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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2014

The board of directors (the "Board") of Greentown China Holdings Limited ("Greentown" or the "Company") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2014 (the "Reporting Period") prepared in accordance with International Financial Reporting Standards, together with comparative figures for the corresponding period in 2013. The interim results have been reviewed by the audit committee of the Company (the "Audit Committee") and approved by the Board. The following financial information is extracted from the unaudited condensed consolidated financial statements as set out in the 2014 Interim Report to be published by the Group.

* *For identification purposes only*

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2014

		Six months ended 30 June	
		2014	2013
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Revenue	*3*	**12,560,245**	10,213,995
Cost of sales		**(9,336,149)**	(7,055,929)
Gross profit		**3,224,096**	3,158,066
Other income	*4*	**645,753**	377,366
Selling expenses		**(384,305)**	(337,818)
Administrative expenses		**(889,278)**	(668,375)
Finance costs	*5*	**(273,082)**	(265,672)
Fair value changes on cross currency swaps		**(86,302)**	(32,950)
Gain on re-measurement of an associate to acquisition day fair value in business combination achieved in stages		**37,196**	–
Gain on acquisition of a subsidiary		**1,363**	–
Gain relating to a newly acquired joint venture		**–**	704,131
Share of results of joint ventures		**(39,152)**	173,655
Share of results of associates		**(81,429)**	511,464
Profit before taxation		**2,154,860**	3,619,867
Taxation	*6*	**(1,162,973)**	(1,163,931)
Profit and total comprehensive income for the period		**991,887**	2,455,936
Attributable to:			
Owners of the Company		**613,174**	1,854,924
Non-controlling interests		**378,713**	601,012
		991,887	2,455,936
Earnings per share	*7*		
Basic		**RMB0.19**	RMB0.82
Diluted		**RMB0.19**	RMB0.74

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

	Notes	As at 30 June 2014 RMB'000 (Unaudited)	As at 31 December 2013 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**5,775,134**	4,864,054
Investment properties		**1,831,500**	1,831,500
Interests in associates		**9,660,192**	10,015,706
Interests in joint ventures		**1,787,042**	1,848,221
Available-for-sale investments		**384,252**	377,010
Prepaid lease payment		**635,547**	664,713
Rental paid in advance		**7,185**	9,385
Deferred tax assets		**1,051,572**	1,053,244
Cross currency swaps		**–**	49,849
		21,132,424	20,713,682
CURRENT ASSETS			
Properties for development		**9,838,618**	6,280,067
Properties under development		**39,324,542**	38,967,574
Completed properties for sale		**17,736,911**	13,062,500
Inventories		**105,383**	101,920
Trade and other receivables, deposits and prepayments	8	**5,698,105**	4,380,556
Amounts due from related parties		**25,009,117**	24,981,206
Prepaid income taxes		**1,392,980**	1,304,209
Prepaid other taxes		**1,233,162**	1,262,909
Pledged bank deposits		**799,894**	595,038
Bank balances and cash		**8,702,757**	10,686,041
		109,841,469	101,622,020
CURRENT LIABILITIES			
Trade and other payables	9	**18,864,887**	17,910,929
Pre-sale deposits		**23,701,786**	23,428,384
Amounts due to related parties		**10,857,758**	10,775,306
Dividend payable		**928,301**	–
Income taxes payable		**5,342,270**	5,777,814
Other taxes payable		**833,911**	1,217,041
Bank and other borrowings – due within one year		**7,842,596**	6,017,895
		68,371,509	65,127,369

	As at 30 June 2014 *RMB'000* (Unaudited)	As at 31 December 2013 *RMB'000* (Audited)
NET CURRENT ASSETS	**41,469,960**	36,494,651
TOTAL ASSETS LESS CURRENT LIABILITIES	**62,602,384**	57,208,333
NON-CURRENT LIABILITIES		
Bank and other borrowings – due after one year	**19,435,217**	15,935,463
Senior notes	**8,619,872**	8,558,184
Deferred tax liabilities	**733,417**	703,714
Cross currency swaps	**36,453**	–
	28,824,959	25,197,361
	33,777,425	32,010,972
CAPITAL AND RESERVES		
Share capital	**208,683**	208,656
Reserves	**22,173,256**	22,654,206
Convertible securities	**–**	2,084,472
Equity attributable to owners of the Company	**22,381,939**	24,947,334
Perpetual securities	**3,014,681**	–
Non-controlling interests	**8,380,805**	7,063,638
	33,777,425	32,010,972

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2014

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

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

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2014 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2013.

In the current interim period, the Group has applied, for the first time, a new interpretation and several amendments to International Financial Reporting Standards ("IFRSs") issued by the IASB which are effective for the Group's financial year beginning on 1 January 2014.

