绿城房产
GREENTOWN

Greentown China Holdings Limited
綠城中國控股有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code:3900)

Annual Report 2007

* For identification purpose only

The homes built by Greentown lead lifestyle. Our premier class of architecture fully demonstrates dynamic blend of taste and culture. The architecture characteristics embrace the culture of city and show respect to natural landscape. Join us to live elegantly and delicately.

Since its establishment, Greentown is determined to create beauty for the city with an idealistic human-oriented spirit adopted through the course of development and after-sales services for its property products, and bring ideal life for its customers with quality properties.

Contents

Corporate Information

Directors

Executive Directors

Mr. SONG Weiping *(Chairman)*
Mr. SHOU Bainian
(Executive Vice-Chairman)
Mr. CHEN Shunhua
Mr. GUO Jiafeng

Independent Non-Executive Directors

Mr. JIA Shenghua
Mr. JIANG Wei
Mr. SZE Tsai Ping, Michael
Mr. TSUI Yiu Wa, Alec
Mr. TANG Shiding

Company Secretary

Mr. LAM Kam Tong

Qualified Accountant

Mr. LAM Kam Tong

Authorized Representatives

Mr. SHOU Bainian
Mr. LAM Kam Tong

Audit Committee

Mr. TSUI Yiu Wa, Alec
Mr. SZE Tsai Ping, Michael
Mr. JIA Shenghua
Mr. TANG Shiding
Mr. JIANG Wei

Remuneration Committee

Mr. JIA Shenghua
Mr. SZE Tsai Ping, Michael
Mr. CHEN Shunhua

Nomination Committee

Mr. SZE Tsai Ping, Michael
Mr. TSUI Yiu Wa, Alec
Mr. SHOU Bainian
Mr. TANG Shiding

Auditors

Deloitte Touche Tohmatsu

Cayman Islands Principal Share Registrar

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

Hong Kong Branch Registrar

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

Hong Kong Office

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

Legal Advisors to Our Company

as to Hong Kong law and U.S. law:
Herbert Smith

as to PRC law:
Zhejiang T&C Law Firm

as to Cayman Islands law and
British Virgin Islands law:
Maples and Calder

Compliance Advisor

Platinum Securities Company
Limited

Principal Bankers

Standard Chartered Bank
(Hong Kong) Limited
Bank of China Limited
Industrial and Commercial
Bank of China Limited
Agricultural Bank of China
China Construction Bank
Bank of Communications
Shanghai Pudong Development Bank

Investor Relations

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

Stock Code

HKEX: 3900, HK

Website

www.greentownchina.com

Live demonstration of Beijing Majestic Mansion

Ultimate Grace of Living

Corporate Profile

Greentown China Holdings Limited ("Greentown" or "the Company", together with its subsidiaries ("the Group")), is one of the leading property developers in China. It plays a leading role in the industry leveraging on its quality properties. From 2004 to 2007, our "Greentown" brand was ranked for four consecutive years one of the 10 most valuable property brands in China jointly by three institutions, they are Enterprise Research Institute of the Department Research Center of the State Council, Qinghua University Real Estate Research Center and China Index Institute.

Since its establishment 13 years ago, the Company has been based on Zhejiang province, one of Mainland China's most economically dynamic and developed provinces, with significant operations in the most prosperous cities in Zhejiang such as Hangzhou, Ningbo, Wenzhou, Taizhou, Shaoxing, and other places on the list of Top 100 most competitive counties and county-level cities of China in Zhejiang Province. It has aroused wide awareness towards its brand and gained fame. It was ranked first of real estate developer for comprehensive strengths of Zhejiang Province by the Zhejiang Real Estate Association

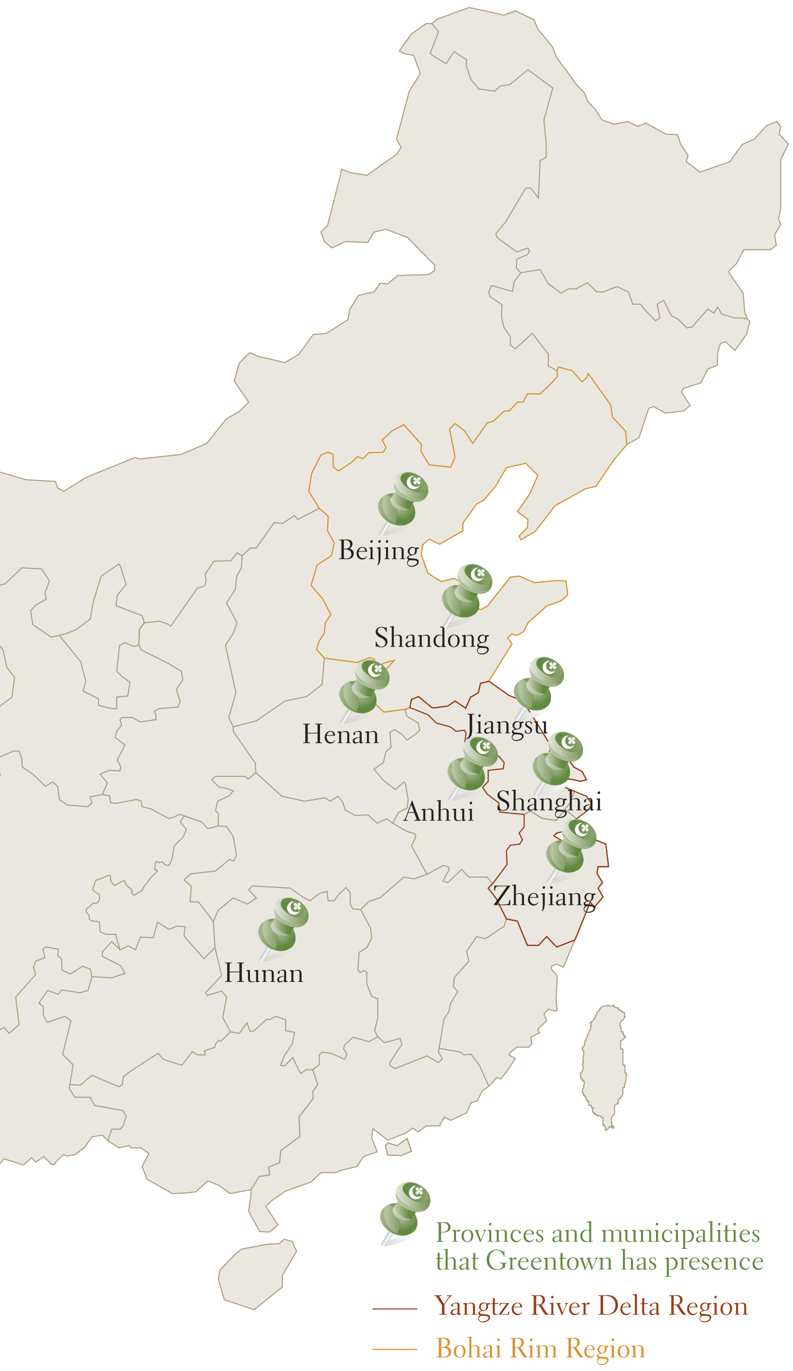
for two successive years. With its national expansion strategy commenced in 2000, Greentown has become a quality national residential property developer and has its operations extended to other important cities in Yangtze River Delta including Shanghai, Nanjiang, Wuxi and Nantong, important cities in Bohai Rim Economic Belt including Qingdao and Jinan, Beijing and other provincial cities such as Hefei of Anhui province, Zhengzhou of Henan province and Changsha of Hunan province.

As at 31 December 2007, the Company totally owns over 22 million square meter total gross floor area ("total GFA") of premium land bank, ensuring that the Company's sustainable and steady development in the next five years is guaranteed. Most importantly, our quality human resources, highly effective group management structure, successful establishment of our quality brand in Zhejiang and other cities with our presence, excellent project development and accumulation of operational capability all provide a sound foundation for the Company's rapid development.

Greentown in China

Provinces	Proportion to total land bank (%)	Cities with presence	No. of projects	Site Area ('000 sq. m.)	Total GFA ('000 sq. m.)
Zhejiang	65%	Hangzhou	19	2,733	4,590
		Zhoushan	5	1,792	3,771
		Ningbo	4	404	1,308
		Shaoxing	2	308	709
		Chunan	2	282	464
		Deqing	2	155	303
		Tonglu	2	141	171
		Haining	1	679	914
		Wenzhou	1	137	642
		Huzhou	1	289	406
		Taizhou	1	141	372
		Changxing	1	101	320
		Linan	1	1,070	269
		Xinchang	1	239	168
Jiangsu	5%	Nantong	2	232	416
		Nanjing	1	306	115
		Wuxi	1	181	528

Note: As of 31 December 2007, with respect to the land bank above, the site area of approximately 9.45 million sq. m. had already obtained the land certificate, and accounted for 66% of the total land bank.



Shanghai (Municipality)	3%	Shanghai	4	858	732
Shandong	19%	Qingdao	1	1,241	2,443
		Jinan	1	877	1,816
Beijing (Municipality)	3%	Beijing	2	511	605
Anhui	2%	Hefei	3	158	460
Hunan	2%	Changsha	2	1,213	416
Henan	1%	Zhengzhou	1	121	254
Xinjiang	0.1%	Urumqi	1	118	30
Total			**65**	**14,287**	**22,222**

YANGTZE RIVER DELTA REGION

The Yangtze River Delta region includes Zhejiang province, Jiangsu province and Shanghai, among which the group of cities around Yangtze River Delta made up by 16 cities including Shanghai, 8 cities in southern Jiangsu and 7 cities in northern and southeast Zhejiang has an area of 99,600 sq.km (accounting for approximately 1% of the national area). However, these cities have a GDP of 22%. In 2007, the disposable income per capita of these 16 cities increased by 14.4% from the previous year to Rmb19,719. The successive development of intercity transportation between Shanghai and Nanjing, Shanghai and Hangzhou, Nanjing and Hangzhou and Hangzhou and Ningbo would facilitate the materialization of a convenient transportation network in Yangtze River Delta region.

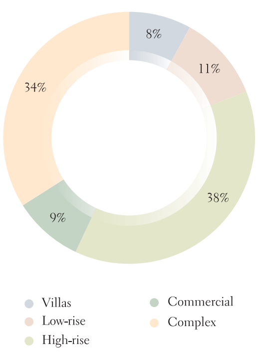
Portfolio

An analysis by region of the Company's land bank as at 31 December 2007 (not including the projects and phases completed prior to 31 December 2007 is carried out in this section.

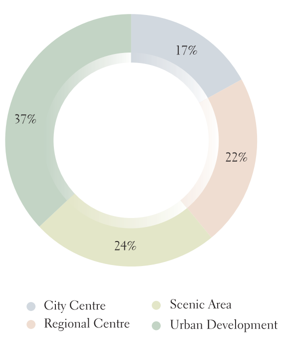
	Number of projects	Site area ('000 sq.m.)	Total GFA ('000 sq.m.)	Proportion (%)
Hangzhou	19	2,733	4,590	21%
Zhejiang Province (excluding Hangzhou)	24	5,737	9,817	44%
Jiangsu Province	4	719	1,059	5%
Shanghai	4	858	732	3%
Shandong Province	2	2,118	4,259	19%
Beijing	2	511	605	3%
Other provincial cities	7	1,611	1,160	5%
Total	**62**	**14,287**	**22,222**	**100%**

The site area with land certificates granted amounted to 9.45 million sq.m, accounting for 66% of the total land bank.

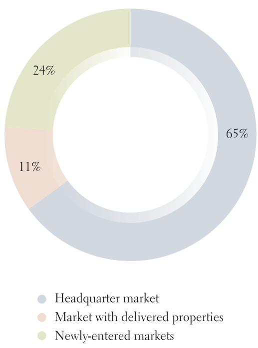
Total GFA analyzed by type:



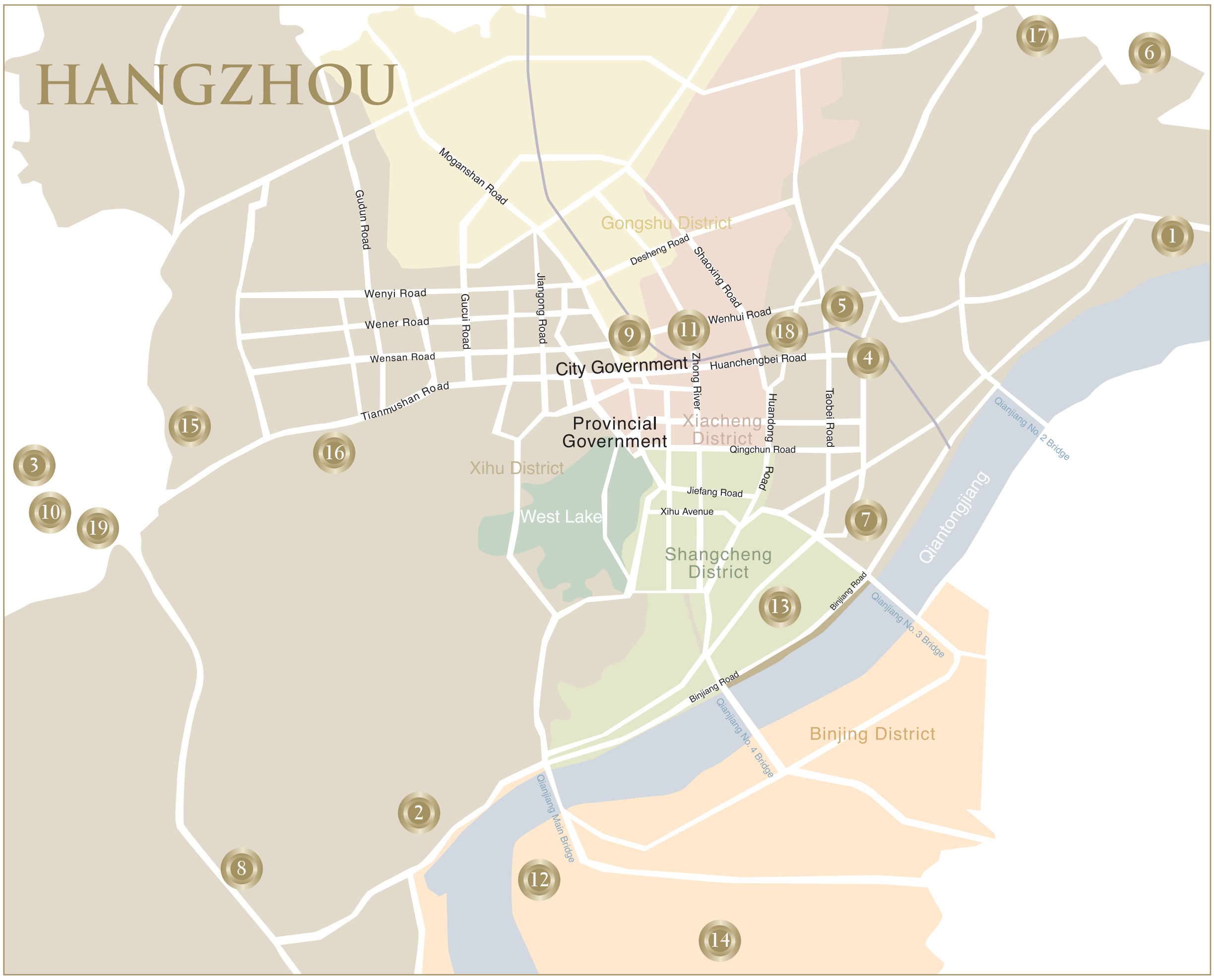
Total GFA analyzed by districts located at:



Total GFA analyzed by the coverage of the Company's brand:



Portfolio



Hangzhou is the capital of Zhejiang province. It is one of the most active cities in Yangtze River Delta region. In 2007, the gross local product amounted to Rmb410 billion with a GDP per capita of USD8,100. In 2007, 65 companies (13%) among the top 500 private companies in China were from Hangzhou. Hangzhou is currently accelerating its development along and across Changjiang and strengthens its importance as a core city in Yangtze River Delta and its roles in politics, economy and culture in Zhejiang province. It aims to develop a cosmopolitan economical circle in Hangzhou, enabling Hangzhou to develop into a core area for the industrialization of research and development of high new technologies and integration area for the development of modern services in Zhejiang. Hangzhou was ranked the "Best Commercial City in Mainland China" by Forbes in the past four years, the "City with the best Investment Environment in China" by the World Bank for three times. Besides, Hangzhou was also awarded the "International Garden City", the "Best Tourist City in China" and the "City with the Highest Residential Blessedness Index in China".

Portfolio

	Property projects	Type	Interest attributable to us	Site area (sq.m.)	Total GFA (sq.m.)
1	Lijiang Apartment (originally Hangzhou Jiahe Jiubao Project)	High-rise apartment	100%	100,809	326,111
2	Jiuxi Rose Garden Resort Village (Part)	Hotel	100%	18,351	5,623
3	Taohuayuan West (Part)	Villa	100%	4,102	3,000
4	Sky Blue Apartment (originally Hangzhou Fengqi Project)	High-rise apartment	96%	17,501	59,553
5	Yulan Apartment (originally Hangzhou Tiancheng Project)	High-rise apartment	96%	15,486	62,789
6	Hangzhou Blue Patio	Integrated community	85%	413,602	707,139
7	Qianjiang New City Project	Hotel, high-rise apartment	60%	84,255	377,444
8	Future World Project	Townhouse	51%	220,144	132,086
9	Baochulu Project	High-rise apartment	100%	9,240	32,438
10	Taohuayuan South	Villa	51%	633,600	234,050
11	Hushu Project	Hotel, commercial, high-rise apartment	50%	104,070	446,503
12	Tulip Bank	High-rise apartment	50%	153,367	300,931
13	New Green Garden	High-rise apartment	50%	27,666	113,848
14	Xiaoshan Xiuboyuan Project	High-rise apartment	50%	33,350	105,000
15	Hope Town	Integrated community	45%	721,825	1,354,481
16	Hangzhou Majestic Mansion	High-rise apartment	45%	51,062	77,567
17	Xingqiao Project	Low-rise and high-rise apartment	35%	75,776	134,985
18	Zhanongkou Project	High-rise apartment	35%	33,848	102,085
19	Taohuayuan 50# Project	Townhouse	26%	14,871	14,850
	Total			**2,732,925**	**4,590,483**

Portfolio

Schedule for completion at Hangzhou:

		Total GA (sq.m.)	Saleable Area (sq.m.)	Area sold as of end of 2007 (sq.m.)	Historical average selling price (Rmb/sq.m.)	Present/ Estimated selling price (Rmb/sq.m.)
2008	Jiuxi Rose Garden Resort Village (Part)	5,623	–	0	–	–
	Taohuayuan West (Part)	3,000	3,000	0	–	–
	Taohuayuan South Phase I (part) and phase II	61,450	45,310	21,895	26,200	42,000
	Tulip Bank Phase I (part)	114,619	100,096	97,527	6,380	8,600
	Hope Town Phase II	158,739	111,457	104,324	7,600	10,000
	Hangzhou Majestic Mansion	77,567	57,307	29,203	33,280	–
	Total	**420,998**	**317,170**	**252,949**	**–**	**–**
2009	Blue Patio Phases I and II	216,400	139,192	81,733	6,000	8,000
	Xingqiao Project Phase I	64,953	46,831	0	–	–
	Hope Town Phases IV and VII (part)	155,284	60,208	0	–	–
	Tulip Bank Phase I (part)	20,050	11,873	6,607	8,500/ 11,600	8,500/–
	Hangzhou New Green Garden	113,848	79,787	51,394	25,470	31,000
	Taohuayuan South Phases III, IV and V	60,800	50,550	0	–	–
	Taohuayuan 50# Project	14,850	14,850	0	–	–
	Total	**646,185**	**403,291**	**139,734**	**–**	**–**
Beyond 2009		3,523,300	2,568,155	0	–	–

Highlights of key projects:

Taohuayuan South

Site area	: about 770,000m^2
Total GFA	: about 270,000m^2
Number of units	: about 570 units
Expected completion time	: 38,331 sq.m. was delivered in 2007 and the remaining will be delivered in different phases between 2008 and 2010.

The project, 18km away from the Hangzhou city center, is located in a hilly area with beautiful scenery which is west of the city. Five types of villas are planned to construct in the location, i.e. villas with hill scenery, villas with a garden view, villas with a river view, villas with a courtyard and villas with a small garden.

Taohuayuan South signifies the Greentown's property upgrades from "property development era" to "garden development era" and to "making of high quality of living". The fully furnished villas and courtyards are equipped with latest residential technologies which are more convenient and fit the residents' requirements. These make Taohuayuan villas become the real Utopia to the residents to enjoy their family and their life. Taohuayuan South is highly recognized by the high-end residents. In August 2007, an addition of 52 villas of Taohuayuan South were launched and all of them were sold on the same day, with sales amounting to approximately Rmb550 million.

Hangzhou Hope Town

Site area : **about 840,000m^2**
Total GFA : **about 1,510,000m^2**
Number of units : **about 8,500 units**
Expected completion time : **160,642 sq.m. was delivered in 2007 and the remaining will be delivered in different phases between 2008 and 2013.**

The project is located in western Hangzhou, just next to a national wetland park of 100,000 km^2. The location has rare natural beauty and is equipped with a convenient transportation network. The supporting resources of peripheral cities are being perfecting. This project provides a wide range of products, including multi-storey apartments, high-rise apartments and townhouses.

Hangzhou Hope Town, a large community being the landmark construction of western Hangzhou, attaches great importance of the spiritual belonging it brings to its residents. The construction of public facilities such as the large-scale community center, club house, commercial street, central garden and embankment and green area provide an optimal living environmental. In addition, the project has made reference to the development standards of world class international residence. Over a dozen of new technologies, new materials and new techniques have been applied. This residence could save more than 50% of energy compared with ordinary residence. The project was awarded several titles such as the "Property of Greatest Potential in Value Appreciation" and the "Model Community Affecting China 2007".

The quality of the project not only guarantees its sales pace but also achieves a relative large increase in its selling price. The average selling price of Hangzhou Hope Town was approximately Rmb7,400 per sq.m. in 2007, and it rose to over Rmb10,000 per sq.m. at the end of 2007. 1,415 units among a total of 1,444 units of saleable apartments were sold till the end of 2007, with a presale rate of 98%.

Hangzhou Hushu Project

Site area	:	about 100,000 sq.m.
Total GFA	:	about 450,000 sq.m., among which high-rise residential units account for 340,000 sq.m. and office buildings, hotels and commercial use account for 110,000 sq.m.
Expected completion time	:	the project is expected to be delivered in different phases between 2012 and 2013

The project is located in the center of Hanzhou city where is the most prosperous commercial area. The project is only 2km away from West Lake. Development of peripherally ancillary facilities is mature, including high grade office buildings, high class hotels, large-scale commercial sites, conventional centers and financial, entertainment and medical facilities. The transport is convenient with well-developed public transportation in the peripheral areas. In addition, water buses for the canal are near the project. Lines 1 and 3 of the subway under planning are just next to the project where the main subway exits would be located. Development of the region is rather mature with not many land resources left for development. Currently, there are not many saleable properties left in the region and second-hand properties cost Rmb40,000 per sq.m. Shortage of land secures properties' value preservation and appreciation. High-end customers have been giving preference to the properties in this region.

The company joins hand with a well-established developer Hangzhou Binjiang Real Estate Co., Ltd to develop the site, with both sides claiming 50% of the interest.

Hangzhou Qianjiang New City Project

Site area	:	about 80,000 sq.m.
Total GFA	:	about 380,000 sq.m., among which high-rise residential units account for 270,000 sq.m. and office buildings, hotels and commercial use account for 110,000 sq.m.
Expected completion time	:	the project is expected to commence at the third quarter of 2008 and to be delivered in different phases between 2012 and 2013

The project is located in the central commercial area of Qianjiang New City which is planned as the location for future city center and municipal government. Currently, there are a number of public facilities in the region such as Hangzhou Theatre, Municipal Chess Center and Municipal Public Broadcast Center in the region. In addition to this, more than 20 headquarters buildings of different companies are under construction. The project provides an excellent river scenery with a length of about 216 meters. It is the last piece of land along the river in the core area of Qianjiang New City. The piece of land is near subway stations. Roads nearby have been opened to transports already with mature ancillary facilities available.

The Company will cooperate with Harbour Center Development Limited, a subsidiary of the famous property developer, The Wharf in Hong Kong. The JV will take advantage of both sides' management strengths and rich marketing experience to jointly develop this quality commercial and residential project in this key commercial area. The Company and Harbour Center Development Limited have a shareholding of 60% and 40% respectively. The project will cover high-end residential units and 5-star hotels.

Portfolio

Cities	Number of projects	Site area (sq.m.)	Total GFA (sq.m.)
1	5	1,791,533	3,771,607
2	4	404,283	1,307,570
3	2	307,490	708,480
4	2	282,389	464,243
5	2	154,509	303,308
6	2	140,758	170,726
7	1	679,202	914,399
8	1	136,807	642,459
9	1	289,319	406,207
10	1	140,669	371,700
11	1	101,315	319,574
12	1	1,069,842	269,460
13	1	239,069	167,732
Total	**24**	**5,737,185**	**9,816,925**

Note: The above figures exclude Hangzhou.

Zhejiang is located in China's Southeastern coastal region, the South wing of Yangtze River Delta, with a well-developed private economy nationally known. It has a population of 50,600,000. The disposal income of urban residents per capita has ranked the first among all the provinces of China for seven consecutive years. In 2007, Zhejiang's GDP grew by 14.5% over last year. The disposal income of urban residents per capita was Rmb20,574, up by 12.6%.

Portfolio

Schedule for completion at Zhejiang (excluding Hangzhou):

	Property Projects	Interest attributable to us	Total GFA (sq.m.)	Saleable Area (sq.m.)	Area sold as of end of 2007 (sq.m.)	Historical average selling price (Rmb/sq.m.)	Present selling price (Rmb/sq.m.)
2008	Ningbo Crown Garden Phase 1	60%	194,366	132,721	0	–	9,450
	Ningbo Sweet Osmanthus Garden Phase 2	60%	60,478	49,189	38,075	5,876	6,200
	Ningbo R&D Park Phase 1	60%	216,302	154,782	15,642	5,179	5,734
	Ningbo Green Garden	50%	137,961	99,953	67,088	13,320	–
	Tonglu Sweet Osmanthus Garden Phase 1	100%	22,988	18,632	0	–	–
	Zhoushan Rose Garden	100%	6,786	4,110	0	–	–
	Zhoushan Osmanthus Town Phase 2	100%	211,569	165,567	84,846	5,836	7,400
	Haining Lily New Town Low-rise Phase 4	50%	65,736	40,882	38,865	4,943	–
	Haining Lily New Town Commercial Facilities	50%	30,749	9,537	0	–	–
	Haining Lily New Town Villa Phase 2 & 3	50%	49,291	49,085	31,250	8,100/10,800	9,600/12,300
	Deqing Sweet Osmanthus Town Phase 1 (part)	47%	45,350	38,976	23,316	4,275	6,080
	Total		**1,041,576**	**763,434**	**299,082**	**–**	**–**
2009	Chunan 1000-Island Lake Resort Condo Phase 1 (formerly known as Bishui Qingfeng Project)	80%	125,015	85,076	21,597	16,984	19,000
	Chunan 1000-Island Lake Resort Condo (hotel part)	80%	97,585	–	0	–	–
	Tonglu Sweet Osmanthus Garden Phase 2	100%	130,990	103,350	0	–	–
	Tonglu Rose Garden (formerly known as Tonglu Jiuzhou Project)	51%	16,748	15,648	0	–	–
	Xinchang Rose Garden (residential part) Phase 1 & 2	80%	125,432	94,569	0	–	–
	Xinchang Rose Garden (hotel part)	80%	42,300	–	–	—	–
	Shaoxing Yangminglu Project	51%	27,200	17,000	0	–	–
	Haining Lily New Town High-rise Phase 1	50%	77,632	61,201	38,013	4,374	5,000
	Haining Lily New Town Villa Phase 4 & 5	50%	82,041	58,347	–	–	–
	Qingshan Lake Rose Garden (formerly known as Rose Greek Valley)	50%	69,993	56,393	0	–	–
	Deqing Sweet Osmanthus Town Phase 2	47%	118,729	95,104	0	–	–
	Total		**913,665**	**586,688**	**59,610**	**–**	**–**
Beyond 2009			**7,877,395**	**3,261,865**	**0**	**–**	**–**

Highlights of key projects:

Wenzhou Lucheng Plaza

Site area	:	approximately 140,000 sq.m.
Total GFA	:	approximately 640,000 sq.m., with 290,000 sq.m. residential area, 170,000 sq.m. commercial area, 180,000 sq.m. office and hotel service apartments
Expected completion time	:	The residential area is scheduled to launch for sale in the fourth quarter of 2008. The whole property project will be delivered in phases between 2011 and 2013.

Wenzhou is one of the three largest hubs of Zhejiang. Wenzhou has more than 130,000 private enterprises, which has contributed 96% of the total industrial output, and over 95% of the export trade. In 2007, Wenzhou has achieved per capita GDP of Rmb28,362. Its urban per capita GDP reached Rmb64,675 and exceeded the USD8,000 level, indicating that the region has reached the income level of high-income developing countries. Wenzhou's per capita disposable income has been the first for seven consecutive years among the Zhejiang cities. Wenzhou's per capita disposable income was Rmb24,002 in 2007, up 12.2% over the previous year, achieved the third ranking among all cities nationwide again following last year, higher than that of Shanghai, Guangzhou, Beijing and other cities.

The project is located at Lucheng District, the CBD of Wenzhou under urban planning. The project is a large urban complex, integrating luxury residential buildings, one-stop modern shopping malls, the international Class-A offices and a five-star hotel. Upon completion, it will become landmark complex of Wenzhou. In June 2007, after signing co-operation agreement with Hyatt International Hotel and Resort Group, the project formally introduced Grand Hyatt Hotel, a high-end 5-star hotel brand.

Portfolio

Chunan 1000-Island Lake Resort Condo

Site area	: approximately 130,000 sq.m.
Total GFA	: approximately 290,000 sq.m.
Number of units	: approximately 1,500 (including hotel rooms)
Expected completion time	: The hotel and residential project phase 1 is expected to deliver at the end of 2009. The remaining residential project will be delivered in 2011.

Chunan, an international garden city, is located at south-western Hangzhou. Currently the ride by expressway to Hangzhou requires 1.5 hours. It has a national forest park – 1000-Island Lake. The 1000-Island Lake is the only one which has earned over Rmb0.1 billion annual income from tourist tickets among more than 2,800 tourist lakes in China. It is currently under a transformation stage to integrate tourist resort, conference and sports facilities.

With China's sustained economic growth, the world's largest holiday travel is booming in China. More and more people from the emerging affluent classes have the opportunity to embrace a colorful life. The 1000-Island Lake Resort Condo is surrounded by the lake on three sides, facing the central lake area, with a specialized water sports centre and a Yacht Club. It has introduced the five-star standard Sheraton Resort Hotel, creating a truly first-class resort hotel apartment.

It has launched to sell 222 units in August 2007, which were sold by 88% in one week. The average selling price was approximately Rmb17,000 per sq.m.

Shaoxing Yulan Garden (formerly known as Keqiao project)

Site area	:	approximately 120,000 sq.m.
Total GFA	:	approximately 540,000 sq.m.
Expected completion time	:	The residential part is expected to launch in the fourth quarter in 2008. The whole project will be delivered in different phases between 2011 and 2012. The project is comprised of 6 modern style and waterfront high-rise residential buildings, 6 new classic high-rise residential buildings and a waterfront senior office.

Shaoxing is one of the key cities in the Southern Yangzhe River Delta Region. At present, the city has 25 enterprises which listed under 500 Top Large-scale Enterprises in China and 45 enterprises which listed under 500 Top Private Enterprises in China, ranking 2nd place in the province. In 2007, the city's per capita GDP reached Rmb45,220 (approximately USD6,000). The disposable income per capita for urban household was Rmb21,717, which was slightly higher than that of Hangzhou at Rmb21,689, and was also higher than cities such as Suzhou, Wuxi and Nanjing. The average disposable income of 16 cities at Yangtze River Delta was Rmb19,719. Five counties under its jurisdiction were also ranted among top 100 counties in China.

The project is located at approximately 40km from the CBD of Keqiao, Shaoxing, facing the largest tourist lake in the South, adjacent to city administrative centre and CBD regions in the West. It is linked to Kedong Residential District in the Northeast, one of the two largest residential neighborhoods. The Project is the first high-end residential project with fine decoration, positioned as a first-class property in Shaoxing . The Company has an interest of 35% in the project.

