controlled entities	471,551	401,621	-	3,036	471,551	404,657
Officers	-	110,875	-	17,605	-	128,480
	9,520,938	5,263,876	2,846	177,020	9,523,784	5,440,896
Due to						
Shareholder	-	13,160	-	-	-	13,160
Shareholders' Companies	-	2,000	-	7,551	-	9,551
Non-controlling shareholders	6,627,233	2,398,432	100,624	412,646	6,727,857	2,811,078
<i>(including: Trust-related (Note 27))</i>	4,088,127	-	-	-	4,088,127	-
Associates	4,655,533	1,105,822	-	273,068	4,655,533	1,378,890
Jointly controlled entities	1,125,261	632,426	-	1,059	1,125,261	633,485
Officers	-	20,706	-	750	-	21,456
	12,408,027	4,172,546	100,624	695,074	12,508,651	4,867,620

In respect of project-related balances with related parties:

- (a) The trade balances due from officers arise mainly from property sales and are with a normal credit term of two months.
- (b) The trade balances due from Shareholders' Companies are mainly construction prepayments and trade receivables.

Construction prepayments are billed according to the construction contracts and are settled within one to two months after the construction cost incurred are verified and agreed.

Trade receivables arise mainly from materials sales and are with a normal credit terms of two months.

39. RELATED PARTY DISCLOSURES (CONTINUED)

(ii) As at the end of the reporting period, the Group had balances with related parties, which are all unsecured except for those trust-related balances, as follows: (continued)

- (c) The project-related balances due from non-controlling shareholders are mainly prepaid distributions. The project-related balances due from jointly controlled entities/associates are mainly project advances to these jointly controlled entities/associates and are tied to the project development cycle. In the opinion of the directors, these balances are expected to be settled when the projects concerned commence pre-sales.
- (d) The trade balances due to Shareholders and officers are mainly pre-sale deposits.
- (e) The trade balances due to Shareholders' Companies arise mainly from construction purchases and are with a normal credit term of one to two months after the construction costs incurred are verified and agreed. Typically as much as 85% of the construction costs incurred will be settled by the time the construction of a project is completed and up to 95% by the time the amount of the aggregate construction costs are finally agreed. A warranty fee of up to 5% of the aggregate construction cost will be withheld and settled within two to five years.
- (f) The project-related balances due to non-controlling shareholders are mainly project advances from these minority shareholders and are tied to the project development cycle. In the opinion of the directors, these balances are repayable on demand and are expected to be settled when the projects concerned commence pre-sales.
- (g) The project-related balances due to jointly controlled entities/associates are mainly prepaid distributions.

The non-project related balances with related parties are mainly unsecured advances and repayable on demand.

The non-interest bearing balances due from (to) related parties are unsecured and repayable on demand. The key terms of the interest bearing balances due from (to) related parties are as follows:

- (a) The project-related amounts due from non-controlling shareholders of RMB2,782,025,000 (2010: RMB2,479,261,000) at 31 December 2011 carried interest at fixed rates ranging from 7.31% to 7.82% (2010: 6.81% to 7.82%) per annum.
- (b) The project-related amounts due from associates of RMB5,876,353,000 (2010: RMB3,743,648,000) at 31 December 2011 carried interest at fixed rates ranging from 5.40% to 7.34% (2010: 5.40% to 6.45%) per annum.

The project-related amounts due from associates of RMB2,826,478,000 at 31 December 2010 carried interest at variable rates ranging from 5.29% to 7.10% per annum.

- (c) The project-related amounts due from jointly controlled entities of RMB1,229,354,000 (2010: RMB471,551,000) at 31 December 2011 carried interest at a fixed rate of 7.34% (2010: 6.45% to 6.91%) per annum.

The project-related amount due from jointly controlled entities of RMB143,349,000 at 31 December 2011 carried interest at a variable rate of 8.39% per annum.

39. RELATED PARTY DISCLOSURES (CONTINUED)

(ii) As at the end of the reporting period, the Group had balances with related parties, which are all unsecured except for those trust-related balances, as follows: (continued)

(d) The project-related amounts due to non-controlling shareholders of RMB5,890,121,000 (2010: RMB6,627,233,000) at 31 December 2011 carried interest at fixed rates ranging from 7.34% to 22.00% (2010: 6.23% to 22.00%) per annum.

