绿城房产
GREENTOWN

GREENTOWN CHINA HOLDINGS LIMITED
綠 城 中 國 控 股 有 限 公 司 *

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 03900)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2012

FINANCIAL HIGHLIGHTS

- Revenue achieved approximately RMB35.39 billion, representing an increase of 61.1% from last year.
- Profit attributable to the owners of the Company amounted to approximately RMB4.85 billion, which soared 88.4% from last year.
- Basic earnings per share was RMB2.57, representing an increase of 63.7% compared to last year.
- Net gearing ratio decreased to 49.0%, representing a significant improvement compared to 148.7% at the end of last year.
- The Board has recommended payment of a final dividend of RMB0.5 per share for the year ended 31 December 2012, representing a dividend yield ratio of 5.1% based on the closing price on 22 March 2013.

The board (the "Board") of directors (the "Directors") of Greentown China Holdings Limited (the "Company" or "Greentown") is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2012 (the "Year") prepared in accordance with the International Financial Reporting Standards, together with comparative figures for the year ended 31 December 2011. The following financial information is extracted from the audited consolidated financial statements in the Group's 2012 annual report which is to be published.

* *For identification purposes only*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2012

	NOTES	2012 RMB'000	2011 RMB'000
Revenue	3	**35,392,506**	21,963,747
Cost of sales		**(24,678,810)**	(14,555,354)
Gross profit		**10,713,696**	7,408,393
Other income	4	**1,000,594**	683,146
Selling expenses		**(665,170)**	(599,914)
Administrative expenses		**(1,403,873)**	(1,320,020)
Finance costs	5	**(564,115)**	(415,698)
Reversal of impairment losses on property, plant and equipment		**–**	13,067
Impairment losses on properties for development		**–**	(62,187)
Impairment losses on properties under development		**–**	(143,867)
Impairment losses on property, plant and equipment		**(81,485)**	–
Gain from changes in fair value of investment properties		**600**	5,000
Fair value changes on trust-related financial derivatives		**82,520**	168,960
Net gain on disposal of subsidiaries		**549,697**	3,639
Gain on re-measurement of an associate in business combination achieved in stage		**3,399**	–
Gain on disposal of associates		**56,505**	104,507
Gain on partial disposal of an associate		**–**	1,573
Gain on de-consolidation of a subsidiary		**–**	20,948
Gain on re-measurement of an associate to acquisition date fair value upon re-consolidation of a subsidiary		**49,980**	–
Net gain on disposal of jointly controlled entities		**1,377**	–
Share of results of associates		**209,356**	777,498
Share of results of jointly controlled entities		**304,119**	55,669
Profit before taxation		**10,257,200**	6,700,714
Taxation	6	**(4,204,149)**	(2,582,772)
Profit and total comprehensive income for the year		**6,053,051**	4,117,942
Attributable to:			
Owners of the Company		**4,851,123**	2,574,637
Non-controlling interests		**1,201,928**	1,543,305
		6,053,051	4,117,942
Earnings per share	7		
Basic		**RMB2.57**	RMB1.57
Diluted		**RMB2.37**	RMB1.55

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012

	NOTES	2012 RMB'000	2011 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**3,675,256**	2,861,141
Investment properties		**1,730,600**	1,730,000
Interests in associates		**6,573,266**	5,866,392
Interests in jointly controlled entities		**1,003,745**	1,061,033
Available-for-sale investments		**346,545**	303,300
Prepaid lease payment		**254,968**	196,726
Rental paid in advance		**6,744**	15,358
Deferred tax assets		**782,241**	728,165
		14,373,365	12,762,115
CURRENT ASSETS			
Properties for development		**6,020,524**	14,127,886
Properties under development		**43,136,154**	67,597,987
Completed properties for sale		**7,330,358**	2,956,620
Inventories		**76,299**	73,387
Available-for-sale investments		**–**	234,720
Trade and other receivables, deposits and prepayments	*8*	**4,712,786**	5,180,473
Amounts due from related parties		**21,619,085**	15,131,620
Prepaid income taxes		**1,076,018**	1,509,285
Prepaid other taxes		**1,464,738**	2,518,644
Pledged bank deposits		**1,734,337**	2,268,642
Bank balances and cash		**6,163,632**	3,615,149
		93,333,931	115,214,413
CURRENT LIABILITIES			
Trade and other payables	*9*	**15,958,635**	13,238,106
Pre-sale deposits		**28,848,285**	45,758,782
Amounts due to related parties		**7,125,114**	13,689,413
Dividend payable		**–**	164,026
Income taxes payable		**5,389,742**	2,935,305
Other taxes payable		**985,100**	926,474
Bank and other borrowings – due within one year		**15,014,288**	15,877,335
Trust-related financial derivatives		**–**	82,520
Convertible bonds		**–**	186,466
Senior notes		**241,327**	–
		73,562,491	92,858,427

	2012 *RMB'000*	2011 *RMB'000*
NET CURRENT ASSETS	**19,771,440**	22,355,986
TOTAL ASSETS LESS CURRENT LIABILITIES	**34,144,805**	35,118,101
NON-CURRENT LIABILITIES		
Bank and other borrowings		
– due after one year	**6,117,815**	15,806,358
Amounts due to related parties	**–**	992,174
Senior notes	**–**	241,718
Deferred tax liabilities	**538,915**	434,537
	6,656,730	17,474,787
	27,488,075	17,643,314
CAPITAL AND RESERVES		
Share capital	**207,422**	166,441
Reserves	**18,850,269**	11,773,458
Convertible securities	**2,084,472**	–
Equity attributable to owners of the Company	**21,142,163**	11,939,899
Non-controlling interests	**6,345,912**	5,703,415
	27,488,075	17,643,314

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

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 PO Box 309, Ugland House, Grand Cayman, KY1-11047, Cayman Islands.

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 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 certain amendments to IFRSs issued by the International Accounting Standards Board (the "IASB") that are effective for the Group's financial year beginning on 1 January 2012.

The application of these amendments to 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.

3. REVENUE AND SEGMENT INFORMATION

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

	2012	2011
	RMB'000	*RMB'000*
Property sales	**34,214,430**	21,071,067
Hotel operations	**298,476**	250,993
Project management	**254,783**	199,267
Property rental income	**111,480**	90,052
Design and decoration	**324,800**	302,995
Sales of construction materials	**104,320**	8,572
Other business	**84,217**	40,801
	35,392,506	21,963,747

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.

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.