Ningbo Green Garden

Site area	:	approximately 40,000 sq.m.
Total GFA	:	approximately 140,000 sq.m. The property project comprises 4 high-rise apartments with fine decoration and a grade A office building, with approximately 373 residential units.
Expected completion time	:	The property project is scheduled to deliver in 2008

Ningbo is positioned as an economic centre for industry and trade, a multi-mode transport hub and a deep-water modern international port in the South Wing of the Yangtze River Delta. The Hangzhou Bay Bridge has shortened the rider from Ningbo to Shanghai by around one hour, to further integrate Ningbo into the Yangtze River. Ningbo has strong comprehensive competitivenesses. The city realized a local GDP of Rmb343.3 billion, an increase of 14.8% over last year. Its per capita GDP reached Rmb61,000. Its urban residents have a per capita disposable income of Rmb22,307, up 13.4%

The property project is located in the core area of Ningbo Jiangdong district, with a straight distance from the CBD of only 4 kilometers, and well-developed surrounding transportation system. It links to the main traffic trunk roads, such as Century Boulevard, Round City Expressway and Hangzhou-Ningbo Expressway. The project has well-established auxiliary facilities. The future planning of this district focuses on residential, green spaces, commercial purposes. It is conveniently linked to Carrefour Trade Circle, a stadium, exhibition centre, Citic Square (under construction), and the Higher Education Park, adjacent to the administrative centre of the city government and government administrative centre of Jiangdong district.

In May 2007, the property project was launched for the first time, with 131 units available for sale of which 92 units were sold in the first three days. The average sales price was approximately Rmb12,100 per sq.m., with a pre-sold rate of approximately 70%.

Jiangsu is one of the main provinces in Eastern China, maintaining double-digit growth in provincial GDP for 15 consecutive years since 1992. Currently, there are 13 provincial cities (including the provincial capital of Nanjing), and a resident population of 76,245,000. It achieved a local GDP of Rmb2,556 billion, ranking the third in the PRC. It has a per capita GDP of Rmb32,985, ranking the fifth in the PRC. In consideration of price factors, the annual disposable income per capita of urban residents was Rmb16,378, representing an actual increase of 11.7% over previous year. The company has now entered three cities in Jiangsu, including Nanjing, Nantong and Wuxi, which are important to the Jiangsu's economic development.

Nanjing is an important industrial production base in China, an important transportation and communication hub in the Eastern China, one of the four largest scientific research and education centres in China. In 2007, the per capita disposable income of its urban residents reached Rmb20,300. The infrastructure in major cities including the river tunnels and the No. 4 Bridge of Yangtze River will implement the river crossing development strategy, speeding up Nanjing from a provincial city into a hub city favorable for living, working, business and traveling.

Nantong is a city located at the junction between the coastal economic belt and Yangzte River Delta economic belt. In 2007, it realized a GDP of Rmb211.1 billion, grew by 16.2% over last year, with the highest growth rate in Jiangsu. The per capital disposable income of urban residents was Rmb16,450, representing a year-on-year growth rate of 17%. It has active private enterprise business activities and is the second city of the province and the sixth in China that has a number of private enterprises exceeded 100,000.

Wuxi is located at 128 km from Shanghai, one of the Top 10 cities with the highest competitiveness, district transportation hub and famous tourist spots, and the super large city under key development in Jiangsu. In 2007, Taihu New City in Wuxi became the largest open tourist spot in Jiangsu, winning the title of "China Habitat Environment Prize". In 2007, the per capita disposable income of urban residents reached Rmb20,700, with an average growth rate of 15.7% for the past five years.

Portfolio

	Property Projects	Type	Interest attributable to us	Site area (sq.m.)	Total GFA (sq.m.)
1	Nantong Yulan Apartment (formerly known as Nantong Project)	High-rise apartment	75%	76,261	165,734
2	Nanjing Rose Garden	Villa	70%	306,477	114,962
3	Nantong Hupanju	Low-rise and high-rise apartment	50%	155,333	249,852
4	Wuxi Taihu New City Project	High-rise apartment, commercial	39%	181,000	528,352
	Total			**719,071**	**1,058,900**

Schedule for completion at Jiangsu:

	Project	Total GFA (sq.m.)	Saleable Area (sq.m.)	Area sold as of end of 2007 (sq.m.)	Historical average selling price (Rmb/sq.m.)	Present selling price (Rmb/sq.m.)
2008	Nanjing Rose Garden Phase 1	29,631	19,182	5,379	15,999	16,660
	Nantong Hupanju Phase 1	39,153	33,182	18,493	2,207	3,060
	Total	**68,784**	**52,364**	**23,872**	**–**	**–**
2009	Nanjing Rose Garden Phase 2	35,303	24,480	0	–	–
	Nantong Lakeside Residence Phase 2 and 3 (part)	77,368	52,903	11,413	3,048	3,080
	Total	**112,671**	**77,383**	**11,413**	**–**	**–**
Beyond 2009		**877,445**	**662,684**	0	–	–

Highlights of key projects:

Nanjing Rose Garden

Site area:	approximately 310,000 sq.m.
Total GFA:	approximately 110,000 sq.m.
The property project comprises	158 separate villas, 4 low-rise landscape apartments and one clubhouse
Expected completion time:	The property projects will be delivered in different phases between 2008 and 2010.

This project is located in Pearl Spring Tourist Resort in Pukou District, bordering on the rolling ridge of Laoshan Mountain on the north, with Zhaofu International Golf Course of standard 18 holes on the west, and connecting Pearl Spring Wetland Park scenery spot (3, 000 mu) on the south. It has beautiful natural environment and humanity atmosphere. The project location and the region's main city is separated by the river. It is only 8km from the Nanjing Yangtze River Bridge, only 3km from the new administrative centre under planning and construction in Pukou district. The river-crossing development strategy has made continuous progress, and river-crossing facilities will be gradually completed. Pudong district where Nanjing Rose Garden is located will become the future major growth point in the Nanjing regional economy.

In November 2007, the project has launched to sell 15 units for the first time. All villas launched were sold in one day, with a total sales amount of approximately Rmb99.42 million, and the average selling price of approximately Rmb16,000 per sq.m.

Portfolio

Shanghai is one of the most important economic cities in China, it is also an important financial, trading and air transportation centre in China, as will as a leading city in Yangtze River Delta. It plays a leadership role in the national economic framework. In 2007 the city's GDP reached Rmb1,200 billion, with an average annual growth rate of 12.6% for the past five years. The value-added ratio of Shanghai's tertiary industries to the city's total production reached 51.7%. The average disposable income of its urban residents reached Rmb23,623.

Portfolio

	Property Projects	Type	Interest attributable to us	Site area (sq.m.)	Total GFA (sq.m.)
1	Shanghai Rose Garden	Villa	100%	724,662	220,470
2	Shanghai Xinjiangwan City Project	High-rise apartment	100%	59,254	130,816
3	Shanghai Dongjiadu Project	High-rise apartment	51%	63,360	261,329
4	East Sea Plaza	Office	49%	10,501	119,364
	Total			857,777	731,979

Schedule for completion at Shanghai:

	Project	Total GFA (sq.m.)	Saleable Area (sq.m.)	Area sold as of end of 2007 (sq.m.)	Historical average selling price (Rmb/sq.m.)	Present selling price (Rmb/sq.m.)
2008	Shanghai Rose Garden Phase 1(part) , Phase 2	78,984	48,029	12,753	36,693	54,000
	East Sea Plaza Phase 1	81,247	71,667	71,667	26,580	–
	Total	160,231	119,696	84,420	–	–
2009		–	–	–	–	–
Beyond 2009		571,748	358,495	0	–	–

Portfolio

Highlights of key projects:

Shanghai Rose Garden

Site area	:	approximately 800,000 sq.m.
Total GFA	:	approximately 240,000 sq.m.
Number of units	:	approximately 236 separate villas
Expected completion time	:	18,018 sq.m. was delivered in 2007, and the remaining will be delivered in different phases between 2008 and 2011.

The project lies in the heart of Shanghai Qizhong Forest Sports Center Minhang District, which is adjacent to a golf court, international ATP tennis centre, water activity centre, equestrian centre, high-class hotel, healthcare rehabilitation center and a high grade forest villa area.

The project is based on the old-style Shanghai buildings of the early 20th century. Its design concept is to create the same natural, modern and harmonious atmosphere one can find in the world's best villa communities. It achieved a total of approximately Rmb740 million in 2007 under revenue, with the average selling price of approximately Rmb38,000 per sq.m. The project was awarded "Top Ten Shanghai Garden Residential Buildings in 2007".

Shanghai Dongjiadu Project

Site area : approximately 60,000 sq.m.
Total GFA : approximately 260,000 sq.m.
The property project comprises 6 high-rise apartments, 1 hotel service apartment and 2 clubhouses
Expected completion time : The property project is expected to be available for sale for the first time in the fourth quarter in 2008 and delivered in different phases between 2010 and 2011.

The property project locates in South-eastern part of Huangpu District, the west bank of Huangpu River and approximately 1.7 km from the famous building clusters in Shanghai Bund in the north. It is approximately 1.8 km from future Shanghai World Expo site, adjacent to Huangpu River in the east, linking to the North-western edge and adjacent to Yuyuan city parks. It is one of the major sites in south Bund, and has a 200-metre stretch of the Huangpu River's bank. This project is a perfect integration of location and boutique luxurious buildings.

Shanghai Xinjiangwan City Project

Site area : approximately 60,000m^2
Total GFA : approximately 130,000m^2
Expected completion time : The project is expected to deliver in 2011

The property project is located in Xinjiangwan City of Yang Pu District. This sub-center covers an area of more than 60 sq. km. It is the largest urban district in Shanghai, and the only area with massive land available for development. 17 Prominent universities such as Fudan University, Tongji University and Shanghai Foreign Languages University are located in this district. It has a convenient intra-regional transport network, including three tunnels, two rings, and river-crossing Yangpu Bridge, which will link it with the Pudong New Area across the Huangpu River. Early 2008, the world's leading real estate investment and development company – Tishman Speyers Property Group from USA bought a major plot of land for commercial development purpose. As a result, as Xinjiangwan City introduces world-class commercial supporting facilities, it will greatly enhance the commercial atmosphere and the quality of life in the neighborhood.

BOHAI RIM REGION

Bohai Rim region treats Tianjin as the center, Dalian, Qingdao, Yantai and Qinhuangdao as the fan-like interface of coastal open cities, the capital cities of Shenyang, Taiyuan, Shijiazhuang, Jinan and Hohhot, as regional support point to constitute the most important urban clusters of political, economic, cultural, international exchanges, and export-oriented, multi-functional intensive urban conglomerations. The total economic aggregate of this region accounts for the total area of China of approximately $^{1}/_{5}$, the third regional economic pillars of China. The Company has expanded the projects in Jinan and Qingdao of Shandong Province.

Qingdao and Jinan

Qingdao is located in the southern Shandong Peninsula. It is one of the most important economic centers of China, as well as a national historical and cultural relics and scenic tourist destination. It was rated as one of the Top Ten Most Economically Vibrant Cities and China Top 10 Business Cities, and awarded the "China Resident Environmental Prize." In 2007, the city has a local GDP of Rmb378.65 billion, an increase of 16% over previous year.

Jinan is the provincial capital of Shandong, a large economic province in East China's coastal region. In 2007, Shandong's GDP reached 2,588.77 billion, ranking the second of China. Jinan realized GDP of Rmb255.43 billion in 2007, an increase of 15.7% over last year. The disposable income per capita of urban residents was Rmb17,794, representing an average annual growth rate of 12% for the past five years.

	Project	Type	Interest attributable to us	Site area (sq.m.)	Total GFA (sq.m.)
1	Qingdao Ideal City (formerly known as Qingdao Project)	Large-scale community	80%	1,240,876	2,442,769
2	Jinan National Games Project	Large-scale community	45%	877,197	1,816,460
	Total			2,118,073	4,259,229

Schedule for completion at Bohai Rim region:

	Project	Total GFA (sq.m.)	Saleable Area (sq.m.)	Area sold as of end of 2007 (sq.m.)	Historical average selling price (Rmb/sq.m.)	Present selling price (Rmb/sq.m.)
2008	Qingdao Ideal City Phase 1 (part)	93,609	55,203	0	–	–
	Total	93,609	55,203	0	–	–
2009	Qingdao Ideal City Phase 1 (part)	144,335	118,711	0	–	–
	Jinan National Games (Hotel)	97,126	–	0	–	–
	Jinan National Games (Service Apartment)	103,015	77,352	0	–	–
	Total	344,476	196,063	0	–	–
Beyond 2009		3,821,144	2,796,382	0	–	–

Highlights of key projects:

Qingdao Ideal City

Site area	:	approximately 1,240,000 sq.m.
Total GFA	:	approximately 2,440,000 sq.m.
Number of units	:	approximately 15,160
Expected completion time	:	the project is scheduled to sell in the second quarter in 2008 for the first time and deliver in different phases between 2008 and 2011

The property project is located in Licang District of Northern Qingdao, at the core of Qingdao's future central residential district. The project can access the CBD by 20 minutes, requiring six minutes for the train station ride and 15 minutes to the airport by car. The site is near a planned subway exit. The traffic is more convenient. The project will be a complex integrating residential, commercial, administrative, office, education and leisure functions.

Portfolio

Jinan National Games Project

Site area	:	approximately 880,000 sq.m.
Total GFA	:	approximately 1,820,000 sq.m.
Expected completion time	:	the project is scheduled to sell in the 4th quarter of 2008 for the first time and will be delivered in different phases between 2009 and 2014

The project is located in Lixia District, the eastern part of Jinan, a core area of the Eastern expansion and development strategy of Jinan. With an extensive transportation network, it is an administrative centre location for provincial government and the municipal government. As a major auxiliary facilities in accordance with the needs of the 11th National Games, the project includes a five-star hotel, the athlete's village, commercial shopping malls and office, high-grade residential areas, and so on, planning to be the core region of the new city in east Jinan in the future.

The project will be jointly developed by Haier Group and the Company. Both parties hold an equity interests of 55% and 45% respectively. Haier Group is China's national leader and model of the manufacturing sector to top China's national brands by achieving 70 billion brand value in China. Haier chooses to work with the Company for the first real estate property project. The combination of Haier's financial strength and geographical advantage with the company's professional experience and practical team provide the complementary strengths that will ensure the successful development of the project into a large-scale complex.

Portfolio

Beijing is the capital of China, as well as, the political, economic and cultural center of China. The GDP per capital of Beijing in 2007 exceeded USD7,000. The Beijing Municipal Government will further implement the adjustment in urban space composition under the principle of "Two Axles - Two Belt - Multiple Centres". It also intends to renovate and improve the CBD and construct 11 new satellite cities.

Portfolio

	Project	Type	Interest attributable to us	Site area (sq.m.)	Total GFA (sq.m.)
1	Beijing Majestic Mansion	Flat mansion	100%	323,009	307,465
2	Beijing Lily Apartment	Integrated community	80%	188,009	297,502
	Total			511,018	604,967

Schedule for completion at Beijing:

	Project	Total GFA (sq.m.)	Saleable Area (sq.m.)	Area sold as of end of 2007 (sq.m.)	Historical average selling price (Rmb/sq.m.)	Present selling price (Rmb/sq.m.)
2008	Beijing Majestic Mansion Phase 1 (Part)	4,134	2,770	2,420	37,100	–
	Beijing Lily Apartment Phase 5	42,293	34,930	34,930	4,518	–
	Total	46,427	37,700	37,350	–	–
2009	Beijing Majestic Mansion Phase 2	71,271	43,596	0	–	–
	Beijing Lily Apartment Phase 6	109,626	83,136	12,345	5,626	7,770
	Total	180,897	126,732	12,345	–	–
Beyond 2009		337,643	266,963	0	–	–

Portfolio

Highlights of key projects:

Beijing Majestic Mansion

Site area	:	approximately 350,000 sq.m.
Total GFA	:	approximately 340,000 sq.m.
Number of units	:	about 593 units
Expected completion time	:	33,068 sq.m. were delivered in 2007. The remaining will be delivered in different phases between 2008 and 2011.

The project is located at Haidian District, Beijing, adjacent to Zhongguancun, the silicon valley of China, with higher education institutions, such as Qinghua University and Beijing University nearby. There has been a long-term history and culture for the district. The project is located at the core of the well-known Xishan tourist area, with Xishan Mountain on the north-western side. The Summer Palace, the royal garden for the Qing Dynasty, is on the eastern side, and has the profound look of an ancient royal garden. The plot ratio of the project is 0.68, and is one of the lowest plot ratio for the current apartment projects in Beijing.

In May 2007, the project first commenced its sales, and ranked top in terms of number of units sold, sales amount and sales unit price for luxurious apartment in Beijing within one-month's time. The sales amount for that month reached approximately Rmb370 million, and the sales amount for the year reached approximately Rmb840 million.

Other provinces and cities

Apart from the above regions and cities, the Company also strategically and selectively entered into several provinces and cities with enormous development potential and capabilities to transfer the brand name effect to peripheral areas. These provinces and cities are Hefei in Anhui Province, Changsha in Hunan Province, Zhengzhou in Henan Province and Urumqi, the municipality of Xinjiang Uygur Autonomous Region.

Hefei is the provincial capital of Anhui Province. The GDP of Hefei in 2007 reached Rmb133,420 million, an increase of 18.1% from last year. The disposable income per capital for the household in urban areas was Rmb13,426, an increase of 21.9% over the same period last year. The government will further invest over Rmb10 billion this year to drive the construction of integrated regional transportation hub. In particular, emphasis will be placed on the construction of Binhu New Area surrounding Chaohu.

Changsha is a major city in Central China and the provincial capital of Hunan Province. The GDP of Changsha in 2007 reached Rmb219,025 million, an increase of 16.0% from last year. Such growth rate was the highest since 1994. The expansion of Huanghua Airport, the construction of Inland River Terminal and Inland Logistics Bonded Zone, the commencement of operation for the new railway passenger terminal and city rail transportation project, will facilitate the vertical and in-depth development of a group of cities including Changsha, Zhuzhou and Xiangtan.

Zhengzhou is a national historical and cultural city and the provincial capital of Henan Province. Its location at the intersection of China's north-south and east-west traffic routes in China, position it to develop into a major hub city in Central China, as well as an important integrated transportation and communication centre and a modern city engaged in logistics, commerce and trade. In 2007, the GDP of Zhengzhou reached Rmb242,100 million, and ranked ninth among the 27 provincial capitals in China. The GDP per capital of Zhengzhou reached Rmb33,000, which was equivalent to USD4,400. The population of CBD in the urban area was approximately 3,090,000. The disposable income of its urban residents averaged Rmb13,000.

Urumqi is the provincial municipality of Xinjiang Uygur Autonomous Region in China, which is positioned to be a major gateway for the opening up of western China to the world. Urumqi had a registered population 2,116,200 in 2007. The GDP of the region reached Rmb78,200 million, an increase of 15.2% from last year. The disposable income per capital for urban household reached Rmb11,373, an increase of 9.02% from the previous year.

	Project	Type	Interest attributable to us	Site area (sq.m.)	Total GFA (sq.m.)
1	Hefei Sweet Osmanthus Garden	High-rise apartment	90%	40,938	106,023
2	Hefei Lily Apartment	High-rise apartment	54%	58,173	147,781
3	Hefei New Green Garden	High-rise apartment	54%	58,680	206,334
4	Changsha Green Bambao Garden	Villa	52%	1,162,010	319,082
5	Changsha Sweet Osmanthus Town	Low-rise and high-rise apartment	51%	51,363	96,394
6	Zhengzhou Lily Apartment	Low-rise apartment	38%	121,201	254,137
7	Xinjiang Rose Garden	Villa	61%	118,238	29,837
	Total			1,610,603	1,159,588

Schedule for completion at other provincial capitals:

	Project	Total GFA (sq.m.)	Saleable Area (sq.m.)	Area sold as of end of 2007 (sq.m.)	Historical average selling price (Rmb/sq.m.)	Present selling price (Rmb/sq.m.)
2008	Hefei Sweet Osmanthus Garden Phase 4	56,948	45,390	0	–	–
	Hefei Lily Apartment Phase 3	100,256	78,668	45,581	5,300	7,000
	Changsha Green Bamboo Garden North Phase 2	38,778	38,578	0	–	–
	Changsha Sweet Osmanthus Town Phase 3	96,394	76,365	35,660	4,700	5,400
	Zhengzhou Lily Apartment Phase 3 (Part)	80,047	59,414	41,941	6,600	9,250
	Xinjiang Rose Garden Phase 3	18,837	18,837	0	–	–
	Total	391,260	317,252	123,182	–	–
2009	Hefei Sweet Osmanthus Phase 5	49,075	35,875	0	–	–
	Hefei Lily Apartment Phase 4	47,525	35,602	0	–	–
	Changsha Green Bamboo Garden North Phase 3, South Phase 1	73,624	61,654	0	–	–
	Zhengzhou Lily Apartment Phase 3 (Part), Phase 4	174,090	122,653	0	–	–
	Xinjiang Rose Garden Phase 4	11,000	11,000	0	–	–
	Total	355,314	266,784	0	–	–
Beyond 2009		413,014	344,188	0	–	–

Highlights of key projects:

Changsha Green Bamboo Garden

Site area	:	approximately 1,310,000 sq.m.
Total GFA	:	approximately 360,000 sq.m.
Number of units	:	about 286 units
Expected completion time	:	41,164 sq.m. were delivered in 2007. The remaining will be delivered in different phases between 2008 and 2013.

The project is located near Green Bamboo Lake, a place with beautiful sceneries in Kaifu District, Changsha. It is located approximately 20 km. away from the centre of Changsha. The project is surrounded by mountain and faced with the lake. Green Bamboo Lake Golf Course, a hilly golf course of about 1,200,000 sq. m characterized by natural lives and sceneries, and Green Bamboo Lake of 200,000 sq.m. is adjacent to the project. The Senlin Garden and Changsha Zoo are also located in the nearby area. It is the residential area enriched with best natural sceneries in Changsha.

The project first commenced its sales in May 2007. A total of 58 villas were made available for sale during the year. As of the end of 2007, 48 villas were sold and the pre-sale ratio was 83%.

Xinjiang Rose Garden

Site area	:	approximately 190,000 sq.m.
Total GFA	:	approximately 50,000 sq.m.
Number of units	:	about 140 units
Expected completion time	:	by the end of 2007, 24,234 sq.m. were delivered. The remaining will be delivered in different phases between 2008 and 2009.

The project is located in Shuimogou, a national scenic spot east of Urumqi, and is a unique villa area consisting of mountain, water, forest and spring in the urban district. The project is just 4.8 km. away from CBD, which is connected by Qingnian Road, Hongshan Road, Wenquan East Road with the city. There are seven public transportation routes on both sides and the transportation is convenient. There are comprehensive community support facilities in the nearby area.

All 57 villas offered for sale in the project had already been sold by the end of 2007. Of which, the average selling price in 2007 was about Rmb11,000 per sq.m.

Year in Review

JAN

The Company convened its 2007 annual plan meeting. It resolved to implement a "Product Quality Refining Strategy", as well as a structure under which general managers would implement individual projects autonomously, ensuring a smooth upgrade of product quality and streamlined management structure.

FEB

The Company organised the "Congress to thank Friendly Cooperative Units and Signing Ceremony for Strategic Units" in Hangzhou, during which it signed strategic cooperation agreement with 23 units in the field of construction, planning & design, material & equipment supplies, etc.

MAR

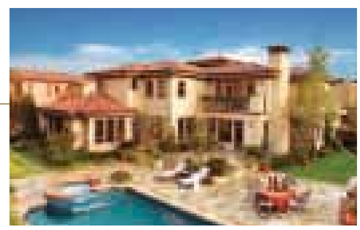
The Company ranked No.8 in the "Top 10 of the top 100 Real-Estate Companies in China for 2007" and No.3 in the "Top 10 of the 100 China Most-profitable Real-Estate Enterprises".

"Blossoming Spring-Preview of New Greentown Property Projects for 2007" was successfully held in Hangzhou.

APR

The Company established a steering group for "Product Quality Refining Strategy" and a dedicated research group for "Product Quality Refining Strategy". This strategy has reached a solid stage.

Taohuayuan in Hangzhou was honored as first prize winner in the "Second Session of Best Residential Building Award" organised by Hangzhou Municipal Government.



MAY

Following a placement to raise approximately HKD2.3 billion (announced on 7 May), Greentown announced another issue of 5-year convertible bonds to raise approximately HKD2.3 billion, raising a total of approximately HKD4.6 billion within a week.

JUN

Wenzhou Greentown Real Estate Development Company Limited and Hyatt International Hotels and Resorts Group, one of the world leading class hotel management companies, signed a co-operation agreement. This was a milestone in the Company's development as a partner in investment properties that generates stable revenues.

JUL

The Company's projects, namely Beijing Majestic Mansion, Zhoushan Osmanthus Town and Changsha Green Bamboo Garden, were awarded the "Best Property Design 2007", "Model Residential Building in Zhejiang 2007" and "Top 5 of the Changsha Villas with the Most Comprehensive Strengths in the First Half of 2007" (ranked 1) respectively. The Company's products were highly recognized in everywhere which signified the Company's ability to duplicate products as well as create new products.

AUG

As for the Huanxicum, Villa in Taohuayuan South, Guiyu Garden, the second block of Changsha Sweet Osmanthus Town and Qingdaohu Resort, 100%, 83% and 86% of the units were sold in 2 days respectively. The Company's Premium Housing was highly pursued by those residents who would like to upgrade their residence.

SEP

At the "2007 Beijing Summit of China City Conference" held in Beijing, "Greentown's Living Services System" was the only commercial project (the rest are all government initiatives) awarded the "Improvement in Urban Management in China 2007".

Chunyuan Garden of Beijing Lily Apartment and Qin Garden of Hangzhou Lanting hit the market one after another and 97% and 94% were immediately sold in the first 2 days of sales respectively.

OCT

The Company signed a cooperative development agreement with Harbour Center Development Limited, a company under the Wharf Group in respect of the Qianjiang New City Project in Hangzhou.

The signing ceremony of a strategic cooperative agreement between the Company and Korean New World Group was held in Huanglong Century Plaza.

NOV

The Company entered into a strategic cooperative agreement with Haier Group, a leading manufacturing brand in China in respect of the real estate business to jointly develop the National Games Village and Hotel for the Eleventh National Games to be held in Jinan. A commencement of construction ceremony was held in the same month.

Rose Garden in Nanjing hit the market with all the 15 villas sold on the same day. This marked the products of the Company successfully entering into the high end property market.

DEC

In the "Fourth Most Popular Real Estate in China 2007 — Shanghai Real Estate Annual Gala" organized by Soufun, the Company was selected "Top 10 Real Estates Brands in Shanghai".

Beijing Majestic Mansion was awarded the "Top 10 Model Villas Changing the City and Affecting China (2007-2008)" jointly organized by City and Environment Faculty of Beijing University, Human Habitat Center of Beijing University and Beijing Property Magazine.

Live demonstration of Hangzhou Hope Town

Calmness

Peace & Freedom

of living charm

Chairman's Statement

Dear Shareholders:

2007 was the second year since Greentown's Hong Kong listing. During the year, the Company embraced its consistent value idea, was devoted to operation and conscientious in work, and made new breakthroughs in various aspects of operation. The Company's sales revenue was 113% higher over last year, reaching RMB15.1 billion. The implementation of "Product Quality Refining Strategy" and the launch of "Premium Community Service System" also saw active market response and result support. The Company had created a sounder foundation for its sustainable and healthy development, and had also gained the potential for accelerating growth.

For the development of China's property sector at present and going forward, various market participants, such as the government, financial institutions, scholars, consumers, and developers, have different opinions from different viewpoints. However, we have been clear that under the background of China's rapid economic development and accelerating urbanization, people's longing for modern urban civilization is the main theme of China's real estate industry. The demand in the property sector is real, and its clients, labor and raw materials are literally all in the domestic market. Therefore it is evidently a driving factor for China's economic development and is of great importance. China's property sector is at a growing stage and has a bright prospect.

Due to the cyclical impact from the state's policies on land supply, finance and taxation, the development of real estate industry will also endure cyclical adjustment. This type of adjustment is the industry's organic requirement for itself. The changes of market supply and demand structure brought by the adjustment will facilitate the sector's long-term healthy development.

In 2008, we will maintain our positive attitude while taking a meticulous approach. We will recognize market requirements, adopt ourselves to market changes, and seek for market opportunities. The "Product Quality Refining Strategy" we introduced in 2007 was another improvement for product quality. In 2008 the Company will continue to enhance the strategy. The only way that the Company can obtain its capability of defensing market risk is to improve "product quality" and make our products "super values for money". This will be out basic principle and long-term strategy.

The Company has established strategic partnership with a number of prestigeous enterprises such as The Zhejiang Daily Group, Zhejiang Provincial Railway Investment Group, Xizi Elevator Group, and Haier Group, and thus has created the "complementary advantages and win-win" partnership situation in the process of practice. Development with partners has been an important complement for the Company's core capabilities. In 2008 and afterwards, we will develop in cooperation with more outstanding domestic and foreign enterprises in real estate sector and other industries.

With its intrinsic and improving advantages, the Company will dedicate itself to the further enhancement of operation efficiency and establishment of an excellent team of professionals, and therefore achieve its sustainable development and improvement. This is the Company's constant principle. We are of confidence in the Company's development.

I should like to avail myself of this opportunity to express my sincere gratitude to the Company's customers, shareholders and diligent employees.

Song Weiping
Chairman

21 April 2008

CEO's Review

Dear Shareholders,

2007 was the first full fiscal year since its transformation from a purely private enterprise into a public company listed on the international capital market.

During its thirteen-year history, the Company has evolved from being a regional developer with a limited number of projects located in a single city into a leading national real-estate player that manages dozens of projects throughout China. It has remained one of the nation's top 10 real-estate enterprises for the past four consecutive years, and successfully listed on the Stock Exchange of Hong Kong in July 2006. The Company has achieved major progress in its development, and ranked itself among the first class real estate developers in China. The Company attributes its strict adherence to its core values, and its extensive efforts in the improvement of product and service quality, accumulation of company and product brand equity, and well-managed equilibrium of cooperation and profit under the guidance of its core values as critical factors to its success.

As a public company, Greentown has adhered to the Company's core values and strengths and has reviewed its strategies and operation from the perspectives of its products and the capital markets to effectively optimise its corporate governance structure, improve the quality and efficiency of our capital operation, achieve strategic expansion of the Company's scale, and strike a balance between long-term and short-term benefits for the Company's shareholders.

CEO's Review

I Improved quality and increased scale – the themes for 2007

The year 2007 was also a crucial year for the Company in which the Company has seen breakthrough in each segment of operation:

1. Continuous improvement of product quality: The full and successful implementation of its management's "Product Quality Refining Strategy". The Company launched a number of high-quality new developments during the year, such as Beijing Majestic Mansion, Shanghai Rose Garden, Hangzhou Majestic Mansion, Chunan 1000-Island Lake Resort Condo etc. These were well received in the market and their sales performance was excellent. Such projects align with the market's growing demand for higher standards of quality, and the Group's commitment to deliver these in all its projects, thus enabling it to maintain its leadership in the premium residential sector.

2. Further enhancement of service quality: The substantial headway made by the "Greentown Premium Community Service System" that was piloted at Hangzhou Blue Patio. The System reflects a shift in the main emphasis of Greentown's management towards a new focus on providing services that satisfy the healthcare, cultural and everyday needs of residents of its projects. It also demonstrates the Company's continous efforts to research and explore methods to improve them. As a result, Hangzhou Blue Patio was the only corporate housing development to receive a "China City Administration Excellence Award" during 2007. Moreover, the System's incorporation into projects has the potential to elevate the sales prices of their units in a direct and significant way.

3. Double in revenue from pre-sales. The Group achieved presales of RMB15.1 billion, 113% higher than 2006. The presales attributable to the Company was approximately RMB10 billion, 104% higher than last year. For presales attributable to the Company, RMB4,600 million was attributable to FY2007 operating revenue, RMB3,800 million was to be attributable to FY2008 operating revenue, and RMB1,600 million was to be attributable to the operating revenue of FY2009 and later.

4. Rapid growth in the scale of development. The Group's newly commenced projects amounted to 3.86 million sq.m. in the year, and total completed GFA was 1.61 million sq.m., 52% higher than last year. As at the end of 2007, the Group's total GFA under development amounted to 5.38 million sq.m., 72% higher on a y-o-y basis. The total GFA under development attributable to the Company was 3.41 million sq.m., 81% higher than last year.

5. Strategic addition in land bank. The Group had increased its land bank by 10.22 million sq.m. in the year, with 5.62 million sq.m. of total GFA attributable to the Company. As at the end of 2007, the Group's land bank was 22.22 million sq.m. in total GFA, 81% higher on a y-o-y basis. And the area attributable to the Company was 13.62 million sq.m., 72% higher on a y-o-y basis.

6. Further enhancement of strategic cooperation partnership. In 2007, the Company established strategic cooperation relationship with numerous leading reputable enterprises, such as Haier Group, Zhejiang Energy Group, The Wharf (Holdings) Limited in Hong Kong, Beijing Urban Construction Real Estate Co., Ltd., Zhejiang Baoye Construction Group Co., Ltd., to expand in real estate market.