The application of the new interpretation and amendments to IFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and disclosures set out in these condensed consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

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

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
Property sales	**11,805,098**	9,595,940
Hotel operations	**163,636**	130,467
Project management	**119,024**	100,677
Property rental income	**59,157**	52,580
Design and decoration	**319,038**	283,685
Sales of construction materials	**13,392**	22,507
Other business	**80,900**	28,139
	12,560,245	10,213,995

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

	Property development *RMB'000*	**Hotel operations** *RMB'000*	**Property investment** *RMB'000*	**Others** *RMB'000*	**Total** *RMB'000*
For the Six months ended 30 June 2014					
External revenue	**11,805,098**	**163,636**	**59,157**	**532,354**	**12,560,245**
Inter-segment revenue	**–**	**4,362**	**85**	**275,811**	**280,258**
Total segment revenue	**11,805,098**	**167,998**	**59,242**	**808,165**	**12,840,503**
Segment results	**1,241,593**	**(37,184)**	**(2,049)**	**13,073**	**1,215,433**
Unallocated administrative expenses					**(86,261)**
Unallocated other income					**6,949**
Unallocated finance costs					**(13,626)**
Fair value changes on cross currency swaps					**(86,302)**
Unallocated taxation					**(44,306)**
Profit for the period					**991,887**

	Property development *RMB'000*	Hotel operations *RMB'000*	Property investment *RMB'000*	Others *RMB'000*	Total *RMB'000*
For the Six months ended 30 June 2013					
External revenue	9,595,940	130,467	52,580	435,008	10,213,995
Inter-segment revenue	–	3,016	247	570,310	573,573
Total segment revenue	9,595,940	133,483	52,827	1,005,318	10,787,568
Segment results	2,739,319	(29,674)	(4,395)	9,476	2,714,726
Unallocated administrative expenses					(8,949)
Unallocated other income					10,994
Unallocated finance costs					(167,902)
Fair value changes on cross currency swaps					(32,950)
Unallocated taxation					(59,983)
Profit for the period					2,455,936

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

Segment assets

	As at 30 June 2014	As at 31 December 2013
	RMB'000	*RMB'000*
Property development	**118,529,367**	111,780,398
Hotel operations	**5,951,524**	5,067,566
Property investment	**1,877,246**	1,853,416
Others	**2,663,600**	1,900,384
Total segment assets	**129,021,737**	120,601,764
Unallocated	**1,952,156**	1,733,938
Consolidated assets	**130,973,893**	122,335,702

Segment liabilities

	As at 30 June 2014	As at 31 December 2013
	RMB'000	*RMB'000*
Property development	**91,175,476**	85,710,438
Hotel operations	**307,140**	261,676
Property investment	**975,035**	1,003,689
Others	**3,138,466**	2,793,658
Total segment liabilities	**95,596,117**	89,769,461
Unallocated	**1,600,351**	555,269
Consolidated liabilities	**97,196,468**	90,324,730

4. OTHER INCOME

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
Interest income	**545,047**	328,654
Net foreign exchange gains	**–**	17,734
Government grants	**1,034**	600
Brand usage related income	**64,344**	–
Others	**35,328**	30,378
	645,753	377,366

5. FINANCE COSTS

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
Interest on borrowings	**1,470,233**	994,244
Less: Interest capitalised in properties under development and construction in progress	**(1,197,151)**	(728,572)
	273,082	265,672

6. TAXATION

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
Current tax:		
PRC Enterprise Income Tax ("EIT")	**530,174**	733,915
PRC Land Appreciation Tax ("LAT")	**582,594**	471,758
	1,112,768	1,205,673
Deferred tax:		
Current period	**50,205**	(41,742)
	1,162,973	1,163,931

PRC EIT is recognised based on management's best estimate of the annual income tax rate expected for the full financial year, which is 25%. All PRC subsidiaries are subject to EIT levied at a rate of 25% (2013: 25%).

In addition, the Law of the People's Republic of China on Enterprise Income Tax (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.

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

For the six months ended 30 June 2014, the Group has estimated and made a provision for LAT in the amount of RMB582,594,000 (for the six months ended 30 June 2013: RMB471,758,000) 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

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
Profit for the period attributable to the owners of the Company	**613,174**	1,854,924
Premium of Convertible Securities on redemption	**(66,677)**	–
Distribution related to Perpetual Securities	**(116,819)**	–
Distribution related to Convertible Securities	**(25,282)**	(91,404)
Earnings for the purpose of basic earnings per share	**404,396**	1,763,520
Effect of dilutive potential ordinary shares:		
Distribution related to Convertible Securities	**–**	91,404
Earnings for the purpose of diluted earnings per share	**404,396**	1,854,924

Number of shares

	Six months ended 30 June	
	2014	2013
Weighted average number of ordinary shares for the purpose of basic earnings per share	**2,158,621,591**	2,152,537,013
Effect of dilutive potential ordinary shares:		
Share options	**8,922,774**	24,920,175
Convertible Securities	**–**	344,594,594
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**2,167,544,365**	2,522,051,782

The computation of 2014 diluted earnings per share does not assume the conversion of the Convertible Securities since their exercise would result in an increase in earnings per share for the period. The computation of 2014 diluted earning per share also does not assume the exercise of some of the share options because the exercise price of these share options was higher than the average market price for shares for the period.

8. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 30 June 2014	As at 31 December 2013
	RMB'000	*RMB'000*
Trade receivables	**525,718**	411,777
Other receivables	**3,943,752**	3,041,088
Prepayments and deposits	**1,228,635**	927,691
	5,698,105	4,380,556

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 as follows:

	As at 30 June 2014 *RMB'000*	As at 31 December 2013 *RMB'000*
Within 30 days	**185,298**	146,659
31–90 days	**98,260**	62,526
91–180 days	**8,953**	19,550
181–365 days	**64,703**	49,080
Over 365 days	**168,504**	133,962
	525,718	411,777

9. TRADE AND OTHER PAYABLES

	As at 30 June 2014 *RMB'000*	As at 31 December 2013 *RMB'000*
Trade payables	**11,163,825**	10,514,844
Other payables and accrued expenses	**7,631,062**	7,256,485
Consideration payables on acquisition of subsidiaries and a joint venture	**70,000**	139,600
	18,864,887	17,910,929

Trade payables principally comprise amounts outstanding for trade purchases and contractor payments. The aged analysis of trade payables is stated as follows:

	As at 30 June 2014 *RMB'000*	As at 31 December 2013 *RMB'000*
Within 30 days	**5,193,284**	5,682,270
31–90 days	**1,177,897**	850,113
91–180 days	**1,426,977**	1,050,500
181–365 days	**2,287,528**	1,637,541
Over 365 days	**1,078,139**	1,294,420
	11,163,825	10,514,844

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATIONAL AND MANAGEMENT REVIEW

Alongside with the adjustment of China's economic cycle and growth structure, the volatility encountered by the real estate industry over the past years were attributable to internal market supply and demand situation and external government policies. Nonetheless, the sector is moving back towards a long-term rational and sustainable trend of development in accordance with the expectation of the central government. Consequently, in spite of a flood of price cuts, increase in inventory level and decrease in inventory turnover among the real estate developers during the first half of the year which led to an uncertain market outlook, the Company, based on its experience and advantages accumulated through the development of superior-quality properties over the past 20 years together with the belief that the real estate industry will become more market-oriented after the market gradually matures, has not only actively responded to the systemic risks in the current industry but also introduced new vigor and vitality to itself, with the aim to utilise it as a driver for its future development.

Results Overview

For the six months ended 30 June 2014, the Group recorded a revenue of RMB12,560 million, representing an increase of 23.0% compared to RMB10,214 million during the same period in 2013. The gross profit amounted to RMB3,224 million, representing an increase of 2.1% compared to RMB3,158 million during the same period in 2013. The gross profit from property sales was RMB2,831 million and the gross profit margin from property sales was 24.0%, which is lower than 29.7% during the same period in 2013. The two main reasons for the decrease were the relatively high land costs (as most of the land of the projects with the revenue recognized during this period were acquired in 2009) and the relatively low selling price of the projects (as a result of the macro control measures imposed by the central government on the real estate industry).

During this period, profit attributable to owners of the Company amounted to RMB613 million, representing a decrease of 67.0% compared to RMB1,855 million during the same period in 2013. However, excluding the post-tax effect of net gains from acquisitions and fair value changes on financial derivatives, the core profit attributable to owners of the Company reached RMB661 million, representing a decrease of 59.2% compared to RMB1,620 million during the same period in 2013, mainly due to the significant drop of share of results of joint ventures and associates. During this period, the Group's share of results of joint ventures and associates was an aggregate loss of RMB121 million, representing a decrease of RMB806 million from an aggregate profit of RMB685 million during the same period in 2013, mainly due to the impairment losses made for the completed properties for sale of certain associates and the relatively low gross profit margin of the properties delivered during this period.

Pre-sales in the First Half of 2014

As at 30 June 2014, Greentown Group (including Greentown China Holdings Limited and its subsidiaries, together with its joint ventures and associates) recorded a total saleable area of 1.24 million sqm. Total pre-sales amounted to RMB30.5 billion (including subscription sales of RMB2.9 billion), and accounted for 47% of our annual sales target set at the beginning of the year. Total contracted sales attributable to the Group amounted to RMB13.2 billion. The overall average selling price was RMB22,279 per sqm, representing a slight increase compared to RMB20,395 per sqm in the same period in 2013.

Land Bank

In the first half of 2014, Greentown Group acquired 5 new land sites with a gross floor area ("GFA") of approximately 1.80 million sqm, of which approximately 1.09 million sqm was attributable to the Group. The newly added land sites' total land premium amounted to approximately RMB5.2 billion, of which approximately RMB950 million was required to be paid by the Group.

As at 30 June 2014, the GFA of Greentown Group's land bank was 37.82 million sqm, of which 20.48 million sqm was attributable to the Group. Total saleable area amounted to 26.49 million sqm, of which 14.13 million sqm was attributable to the Group, while the average GFA land cost was approximately RMB3,256 per sqm.

Issue of Subordinated Perpetual Capital Securities

This year, we continue to seize the opportunities for offshore financing and issued the subordinated perpetual capital securities ("Perpetual Securities") in an aggregate principal amount of USD500 million with coupon rate of 9% in January 2014, which was again sought after by the bond investors. This bond issuance is not only in line with the Company's overall strategy of stable operations, but also represents a continuation of the targets that we set to achieve in the financial management in 2013 – to optimize the debt structure and reduce the Company's financing costs. The proceeds of this bond issuance were mainly applied for redeeming the unlisted perpetual subordinated convertible callable securities ("Convertible Securities") with an aggregate principal amount of HKD2.55 billion issued to a wholly-owned subsidiary of The Wharf (Holdings) Limited (stock code: 00004) ("Wharf") in 2012. The remaining proceeds was applied to refinance the existing short-term debts and for general working capital purposes of the Group.

