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 2011

FINANCIAL HIGHLIGHTS

- Revenue achieved approximately RMB21.96 billion, representing an increase of 96.8% from last year.
- Gross profit amounted to approximately RMB7.41 billion, representing a growth of 117.8% from last year.
- Profit attributable to the owners of the Company amounted to approximately RMB2.57 billion, which soared 68.1% from last year.
- Basic earnings per share was RMB1.57, representing an increase of 68.8% compared to last year.

The board of directors (the "Board") 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 2011 (the "Year") prepared in accordance with the International Financial Reporting Standards, together with comparative figures for the year ended 31 December 2010. The following financial information is extracted from the audited consolidated financial statements in the Group's 2011 annual report which is to be published.

* *For identification purposes only*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2011

	NOTES	2011 RMB'000	2010 RMB'000
Revenue	3	**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	4	**683,146**	649,402
Selling expenses		**(599,914)**	(541,191)
Administrative expenses		**(1,320,020)**	(1,116,891)
Finance costs	5	**(415,698)**	(340,063)
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)**	–
Gain from changes in fair value of investment properties		**5,000**	–
Fair value gain on transfer from completed properties for sale to investment properties		**–**	528,144
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 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**	–
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		**6,700,714**	3,000,313
Taxation	6	**(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	7		
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		**2,861,141**	2,448,260
Investment properties		**1,730,000**	1,725,000
Interests in associates		**5,866,392**	3,224,763
Interests in jointly controlled entities		**1,061,033**	732,137
Available-for-sale investments		**303,300**	428,944
Prepaid lease payment		**196,726**	151,110
Rental paid in advance		**15,358**	13,559
Deferred tax assets		**728,165**	588,782
Amount due from related party		**–**	10,000
Other receivables		**–**	30,180
		12,762,115	9,352,735
CURRENT ASSETS			
Properties for development		**14,127,886**	19,230,262
Properties under development		**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		**234,720**	–
Trade and other receivables, deposits and prepayments	8	**5,180,473**	4,195,959
Amounts due from related parties		**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		**2,268,642**	2,565,234
Bank balances and cash		**3,615,149**	12,407,659
		115,214,413	116,006,219
CURRENT LIABILITIES			
Trade and other payables	9	**13,238,106**	8,927,970
Pre-sale deposits		**45,758,782**	47,547,368
Amounts due to related parties		**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		**15,877,335**	11,993,908
Trust-related financial derivatives		**82,520**	–
Convertible bonds		**186,466**	–
		92,858,427	87,441,309

	2011	2010
	RMB'000	*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	**15,806,358**	21,621,422
Amounts due to related parties	**992,174**	781,338
Trust-related financial derivatives	**–**	251,480
Convertible bonds	**–**	178,110
Senior notes	**241,718**	253,854
Deferred tax liabilities	**434,537**	378,750
	17,474,787	23,464,954
	17,643,314	14,452,691
CAPITAL AND RESERVES		
Share capital	**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

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 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 People's Republic of China ("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.

The Group has not early adopted any new and revised standards, amendments or interpretation that have been issued but are not yet effective.

3. 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.

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 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**

	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

Segment assets and liabilities

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

Segment assets

	2011	2010
	RMB'000	*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	2010
	RMB'000	*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, prepayments and deposits, 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 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

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 properties, 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.

4. 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

5. FINANCE COSTS

	2011	2010
	RMB'000	*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 amount due to related parties	**630,801**	577,344
Effective interest expense on 2007 Convertible Bonds	**8,356**	43,344
Interest on senior notes	**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.

6. TAXATION

	2011	2010
	RMB'000	*RMB'000*
Current tax:		
PRC enterprise income tax	**1,653,519**	621,370
Land Appreciation Tax ("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:		
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:

		Enterprise income tax rate	
	Note	**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.

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

	2011	2010
	RMB'000	*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

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 (普通標准住宅) 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.

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

	2011	2010
	RMB'000	*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
	RMB'000	*RMB'000*
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 since their assumed exercise would result in an increase in earnings per share.

8. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2011	2010
	RMB'000	*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	**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	2010
	RMB'000	*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

9. TRADE AND OTHER PAYABLES

The aged analysis of trade payables is stated as follows:

	2011	2010
	RMB'000	*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.

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 RMB2.2 billion agreement sales), of which RMB23.3 billion was attributable to the Group. The gross floor area ("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	Total land premium *(RMB: million)*	Land premium attributable to the Group *(RMB: million)*	Site area *(sqm)*	Planned GFA *(sqm)*	Land price per GFA *(RMB/ sqm)*
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 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 Company Ltd., 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 Company Ltd. 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.

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	96.875%	149,669	94,430
		Integrated practice building	96.875%	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
		Phase 4	60.0%	92,407	75,860
		Phase 5	60.0%	103,721	72,767

	Project	Phase	Equity interest	Total GFA *(sqm)*	Saleable area *(sqm)*
	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 at 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.

Properties delivered during 2011

Project	Type	Area sold	Sales revenue	Sales proportion	Average selling price
		(sqm)	*(RMB million)*		*(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 Property Construction Management Company Ltd. 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.

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 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).

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.

Properties delivered by the jointly controlled entities and associates during 2011

Project	Type	Area sold	Sales revenue	Sales proportion	Average selling price
		(sqm)	*(RMB million)*		*(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	High-rise apartment, Low-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.

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.

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.

LITIGATION AND ARBITRATION

The Group has not been involved in any material litigation and arbitration during the year ended 31 December 2011.

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

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 2011.

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.

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Board, the Company has complied with all the provisions of the Code on Corporate Governance Practices set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") during the Year.

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 written guidelines on no less exacting terms than the Model Code.

AUDIT COMMITTEE

The Audit Committee of the Company (the "Audit Committee") comprises five members, all of whom are independent non-executive Directors. The Audit Committee held two meetings during 2011, and all committee members attended the meetings. The Audit Committee has reviewed the accounting principles and practices adopted by the Group. The audit objectives and the scope of the internal audit department of the Group were also discussed. The results of the Group for the year ended 31 December 2011 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.

ANNUAL GENERAL MEETING

It is proposed that the annual general meeting (the "AGM") of the Company will be held on 8 June 2012 (Friday). 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.

DIVIDENDS

The Board does 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.

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 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 that 4:30 p.m., on 30 May 2012 (Wednesday).

PUBLICATION OF ANNUAL REPORT ON THE STOCK EXCHANGE WEBSITE

The annual report of the Company for the year ended 31 December 2011 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 a more prosperous and fruitful future.

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

Hangzhou, the PRC
30 March 2012

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 and five independent non-executive Directors, namely Mr Jia Shenghua, Mr Jiang Wei, Mr Ke Huanzhang, Mr Sze Tsai Ping, Michael and Mr Tang Shiding.