Notwithstanding the outstanding performances achieved by the Company in terms of pre-sales, at a rate significantly higher than previous year, it also brought phase disequilibrium to the operating results, due to the impact of relocation or government approval on certain projects/project phases like Shanghai East Sea Plaza which failed to delivered during the year and resulted in 7% decrease of the Company's 2007 completed and delivered GFA over the completed projects disclosed in 2006 Annual Report, as well as a 10.3% decrease of operating revenue over last year. The Company must enhance its management over project planning, and revise its strategies appropriately according to the changes in policies, so as to assure the completion of development plans.

II Planning for further growth – strategic implementation for 2007

The Company understands that there still exists a big gap compared with top international players in respect of size, operation, performance and efficiency, regardless of its established sector leadership in product quality. After going public, the Company may, on one hand, benefit from its intrinsic impulse driving forward, and on the other hand, have to cope with the external pressure from the development trend of the industry.

As an enterprise determined to develop in this industry in the long-term, we are dedicated to resolve the fundamental issues arising from survival and development of the Company: ongoing enhancement of qualities in products and services, optimization of management structure, enhancement of efficiency as well as enhancement of effectiveness, balance between development and risks, transformation of business model at appropriate time. More important of all, we must uphold values and virtues, and recognize the fundamental rules for dealing with people, matters and businesses from our corporate culture.

In view of its overall strategic objectives for 2007, the Company worked on the following strategies in accordance with the strength of its management and it brand:

1. Proposition and implementation of "Product Quality Refining Strategy". Construction quality is in the core of valuation for a real estate company. The Company consistently embraces the philosophy of "quality first" throughout its 13 year history and has created a premium product line well recognized by the market:

   (1) Large community line represented by "Hangzhou Sweet Osmanthus Town";

   (2) High-rise apartment line represented by "Hangzhou Chunjiang Huayue";

(3) Elaborately decorated high-rise apartment line represented by "Hangzhou Deep Blue Plaza";

(4) Villa line represented by "Hangzhou Rose Garden" and "Taohuayuan".

The continued replication and innovation of these lines in newly developed region has received the same broad market recognition. The quality value of our products has been crystallized and improved by the "Product Quality Refining Strategy", "Premium Community Service System" had taken root and expanded, and the "quality connotation" of the products of the Company was enriched, which represents further improvement of the Company's product quality and safeguard of strong sales growth and brand premium.

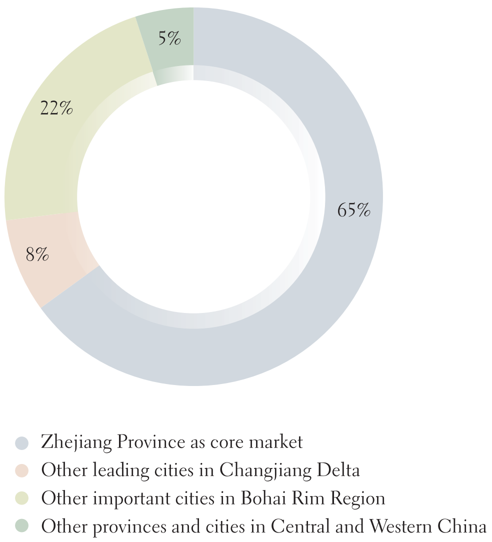
Of all the saleable properties of the Group (including all properties unsold before 1 January 2007), an aggregate of 85%, in terms of area, had been sold by the end of 2007.

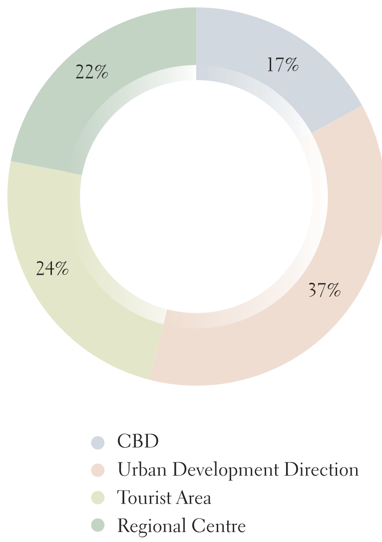
Sales rate of saleable properties sold in 2007

Project Category	Saleable GFA as at 1 Jan 2007 (sq. m.)	Saleable GFA GPA commenced in 2007 (sq. m.)	Saleable GFA sold in 2007 (sq. m.)	Sales rate for 2007 (sq. m.)
Residential	382,644	1,119,395	1,312,246	87%
Villa	22,154	150,972	153,170	88%
Commercial	33,981	159,242	120,042	62%
Total	438,779	1,429,609	1,585,458	85%

2. Governance Adjustment and HR Improvement Strategy. After growing up from a very small firm into a group company with tens of subsidiaries, the Company is now facing with a typical issue for all large players in respect of how to capitalize the integrated resources at the management headquarter, cater to quality and efficiency on an equal basis and find a balancing point between development and risk control. In 2007, the Company initiated an activity aiming at analyzing and studying both international and domestic top real estate players, invited specialist consultants and chose up eleven overseas top listcos including Sun Hung Kai Properties Limited in Hong Kong for analysing ten areas like their management models, investment strategies, capital management, for learning their strength and for research on areas particular helpful for the Company. At the same time, in order to ensure rapid growth, the Company has initiated open selection for internal management positions at appropriate time and continues to regard staff training and educating as the most important tasks for the management. As a result, constant improvement of personnel quality has been achieved.

3. Clear and enhanced regional expansion strategy. Since 2007, in consideration of the appealing power and development of brands, the Company insisted on focusing on Zhejiang as its base (which is characterized by an extremely strong branding rippling effect). Zhejiang forms the center of developed cities within the Yangtz River Delta Area, focusing on the development of major cities around Bohai Rim, and endeavoring to improve the market share in penetrated cities. At the same time, the Company insists that the features of the projects in target areas satisfy the positioning consideration for the Company's product, providing supports from the very beginning of development stage for the sake of high yield and balanced risks of the projects. Such concepts in expansion have been fully implemented with the existing land bank of the Company.





4. Co-operation strategy. Seeking for appropriate managing and brand premium modes reflects the Company's deliberate consideration and careful selection in balancing project expansion and financial risk control for the time being, which may effectively reduce exposure to market competition risks, reduce the Group's capital commitments, improve financial leverage capacity, and maintain sound financial liquidity.

   In 2007, through cooperation, acquisition of third party's equity and other approaches, the Company succeeded in increasing land bank in a strategic way. The Company usually selects its partners based on the following three aspects:

   (1) Entities with sound resources including land or social resources;

   (2) Companies with strong capital strength, recognized corporate brands and management competency;

(3) Sharing with leading peers in the industry.

The project expansion in 2007 has been as a result of implementation of the strategy of cooperation, particularly the Company's cooperation with companies such as Zhejiang Energy Group, which demonstrates that the cooperation has played a significant role and meaning to the development of the Company.

Project	JV partner	Interest Held by the Company	% of Total Capital Contributed by the Company
Taizhou Project	Zhejiang Energy Group	49%	24.5%
Jinan National Sports Game Project	Haier Group	45%	22.5%

The Company has developed cooperation with a number of prestigious enterprises such as Zhejiang Provincial Railway Investment Group, The Zhejiang Daily Group, China CYTS Tours Holding and Xizi Elevator Group, and thus a "complementary edges for a win-win situatiion" was formed. The cooperation has been an important complement for the Company's core competitiveness.

III Rational growth and sustainable development – Rules of 2008

As commonly recognised, the real estate sector become an important industry of commercial economics in China only in recent years. If we regard the reforms of "housing distribution" adopted by the government in 1998 as the commencement of market-oriented real estate industry, there has only been a decade for the industry to develop. During the decade, however, Chinese society and economic environment may have experienced the most rapid and wide-spreading changes.

In conjunction with the knowledge of every rational investor, we believe macro and housing policy adjustments aim only to bring the industry back to the normal track. The underlying supply structure will not change, and supportive housing requirement would obviously differ from housing update requirements in terms of market demand and supply structure. Irrational growth was not phenomenal for a particular industry or enterprise. "The laissez-faire approach by both government and market" and return of rational market is good news to housing industry's long-term development. In consideration of rapid economic growth, accelerated urbanization and continuous growth of housing update requirements, there is no material change in the foundation of real estate industry in terms of long-term development. The industry has a bright future, and will achieve sustainable and rational development and growth.

At the same time, the Company recognised that 2008 will be a special year for the development of the Chinese economy, Chinese real estate industry and us. We will monitor closely 2007's monetary policy accumulative effects on money market and financial market in 2008, and observe key influences on commercial housing market and resulting changes from supply structure transformation. Meanwhile, we will keep a close eye on effects of significant fluctuation in international financial market and RMB appreciation on domestic related industries.

CEO's Review

During our 13 years in China real estate industry, our company has seen market ups and downs and acquired precious experiences, which forms the foundation of our company. We are truly confident of our bright future.

In 2008, all operations of the Company recorded a significant growth, and it is an important year for us to lay a foundation of making great strides in development of operating results in the future. We plan to start new projects with GFA of 7.33 million m^2, 90% higher than last year, completed GFA of 2.22 million m^2, 38% higher than last year and presale to exceed RMB20 billion. To achieve balance and development, company will focus on following strategic targets:

1. Construct and cultivate corporate culture with emphasis in "Year of corporate culture development", to guarantee the company's rapid development.

2. Improve corporate governance structure featured with tier management structure of "Group company – executive general manager area – project company", to be adapted to expanding needs and enhance decision-making efficiency.

3. Emphasis on "plan and execution management" and try to break the major bottleneck which currently exists in project construction and expedite the asset turnover with model-driven and standardized construction period.

4. Specify and implement "Product Quality Refining Strategy" and "Livable Community Services System", to continue to strengthen and enhance product and service quality, and reinforce company's quality competitive advantage.

5. Adhere to the expanding model with the feature of "management and brand output", and seek the management and brand premium, with innotive financing and cooperating models and balancing the development and risk control as a focus.

6. Continue to "train and cultivate a team of outstanding talents" as the major management task of the Company, turn an enterprise into a college, and develop qualities and techniques for its human resources in a multi model and multi-level manner, with an aim to build up a professional team.

The development of the Company had already advanced to a new platform, which equipped with solid foundation and strong development potential. The strategic roadmap of the Company "to build fine products for centuries and to establish its brand name for centuries" requires long-term and persistent efforts.

Greentown truly appreciates the significant support and full comprehension and trust from shareholders and directors who experienced market fluctuation alongside the company. We also would like to take this opportunity to express our gratitude to all the employees for your hard work and contributions to Greentown.

Shou Bainian
Chief Executive Officer
21 April 2008

Live demonstration of the clubhouse of Hangzhou Blue Patio

Warmth Descended Doorway

Management Discussion and Analysis

Business Review

During the year under review, the Company fully implemented its "Product Quality Refining Strategy" in every aspect. Progresses on the development of projects were accelerated. New development projects were explored proactively. The Company maintained sustainable and steady growth in its results. Set out below is a description of its performances from several key aspects:

Project Development

During the year under review, the Company fully leveraged on its existing mature product series and its experienced management team to accelerate the extent of development on its existing land bank and shortened project development cycle. 55 projects or phases of projects had commenced construction. The GFA of newly commenced projects amounted to 3.86 million sq.m., an increase of 130% over the same period last year.

During the year under review, the Company had 70 projects or phases of projects under development (including projects of associates for which the Company has interests attributable to). The GFA amounted to 5.38 million sq.m., an increase of 72% over the same period last year.

During the year under review, the Company had completed 23 projects or phases of projects for delivery. Total GFA delivered amounted to 1.61 million sq.m., an increase of 52 % over the same period last year. Of which, saleable area amounted to 1.13 million sq.m.

Management Discussion and Analysis

Schedule of property projects completed during 2007

Type		Region	Project	Phases	Interest attributable to us	Total GFA (sq. m.)	Saleable area (sq. m)	Sold area as of the end of 2007 (sq. m.)
Subsidiaries	1	Hangzhou	Jiuxi Rose Garden Resort Village (Part)		100.0%	20,350	2,818	2,454
	2	Hangzhou	Blue Patio	Public facilities	85.0%	14,155	N/A	N/A
	3	Hangzhou	Taohuayuan South	Phase 1 (Part)	51.0%	41,882	41,882	39,753
	4	Zhejiang	Zhoushan Hotel		100.0%	88,534	N/A	N/A
	5	Shanghai	Shanghai Greentown	Phase 3	100.0%	148,410	110,607	109,550
	6	Shanghai	Shanghai Rose Garden	Phase 1 (Part)	100.0%	18,018	10,520	6,688
	7	Beijing	Beijing Majestic Mansion	Phase 1 (Part)	100.0%	33,068	22,380	21,159
	8	Beijing	Beijing Lily Apartment	Phase 3	80.0%	64,392	52,273	52,273
	9	Beijing	Beijing Lily Apartment	Phase 4	80.0%	65,444	50,342	50,342
	10	Anhui	Hefei Lily Apartment	Phase 1	54.0%	80,546	64,609	57,406
	11	Anhui	Hefei Lily Apartment	Phase 2	54.0%	25,537	20,546	19,988
	12	Hunan	Changsha Green Bamboo Garden	North Phase 1	52.5%	41,164	40,109	29,636
	13	Hunan	Changsha Sweet Osmanthus Town	Phase 1 (Part)	51.0%	76,756	50,267	39,516
	14	Hunan	Changsha Sweet Osmanthus Town	Phase 2	51.0%	47,204	34,352	27,117
	15	Xinjiang	Xinjiang Rose Garden	Phase 2	61.2%	13,161	9,947	8,628
Sub-total						778,621	510,652	464,510

Management Discussion and Analysis

Type		Region	Project	Phases	Interest attributable to us	Total GFA (sq. m.)	Saleable area (sq. m)	Sold area as of the end of 2007 (sq. m.)
Associates	16	Hangzhou	Hope Town	Phase 1	45.0%	160,642	119,978	119,331
	17	Zhejiang	Ningbo Sweet Osmanthus Garden	Phase 1	60.0%	164,289	122,188	121,503
	18	Zhejiang	Haining Baihe New City	Low-rise Phase 3 (Part)	50.0%	78,082	56,893	56,442
	19	Zhejiang	Haining Baihe New City	Villa, Phase 1	50.0%	30,173	29,925	17,718
	20	Zhejiang	Deqing Sweet Osmanthus Town	Phase 1 (Part)	46.6%	140,619	106,846	83,367
	21	Zhejiang	Deqing Lily Apartment	Phase 1	24.5%	68,111	47,907	34,556
	22	Henan	Zhengzhou Lily Apartment	Phase 1	37.7%	93,767	65,672	63,142
	23	Henan	Zhengzhou Lily Apartment	Phase 2	37.7%	96,321	68,795	61,146
Sub-total						832,004	618,204	557,205
Total						1,610,625	1,128,856	1,021,715

Property Sales

During the year under review, a total of 1.59 million sq.m. had been sold/pre-sold for the year, an increase of 115% over the same period last year. The sold/pre-sold amount was approximately RMB15,100 million, an increase of 113% over the same period last year. The area sold/pre-sold attributable to the Company was approximately 990,000 sq.m., an increase of 94% over the same period last year. The sold/pre-sold amount was approximately RMB10,000 million, an increase of 104% over the same period last year.

The Company fully implemented its "Product Quality Refining Strategy" in every aspect. The quality in property projects and the impact of the Company's brand continued to enhance. Through means sales tactics such as live view demonstration and field preview and marketing, the Company ensured the outstanding competitiveness of its products in the market. As of 31 December 2007, the proportion of area completed in 2007 and 2008 for sale/pre-sale was approximately 91% and 48% respectively.

Management Discussion and Analysis

Land Bank

It is the land bank strategy of the Company to considerably rely on the advantages of our corporate management and our brand name, so as to implement a regional expansion strategy with a focus on cooperation. Emphasis is consistently placed on the market of Zhejiang Province, which has enjoyed very high brand name effect, and to transfer such brand name effect to economically developed cities within Changjiang Delta region. Major cities around Bohai Bay were focuses for expansion, and efforts were devoted to increase market share in cities already with presence. The Company selected to participate in projects that capture abundant city resources, and increase is land bank strategically.

During the year under review, the Company established strategic cooperation relationship with numerous outstanding enterprises such as Haier Group, Zhejiang Energy Group, Wharf Group in Hong Kong, Beijing Chengjin Corporation and Zhejiang Baoye Construction Corporation. The Company acquired twenty-one projects including Qianjiang New City Project in Hangzhou, Xinjingwan City Project in Shanghai, Yulan Garden and Yangming Road Projects in Shaoxing, National Games Project in Jinan, Changzhi Island Project in Zhoushan, and Crown Garden in Ningbo through auction and tender by the government in open market, and acquisition of equity interests from third parties.

During the year under review, the Company expanded into 6 cities, namely Shaoxing, Taizhou, Wuzhou, Changxing, Jinan and Wuxi. Site area of land bank added amounted to approximately 4.68 million sq.m., and total GFA to be built on the land bank added amounted to 10.22 million sq.m, of which 5.62 million sq.m. attributable to the Company.

Land bank added during 2007

Means of acquiring the property		Region	Project	Site area (sq. m.)	Estimated total GFA (sq. m.)	Interest attributable to the Company (%)	Project status as of the date of this report
Participation of auction and tender in open market	1	Hangzhou	Qianjiang New City Project	84,225	377,444	60.0%	Design under planning
	2	Hangzhou	Taohuayuan 50#	14,871	14,850	26.0%	Design under planning
	3	Zhejiang	Zhoushan Pijinchang Project	48,381	151,000	100.0%	Design under planning
	4	Zhejiang	Xinchang Rose Garden	16,069	16,069	80.0%	Construction commenced
	5	Zhejiang	Changxing Project	101,315	319,574	51.0%	Design under planning
	6	Zhejiang	Shaoxing Yangming Road Project	183,377	165,120	51.0%	Design under planning

Management Discussion and Analysis

Means of acquiring the property		Region	Project	Site area (sq. m.)	Estimated total GFA (sq. m.)	Interest attributable to the Company (%)	Project status as of the date of this report
	7	Zhejiang	Taizhou Project	140,669	371,700	49.0%	Design under planning
	8	Zhejiang	Shaoxing Yulan Garden	124,113	543,360	35.0%	Construction commenced
	9	Shanghai	Xinjiangwan City Project	59,254	130,816	100.0%	Design under planning
	10	Jiangsu	Nantong Yulan Apartment	76,261	165,734	75.0%	Design under planning
Sub-total				848,535	2,255,667		
Cooperation / acquisition of equity interests	11	Hangzhou	Xiaoshan Xiuboyuan Project	33,350	105,000	50.0%	Design under planning
	12	Zhejiang	Huzhou Renhuangshan Project	289,319	406,207	100.0%	Design under planning
	13	Zhejiang	Ningbo Crown Garden	149,583	572,821	60.0%	Pre-sold
	14	Zhejiang	Changzhi Island Project	1,621,375	3,307,712	58.1%	Design under planning
	15	Zhejiang	1000-Island Lake Yangshengtang Project	154,122	169,569	51.0%	Design under planning
	16	Zhejiang	Deqing Sweet Osmanthus Town	166,734	304,698	46.6%	Delivered in part
	17	Zhejiang	Deqing Lily Apartment	103,120	207,340	24.5%	Delivered in part
	18	Beijing	Beijing Majestic Mansion (Note i)	–	–	100.0%	Delivered in part
	19	Shangdong	Jinan National Games Project	877,197	1,816,460	45.0%	Construction commenced
	20	Jiangsu	Wuxi Taihu New City	181,000	528,352	39.0%	Design under planning
	21	Henan	Zhengzhou Lily Apartment	219,458	444,225	37.7%	Delivered in part

Means of acquiring the property	Region	Project	Site area (sq. m.)	Estimated total GFA (sq. m.)	Interest attributable to the Company (%)	Project status as of the date of this report
22	Hangzhou	Hangzhou Zhanongkou Project	33,848	102,085	35.0%	Design under planning
Sub-total			3,829,106	7,964,469		
Total			4,677,641	10,220,136		

Note:

(i) Additional acquisition in the equity interests of the project from 65% to 100%. The project has the site area of approximately 346,369 sq.m., and total GFA of approximately 340,533 sq.m.

As of 31 December 2007, the total GFA from our land bank accumulated amounted to 22.22 million sq.m. Of which, the GFA attributable to us amounted to 13.62 million sq.m. The Company had covered 25 cities within the country, and the presence within the PRC was improved.

Financial Analysis

Revenue

The revenue from property sales represented 99.2% of revenue in 2007. Property sales decreased from Rmb6,341 million in 2006 by 10.3% to Rmb5,690 million. The GFA of sales recognised in the accounts amounted to 652,158 sq.m., a decrease of 16.9% from 785,117 sq.m. recorded in 2006. However, the average selling price of its units achieved an increase from Rmb8,077 per sq.m. in 2006 by 8.0% to Rmb8,725 per sq.m. in 2007.

Four projects by the Group's subsidiaries with a total GFA of 141,035 sq.m. were not completed as scheduled in the plan announced at the beginning of 2007. These were Taohuayuan West (partial), Zhoushan Rose Garden, Taohuayuan South Phase 1 (partial) and Shanghai Rose Garden Phase 1 (partial). The construction of Taohuanyuan West was affected by failure to resolve resettlement for local peasants. The progress for Zhoushan Rose Garden, Taohuayuan South Phase 1 (partial) and Shanghai Rose Garden Phase 1 (partial) was delayed due to revisions of their design plans.

Property sales in 2007 were mainly derived from projects in Shanghai, Hangzhou and Beijing. Sales derived from projects in Shanghai reached Rmb1,872 million, representing 32.9% of the total property sales and ranked top in proportion of sales. The property sales derived from projects in Beijing and Hangzhou ranked second and third, which were 21.2% and 21.0% respectively. In Shanghai, the property sales came from two projects of the Group. Of which, the total sales from Shanghai Greentown Phase 3 amounted to Rmb1,624 million, which was the highest amongst all projects. The average selling price per sq.m. for this Shanghai Greentown Project Phase 1 increased from Rmb6,526 per sq.m. by 94.3% to Rmb12,677 per sq.m. for Phase 3. Set out below is a table that illustrates the saleable area, revenue, and interest attributable to the Group by property projects:

Property Projects	Saleable Area sq.m.	Revenue Rmb million	Interest attributable to the Group
Hangzhou			
Chunjiang Huayue	17,170	237	100%
Deep Blue Plaza	7,185	129	100%
Jiuxi Rose Garden Holiday Village	2,454	117	100%
Taohuayuan South	37,589	632	51%
Others	5,964	79	100%
	70,362	1,194	
Zhejiang Province Region (excluding Hangzhou)			
Zhoushan Osmanthus Town	24,987	165	100%
Shangyu Osmanthus Garden	24,393	107	51%
	49,380	272	
Shanghai			
Shanghai Greentown	128,086	1,624	100%
Shanghai Rose Garden	10,214	248	100%
	138,300	1,872	
Beijing			
Beijing Majestic Mansion	21,025	725	100%
Beijing Lily Apartment	128,930	482	80%
	149,955	1,207	
Anhui			
Hefei Sweet Osmanthus	43,526	145	90%
Hefei Lily Apartment	78,949	326	54%
	122,475	471	

Property Projects	Saleable Area	Revenue	Interest attributable to the Group
	sq.m.	Rmb million	
Hunan			
Changsha Sweet Osmanthus Town	88,765	342	51%
Changsha Green Bamboo Garden	22,367	228	52%
	111,132	570	
Xinjiang			
Xinjiang Rose Garden	10,554	104	61%
Total	**652,158**	**5,690**	

Gross profit margin

Land appreciation tax was previously classified under costs of sales, and is reclassified in the income statement as income tax for the year. After reclassification of land appreciation tax from the costs of sales of properties, the adjusted gross profit margin decreased from 44.3% retrospectively in 2006 to 36.1% in 2007. The “Product Quality Refining Strategy” introduced by the Group in 2007 was in fact an endeavour to improve product quality. Higher construction cost will have been applying for ongoing enhancement of product tier ranking, and affected gross profit margin to a certain extent. On the other hand, pursuant to the brand strategies of the Group, gross profit margin for new projects in new cities the Group recently expanded into, such as Changsha Green Bamboo Garden, Changsha Sweet Osmanthus Town and Hefei Lily Apartment, were generally lower in order to develop our branding in these cities. These projects had certain impact on the overall gross profit margin for the year, whilst Chunjiang Huayue, Taohuayuan West, Deep Blue Plaza, Jingui Plaza and Dingxiang Apartment that were accounted for 74.4% of total property sales in 2006 were located in Hangzhou, which were economically developed and rich, and were also the products developed by the Group on the same piece of land. As the branding premium of Greentown projects were fully recognized, selling price was increased substantially and thus gross profit margin was relatively higher.

Other income

Other income mainly includes interests income, government subsidy and exchange gain. Other income of Rmb271 million was recorded during the year, representing an increase of 96.4% from Rmb138 million in 2006. In 2007, the successive appreciation in Renminbi amounted to approximately 7%. The high yield bond denominated in US dollar had generated substantial exchange. At the same time, notwithstanding the Group had rapidly converted the funds in Hong Kong dollar and US dollar raised from placing of shares and the issue of 2007 Convertible Bonds into the PRC, the tightening of foreign exchange administration policy resulted in the postponement of the conversion process. As a result, it incurred an exchange loss for the year. After setting off with exchange gain from Renminbi appreciation, a net exchange gain of Rmb69 million was resulted, whilst the net exchange loss in 2006 was about Rmb19 million. Interest income increased by Rmb31 million, which was attributable to the temporary depositing of funds overseas from placing of shares and the issue of 2007 Convertible Bonds.

Management Discussion and Analysis

Selling and administrative expenses

Selling and administrative expenses increased by Rmb107 million or 27.9% in total to Rmb490 million, and its percentage in revenue increased from 6.0% in 2006 to 8.5%. If calculated separately, administrative expense increased from Rmb254 million last year by 15.7% to Rmb294 million. Human resource cost was the single largest item under administrative expense, which increased by 52.0% from that in 2006 to Rmb97 million. The reason was primarily attributable to the increase in the number of property projects and strengthening of human resource bank. The increase in selling expense was relatively faster than administrative expenses, which increased from Rmb129 million in 2006 by 52.0%to Rmb196 million. It represented 2.3% of the property presale amount of our subsidiaries in 2007, resulting in greater economic benefit from selling and marketing cost as compared to 2006. The biggest increase was in sales and marketing activities as well as advertising expense, which was increased by 41.6% to Rmb97 million.

Finance costs

Interest expenses charged to the consolidated income statement for the year increased from Rmb64 million in 2006 to Rmb217 million, an increase of 239.1%. Total interest costs increased from Rmb365 million to Rmb732 million, an increase of 100.5%. The reason for the increase was the increase in average debt amounts raised during the year and average interest rate of bank loans from 6.3% in 2006 to 6.7% this year. However, Rmb515 million of such interest cost was capitalized and the proportion of capitalization was 70.4%. In 2006, Rmb301 million of such interest expense were capitalized, and the proportion of capitalization was 82.5%. The decrease in the proportion of capitalization was due to increase of new projects yet to commence construction in 2007.

Share of profit (loss) of associates and jointly controlled entities

The share of profit of associates and jointly controlled entities was Rmb120 million during the year, which was increased by Rmb157 million from a loss of Rmb37 million in 2006. This was mainly derived from the profits delivered from the following projects: Rmb65 million as to Jade City, Rmb37 million as to Haining Lily Apartment, Rmb29 million as to Ningbo Osmanthus Garden, Rmb20 million as to Zhengzhou Lily Apartment. There was no project in our associates and jointly controlled entities delivered in 2006. However, during the year, Shanghai East Sea Plaza Phase 1 was not delivered as scheduled, which directly affected the profit for the year.

Taxation charges

Taxation for the year included land appreciation tax of Rmb417 million and enterprise income tax of Rmb313 million. Land appreciation tax accounted for 7.3% of revenue from property sales during the year, representing an increase from 2.1% in 2006, as there were more villa projects delivered in. Effective tax rate for enterprise income tax in 2007 decreased from 39.8% last year to 23.7% this year. This was mainly attributable to the preferential tax rate of 15% entitled to Shanghai Greentown project, and the effect arising from the change of enterprise income tax rate from 33% to 25% with effective 1 January 2008 on deferred tax.

Profit attributable to the equity holders

The profit attributable to the equity holders of the Group was Rmb923 million, a decrease of 27.3% from Rmb1,269 million in 2006. Net profit margin decreased from 20.1% in 2006 to 17.5% in 2007, which was attributable to the accumulated effects of the above factors.

Pre-sale deposits

As of 31 December 2007, the balance of pre-sale deposits of the subsidiaries was Rmb3,583 million, an increase of 114.3% from Rmb1,672 million in 2006. The amount for associates and jointly controlled entities was Rmb6,603 million, an increase of 120.2% from Rmb2,998 million in 2006.

Financial Resources and Liquidity

As of 31 December 2007, the Group's cash on hand amounted to Rmb2,877 million (2006: Rmb3,249 million) with total borrowings of Rmb11,754 million (2006: Rmb7,372 million). Gearing ratio, measured by net debt over equity, increased from 73.7% as at 31 December 2006 to 88.2% as at 31 December 2007.

Foreign Exchange Fluctuation Risks

The principal place of operation for the Group is the People's Republic of China. Most of the income and expenditure are denominated in Renminbi. As the proceeds from the issue of convertible bonds and senior notes were received in US dollars, the Group is exposed to foreign exchange risks. However, the Group's operating cash flow or liquidity had not been subject to any exchange rate fluctuations. The Group did not enter into any foreign exchange hedging arrangements as at 31 December 2007.

Financial Guarantees

Certain banks provided secured lending to the buyers of the Group's properties. The Group had provided guarantees for such secured lending. As at 31 December 2007, the guarantees for secured lending amounted to Rmb1,989 million (2006: Rmb2,394 million).

Pledge of assets

As at 31 December 2007, the Group pledged its buildings, hotel buildings, prepaid lease payment, construction in progress, properties for development, properties under development, completed properties for sale and bank deposits of approximately Rmb7,004 million (2006: Rmb4,314 million) to banks to secure general banking facilities granted to the Group.

Employees

As at 31 December 2007, the Company had a total of 1,755 employees (as of 31 December 2006: 1,306 employees). Of which, there were 800 employees with bachelor's degree or a higher qualification, representing approximately 46%. There were 524 employees with middle and senior professional titles, representing approximately 30%. There were 171 operation and management officers (referring to those ranking as department managers at the Group and assistant general manager or above within project companies), representing approximately 10%.

Management Discussion and Analysis

Remuneration policies

Employees were remunerated on the basis of their performance, experience and prevailing industry practices. The Company reviews its remuneration policies on a regular basis, and appraises individual staffs according to their performances. Bonuses and cash awards may be distributed to employees as an incentive, so as to adequately motivate the enthusiasm and responsibilities of employees towards their work. During 2007, the Company specifically engaged an international well-known surveying firm to conduct an employee satisfaction survey, which facilitated to better formulate more effective remuneration policies and employees motivation measures.

Customer Services

During the year under review, with "Hangzhou Blue Patio" as the pilot project, the Company established the "Premium Community Service System", the first of its type in the PRC. The service qualities were continuously enhanced, and were widely recognized by the market, customers, peers and government. The system was also awarded "Improvement Award for Urban Management in the PRC" for 2007.

During the year under review, the major activities of Greentown club were as follows:

January	"Love at Greentown", a major celebration event for property owners
March	Preview of new property projects for Greentown
April	"Greentown Hall", a series of seminars
June	Charity donation activities
July	Summer evening fun fair for Greentown Club
August	"Happy Summer, Healthy Growth", a swimming gala for Greentown Club
November	A health seminar for members of Greentown Club

Future prospects

In 2008, the PRC government will further tighten its monetary and financial policies. More concern will be placed over the adjustment in the composition of supply and demand in the real estate market, and to secure the supply of residential units for buffer. The Company considers that the rapid development of the economy in the PRC, the acceleration in progresses on urbanization and the continuous growth in demand of residential units for improvement purpose, there is no change in the fundamental aspects for the long-term development of the real estate industry in the PRC. The prospects of development remain broad.

Management Discussion and Analysis

Project Development

In 2008, the Company will continue to pursue its "Product Quality Refining Strategy", so as to enhance product quality. More emphasis will be placed on planning and the implementation of process management and the speed of development of land bank will be accelerated. It is expected that a total of 76 projects or phases of projects will commence construction. The GFA of newly commenced projects will amount to approximately 7.33 million sq.m., an increase of 90% over the same period in 2007 (2007: 3.86 million sq.m.).

In 2008, the Company estimates that a total of 34 projects or phases of projects will be completed and delivered. The total GFA will amount to approximately 2.22 million sq.m., an increase of 38% over the same period in 2007 (2007: 1.61 million sq.m.), of which 1.66 million sq.m. will be saleable GFA. The total GFA attributable to the projects completed by the Company is estimated to be approximately 1.37 million sq. m., of which the saleable GFA will be approximately 1.02 million sq. m.