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 2012							
Segment revenue							
External revenue	**34,214,430**	**298,476**	**111,480**	**768,120**	**35,392,506**	**–**	**35,392,506**
Inter-segment revenue	**–**	**11,707**	**703**	**1,054,283**	**1,066,693**	**(1,066,693)**	**–**
Total	**34,214,430**	**310,183**	**112,183**	**1,822,403**	**36,459,199**	**(1,066,693)**	**35,392,506**
Segment results	**6,269,967**	**(41,654)**	**(17,566)**	**(17,043)**	**6,193,704**	**(47,573)**	**6,146,131**
Unallocated administrative expenses							**(48,252)**
Unallocated other income							**19,762**
Unallocated finance costs							**(13,659)**
Fair value changes on trust-related financial derivatives							**82,520**
Unallocated taxation							**(133,451)**
Profit for the year							**6,053,051**

	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

Segment assets and liabilities

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

Segment assets

	2012 ***RMB'000***	2011 *RMB'000*
Property development	**97,895,112**	119,352,193
Hotel operations	**2,951,674**	2,469,622
Property investment	**1,784,857**	1,800,169
Others	**2,721,404**	2,579,308
Total segment assets	**105,353,047**	126,201,292
Unallocated	**2,354,249**	1,775,236
Consolidated assets	**107,707,296**	127,976,528

Segment liabilities

	2012	2011
	RMB'000	*RMB'000*
Property development	**73,911,205**	102,423,173
Hotel operations	**180,623**	232,837
Property investment	**1,091,446**	1,229,673
Others	**4,230,237**	5,492,789
Total segment liabilities	**79,413,511**	109,378,472
Unallocated	**805,710**	954,742
Consolidated liabilities	**80,219,221**	110,333,214

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.

Other segment information

For the year ended 31 December 2012

	Property development	Hotel operations	Property investment	Others	Reportable segment total	Unallocated	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Amounts included in the measure of segment profit or loss or segment assets:							
Addition to non-current assets *(Note)*	**2,896,640**	**92,718**	**147**	**21,081**	**3,010,586**	**–**	**3,010,586**
Interests in associates	**6,573,266**	**–**	**–**	**–**	**6,573,266**	**–**	**6,573,266**
Interests in jointly controlled entities	**1,003,745**	**–**	**–**	**–**	**1,003,745**	**–**	**1,003,745**
Gain on disposal of associates	**(56,505)**	**–**	**–**	**–**	**(56,505)**	**–**	**(56,505)**
Net gain on disposal of jointly controlled entities	**(1,377)**	**–**	**–**	**–**	**(1,377)**	**–**	**(1,377)**
Net gain on disposal of subsidiaries	**(549,697)**	**–**	**–**	**–**	**(549,697)**	**–**	**(549,697)**
Gain on re-measurement of an associate to acquisition date fair value upon re-consolidation of a subsidiary	**(49,980)**	**–**	**–**	**–**	**(49,980)**	**–**	**(49,980)**
Gain on re-measurement of an associate in business combination achieved in stage	**(3,399)**	**–**	**–**	**–**	**(3,399)**	**–**	**(3,399)**
Depreciation of property, plant and equipment	**69,129**	**75,676**	**7,469**	**17,503**	**169,777**	**–**	**169,777**
Impairment losses on property, plant and equipment	**–**	**81,485**	**–**	**–**	**81,485**	**–**	**81,485**
Gains on disposal of property, plant and equipment	**(580)**	**(13)**	**(17)**	**(196)**	**(806)**	**–**	**(806)**
Interest income	**(665,745)**	**(10,134)**	**(20,039)**	**(3,078)**	**(698,996)**	**(1,486)**	**(700,482)**
Finance costs	**370,896**	**4,683**	**70,405**	**104,472**	**550,456**	**13,659**	**564,115**
Share of results of associates	**(209,356)**	**–**	**–**	**–**	**(209,356)**	**–**	**(209,356)**
Share of results of jointly controlled entities	**(304,119)**	**–**	**–**	**–**	**(304,119)**	**–**	**(304,119)**
Taxation	**4,061,183**	**(2,482)**	**277**	**11,720**	**4,070,698**	**133,451**	**4,204,149**

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)
Loss 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

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.

4. OTHER INCOME

	2012 *RMB'000*	2011 *RMB'000*
Interest income on bank balances	**80,825**	74,248
Interest income on amounts due from related parties	**619,657**	301,910
Trust income	**130,769**	17,469
Government grants	**46,416**	9,938
Net foreign exchange gains	**26,126**	196,459
Brand usage fees	**50,198**	46,334
Others	**46,603**	36,788
	1,000,594	683,146

5. FINANCE COSTS

	2012	2011
	RMB'000	*RMB'000*
Interest on:		
– bank borrowings wholly repayable within five years	**1,601,308**	2,228,791
– bank borrowings not wholly repayable within five years	**52,181**	118,714
– other borrowings	**1,460,947**	543,471
Effective interest expense on trust-related amounts due to related parties	**341,024**	630,801
Effective interest expense on 2007 Convertible Bonds	**3,259**	8,356
Interest on senior notes	**21,899**	22,485
	3,480,618	3,552,618
Less: Capitalised in properties under development	**(2,913,604)**	(3,100,671)
Capitalised in construction in progress	**(2,899)**	(36,249)
	564,115	415,698

Borrowing costs capitalised during the year arose on the specific loan and general borrowing pool and are calculated by applying a capitalisation rate of 8.80% (2011: 8.10%) per annum to expenditure on the development of properties for sale and for own use.

6. TAXATION

	2012	2011
	RMB'000	*RMB'000*
Current tax:		
PRC enterprise income tax	**2,192,930**	1,653,519
Land Appreciation Tax ("LAT")	**2,066,294**	1,020,354
	4,259,224	2,673,873
Over provision in prior years:		
PRC enterprise income tax	**(54,006)**	(2,954)
Deferred tax:		
Current year	**(1,069)**	(88,147)
	4,204,149	2,582,772

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%.

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.

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

	2012	2011
	RMB'000	*RMB'000*
Profit before taxation	**10,257,200**	6,700,714
Tax at the applicable PRC enterprise income tax rate of 25% (2011: 25%)	**2,564,300**	1,675,179
Effect of different tax rates	**(17,164)**	(11,502)
Tax effect of share of results of associates	**(52,339)**	(194,375)
Tax effect of share of results of jointly controlled entities	**(76,030)**	(13,917)
Tax effect of income not taxable for tax purposes	**(138,095)**	(11,780)
Tax effect of expenses not deductible for tax purposes	**191,671**	226,761
Over provision in respect of prior year	**(54,006)**	(2,954)
Tax effect of tax losses not recognised	**122,906**	68,165
Tax effect of deductible temporary differences not recognised	**–**	48,198
Recognition of deferred tax assets on tax losses previously not recognised	**(9,826)**	(20,201)
Utilisation of tax losses previously not recognised	**(6,988)**	(18,549)
Utilisation of deductible temporary differences previously not recognised	**–**	(13,675)
LAT provision for the year	**2,066,294**	1,020,354
Tax effect of LAT	**(516,574)**	(248,932)
Tax effect of undistributed profits	**130,000**	80,000
Tax charge for the year	**4,204,149**	2,582,772

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 2012, the Group estimated and made a provision for LAT in the amount of RMB2,066,294,000 (2011: RMB1,020,354,000), 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.