Sunac's Proposed Acquisition of Shares of the Company

On 22 May 2014, Mr. Song Weiping (the chairman of the Board of the Company) and his spouse, and Mr. Shou Bainian (the executive vice chairman of the Board) and their respective wholly-owned companies entered into a conditional sale and purchase agreement with Lead Sunny Investments Limited ("Sunac Subsidiary"), a wholly-owned subsidiary of Sunac China Holdings Limited (stock code: 01918) ("Sunac China"), and Sunac China in relation to the proposed sale of an aggregate of 524,851,793 shares of the Company to Sunac Subsidiary at HKD12 per share in cash, representing a total consideration of approximately HKD6.3 billion. Upon completion of the proposed transaction, Sunac China (through Sunac Subsidiary) will hold approximately 24.3% of the shares of the Company and will become, same as Wharf, one of the two largest shareholders of the Company.

The directors of the Company believe that upon completion of the proposed transaction, in addition to the Company's strong brand competitiveness, product advantages and superior service standards, the Company can also leverage on Sunac China's various strength especially in the aspects of clear development strategies, accurate market positioning and high operation flexibility, which in turn will create a better development platform and a more promising outlook for the Company.

As at the date of this results announcement, the relevant regulatory procedures in respect of the proposed transaction are still underway.

OUTLOOK

Following the gradual relaxation or withdrawal of the restrictive property purchase policy in many cities in the PRC, the real estate market is rejuvenating progressively – policy regulations have become less restrictive and market confidence has been gradually restored. While the gradual recovery of the market will boost the sales of our products which will likely lead to a better sales performance, nonetheless, it is well recognized that the prosperity of China's macro-economy is the true way to lead to a full recovery of the real estate market.

We are still optimistic that in the medium to long run, the real estate industry will remain to be a pillar for the country's economy. With the on-going advancement and progress in urbanization, China, as a big nation with 1.4 billion populations, will still have great demand for housing to satisfy the need of different demographic classes in the future. We also believe that the current problems in relation to the development of the industry will be solved gradually through active communication and joint cooperation among various market players such as the government, developers and home purchasers, and accordingly the medium to long-term of the industry remains buoyant.

In light of the current market environment, the Company will further strengthen the sales, improve the inventory turnover, speed up the return, adjust the development pace, strictly control the costs and improve its land bank structure through wisely selected high-quality projects to lay a solid foundation for its future development.

Effective Inventory Turnover and adjustment of development pace to ensure healthy cash flow

Given the current business environment, the Company will place prudent cash flow management as top priority. On the one hand, we will vigorously strengthen marketing efforts, take various measures to improve inventory turnover and enhance the assessment of capital return – every manager of the project companies is required to commit to frontline sales and get personally involved in sales channel expansion and customer reception; he or she shall get hold of information regarding activity plan, customers' visits and transactions on a weekly basis and thus should possess the ability to adjust the corresponding marketing strategies in a timely manner to ensure that the weekly targets are fulfilled. At the same time, we will also develop different strategies for different regions to cope with the characteristics and responses of different markets – for regions where inventory level is high and inventory turnover is low, we will compare the latest market trends on a timely basis, analyze the mainstream customers' price expectation and adopt a flexible pricing measures accordingly. On the other hand, we will adjust the development pace reasonably – for projects with high inventory level, we will slow down the development pace appropriately so as to reduce capital injection to ensure a balance of payment and cash inflow.

Refine the land bank structure and complement the high quality projects

In respect of the land bank structure, after taking into account the fact that 1st and 2nd tier cities have better customer acceptance to the product positioning of the Company and the Company has established a unique advantage in these market segments, and that 3rd and 4th tier cities have a lower inventory turnover than that of the 1st and 2nd tier cities, the Company will readjust its current land bank structure in a rational manner. On the one hand, provided that a safe cash flow and a controllable gearing ratio can be maintained, the Company aims to, grasp the favourable opportunities derived from the adjustment of land market in the second half of the year to expand its land bank in prime sites of the 1st and 2nd tier cities and reduce the land bank in the 3rd and 4th tier cities gradually, and for new projects, the Company will implement strict control and positioning measures to minimize management radius and to focus on exploration of cities where the Company enjoys the prestige of both brand positioning and client base. On the other hand, the Company also aims to take advantage of the consolidation of the real estate industry to explore more market opportunities, revitalize its assets and secure high quality projects through mergers and acquisitions.

The Company will utilize its branding advantage to further expand its cooperation with the other project partners. We aim to focus on developing our land bank in prime areas of the 1st and 2nd tier cities and optimizing our asset structure.

With customer-oriented approach to precise product positioning

Based on the principle of "implementing high-quality product strategy and creating long-standing masterpiece", the Company will continue to improve and enhance the quality of its product and service, and to ensure consistency in quality across the projects for the purpose of developing high-value benchmark products under the brand of Greentown. On this basis, we will further strengthen our products and market positioning in order to meet the demand of the customers, and conduct in-depth research and analysis to understand the real needs of our customers such that we can optimize our product varieties, improve our products' cost-effectiveness and control our overall price which can ultimately support an increase in our sale price.