Projects newly commenced in 2008, analysed by region

Region	**Total GFA (sq. m.)**	**Proportion(%)**
Hangzhou	1,277,143	17%
Zhejiang Province (excluding Hangzhou)	2,855,266	39%
Shanghai	349,566	5%
Beijing	222,647	3%
Shangdong Province	1,744,855	24%
Jiangsu Province	507,333	7%
Anhui Province	255,409	3%
Hunan Province	106,613	2%
Xinjiang Province	11,000	0.2%
Total	**7,329,832**	**100%**

Management Discussion and Analysis

Schedule of projects completed in 2008

		Region	Project	Phases	Interests	Total GFA (sq. m.)	Saleable (sq. m.)	Sold area as of the end of 2007 (sq. m.)	Estimated delivery time
Subsidiaries	1	Hangzhou	Jiuxi Rose Garden Resort Village (Part)		100.0%	5,623	N/A	–	Q4
	2	Hangzhou	Taohuayuan West (Part)		100.0%	3,000	3,000	–	Q4
	3	Hangzhou	Taohuayuan South	Phase 1 (Part)	51.0%	39,300	27,410	21,895	Q2
	4	Hangzhou	Taohuayuan South	Phase 2	51.0%	22,150	17,900		Q4
	5	Zhejiang	Tonglu Sweet Osmanthus Garden	Phase 1	100.0%	22,988	18,632		Q4
	6	Zhejiang	Zhoushan Rose Garden		100.0%	6,786	4,110		Q2
	7	Zhejiang	Zhoushan Osmanthus Town	Phase 2	100.0%	211,569	165,567	84,846	Q4
	8	Zhejiang	Ningbo R&D Park	Phase 1	60.0%	216,302	154,782	15,642	Q4
	9	Zhejiang	Ningbo Crown Garden	Phase 1	60.0%	194,366	132,721		Q4
	10	Shanghai	Shanghai Rose Garden	Phase 1 (Part)	100.0%	32,734	19,730	10,702	Q2
	11	Shanghai	Shanghai Rose Garden	Phase 2	100.0%	46,250	28,299	2,051	Q4
	12	Beijing	Beijing Majestic Mansion	Phase 1 (Part)	100.0%	4,134	2,770	2,420	Q4
	13	Beijing	Beijing Lily Apartment	Phase 5	80.0%	42,293	34,930	34,930	Q4
	14	Shangdong	Qingdao Ideal City	Phase 1 (Part)	80.0%	93,609	55,203		Q4
	15	Jiangsu	Nanjing Rose Garden	Phase 1	70.0%	29,631	19,182	5,379	Q4
	16	Anhui	Hefei Sweet Osmanthus	Phase 4	90.0%	56,948	45,390		Q2
	17	Anhui	Hefei Lily Apartment	Phase 3	54.0%	100,256	78,668	45,581	Q2
	18	Hunan	Changsha Green Bamboo Garden	North Phase 2	52.5%	38,778	38,578		Q4
	19	Hunan	Changsha Sweet Osmanthus Town	Phase 3	51.0%	96,394	76,365	35,660	Q4
	20	Xinjiang	Xinjiang Rose Garden	Phase 3	61.2%	18,837	18,837		Q4
Sub-total						1,281,948	942,074	259,106	

		Region	Project	Phases	Interests	Total GFA (sq. m.)	Saleable (sq. m.)	Sold area as of the end of 2007 (sq. m.)	Estimated delivery time
Associates	21	Hangzhou	Tulip Bank	Phase 1	50.0%	114,619	100,096	97,527	Q3
	22	Hangzhou	Hope Town	Phase 2	45.0%	32,902	20,945	104,324	Q2
	23	Hangzhou	Hope Town	Phase 3	45.0%	125,837	90,512		Q4
	24	Hangzhou	Majestic Mansion	Phase 1	45.0%	77,567	57,307	29,203	Q4
	25	Zhejiang	Ningbo Sweet Osmanthus Garden	Phase 2	60.0%	60,478	49,189	38,075	Q4
	26	Zhejiang	Ningbo Green Garden		50.0%	137,961	99,953	49,509	Q4
	27	Zhejiang	Haining Lily New City	Low-rise Phase 4	50.0%	65,736	40,882	38,865	Q2
	28	Zhejiang	Haining Lily New City	Villa, Phase 2	50.0%	30,313	30,087	27,356	Q2
	29	Zhejiang	Haining Lily New City	Villa, Phase 3	50.0%	18,978	18,998	3,894	Q4
	30	Zhejiang	Haining Lily New City	Commercial Facilities	50.0%	30,749	9,537		Q2
	31	Zhejiang	Deqing Sweet Osmanthus City	Phase 1	46.6%	45,350	38,976	23,316	Q1
	32	Shanghai	Shanghai East Sea Plaza	Phase 1	49.0%	81,247	71,667	71,667	Q2
	33	Jiangsu	Nantong Hupanju	Phase 1	50.0%	39,153	33,182	18,493	Q2
	34	Henan	Zhengzhou Lily Apartment	Phase 3 (Part)	37.7%	80,047	59,414	41,941	Q4
Sub-total						940,937	720,745	544,170	
Total						2,222,885	1,662,819	803,276	

Property Sales

In 2008, the Company will fully execute the "Premium Community Services System" as well as significantly enhance the qualities for its products and services. Brand name advantage of the Company will be strengthened. Effective sales and marketing measures and strategies will be broadly adopted so as to speed up property sales.

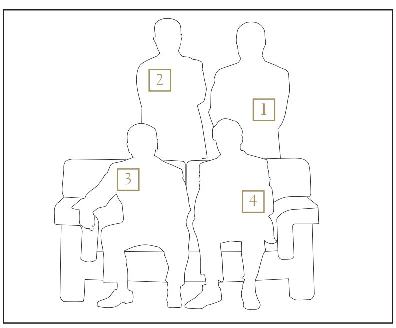
In 2008, the Company estimates that a total of 60 projects or phases of projects will commence sales. Additioned saleable area will amount to approximately 2.74 million sq.m. (including carparks and storage area).

In addition, as to the projects completed and delivered by the end of 2007, there will be 490,000 sq. m. (including carparks and storage area) will be available for sales in the market during 2008.

Virtual Picture of Chunan 1000-Island Lake Resort Condo

Tranquility of Crystal Sea with Cool Breeze

Directors and Senior Management



1 Chairman
SONG Weiping

2 Executive Vice Chairman and Chief Executive Officer
SHOU Bainian

3 Executive Director and Chief Operating Officer
CHEN Shunhua

4 Executive Director and Executive General Manager
GUO Jiafeng

Directors and Senior Management

The following table sets forth certain current information with respect to our directors and senior management.

Name	Age	Title
Mr. SONG Weiping	49	Executive Director and Chairman of the Board
Mr. SHOU Bainian(3)	54	Executive Director and Executive Vice Chairman of the Board and Chief Executive Officer
Mr. CHEN Shunhua(2)	45	Executive Director and Chief Operating Officer
Mr. GUO Jiafeng	43	Executive Director and Executive General Manager
Mr. JIA Shenghua(1)(2)	46	Independent Non-Executive Director
Mr. JIANG Wei(1)	45	Independent Non-Executive Director
Mr. SZE Tsai Ping, Michael(1)(2)(3)	62	Independent Non-Executive Director
Mr. TSUI Yiu Wa, Alec(1)(3)	58	Independent Non-Executive Director
Mr. TANG Shiding(1)(3)	66	Independent Non-Executive Director
Mr. MA Li	50	Executive General Manager
Mr. YING Guoyong	46	Executive General Manager
Mr. QIAN Xiaohua	44	Executive General Manager
Mr. YANG Zuoyong	45	Executive General Manager
Mr. Wang Hongbin	39	Executive General Manager
Mr. Kuo Xiaoming	36	Executive General Manager
Mr. LAM Kam Tong	39	Company Secretary and qualified accountant

Notes:

(1) Member of the Board Audit Committee

(2) Member of the Board Remuneration Committee

(3) Member of the Board Nomination Committee

Directors and Senior Management

Board of Directors

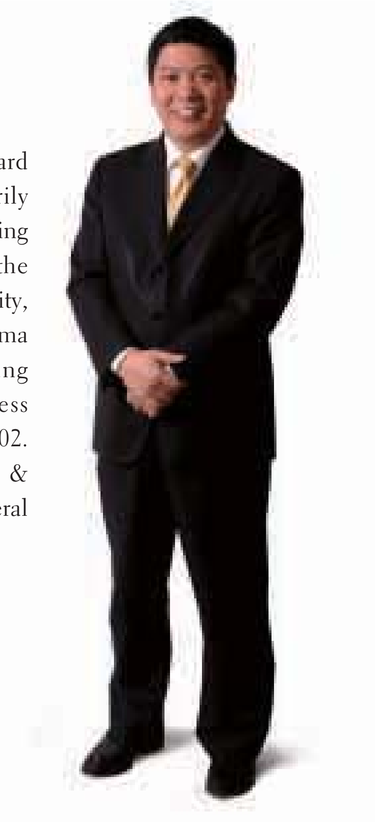
Our Board consists of nine directors, five of whom are Independent Non-Executive Directors. The powers and duties of our Board include: convening shareholders' meetings and reporting the Board's work at the shareholders' meetings, implementing the resolutions passed on the shareholders' meetings, determining our business plans and investment plans, formulating our annual budget and final accounts, formulating our proposals for profit distributions and for the increase or reduction of registered capital as well as exercising other powers, functions and duties as conferred by our Articles of Association. We have entered into service contracts with each of our Executive Directors and Independent Non-Executive Directors.

Executive Directors

Song Weiping, aged 49, is the Company's executive director and chairman of the Board. He is primarily responsible for the formulation of our development strategies, as well as supervising our project planning, design and marketing. Mr. Song graduated from Hangzhou University with a bachelor's degree in history in 1982. He founded our Company in January 1995. In 2004 and 2005, Mr. Song was honored with the Ten Leaders of the Residential Property Sector in Zhejiang Award jointly by the Zhejiang Daily, the China Housing Industry Association and Special Committee of the China Construction Industry Association. In 2004, Mr. Song received the China Construction Architecture Award (Individual Contribution Award). He is a vice-chairman of Zhejiang Provincial Real Estate Association.

Shou Bainian, aged 54, is the Company's executive director and executive vice chairman of the Board and Chief Executive Officer. He is primarily responsible for our overall business operations and financial management. He graduated from Hangzhou University with a bachelor's degree in history in 1982. Between 1982 and 1998, he worked at the government office of Yin County of Zhejiang Province, the general office of Ningbo Municipal Government and China Huaneng Group's Zhejiang subsidiary. Mr. Shou joined us in April 1998. He is a vice-chairman of Hangzhou Real Estate Association.

Directors and Senior Management

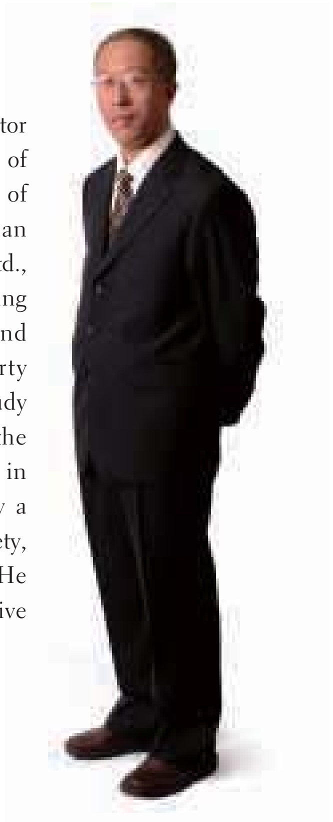


Chen Shunhua, aged 45, is an executive director of the Board and the Company's Chief Operating Officer. He is primarily responsible for the management of our daily operations including human resources, sales and customer relations as well as the property developments of more than 20 projects in Beijing city, Hangzhou, Jinan, Qingdao, Ningbo etc. He received a diploma in management science and engineering from Zhejiang University in 1999 and a master's degree in business administration from the Open University of Hong Kong in 2002. Between 1992 and 2002, he worked at Zhejiang Radio & Television Real Estate Limited as a chief accountant and general manager. He joined the Company in December 2002.

Guo Jiafeng, aged 43, is an executive director of the Board and one of the Company's Executive General Managers. He is primarily responsible for the property developments of more than 10 projects in Hunan Changsha, Zhejiang Zhoushan, Anhui Hefei etc. He graduated from Zhejiang School of Construction with a diploma in industrial and civil architecture in 1981. Mr. Guo has over 25 year ample experience in project development and construction. He joined us in May 1999.

Directors and Senior Management

Independent Non-Executive Directors



Jia Shenghua, aged 46, is an independent non-executive director of the Board. He is currently an associate dean of the School of Management of Zhejiang University, as well as a Director of Zhejiang University Property Research Center. Mr. Jia is an independent non-executive director of Cosmos Group Co., Ltd., Zhejiang Jiali Technology Holding Ltd. and Zhejiang Huating Holding Ltd. Between 1989 and 1995, Mr. Jia taught and conducted research in property economics, property development, and enterprise management in China and study in Germany during 1993 to 1994. Mr. Jia graduated from the Northwest Agricultural University with a doctorate degree in agricultural economics and management. He is currently a member of Zhejiang Enterprises Management Research Society, Hangzhou Land Academy and Zhejiang Land Academy. He was appointed as the Company's Independent Non-Executive Director on 22 June 2006.

Jiang Wei, aged 45, is an independent non-executive director of the Board. He is currently the Director, Vice President and Chief Financial Officer of China Resources (Holdings) Company Limited ("CRC"), an integrated and diversified conglomerate with major business operations involving the manufacture and distribution of consumer products, property development, infrastructure, utilities and related industries. Mr. Jiang has a bachelor's degree in international trade and a master's degree in international business and finance, both from the University of International Business and Economics in Beijing, China. Mr. Jiang is a Director of China Vanke Company Limited, a PRC listed company primarily engaging in property development business in China. He is also a Non-Executive Director of the following Hong Kong listed companies: China Resources Enterprise Limited, China Resources Land Limited, China Resources Logic Limited, China Resources Power Holdings Company Limited, China Resources Microelectronics Limited as well as China Assets (Holdings) Limited. He is also an executive director of Cosmos Machinery Enterprises Limited. Mr. Jiang has extensive experience in business planning and financial control. He was appointed as our Independent Non-Executive Director on 22 June 2006.

Directors and Senior Management

Sze Tsai Ping, Michael, aged 62, is an independent non-executive director of the Board. He has over 30 years of experience in the financial and securities field. He graduated with a Master of Laws (LLM) Degree from the University of Hong Kong. He is currently a member of the Disciplinary Appeals Committee of the Stock Exchange and a member of the Market Misconduct Tribunal. He was a former council member, member of the Main Board Listing Committee of the Stock Exchange, member of the Cash Market Consultative Panel of Hong Kong Exchanges and Clearing Limited. Mr. Sze is a non-executive director of Burwill Holdings Limited and an independent non-executive director of GOME Electrical Appliances Holding Limited, Harbour Centre Development Limited, CY Foundation Group Limited and Walker Group Holdings Limited, all of which are listed on The Stock Exchange. Mr. Sze is a fellow of the Institute of Chartered Accountants in England and Wales, the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. He is also a fellow of the Hong Kong Institute of Directors Limited. He was appointed as the independent non-executive director on 22 June 2006.

Tsui Yiu Wa, Alec, aged 58, is an independent non-executive director of the Board. He is currently the Chairman of WAG Worldsec Corporate Finance Limited and Vice-Chairman of China Mergers and Acquisitions Association. He was formerly the Chairman of the Hong Kong Securities Institute, the Chief Operating Officer of The Hong Kong Exchanges and Clearing Limited, the Chief Executive of The Stock Exchange and the adviser and council member of the Shenzhen Stock Exchange. In the last three years, Mr. Tsui held past directorships in the following listed companies as an Independent Non-Executive Director: CITIC 21CN Company Limited, Value Convergence Holdings Limited, Techpacific Capital Limited and Stockmartnet Holdings Ltd. Currently he holds directorships in the following listed companies as an Independent Non-Executive Director: Industrial & Commercial Bank of China (Asia) Limited, Vertex Group Limited, China Chengtong Development Group Ltd., COSCO International Holdings Limited, China Power International Development Limited, Synergis Holdings Limited, China Bluechemical Limited, China Huiyuan Juice Group Limited, Meleo PBL Entertainment (Macau) Limited, Pacific Online Limited and ATA Inc. He graduated from the University of Tennessee, United States, with a bachelor's degree in science and a master's degree in industrial engineering. He completed the Program for Senior Managers in Government at the John F. Kennedy School of Government of Harvard University. He has numerous years of experience in finance and administration, corporate and strategic planning, information technology as well as human resources management. He was appointed as the independent non-executive director on 22 June 2006.

Directors and Senior Management

Tang Shiding, aged 66, is an independent non-executive director of the Board. Between 1992 and 2002, Mr. Tang served as the Deputy Director of Zhejiang Province Construction Department. He is currently the Chairman of Zhejiang Provincial Real Estate Association, a consultant of the Real Estate Association of China and a specialist on the Comprehensive Real Estate Development Committee under the China Real Estate and Residence Research Society. Mr. Tang has also been a member of the Residential Guidance Working Committee of the China Civil Engineering Institute since December 2003. His publications include "Growth Pattern and Development Trend of the Real Estate Industry in Zhejiang". Currently he holds directorships in the following A-Share listed companies in China as an independent non-executive director: Lander Real Estate Co., Ltd, Zhejiang Zhongda Group Co., Ltd, and Qianjiang Water Resources Development Co., Ltd.. Mr. Tang was appointed as the Company's independent non-executive director on 22 June 2006.

Senior Management

Ma Li, aged 50, is an executive general manager of the Company. He is primarily responsible for supervising project construction, procurement of raw materials and development budgets. He is also responsible for the management of project development of seven projects in Hangzhou, 1000 Island Lake etc. He graduated from Zhejiang University with a bachelor's degree in industrial and civil construction engineering in 1982. From 1982 to 1993, he worked at P&T Plan-design Institute of Zhejiang Province and acted as a Deputy Chief Engineer from 1989 to 1992. From 1993 to 2000, he worked at Zhejiang Huaneng Real Estate Development Company and acted as its general manager from 1996 to 2000. He joined the Company in June 2000.

Ying Guoyong, aged 46, is an executive general manager of the Company, and is the general manager of Zhejiang Greentown Xizi Real Estate Group Co., Ltd. and Zhejiang Zhongqinglv Greentown Real Estate Investment Company Limited. He is primarily responsible for the project management, supervision and strategy coordination in our 7 projects with Xizi Elevator Group and Zhongqinglv. He graduated from Hangzhou University with a bachelor's degree in law in 1985. Between 1985 to 2001, he worked at various entities including Zhejiang Province CPC. School, CPC Youth of Zhejiang Province Committee, Zhejiang Youth Travel Service Co. Ltd.. He joined the Company in June 2001.

Directors and Senior Management

Qian Xiaohua, aged 44, is an executive general manager of the Company. He is primarily responsible for the management of our commercial property development. He is also the General Manager of Shanghai Jingyu Real Estate Co., Ltd.. He graduated from Beijing Institute of Aeronautics with a bachelor's degree in solid mechanics in 1984 and from China – Europe International Business School with a master degree in business administration in 2002. From 1995 to 2005, he worked at Shanghai Midway Infrastructure (Holdings) Limited as a director and a chief executive officer. He joined the Company in February 2005.

Yang Zuoyong, aged 45, is the Executive General Manager of the Company, and mainly responsible for the management of 6 Project's development in Wenzhou, Taizhou and Changxing. He is also the Chairman and General Manager of Wenzhou Greentown Real Estate Development Company Limited. He graduated from China Communist Party School with major in economics in 1999. Between 1984-2006, Mr. Yang worked at various government departments in Hangzhou City Westlake District. He joined the Company in January 2007.

Wang Hongbin, aged 39, is the Executive General Manager of the Company. He is primarily responsible for the development and administration of five project companies in Shanghai region. He was graduated from Tongji University in 1989 with a major in civil engineering. Between 1989 and 1997, he was employed at Zhoushan Real Estate Corporation. He joined the Company in January 1997 as the Deputy General Manager. Between 2002 and November 2004, he was employed as the senior officers in Shanghai Nando Land Development Co., Ltd. and Shanghai Depo Land Development Co., Ltd. He was the General Manager of Shanghai Greentown Forest Golf Villa Development Co., Ltd since December 2004.

Kuo Xiaoming, aged, 36, is the Executive General Manager of the Company. He is primarily responsible for the development and administration of eight projects in Hangzhou, Nanjing and Hainan. Between 1996 and 1999, he was the project officer of the Company's Hangzhou Jiuxi Rose Garden Project and the Deputy Manager of the Engineering Department. Between 1999 and 2007, he was the Deputy Manager of the Engineering Department, Manager of the Engineering Department, Assistant to General Manager, Deputy General Manager, General Manager of Hangzhou Taohuayuan Real Estate Development Co., Ltd. Mr. Kuo is experienced in construction operation. He joined the Company in July 1996.

Lam Kam Tong, aged 39, is the Company's Company Secretary and qualified accountant. Prior to joining the Group in May 2006, Mr. Lam was a senior manager of Deloitte Touche Tohmatsu and has over 14 years experience in professional audit firms. Mr. Lam graduated from the Chinese University of Hong Kong with a bachelor's degree in business administration. He is also a member of the Hong Kong Institute of Certified Public Accountants and Association of Chartered Certified Accountants.

Live demonstration of Hangzhou Taohuayuan

Blessings
Transcending
Homeland

Corporate Governance Report

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

The Company has been complying with the code provisions in the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange (the "Listing Rules") throughout the year ended 31 December 2007.

(A) The Board of Directors

The overall management of the Company's operation is vested in the Board.

The Board takes responsibility to oversee all major matters of the Company, including the formulation and approval of all policy matters, overall strategies, internal control and risk management systems, and monitoring the performance of the senior management. The Directors have to take decisions objectively in the interests of the Company. Currently, the Board comprises nine Directors, including four Executive Directors and five Independent Non-Executive Directors. Their names and biographical details are set in the section entitled "Directors and Senior Management" in this annual report.

Compliance with the Model Code for Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules as the standard for securities transactions by directors. The Company has made enquiries of all the Directors and all the Directors confirmed that they have complied with the required standards throughout the year ended 31 December 2007.

Chairman and Chief Executive Officer

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

The Chairman of the Board is Mr. Song Weiping, and the Chief Executive Officer of the Company is Mr. Shou Bainian.

Independent Non-Executive Directors

Independent Non-Executive Directors have played a significant role in the Board by virtue of their independent judgment and their views carry significant weight in the Board's decision. In particular, they bring an impartial view to bear on issues of the Company's strategy, performance and control. All Independent Non-Executive Directors possess extensive academic, professional and industry expertise and management experience and have provided their professional advices to the Board. According to the Articles of Association, a majority of the Board at all times must consist of Independent Non-Executive Directors. The Board also considers that Independent Non-Executive Directors can provide independent advice on the Company's business strategy, results and management so that all interests of shareholders can be taken into account, and the interests of the Company and its shareholders can be protected. For the year ended 31 December 2007, all Independent Non-Executive Directors of the Company had confirmed their independence to the Company in accordance with the Listing Rules.

One of our Independent Non-Executive Directors will retire at the forthcoming annual general meeting ("AGM") of the Company and will be subject to re-election.

Meetings

The Board meets regularly to discuss the overall strategy as well as the operation and financial performance of the Group. Directors may participate either in person or through electronic means of communications. 4 full Board meetings were convened in the year under review. The attendance of individual directors at these Board meetings is set out below:

	Number of meetings attended/held
Executive Directors	
SONG Weiping	4/4
SHOU Bainian	4/4
CHEN Shunhua	4/4
GUO Jiafeng	4/4
Independent Non-Executive Directors	
JIA Shenghua	3/4
JIANG Wei	1/4
SZE Tsai Ping, Michael	4/4
TSUI Yiu Wa, Alec	4/4
TANG Shiding	4/4

All Directors are provided with relevant materials relating to the matters brought before the meetings. They have separated access to the senior management and the Company Secretary at all time and may seek independent professional advice at the Company's expense. All Directors have the opportunity to include matters in the agenda for Board meetings. Reasonable notices of Board meetings are given to the Directors and Board procedures complied with the articles of association of the Company, as well as relevant rules and regulations.

Appointments, Re-election and Removal of directors

Each of the Executive Directors and Independent Non-Executive Directors of the Company has entered into a service contract with the Company for a specific term. Such term is subject to his re-appointment by the Company at an annual general meeting upon retirement. In accordance with the Company's Articles of Association, one third of directors shall retire at the next following annual general meeting of the Company and shall then be eligible for re-election.

Board Committees

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

Nomination Committee

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

During the year ended 31 December 2007, there is no meeting held by the Nomination Committee.

Audit Committee

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

The Audit Committee met twice during the year ended 31 December 2007. During the meeting, the Audit Committee has considered the audited results of the Group for the year ended 31 December 2006 and the interim results of the Group for the six months ended 30 June 2007. In both meetings, the Audit Committee has also considered the report prepared by the external auditors relating to accounting issues and major findings in course of review. All members of the Audit Committee attended the meeting.

Remuneration Committee

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

During the year, there is no meeting held by the Remuneration Committee.

(B) Financial Reporting and Internal Control

Financial Reporting

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

The Board aims to present a clear and balanced assessment of the Group's performance in the annual and interim reports to the shareholders, and make appropriate disclosure and announcements in a timely manner.

The working scope and responsibilities of Deloitte Touche Tohmatsu, the Company's external auditors, are stated in the section entitled "Report of the Auditors" in this annual report.

External Auditors' Remuneration

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

During the year under review, the fee payable to Deloitte Touche Tohmatsu in respect of its statutory audit services provided to the Company was HKD3,600,000. Fees for non-audit services amounted to an aggregate amount of HKD3,210,000, comprising services charge for the followings:

	HKD
Issue of convertible bonds and share placement	1,410,000
Review of 2007 interim result	900,000
Review of 2007 Q3 result	900,000

Internal Control

The Board is responsible for the internal control of the Group and for reviewing its effectiveness. Procedures have been designed for safeguarding assets against unauthorized use or disposition, ensure the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, ensure compliance of applicable laws, rules and regulations. The Company conducted general review and monitor of the Company's internal management and operation during the year. An internal audit department has been established to conduct audits of the Company, its subsidiaries, associates and jointly-controlled entities. The work carried out by the internal audit department will ensure the internal controls are in place and functioning as intended.

During the course of audit performed by the external auditors, they will report on the weakness in the Group's internal control and accounting procedures which have come to their attention.

(C) Communications with Shareholders and Investor Relations

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

The Board believes effective investor relations can contribute towards lowering cost of capital, improving market liquidity for the Company's stock and building a more stable shareholder base. Therefore, the Company is committed to maintain a high level of corporate transparency and follow a policy of disclosing relevant information to shareholders, investors, analysts and bankers in a timely manner. Keeping them aware of our corporate strategies and business operations is one of the key missions of our investor relations team.

In line with this endeavor, all published information is promptly uploaded onto the Company's website at www.greentownchina.com. The Company's dedicated investor relations team held regular meetings with investors to keep them abreast of the Company's latest business development and its corporate strategies. A series of public events have been hosted right after certain significant events such as result announcements, important business development or financial activities. Directors and senior management will present themselves to answer investors' questions and concern. The post-results analyst briefings and press conferences are also webcasted for more timely dissemination of information and broader reach of investors.

As at 31 December 2007, the Company has a diversified shareholding structure and the public float is not less than 25%.

Key investor relations events in 2007:

Events	**Date**
2006 Annual Results Announcement – Press Conference and Analyst Briefing	April
International Roadshow (HK, Singapore, US and Europe)	April
2006 AGM	May
2007 Interim Results Announcement – Press Conference and Analyst Briefing	September
International Roadshow (HK, Singapore, US and Europe)	September to October

Looking forward, our investor relations team will work continuously to enhance the quality of communication and maintain corporate transparency. To ensure easy access to the Company's updated information, all of our published information including statutory announcements, press releases and newsletters, is promptly posted on our website www.greentownchina.com. Viewers can also put enquiries to the Board or senior management by contacting the investor relations department at (852) 2523 3137 or by email to ir@chinagreentown.com or directly through question at an AGM or EGM.

Key investor relations events in 2008:

Events	**Tentative Date**
2007 Annual Results Announcement – Press Conference and Analyst Briefing	April
International Roadshow (HK, Singapore, US and Europe)	April, September
2007 AGM	May
2008 Interim Results Announcement – Press Conference and Analyst Briefing	September

Report of the Directors

The Directors present their annual report and the audited financial statements of the Group for the year ended 31 December 2007.

Corporate Reorganisation

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

The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 13 July 2006.

Principal Activities

The Company is an investment holding company. The activities of its subsidiaries, jointly controlled entities and associates are set out in notes 39, 16 and 17 respectively to the consolidated financial statements.

Results and Appropriations

The results of the Group for the year ended 31 December 2007 are set out in the consolidated income statement on page 101.

The Directors now recommend the payment of a final dividend of HK32 cents per share to the shareholders on the register of members on 23 May 2008, amounting to approximately RMB447 million and the retention of the remaining profit for the year of approximately RMB476 million.

Property, Plant and Equipment

Details of the movements in property, plant and equipment of the Group during the year are set out in note 14 to the consolidated financial statements.

Share Capital

Details of movements during the year in the share capital of the Company are set out in note 27 to the consolidated financial statements.

Convertible Bonds

On 18 May 2007, the Company issued RMB denominated convertible bonds of aggregate principal amounts of RMB2,310,000,000 and during the year ended 31 December 2007, the Company converted pre-IPO convertible bonds of principal amount of USD53,000,000 into 48,459,101 shares of the Company. Details of movements during the year in the convertible bonds of the Company are set out in note 25 to the consolidated financial statements.

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2007.

Distributable Reserves

The Group's reserves as at 31 December 2007 are set out in the section "Consolidated Statement of Changes in Equity" of the annual report.

Directors

The Directors of the Company during the year and up to the date of this report, were as follows:

Executive Directors

SONG Weiping
SHOU Bainian
CHEN Shunhua
GUO Jiafeng

Independent Non-Executive Directors

JIA Shenghua
JIANG Wei
SZE Tsai Ping, Michael
TANG Shiding
TSUI Yiu Wa, Alec

In accordance with Article 130 of the Company's Articles of Association, Mr. Chen Shunhua, Mr. Guo Jiafeng and Mr. Jia Shenghua shall retire at the forthcoming annual general meeting ("AGM") and, being eligible, offer themselves for re-election.

The Company has received, from each of the Independent Non-Executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the Independent Non-Executive Directors are independent.

Directors' Service Contracts

Each of the Executive Directors of the Company has entered into service contract with the Company for a term of three years commencing from 22 June 2006, and which will continue thereafter until terminated by either party thereto by giving to the other party not less than three months' prior notice in writing.

Each of the Independent Non-Executive Directors of the Company has entered into letter of appointment with the Company.

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

Report of the Directors

Directors' and Chief Executive Interests in Securities

As at 31 December 2007, the interests and short positions of Directors, Chief Executive of the Company and their associates in the shares, underlying shares and debentures of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO"), or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

Long positions

	Number of ordinary shares held			
Name of Directors	**Family interest**	**Corporate interest**	**Total interest**	**Percentage of issued share capital**
SONG Weiping	68,859,000 *(note 1)*	492,124,000 *(note 2)*	560,983,000	36.63%
SHOU Bainian	–	383,643,000 *(note 3)*	383,643,000	25.05%

Notes:

(1) SONG Weiping is interested in such ordinary shares held by Wisearn Limited, a company wholly-owned by his spouse XIA Yibo.

(2) SONG Weiping is interested in such ordinary shares as the sole shareholder of Delta House Limited.

(3) SHOU Bainian is interested in such ordinary shares as the sole shareholder of Profitwise Limited.

Other than as disclosed above, none of the Directors, Chief Executives, and their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as at 31 December 2007.

Substantial Shareholders

The register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that, as at 31 December 2007, the following shareholders, other than those disclosed in the section headed "Directors' and Chief Executive's interests in securities", had notified the Company of relevant interests in the issued share capital of the Company:

Long positions

Name	Number of Ordinary Shares Held	Nature of Interest	Percentage of Shareholding in the Company
Mr. Song Weiping	560,983,000(1)	Interest of a controlled corporation and interest jointly held with another person	36.63%
Mr. Shou Bainian	383,643,000(2)	Interest of a controlled corporation	25.05%
Mrs. Xia Yibo	560,983,000(3)	Interest of a controlled corporation and interest jointly held with another person	36.63%
Delta House Limited	492,124,000(4)	Beneficial owner	32.13%
Profitwise Limited	383,643,000(5)	Beneficial owner	25.20%
J.P. Morgan Securities Ltd.	79,738,760(6)	Beneficial owner	5.21%
JPMorgan Chase & Co.	79,738,760(6)	Interest of a controlled corporation and interest jointly held with another person	5.21%
Lehman Brothers Holdings Inc.	203,045,370(7)	Interest of a controlled corporation and interest jointly held with another person	13.26%
UBS AG	95,933,047(8)	Interest of a controlled corporation and interest jointly held with another person	6.26%
Warburg Pincus Partners UC	70,000,000(9)	Interest of a controlled corporation and interest jointly held with another person	6.26%
Warburg Pincus Private Equity IX LP	70,000,000(9)	Interest of a controlled corporation and interest jointly held with another person	6.26%

Report of the Directors

Notes:

(1) Includes interest in 492,124,000 shares held via a controlled corporation, and deemed interest in 68,859,000 shares held by Wisearn Limited, a controlled corporation owned by his spouse, Mrs. Xia Yibo.