(e) The project-related amounts due to jointly controlled entities of RMB948,256,000 (2010: RMB556,095,000) at 31 December 2011 carried interest at a variable rate of 6.33% (2010: 5.31%) per annum.

The project-related amounts due to jointly controlled entities of RMB279,269,000 (2010: RMB569,166,000) at 31 December 2011 carried interest at a fixed rate of 7.34% (2010: 10%) per annum.

(f) The non-project related amounts due from non-controlling shareholders of RMB473,751,000 (2010: RMB2,846,000) at 31 December 2011 carried interest at a variable rate of 0.5% to 6.56% (2010: 6.81%) per annum.

(g) The non-project related amounts due to non-controlling shareholder of RMB100,624,000 at 31 December 2010 carried interest at a fixed rate of 10.98% per annum.

(h) The project related amounts due to associates of RMB1,325,952,000 (2010: RMB1,943,954,000) at 31 December 2011 carried interest at fixed rates ranging from 5.67% to 7.02% (2010: 5.33% to 8.29%) per annum.

The project related amounts due to associates of RMB1,529,200,000 (2010: RMB2,711,579,000) at 31 December 2011 carried interest at variable rates ranging from 7.85% to 8.50% (2010: 5.67% to 8.50%) per annum.

39. RELATED PARTY DISCLOSURES (CONTINUED)

(iii) (a) During the year, in addition to those disclosed in notes 31 and 32, the Group made acquisitions from related parties as follows:

	2011	2010
	RMB'000	RMB'000
Purchase of additional interests in subsidiaries from non-controlling shareholders	105,754	504,934

On 6 January 2010, the Group completed the purchase of an additional 13% equity interest in Yuhang Greentown for a total consideration of approximately RMB250 million. Please refer to Note 31 for details.

On 6 January 2010, the Group entered into an agreement to acquire a 40% equity interest held by Beijing Urban Investment & Development Co., Ltd. in Beijing Urban Construction Sino-Statel Industry & Development Co., Ltd. for a consideration of RMB250 million.

On 28 March 2010, the Group entered into an agreement to acquire a 2% equity interest held by Shengzhou Beirong Real Estate Co., Ltd. in Nantong Greentown Real Estate Development Co., Ltd. for a consideration of RMB1,000,000.

On 28 May 2010, the Group entered into an agreement to acquire a 25% equity interest held by three individual equity holders in Hangzhou Greentown Real Estate Investment Co., Ltd. for a consideration of RMB3,750,000.

On 25 April 2011, the Group entered into an agreement to acquire 18% equity interest held by Beijing Qiantian Real Estate Co., Ltd. in Beijing Greentown Yinshi Real Estate Co., Ltd. for a consideration of RMB105,754,000.

39. RELATED PARTY DISCLOSURES (CONTINUED)

(iii) (b) During the year, in addition to those disclosed in note 32, the Group made disposals to related parties as follows:

	2011 RMB'000	2010 RMB'000
Disposal of interests in subsidiaries to non-controlling shareholders	5,120	146,148

On 12 June 2010, the Group's equity interest in Beijing Greentown Gerui Construction Planning & Design Consulting Co., Ltd. was diluted from 100% to 70% as a result of a capital injection of RMB150,000 by two individuals.

On 20 July 2010, the Group entered into an agreement to dispose of its 3% equity interest in Hunan Green Bamboo Lake International Business Community Development Co., Ltd. for a consideration of RMB1,998,000 to a third party.

On 30 September 2010, the Group entered into an agreement to dispose of its 20% equity interest in Dalian Greentown Real Estate Development Co., Ltd. for a consideration of RMB24,000,000 to two individuals.

On 14 December 2010, the Group entered into an agreement to dispose of its 33.33% equity interest in Suzhou Greentown Rose Garden Real Estate Development Co., Ltd. for a consideration of RMB120,000,000 to a third party.

On 12 May 2011, the Group entered into an agreement to dispose of its 5% equity interest in Taizhou Jili Jiayuan Real Estate Development Co., Ltd. for a consideration of RMB1,920,000 to a third party.

On 2 June 2011, the Group entered into an agreement to dispose of its 1.6% equity interest in Greentown Property Construction Management Co., Ltd. for a consideration of RMB3,200,000 to a third party.