7. EARNINGS PER SHARE

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

Earnings

	2012 *RMB'000*	2011 *RMB'000*
Earnings for the purpose of basic earnings per share	**4,851,123**	2,574,637
Effect of dilutive potential shares:		
Interest on the 2007 Convertible Bonds	**3,259**	8,356
Earnings for the purpose of diluted earnings per share	**4,854,382**	2,582,993

Number of shares

	2012 *RMB'000*	2011 *RMB'000*
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,889,150,532**	1,639,318,123
Effect of dilutive potential ordinary shares:		
Share options	**15,782,728**	16,718,289
The 2007 Convertible Bonds	**3,091,716**	8,297,621
Convertible securities	**143,502,407**	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**2,051,527,383**	1,664,334,033

8. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2012 *RMB'000*	2011 *RMB'000*
Trade receivables	**459,907**	402,958
Other receivables	**2,828,812**	2,858,368
Prepayments and deposits	**1,100,461**	1,142,132
Consideration receivable from disposal of a subsidiary and disposal/partial disposal of associates	**323,606**	777,015
	4,712,786	5,180,473

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.

	2012	2011
	RMB'000	*RMB'000*
Within 30 days	**80,382**	117,337
31–90 days	**26,816**	87,885
91–180 days	**130,170**	49,955
181–365 days	**67,118**	45,672
Over 365 days	**155,421**	102,109
Trade receivables	**459,907**	402,958

9. TRADE AND OTHER PAYABLES

The aged analysis of trade payables is stated as follows:

	2012	2011
	RMB'000	*RMB'000*
Within 30 days	**6,107,937**	5,606,464
31–90 days	**1,933,377**	378,790
91–180 days	**1,304,746**	727,779
181–365 days	**870,156**	611,788
Over 365 days	**598,458**	586,084
Trade payables	**10,814,674**	7,910,905
Other payables and accrued expenses	**5,143,961**	4,427,201
Deposit received on disposal of a subsidiary	**–**	900,000
	15,958,635	13,238,106

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

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATIONAL AND MANAGEMENT REVIEW

Looking back into 2012, amidst market volatility and continued macro-economic control, the Company proactively adjusted its strategies and transitioned from aggressive expansion to prudent operation. Moreover, besides continuously improving our product and service quality, the Group also focused on the end users and established an agent-based sales model. In addition, the introduction of strategic investors into the Group improved capital structure, reduced gearing ratio, capitalized both parties' competitive strengths while at the same time created synergies, and further enhanced brand value and core competencies.

Financial Overview

In 2012, the Group recorded a revenue of RMB35,393 million, representing an increase of RMB13,429 million or 61.1% from RMB21,964 million recorded in 2011. The Company's net profit reached a record high in 2012 which increased from RMB4,118 million in 2011 to RMB6,053 million in 2012, representing an increase of RMB1,935 million or 47.0%. Profit attributable to owners of the Company grew from RMB2,575 million in 2011 to RMB4,851 million in 2012, representing an increase of RMB2,276 million or 88.4%. From 2009 to 2012, the year-to-year growth rates of the Company recorded in profit attributable to owners of the Company were 51.4%, 68.1% and 88.4% respectively, representing a CAGR of 68.6%. In 2012, the Company achieved basic earnings per share of RMB2.57, representing a 63.7% increase over RMB1.57 recorded in 2011.

Continuous Leadership in Residents' Overall Satisfaction

According to the "2011 China Urban Resident Satisfaction Survey" conducted by a special research group organized by China Index Research Institute and the China Real Estate Index System, which interviewed nearly one hundred companies and more than ten thousand interviewees in 12 major cities, namely Beijing, Shanghai, Guangzhou, Shenzhen, Chongqing, Tianjin, Hangzhou, Wuhan, Qingdao, Ningbo, Suzhou and Nanjing, the Group continued to rank No. 1 in "Overall satisfaction of residents in Chinese cities" and also in all six indices including project quality, planning & designing, sales services, property services, corporate image and customer loyalty. These results also indicated that the Company's development philosophy has gained huge market recognition and customer support.

Sales Model Transformation

Sales result has always been the Company's top priority. In 2012, Greentown Group vigorously promoted a sales model transformation, a shift from the traditional sales model to the agent based model, from a static model of onsite reception, introduction and experience, to a sales-model that is composed of proactively identifying customers and then providing relevant services. In addition, the Company improved its incentive system, motivated the agents to perform at their highest potentials and also enhanced performance evaluation; meanwhile, the Company established an open and transparent property information platform in order to leverage the internal and external resources and implement all staff marketing, thereby stimulating sales growth.

Introduction of Strategic Investors

On 8 June 2012, the Group announced that it entered into a subscription agreement and an investment agreement with The Wharf (Holdings) Limited ("Wharf", stock code: 00004.HK) and its wholly-owned subsidiaries, pursuant to which the Company issued shares and perpetual subordinated convertible callable securities to Wharf's wholly-owned subsidiaries, with the total consideration of approximately HKD5.1 billion (approximately RMB4.16 billion). After the placement in August 2012, Wharf held approximately 520 million Greentown shares, representing 24.6% of the enlarged total share capital, and became Greentown's second largest shareholder. Moreover, Wharf also obtained two seats in the Board and one seat in the newly formed Investment Committee. Shortly afterwards, the Company acquired Dalian Buxiu Lane ("大連不朽巷") land site jointly with Wharf, which fostered a closer bond between the two parties, progressing from strategic alliance to project collaboration, whereby leveraging on Greentown's excellent capabilities in product development and execution and Wharf's proven experience in financial management and financing. The synergies between both parties are starting to materialize.

On 22 June 2012, the Group entered into a framework agreement with Sunac China Holdings Limited ("Sunac", stock code: 01918.HK) to cooperate on a 50/50 basis in eight projects, namely Shanghai Yulan Garden (" 上海玉蘭花園"), the Shanghai Bund House ("上海黃浦灣"), Suzhou Majestic Mansion("蘇州御園"), Suzhou Rose Garden ("蘇州玫瑰園"), Wuxi Yulan Square ("無錫玉蘭廣場"), Wuxi Jasmine Garden ("無錫茉莉花園"), Changzhou Yulan Square ("常州玉蘭廣場") and Tianjin Azure Coast ("天津藍色海岸"), and to establish a 50/50 joint venture platform ("Sunac Greentown"). The Group also transferred 50% equity interest in Shanghai Rose Garden to Tianjin Sunac Zhidi Co., Ltd ("Sunac Zhidi", a wholly-owned subsidiary of Sunac). Through this transaction, Greentown transferred half of its equity interest in the above nine projects with a total consideration of RMB3.36 billion. Following this transaction, the Company leveraged on Sunac Greetown's competitive advantages to secure three high-quality land sites in Shanghai. Given Greentown's expertise in product development, construction design and management, and Sunac's rich experience in market positioning, cost control and sales management, this strategic cooperation will bring significant synergies to both sides.

Pre-sales in the Year

In 2012, the Group implemented a thorough reform on its sales division, which transformed the old static model of onsite reception into the proactive agent-based sales model maximizing all available resources to identify potential customers. These changes have energized the Group's sales force and created an open platform to attract talented sales staff.

For the year ended 31 December 2012, the Company and its subsidiaries, together with its jointly controlled entities and associates (collectively the "Greentown Group") sold approximately 2.83 million sqm of properties, representing an increase of 61.7% from 2011. Total property sales amounted to approximately RMB54.6 billion (including RMB27.3 billion attributable to the Group), representing an increase of approximately 54.6% from RMB35.3 billion in 2011, and exceeding 36.5% of the original sales target of RMB40 billion for 2012. The overall average selling price was RMB19,891 per sqm.