(2) Interests held by Mr. Shou Bainian through a controlled corporation.

(3) Mrs. Xia Yibo held interest in 68,859,000 shares via Wisearn Limited, and deemed interest in 492,124,000 shares held by Delta House Limited, a controlled corporation owned by her spouse, Mr. Song Weiping.

(4) Interests held by Mr. Song Weiping through a controlled corporation, duplicates to those disclosed in the section "Directors' Interests and Short Positions in Shares" above.

(5) Interests held by Mr. Shou Bainian through a controlled corporation, duplicates to those disclosed in the section "Directors' Interests and Short Positions in Shares" above.

(6) J.P. Morgan Securities Ltd. was a subsidiary indirectly held by JPMorgan Chase & Co.

(7) Interests held via a controlled corporation, and of which 61,667,500 are shares of the equity derivatives.

(8) These shares comprise (i) 81,276,610 ordinary shares; (ii) 11,709,131 shares pledged or would be pledged by Delta House Limited and Profitwise Limited; and (iii) 2,947,306 shares held through a subsidiary.

(9) Warburg Pincus Private Equity IX LP was wholly owned by Warburg Pincus Partners UC.

Other than the interests disclosed above, the register of substantial shareholders maintained by the Company pursuant to section 336 of the SFO discloses no person as having a notifiable interest or short position in the issued share capital of the Company as at 31 December 2007.

Share Options

Particular of the Company's share option scheme are set out in note 32 to the consolidated financial statements.

No option has been granted under the Company's share option scheme up to 31 December 2007.

Arrangements to Purchase Shares or Debentures

Other than those as disclosed under the paragraph headed "Share Options" above, at no time during the year was the Company, its holding company, or any of its subsidiaries, a party to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debt securities including debentures of, the Company or any other body corporate.

Directors' Interests in Contracts of Significance

Other than as disclosed in note 37 to the consolidated financial statements, no contract of significance to which the Company, its holding company or subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Connected Transactions

During the year, the Company have entered into the following transactions with Greentown Holdings Group Limited in which SONG Weiping together with his spouse and SHOU Bainian (collectively as "Original Shareholders") holds a 61% and 39% interest, respectively. Pursuant to the Listing Rules, Greentown Holdings Group Limited and other associates of the Original Shareholders constitute the connected persons to the Company and therefore these transactions constitute connected transactions of the Company.

Pursuant to the trademarks licence agreement entered between the Company and Greentown Holdings Group Limited which is the registered owner of the trademarks of "綠城" (Greentown) and "綠城房產" (Greentown Real Estate) on 22 June 2006, Greentown Holdings Group Limited has granted the Group an irrevocable and exclusive right to use these trademarks in the Group's property development business, on a free-of-charge basis.

Pursuant to the comprehensive services agreement entered with Greentown Holdings Group Limited relating to the following services rendered by Greentown Holdings Group Limited to the Group for a term of three years commencing from 1 January 2006, subject to further renewal upon mutual agreement among the parties involved, on the same date, the annual amounts for each of these transactions for the year ended 31 December 2007 were as follows:

	RMB'000
Interior decoration service fees	25,219
Property management service fees	10,396
Purchase of raw materials	301

On the same date, the Group entered into properties leasing agreements with Greentown Holdings Group Limited and Zhejiang Century Square Investment Company, which is 40% owned by Greentown Holdings Group Limited. It is therefore an associate of Greentown Holdings Group Limited and the connected person to the Company pursuant to the Listing Rules. The leases are for a period of three years commencing from 1 January 2006 and the rental charge for the year ended 31 December 2007 was RMB5,697,000.

On the same date, the Group entered into an advertising services agreement with Zhejiang Greentown Football Club Company Limited, which is wholly owned by Greentown Holdings Group Limited. It is therefore an associate of Greentown Holdings Group Limited and the connected person to the Company pursuant to the Listing Rules. The advertising services are for a period of three years commencing from 1 January 2006. The annual advertising fees for the year ended 31 December 2007 were amounted to RMB40,000,000.

Report of the Directors

On 5 January 2007, the Group entered into an agreement to acquire a 35% equity interest held by Xinshidai Properties Company Limited ("Xinshidai Properties") in Beijing Xingye Wanfa Real Estate Development Company Limited ("Xingye Wanfa"), a subsidiary of the Company, at a consideration of RMB17,500,000. As Xinshidai Properties is a substantial shareholder of Xingye Wanfa, this acquisition constitutes a connected transaction of the Company.

On 13 February 2007, the Group entered into an acquisition agreement with Greentown Holdings Group Limited to acquire 49% equity interest held in Zhejiang Zhongqingly Greentown Real Estate Investment Company Limited ("ZZG"), at a consideration of RMB122,000,000. The Original Shareholders hold an aggregate of 100% in the share capital of Greentown Holdings Group Limited. Since Greentown Holdings Group Limited holds 49% equity interest in ZZG, Greentown Holdings Group Limited and ZZG are connected persons of the Company. Therefore, this acquisition constitutes a connected transaction of the Company. The Company's circular in respect of this acquisition was issued on 9 March 2007. Pursuant to the extraordinary general meeting held on 26 March 2007 (the "2007 March EGM"), the acquisition was approved by the shareholders.

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

Directors' Interests In Competing Business

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

On 22 June 2006, each of the Original Shareholders entered into a Deed of Non-Competition with the Company to undertake that they will not, and shall procure their controlled affiliates (other than subsidiaries and associates of the Company) not to engage in any property development business (except for hotel development and property management) in the Peoples' Republic of China, provided that Greentown Holdings Group Limited may continue with the development and sale of the eight property projects (the "Non-inclusion Projects"). Pursuant to the Deed of Non-Competition, Greentown Holdings Group Limited granted an option to the Company to acquire the Non-inclusion Projects. Details of the terms of the Deed of Non-Competition are described in the "Business Section" in the Company's prospectus dated 30 June 2006.

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

Emolument Policy

The emolument policy of the employees of the Group is set up by the Remuneration Committee on the basis of their performance, qualifications and experiences.

The emoluments of the Directors of the Company, details are set out in note 10 to the consolidated financial statements, are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

The Company has adopted a share option scheme as an incentive to Directors and eligible employees, details of the scheme is set out in note 32 to the consolidated financial statements.

Major Customers and Suppliers

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

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

At no time during the year did a director, an associate of a director or a shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's share capital) have an interest in any of the Group's five largest suppliers or customers.

Pre-Emptive Rights

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

Sufficiency of Public Float

The Company has maintained the public float as required by the Listing Rules during the year ended 31 December 2007.

Donations

During the year ended 31 December 2007, the Group made charitable donations amounting to RMB2,992,000.

Report of the Directors

Post Balance Sheet Events

Subsequent to the balance sheet, the Group had the significant post balance sheet events as detailed in note 37 to the consolidated financial statement.

Auditors

Messrs. Deloitte Touche Tohmatsu were appointed as auditors of the Company since 2004 and will retire at the forthcoming AGM. A resolution will be proposed at the forthcoming AGM to re- appoint Deloitte Touche Tohmatsu as the auditors of the Company.

On behalf of the Board
SONG Weiping
Chairman

21 April 2008

Independent Auditor's Report

Deloitte.
德勤

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

We have audited the consolidated financial statements of Greentown China Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 101 to 200, which comprise the consolidated balance sheet as at 31 December 2007, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibilities for the consolidated financial statements

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

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

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

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

Independent Auditor's Report

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2007 and of the Group's profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

21 April 2008

Consolidated Income Statement

For the year ended 31 December 2007

	Notes	2007 Rmb'000	2006 Rmb'000
Revenue	6	**5,738,791**	6,400,467
Cost of sales		**(3,675,198)**	(3,579,946)
Gross profit		**2,063,593**	2,820,521
Other income	7	**271,237**	138,191
Selling expenses		**(196,197)**	(129,095)
Administrative expenses		**(293,654)**	(253,857)
Finance costs	8	**(217,269)**	(64,202)
Fair value gain on transfer from completed properties for sale to investment property		**16,658**	–
Fair value changes on embedded financial derivatives	25	**(29,090)**	(233,925)
Net loss on redemption of convertible bonds	25	**–**	(70,396)
Net gain on disposal of associates		**–**	1,360
Net gain on partial acquisition of a subsidiary		**14**	–
Share of results of associates		**66,650**	(38,784)
Share of results of jointly controlled entities		**53,531**	2,054
Profit before taxation	9	**1,735,473**	2,171,867
Taxation	11	**(729,884)**	(883,373)
Profit for the year		**1,005,589**	1,288,494
Attributable to:			
Equity holders of the Company		**923,376**	1,269,066
Minority interests		**82,213**	19,428
		1,005,589	1,288,494
Dividends	12	**490,170**	396,975
Earnings per share	13		
Basic		**Rmb0.63**	Rmb1.09
Diluted		**Rmb0.61**	Rmb1.09

Consolidated Balance Sheet

As at 31 December 2007

	Notes	2007 Rmb'000	2006 Rmb'000
Non-current assets			
Property, plant and equipment	14	1,154,844	429,606
Investment property	15	26,052	–
Interests in associates	16	955,621	538,595
Interests in jointly controlled entities	17	193,644	90,371
Available-for-sale investments	18	1,000	1,000
Prepaid lease payment		34,413	–
Rental paid in advance		13,312	13,949
Deferred tax assets	19	163,491	66,402
		2,542,377	1,139,923
Current assets			
Properties for development	20	10,293,210	4,498,091
Properties under development	21	11,094,981	5,680,019
Completed properties for sale		1,127,401	1,119,052
Inventories		5,139	2,234
Embedded financial derivatives	25	17,378	70,911
Trade and other receivables, deposits and prepayments	22	2,260,651	905,670
Amounts due from related parties	36(ii)	1,772,763	390,008
Income taxes recoverable		166,996	81,892
Other taxes recoverable		201,742	71,339
Pledged bank deposits	22, 33	506,282	630,380
Bank balances and cash	22	2,876,925	3,249,014
		30,323,468	16,698,610
Current liabilities			
Trade and other payables	23	1,913,882	1,404,449
Pre-sale deposits		3,583,055	1,671,590
Amounts due to related parties	36(ii)	4,865,677	1,077,793
Dividend payable		1,367	1,367
Income taxes payable		912,301	895,065
Other taxes payable		197,794	92,783
Embedded financial derivatives	25	61,622	450,538
Bank and other borrowings			
– due within one year	24	2,436,272	1,939,347
		13,971,970	7,532,932

Consolidated Balance Sheet

As at 31 December 2007

	Notes	2007 Rmb'000	2006 Rmb'000
Net current assets		**16,351,498**	9,165,678
Total assets less current liabilities		**18,893,875**	10,305,601
Non-current liabilities			
Bank and other borrowings			
– due after one year	*24*	**4,368,130**	1,968,855
Convertible bonds	*25*	**2,069,821**	392,849
Senior notes	*26*	**2,879,761**	3,070,822
Deferred tax liabilities	*19*	**89,661**	134,441
		9,407,373	5,566,967
		9,486,502	4,738,634
Capital and reserves			
Share capital	*27*	**157,395**	138,690
Reserves		**7,950,073**	4,235,083
Equity attributable to equity holders of the Company		**8,107,468**	4,373,773
Minority interests		**1,379,034**	364,861
		9,486,502	4,738,634

The consolidated financial statements on pages 101 to 200 were approved and authorised for issue by the Board of Directors on 21 April 2008 and are signed on its behalf by:

Shou Bainian
Director

Chen Shunhua
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2007

	Attributable to equity holders of the Company								
	Share capital *Rmb'000*	Share premium *Rmb'000*	Special reserve *Rmb'000* *(Note i)*	Statutory reserve *Rmb'000* *(Note ii)*	Conversion option reserve *Rmb'000*	Retained earnings *Rmb'000*	Subtotal *Rmb'000*	Minority interests *Rmb'000*	Total *Rmb'000*
At 1 January 2006	–	–	(551)	116,743	–	549,746	665,938	197,195	863,133
Profit for the year	–	–	–	–	–	1,269,066	1,269,066	19,428	1,288,494
Total recognised income for the year	–	–	–	–	–	1,269,066	1,269,066	19,428	1,288,494
Capitalisation issue	102,976	–	–	–	–	(102,976)	–	–	–
Dividends *(Note 12)*	–	–	–	–	–	(396,975)	(396,975)	–	(396,975)
Shares issued	35,714	2,902,795	–	–	–	–	2,938,509	–	2,938,509
Transaction costs attributable to issue of new shares	–	(102,765)	–	–	–	–	(102,765)	–	(102,765)
Purchase of additional interest in subsidiaries	–	–	–	–	–	–	–	(1,115)	(1,115)
Capital contribution from minority shareholders of subsidiaries	–	–	–	–	–	–	–	127,552	127,552
Disposal of subsidiaries	–	–	–	–	–	–	–	(6,524)	(6,524)
Acquisition of subsidiaries	–	–	–	–	–	–	–	28,325	28,325
Transfer *(Note ii)*	–	–	–	31,198	–	(31,198)	–	–	–
At 31 December 2006	138,690	2,800,030	(551)	147,941	–	1,287,663	4,373,773	364,861	4,738,634
Profit for the year	–	–	–	–	–	923,376	923,376	82,213	1,005,589
Total recognised income for the year	–	–	–	–	–	923,376	923,376	82,213	1,005,589
Dividends *(Note 12)*	–	–	–	–	–	(490,170)	(490,170)	(14)	(490,184)
Issue of shares on conversion of convertible bonds	4,779	674,576	–	–	–	–	679,355	–	679,355
Issue of new shares	13,926	2,263,045	–	–	–	–	2,276,971	–	2,276,971
Transaction costs attributable to issue of new shares	–	(6,643)	–	–	–	–	(6,643)	–	(6,643)
Equity component of convertible bonds *(Note 25)*	–	–	–	–	350,806	–	350,806	–	350,806
Transfer *(Note iii)*	–	–	(127)	(79,351)	–	79,478	–	–	–
Purchase of additional interest in subsidiaries	–	–	–	–	–	–	–	(12,753)	(12,753)
Capital contribution from minority shareholders of subsidiaries	–	–	–	–	–	–	–	873,943	873,943
Liquidation of subsidiaries	–	–	–	–	–	–	–	(518)	(518)
Acquisition of subsidiaries	–	–	–	–	–	–	–	71,302	71,302
Transfer *(Note ii)*	–	–	–	186,455	–	(186,455)	–	–	–
At 31 December 2007	**157,395**	**5,731,008**	**(678)**	**255,045**	**350,806**	**1,613,892**	**8,107,468**	**1,379,034**	**9,486,502**

Notes:

(i) The amount as at 1 January 2006 represents the net of the gain on disposal of subsidiaries and associates to related companies with common controlling shareholders of the Group, which is considered capital contribution and recognised as a special reserve, and the distribution to shareholders in excess of paid-in capital upon the group reorganisation (the "Group Reorganisation") prior to the listing of the Company's shares on the Stock Exchange.

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

(iii) This transfer was made on the closure of Zhejiang Green Garden Real Estate Development Co., Ltd. ("Zhejiang Green Garden"), Hangzhou Greentown Real Estate Development Co., Ltd. ("Hangzhou Greentown"), Hangzhou Osamanthus City Real Estate Development & Operation Co., Ltd. (Hangzhou Osmanthus City") and Hangzhou Jiuxi Property Services Company Limited ("Hangzhou Jiuxi").

Consolidated Cash Flow Statement

For the year ended 31 December 2007

	2007 *Rmb'000*	2006 *Rmb'000*
Operating activities		
Profit before taxation	1,735,473	2,171,867
Adjustments for:		
Share of results of associates	(66,650)	38,784
Share of results of jointly controlled entities	(53,531)	(2,054)
Depreciation and amortisation	24,114	18,750
Interest income	(134,423)	(103,892)
Finance costs	217,269	64,202
Net unrealised foreign exchange gain	(186,735)	–
Fair value gain on transfer from completed properties for sale to investment property	(16,658)	–
Fair value changes on embedded financial derivatives	29,090	233,925
Net loss on redemption of convertible bonds	–	70,396
Gain on liquidation of a subsidiary	(18)	–
Net gain on disposal of associates	–	(1,360)
Net gain on partial acquisition of a subsidiary	(14)	–
Operating cash flows before movements in working capital	1,547,917	2,490,618
Increase in properties for development	(5,309,955)	(1,355,774)
(Increase) decrease in properties under development	(4,924,926)	88,772
Increase in completed properties for sale	(17,743)	(428,781)
(Increase) decrease in inventories	(2,855)	10,185
Increase in trade and other receivables, deposits and prepayments	(1,350,251)	(563,264)
(Increase) decrease in other taxes recoverable	(130,403)	132,475
Decrease in rental paid in advance	637	212
Increase (decrease) in pre-sale deposits	1,911,465	(2,920,403)
Increase in trade and other payables	384,835	279,307
Increase in other taxes payable	104,936	34,564
Cash used in operations	(7,786,343)	(2,232,089)
Income taxes paid	(939,621)	(195,757)
Net cash used in operating activities	(8,725,964)	(2,427,846)

Consolidated Cash Flow Statement

For the year ended 31 December 2007

	Notes	2007 Rmb'000	2006 Rmb'000
Investing activities			
Purchase of property, plant and equipment		(755,552)	(213,779)
Proceeds from disposal of property, plant and equipment		8,218	6,184
Investments in associates		(254,900)	(169,050)
Investments in jointly controlled entities		(51,000)	(50,000)
Dividends received from associates		24,912	–
Proceeds from disposal of investment in associates		12,000	–
Acquisition of subsidiaries (net of cash and cash equivalents acquired)	28	(333,240)	(57,156)
Purchase of additional interests in subsidiaries		(22,501)	(2,040)
Proceeds from disposal of subsidiaries (net of cash and cash equivalents disposed of)	29	246,362	(13,839)
(Advance to) repayment from third parties		(4,242)	87,681
(Advance to) repayment from related parties		(1,192,955)	653,792
Decrease (increase) in pledged bank deposits		124,098	(353,681)
Interest received		136,293	109,837
Net cash used in investing activities		(2,062,507)	(2,051)
Financing activities			
Bank and other borrowings raised		6,004,602	2,756,120
Repayment of bank and other borrowings		(3,148,402)	(3,635,112)
Advance from (repayment to) related parties		3,314,629	(94,717)
Contribution by minority shareholders of subsidiaries		873,943	127,552
Interest paid		(665,164)	(312,071)
Dividends paid to equity holders of the Company		(490,170)	(396,975)
Dividends paid to minority interests		(14)	–
Proceeds on issue of convertible bonds	25	2,291,097	1,037,073
Payment to minority equity holders on liquidation of a subsidiary		(500)	–
Proceeds on issue of shares		2,276,971	2,938,509
Payment for share issue expenses		(6,643)	(102,765)
Redemption of convertible bonds		–	(557,702)
Proceeds on issue of senior notes	26	–	3,069,738
Net cash from financing activities		10,450,349	4,829,650
Net (decrease) increase in cash and cash equivalents		(338,122)	2,399,753
Cash and cash equivalents at beginning of year		3,249,014	859,393
Effects of exchange rate changes on the balance of cash held in foreign currencies		(33,967)	(10,132)
Cash and cash equivalents at end of year		2,876,925	3,249,014
Represented by bank balances and cash			
– presented on face of balance sheet		2,876,925	3,249,014

Notes to the Consolidated Financial Statements

For the year ended 31 December 2007

1. General

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

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

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

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

In the current year, the Group has applied, for the first time, the following new standard, amendment and interpretations ("new IFRSs") issued by the International Accounting Standards Board (the "IASB") and the International Financial Reporting Interpretations Committee (the "IFRIC") of the IASB, which are effective for the Group's financial year beginning 1 January 2007.

IAS 1 (Amendment)	Capital Disclosures
IFRS 7	Financial Instruments: Disclosures
IFRIC 7	Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies
IFRIC 8	Scope of IFRS 2
IFRIC 9	Reassessment of Embedded Derivatives
IFRIC 10	Interim Financial Reporting and Impairment

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

The Group has applied the disclosure requirements under IAS 1 (Amendment) and IFRS 7 retrospectively. Certain information presented in prior year under the requirements of IAS 32 has been removed and the relevant comparative information based on the requirements of IAS 1 (Amendment) and IFRS 7 has been presented for the first time in the current year.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2007

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

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

IAS 1 (Revised)	Presentation of Financial Statements[1]
IAS 23 (Revised)	Borrowing costs[1]
IAS 27 (Revised)	Consolidated and Separate Financial Statements[2]
IAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[1]
IFRS 2 (Amendment)	Vesting Conditions and Cancellations[1]
IFRS 3 (Revised)	Business Combinations[2]
IFRS 8	Operating Segments[1]
IFRIC 11	IFRS 2: Group and Treasury Share Transactions[3]
IFRIC 12	Service Concession Arrangements[4]
IFRIC 13	Customer Loyalty Programmes[5]
IFRIC 14	IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[4]

[1] Effective for annual periods beginning on or after 1 January 2009
[2] Effective for annual periods beginning on or after 1 July 2009
[3] Effective for annual periods beginning on or after 1 March 2007
[4] Effective for annual periods beginning on or after 1 January 2008
[5] Effective for annual periods beginning on or after 1 July 2008

The adoption of IFRS 3 (revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. IAS 27 (revised) will affect the accounting treatment for changes in parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions. The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. Principal accounting policies

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

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

Basis of consolidation

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

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

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

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

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2007

3. Principal accounting policies (Continued)

Business combinations under common control

The consolidated financial statements incorporate the financial statement items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling parties' perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated income statement includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the consolidated financial statements are presented as if the entities or businesses had been combined at the previous balance sheet date or when they first came under common control, whichever is shorter.

Business combinations

The acquisition of businesses is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, and liabilities incurred or assumed by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 "Business Combinations" are recognised at their fair values at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

3. Principal accounting policies (Continued)

Acquisition of assets

When the Group acquires a group of assets or net assets that does not constitute a business, the cost of the group is allocated between the individual identifiable assets and liabilities in the group based on their relative fair values at the acquisition date.

Acquisition of additional interest in a subsidiary which is not a business is accounted for as an acquisition of additional interest in assets. The difference between the consideration paid or payable and the carrying amount of minority interests attributable to the acquired interest is allocated to the value of the underlying assets acquired. No goodwill or discount on acquisition is recognised from this transaction.

Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture.

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

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

Jointly controlled entities

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

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

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

3. Principal accounting policies (Continued)

Revenue recognition

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

Income from properties developed for sale is recognised when the respective properties have been completed and delivered to the buyers. Deposits received from forward sales of properties are carried as pre-sale deposits.

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

Service income is recognised when services are provided.

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

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

Foreign currencies

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

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

3. Principal accounting policies (Continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

Taxation

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

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

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2007

3. Principal accounting policies (Continued)

Government grants

Government grants are recognised as other income in the consolidated income statement when there is reasonable assurance that the grants will be received and unconditional.

Leasing

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

The Group as lessor

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

The Group as lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Leasehold land and buildings

The land and building elements of a lease of land and buildings are considered separately for the purpose of lease classification, unless the lease payments cannot be allocated reliably between the land and building elements, in which case, the entire lease is generally treated as a finance lease and accounted for as property, plant and equipment. To the extent the allocation of the lease payments can be made reliably, leasehold interests in land are accounted for as operating leases.

Retirement benefit costs

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

3. Principal accounting policies (Continued)

Property, plant and equipment

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

Depreciation is provided to write off the cost of items of property, plant and equipment, other than construction in progress, over their estimated useful lives, and after taking into account of their estimated residual value, using the straight-line method.

Construction in progress represents property, plant and equipment in the course of construction for production or for its own use purposes. Construction in progress is carried at cost less any recognised impairment loss. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated income statement in the year in which the item is derecognised.

Leasehold land and buildings under development for future owner-occupied purpose

When the leasehold land and buildings are in the course of development for production or for administrative purposes, the leasehold land component is classified as a prepaid lease payment and amortised over a straight-line basis over the lease term. During the construction period, the amortisation charge provided for the leasehold land is included as part of costs of buildings under construction. Buildings under construction are carried at cost, less any identified impairment losses. Depreciation of buildings commences when they are available for use (i.e. when they are in the location and condition necessary for them to be capable of operating in the manner intended by management).

3. Principal accounting policies (Continued)

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

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

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

Impairment of tangible assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

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

3. Principal accounting policies (Continued)

Properties for development

Properties for development represent leasehold land located in the PRC for development for future sale in the ordinary course of business. Cost comprises the costs of land use rights and other directly attributable costs. Properties for development are stated at cost less any identified impairment loss.

Properties under development

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

Completed properties for sale

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

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method.

Financial instruments

Financial assets and financial liabilities are recognised on the consolidated balance sheet when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2007

3. Principal accounting policies (Continued)

Financial instruments (Continued)

Financial assets

The Group's financial assets are classified into one of the three categories, including financial assets at fair value through profit or loss ("FVTPL"), loans and receivables and available-for-sale financial assets.

Effective interest method

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

Financial assets at fair value through profit or loss

Financial assets at FVTPL include financial assets held for trading and those designated at FVTPL on initial recognition.

A financial asset is classified as held for trading if:

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

At each balance sheet date subsequent to initial recognition, financial assets at FVTPL are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise.

Loans and receivables

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

3. Principal accounting policies (Continued)

Financial instruments (Continued)

Effective interest method (Continued)

Available-for-sale financial assets

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

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost less any identified impairment losses at each balance sheet date subsequent to initial recognition (see accounting policy on impairment loss on financial assets below).

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

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

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

3. Principal accounting policies (Continued)

Financial instruments (Continued)

Impairment of financial assets (Continued)

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

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

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

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The Group's financial liabilities are generally classified into financial liabilities at FVTPL and other financial liabilities.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest expense is recognised on an effective interest basis.

3. Principal accounting policies (Continued)

Financial instruments (Continued)

Effective interest method (Continued)

Financial liabilities at fair value through profit or loss

Financial liabilities at FVTPL has two subcategories, including financial liabilities held for trading and those designated at FVTPL on initial recognition.

A financial liability is classified as held for trading if:

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

At each balance sheet date subsequent to initial recognition, financial liabilities at FVTPL are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise.

Other financial liabilities

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

Convertible bonds

(i) Convertible bonds containing liability component, conversion option derivative and early redemption derivatives

Convertible bonds issued by the Group that contain liability, conversion option and early redemption options (which are not closely related to the host liability component) are classified separately into respective items on initial recognition. Conversion option that will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is a conversion option derivative. At the date of issue, the liability, conversion option and redemption option components are recognised at fair value.

In subsequent periods, the liability component of the convertible bonds is carried at amortised cost using the effective interest method. The conversion option and redemption option derivatives are measured at fair value with changes in fair value recognised in profit or loss.

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

3. Principal accounting policies (Continued)

Financial instruments (Continued)

Effective interest method (Continued)

Convertible bonds (Continued)

(ii) Convertible bonds containing liability and equity components, and early redemption option derivatives

Convertible bonds issued by the Group that contain liability, conversion option and early redemption options (which are not closely related to the host liability component) are classified separately into respective items on initial recognition. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is classified as an equity instrument. At the date of issue, both the liability and early redemption option components are measured at fair value. The difference between the gross proceeds of the issue of the convertible bonds and the fair values assigned to the liability and early redemption option components respectively, representing the conversion option for the holder to convert the bonds into equity, is included in equity (conversion option reserve).

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

The equity component, representing the option to convert the liability component into ordinary shares of the Company, will remain in conversion option reserve until the embedded conversion option is exercised (in which case the balance stated in conversion option reserve will be transferred to share premium, where the conversion option remains unexercised at the expiry date, the balance stated in conversion option reserve will be released to the retained earnings. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

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

3. Principal accounting policies (Continued)

Financial instruments (Continued)

Senior notes

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

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

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

Equity instruments

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

Embedded derivatives

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

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount determined in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets"; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with IAS 18 "Revenue".

3. Principal accounting policies (Continued)

Financial instruments (Continued)

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4. Key sources of estimation uncertainty

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

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

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

Net realisable value for properties under development is determined by reference to management estimates of the selling price based on prevailing market conditions, less applicable variable selling expenses and the anticipated costs to completion. Net realisable value for completed properties for sale is determined by reference to management estimates of the selling price based on prevailing market conditions, less applicable variable selling expenses. Management are required to revise these estimates if there is a change in market condition or demand. If actual market conditions are less favourable than those projected by management, additional adjustments to the value of properties under development and completed properties for sale may be required.

Estimated impairment of trade receivable

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

4. Key sources of estimation uncertainty (Continued)

Land Appreciation Tax

The provision for Land Appreciation Tax ("LAT") amounting to Rmb479,249,000 (2006: Rmb111,808,000) (included in income taxes payable) is estimated and made according to the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for LAT is calculated.

Convertible bonds

As described in Note 25, the Company's convertible bonds contain a number of embedded derivatives that are remeasured to fair value through profit or loss at subsequent reporting dates. The Company engaged an independent appraiser to assist it in determining the fair value of these embedded derivatives. The determination of fair value was made after consideration of a number of factors, including: the Group's financial and operating results; the global economic outlook in general and the specific economic and competitive factors affecting the Group's business; the nature and prospects of the PRC property market; the Group's business plan and prospects; business risks the Group faces; and market yields and return volatility of comparable corporate bonds. This conclusion of value was based on generally accepted valuation procedures and practices that rely extensively on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained.

5. Financial instruments

(a) Categories of financial instruments

	2007	2006
	Rmb'000	*Rmb'000*
Financial assets		
Fair value through profit or loss (FVTPL)		
Held for trading	**17,378**	70,911
Loans and receivables (including cash and cash equivalents)	**5,647,171**	4,659,901
Available-for-sale financial assets	**1,000**	1,000
Financial liabilities		
Fair value through profit or loss (FVTPL)		
Held for trading	**61,622**	450,538
Amortised cost	**18,534,910**	9,855,482

5. Financial instruments (Continued)

(b) Financial risk management objectives and polices

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

Market risk

(i) Currency risk

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

	Liabilities		**Assets**	
	2007	2006	**2007**	2006
	Rmb'000	*Rmb'000*	***Rmb'000***	*Rmb'000*
Hong Kong dollars ("HKD")	**647,039**	–	**38,120**	300,955
United States dollars ("USD")	**3,014,774**	3,914,209	**469,274**	2,253,415

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

Sensitivity analysis

The Group is mainly exposed to the fluctuations in exchange rates between Rmb and HKD/USD.

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

5. Financial instruments (Continued)

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

Market risk (Continued)

(i) Currency risk (Continued)

Sensitivity analysis (Continued)

	HKD Impact		USD Impact	
	2007	2006	**2007**	2006
	Rmb'000	*Rmb'000*	***Rmb'000***	*Rmb'000*
Profit or loss	**28,996**	(14,331)	**121,214**	79,085

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank deposits, amounts due from related parties, bank and other borrowings, convertible bonds and senior notes (see Notes 22, 24, 25, 26 and 36 for details).

The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank deposits and bank and other borrowings (see Notes 22 and 24 for details).

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

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

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to market lending interest rates for non-derivative instruments at the balance sheet date. For variable-rate bank and other borrowings and amounts due to related parties, the analysis is prepared assuming the balances outstanding at the balance sheet date were outstanding for the whole year. A 50 basis point increase or decrease represents management's assessment of the reasonably possible change in interest rates.

If the market leading interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2007 would decrease/ increase by Rmb19,964,000 (2006: decrease/increase by Rmb1,436,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank and other borrowings and amounts due to related parties.

5. Financial instruments (Continued)

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

Market risk (Continued)

(iii) Other price risk

The Group is exposed to equity price risk mainly through the conversion option and redemption options embedded in its convertible bonds which allow the convertible bonds to be converted into the Company's shares or redeemed.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks at the reporting date.

If the Company's share price had been 5% higher/lower, profit for the year ended 31 December 2007 would have decreased by Rmb3,718,000/increased by Rmb5,018,000 (2006: decreased by Rmb34,397,000/increased by Rmb34,764,000) as a result of the changes in fair value of embedded financial derivatives.

Credit risk

As at 31 December 2007, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group arising from:

- the carrying amount of the respective recognised financial assets as stated in the consolidated balance sheet; and

- the amount of contingent liabilities disclosed in Note 35(i).