(iv) Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	2011 RMB'000	2010 RMB'000
Short-term benefits	21,365	21,549
Post-employment benefits	260	175
Share-based payments	8,947	38,477
	30,572	60,201

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

Greentown China Holdings Limited
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2011 RMB'000	2010 RMB'000
ASSETS		
Property, plant and equipment	1,062	1,328
Investment in a subsidiary and amounts due from subsidiaries and related parties	8,545,378	8,408,585
Other receivables	124,423	154,442
Bank balances and cash	9,922	37,693
	8,680,785	8,602,048
LIABILITIES		
Other payables	489,411	3,387
Amounts due to related parties	4,614,559	4,222,137
Dividend payable	164,026	-
Other taxes payable	8,108	7,352
Convertible bonds	186,466	178,110
Senior notes	241,718	253,854
	5,704,288	4,664,840
ASSETS LESS LIABILITIES	2,976,497	3,937,208
CAPITAL AND RESERVES		
Share capital	166,441	166,243
Reserves	2,810,056	3,770,965
	2,976,497	3,937,208

41. EVENTS AFTER THE END OF THE REPORTING PERIOD

The following significant events took place subsequent to 31 December 2011:

On 5 January 2012, Greentown Real Estate entered into an equity transfer agreement with Tianjin Sunac Zhidi Co., Ltd. ("Sunac Zhidi"), an independent third party, pursuant to which Sunac Zhidi had agreed to acquire, and Greentown Real Estate had agreed to dispose of its 51% equity interest in Wuxi Greentown Hubin Real Estate Co., Ltd., a wholly-owned subsidiary, at a cash consideration of RMB51 million. This transaction was completed on 13 January 2012.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

42. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the principal subsidiaries as at 31 December 2010 and 2011 are set out below:

Name of subsidiary	Place and date of registration	Registered capital	Attributable equity interest				Principal activities	Legal form
			Direct		Indirect			
			2011	2010	2011	2010		
綠城房地產集團有限公司 Greentown Real Estate Group Co., Ltd.	The PRC 6 January 1995	RMB895,000,000	-	-	10 0%	100%	Real estate development	Wholly foreign-owned enterprise
上海綠城森林高爾夫別墅開發有限公司 Shanghai Greentown Woods Golf Villas Development Co., Ltd.	The PRC 19 June 2002	RMB196,080,000	-	-	100%	100%	Real estate development	Limited liability company
舟山綠城房地產開發有限公司 Zhoushan Greentown Real Estate Development Co., Ltd.	The PRC 16 December 1999	RMB100,000,000	-	-	100%	100%	Real estate development	Limited liability company
北京陽光綠城房地產開發有限公司 Beijing Sunshine Greentown Real Estate Development Co., Ltd.	The PRC 15 January 2001	RMB50,000,000	-	-	80%	80%	Real estate development	Limited liability company
北京興業萬發房地產開發有限公司 Beijing Xingye Wanfa Real Estate Development Co., Ltd.	The PRC 26 October 2000	RMB50,000,000	-	-	100%	100%	Real estate development	Limited liability company
湖南青竹湖國際商務社區開發有限公司 Hunan Bamboo Lake International Business Community Development Co., Ltd.	The PRC 26 September 2003	RMB50,600,000	-	-	49% (Note i)	49% (Note i)	Real estate development	Limited liability company
上海華浙外灘置業有限公司 Shanghai Huazhe Bund Real Estate Co., Ltd.	The PRC 26 September 2002	RMB50,000,000	-	-	51%	51%	Real estate development	Limited liability company
杭州余杭綠城房地產開發有限公司 Hangzhou Yuhang Greentown Real Estate Development Co., Ltd. (Hangzhou Yuhang Greentown") (Note i)	The PRC 12 November 1999	RMB30,000,000	-	-	64%	64%	Real estate development	Limited liability company

Greentown China Holdings Limited
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2011

42. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place and date of registration	Registered capital	Attributable equity interest				Principal activities	Legal form
			Direct		Indirect			
			2011	2010	2011	2010		
寧波高新區研發園綠城建設有限公司 Ningbo Gaoxinqu Yanfayuan Greentown Construction Co., Ltd.	The PRC 21 August 2003	RMB50,000,000	-	-	60%	60%	Real estate development	Sino-foreign equity joint venture
杭州余杭金騰房地產開發有限公司 Hangzhou Yuhang Jinteng Real Estate Development Co., Ltd.	The PRC 25 December 2001	RMB50,000,000	-	-	85%	85%	Real estate development	Limited liability company
浙江嘉和實業有限公司 Zhejiang Jiahe Industrial Co., Ltd.	The PRC 25 April 1995	RMB50,000,000	-	-	100%	100%	Real estate development	Limited liability company
杭州玫瑰園度假村有限公司 Hangzhou Rose Garden Resort Co., Ltd.	The PRC 15 August 2006	RMB184,410,000	-	-	100%	100%	Real estate development	Limited liability company
杭州千島湖綠城投資置業有限公司 Hangzhou Qiandaohu Real Estate Investment Co., Ltd.	The PRC 15 June 2005	RMB30,000,000	-	-	80%	80%	Real estate development	Limited liability company
南京天浦置業有限公司 Nanjing Tianpu Real Estate Co., Ltd.	The PRC 12 November 2002	RMB50,000,000	-	-	70%	70%	Real estate development	Limited liability company
新昌綠城置業有限公司 Xinchang Greentown Real Estate Co., Ltd.	The PRC 12 December 2006	RMB77,600,000	-	-	80%	80%	Real estate development	Limited liability company
溫州綠城房地產開發有限公司 Wenzhou Greentown Real Estate Development Co., Ltd.	The PRC 15 February 2007	RMB768,000,000	-	-	60%	60%	Real estate development	Sino-foreign equity joint venture
溫州綠城家景房地產開發有限公司 Wenzhou Greentown Jiajing Real Estate Development Co., Ltd.	The PRC 21 May 2007	RMB386,000,000	-	-	60%	60%	Real estate development	Sino-foreign equity joint venture

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

42. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place and date of registration	Registered capital	Attributable equity interest				Principal activities	Legal form
			Direct		Indirect			
			2011	2010	2011	2010		
杭州綠銀置業有限公司 Hangzhou Lvyin Real Estate Co., Ltd. ("Hangzhou Lvyin")	The PRC 9 July 2007	RMB28,000,000	-	-	33% (Note i)	33% (Note i)	Real estate development	Limited liability company
南通綠城房地產開發有限公司 Nantong Greentown Real Estate Development Co., Ltd.	The PRC 23 August 2007	RMB50,000,000	-	-	77%	77%	Real estate development	Limited liability company
青島綠城華川置業有限公司 Qingdao Greentown Huachuan Real Estate Co., Ltd.	The PRC 21 August 2007	RMB517,764,600	-	-	80%	80%	Real estate development	Sino-foreign equity joint venture
舟山綠城聯海置業有限公司 Zhoushan Greentown Lianhai Real Estate Co., Ltd.	The PRC 5 June 2007	RMB250,000,000	-	-	100%	100%	Real estate development	Limited liability company
寧波太平洋實業有限公司 Ningbo Pacific Real Estate Co., Ltd.	The PRC 11 July 2003	RMB177,000,000	-	-	60%	60%	Real estate development	Foreign equity joint venture
台州吉利嘉苑房地產開發有限公司 Taizhou Jili Jiayuan Real Estate Development Co., Ltd.	The PRC 15 October 2001	RMB40,000,000	-	-	55%	60%	Real estate development	Limited liability company
養生堂浙江千島湖房地產開發有限公司 Yangshengtang Zhejiang Qiandaohu Real Estate Development Co., Ltd.	The PRC 24 January 2005	RMB200,000,000	-	-	51%	51%	Real estate development	Limited liability company
杭州綠城海企房地產開發有限公司 Hangzhou Greentown Haiqi Real Estate Development Co., Ltd.	The PRC 23 November 2007	RMB1,000,000,000	-	-	100%	100%	Real estate development	Limited liability company
湖州新錦江房地產開發有限公司 Huzhou Xinjinjiang Real Estate Development Co., Ltd.	The PRC 3 February 2004	RMB50,000,000	-	-	70%	70%	Real estate development	Limited liability company

Greentown China Holdings Limited
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2011

42. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place and date of registration	Registered capital	Attributable equity interest				Principal activities	Legal form
			Direct		Indirect			
			2011	2010	2011	2010		
長興綠城房地產開發有限公司 Changxing Greentown Real Estate Development Co., Ltd.	The PRC 30 January 2008	RMB100,000,000	-	-	51%	51%	Real estate development	Limited liability company
新疆俊發綠城房地產開發有限公司 Xinjiang Junfa Greentown Real Estate Development Co., Ltd.	The PRC 16 January 2008	RMB211,079,000	-	-	50% (Note ii)	50% (Note ii)	Real estate development	Limited liability company
北京亞奧綠城房地產開發有限公司 Beijing Ya'ao Greentown Real Estate Development Co., Ltd.	The PRC 19 August 2008	RMB50,000,000	-	-	50% (Note ii)	50% (Note ii)	Real estate development	Limited liability company
杭州金馬房地產有限公司 Hangzhou Golden Horse Real Estate Development Co., Ltd.	The PRC 22 October 1992	USD50,000,000	-	-	51%	51%	Real estate development	Sino-foreign joint venture
杭州休博園湖畔綠景休閒開發有限公司 Hangzhou Xiuboyuan Hupan Lyjing Xiuxian Development Co., Ltd.	The PRC 2 April 2008	RMB120,000,000	-	-	50% (Note ii)	50% (Note ii)	Real estate development	Limited liability company
浙江報業綠城房地產開發有限公司 Zhejiang Newspapering Greentown Real Estate Development Co., Ltd.	The PRC 7 July 2008	RMB400,000,000	-	-	100%	100%	Real estate development	Limited liability company
北京萊福世紀置業有限公司 Beijing Laifu Century Property Co., Ltd.	The PRC 24 April 2007	RMB30,000,000	-	-	100%	100%	Real estate development	Limited liability company
諸暨市越都置業有限公司 Zhujia Yuedu Real Estate Co., Ltd.	The PRC 31 October 2008	RMB300,000,000	-	-	60%	60%	Real estate development	Limited liability company
杭州綠城北盛置業有限公司 Hangzhou Greentown Beisheng Real Estate Co., Ltd.	The PRC 1 December 2009	RMB50,000,000	-	-	100%	100%	Real estate development	Limited liability company

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

42. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place and date of registration	Registered capital	Attributable equity interest				Principal activities	Legal form
			Direct		Indirect			
			2011	2010	2011	2010		
寧波象山綠城房地產開發有限公司 Ningbo Xiangshan Greentown Real Estate Development Co., Ltd.	The PRC 19 February 2008	RMB100,000,000	-	-	50% (Note ii)	50% (Note ii)	Real estate development	Limited liability company
唐山綠城房地產開發有限公司 Tangshan Greentown Real Estate Development Co., Ltd.	The PRC 3 November 2009	RMB50,000,000	-	-	100%	100%	Real estate development	Limited liability company
溫州景楊置業有限公司 Wenzhou Jingyang Real Estate Co., Ltd.	The PRC 19 July 2010	RMB340,000,000	-	-	60%	60%	Real estate development	Sino-foreign equity joint venture
溫州綠城置業有限公司 Wenzhou Greentown Real Estate Co., Ltd.	The PRC 21 May 2007	RMB386,000,000	-	-	60%	60%	Real estate development	Sino-foreign equity joint venture
溫州綠景置業有限公司 Wenzhou Lvjing Real Estate Co., Ltd.	The PRC 26 November 2007	RMB375,000,000	-	-	60%	60%	Real estate development	Sino-foreign equity joint venture
蘇州綠城玫瑰園房地產開發有限公司 Suzhou Greentown Rose Garden Real Estate Development Co., Ltd.	The PRC 7 December 2009	RMB360,000,000	-	-	67%	67%	Real estate development	Limited liability company
蘇州綠城御園房地產開發有限公司 Suzhou Greentown Yuyuan Real Estate Development Co., Ltd.	The PRC 22 December 2009	RMB250,000,000	-	-	100%	100%	Real estate development	Limited liability company
安徽綠城玫瑰園房地產開發有限公司 Anhui Greentown Rose Garden Real Estate Development Co., Ltd.	The PRC 23 December 2009	RMB200,000,000	-	-	100%	100%	Real estate development	Limited liability company
舟山綠城蔚藍海岸房地產開發有限公司 Zhoushan Greentown Weilanhai'an Real Estate Development Co., Ltd.	The PRC 6 May 2008	RMB50,000,000	-	-	60%	60%	Real estate development	Limited liability company