Development scale

In 2012, in light of the market situation, Greentown Group had put its focus on product quality and customer satisfaction, and duly controlled the development pace and appropriately adjusted the product structure. In 2012, the total GFA under the new construction sites amounted to approximately 4.69 million sqm. In 2012, Greentown Group completed total GFA of approximately 4.13 million sqm. As at 31 December 2012, Greentown Group had 82 projects under construction, with a total GFA of approximately 16.57 million sqm.

Land Bank

In 2012, the Greentown Group acquired seven new land sites, with a total GFA of approximately 2.1 million sqm, of which approximately 680,000 sqm is attributable to the Group. The newly added land sites' total land premium amounted to approximately RMB12 billion. Majority of the land premium was borne by the associates, while only approximately RMB700 million was borne by the Group through its internal resources. The average land price of the sites was approximately RMB5,693 per sqm.

Project	**Equity Interest**	**Total Land Premium** *(RMB million)*	**Site area** *(sqm)*	**Planned GFA** *(sqm)*
Jiande Project ("建德項目")	70.0%	479	52,000	124,900
Dalian Buxiu Lane Project ("大連不朽巷項目")	40.0%	2,028	85,700	240,000
Tianjin Binhai Central Business District Project ("天津濱海中心商務區項目")	24.0%	4,678	362,700	1,137,300
Shanghai Pudong Senlan Project ("上海浦東森蘭項目")	24.5%	2,124	75,100	120,100
Shanghai Pudong Tangzhen No. 5 Jiefang Project ("上海浦東唐鎮5街坊項目")	25.0%	834	60,200	72,200
Wuzhen Yile College Project ("烏鎮頤樂學院項目")	50.0%	188	233,200	299,900
Shanghai Pudong Tangzhen New Town Project ("上海浦東唐鎮新市鎮項目")	24.5%	1,644	72,800	109,200
Total		**11,975**	**941,700**	**2,103,600**

As of 31 December 2012, the Group had 96 land bank projects (both projects under construction and projects held for future development). Total GFA amounted to 41.87 million sqm, of which 22.58 million sqm was attributable to the Group. Total saleable area was 27.55 million sqm, of which 14.59 million sqm was attributable to the Group. The average land cost was RMB2,670 per sqm. The current land bank reserve is sufficient to support Greentown Groups's development for the next five years.

Future Prospect

The government's continuing macro-control policies and the unfavorable real estate market conditions had once put pressure on the Company's operations. In view of such challenging operating environment, the Group proactively adjusted its strategies and transformed its operations through a series of measures. Thanks to the commitment and dedication of all staff members, the Group successfully weathered the difficulties and achieved satisfactory results in 2012.

Braving the challenges of macro-control policies, the Group's management team has become more seasoned and employees have become more experienced. In addition, the structure of the Group has become more competitive with better operational control and focus. The Group has also obtained a clearer vision and goal for its future development while becoming more confident to tackle market challenges in the future. In 2013, the Group will continue to focus on property sales and adhere to its principle of "quality sophistication and prudent operations", while striving to improve its management capability, operational efficiency, quality sophistication, as well as infrastructure management. Embracing passion for property development, the Group is confident that its belief in integrity, kindness, sophistication and perfection will gain recognition from the market and the society.

Continuous Improvement in Product and Service Quality

Product quality is a cornerstone of the Company. Despite challenges in its operating environment, the Company has always put product quality as its first priority, and consistently focused on product and service quality while adhering to its commitment to "value-added project development".

In 2012, the Company continued to rank No. 1 in respect of Chinese Urban Residents' Overall Satisfaction. The Group's understanding in urban residents' needs and pursuits in life, as well as the Group's responsible attitude to urban development, has won huge support from our customers and the society. The Group understands that our customers' understanding in and pursuit of quality living grows with China's continuous economic development and increased living standards, therefore it will put great efforts to enhance the quality of its products and services further. Customer satisfaction is a key performance indicator of our business and operation while customer aspiration is a key motivation for our high-quality product and service value. The Group will continue to focus on high-quality products and services to meet increasing demand of its customers.

Product Diversification

The Group believes that properties are artistic creations that embody architectural value. The Company has centered its product development on "implementing high-quality product strategy and creating long-standing masterpiece". Under this strategy, the Company has developed six classical product lines including villa, multi-story apartment, high-rise apartment, urban complex, large-scale community and commercial properties, which helped Greentown win such recognition as a "specialist of high-end properties in China".

Aiming to offer customers with quality properties and improve their urban living experience, the Group will continue its product diversification with a focus on quality and sophistication, which shall cater to market demands. The Group will also transform its business focus from residential project oriented to upcoming cities' urban complex oriented. Besides, the Group will also expand into pension themed projects and tourist-oriented projects.

Prudent Financial Control

The Group will maintain its gearing ratio at a reasonable level and optimize its debt structure by improving its debt maturity profile and reducing short-term debt, as well as enhancing its cash balances to cover short-term loans due within one year. The Group will also explore different financing channels to optimize its debt structure and reduce average financing cost, while looking for opportunities to monetize projects with longer development cycle so as to improve the Group's cash flow and optimize its land bank reserve.

Cost Control Management

The Group will strengthen its overall control on project development, in particular in respect of cost control. The Company will reduce material procurement cost via its electronic procurement center and establish a cost management and evaluation incentive system for different regions and product categories. At the same time, to ensure that development projects in the future will generate a reasonable internal rate of return, the Group will adopt professional advices and forward-looking decisions of the Investment Committee at the early stage of the project to enhance assessment on investment risk and return for new land parcels and development projects, thereby achieving maximum return through reasonable use of financial leverage and prudent management of its financial liquidity.

Asset-light Strategy

Throughout the course of its development in the past 18 years, the Company has gradually identified, strengthened and confirmed its core competencies. In recent years, the government's stringent macro-control policies have forced the Company to reflect on its future directions, aiming to explore for new footholds. The Company will give up its previous aggressive expansion strategy and shift its focus to strategies that rely on its brand power and management expertise for cooperation with other parties to unleash their commercial value. By leveraging its expertise and resource integration management capabilities in planning, design and construction, the Group will continue to develop via its independent or cooperative project development models to enhance its asset turnover rate, while establishing extensive cooperation with external parties to create new market and profit engines for the Group without incurring additional liability and capital expenditure.

Geographical Coverage

The Group will review the current geographical distribution of its projects, in particular the correlative activities and developments within its existing business regions, with an aim to strengthen its presence and competitive advantages in those regions. In terms of project development, the Group will make its decision on land acquisition based on cash flow forecast and analysis. Leveraging its brand power, the Group will moderately replenish its land bank reserve at a reasonable price through diversified channels, which shall support its development in the next five years.

Projects scheduled for completion for the year

In 2013, the Group expects to commence construction of projects with a total GFA of approximately 7.48 million sqm It is expected that 44 projects, or project phases, will be completed in 2013 with a total GFA of 5.73 million sqm.