In order to minimize the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue trade debts and amounts due from related parties. In addition, the Group reviews the recoverable amount of each individual debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

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

The Group's concentration of credit risk by geographical locations is mainly in the PRC. The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

5. Financial instruments (Continued)

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

Liquidity risk

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

The Group relies on bank and other borrowings, convertible bonds and senior notes as a significant source of liquidity.

The following table details the Group's remaining contractual maturity for its financial liabilities. For non-derivative financial liabilities, the table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

Liquidity and interest risk tables

	Weighted average effective interest rate	Less than 1 year	1-5 years	5+ years	Total undiscounted cash flows	Carrying amount at 31/12/2007
	%	*Rmb'000*	*Rmb'000*	*Rmb'000*	*Rmb'000*	*Rmb'000*
2007						
Non-derivative financial liabilities						
Trade and other payables	–	1,835,216	78,666	–	1,913,882	1,913,882
Dividend payable	–	1,367	–	–	1,367	1,367
Bank and other borrowings						
– fixed-rate	7.21%	1,463,391	3,966,162	–	5,429,553	4,815,768
– variable-rate	6.78%	1,454,747	425,173	335,561	2,215,481	1,988,634
Amounts due to related parties						
– interest-free	–	2,813,566	–	–	2,813,566	2,813,566
– fixed-rate	6.12%	50,623	–	–	50,623	47,869
– variable-rate	7.69%	2,158,368	–	–	2,158,368	2,004,242
2006 Convertible Bonds	6%	5,259	98,173	–	103,432	73,391
2007 Convertible Bonds	–	–	2,440,238	–	2,440,238	1,996,430
Senior notes	9%	262,966	1,051,864	3,140,978	4,455,808	2,879,761
		10,045,503	8,060,276	3,476,539	21,582,318	18,534,910

5. Financial instruments (Continued)

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

Liquidity risk (Continued)

Liquidity and interest risk tables (Continued)

	Weighted average effective interest rate	Less than 1 year	1-5 years	5+ years	Total undiscounted cash flows	Carrying amount at 31/12/2006
	%	*Rmb'000*	*Rmb'000*	*Rmb'000*	*Rmb'000*	*Rmb'000*
2006						
Non-derivative financial liabilities						
Trade and other payables	–	1,368,353	36,096	–	1,404,449	1,404,449
Dividend payable	–	1,367	–	–	1,367	1,367
Bank and other borrowings						
– fixed-rate	5.91%	2,170,460	1,939,917	178,197	4,288,574	3,908,202
– variable-rate	–	–	–	–	–	–
Amounts due to related parties						
– interest-free	–	736,501	–	–	736,501	736,501
– fixed-rate	9%	58,860	–	–	58,860	54,000
– variable-rate	6.40%	305,678	–	–	305,678	287,292
2006 Convertible Bonds	6%	71,059	720,743	–	791,802	392,849
Senior notes	9%	281,113	1,124,452	3,638,854	5,044,419	3,070,822
		4,993,391	3,821,208	3,817,051	12,631,650	9,855,482

(c) Fair value

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

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

	2007		2006	
	Carrying amount	**Fair value**	Carrying amount	Fair value
	Rmb'000	***Rmb'000***	*Rmb'000*	*Rmb'000*
Financial liabilities				
2006 Convertible Bonds	**73,391**	**77,994**	392,849	436,608
Senior notes	**2,879,761**	**2,658,874**	3,070,822	3,230,209

5. Financial instruments (Continued)

(d) Capital risk management

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

The capital structure of the Group consists of net debt, which includes the borrowings disclosed in Notes 24 to 26 (net of cash and cash equivalents) and equity attributable to equity holders of the Company, comprising issued share capital, reserves and retained earnings.

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

6. Revenue

	2007 *Rmb'000*	2006 *Rmb'000*
Property sales	5,690,089	6,341,316
Computer system design and installation services	4,629	3,139
Sales of construction materials	32,202	50,031
Hotel operations	7,390	–
Other business	4,481	5,981
	5,738,791	6,400,467

Substantially all of the Group's activities are engaged in properties development and sales and substantially all of the Group's sales are to customers located in the PRC. The directors consider that these activities constitute one business segment and one geographical segment since these activities are related and subject to common risk and returns. Accordingly, no business or geographical analysis of revenue is presented. No geographical analysis of the Group's assets and liabilities is presented as the Group's assets and liabilities are substantially located in the PRC.

7. Other income

	2007	2006
	Rmb'000	*Rmb'000*
Interest income	**134,423**	103,892
Government grants *(Note)*	**34,094**	28,436
Net foreign exchange gains	**69,224**	–
Others	**33,496**	5,863
	271,237	138,191

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

8. Finance costs

	2007	2006
	Rmb'000	*Rmb'000*
Interest on:		
– bank borrowings wholly repayable within five years	**350,756**	227,232
– bank borrowings not wholly repayable within five years	**21,750**	2,085
– other borrowings	**3,875**	7,624
Effective interest expense on 2006 Convertible Bonds *(Note 25)*	**25,065**	87,605
Effective interest expense on 2007 Convertible Bonds *(Note 25)*	**56,139**	–
Interest on senior notes *(Note 26)*	**274,534**	40,781
Less: Capitalised in properties under development	**(477,175)**	(278,757)
Capitalised in construction in progress	**(37,675)**	(22,368)
	217,269	64,202

Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 7.31% (2006: 7.56%) per annum to expenditure on the development of properties.

9. Profit before taxation

	2007 *Rmb'000*	2006 *Rmb'000*
Profit before taxation has been arrived at after charging (crediting):		
Salaries and other benefits	208,086	141,982
Retirement benefits scheme contributions	11,257	7,234
Less: Capitalised in properties under development	(60,068)	(47,287)
	159,275	101,929
Depreciation of property, plant and equipment	27,213	21,415
Less: Capitalised in properties under development	(3,099)	(2,953)
	24,114	18,462
Auditors' remuneration	8,714	5,584
Amortisation of intangible assets (included in selling and administrative expenses)	–	288
Cost of inventories recognised as an expense	3,675,198	3,579,946
Net foreign exchange (gains) losses	(69,224)	19,257
Share of tax of associates (included in share of results of associates)	96,069	(4,110)
Share of tax of jointly controlled entities (included in share of results of jointly controlled entities)	36,460	2,719

10. Directors' and employees' emoluments

The emoluments paid or payable to each of the 9 (2006: 9) directors of the Company were as follows:

	Song Weiping *Rmb'000*	Shou Bainian *Rmb'000*	Chen Shunhua *Rmb'000*	Guo Jiafeng *Rmb'000*	Jia Shenghua *Rmb'000*	Sze Tsai Ping, Michael *Rmb'000*	Tsui Yiu Wa, Alec *Rmb'000*	Tang Shiding *Rmb'000*	Jiang Wei *Rmb'000*	2007 Total *Rmb'000*
Fees	–	–	–	–	120	194	194	120	194	822
Other emoluments										
Salaries and other benefits	1,500	1,500	1,200	1,000	–	–	–	–	–	5,200
Contributions to retirement benefits/pension schemes	64	64	55	82	–	–	–	–	–	265
Performance related incentive payments *(Note)*	450	450	360	360	–	–	–	–	–	1,620
Total emoluments	2,014	2,014	1,615	1,442	120	194	194	120	194	7,907

	Song Weiping *Rmb'000*	Shou Bainian *Rmb'000*	Chen Shunhua *Rmb'000*	Guo Jiafeng *Rmb'000*	Jia Shenghua *Rmb'000*	Sze Tsai Ping, Michael *Rmb'000*	Tsui Yiu Wa, Alec *Rmb'000*	Tang Shiding *Rmb'000*	Jiang Wei *Rmb'000*	2006 Total *Rmb'000*
Fees	–	–	–	–	63	108	108	63	108	450
Other emoluments										
Salaries and other benefits	516	516	248	248	–	–	–	–	–	1,528
Contributions to retirement benefits/pension schemes	61	61	27	20	–	–	–	–	–	169
Performance related incentive payments *(Note)*	155	155	75	74	–	–	–	–	–	459
Total emoluments	732	732	350	342	63	108	108	63	108	2,606

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

10. Directors' and employees' emoluments (Continued)

No directors waived any emoluments in both years.

Of the five individuals with the highest emoluments in the Group, four (2006: three) were directors of the Company whose emoluments are included in the disclosure above. The emoluments of the remaining one (2006: two) individuals were as follows:

	2007	2006
	Rmb'000	*Rmb'000*
Salaries and benefits	**1,382**	1,540
Contributions to retirement benefits/pension schemes	**12**	81
Performance related incentive payments	**–**	205
	1,394	1,826

Their emoluments were within the following bands:

	2007	2006
	No. of employees	No. of employees
HKD nil to HKD1,000,000	**–**	2
HKD1,000,001 to HKD1,500,000	**1**	–

During the year, no emoluments were paid by the Group to any of the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors waived any emoluments during the year.

11. Taxation

	2007 *Rmb'000*	2006 *Rmb'000*
Current tax:		
PRC enterprise income tax	454,870	873,173
LAT	416,883	131,670
Write-back of LAT provision	–	(99,633)
	871,753	905,210
Deferred tax:		
Current year	(108,410)	(21,837)
Attributable to a change in tax rate	(33,459)	–
	(141,869)	(21,837)
	729,884	883,373

No provision for income tax has been made for the Company and group entities established in the British Virgin Islands (the "BVI") as they are not subject to any income tax.

All PRC group entities are subject to enterprise income tax levied at a rate of 33%, except for the following entities:

	Notes	Enterprise income tax rate 2007	2006
Shanghai Lvyu Real Estate Development Co., Ltd. ("Shanghai Lvyu")	*(i)*	15%	15%
Hangzhou Jiuxi	*(ii)*	–	27%
Hangzhou Rose Garden Property Services Co., Ltd. ("Hangzhou Rose Garden")	*(ii)*	27%	27%
Xinjiang Sunshine Greentown Real Estate Development Co., Ltd. ("Xinjiang Sunshine")	*(iii)*	Exempted	Exempted

11. Taxation (Continued)

Notes:

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

(ii) Hangzhou Jiuxi and Hangzhou Rose Garden are established in Hangzhou Zhijiang National Tourism and Resort Zone in Zhejiang province and are therefore subject to a reduced enterprise income tax rate of 27%. Hangzhou Jiuxi was closed during the year.

(iii) Xinjiang Sunshine is exempted from enterprise income tax for three years starting from its first profit-making year in 2005, followed by a 50% reduction for the next three years.

On 16 March 2007, the PRC promulgated the Law of the People's Republic of China on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the PRC. On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Law. The New Law and Implementation Regulations will change the tax rate from 15%, 27% or 33% to 25% for certain subsidiaries from 1 January 2008. The deferred tax balance has been adjusted to reflect the tax rates that are expected to apply to the respective periods when the asset is realised or the liability is settled.

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

	2007 *Rmb'000*	2006 *Rmb'000*
Profit before taxation	**1,735,473**	2,171,867
Tax at the applicable PRC enterprise income tax rate of 33%	**572,707**	716,716
Effect of different tax rates	**(128,547)**	102,287
Tax effect of share of results of associates	**(21,994)**	12,799
Tax effect of share of results of jointly controlled entities	**(17,665)**	(678)
Tax effect of income not taxable for tax purposes	**(11,031)**	(5,652)
Tax effect of expenses not deductible for tax purposes	**47,300**	23,328
Tax effect of tax losses not recognised	**25,889**	36,757
Tax effect of deductible temporary differences not recognised	**–**	(150)
Recognition of deferred tax assets on tax losses previously not recognised/utilisation of tax losses previously not recognised	**(50,270)**	(23,499)
Effect on opening deferred tax balances of changes in applicable tax rates	**(33,459)**	–
LAT provision for the year	**416,883**	131,670
Write-back of LAT provision	**–**	(99,633)
Tax effect of LAT	**(89,599)**	(10,572)
Effect on deferred tax recognised of changes in applicable tax rate	**19,670**	–
Tax charge for the year	**729,884**	883,373

Details of deferred taxation for the year ended 31 December 2007 are set out in Note 19.

11. Taxation (Continued)

PRC LAT

According to the requirements of the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例) effective from 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例實施細則) effective from 27 January 1995, all income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for property sales of ordinary residential properties (普通標準住宅) if their appreciation values do not exceed 20% of the sum of the total deductible items.

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

At the date of this report, the relevant local tax bureaus responsible for the enforcement of LAT regulations have not required the Group to pay any LAT other than the aforesaid LAT pre-payment.

For the year ended 31 December 2007, the Group has estimated and made a provision for LAT in the amount of Rmb416,883,000 (2006: Rmb131,670,000), 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.

In 2006 and early 2007, the Group decided to dissolve five of its PRC property development subsidiaries and commenced liquidation procedures on them. At the date of the 2006 annual report, they had completed their tax registration revocation and had received the tax registration revocation notices from the relevant tax bureaus. The directors were of the opinion that the tax obligations of these five subsidiaries were considered duly terminated by law, and therefore wrote back during the year ended 31 December 2006 the provision for LAT made by one of these subsidiaries in previous years. The LAT recorded by the other four subsidiaries during 2006 represented the amount of LAT levied by the relevant tax bureaus upon the completion of their tax registration revocation. At the date of this report, all but one of them have been closed.

12. Dividends

On 19 March 2006, the Group declared a special dividend of USD50 million (equivalent to approximately Rmb396,975,000) to the Company's shareholders whose names appeared on the register of members on the record date of 1 January 2006. The special dividend was paid in March and April 2006.

12. Dividends (Continued)

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

The final dividend of HK32 (2006: HK36) cents per share has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

13. Earnings per share

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

Earnings

	2007 *Rmb'000*	2006 *Rmb'000*
Earnings for the purposes of basic earnings per share (profit for the year attributable to equity holders of the Company)	923,376	1,269,066
Effect of dilutive potential shares: Interest on 2007 Convertible Bonds (as defined in Note 25)	21,852	–
Earnings for the purposes of diluted earnings per share	945,228	1,269,066

Number of shares

	2007	2006
Weighted average number of ordinary shares for the purposes of basic earnings per share	1,474,969,957	1,162,773,488
Effect of dilutive potential ordinary shares: 2007 Convertible Bonds (as defined in Note 25)	66,213,853	–
Weighted average number of ordinary shares for the purposes of diluted earnings per share	1,541,183,810	1,162,773,488

The weighted average number of ordinary shares for the purposes of basic earnings per share in 2006 has been adjusted for the capitalisation issue in June 2006.

The computation of diluted earnings per share does not assume the conversion of the Company's outstanding 2006 Convertible Bonds (as defined in Note 25) since their exercise would result in an increase in earnings per share.

14. Property, plant and equipment

	Hotel buildings	Buildings	Leasehold improvements	Machinery	Furniture, fixtures and equipment	Transportation equipment	Construction in progress	Total
	Rmb'000	*Rmb'000*	*Rmb'000*	*Rmb'000*	*Rmb'000*	*Rmb'000*	*Rmb'000*	*Rmb'000*
COST								
At 1 January 2006	–	67,162	22,848	2,772	21,878	93,203	109,117	316,980
Additions	–	8	1,321	232	2,989	34,788	174,441	213,779
Acquired on acquisition of subsidiaries	–	–	201	–	669	1,015	–	1,885
Disposals	–	–	–	–	(205)	(15,998)	–	(16,203)
Disposal of subsidiaries	–	–	(1,679)	–	(795)	(2,674)	–	(5,148)
Reclassification	–	–	–	(1,650)	1,650	–	–	–
At 31 December 2006	–	67,170	22,691	1,354	26,186	110,334	283,558	511,293
Additions	–	3,011	3,576	284	54,011	37,045	695,300	793,227
Transfer	904,441	–	–	–	–	–	(904,441)	–
Transfer to prepaid lease payment	–	–	–	–	–	–	(34,413)	(34,413)
Acquired on acquisition of subsidiaries	–	–	–	–	205	1,650	–	1,855
Disposals	–	(22)	(606)	(12)	(3,963)	(15,361)	–	(19,964)
Reclassification	–	–	–	(921)	921	–	–	–
At 31 December 2007	904,441	70,159	25,661	705	77,360	133,668	40,004	1,251,998
DEPRECIATION AND AMORTISATION								
At 1 January 2006	–	(8,189)	(5,567)	(1,455)	(11,348)	(46,347)	–	(72,906)
Provided for the year	–	(3,282)	(3,787)	(222)	(3,519)	(10,605)	–	(21,415)
Eliminated on disposals	–	–	–	–	129	9,890	–	10,019
Eliminated on disposal of subsidiaries	–	–	983	–	294	1,338	–	2,615
Reclassification	–	–	–	1,247	(396)	(851)	–	–
At 31 December 2006	–	(11,471)	(8,371)	(430)	(14,840)	(46,575)	–	(81,687)

14. Property, plant and equipment (Continued)

	Hotel buildings Rmb'000	Buildings Rmb'000	Leasehold improvements Rmb'000	Machinery Rmb'000	Furniture, fixtures and equipment Rmb'000	Transportation equipment Rmb'000	Construction in progress Rmb'000	Total Rmb'000
Provided for the year	–	(4,668)	(2,912)	(104)	(4,513)	(15,016)	–	(27,213)
Eliminated on disposals	–	6	498	12	2,800	8,430	–	11,746
Reclassification	–	–	–	287	(287)	–	–	–
At 31 December 2007	–	(16,133)	(10,785)	(235)	(16,840)	(53,161)	–	(97,154)
CARRYING VALUES								
At 31 December 2007	904,441	54,026	14,876	470	60,520	80,507	40,004	1,154,844
At 31 December 2006	–	55,699	14,320	924	11,346	63,759	283,558	429,606

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

Hotel buildings	35 years
Buildings	Over the shorter of the term of the land use rights or 20 years
Leasehold improvements	Over the shorter of the lease term or five years
Machinery	10% to 33$^1/_3$%
Furniture, fixtures and equipment	10% to 33$^1/_3$%
Transportation equipment	10% to 20%

The buildings shown above are located on:

	2007 **Rmb'000**	2006 Rmb'000
Land in the PRC:		
Medium-term lease	**54,026**	55,699

Details of the buildings and construction in progress pledged to secure banking facilities granted to the Group are disclosed in Note 33.

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15. Investment property

	Rmb'000
FAIR VALUE	
At 1 January 2006 and 31 December 2006	–
Transfer from completed properties for sale	26,052
At 31 December 2007	26,052

The fair value of the Group's investment property at 31 December 2007 have been arrived at on the basis of a valuation carried out on that date by DTZ Debenham Tie Leung Limited, independent qualified professional valuers not connected with the Group. The professional valuers, DTZ Debenham Tie Leung Limited, are members of the Hong Kong Institute of Surveyors, and have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation was arrived at by reference to market evidence of transaction prices for similar properties.

The investment property shown above is located on:

	2007	2006
	Rmb'000	*Rmb'000*
Land in the PRC		
Medium-term lease	**26,052**	–

16. Interests in associates

	2007	2006
	Rmb'000	*Rmb'000*
Cost of unlisted investments in associates	**944,550**	556,650
Share of post-acquisition profits (losses)	**11,071**	(18,055)
	955,621	538,595

16. Interests in associates (Continued)

As at 31 December 2006 and 2007, the Group had interests in the following associates established and operating in the PRC:

Name of associate	Registered capital	Attributable equity interest held by the Group 2007	2006	Principal activities
杭州集美房地產開發有限公司 Hangzhou Jimei Real Estate Development Co., Ltd.	Rmb32,000,000	**30%**	30%	Real estate development
杭州余杭綠城九洲房地產開發有限公司 Hangzhou Yuhang Greentown Jiuzhou Real Estate Development Co., Ltd.	Rmb10,000,000	**35%**	35%	Real estate development
杭州翡翠城房地產開發有限公司 Hangzhou Jade City Real Estate Development Co., Ltd.	Rmb50,000,000	**45%**	45%	Real estate development
上海靜宇置業有限公司 Shanghai Jingyu Real Estate Co., Ltd.	Rmb100,000,000	**49%**	49%	Property investment
深圳東方泰格投資有限公司 Shenzhen Orient Taige Investment Co., Ltd.	Rmb60,000,000	**–**	20%	Investment and consulting
杭州錢新綠城房地產開發有限公司 Hangzhou Qianxin Greentown Real Estate Development Co. Ltd. ("Hangzhou Qianxin Greentown")	Rmb30,000,000	**50%** *(i)*	50%	Real estate development
浙江發展綠城房地產開發有限公司 Zhejiang Fazhan Greentown Real Estate Development Co., Ltd.	Rmb50,000,000	**45%**	45%	Real estate development
杭州濱綠房地產開發有限公司 Hangzhou Binlv Real Estate Development Co., Ltd.	USD49,800,000	**40%**	40%	Real estate development

Notes to the Consolidated Financial Statements

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16. Interests in associates (Continued)

Name of associate	Registered capital	Attributable equity interest held by the Group 2007	2006	Principal activities
浙江中青旅綠城投資置業有限公司 Zhejiang Zhongqinglv Greentown Real Estate Investment Co., Ltd. ("Zhejiang Zhongqinglv")	Rmb200,000,000	49%	–	Investment and consulting
河南中州綠城置業投資有限公司 Henan Zhongzhou Greentown Real Estate Development Co., Ltd. ("Henan Zhongzhou")	Rmb60,000,000	38% *(ii)*	–	Real estate development
德清西子房地產開發有限公司 Deqing Xizi Real Estate Development Co., Ltd. ("Deqing Xizi")	Rmb30,000,000	25% *(ii)*	–	Real estate development
德清綠城中田房地產有限公司 Deqing Greentown Zhongtian Real Estate Development Co., Ltd. ("Deqing Zhongtian")	Rmb10,000,000	47% *(ii)*	–	Real estate development
紹興金綠泉房地產開發有限公司 Shaoxing Jinlvquan Real Estate Development Co., Ltd.	Rmb380,000,000	35%	–	Real estate development
濟南海爾綠城房地產有限公司 Jinan Haier Greentown Real Estate Co., Ltd. ("Jinan Haier Greentown")	Rmb200,000,000	45% *(iii)*	–	Real estate development
無錫綠城房地產開發有限公司 Wuxi Greentown Real Estate Development Co., Ltd.	Rmb10,000,000	39%	–	Real estate development
無錫太湖綠城房地產開發有限公司 Wuxi Taihu Greentown Real Estate Development Co., Ltd.	Rmb100,000,000	39%	–	Real estate development

16. Interests in associates (Continued)

Notes:

(i) Only two out of five directors of Hangzhou Qianxin Greentown are appointed by the Group, while a valid board resolution requires two-thirds of the total votes. The Group does not have the power to direct the financial and operating policies of Hangzhou Qianxin Greentown. Therefore, Hangzhou Qianxin Greentown is accounted for as an associate of the Group.

(ii) Henan Zhongzhou, Deqing Xizi and Deqing Zhongtian are subsidiaries of Zhejiang Zhongqinglv.

(iii) The equity interest in Jinan Haier Greentown is held by 海爾集團公司 (Haier Group) in trust for the Group.

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

	2007 *Rmb'000*	2006 *Rmb'000*
Total assets	11,916,880	5,596,325
Total liabilities	(9,818,443)	(4,625,390)
Net assets	2,098,437	970,935
Group's share of net assets of associates	948,621	531,708
Revenue	1,891,402	23,006
Profit (loss) for the year	124,965	(76,857)
Group's share of results of associates for the year	66,650	(38,784)

The Group has discontinued recognition of its share of losses of certain associates as its share of losses of those associates equals or exceeds its interests in those associates. The amounts of unrecognised share of losses of those associates, extracted from the relevant management accounts of those associates, both for the year and cumulatively, are as follows:

	2007 *Rmb'000*	2006 *Rmb'000*
Unrecognised share of losses of associates for the year	6,350	650
Accumulated unrecognised share of losses of associates	7,000	6,887

17. Interests in jointly controlled entities

	2007 *Rmb'000*	2006 *Rmb'000*
Cost of unlisted investments in jointly controlled entities	**153,036**	102,037
Share of post-acquisition profits (losses)	**40,608**	(11,666)
	193,644	90,371

As at 31 December 2006 and 2007, the Group had interests in the following jointly controlled entities established and operating in the PRC:

Name of jointly controlled entity	Registered capital	Attributable equity interest held by the Group 2007	 2006	Principal activities
浙江報業綠城投資有限公司 Zhejiang Newspapering Greentown Investment Co., Ltd. ("Zhejiang Newspapering Greentown")	Rmb80,000,000	**50%**	50%	Investment holding
寧波浙報綠城房地產開發有限公司 Ningbo Zhebao Greentown Real Estate Development Co., Ltd.	Rmb60,000,000	**50%**	50%	Real estate development
寧波綠城桂花園房地產開發有限公司 Ningbo Greentown Osmanthus Garden Real Estate Development Co., Ltd. ("Ningbo Greentown Osmanthus Garden")	Rmb20,000,000	**60%** *(i)*	60%	Real estate development
海寧綠城新湖房地產開發有限公司 Haining Greentown Sinhoo Real Estate Development Co., Ltd. ("Haining Greentown")	Rmb20,000,000	**50%** *(ii)*	50%	Real estate development
浙江綠城西子房地產集團有限公司 Zhejiang Greentown Xizi Real Estate Group Co., Ltd. ("Zhejiang Greentown Xizi")	Rmb100,000,000	**50%**	50%	Investment holding

17. Interests in jointly controlled entities (Continued)

Name of jointly controlled entity	Registered capital	Attributable equity interest held by the Group 2007	2006	Principal activities
臨安西子房地產開發有限公司 Linan Xizi Real Estate Development Co., Ltd. ("Linan Xizi")	Rmb20,000,000	**50%** *(iii)*	50%	Real estate development
南通嘉匯置業有限公司 Nantong Jiahui Real Estate Co., Ltd. ("Nantong Jiahui")	Rmb30,000,000	**50%** *(iii)*	–	Real estate development
浙江西子置業有限公司 Zhejiang Xizi Real Estate Co., Ltd. ("Zhejiang Xizi")	Rmb80,000,000	**50%** *(iii)*	–	Real estate development
浙江綠城新興置業有限公司 Zhejiang Greentown Xinxing Real Estate Co., Ltd. ("Greentown Xinxing")	Rmb80,000,000	**35%** *(iii)*	–	Real estate development
紹興綠城寶業房地產開發有限公司 Shaoxing Greentown Baoye Real Estate Co., Ltd. ("Shaoxing Greentown Baoye")	Rmb100,000,000	**51%** *(iv)*	–	Real estate development

Notes:

(i) Zhejiang Newspapering Greentown and Richwise Holdings Limited ("Richwise"), a subsidiary of the Group, respectively hold 70% and 25% of the equity interest in Ningbo Greentown Osmanthus Garden. Only one out of five directors of Ningbo Greentown Osmanthus Garden is appointed by the Group, while a valid board resolution requires two-thirds of the total votes. The Group does not have the power to direct the financial and operational policies of Ningbo Greentown Osmanthus Garden. Therefore, Ningbo Greentown Osmanthus Garden is accounted for as a jointly controlled entity of the Group.

(ii) Pursuant to an agreement entered into between Zhejiang Sinhoo Real Estate Group Co., Ltd. ("Sinhoo"), the holder of the other 50% equity interest in Haining Greentown, and the Group on 1 January 2006, the declaration made by Sinhoo granting control over Haining Greentown to the Group lapsed after phase I of the project had been delivered and the Group no longer has the power to govern the financial and operating policies of Haining Greentown. Therefore, Haining Greentown ceased to be accounted for as a subsidiary of the Company commencing 1 January 2006.

17. Interests in jointly controlled entities (Continued)

Notes: (Continued)

(iii) Linan Xizi, Nantong Jiahui, Zhejiang Xizi and Greentown Xinxing are subsidiaries of Zhejiang Greentown Xizi.

(iv) Three out of 5 directors of Shaoxing Greentown Baoye are appointed by the Group, while a valid board resolution requires unanimous approval from all directors. The Group does not have the power to direct the financial and operational policies of Shaoxing Greentown Baoye. Therefore, Shaoxing Greentown Baoye is accounted for as a jointly controlled entity of the Group.

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

	2007 *Rmb'000*	2006 *Rmb'000*
Current assets	**3,064,320**	1,143,697
Non-current assets	**14,234**	12,130
Current liabilities	**(2,340,266)**	(688,896)
Non-current liabilities	**(539,833)**	(367,347)
Income	**546,293**	122,506
Expenses	**(492,762)**	(120,452)

18. Available-for-sale investments

Available-for-sale investments represent unlisted equity securities. They are measured at cost less impairment at each balance sheet date because the range of reasonable fair value estimates is so significant that the directors are of the opinion that their fair values cannot be measured reliably.

19. Deferred taxation

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

	Temporary differences on revenue recognition and related cost of sales	Tax losses	Fair value adjustments *(Note 28)*	LAT provision	Others	Total
	Rmb'000	*Rmb'000*	*Rmb'000*	*Rmb'000*	*Rmb'000*	*Rmb'000*
At 1 January 2006	(15,771)	38,404	(101,740)	32,152	(6,991)	(53,946)
Credit (charge) to the consolidated income statement for the year	25,431	(10,057)	3,553	(2,139)	5,049	21,837
Utilisation of tax losses	–	(4,156)	–	–	–	(4,156)
Acquisition of subsidiaries	–	–	(31,774)	–	–	(31,774)
At 31 December 2006	9,660	24,191	(129,961)	30,013	(1,942)	(68,039)
Credit (charge) to the consolidated income statement for the year	534	23,530	3,631	72,739	7,976	108,410
Effect of change in tax rate	(441)	(1,512)	40,834	(6,003)	581	33,459
At 31 December 2007	9,753	46,209	(85,496)	96,749	6,615	73,830

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

	2007	2006
	Rmb'000	*Rmb'000*
Deferred tax assets	**163,491**	66,402
Deferred tax liabilities	**(89,661)**	(134,441)
	73,830	(68,039)

19. Deferred taxation (Continued)

At the balance sheet date, the Group had unutilised tax losses of Rmb533,113,000 (2006: Rmb433,618,000) available for offset against future profits. A deferred tax asset has been recognised in respect of Rmb182,638,000 (2006: Rmb85,818,000) of such losses. No deferred tax asset has been recognised in respect of the remaining Rmb350,475,000 (2006: Rmb347,800,000) due to the unpredictability of future profit streams. Pursuant to the relevant laws and regulations in the PRC, the unrecognised tax losses at the balance sheet date will expire in the following years:

	2007	2006
	Rmb'000	*Rmb'000*
2007	**–**	3,642
2008	**16,933**	31,364
2009	**68,996**	95,492
2010	**29,079**	74,489
2011	**74,704**	142,813
2012	**160,763**	–
	350,475	347,800

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

20. Properties for development

The Group was in the process of obtaining the land use rights certificates for Rmb7,873,257,000 (2006: Rmb1,018,851,000) of the long-term leasehold land included in the balance of properties for development as at 31 December 2007.

All properties for development are expected to be recovered after more than 12 months.

21. Properties under development

	2007	2006
	Rmb'000	*Rmb'000*
Long-term leasehold land – at cost	**6,304,871**	2,376,360
Development costs	**3,867,732**	2,736,824
Finance costs capitalised	**922,378**	566,835
	11,094,981	5,680,019

Properties under development amounting to Rmb7,885,905,000 (2006: Rmb2,964,461,000) are expected to be recovered after more than 12 months.

22. Other current assets

Trade and other receivables, deposits and prepayments

	2007 *Rmb'000*	2006 *Rmb'000*
Trade receivables	246,965	125,939
Other receivables	244,236	272,647
Less: Allowance for doubtful debts	–	(8,087)
	244,236	264,560
Prepayments and deposits	1,769,450	515,171
	2,260,651	905,670

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

	2007 *Rmb'000*	2006 *Rmb'000*
0 – 30 days	196,988	113,231
31 – 90 days	27,935	8,291
91 – 180 days	14,798	2,062
181 – 365 days	3,756	743
Over 365 days	3,488	1,612
Trade receivables	246,965	125,939

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

22. Other current assets (Continued)

Included in other receivables were advances to third parties of Rmb45,547,000 (2006: Rmb41,305,000) as at 31 December 2007. The advances are interest free, unsecured and repayable on demand.

Other receivables are repayable on demand.

No allowance was made for trade receivables. An allowance was made for estimated irrecoverable amounts of other receivables, the movement in which is set out as follows:

Movement in the allowance for doubtful debts

	2007	2006
	Rmb'000	*Rmb'000*
Balance at beginning of the year	**8,087**	27,823
Amounts written off as uncollectable	**(8,087)**	(19,736)
Balance at end of the year	**–**	8,087

Included in the allowance for doubtful debts are individually impaired other receivables with an aggregate balance of nil (2006: Rmb8,087,000) which have been in severe financial difficulties. The Group does not hold any collateral over these balances.

Bank balances and cash/pledged bank deposits

Bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. Bank balances carry interest at market rates which range from 0.72% to 4.60% (2006: 0.72% to 5.375%) per annum.