Greentown China Holdings Limited
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2011

42. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place and date of registration	Registered capital	Attributable equity interest				Principal activities	Legal form
			Direct		Indirect			
			2011	2010	2011	2010		
舟山市普陀綠城房地產開發有限公司 Zhoushan Putuo Greentown Real Estate Co., Ltd.	The PRC 5 November 2009	RMB50,000,000	-	-	90%	90%	Real estate development	Limited liability company
舟山市普陀綠城實業投資有限公司 Zhoushan Putuo Greentown Industry Investment Co., Ltd.	The PRC 5 November 2009	RMB100,000,000	-	-	100%	100%	Real estate development	Limited liability company
城建中樞(浙江)實業發展有限公司 City-Urban Construction (Zhejiang) Industrial Development Co., Ltd.	The PRC 5 February 2005	RMB160,000,000	-	-	97%	97%	Real estate development	Limited liability company
舟山市瑞豐房地產開發有限公司 Zhoushan Rui Feng Real Estate Development Co., Ltd.	The PRC 12 April 2005	RMB10,000,000	-	-	60%	60%	Real estate development	Limited liability company
舟山市明程房地產開發有限公司 Zhoushan Mingcheng Real Estate Development Co., Ltd.	The PRC 31 October 2005	RMB10,000,000	-	-	97%	97%	Real estate development	Limited liability company
舟山市乾源房地產開發有限公司 Zhoushan Qianyuan Real Estate Development Co., Ltd.	The PRC 31 October 2005	RMB10,000,000	-	-	97%	97%	Real estate development	Limited liability company
河南錦江置業有限公司 Henan Jinjiang Real Estate Co., Ltd.	The PRC 8 August 2002	RMB80,000,000	-	-	100%	100%	Real estate development	Limited liability company
無錫綠城湖濱置業有限公司 Wuxi Greentown Hubin Real Estate Co., Ltd.	The PRC 15 December 2009	RMB100,000,000	-	-	100%	100%	Real estate development	Limited liability company
海南綠城高地投資有限公司 Hainan Greentown Gaodi Investment Co., Ltd.	The PRC 15 November 2007	RMB60,000,000	-	-	51%	51%	Real estate development	Limited liability company

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

42. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place and date of registration	Registered capital	Attributable equity interest				Principal activities	Legal form
			Direct		Indirect			
			2011	2010	2011	2010		
慈溪綠城房地產開發有限公司 Cixi Greentown Real Estate Development Co., Ltd.	The PRC 27 July 2009	RMB98,000,000	-	-	60%	60%	Real estate development	Limited liability company
杭州綠城玉園房地產開發有限公司 Hangzhou Greentown Yuyuan Real Estate Development Co., Ltd.	The PRC 11 November 2009	RMB50,000,000	-	-	100%	100%	Real estate development	Limited liability company
大連綠城房地產開發有限公司 Dalian Greentown Real Estate Development Co., Ltd.	The PRC 11 November 2008	RMB120,000,000	-	-	80%	80%	Real estate development	Limited liability company
青島綠城華景置業有限公司 Qingdao Greentown Huajing Real Estate Co., Ltd.	The PRC 30 April 2007	RMB380,000,000	-	-	100%	100%	Real estate development	Limited liability company
青島綠城膠州灣房地產開發有限公司 Qingdao Jiaozhouwan Real Estate Development Co., Ltd.	The PRC 25 November 2009	USD33,333,000	-	-	100%	100%	Real estate development	Sino-foreign equity joint venture
臨安綠城置業有限公司 Lin'an Greentown Real Estate Co., Ltd.	The PRC 2 July 2009	RMB50,000,000	-	-	65%	65%	Real estate development	Limited liability company
新泰綠城置業有限公司 Xintai Greentown Real Estate Co., Ltd.	The PRC 12 January 2010	RMB98,000,000	-	-	70%	70%	Real estate development	Limited liability company
上海綠順房地產開發有限公司 Shanghai Lvshun Real Estate Development Co., Ltd.	The PRC 29 January 2010	RMB1,000,000,000	-	-	100%	100%	Real estate development	Limited liability company
天津逸駿投資有限公司 Tianjin Yijun Investment Co., Ltd.	The PRC 11 January 2008	RMB10,000,000	-	-	80%	80%	Real estate development	Limited liability company