In addition, we will further enhance product differentiation and diversify research and development with the aim to satisfy the demand of a broader market group with more extensive product lines, such that a high inventory turnover can be achieved.

Better cost control and strengthen profitability measurement

The Company will exert more efforts on cost control over various aspects of a real estate development project including product development expenses, land acquisition costs, upfront expenses, construction costs, financial costs, management costs, marketing costs and taxes etc. Through continuous improvement of computerized techniques to manage, control and establish the total-cost evaluation, review, early alert and appraisal mechanism, we will further optimize our total-cost control system. In addition, the Company will, through acceleration of its development cycle and improvement of its profit assessment mechanism, undertake relentless effort to learn from the peers in the same field. We strive to increase the profitability of the Company.

New Strength to the Company

Sunac China is one of the excellent enterprises in the real estate sector in China. Sunac China is also one of the market players which are committed to the development of high-end quality properties – their focused development strategies in the 1st and 2nd tier cities, mature and efficient management system and strong execution team have been unanimously recognized by the industry. Their advantages on market judgment, product positioning, sales capability and capital turnover have long been reflected in Sunac China's outstanding performance over the recent years.

The synergies derived from the cooperation between Sunac China and Greentown have already been proved in the parties' joint venture projects. Back in June 2012, we had our first attempt to explore the operation mechanism of these two companies, each with complementary advantages, by injecting 8 projects located in Shanghai, Suzhou, Wuxi, Changzhou and Tianjin into a joint venture established by both parties. By the end of 2013, the newly established joint venture, after commencing operation for just more than a year, has achieved brilliant results by ranking No. 3 in the commodity houses sales. In the first half of 2014, the joint venture even won the championship in Shanghai houses sales. These overwhelming results well demonstrate the collaborative strength and fruitful outcome between the two parties, and the joint venture has been regarded by the real estate sector as one of the exemplary examples.

In addition, Wharf, being a well-established and leading real estate enterprise in Hong Kong which holds 24.3% stake in the Company, has strong capital strength and renowned reputation in the market and also enjoys a unique advantage in the offshore capital markets. We believe that this will facilitate Greentown to broaden its financing channels and improve its internal financial and risk management standards.

Projects Scheduled for Completion in the Second Half of the Year

In the second half of 2014, Greentown Group expects to commence construction of projects with a GFA of approximately 3.01 million sqm. In addition, it is expected that 31 projects (or phased project) will be completed in the second half of 2014 with a GFA of approximately 3.30 million sqm.

	Projects	Equity Interest	Phase	GFA *(sqm)*
Subsidiaries	Qingdao Jiaozhou Lagerstroemia Square	100%	Phase III, Phase X	120,766
	Qingdao Ideal City	80%	Phase III	67,934
	Nantong Qidong Rose Garden	51%	Phase I	185,213
	Taizhou Rose Garden	55.2%	Phase V partial	86,246
	Zhoushan Changzhidao	96.875%	Taohuayuan Linglong Yuan	34,012
	Lin'an Qianwang Culture Square	65%	Phase II partial	80,653
	Huzhou Majestic Mansion	70%	Phase IV	72,620
	Hangzhou Jade Garden	100%	Phase II	82,693
	Xinchang Rose Garden	80%	Phase IV partial	21,275
	Cixi Sincere Garden	100%	Phase I	189,348
	Zhengzhou Yanming Lake Rose Garden	100%	Phase II	16,662
	Hainan Greentown Blue Town	51%	Phase VII	61,960
	Hangzhou Taohuayuan	64%	Phase XII	13,106
	Xinjiang Jade Garden	60%	Phase I	277,675
	Zhuji Greentown Plaza	60%	Phase IV partial	71,165
	Shanghai Rose Garden	50%	Phase VII partial	14,774
	Hangzhou Orchid Residence	85%	Phase I partial	68,715
Sub-total				**1,464,817**

	Projects	Equity Interest	Phase	GFA (*sqm*)
Joint Ventures/ Associates	Shenyang National Games Project	50%	Phase I partial	179,907
	Ningbo Center	49.34%	Phase I	236,415
	Hangzhou Greentown Master Manor	25%	Phase I	113,789
	Wuzhen Graceland	50%	Phase II	52,710
			North and South of Senior College	34,145
	Jinan National Games Project	45%	Phase IX, Phase XI	86,954
	Lishui Beautiful Spring River	37.5%	Phase I, Phase II partial	194,750
	Fuyang Harmony Garden	40%	Phase III	153,436
	Lin'an Mantuo Garden	15%	Phase I	22,164
	Hangzhou Bright Moon in Jiangnan	55%	Phase II	185,294
	Hangzhou Idyllic Garden Lancuiyuan	50%	Lancuiyuan	56,533
	Wuxi Yulan West Garden	19.5%	Phase I	33,809
	Shanghai Yulan Garden – Glorious Garden	24.5%	Phase I	162,914
	Changzhou Yulan Square	48.5%	Phase I	196,901
	Hangzhou Melodious Manor	25%	Phase I	123,598
Sub-total				**1,833,319**
Total				**3,298,136**

As at 30 June 2014, the sales revenue of Greentown Group not yet recognized in the income statement amounted to approximately RMB82.2 billion, of which RMB41.4 billion was attributable to the Group.