Pledged bank deposits represent deposits pledged to banks to secure short-term banking facilities granted to the Group. The pledged bank deposits carry interest at market rates which range from 2.25% to 5.80% (2006: 2.25% to 5.64%) per annum.

As at 31 December 2007, the Group had bank balances and cash (including pledged bank deposits) denominated in Renminbi amounting to Rmb2,893,191,000 (2006: Rmb1,395,935,000). Renminbi is not freely convertible into other currencies.

22. Other current assets (Continued)

Bank balances and cash/pledged bank deposits (Continued)

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

	HKD *Rmb'000*	**USD** *Rmb'000*
As at 31 December 2007	38,120	451,896
As at 31 December 2006	300,955	2,182,504

23. Trade and other payables

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

	2007 ***Rmb'000***	2006 *Rmb'000*
0 – 30 days	**998,408**	766,376
31 – 90 days	**8,895**	88,457
91 – 180 days	**3,939**	3,088
181 – 365 days	**72,638**	33,431
Over 365 days	**220,165**	33,372
Trade payables	**1,304,045**	924,724
Other payables and accrued expenses	**609,837**	479,725
	1,913,882	1,404,449

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

24. Bank and other borrowings

	2007	2006
	Rmb'000	*Rmb'000*
Secured bank loans *(See Note 33)*	5,378,402	3,137,376
Unsecured bank loans	1,350,000	424,000
	6,728,402	3,561,376
Secured other loans *(See Note 33)*	–	300,000
Unsecured other loans	76,000	46,826
	76,000	346,826
	6,804,402	3,908,202
Carrying amount repayable:		
Within one year or on demand	2,436,272	1,939,347
More than one year, but not exceeding two years	1,614,530	1,452,328
More than two years, but not exceeding three years	2,434,134	360,648
More than three years, but not exceeding four years	4,530	647
More than four years, but not exceeding five years	4,530	647
More than five years	310,406	154,585
	6,804,402	3,908,202
Less: Amounts due within one year shown under current liabilities	(2,436,272)	(1,939,347)
Amounts due after one year	4,368,130	1,968,855

Bank and other borrowings can be further analysed as follows:

	2007	2006
	Rmb'000	*Rmb'000*
Fixed-rate	4,815,768	3,908,202
Variable-rate	1,988,634	–
	6,804,402	3,908,202

24. Bank and other borrowings (Continued)

The average interest rates paid were as follows:

	2007	2006
Bank loans	6.73%	6.33%
Other loans	7.98%	10.62%

At the balance sheet date, certain bank loans are supported by guarantees from the following companies:

	2007	2006
	Rmb'000	*Rmb'000*
Secured bank loans:		
Independent third parties	33,056	82,822

25. Convertible bonds

(i) 2006 Convertible Bonds

On 10 January 2006, the Company issued convertible bonds (the "2006 Convertible Bonds") in an aggregate principal amount of USD130,000,000, comprising USD65,000,000 secured mandatory convertible bonds due 2011 and USD65,000,000 secured non-mandatory convertible bonds due 2011. There were two tranches within the mandatory convertible bonds, USD40,000,000 in principal amount of tranche A mandatory convertible bonds and USD25,000,000 in principal amount of tranche B mandatory convertible bonds. The convertible bonds are listed on the Singapore Exchange Securities Trading Limited. In connection with the issuance of the convertible bonds, 51% of the shares of each shareholder of the Company held by the relevant shareholders, namely SONG Weiping, SHOU Bainian and XIA Yibo (the "Shareholders"), and 51% of the shares of Richwise held by the Company, are charged with the security trustee for the benefit of all the holders of the convertible bonds. Such share charges were released upon consummation of the Company's initial public offering (the "Global Offering").

25. Convertible bonds (Continued)

(i) 2006 Convertible Bonds (Continued)

The principal terms of the mandatory convertible bonds are as follows:

(i) Mandatory conversion

Immediately before consummation of the Global Offering, unless previously redeemed or purchased and cancelled, the mandatory convertible bonds shall mandatorily be converted, in certain circumstances, into fully paid shares at the mandatory conversion price, which will initially be 90.25% of the offer price of the shares of the Company in the Global Offering, if the Global Offering is effected on or before the maturity date.

(ii) Optional conversion

The tranche B mandatory convertible bonds may be converted at the option of the holders at any time on or after 180 days subsequent to the listing date up to the seventh business day prior to the maturity date of the convertible bonds, which is 10 January 2011. Subject to adjustments upon the occurrence of various events described in the trust deed relating to the convertible bonds, the initial conversion price for the non-mandatory convertible bonds will be 104% of the offer price of the shares of the Company in the Global Offering.

(iii) Redemption

– *Redemption at the option of the Company*

The Company may, having given not less than 30 nor more than 60 days' notice to the trustee, the principal agent and the bondholders, redeem all or some of the tranche B mandatory convertible bonds then outstanding at their principal amount together with any accrued interest together with accrued and unpaid interest, if any, on or after the day which is seven calendar months after the listing date.

– *Final redemption*

Unless previously redeemed, converted or purchased and cancelled as provided herein, the Company will redeem the mandatory convertible bonds at a redemption amount that would provide bondholders with an annualised rate of return of 20% per annum on the maturity date together with any accrued interest.

25. Convertible bonds (Continued)

(i) 2006 Convertible Bonds (Continued)

The principal terms of the non-mandatory convertible bonds are as follows:

(i) Optional conversion

The non-mandatory convertible bonds may be converted at the option of the holders at any time on or after 180 days subsequent to the listing date up to the seventh business day prior to the maturity date of the convertible bonds, which is 10 January 2011. Subject to adjustments upon the occurrence of various events described in the trust deed relating to the convertible bonds, the initial conversion price for the non-mandatory convertible bonds will be 104% of the offer price of the shares of the Company in the Global Offering.

(ii) Redemption

– *Redemption at the option of the Company*

Subsequent to the Global Offering, the Company will have the right to require holders of the non-mandatory convertible bonds to redeem their non-mandatory convertible bonds (having given not less than 30 nor more than 60 days' prior written notice) as follows:

- The Company may, at its option, redeem the non-mandatory convertible bonds in whole, but not in part, at any time after 10 July 2008 but not less than seven business days prior to 10 January 2011 if the closing price of the Company's shares for each of any 20 trading days falling within a period of 30 consecutive trading days, with the last day of such period occurring no more than five trading days prior to the date upon which the early redemption notice is given, was for each such 20 trading day at least 140% of the principal amount of the non-mandatory convertible bonds divided by the conversion ratio, which is equal to the principal amount of the convertible bonds divided by the then applicable conversion price translated into USD at USD1.00 = HKD7.75, subject to specific adjustments relating to the non-mandatory convertible bonds; and

- The Company may, at its option, redeem the non-mandatory convertible bonds in whole, but not in part, if less than 10% of the aggregate principal amount of non-mandatory convertible bonds originally issued remains outstanding.

25. Convertible bonds (Continued)

(i) 2006 Convertible Bonds (Continued)

(ii) Redemption (Continued)

– *Redemption at the option of the bondholders*

Holders of the non-mandatory convertible bonds have the right to require the Company to redeem the convertible bonds at their outstanding principal amount plus accrued interest (including any default interest) with respect to such non-mandatory convertible bonds as follows:

- to redeem, at the option of such holders, all or a part of the non-mandatory convertible bonds on 10 January 2009, being the third anniversary of their issue date;

- to redeem in whole, but not in part, the non-mandatory convertible bonds upon the occurrence of a change of control when (a) any person or persons, acting together, other than any Shareholders, acquires more than 50% of the voting rights of the Company's issued share capital or the right to appoint and/or remove all or the majority of the Company's directors or (b) the Company consolidate with or merge into or sell or transfer all or substantially all of its assets to any other person resulting in any person or persons, acting together, other than any Shareholders, acquiring control over more than 50% of the voting rights of the Company's issued share capital or the right to appoint and/or remove all or the majority of the Company's directors; and

- to redeem in whole, but not in part, the non-mandatory convertible bonds upon the Company's shares ceasing to be listed or admitted to trading on the Stock Exchange subsequent to the Global Offering.

Prior to consummation of the Global Offering, the convertible bonds carried an initial annual interest rate of 10%. The annual interest rate applicable to the non-mandatory convertible bonds would be adjusted to 6% upon completion of the Global Offering, while the Company on 21 June 2006 provided an undertaking to one bondholder under which the Company agreed to pay this bondholder an additional 1% per annum of the principal amount outstanding on the non-mandatory convertible bonds it held with effect from 13 July 2006, the date on which the shares of the Company were listed on the Stock Exchange.

25. Convertible bonds (Continued)

(i) 2006 Convertible Bonds (Continued)

Pursuant to an agreement entered into between the holders of the convertible bonds and the Company on 23 June 2006, the holders of the mandatory convertible bonds elected to require the Company to redeem their mandatory convertible bonds at a redemption amount that would provide bondholders with an annualised rate of return of 20% per annum, in USD, on the principal amount of the mandatory convertible bonds, together with any accrued interest upon consummation of the Global Offering.

The net proceeds received from the issue of the convertible bonds have been split between a liability component and a number of embedded derivatives as follows:

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

The interest charged for the year is calculated by applying an effective interest rate of approximately 14% per annum to the liability component since the convertible bonds were issued.

(ii) Embedded derivatives, comprising:

(a) The fair value of the option of the bondholders to convert the convertible bonds into equity of the Company at a conversion price linked to the offer price of the Company's shares in the Global Offering;

(b) The fair value of the option of the Company to require the bondholders to redeem the convertible bonds; and

(c) The fair value of the option of the bondholders to require the Company to redeem the convertible bonds.

On 18 January 2007, 2 February 2007 and 12 April 2007, non-mandatory convertible bonds in an aggregate principal amount of USD22,000,000, USD10,000,000 and USD5,000,000 respectively were converted into the Company's shares at a conversion price of HKD8.55 per share. On 14 August 2007, 29 August 2007 and 5 November 2007, non-mandatory convertible bonds in an aggregate principal amount of USD9,800,000, USD1,900,000 and USD4,300,000 respectively were converted into the Company's shares at a conversion price of HKD8.31 per share. As a result of the conversion, 48,459,107 new shares were issued.

25. Convertible bonds (Continued)

(i) 2006 Convertible Bonds (Continued)

(ii) Embedded derivatives, comprising: (Continued)

The binomial model is used in the valuation of these embedded derivatives. Inputs into the model at the respective valuation dates are as follows:

	10 January 2006	12 July 2006	31 December 2006
Exercise price	100%	100%	100%
Risk-free rate of interest	4.96%	5.68%	5.19%
Dividend yield	4.00%	4.00%	3.50%
Time to expiration	4.5 years	4.5 years	4.0 years
Volatility	45.00%	49.00%	46.00%

	18 January 2007	2 February 2007	12 April 2007
Exercise price	100%	100%	100%
Risk-free rate of interest	5.28%	5.33%	5.11%
Dividend yield	3.00%	3.00%	3.00%
Time to expiration	4.0 years	3.9 years	3.7 years
Volatility	48.00%	48.00%	48.00%

	14 August 2007	29 August 2007	5 November 2007
Exercise price	100%	100%	100%
Risk-free rate of interest	5.09%	4.82%	4.55%
Dividend yield	3.00%	3.00%	2.00%
Time to expiration	3.4 years	3.4 years	3.2 years
Volatility	48.00%	48.00%	47.00%

	31 December 2007
Exercise price	100%
Risk-free rate of interest	4.35%
Dividend yield	2.00%
Time to expiration	3.0 years
Volatility	48.00%

25. Convertible bonds (Continued)

(i) 2006 Convertible Bonds (Continued)

(ii) Embedded derivatives, comprising: (Continued)

Notes:

(a) The risk-free rate of interest adopted was the market yield of China International Bond maturing in 2011.

(b) The dividend yield adopted was based on the dividend yield of comparable companies in the past three to four years.

(c) The volatility adopted was based on the median share price volatility of comparable companies in the past three to four years.

(d) The fair value of the redemption options was developed by the "with and without approach", i.e. the fair value of the conversion option/liability component with or without the redemption option.

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

25. Convertible bonds (Continued)

(i) 2006 Convertible Bonds (Continued)

The movements of the liability component and embedded derivatives of the convertible bonds for the year are set out below:

	Liability component *Rmb'000*	Conversion option *Rmb'000*	Bondholder redemption option *Rmb'000*	Issuer redemption option *Rmb'000*	Fair value adjustment *Rmb'000*	Total *Rmb'000*
Convertible bonds issued on 10 January 2006	871,134	207,470	45,950	(87,777)	296	1,037,073
Exchange realignment	(21,918)	(4,389)	(972)	1,858	(7)	(25,428)
Interest charged during the year	87,605	–	–	–	–	87,605
Interest paid/payable during the year	(73,393)	–	–	–	–	(73,393)
Redemption	(470,579)	(63,079)	–	46,352	–	(487,306)
Changes in fair value	–	272,516	(6,958)	(31,344)	(289)	233,925
At 31 December 2006	392,849	412,518	38,020	(70,911)	–	772,476
Exchange realignment	(9,526)	(11,361)	(919)	1,984	–	(19,822)
Interest charged during the year	25,065	–	–	–	–	25,065
Interest paid/payable during the year	(9,819)	–	–	–	–	(9,819)
Changes in fair value	–	7,045	(29,504)	51,549	–	29,090
Conversionduring the year	(325,178)	(354,177)	–	–	–	(679,355)
At 31 December 2007	73,391	54,025	7,597	(17,378)	–	117,635

25. Convertible bonds (Continued)

(ii) 2007 Convertible Bonds

On 18 May 2007, the Company issued USD settled zero coupon convertible bonds (the "2007 Convertible Bonds") in an aggregate principal amount of Rmb2,310,000,000 due 2012. The 2007 Convertible Bonds are also listed on Singapore Exchange Securities Trading Limited. The net proceeds from the issue of the 2007 Convertible Bonds are mainly used to finance the development of the Group's existing projects and new projects (including land acquisition costs), with the remainder being applied to the Group's general working capital requirement.

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

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

(i) Guarantee

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

The initial Subsidiary Guarantors (comprising all of the Subsidiary Guarantors which guarantee the payment of the senior notes (as described in Note 26) as of 18 May 2007) are Richwise Holdings Limited (BVI), Green Sea International Limited (BVI), Hua Yick Investments Limited (BVI), Best Smart Enterprises Limited (BVI), Addgenius Enterprises Limited (BVI), Active Way Development Limited (BVI) and Zest Rich Investments Limited (BVI).

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

A Subsidiary Guarantor shall be simultaneously released from its obligations under the Guarantee upon the release of the Subsidiary Guarantor from its Subsidiary Guarantee under the indenture.

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

25. Convertible bonds (Continued)

(ii) 2007 Convertible Bonds (Continued)

(ii) ***USD settlement***

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

(iii) ***Conversion right***

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

The number of shares to be issued on conversion of the 2007 Convertible Bonds will be determined by dividing the Rmb principal amount of the 2007 Convertible Bonds to be converted (translated into Hong Kong dollars at the fixed exchange rate of HKD1.00 = Rmb0.9843) by the Conversion Price (as defined below) in effect at the conversion date.

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

(iv) ***Final redemption***

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

25. Convertible bonds (Continued)

(ii) 2007 Convertible Bonds (Continued)

(v) Redemption at the option of the Company

At any time after 18 May 2009 and prior to the Maturity Date, the Company may, having given not less than 30 nor more than 60 days' notice to the bondholders, the trustee and the principal agent (which notice will be irrevocable), redeem all or some only of the 2007 Convertible Bonds at the USD equivalent of their Early Redemption Amount (as defined below) on the redemption date, provided, however, that no such redemption may be made unless the closing price of the shares (as derived from the daily quotations sheet of the Stock Exchange) translated into Rmb at the prevailing rate applicable to the relevant trading day, for 20 out of 30 consecutive trading days, where the last day of such 30-trading day period falls within five trading days prior to the date upon which notice of such redemption is given, was at least 120% of the Conversion Price then in effect translated into Rmb at the fixed rate of exchange of HKD1.00 to Rmb0.9843.

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

"Early Redemption Amount" of the 2007 Convertible Bonds, for each Rmb100,000 principal amount of the 2007 Convertible Bonds, is determined so that it represents for the bondholder a gross yield of 1.1% per annum, calculated on a semi-annual basis. The applicable Early Redemption Amount for each Rmb100,000 principal amount of the 2007 Convertible Bonds is calculated on a semi-annual basis in accordance with the following formula, rounded (if necessary) to two decimal places with 0.005 being rounded upwards (provided that if the date fixed for redemption is a Semi-Annual Date (as set out below), such Early Redemption Amount shall be as set out in the table below in respect of such Semi-Annual Date):

Early Redemption Amount = Previous Redemption Amount x $(1+{}^{r}/_{2})^{d/p}$

25. Convertible bonds (Continued)

(ii) 2007 Convertible Bonds (Continued)

(v) ***Redemption at the option of the Company (Continued)***

Previous Redemption Amount = the Early Redemption Amount for each Rmb100,000 principal amount on the Semi-Annual Date immediately preceding the date fixed for redemption as set out below:

Semi-Annual Date	**Early redemption Amount** *Rmb*
18 November2007	100,550.00
18 May 2008	101,103.03
18 November 2008	101,659.09
18 May 2009	102,218.22
18 November 2009	102,780.42
18 May 2010	103,345.71
18 November 2010	103,914.11
18 May 2011	104,485.64
18 November 2011	105,060.31
18 May 2012	105,638.14

r = 1.1% expressed as a fraction

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

p = 180

(vi) ***Redemption at the option of the bondholders***

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

25. Convertible bonds (Continued)

(ii) 2007 Convertible Bonds (Continued)

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

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

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

(ii) Embedded derivative represents the option of the Company to redeem the 2007 Convertible Bonds, whose fair value is, in the opinion of the directors of the Company, nil on issuance and balance sheet dates; and

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

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

	Liability component *Rmb'000*	**Equity component** *Rmb'000*	**Total** *Rmb'000*
Convertible bonds issued on 18 May 2007	1,940,291	350,806	2,291,097
Interest charged during the year	56,139	–	56,139
As at 31 December 2007	1,996,430	350,806	2,347,236

26. Senior notes

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

The principal terms of the senior notes are as follows:

The senior notes are:

(i) general obligations of the Company;

(ii) guaranteed by the Subsidiary Guarantors, subsidiaries other than those organised under the laws of the PRC, on a senior basis, subject to certain limitations (the "Subsidiary Guarantees");

(iii) senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the senior notes;

(iv) at least pari passu in right of payment with all other unsecured, unsubordinated indebtedness of the Company (subject to any priority rights of such unsubordinated indebtedness pursuant to applicable law); and

(v) effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries, subsidiaries organised under the laws of the PRC.

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

(i) be entitled to a first priority lien on the Collateral charged by the Company and the Subsidiary Guarantor Chargor (subject to any permitted liens);

(ii) rank effectively senior in right of payment to unsecured obligations of the Company with respect to the value of the Collateral charged by the Company securing the senior notes; and

(iii) rank effectively senior in right of payment to unsecured obligations of the Subsidiary Guarantor Chargors with respect to the value of the Collateral charged by each Subsidiary Guarantor Chargor securing the senior notes (subject to priority rights of such unsecured obligations pursuant to applicable law).

26. Senior notes (Continued)

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

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

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

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

"Applicable Premium" means with respect to the senior notes at any redemption date, the greater of (1) 1.00% of the principal amount of such senior notes and (2) the excess of (A) the present value at such redemption date of (i) the redemption price of such senior notes on 8 November 2010 plus (ii) all required remaining scheduled interest payments due on such senior notes through 8 November 2010 (but excluding accrued and unpaid interest to such redemption date), computed using a discount rate equal to the Adjusted Treasury Rate, the rate per annum equal to the semi-annual equivalent yield in maturity of the comparable US Treasury security, plus 100 basis points, over (B) the principal amount of such senior notes on such redemption date.

At any time and from time to time prior to 8 November 2009, the Company may redeem up to 35% of the aggregate principal amount of the senior notes at a redemption price of 109% of the principal amount of the senior notes, plus accrued and unpaid interest, if any, with the proceeds from sales of certain kinds of its capital stock, subject to certain conditions.

26. Senior notes (Continued)

The senior notes contain a liability component and an early redemption option:

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

The interest charged for the year is calculated by applying an effective interest rate of approximately 9% per annum to the liability component since the senior notes were issued.

(ii) Early redemption option is regarded as an embedded derivative not closely related to the host contract. The directors consider that the fair value of the early redemption option is insignificant on initial recognition and at the balance sheet date.

The movements of the senior notes during the year are set out below:

	Rmb'000
Senior notes issued on 10 November 2006	3,069,738
Exchange realignment	(653)
Interest charged during the year	40,781
Interest paid/payable during the year	(39,044)
At 31 December 2006	3,070,822
Exchange realignment	(198,241)
Interest charged during the year	274,534
Interest paid/payable during the year	(267,354)
At 31 December 2007	2,879,761

27. Share capital

	Number of shares	Share capital *HKD'000*
Authorised		
Ordinary shares of HKD0.10 each		
At 1 January 2006	3,500,000	350
Increase on 21 June 2006	9,996,500,000	999,650
At 31 December 2006 and 2007	10,000,000,000	1,000,000

	Number of shares	Share capital *HKD'000*
Issued and fully paid		
Ordinary shares of HKD0.10 each		
At 1 January 2006	1,000	–
Issued by capitalisation of the retained earnings account	999,999,000	100,000
Issued on public flotation	347,402,500	34,740
At 31 December 2006	1,347,402,500	134,740
Issue of shares on conversion of convertible bonds	48,459,107	4,846
Issue of new shares	141,500,000	14,150
	1,537,361,607	153,736

	Rmb'000
Shown on the consolidated balance sheet	
As at 31 December 2007	157,395
As at 31 December 2006	138,690

27. Share capital (Continued)

Pursuant to the written resolutions of the shareholders of the Company on 21 June 2006, the authorised share capital of the Company was increased from HKD350,000 to HKD1,000,000,000 by the creation of 9,996,500,000 new shares and the directors were authorised to allot and issue 999,999,000 shares to the shareholders, all credited as fully paid, by way of capitalisation of a sum of HKD99,999,900 which was then standing to the credit of the retained earnings account of the Company.

Pursuant to the written resolutions of the shareholders of the Company on 22 June 2006, the Global Offering was approved and the directors were authorised to allot and issue 298,701,500 new shares of HKD0.10 each at a price of HKD8.22 per share. The above resolutions became unconditional on 13 July 2006, when the Company's shares were listed on the Stock Exchange. The proceeds from the share issue were used for redeeming the Company's mandatory convertible bonds, financing property development, acquiring new land for development and repaying loans.

On 20 July 2006, the over-allotment option under the Global offering was exercised and 48,701,000 new shares of HKD0.10 each were issued and allotted by the Company also at HKD8.22 per share.

On 18 January 2007, 2 February 2007 and 12 April 2007, the 2006 Convertible Bonds in an aggregate principal amount of USD22,000,000, USD10,000,000 and USD5,000,000 respectively were converted into the Company's shares at a conversion price of HKD8.55 per share. On 14 August 2007, 29 August 2007 and 5 November 2007, the 2006 Convertible Bonds in an aggregate principal amount of USD9,800,000, USD1,900,000 and USD4,300,000 respectively were converted into the Company's shares at a conversion price of HKD8.31 per share. As a result of the conversion, 48,459,107 new shares were issued.

On 4 May 2007, Profitwise Limited ("Profitwise"), a substantial shareholder of the Company owned by SHOU Bainian, entered into a placing and subscription agreement with its joint bookrunners and the Company. Pursuant to the agreement, Profitwise agreed to place, through its joint bookrunners, 141,500,000 shares in the Company to independent investors at a price of HKD16.35 per share. On 8 May 2007, pursuant to the agreement, Profitwise subscribed for 141,500,000 new shares in the Company at a price of HKD16.35 per share, being the same as the placing price.

All shares issued during both years rank pari passu with other shares in issue in all respects.

28. Acquisition of subsidiaries

Particulars of the subsidiaries acquired during 2006 were as follows:

Acquired company	Principal activities	Acquisition date	Equity interest acquired	Consideration *Rmb'000*
浙江嘉和實業有限公司 Zhejiang Jiahe Industrial Co., Ltd. ("Zhejiang Jiahe")	Real estate development	19 January 2006	100%	30,000
南京天浦置業有限公司 Nanjing Tianpu Real Estate Co., Ltd. ("Nanjing Tianpu")	Real estate development	30 September 2006	70%	35,000
杭州千島湖綠城投資置業有限公司 Hangzhou Qiandaohu Greentown Real Estate Co., Ltd. ("Hangzhou Qiandaohu") *(Note)*	Real estate development	25 September 2006	51%	18,360
桐廬九洲房地產有限公司 Tonglu Jiuzhou Real Estate Co., Ltd. ("Tonglu Jiuzhou")	Real estate development	27 November 2006	51%	6,375
				89,735

Note: Hangzhou Qiandaohu was previously a 29%-owned associate of the Group.

28. Acquisition of subsidiaries (Continued)

Particulars of the subsidiaries acquired during 2007 were as follows:

Acquired company	Principal activities	Acquisition date	Equity interest acquired	Consideration *Rmb'000*
養生堂浙江千島湖房地產開發有限公司 Yangshengtang Zhejiang Qiandaohu Real Estate Development Co., Ltd.	Real estate development	12 November 2007	51%	68,330
中稷集團（香港）國際金融投資有限公司 Zhongji Group (HK) Int'l Financial Investment Limited ("Zhongji Group")	Investment holding	19 December 2007	100%	135,010
德和國際實業有限公司 De He International Industrial Limited ("De He")	Investment holding	19 December 2007	100%	135,000
舟山瑞豐房地產開發有限公司 Zhoushan Ruifeng Real Estate Development Co., Ltd. ("Zhoushan Ruifeng")	Real estate development	19 December 2007	48% *(Note)*	–
舟山順帆房地產開發有限公司 Zhoushan Shunfan Real Estate Development Co., Ltd. ("Zhoushan Shunfan")	Real estate development	19 December 2007	58% *(Note)*	–
舟山卓成房地產開發有限公司 Zhoushan Zhuocheng Real Estate Development Co., Ltd. ("Zhoushan Zhuocheng")	Real estate development	19 December 2007	58% *(Note)*	–

28. Acquisition of subsidiaries (Continued)

Acquired company	Principal activities	Acquisition date	Equity interest acquired	Consideration Rmb'000
舟山明程房地產開發有限公司 Zhoushan Mingcheng Real Estate Development Co., Ltd. ("Zhoushan Mingcheng")	Real estate development	19 December 2007	58% (Note)	–
舟山乾源房地產開發有限公司 Zhoushan Qianyuan Real Estate Development Co., Ltd. ("Zhoushan Qianyuan")	Real estate development	19 December 2007	58% (Note)	–
城建中稷(浙江)實業發展有限公司 City Construction (Zhejiang) Industrial Development Co., Ltd. ("City Construction")	Real estate development	19 December 2007	58% (Note)	–
北京城建中稷實業發展有限公司 Beijing Urban Construction Sino-Stately Industry & Development Co., Ltd. ("Beijing Urban Construction")	Real estate development	19 December 2007	60% (Note)	–
				338,340

Note: Beijing Urban Construction, City Construction, Zhoushan Ruifeng, Zhoushan Shunfan, Zhoushan Zhuocheng, Zhoushan Mingcheng and Zhoushan Qianyuan are subsidiaries of Zhongji Group and De He.

28. Acquisition of subsidiaries (Continued)

A summary of the effects of acquisitions of these subsidiaries is as follows:

	2007	2006
	Rmb'000	*Rmb'000*
Net assets acquired:		
Property, plant and equipment	1,855	1,885
Properties for development	1,054,364	920,658
Properties under development	–	141,744
Inventories	50	–
Trade and other receivables	528	22,253
Bank balances and cash	5,100	2,579
Trade and other payables	(138,847)	(113,756)
Amounts due to related parties	(473,333)	(502,997)
Other taxes payable	(75)	(51)
Bank borrowings	(40,000)	(312,041)
Deferred tax liabilities	–	(31,774)
	409,642	128,500
Minority interests	(71,302)	(28,325)
	338,340	100,175
Less:		
Interest previously acquired and classified as associates	–	(10,440)
	338,340	89,735
Total consideration, satisfied by:		
Amount due from a third party	–	30,000
Cash	338,340	59,735
	338,340	89,735
Net cash inflow (outflow) arising on acquisition		
Cash paid	(338,340)	(59,735)
Bank balances and cash acquired	5,100	2,579
	(333,240)	(57,156)

28. Acquisition of subsidiaries (Continued)

These acquisitions have been accounted for as acquisitions of assets and liabilities as the subsidiaries acquired are not businesses.

The subsidiaries acquired in both years did not contribute any revenue to the Group for the period between the dates of acquisition and the balance sheet date.

The losses attributable to the subsidiaries acquired in 2006 amounted to Rmb17,426,000, which have been recognised in the Group's profit for the period between the dates of acquisition and 31 December 2006. If the acquisitions had been completed on 1 January 2006, the Group's revenue would have remained unchanged and the Group's profit for the year ended 31 December 2006 would have been Rmb1,268,397,000.

The pro forma information is for illustrative purposes only and is not necessarily the indicative results of the Group that actually would have been achieved had the acquisitions been completed on 1 January 2006, nor is it intended to be a projection of future results.

29. Disposal of subsidiaries

Pursuant to an agreement entered into between Sinhoo, the holder of the other 50% equity interest in Haining Greentown, and the Group on 1 January 2006, the declaration made by Sinhoo granting control over Haining Greentown to the Group lapsed after phase I of the project had been delivered and the Group no longer has the power to govern the financial and operating policies of Haining Greentown. Therefore, Haining Greentown ceased to be accounted for as a subsidiary of the Company commencing 1 January 2006.

On 18 February 2007, the Group disposed of its entire equity interest in Gainwise International Limited ("Gainwise"), a wholly owned subsidiary, to Greentown Holdings Group Limited at a consideration of Rmb81,000.

On 20 September 2007, the Group disposed of its 65% equity interest in Shaoxing Jinlvquan Real Estate Development Co., Ltd. (formerly known as Ningbo Chuangfu Real Estate Co., Ltd.), which was established on 14 May 2007, at a consideration of Rmb247,000,000. It became a 35%-owned associate of the Group afterwards.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2007

29. Disposal of subsidiaries (Continued)

The net assets of the subsidiaries disposed of at the respective dates of disposal were as follows:

	2007	2006
	Rmb'000	*Rmb'000*
Net assets disposed of		
Property, plant and equipment	–	2,533
Properties for development	569,200	275,537
Properties under development	–	331,318
Completed properties held for sale	–	8,962
Trade and other receivables, deposits and prepayments	40	2,046
Amounts due from related parties	–	15,209
Income taxes recoverable	–	15,075
Other taxes recoverable	–	9,552
Bank balances and cash	719	13,839
Trade and other payables	–	(42,161)
Pre-sale deposits	–	(231,961)
Amounts due to related parties	(189,878)	(36,773)
Other taxes payable	–	(128)
Bank borrowings	–	(350,000)
	380,081	13,048
Minority interests	–	(6,524)
	380,081	6,524
Transfer to interests in jointly controlled entities	–	(6,524)
Transfer to interests in associates	(133,000)	–
Total consideration, satisfied by cash	247,081	–
Net cash inflow (outflow) arising on disposal		
Cash consideration received	247,081	–
Bank balances and cash disposed of	(719)	(13,839)
	246,362	(13,839)

30. Operating leases

The Group as lessee

	2007 *Rmb'000*	2006 *Rmb'000*
Minimum lease payments made under operating leases in respect of buildings during the year	14,156	9,987

At the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2007 *Rmb'000*	2006 *Rmb'000*
Within one year	12,434	8,789
In the second to fifth year inclusive	17,490	7,496
After five years	2,857	–
	32,781	16,285

Operating lease payments represent rentals payable by the Group for certain office premises. Leases are negotiated for a term ranging from two to 10 years with fixed rentals.

The Group as lessor

	2007 *Rmb'000*	2006 *Rmb'000*
Property rental income, net of negligible outgoings	3,447	654

At the balance sheet date, the Group had contracted with tenants for the following future minimum lease payments:

	2007 *Rmb'000*	2006 *Rmb'000*
Within one year	2,141	1,681
In the second to fifth year inclusive	7,338	5,193
After five years	11,323	11,438
	20,802	18,312

Property rental income represents rentals receivable by the Group. Leases are negotiated for a term ranging from two to 15 years with fixed rentals.

Notes to the Consolidated Financial Statements

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31. Commitments

	2007	2006
	Rmb'000	*Rmb'000*
Commitments contracted for but not provided in the consolidated financial statements in respect of properties for development, properties under development and construction in progress	**5,814,769**	3,534,689

In addition to the above, the Group's share of the commitments of its jointly controlled entities are as follows:

	2007	2006
	Rmb'000	*Rmb'000*
Contracted for but not provided	**239,505**	264,743

32. Share option

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

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to independent non-executive directors and substantial shareholders of the Company in excess of 0.1% of the Company's share capital or with a value in excess of HKD5 million must be approved in advance by the Company's shareholders.