Projects scheduled for completion in 2013

Subsidiaries

Projects	**Phase**	**Equity Interest**	**GFA** *(sqm)*	**Saleable Area** *(sqm)*
Zhuji Greentown Plaza	Haitang Apartment, south & north areas	60.0%	119,405	95,524
Zhoushan Changzhidao Project	I	96.875%	27,071	17,007
Zhoushan South Rose Garden and west lot of Old Ocean College	South areas	100.0%	42,730	41,182
Zhengzhou Zhongmau Lily Garden	I, II	100.0%	174,525	159,965
Changxing Plaza	III	51.0%	30,432	14,515
Xintai Yulan Garden	I	70.0%	181,406	154,435
Xinjiang Lily Apartment	IV	50.0%	133,844	98,969
Hangzhou Idyllic Garden Fengheyuan	Fenghe Yuan	100.0%	97,581	66,076
Qingdao Ideal City	III	80.0%	202,308	159,925
Qingdao Ideal City	Sheraton Hotel	80.0%	54,480	0
Ningbo R&D Park	III	60.0%	110,599	88,479
Ningbo Crown Garden	III	60.0%	75,062	60,050
Lin'an Qingshan Lake Hongfengyuan	I	65.0%	27,469	26,980
Huzhou Majestic Mansion	III Villa	70.0%	32,200	19,552
Huzhou Majestic Mansion	Upper floor of phase IV	70.0%	103,305	88,406
Hefei Jade Lake Rose Garden	III	100.0%	19,755	12,432
Hefei Jade Lake Rose Garden	II	100.0%	94,443	91,020
Hangzhou Yunqi Rose Garden	I, IV	51.0%	45,182	22,111
Hangzhou Jade Garden	I	100.0%	149,282	113,436
Hangzhou Sincere Garden Zhijingyuan	Nursery	100.0%	5,037	0
Hangzhou Sincere Garden Zhengxinyuan	Zhengxin Yuan	100.0%	144,925	95,949
Hangzhou Taohuayuan Lancuiyuan	VI, X, XII	64.0%	57,980	37,006
Hangzhou Blue Patio	V	85.0%	77,756	55,028
Hangzhou Sapphire Mansion	III, IV, V	100.0%	152,427	121,941
Hainan Clear Water Bay	Guanlan Yuan	51.0%	91,330	63,601
Hainan Clear Water Bay	Westin Hotel	51.0%	71,329	6,048
Hainan Clear Water Bay	New Moon Villa	51.0%	34,904	11,519
Hainan Clear Water Bay	Wentao Yuan	51.0%	22,319	17,147
Hainan Clear Water Bay	Pinxia Yuan	51.0%	32,458	8,120
Deqing Yingxi Arcadia	I	100.0%	108,004	90,019
Cixi Grace Garden	I	60.0%	173,470	136,892
Shanghai Rose Garden	VI	50.0%	37,315	23,164
			2,730,333	**1,996,498**

Jointly controlled entities/Associates

Projects	**Phase**	**Equity Interest**	**GFA**	**Saleable Area**
			(sqm)	*(sqm)*
Hangzhou Xingqiao Purple Osmanthus Apartment	IV	35.0%	13,660	12,528
Tangshan South Lake Project	II	54.4%	132,131	124,942
Taizhou Begonia Garden	I Villa	10.0%	40,398	38,407
Taizhou Begonia Garden	I Apartment	10.0%	33,295	6,858
Shenyang National Games Project	Apartment	50.0%	571,671	484,401
Shenyang National Games Project	Held Properties	50.0%	201,191	0
Shenyang National Games Project	Commercial	50.0%	51,774	30,389
Shaoxing Jade Garden	III, V	51.0%	24,857	19,880
Shaoxing Yulan Garden	II	35.0%	240,532	180,150
Shanghai Bund No.8	I	40.0%	23,637	18,919
Lin'an Qingshan Lake Rose Garden	II	50.0%	7,787	6,224
Lishui Beautiful Spring River	I	37.5%	149,337	144,512
Jinan National Games Project	VI, VIII, X	45.0%	339,970	334,557
Hangzhou Sincere Garden	Shouchun Yuan	50.0%	154,314	129,522
Hangzhou Sincere Garden	Mingli Yuan	49.0%	129,458	80,344
Hangzhou Bright Moon in Jiangnan	I	55.0%	150,612	114,591
Haining Lily New Town	IV	50.0%	92,589	80,375
Fuyang Harmony Garden	I, II	40.0%	172,889	138,312
Wuxi Yulan Garden	Upper floor	42.5%	76,832	73,503
Wuxi Lihu Camphor Garden	I, II	49.0%	169,877	148,648
Suzhou Majestic Mansion	I, II	50.0%	218,039	123,070
Sub-total			**2,994,850**	**2,290,132**
Total			**5,725,183**	**4,286,630**

As at 31 December 2012, the sales revenues of Greentown Group that has not yet been recognized in the income statement amounted to RMB75.4 billion, of which RMB43.6 billion was attributable to the Group. The majority of these sales revenues are expected to be eventually recognized in the coming two years. Hence, the Company is optimistic about its earnings 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 2012, the Group recognized revenue of RMB35,393 million, representing an increase of 61.1%, or RMB13,429 million, from RMB21,964 million in 2011.

The revenue from property sales in 2012 amounted to RMB34,214 million, accounting for 96.7% of the total revenue, and representing an increase of 62.4% from RMB21,071 million in 2011. The increase was mainly due to more deliveries and increase in the sales area. In 2012, total GFA delivered amounted to 1,912,061 sqm, representing an increase of 84.3% from 1,037,720 sqm in 2011. The total recognized average selling price of properties delivered in 2012 was RMB17,894 per sqm in 2012, representing a decrease of 11.9% from RMB20,305 per sqm in 2011, mainly due to Wenzhou Lucheng Plaza, the selling price of which was as high as RMB39,912 per sqm, contributing 41.3% of the total sales revenue in 2011 and thereby to certain extent pushing up the average selling price in 2011.

Properties delivered by subsidiaries during 2012 were as follows:

Project	Type	Area sold *(sqm)*	Sales Revenue *(RMB million)*	Sales Proportion	Average Selling Price *(RMB/sqm)*
Hangzhou Sapphire Mansion	High-rise	139,270	5,428	15.9%	38,975
Hangzhou Sincere Garden Zhijingyuan	High-rise	92,296	2,633	7.7%	28,528
Zhuji Greentown Plaza	High-rise, villa	197,904	2,456	7.2%	12,410
Hangzhou Lijiang Apartment	High-rise	103,222	2,352	6.9%	22,786
Shanghai Bund House (1H)	High-rise	37,627	2,220	6.5%	59,000
Ningbo Crown Garden	High-rise, office	144,678	2,116	6.2%	14,626
Zhoushan Yulan Garden	High-rise	159,588	2,082	6.1%	13,046
Beijing Sincere Garden	High-rise	43,030	1,420	4.1%	33,000
Hainan Clear Water Bay	High-rise	44,871	1,170	3.4%	26,075
Dalian Deep Blue Center	Service apartment	69,613	1,113	3.2%	15,988
Zhoushan Changzhidao Project	Multi-storey	109,889	1,095	3.2%	9,965
Taizhou Rose Garden	High-rise, villa	69,601	1,021	3.0%	14,669
Others		700,472	9,108	26.6%	13,003
Total		1,912,061	34,214	100.0%	17,894

Note: Include overground and underground saleable area.