FINANCIAL ANALYSIS

Revenue

The revenue of the Group mainly derives from the property sales, as well as from hotel operations, property rental, project management, sales of construction materials, and design and decoration, etc. During this period, the revenue recognized from property sales was RMB11,805 million, which accounted for 94.0% of the total revenue and represented an increase of RMB2,209 million or 23.0% from RMB9,596 million during the same period in 2013. Such increase was mainly due to the increase in average selling price. The average selling price of properties delivered during this period was RMB17,942 per sqm, representing an increase of 20.9% from RMB14,843 per sqm during the same period in 2013.

The properties with the revenue recognized by subsidiaries during the first half of 2014 were as follows:

Projects	Type of Properties	Area Sold *(sqm)* *(Note)*	Sales Revenue *(RMB million)*	% of Total	Average Selling Price *(RMB/sqm)*
Shaoxing Lily Garden	High-Rise Apartment, Villa, Office	216,317	3,038	25.7%	14,044
Hangzhou Orchid Residence	High-Rise Apartment	47,592	2,220	18.8%	46,646
Shanghai Rose Garden	Villa	25,300	1,325	11.2%	52,372
Qingdao Jiaozhou Lagerstroemia Square	High-Rise Apartment, Low-Rise Apartment	75,065	624	5.3%	8,313
Hefei Jade Lake Rose Garden	High-Rise Apartment, Villa	65,361	606	5.1%	9,272
Others		228,331	3,992	33.9%	17,483
Total		**657,966**	**11,805**	**100%**	**17,942**

Note: Area sold includes above ground and underground areas.

During this period, projects in Zhejiang area (excluding Hangzhou) achieved sales revenue of RMB4,167 million, accounting for 35.3%, ranking first among all regions. Projects in Hangzhou area achieved sales revenue of RMB3,658 million, accounting for 31.0%, ranking second. Projects in Shanghai area achieved sales revenue of RMB1,325 million, accounting for 11.2%, ranking third.

During this period, sales revenue of high-rise apartment, low-rise apartment and serviced apartment reached RMB8,085 million, accounting for 68.5%; sales revenue of villa reached RMB3,501 million, accounting for 29.7%; sales revenue of office reached RMB219 million, accounting for 1.8%.

During this period, the Group achieved design and decoration revenue of RMB319 million, representing an increase of 12.3% from RMB284 million achieved in the same period in 2013. The increase was mainly due to the constant expansion of design and decoration business.

During this period, the Group's revenue from hotel operations was RMB164 million, representing an increase of 26.2% from RMB130 million during the same period in 2013. The increase was mainly due to revenue contributed by Sheraton Qingdao Licang Hotel and Hainan Greentown Blue Bay Resort which both commenced operations in the first half of 2014 and the increasing revenue from the operations of Greentown Qiandao Lake Resort, Sheraton Zhoushan Hotel and Sheraton Qingdao Jiaozhou Hotel commenced operations in previous years as a result of their stable customer base.

During this period, the Group's revenue from project management amounted to RMB119 million, representing an increase of 17.8% from RMB101 million during the same period in 2013, and was mainly attributable to construction income of Greentown Construction Management Co., Ltd., a subsidiary of the Company.

During this period, the Group's rental income from investment properties was RMB59 million, which remained stable compared to RMB53 million during the same period in 2013, and was mainly attributable to the rental income of Oakwood Residence Beijing.

Gross Profit Margin from Property Sales

During this period, the Group's gross profit from property sales was RMB2,831 million and the gross profit margin from property sales was 24.0%, lower than 29.7% of the same period in 2013. The two main reasons for the decrease were the relatively high land costs (as most of the land of the projects with the revenue recognized during this period were acquired in 2009) and the relatively low selling price of the projects (as a result of the macro control measures imposed by the central government on the real estate industry).

Other Income

Other income mainly included interest income, brand usage related income and government grants, etc. During this period, the Group realized other income of RMB646 million, representing an increase of RMB269 million from RMB377 million during the same period in 2013, mainly due to an increase in interest income.

Selling and Administrative Expenses

During this period, the Group's selling and administrative expenses amounted to RMB1,274 million, representing an increase of 26.6% compared to RMB1,006 million during the same period in 2013.

Human resource cost which is the largest single expense item in selling and administrative expenses, amounted to RMB406 million during this period (during the same period in 2013: RMB350 million), representing an increase of 16.0% compared with the same period in 2013, mainly due to the increase in number of staff for an increased business scale during this period. Expenses in marketing and related fees during this period amounted to RMB242 million, representing an increase of 8.5% compared to RMB223 million during the same period in 2013, mainly due to more efforts on sales and marketing exercises.

During this period, the daily operating expenses amounted to RMB345 million (during the same period in 2013: RMB277 million), increased 24.5% compared with the same period in 2013. Save as the slightly increase in the Group's basic expenses such as office expenses, travel expenses, rental fees and entertainment expenses as the result of the price growth during this period, the increase of the daily operating expenses was mainly due to the increased preliminary operating expenses incurred as a result of the commencement of operation of Sheraton Qingdao Licang Hotel and Hainan Greentown Blue Bay Resort during this period, and the forthcoming operation of Hainan Westin Blue Bay Resort, Hangzhou Azure Qiantang Luxury Collection Hotel and Zhoushan Westin Zhujiajian Resort in the second half of this year.