Greentown China Holdings Limited
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2011

42. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place and date of registration	Registered capital	Attributable equity interest				Principal activities	Legal form
			Direct		Indirect			
			2011	2010	2011	2010		
大連綠城置業有限公司 Dalian Greentown Real Estate Co., Ltd.	The PRC 15 March 2010	RMB100,000,000	-	-	100%	100%	Real estate development	Limited liability company
德清綠城房地產開發有限公司 Deqing Greentown Real Estate Development Co., Ltd.	The PRC 1 February 2010	RMB100,000,000	-	-	100%	100%	Real estate development	Limited liability company
上海綠城廣場置業有限公司 Shanghai Greentown Plaza Development Co., Ltd.	The PRC 28 May 2010	RMB100,000,000	-	-	70%	70%	Real estate development	Limited liability company
紹興綠城金昌置業有限公司 Shaoxing Greentown Jinchang Real Estate Co., Ltd.	The PRC 6 November 2009	RMB100,000,000	-	-	51%	51%	Real estate development	Limited liability company
蘇州太湖綠城房地產開發有限公司 Suzhou Taihu Greentown Real Estate Development Co., Ltd.	The PRC 2 September 2010	RMB8,000,000	-	-	70%	70%	Real estate development	Limited liability company
綠城房產建設管理有限公司 Greentown Property Construction Management Co., Ltd.	The PRC 8 September 2010	RMB200,000,000	-	-	35% (Note ii)	37% (Note ii)	Project management	Limited liability company
常州綠城置業有限公司 Changzhou Greentown Real Estate Co., Ltd.	The PRC 1 November 2010	RMB837,500,000	-	-	55%	55%	Real estate development	Limited liability company
啓東綠城香格置業有限公司 Qidong Greentown Xiangge Real Estate Co., Ltd.	The PRC 27 October 2009	RMB65,000,000	-	-	51%	51%	Real estate development	Limited liability company
北京雲溪綠城房地產開發有限公司 Beijing Yunxi Greentown Real Estate Development Co., Ltd.	The PRC 20 October 2009	RMB10,000,000	-	-	99%	99%	Real estate development	Limited liability company

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

42. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place and date of registration	Registered capital	Attributable equity interest				Principal activities	Legal form
			Direct		Indirect			
			2011	2010	2011	2010		
北京綠城銀石置業有限公司 Beijing Greentown Yinshi Real Estate Co., Ltd.	The PRC 20 February 2008	RMB50,000,000	-	-	100%	82%	Real estate development	Limited liability company
杭州銀嘉房地產開發有限公司 Hangzhou Yinjia Real Estate Development Co., Ltd.	The PRC 17 September 2003	RMB100,000,000	-	-	56%	56%	Real estate development	Limited liability company

The above table lists the subsidiaries of the Group which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Notes:

- (i) These entities are subsidiaries of non-wholly owned subsidiaries of the Group.
- (ii) The Group has the right to appoint a majority of directors for the board of directors and hence has the power to direct the financial and operational policies of these entities. Therefore, these entities are accounted for as subsidiaries of the Group.

DEFINITION

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

AGM	The annual general meeting of the Company to be held on Friday, 8 June 2012
Board	The Board of Directors of the Company
Company/Greentown	Greentown China Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
GFA	Gross floor area
Greentown Construction Management	Greentown Property Construction Management Company Ltd
Greentown Group	Greentown China Holdings Limited and its subsidiaries together with its jointly controlled entities and associates
Group	Greentown China Holdings Limited and its subsidiaries
Listing Rules	The Rules Governing the Listing of Securities on the Stock Exchange
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
Options	Share options in respect of the Share Option Scheme
PRC/China	The People's Republic of China
SFO	Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong
Share Option Scheme	The share option scheme adopted by a resolution of the shareholders of the Company on 22 June 2006
sqm	Square metres
Stock Exchange/HKEX	The Stock Exchange of Hong Kong Limited
the Year	The twelve months ended 31 December 2011

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