During the year, projects in Hangzhou achieved sales revenue of RMB12,761 million, accounting for 37.3%, ranking first among all regions. Projects in Zhoushan achieved sales revenue of RMB4,297 million, accounting for 12.6%. Projects in Shanghai area achieved sales revenue of RMB3,042 million, accounting for 8.9%. These two regions ranked No.2 and No.3 respectively.

During the year, sales revenue of apartments reached RMB29,264 million, accounting for 85.5%; sales revenue of flat mansion reached RMB556 million, accounting for 1.6%; sales revenue of villa reached RMB4,293 million, accounting for 12.6%; and sales revenue of office buildings reached RMB101 million, accounting for 0.3%.

During the year, the Group achieved design and decoration revenue of RMB325 million, 7.3% higher than that of RMB303 million achieved in 2011. With the constant expansion of design and decoration business, the revenue from design and decoration will maintain sustainable growth.

During the year, the Group's revenue from hotel operations was RMB298 million, representing an increase of 18.7% from RMB251 million in 2011. Hotels in operation, such as Greentown Sheraton Qiandao Lake Resort, Hangzhou Rose Garden Resort and Sheraton Zhoushan Hotel, will see increasing revenue in the future with the operation becoming more seasoned.

During the year, the Group's rental income from investment properties was RMB111 million, representing an increase of 23.3% from RMB90 million in 2011, mainly due to the growth of rental income of Oakwood Residence Beijing.

The Group's revenue from project management in 2012 amounted to RMB255 million, representing an increase of 28.1% from RMB199 million in 2011, mainly consisting of construction income of Greentown Construction Management Co., Ltd., a subsidiary of the Company.

Gross Profit Margin in Property Sales

In 2012, the Group's gross profit from properties sales was RMB9,989 million and gross margin from property sales was 29.2%, slightly lower than 32.6% in 2011 while in line with 29.0% in 2010. Among the properties delivered in 2011, the project of Wenzhou Lucheng Plaza, located in Wenzhou, a developed city in Zhejiang province, which are high-end and refined high-rise apartments and accounted for 41.3% of the total property sales revenue, realized gross profit margin of 38.7%, significantly increased the gross profit margin of properties sales in 2011.

Other Income

Other income mainly included interest income, trust income, net foreign exchange gains and government grants. The Group realized other income of RMB1,001 million during the year, 46.6% higher than the RMB683 million in 2011. Interest income increased from RMB376 million in 2011 to RMB700 million in 2012, mainly due to the interest income received from the jointly controlled entities and associates.

In 2012, the Group recorded a net foreign exchange gain of RMB26 million, significantly less than that of RMB196 million in 2011, mainly due to slowing appreciation of Renminbi and the reduced foreign currency loan balance. As at 31 December 2012, the Group had an outstanding US dollar bank borrowings of USD234 million (31 December 2011: USD367 million), Hong Kong dollar bank borrowings of HKD1,010 million (31 December 2011: HKD2,532 million) and senior notes totaling USD39 million (31 December 2011: USD39 million).

In 2012, the Group recorded trust income of RMB131 million from the junior trust units of Zhonghai Greentown No.1 Real Estate Investment Fund ("Zhonghai Trust") purchased in 2009. The Group signed a trust agreement with Zhonghai Trust in 2009 and purchased 60% of junior trust unites which expired in January 2012. The Group obtained trust income proceeds of RMB131 million in 2012. In addition, a gain of RMB83 million was generated from the reversal of the trust unit put option, guarantee and RMB1 option as financial derivatives, relating to the above agreement, which was recorded in fair value changes on trust-related financial derivatives.

Selling and Administrative Expenses

The Group's selling expenses during the year was RMB665 million, representing an increase of 10.8% from RMB600 million in 2011. The Group's administrative expense was RMB1,404 million in 2012, representing an increase of 6.4% from RMB1,320 million in 2011.

Human resource cost, which is the largest single expense item in selling and administrative expenses, amounted to RMB668 million in 2012, in line with RMB671 million in 2011. Expenses in advertising, sales and marketing was RMB407 million (2011: RMB273 million), accounting for 1.3% of the Group's property pre-sales (2011: 1.2%), of which sales agency expense, mainly commission paid to agent, was RMB135 million (2011: RMB7 million). In 2012, after the transition of sales model, project salesforce transitioned into sales agents, both internal employees and third-party resources are fully mobilized to maximize sales performance.

Financing Cost

During the year, interest expenses recorded in the consolidated statement of comprehensive income was RMB564 million (2011: RMB416 million). The total annual interest expenses was RMB3,481 million, representing a decrease of 2.0% from RMB3,553 million in 2011, mainly due to the decrease of the average loan amount although the average interest rate increased from 8.1% in 2011 to 8.8% in 2012. The capitalized interest in 2012 was RMB2,917 million, at a capitalization rate of 83.8%, lower than the capitalization rate of 88.3% in 2011. The disposal of certain subsidiaries affected the capitalization rate.

Share of Results of Jointly Controlled Entities and Associates

The Group's share of results of jointly controlled entities and associates was RMB513 million, representing a decrease of RMB320 million from RMB833 million in 2011, mainly due to larger areas delivered in 2011 with higher gross margin. Sales revenue from properties delivered by jointly controlled entities and associates was RMB9,849 million, representing a decrease of 13.1% from RMB11,333 million in 2011, mainly due to property delivered decreased from 831,779 sqm in 2011 to 680,676 sqm in 2012.

Projects delivered by jointly controlled entities and associates in 2012 were as follows:

Project Name	**Property Type**	**Area Sold** *(sqm)*	**Sales Revenue** *(RMB million)*	**Sales Proportion**	**Average Selling Price** *(RMB/sqm)*
Haining Lily New Town	High-rise, flat mansion	159,734	1,870	19.0%	11,707
Cixi Rose Garden	High-rise, villa	82,830	1,678	17.0%	20,258
Taizhou Yulan Plaza Qionghuayuan	High-rise	43,207	995	10.1%	23,029
Wuxi Yulan Garden	High-rise	105,263	932	9.5%	8,854
Wuxi Lihu Camphor Garden	Villa	27,655	640	6.5%	23,142
Shanghai Bund House (2H)	High-rise	8,292	602	6.1%	72,600
Hangzhou Hope Town	low-rise	30,082	493	5.0%	16,389
Shanghai Yulan Garden	low-rise	9,634	432	4.4%	44,841
Shaoxing Jade Garden	Villa	18,028	419	4.3%	23,242
Others		195,951	1,788	18.1%	9,125
Total		680,676	9,849	100.0%	14,469

Note: Include overground and underground saleable area.

Taxation

During the year, the Group's tax expenses included LAT of RMB2,066 million (2011: RMB1,020 million) and enterprise income tax of RMB2,138 million (2011: RMB1,563 million). The effective enterprise income tax rate was 27.85% (excluding share of results of jointly controlled entities and associates), higher than the statutory tax rate of 25.0%. This was mainly attributable to the unrecognized deferred tax assets of the losses of certain subsidiaries which have not yet commenced pre-sale and certain overseas subsidiaries, and the tax effect of non-deductible expenses.