In addition, the administrative expenses included a net foreign exchange loss of RM69 million compared with a net foreign exchange gain of RMB18 million in other income during the same period in 2013, mainly due to a lot of borrowings denominated in foreign currency and depreciation of Renminbi during this period.

Financing Costs

During this period, interest expenses recorded in the condensed consolidated statement of profit or loss and other comprehensive income was RMB273 million (during the same period in 2013: RMB266 million). The total interest expenses during this period was RMB1,470 million, representing an increase of 47.9% from RMB994 million during the same period in 2013, mainly due to a significant increase in the weighted average of loan balance outstanding. The weighted average interest cost during this period was 7.9% per annum, lower than 8.8% per annum during the same period in 2013. During this period, the capitalized interest was RMB1,197 million, at a capitalization percentage of 81.4%.

Share of Results of Joint Ventures and Associates

During this period, the Group's share of results of joint ventures and associates was an aggregate loss of RMB121 million, representing a decrease of RMB806 million from an aggregate profit of RMB685 million during the same period in 2013, mainly due to the impairment losses made for properties of some associates and the relatively low gross profit margin of the properties delivered in this period.

During this period, Suzhou Greentown Yuyuan Real Estate Development Co., Ltd., Wuxi Sunac Greentown Hubin Real Estate Co., Ltd. and Wuxi Greentown Real Estate Development Co., Ltd., the Group's associates, recognized impairment losses of RMB167 million, RMB12 million and RMB2 million respectively for the completed properties for sale.

During this period, aggregate sales revenue from properties recognized by joint ventures and associates was RMB15,022 million, representing an increase of 13.6% from RMB13,221 million during the same period in 2013, mainly due to sold areas increased by 52.6% from 518,173 sqm during the same period in 2013 to 790,900 sqm and the average selling price decreased by 25.6% from RMB25,515 per sqm during the same period in 2013 to RMB18,994 per sqm. During this period, the gross profit margin from property sales generated by joint ventures and associates was 9.3%, mainly due to mark-to-market value appreciation recognized upon the acquisitions or high land price of the projects such as Shanghai Central Garden, Wenzhou Begonia Bay, Suzhou Majestic Mansion, Jinan Lily Garden and Hangzhou Zhijiang No. 1, resulting relatively high unit cost and low gross profit margin. As a result, the gross profit margin from property sales during this period was affected.

Projects with the revenue recognized by joint ventures and associates during the first half of 2014 were as follows:

Projects	Category	Type of Properties	Area Sold *(sqm)* *(Note)*	Sales Revenue *(RMB million)*	% of Total	Average Selling Price *(RMB/sqm)*
Shanghai Central Garden	Joint venture	High-Rise Apartment	126,508	4,112	27.4%	32,504
Wenzhou Begonia Bay	Associate	Low-Rise Apartment, High-Rise Apartment, Villa	75,972	1,892	12.6%	24,904
Jinan Lily Garden	Joint venture	High-Rise Apartment	145,862	1,157	7.7%	7,932
Jinan National Games Project	Associate	Low-Rise Apartment, High-Rise Apartment, Serviced Apartment, Office	61,880	1,109	7.4%	17,922
Hangzhou Zhijiang No. 1	Joint venture	High-Rise Apartment	60,255	1,068	7.1%	17,725
Shanghai Dynasty on Bund	Associate	High-Rise Apartment	17,300	1,059	7.0%	61,214
Others			303,123	4,625	30.8%	15,258
Total			**790,900**	**15,022**	**100%**	**18,994**

Note: Area sold includes above ground and underground areas.

Taxation

During this period, taxation included LAT of RMB583 million (during the same period in 2013: RMB472 million) and EIT of RMB580 million (during the same period in 2013: RMB692 million). During this period, the effective EIT rate was 34.3% (excluding share of results of joint ventures and associates), higher than the statutory tax rate of 25.0%, which was mainly attributable to withholding tax on dividend, the unrecognized deferred tax assets of the losses of overseas subsidiaries and fair value changes on cross currency swaps, and certain non-deductible expenses.

Fair Value Changes on Cross Currency Swaps

In May 2013, the Company issued senior notes in the aggregate principal amount of RMB2.5 billion and entered into cross currency swap contracts with BOCI Financial Products Limited, Standard Chartered Bank and Industrial & Commercial Bank of China (Asia) Limited. The fair value changes on such cross currency swaps realized a loss of RMB86 million during this period (during the same period in 2013: a loss of RMB33 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 30 June 2014, the balance of pre-sale deposits of the Group was RMB23,702 million, in line with RMB23,428 million as at 31 December 2013.

As at 30 June 2014, the balance of pre-sale deposits of joint ventures and associates was RMB40,712 million, representing a decrease of RMB2,014 million or 4.7% from RMB42,726 million as at 31 December 2013.

Financial Resources and Liquidity

As at 30 June 2014, the Group had bank balances and cash (including pledged bank deposits) of RMB9,503 million (as at 31 December 2013: RMB11,281 million). Total borrowings amounted to RMB35,898 million (as at 31 December 2013: RMB30,512 million), and the net borrowings amounted to RMB26,395 million (as at 31 December 2013: RMB19,231 million). Net gearing ratio (measured by net borrowings over net assets) was 78.1%, representing an increase from 60.1% as at 31 December 2013, mainly due to several bank borrowings obtained for more payment for land cost and construction fees.