Provisions for Impairment Losses and Reversal

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 of the Group. According to the results of the assessment, the Group's subsidiary Xinchang Greentown Real Estate Co., Ltd. had provision for impairment losses of RMB81 million for its hotel properties in 2012.

Moreover, during the year the Group's associates, Wenzhou Greentown Development Real Estate Development Co., Ltd., recorded provision for impairment losses of RMB233 million for its properties under development; and Taizhou Greentown Taiye Property Development Co., Ltd. recorded reversal of impairment losses of RMB99 million from previous year.

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 2012, the balance of pre-sale deposits of the Group was RMB28,848 million, representing a decrease of RMB16,911 million from RMB45,759 million as at 31 December 2011, mainly due to increased delivery properties and transfer of certain equity interests in subsidiaries in the year. In addition, as at 31 December 2012, the balance of pre-sale deposits of jointly controlled entities and associates was RMB36,512 million, representing an increase of RMB14,492 million from RMB22,020 million as at 31 December 2011.

Investment by Wharf

On 8 June 2012, the Group entered into subscription and investment agreements with Wharf and its wholly-owned subsidiaries, pursuant to which a wholly-owned subsidiary of Wharf – Target Smart Investments Limited, subscribed for 327,849,579 shares and 162,113,714 shares issued by the Company in two tranches at the subscription price of HKD5.2 per share, and Enzio Investments Limited, a wholly-owned subsidiary of Wharf, subscribed for the perpetual subordinated convertible callable securities in the principal amount of HKD2,550 million issued by Active Way Development Limited, a wholly-owned subsidiary of the Company. As at 31 December 2012, the Company has received all the subscription proceeds totaling HKD5,098 million (approximately RMB4,160 million).

Formation of a Joint Venture Company with Sunac

On 22 June 2012, the Group entered into a cooperative framework agreement with Sunac Zhidi to form a joint venture company, owned by the Group and Sunac as to 50% each. The Group shall dispose the equity interests in the 8 projects below to the joint venture company. This joint venture company is a subsidiary of Sunac but not a subsidiary of the Company as the Company does not have control over the board of the JV.

	Equity Interest Transferred	Project Name
Shanghai Huazhe Bund Real Estate Co., Ltd.	51.0%	Shanghai Bund House
Shanghai Lvshun Real Estate Development Co., Ltd.	100.0%	Shanghai Yulan Garden
Suzhou Greentown Yuyuan Real Estate Development Co., Ltd.	90.5%	Suzhou Majestic Mansion
Suzhou Greentown Rose Garden Real Estate Development Co., Ltd.	66.67%	Suzhou Rose Garden
Wuxi Greentown Real Estate Development Co., Ltd.	85.0%	Wuxi Yulan Garden
Changzhou Greentown Real Estate Co., Ltd.	37.0%	Changzhou Yulan Square
Tianjin Yijun Investment Co., Ltd.	80.0%	Tianjin Azure Coast
Wuxi Taihu Greentown Real Estate Co., Ltd.	39.0%	Wuxi Taihu Project

At the same time, the Group disposed of 50% equity interests in a wholly-owned subsidiary, Shanghai Greentown Woods Golf Villas Development Co., Ltd. (”Greentown Woods”), to Sunac Zhidi. Upon the disposal, Greentown Woods remains as a subsidiary of the Company because its board of directors remains under the control of the Company.

As at 31 December 2012, the Group has received equity transfer proceeds from the above 9 projects plus related shareholders loans, adding cash inflow of RMB3,358 million to the Group.

Projects Disposal

On 29 December 2011, the Group entered into an equity transfer agreement in respect of the disposal of a wholly-owned subsidiary, Hangzhou Greentown Hesheng Investment Company (”Greentown Hesheng”) to a wholly-owned subsidiary of SOHO China Limited (”SOHO China”, stock code 00410.HK), 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 holds 10% equity interest in the Shanghai Haizhimen project. The transaction was completed during the year.

On 5 January 2012, the Group entered into an equity transfer agreement in respect of the disposal of a wholly-owned subsidiary, Wuxi Greentown Hubin Real Estate Co., Ltd. (”Wuxi Hubin”) to Sunac Zhidi, pursuant to which the Group agreed to dispose of 51% equity interest in Wuxi Hubin at a consideration of RMB51 million. Wuxi Hubin is the developer of the Wuxi Lihu Camphor Garden project. The transaction was completed during the year.

On 17 April 2012, the Group and MaAnShan Hualong Real Estate Development Co., Ltd. (both as vendors) entered into an a framework agreement with SOHO China and its wholly-owned subsidiary (as purchaser) in respect of the disposal of Shanghai Greentown Plaza Development Co., Ltd. (”Shanghai Greentown Plaza”) to SOHO China and its subsidiary, pursuant to which the Group and MaAnShan Hualong Real Estate Development Co., Ltd. agreed to dispose of their 70% and 30% equity interests and shareholders’ loans in Shanghai Greentown Plaza, to a wholly-owned subsidiary of SOHO China respectively, at an aggregate consideration of RMB2,138 million. Shanghai Greentown Plaza is the developer of Shanghai Tianshan Road Project. The transaction was completed during the year.

On 17 September 2012, the Group entered into an equity transfer agreement on the sale of a wholly owned subsidiary, namely Tangshan Greentown Real Estate Development Co., Ltd. (“Greentown Tangshan”), selling a 60% equity interest in Tangshan Greentown for a consideration of RMB30 million to an associate. Tangshan Greentown is the developer of the Tangshan South Lake project. The transaction was completed during the year.

On 22 September 2012, the Group entered into an investment coorperation agreement for the sale of a wholly owned subsidiary, namely Qingdao Greentown Huajing Co., Ltd. (Qingdao Greentown Huajing), whereby selling 60% equity interest in Qingdao Greentown Huajing for a consideration of RMB228 million to Shandong Hi-speed Investment Development Co., Ltd., a subsidiary of Shandong Hi-speed Company Limited (listed on the Shanghai Stock Exchange, stock code: 600350). Qingdao Greentown Huajing is the developer of the Qingdao Deep Blue Square project. The transaction was completed during the year.

Furthermore, during the year, the Group disposed of its 35% and 39% equity interests in Taizhou Greentown Real Estate Co., Ltd. and Taizhou Greentown Nengyuan Real Estate Co., Ltd., respectively, both of which were associates of the Group, to a non-related party, for a consideration of RMB35 million and RMB39 million respectively. The transaction was completed during the year.

The transfer of equity interests and recovery of shareholders' loans from the above seven projects contributed an aggregate cash inflow of approximately RMB5,788 million to the Group; RMB5,464 million had been received as at 31 December 2012.

Financial Resources and Liquidity

As at 31 December 2012, the Group had cash and bank balances (including pledged bank deposits) of RMB7,898 million (as at 31 December 2011: RMB5,884 million), and total borrowings amounted to RMB21,373 million (as at 31 December 2011: RMB32,112 million). Net gearing ratio (measured by net borrowings over net assets) was 49.0%, representing a substantial decrease from 148.7% as at 31 December 2011, which was mainly because the Company has introduced Wharf as a strategic shareholder, transferred projects to, and formed a joint venture company, with the Sunac, and transferred other projects, resulting in abundant cash inflow. Net gearing ratio has reduced substantially due to the Company's repayment of numerous trust and bank loans.

Risks of Foreign Exchange Fluctuation

The principal place of operation of the Group is the People's Republic of China, and the majority of the income and expenditure were transacted in Renminbi. As the Group has deposits, borrowings, amounts due from third parties and amounts due to third parties denominated in foreign currencies, and the senior notes issued in 2006 were 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. The Group did not enter into any foreign currency hedging arrangements as at 31 December 2012.

Financial Guarantees

The Group provided financial guarantees to banks for mortgage facilities granted to buyers of the Group's properties. As at 31 December 2012, such financial guarantees amounted to RMB17,144 million (as at 31 December 2011: RMB18,886 million).

Pledge of Assets

As at 31 December 2012, the Group pledged buildings, hotels, prepaid lease payment, investment properties, properties for development, properties under development, completed properties for sale, pledged bank deposits, interests in jointly controlled entities and interests in associates, with an aggregate carrying value of RMB24,848 million (as at 31 December 2011: RMB35,773 million) to secure general credit facilities granted by banks and other financial institutions to the Group.

Capital Commitments

As at 31 December 2012, the Group had contracted, but not provided for, a total capital expenditure of RMB15,276 million (as at 31 December 2011: RMB19,327 million) in respect of properties for development, properties under development and construction in progress.

CAPITAL EXPENDITURE PLAN

In consideration of the complicated and highly uncertain economic environment, the Group takes a prudent approach towards the use of funds to ensure the safety of the capital chain. Save as disclosed in the following section "Events After the End of Balance Sheet Date", there is currently no material capital expenditure plan.

EVENTS AFTER THE END OF BALANCE SHEET DATE

The following significant events took place subsequent to 31 December 2012:

On 28 January 2013, the Company issued the 8.50% senior notes due 2018 in the aggregate principal amount of USD400,000,000 ("2013 Notes"). The listing of, and permission to deal in, the 2013 Notes was approved by The Stock Exchange of Hong Kong Limited. The net proceeds of the 2013 Notes of approximately USD394,000,000 is for refinancing certain existing short term debts and for general corporate purposes.

On 16 March 2013, the Company and Sunac (both as the purchasers) entered into a framework agreement with China Gold Associates Limited (as the vendor) in relation to the entire equity interest in three PRC project companies at an aggregate consideration of RMB9,019 million (subject to adjustment). The Company and Sunac will acquire the aforesaid interest in the PRC project companies through a 50:50 offshore joint venture. Completion of the transaction under the said framework agreement is subject to fulfilment of certain conditions. The investment projects of these three PRC project companies are located in Huangpu District, Shanghai.

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

Save as disclosed in this announcement, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2012.

HUMAN RESOURCES

As at 31 December 2012, the Group employed a total of 4,670 employees (2011: 4,383). 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 their individual performance evaluation.

CORPORATE GOVERNANCE CODE

Save as described below, the Board considers that the Company was in compliance with the requirements of the "Corporate Governance Code ("CG Code")" as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

Mr Cao Zhounan, the executive Director, and Mr Jiang Wei and Mr Sze Tsai Ping, Michael, both being the non-executive Directors, were unable to attend the annual general meeting of the Company held on 8 June 2012 (as provided for in Code A.6.7 of the CG Code) due to other business engagements.

In addition, Mr Ng Tin Hoi, Stephen and Mr Tsui Yiu Cheung, both being the non-executive Directors, and Mr Jiang Wei, Mr Ke Huanzhang, Mr Sze Tsai Ping, Michael and Mr Hui Wan Fai, all being independent non-executive Directors, were unable to attend the extraordinary general meeting of the Company held on 1 August 2012 (as provided for in Code A.6.7 of the CG Code) due to other business engagements.

COMPLIANCE WITH THE MODEL CODE OF THE LISTING RULES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "Model Code") as the Company's code for dealing in securities of the Company by the Directors. After specific enquiry, all Directors confirmed that they have complied with the Model Code throughout the Year. Relevant employees who are likely to be in possession of unpublished price-sensitive information of the Group are also subject to compliance with the written guidelines on no less exacting terms than the Model Code.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") comprises of six members (one non-executive Director and five independent non-executive Directors). The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed the audit objectives and the scope of the internal audit department of the Group. The results of the Group for the year ended 31 December 2012 have been reviewed by the Audit Committee.

FORWARD LOOKING STATEMENTS

This announcement includes forward-looking statements. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believe", "estimate", "anticipate", "expect", "intend", "may", "will" or "should" or, in each case, their negative, or other variations or similar terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this announcement and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects and growth strategies, and the industry in which the Greentown Group operates.

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

DIVIDENDS

The Board recommends the payment of a final dividend of RMB0.5 per share for the year ended 31 December 2012 (the "2012 Final Dividend") to the shareholders whose names appear on the Company's register of members as of 2 July 2013 (Tuesday). Subject to shareholders' approval at the AGM, the 2012 Final Dividend will be paid on 12 July 2013 (Friday).

ANNUAL GENERAL MEETING

It is proposed that the annual general meeting (the "AGM") of the Company will be held on 17 June 2013 (Monday). A notice convening the AGM will be published and dispatched 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 during the following periods:

(i) From 11 June 2013 (Tuesday) to 17 June 2013 (Monday), both days inclusive, during which period no transfer of shares will be registered, for the purpose of ascertaining shareholders' entitlement to attend and vote at the AGM. In order to be eligible to attend and vote at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share register 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 10 June 2013 (Monday); and

(ii) From 27 June 2013 (Thursday) to 2 July 2013 (Tuesday), both days inclusive, during which period no transfer of shares will be registered, for the purpose of ascertaining shareholders' entitlement to the proposed final dividend. In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share register 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 26 June 2013 (Wednesday).

PUBLICATION OF ANNUAL REPORT ON THE STOCK EXCHANGE WEBSITE

The annual report of the Company for the year ended 31 December 2012 containing all the information required by the Listing Rules will be dispatched to the Company's shareholders and published on the website of the Stock Exchange at www.hkexnews.com and the websites of the Company at www.chinagreentown.com or www.greentownchina.com.

APPRECIATION

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

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

Hangzhou, the PRC
22 March 2013

As at the date of this announcement, the Board comprises five executive Directors, namely Mr Song Weiping, Mr Shou Bainian, Mr Luo Zhaoming, Mr Guo Jiafeng and Mr Cao Zhounan, two non-executive Directors, namely, Mr Ng Tin Hoi, Stephen and Mr Tsui Yiu Cheung and six independent non-executive Directors, namely Mr Jia Shenghua, Mr Jiang Wei, Mr Ke Huanzhang, Mr Sze Tsai Ping, Michael, Mr Tang Shiding and Mr Hui Wan Fai.