Among the total borrowings of RMB35,898 million as at 30 June 2014, borrowings with maturity of within one year amounted to RMB7,843 million and borrowings with maturity of after one year amounted to RMB28,055 million, accounting for 21.8% and 78.2%, respectively. Bank balances and cash was sufficient to cover borrowings with maturity of within one year.

Greentown Group has obtained facilities of approximately RMB49.4 billion from commercial banks, of which approximately RMB17.9 billion was effectively drawn as at 30 June 2014.

Risks of Foreign Exchange Fluctuation

The principal place of operation of the Group is People's Republic of China, and the majority of the income and expenditure were transacted in Renminbi. As the Group had deposits, borrowings, amounts due to related parties and other receivables denominated in foreign currency, and the USD1 billion senior notes issued in 2013 were denominated in US dollars, the Group was exposed to exchange rate risk. However, the Group's operating cash flow and liquidity is not subject to significant influence from fluctuations in exchange rates. The Group did not enter into any foreign currency hedging arrangements as at 30 June 2014.

Financial Guarantees

The Group provided financial guarantees to banks for mortgage facilities granted to buyers of the Group's properties. As at 30 June 2014, such financial guarantees amounted to RMB15,279 million (as at 31 December 2013: RMB17,625 million).

Pledge of Assets

As at 30 June 2014, the Group pledged buildings, hotels, construction in progress, prepaid lease payment, investment properties, properties for development, properties under development, completed properties for sale, pledged bank deposits, interests in joint ventures and interests in associates, with an aggregate carrying value of RMB25,086 million (as at 31 December 2013: RMB22,725 million) to secure general credit facilities granted by banks and other financial institutions to the Group.

Capital Commitments

As at 30 June 2014, the Group had contracted, but not provided for, capital expenditure commitments of RMB14,830 million (as at 31 December 2013: RMB14,065 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, and therefore there is currently no material capital expenditure plan in the second half of 2014.

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

The Perpetual Securities in the aggregate principal amount of USD500 million issued by Moon Wise Global Limited (月慧環球有限公司), a wholly-owned subsidiary of the Company, and guaranteed by the Company in January 2014, have an initial distribution rate of 9% per annum. The listing of and permission to deal in Perpetual Securities was approved by the Stock Exchange. The net proceeds from the issuance of Perpetual Securities is approximately USD493,781,000, which have been partly applied for redeeming in full the Convertible Securities in an aggregate principal amount of HKD2.55 billion issued in August 2012 to a wholly-owned subsidiary of Wharf, and the remaining balance was applied for refinancing certain existing short term debts and for general corporate purposes.

Save as disclosed above, there was no purchase, sale or redemption by the Company or any of its subsidiaries of the Company's listed securities in the Stock Exchange.

HUMAN RESOURCES

As at 30 June 2014, the Group employed a total of 5,277 employees (As at 31 December 2013: 4,928). Employees were remunerated on the basis of their performance, experience and prevailing industry practices. The 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, cash awards and Share Option may also be given to the employees based on their individual performance evaluation.

CORPORATE GOVERNANCE CODE

In the opinion of the Board, the Company had complied with the requirements of all the applicable code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the Reporting Period.

COMPLIANCE WITH THE MODEL CODE OF THE LISTING RULES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules 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 required standard set in the Model Code as at 30 June 2014. Relevant employees who are likely to be in possession of unpublished inside information of the Group are also subject to compliance with written guidelines on same terms as the Model Code.

AUDIT COMMITTEE

The Audit Committee held two meetings during the Reporting Period, and all committee members attended the meeting. The Audit Committee has reviewed the accounting policies and critical accounting estimates and assumptions adopted by the Group. The audit objectives and the scope of the internal audit department of the Group were also discussed during the meeting.

REVIEW OF INTERIM RESULTS

The interim results announcement for the six months ended 30 June 2014 have been reviewed by the Audit Committee and approved by the Board.

The auditor of the Company, Deloitte Touche Tohmatsu ("DTT"), has performed a review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" on the interim financial information of the Group for the six months ended 30 June 2014 prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting", and a review report dated 22 August 2014 was issued by DTT.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2014 (for the six months ended 30 June 2013: Nil).

PUBLICATION OF INTERIM REPORT

The full text of the Company's 2014 Interim Report will be sent to the shareholders of the Company and posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.chinagreentown.com) respectively in due course.

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 of similar nature) or, in each case, their negative, or other variations or similar terminologies. These forward looking statements involve all matters that are not historical events. These forward looking statements appear in various parts of this announcement and include the Company's current intention and belief or statements about the current expectation on the Company's results of operations, financial condition and liquidity and the development of the industry in which 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 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 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.

APPRECIATION

The Board would like to take this opportunity to express gratitude to our shareholders, customers, suppliers, banks, professional parties and employees for their continuous patronage and support.

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

Hangzhou, the PRC
22 August 2014

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 four independent non-executive directors, namely Mr Jia Shenghua, Mr Ke Huanzhang, Mr Sze Tsai Ping, Michael and Mr Hui Wan Fai.