No consideration is payable on the grant of an option. Options may be exercised at any time from the date of grant of the share option to the expiry of the Scheme, unless otherwise specified in the Scheme. The exercise price is determined by the directors of the Company, and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant; (ii) the average closing price of the share for the five business dates immediately preceding the date of grant; and (iii) the nominal value of the Company's shares.

Since the adoption of the Scheme and up to 31 December 2007, no options have been granted, exercised or cancelled.

33. Pledge of assets

At the balance sheet date, the following assets were pledged to banks to secure general banking facilities granted to the Group:

	2007 *Rmb'000*	2006 *Rmb'000*
Buildings	35,469	12,253
Hotel buildings	745,016	–
Prepaid lease payment	8,501	–
Construction in progress	22,322	184,044
Properties for development	1,102,836	1,165,543
Properties under development	4,349,082	2,297,421
Completed properties for sale	234,208	24,792
Bank deposits	506,282	630,380
	7,003,716	4,314,433

34. Retirement benefits plans

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

35. Contingent liabilities

(i) Guarantees

The Group provided guarantees of Rmb1,988,688,000 (2006: Rmb2,394,302,000) at 31 December 2007 to banks in favour of its customers in respect of the mortgage loans provided by the banks to those customers for the purchase of the Group's developed properties. These guarantees provided by the Group to the banks will be released upon receiving the building ownership certificate of the respective properties by the banks from the customers as a pledge for security to the mortgage loans granted.

The Group also provided guarantees to banks in respect of bank facilities utilised by the following companies:

	2007 *Rmb'000*	2006 *Rmb'000*
Associates	**118,750**	148,500
Jointly controlled entities	**218,200**	282,700
	336,950	431,200

Contingent liabilities arising from interests in associates at the balance sheet date:

	2007 *Rmb'000*	2006 *Rmb'000*
Mortgage loan guarantees provided by an associate to banks in favour of its customers	**604,366**	105,874

Contingent liabilities arising from interests in jointly controlled entities at the balance sheet date:

	2007 *Rmb'000*	2006 *Rmb'000*
Mortgage loan guarantees provided by jointly controlled entities to banks in favour of its customers	**476,781**	77,746

35. Contingent liabilities (Continued)

(ii) Land idle fees

In October 2005, the Hangzhou National Land and Resources Bureau Yuhang Branch required the Group to commence construction of Greentown Lanting and Xingqiao projects and pay land idle fees in an aggregate amount of Rmb6.1 million on the ground that parts of the land had been idle for more than one year. In the opinion of the directors, the delay in construction in these two projects was due to the failure of the government to relocate original residents and to complete demolishment and site preparation. The Group has pleaded to the relevant authorities against the imposition of such land idle fees. On 18 December 2006, the Group received a notice from the People's Government of Hangzhou Yuhang Branch confirming that the land of Greentown Lanting project should not be considered idle. At the date of this report, the relevant authorities have not responded to the Group's petition in respect of Xingqiao project. The Group's PRC counsel has confirmed that the Group should not be subject to such land idle fees because the delay in commencing construction in these projects were caused by the failure of the government to relocate original residents and to complete demolishment and site preparation under the relevant rules. The Group has not made any provision for such land idle fees in the financial statements as in the opinion of the directors such appeals have a good chance of being successful.

In January 2006, the Group received a notice from the Hangzhou National Land and Resources Bureau Yuhang Branch requiring the Group to commence construction of seven out of the 21 parcels of land in respect of Taohuayuan South project and pay land idle fees of Rmb2.7 million in respect of such land. The Group commenced the overall project construction in October 2004. However, due to its large development scale, the physical construction of this project has not yet extended to these seven parcels of land. Even though the Group have paid approximately Rmb1.3 million of such land idle fees and Rmb1.4 million as guarantee deposit, the Group's PRC counsel has confirmed that the Group should not be subject to such land idle fees because:

(a) the delay in commencing construction was caused by the failure of the government to relocate original residents and to complete demolishment and site preparation;

(b) the project plan could not be finalised on time due to the failure of the government to relocate certain public equipment situated in the project site; and

(c) this project was approved by Hangzhou Development and Planning Bureau Yuhang Branch as a single development project and the Group had commenced the construction of the overall project in October 2004 under the relevant rules.

On this basis, the Group has pleaded to the relevant authorities against the imposition of such land idle fees and to request to postpone the commencement of construction of these seven parcels of land in light of the development schedule of this project. At the date of this report, the relevant authorities have not responded to the Group's petition. The Group has not made any provision for such land idle fees in the financial statements as in the opinion of the directors such appeal has a good chance of being successful.

36. Related party disclosures

(i) During the year, in addition to those disclosed in Notes 33 and 35, the Group entered into the following transactions with related parties:

	2007	2006
	Rmb'000	*Rmb'000*
Sale of properties to Shareholders	**3,893**	14,398
Sale of properties to officers	**22,222**	134
Sale of materials to Shareholders' Companies*	**–**	5,517
Sale of materials to associates and jointly controlled entities	**34,089**	36,388
Construction service income from Shareholders' Companies	**1,659**	–
Sale of property, plant and equipment to a Shareholders' Company*	**–**	5,249
Rental fees paid to Shareholders' Companies	**4,949**	5,069
Purchases from Shareholders' Companies *(Note)*	**301**	6,627
Interior decoration service fees paid to Shareholders' Companies	**25,995**	27,936
Property management fees paid to Shareholders' Companies	**10,415**	9,679
Interest income arising from amounts due from:		
– associates	**18,918**	17,536
– jointly controlled entities	**2,517**	4,398
Interest income from other related parties*	**–**	5,624
Interest expense arising from amounts due to:		
– associates	**16,252**	610
– jointly controlled entities	**14,637**	–
– minority shareholders	**9,114**	–
Advertising expenses paid to Shareholders' Companies	**40,000**	31,500
Other service fees from Shareholders' Companies	**1,061**	–

Note: Purchases from Shareholders' Companies represent raw materials purchased for use by construction contractors, the costs of which are included in the overall construction contracts.

Sales of property, plant and equipment to Shareholders' Companies arose from the Group Reorganisation were priced at their carrying value. The directors considered that the other transactions above were carried out in the Group's normal course of business and in accordance with the terms agreed with the counterparties.

The transactions above denoted with an asterisk "*" discontinued after the listing of the Company's shares on the Stock Exchange. Shareholders' Companies represent companies owned by the Shareholders.

36. Related party disclosures (Continued)

(ii) As at the balance sheet date, the Group had balances with related parties as follows:

	2007 Project-related *Rmb'000*	2007 Non-project related *Rmb'000*	2007 Total *Rmb'000*	2006 Project-related *Rmb'000*	2006 Non-project related *Rmb'000*	2006 Total *Rmb'000*
Due from						
Shareholders	–	–	–	18,198	–	18,198
Shareholders' Companies	3,994	–	3,994	4,687	1,023	5,710
Minority shareholders	89,892	59,502	149,394	15,660	500	16,160
Associates	1,014,473	–	1,014,473	240,799	48	240,847
Jointly controlled entities	603,155	–	603,155	108,613	–	108,613
Officers	1,530	217	1,747	20	460	480
	1,713,044	59,719	1,772,763	387,977	2,031	390,008
Due to						
Shareholders	–	–	–	–	–	–
Shareholders' Companies	14,011	–	14,011	513	264	777
Minority shareholders	2,720,708	2,040	2,722,748	704,865	2,040	706,905
Associates	63,207	1,063,491	1,126,698	69,219	241,610	310,829
Jointly controlled entities	313,000	675,620	988,620	–	45,682	45,682
Officers	13,600	–	13,600	13,600	–	13,600
	3,124,526	1,741,151	4,865,677	788,197	289,596	1,077,793

In respect of project-related balances with related parties:

(a) The trade balances due from Shareholders and officers arise mainly from property sales and are with a normal credit term of two months.

(b) The trade balances due from Shareholders' Companies are mainly construction prepayments and trade receivables.

Construction prepayments are billed according to the construction contracts and are settled within one to two months after the construction cost incurred are verified and agreed.

Trade receivables arise mainly from materials sales and are with a normal credit terms of two months.

36. Related party disclosures (Continued)

(ii) As at the balance sheet date, the Group had balances with related parties as follows: (Continued)

(c) The project-related balances due from minority shareholders/associates/jointly controlled entities are mainly project advances to these minority shareholders/associates/jointly controlled entities and are tied to the project development cycle. In the opinion of the directors, these balances are expected to be settled when the projects concerned commence pre-sales.

(d) The trade balances due to Shareholders and officers are mainly pre-sale deposits.

(e) The trade balances due to Shareholders' Companies arise mainly from construction purchases and are with a normal credit term of one to two months after the construction costs incurred are verified and agreed. Typically as much as 85% of the construction costs incurred will be settled by the time the construction of a project is completed and up to 95% by the time the amount of the aggregate construction costs are finally agreed. A warranty fee of up to 5% of the aggregate construction cost will be withheld and settled within two to five years.

(f) The project-related balances due to minority shareholders/jointly controlled entities are mainly project advances from these minority shareholders/jointly controlled entities and are tied to the project development cycle. In the opinion of the directors, these balances are expected to be settled when the projects concerned commence pre-sales.

(g) The project-related balances due to associates/jointly controlled entities are mainly prepaid distributions.

Except for the amounts as set out in (a) to (f) below, the balances due from (to) related parties are unsecured, interest free and repayable on demand.

(a) Included in the project-related amounts due from associates was an amount of Rmb468,369,000 at 31 December 2007, which carried interest at 7.22% per annum, and an amount of Rmb240,445,000 at 31 December 2006 which carried interest at 10.98% per annum.

(b) Included in the project-related amounts due from jointly controlled entities, was an amount of Rmb19,000 at 31 December 2007, which carried interest at 6.46% per annum, and an amount of Rmb103,700,000 at 31 December 2006 which carried interest at 5.82% per annum.

(c) Included in the project-related amounts due to minority shareholders was nil at 31 December 2007 and Rmb54,000,000 at 31 December 2006, which carried interest at 9% per annum.

(d) Included in the non-project related amounts due to associates was an amount of Rmb1,063,490,000 at 31 December 2007, which carried interest at 5.39% per annum and an amount of Rmb241,610,000 at 31 December 2006, which carried interest at 6.12% per annum.

(e) The non-project related amounts due to jointly controlled entities of Rmb675,620,000 at 31 December 2007 carried interest at 7.97% per annum and those of Rmb45,682,000 at 31 December 2006 carried interest at 11% per annum.

(f) Included in the project-related amounts due to jointly controlled entities was an amount of Rmb313,000,000 at 31 December 2007, which carried interest at 8.29% per annum and, nil at 31 December 2006.

36. Related party disclosures (Continued)

(iii) (a) During the year, in addition to those disclosed in Note 28, the Group made acquisitions from related parties as follows:

	2007 *Rmb'000*	2006 *Rmb'000*
Partial acquisition of interests in subsidiaries from minority shareholders	–	2,040
Acquisition of interests in associate from Shareholder's Company *(i)*	122,000	–
Partial acquisition of interest in a subsidiary from minority shareholders *(ii)*	17,500	–

Notes:

(i) On 13 February 2007, the Group entered into an acquisition agreement with Greentown Group Holdings Limited to acquire 49% equity interest held in Zhejiang Zhongqinglv for a consideration of Rmb122,000,000. The Shareholders which are the substantial shareholders of the Company hold an aggregate of 100% in the share capital of Greentown Holdings Group Limited. Since Greentown Holdings Group Limited holds 49% equity interest in Zhejiang Zhongqinglv, Greentown Holdings Group Limited and Zhejiang Zhongqinglv are connected persons of the Company. Therefore, this acquisition constitutes a connected transaction of the Company. The Company's circular in respect of this acquisition was issued on 9 March 2007. Pursuant to the special general meeting held on 26 March 2007, the acquisition was approved by the shareholders.

(ii) On 5 January 2007, the Group entered into an agreement to acquire a 35% equity interest held by Xinshidai Properties Company Limited ("Xinshidai Properties") in Beijing Xingye Wanfa Real Estate Development Company Limited ("Beijing Xingye Wanfa"), a subsidiary of the Company, for a consideration of Rmb17,500,000. As Xinshidai Properties is a substantial shareholder of Beijing Xingye Wanfa, this acquisition constitutes a connected transaction of the Company.

(iii) (b) During the year, in addition to those disclosed in Note 29, the Group made disposals to related parties as follows:

	2007 *Rmb'000*	2006 *Rmb'000*
Disposal of interests in subsidiaries to a Shareholders' Company	81	–

36. Related party disclosures (Continued)

(iv) Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	2007 *Rmb'000*	2006 *Rmb'000*
Short-term benefits	26,007	14,721
Post-employment benefits	453	242
	26,460	14,963

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

37. Post balance sheet events

The following significant events took place subsequent to 31 December 2007:

(i) On 4 January 2008, the Group entered into an agreement with TOU Zhenggang and Huzhou Meidi Real Estate Development Co., Ltd., both independent third parties, to acquire the entire equity interest in Huzhou Xinjinjiang Real Estate Development Co., Ltd. for a consideration for Rmb297,000,000. At the date of this report, the acquisition of 80% equity interest in Huzhou Xinjinjiang Real Estate Development Co., Ltd. has been completed.

(ii) On 30 January 2008, the Group increased its investment in Wuxi Greentown Real Estate Development Co., Ltd. by Rmb82,800,000, thereby increasing its ownership from 39% to 85%.

38. Comparative figures

Previously, LAT was classified as a component of cost of sales and as a non-income tax. Starting from the financial year ended 31 December 2007, the Group, in order to conform to market practices, has decided to classify LAT as income tax and present it as such in the consolidated financial statements. The following comparative figures about LAT have been reclassified to conform to the current year's presentation accordingly:

- LAT expense has been reclassified from cost of sales to taxation;
- LAT pre-payment has been reclassified from other taxes recoverable to income taxes recoverable; and
- Provision for LAT as been reclassified from other taxes payable to income taxes payable.

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39. Particulars of subsidiaries

Name of subsidiary	Place and date of incorporation/ registration	Issued and fully paid share/ registered capital	Attributable equity interest Direct 2007	Direct 2006	Indirect 2007	Indirect 2006	Principal activities	Legal form
才智控股有限公司 Richwise	The British Virgin Islands ("The BVI") 16 November 2004	USD100	100%	100%	–	–	Investment holding	Private limited liability company
Green Sea International Limited	The BVI 8 February 2005	USD100	–	–	100%	100%	Investment holding	Private limited liability company
佳卓企業有限公司 Best Smart Enterprises Limited	The BVI 25 November 2005	USD100	–	–	100%	100%	Investment holding	Private limited liability company
華益投資有限公司 Hua Yick Investments Limited	The BVI 25 November 2005	USD100	–	–	100%	100%	Investment holding	Private limited liability company
綠城房地產集團有限公司 Greentown Real Estate Group Co., Ltd.	The PRC 6 January 1995	Rmb895,000,000	–	–	100%	100%	Real estate development	Wholly foreign-owned enterprise
上海綠宇房地產開發有限公司 Shanghai Lvyu	The PRC 19 July 2000	Rmb100,000,000	–	–	100%	100%	Real estate development	Wholly foreign-owned enterprise
杭州九溪度假村有限公司 Hangzhou Jiuxi *(Note ii)*	The PRC 19 July 1996	USD6,600,000	–	–	–	100%	Real estate development	Sino-foreign equity joint venture
安徽綠城房地產開發有限公司 Anhui Greentown Real Estate Development Co., Ltd.	The PRC 9 August 2001	Rmb30,000,000	–	–	90%	90%	Real estate development	Limited liability company
安徽綠城聯華房地產開發有限公司 Anhui Greentown Lianhua Real Estate Development Co., Ltd.	The PRC 9 July 2002	Rmb20,000,000	–	–	54%	54%	Real estate development	Limited liability company

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39. Particulars of subsidiaries (Continued)

Name of subsidiary	Place and date of incorporation/ registration	Issued and fully paid share/ registered capital	Attributable equity interest Direct 2007	Direct 2006	Indirect 2007	Indirect 2006	Principal activities	Legal form
北京綠城投資有限公司 Beijing Greentown Investment Co., Ltd.	The PRC 3 June 2002	Rmb50,000,000	–	–	100%	100%	Investment management	Limited liability company
杭州桂花城房地產開發經營有限公司 Hangzhou Osmanthus City *(Note ii)*	The PRC 24 April 1998	Rmb30,000,000	–	–	–	100%	Real estate development	Limited liability company
杭州桃花源房地產開發有限公司 Hangzhou Taohuayuan Real Estate Development Co., Ltd.	The PRC 29 April 1998	Rmb10,000,000	–	–	100%	100%	Real estate development	Limited liability company
杭州中山房地產開發有限公司 Hangzhou Zhongshan Real Estate Development Co., Ltd. ("Hangzhou Zhongshan") *(Note ii)*	The PRC 16 March 1993	Rmb50,000,000	–	–	100%	100%	Real estate development	Limited liability company
上虞市綠城房地產開發有限公司 Shangyu Greentown Real Estate Development Co., Ltd.	The PRC 2 August 2002	Rmb30,000,000	–	–	51%	51%	Real estate development	Limited liability company
上海綠城森林高爾夫別墅開發有限公司 Shanghai Greentown Woods Golf Villas Development Co., Ltd.	The PRC 19 June 2002	Rmb100,000,000	–	–	100%	100%	Real estate development	Limited liability company
浙江省綠園房地產有限公司 Zhejiang Green Garden *(Note ii)*	The PRC 16 December 1998	Rmb20,000,000	–	–	–	100%	Real estate development	Limited liability company

39. Particulars of subsidiaries (Continued)

Name of subsidiary	Place and date of incorporation/ registration	Issued and fully paid share/ registered capital	Attributable equity interest Direct 2007	Direct 2006	Indirect 2007	Indirect 2006	Principal activities	Legal form
浙江綠城電子技術設備有限公司 Zhejiang Greentown Electronical Technology Equipment Co., Ltd. ("Zhejiang Greentown Electronical Technology Equipment") *(Note ii)*	The PRC 16 November 2000	Rmb5,000,000	–	–	–	90%	Design, development, installation and sales of building auto-controlling systems, network systems and office automotive devices	Limited liability company
浙江綠城電子工程有限公司 Zhejiang Greentown Electronical Engineering Co., Ltd.	The PRC 20 December 2001	Rmb5,000,000	–	–	90%	81%	Design, development, installation and sales of computer software network systems and electronic equipment	Limited liability company
舟山綠城房地產開發有限公司 Zhoushan Greentown Real Estate Development Co., Ltd. ("Zhoushan Greentown") *(Note i)*	The PRC 16 December 1999	Rmb50,000,000	–	–	100%	100%	Real estate development	Limited liability company
北京陽光綠城房地產開發有限公司 Beijing Sunshine Greentown Real Estate Development Co., Ltd.	The PRC 15 January 2001	Rmb50,000,000	–	–	80%	80%	Real estate development	Limited liability company
北京綠城房地產經紀有限公司 Beijing Greentown Property Brokers Trading Co., Ltd.	The PRC 15 October 2003	Rmb2,000,000	–	–	100%	100%	Real estate broking and consulting	Limited liability company
上海綠景置業有限公司 Shanghai Green View Real Estate Co., Ltd.	The PRC 2 January 2003	Rmb46,660,000	–	–	60%	60%	Real estate development	Limited liability company

39. Particulars of subsidiaries (Continued)

Name of subsidiary	Place and date of incorporation/ registration	Issued and fully paid share/ registered capital	Attributable equity interest Direct 2007	Direct 2006	Indirect 2007	Indirect 2006	Principal activities	Legal form
浙江綠城房地產營銷有限公司 Zhejiang Greentown Property Sales Co., Ltd.	The PRC 31 March 2003	Rmb5,000,000	–	–	100%	100%	Real estate sales and consulting	Limited liability company
北京格林順達貿易有限公司 Beijing Green Shunda Trading Co., Ltd.	The PRC 15 April 2004	Rmb10,000,000	–	–	100%	100%	Trading of construction materials	Limited liability company
北京興業萬發房地產開發有限公司 Beijing Xingye Wanfa Real Estate Development Co., Ltd.	The PRC 26 October 2000	Rmb50,000,000	–	–	100%	65%	Real estate development	Limited liability company
杭州綠城置業投資有限公司 Hangzhou Greentown Real Estate Investment Co., Ltd.	The PRC 30 September 2004	Rmb15,000,000	–	–	75%	75%	Real estate development and investment	Limited liability company
杭州綠城房地產開發有限公司 Hangzhou Greentown *(Note ii)*	The PRC 23 October 2000	Rmb20,000,000	–	–	–	100%	Real estate development	Limited liability company
湖南綠城投資置業有限公司 Hunan Greentown Investment & Real Estate Co., Ltd.	The PRC 14 November 2003	Rmb80,000,000	–	–	51%	51%	Real estate investment and development	Limited liability company
湖南青竹湖國際商務社區開發有限公司 Hunan Green Bamboo Lake International Business Community Development Co., Ltd.	The PRC 26 September 2003	Rmb50,600,000	–	–	52%	52%	Real estate development	Limited liability company
上海華浙外灘置業有限公司 Shanghai Huazhe Bund Real Estate Co., Ltd.	The PRC 26 September 2002	Rmb50,000,000	–	–	51%	51%	Real estate development	Limited liability company

39. Particulars of subsidiaries (Continued)

Name of subsidiary	Place and date of incorporation/ registration	Issued and fully paid share/ registered capital	Attributable equity interest Direct 2007	Direct 2006	Indirect 2007	Indirect 2006	Principal activities	Legal form
新疆陽光綠城房地產開發有限公司 Xinjiang Sunshine	The PRC 17 January 2004	Rmb20,000,000	–	–	61%	61%	Real estate development	Limited liability company
杭州余杭綠城房地產開發有限公司 Hangzhou Yuhang Greentown Real Estate Development Co., Ltd.	The PRC 12 November 1999	Rmb30,000,000	–	–	51%	51%	Real estate development	Limited liability company
寧波高新區研發園綠城建設有限公司 Ningbo Gaoxinqu Yanfayuan Greentown Construction Co., Ltd.	The PRC 21 August 2003	Rmb50,000,000	–	–	60%	60%	Real estate development	Sino-foreign equity joint venture
杭州余杭金騰房地產開發有限公司 Hangzhou Yuhang Jinteng Real Estate Development Co., Ltd.	The PRC 25 December 2001	Rmb50,000,000	–	–	85%	75%	Real estate development	Limited liability company
浙江綠城材料設備有限公司 Zhejiang Greentown Material & Equipment Co., Ltd.	The PRC 20 July 2005	Rmb50,000,000	–	–	100%	100%	Trading of construction materials	Limited liability company
上海爾海投資諮詢有限公司 Shanghai Erhai Investment Consulting Co., Ltd.	The PRC 18 July 2005	Rmb1,000,000	–	–	100%	100%	Real estate consulting	Limited liability company
浙江嘉和實業有限公司 Zhejiang Jiahe	The PRC 25 April 1995	Rmb50,000,000	–	–	100%	100%	Real estate development	Limited liability company
青島綠城置業有限公司 Qingdao Greentown Land Co., Ltd.	The PRC 23 January 2006	USD40,000,000	–	–	80%	80%	Real estate development	Sino-foreign equity joint venture

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39. Particulars of subsidiaries (Continued)

Name of subsidiary	Place and date of incorporation/ registration	Issued and fully paid share/ registered capital	Attributable equity interest Direct 2007	Direct 2006	Indirect 2007	Indirect 2006	Principal activities	Legal form
杭州綠城東部建設有限公司 Hangzhou Greentown Orient Construction Co., Ltd.	The PRC 14 February 2006	Rmb333,000,000	–	–	96%	94%	Real estate development	Sino-foreign equity joint venture
杭州玫瑰園度假村有限公司 Hangzhou Rose Garden	The PRC 15 August 2006	USD27,000,000	–	–	100%	100%	Real estate development	Wholly foreign-owned enterprise
杭州千島湖綠城投資置業有限公司 Hangzhou Qiandaohu	The PRC 15 June 2005	Rmb30,000,000	–	–	80%	80%	Real estate development	Limited liability company
杭州千島湖綠城遊艇有限公司 Hangzhou Qiandaohu Greentown Cruise Co., Ltd.	The PRC 19 June 2006	Rmb5,000,000	–	–	80%	80%	Real estate development	Limited liability company
杭州桐廬綠城置業有限公司 Hangzhou Tonglu Greentown Real Estate Co., Ltd.	The PRC 1 September 2006	Rmb80,000,000	–	–	100%	100%	Real estate development	Sino-foreign equity joint venture
南京天浦置業有限公司 Nanjing Tianpu	The PRC 12 November 2002	Rmb50,000,000	–	–	70%	70%	Real estate development	Limited liability company
嘉慧國際有限公司 Gainwise	The BVI 18 October 2006	USD100	–	–	–	100%	Investment holding	Private limited liability company
奮發投資有限公司 Zest Rich Investments Limited	The BVI 2 August 2006	USD100	–	–	100%	100%	Investment holding	Private limited liability company
Active Way Development Limited	The BVI 8 November 2006	USD100	–	–	100%	100%	Investment holding	Private limited liability company
添智企業有限公司 Addgenius Enterprises Limited	The BVI 13 July 2006	USD100	–	–	100%	100%	Investment holding	Private limited liability company

39. Particulars of subsidiaries (Continued)

Name of subsidiary	Place and date of incorporation/ registration	Issued and fully paid share/ registered capital	Attributable equity interest Direct 2007	Direct 2006	Indirect 2007	Indirect 2006	Principal activities	Legal form
新昌綠城置業有限公司 Xinchang Greentown Real Estate Co., Ltd.	The PRC 12 December 2006	Rmb69,600,000	–	–	100%	100%	Real estate development	Sino-foreign equity joint venture
杭州綠濱房地產開發有限公司 Hangzhou Lvbin Real Estate Development Co., Ltd.	The PRC 25 December 2006	USD49,800,000	–	–	60%	60%	Real estate development	Sino-foreign equity joint venture
浙江台州綠城置業有限公司 Zhejiang Taizhou Greentown Real Estate Co., Ltd.	The PRC 26 December 2006	USD30,000,000	–	–	100%	100%	Real estate development	Wholly foreign-owned enterprise
浙江益豐投資諮詢有限公司 Zhejiang Yifeng Investment & Consulting Co., Ltd.	The PRC 21 December 2006	Rmb100,000,000	–	–	51%	51%	Consulting services	Sino-foreign equity joint venture
桐廬九洲房地產有限公司 Tonglu Jiuzhou	The PRC 16 October 2002	Rmb12,500,000	–	–	51%	51%	Real estate development	Limited liability company
杭州綠城栖霞置業有限公司 Hangzhou Greentown Qixia Real Estate Co., Ltd.	The PRC 24 August 2007	Rmb50,000,000	–	–	100%	–	Real estate development	Limited liability company
溫州綠城房地產開發有限公司 Wenzhou Greentown Real Estate Development Co., Ltd.	The PRC 15 February 2007	Rmb472,000,000	–	–	60%	–	Real estate development	Sino-foreign equity joint venture
溫州綠城置業有限公司 Wenzhou Lvjing Real Estate Co., Ltd.	The PRC 21 May 2007	Rmb386,000,000	–	–	60%	–	Real estate development	Sino-foreign equity joint venture
溫州綠城家景房地產開發有限公司 Wenzhou Greentown Jiajing Real Estate Development Co., Ltd.	The PRC 21 May 2007	Rmb386,000,000	–	–	60%	–	Real estate development	Sino-foreign equity joint venture

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39. Particulars of subsidiaries (Continued)

Name of subsidiary	Place and date of incorporation/ registration	Issued and fully paid share/ registered capital	Attributable equity interest Direct 2007	Direct 2006	Indirect 2007	Indirect 2006	Principal activities	Legal form
杭州綠銀置業有限公司 Hangzhou Lvyin Real Estate Co., Ltd.	The PRC 9 July 2007	Rmb20,000,000	–	–	26% *(iii)*	–	Real estate development	Limited liability company
南通綠城房地產開發有限公司 Nantong Greentown Real Estate Development Co., Ltd.	The PRC 23 August 2007	Rmb50,000,000	–	–	75%	–	Real estate development	Limited liability company
青島綠城華川置業有限公司 Qingdao Greentown Huachuan Real Estate Co., Ltd.	The PRC 21 August 2007	Rmb20,000,000	–	–	80%	–	Real estate development	Limited liability company
舟山綠城聯海置業有限公司 Zhoushan Greentown Lianhai Real Estate Co., Ltd.	The PRC 5 June 2007	Rmb250,000,000	–	–	100%	–	Real estate development	Sino-foreign equity joint venture
杭州華基投資管理有限公司 Hangzhou Huaji Investment Management Co., Ltd.	The PRC 25 August 2006	USD4,000,000	–	–	90%	–	Real estate development	Sino-foreign equity joint venture
城建中稷(浙江)實業發展有限公司 City Construction	The PRC 5 May 2005	Rmb160,000,000	–	–	58% *(iv)*	–	Real estate development	Limited liability company
舟山市瑞豐房地產開發有限公司 Zhoushan Ruifeng	The PRC 12 April 2005	Rmb10,000,000	–	–	48% *(iv)*	–	Real estate development	Limited liability company
舟山順帆房地產開發有限公司 Zhoushan Shunfan	The PRC 17 April 2007	Rmb10,000,000	–	–	58% *(iv)*	–	Real estate development	Limited liability company
舟山市卓成房地產開發有限公司 Zhoushan Zhuocheng	The PRC 24 April 2007	Rmb10,000,000	–	–	58% *(iv)*	–	Real estate development	Limited liability company
舟山明程房地產開發有限公司 Zhoushan Mingcheng	The PRC 31 October 2005	Rmb10,000,000	–	–	58% *(iv)*	–	Real estate development	Limited liability company

39. Particulars of subsidiaries (Continued)

Name of subsidiary	Place and date of incorporation/ registration	Issued and fully paid share/ registered capital	Attributable equity interest Direct 2007	Direct 2006	Indirect 2007	Indirect 2006	Principal activities	Legal form
舟山市乾源房地產開發有限公司 Zhoushan Qianyuan	The PRC 31 October 2005	Rmb10,000,000	–	–	58% *(iv)*	–	Real estate development	Limited liability company
海南桃花源置業有限公司 Hainan Taohuayaun Real Estate Co., Ltd.	The PRC 14 November 2007	Rmb30,000,000	–	–	51%	–	Real estate development	Limited liability company
海南綠城高地投資有限公司 Haian Greentown Gaodi Investment Co., Ltd.	The PRC 15 November 2007	Rmb30,000,000	–	–	51%	–	Real estate development	Limited liability company
養生堂浙江千島湖房地產開發有限公司 Yangshengtang Zhejiang Qiandaohu Real Estate Development Co., Ltd.	The PRC 24 January 2005	Rmb30,000,000	–	–	51%	–	Real estate development	Limited liability company
杭州綠城海企房地產開發有限公司 Hangzhou Greentown Haiqi Real Estate Development Co., Ltd.	The PRC 23 November 2007	Rmb20,000,000	–	–	60%	–	Real estate development	Limited liability company
上海雅舍裝飾工程有限公司 Shanghai Yashe Decoration Project Co., Ltd.	The PRC 13 August 2007	Rmb2,000,000	–	–	100%	–	Trading of construction materials	Limited liability company
上海怡境園林景觀工程有限公司 Shanghai Yijing Garden Decoration Project Co., Ltd.	The PRC 13 August 2007	Rmb2,000,000	–	–	100%	–	Green construction and management	Limited liability company
杭州奮發投資諮詢有限公司 Hangzhou Fenfa Investment & Consulting Co., Ltd.	The PRC 6 February 2007	Rmb229,800,000	–	–	100%	–	Consulting services	Wholly foreign-owned enterprise
杭州綠城東富投資諮詢有限公司 Hangzhou Greentown Dongfu Investment & Consulting Co., Ltd.	The PRC 1 February 2007	Rmb230,000,000	–	–	100%	–	Consulting services	Wholly foreign-owned enterprise

39. Particulars of subsidiaries (Continued)

Name of subsidiary	Place and date of incorporation/ registration	Issued and fully paid share/ registered capital	Attributable equity interest Direct 2007	Direct 2006	Indirect 2007	Indirect 2006	Principal activities	Legal form
杭州添智企業諮詢有限公司 Hangzhou Tianzhi Enterprise Consulting Co., Ltd.	The PRC 1 February 2007	Rmb230,000,000	–	–	100%	–	Consulting services	Wholly foreign-owned enterprise
杭州綠城綠智投資諮詢有限公司 Hangzhou Greentown Lvzhi Investment & Consulting Co., Ltd.	The PRC 1 February 2007	Rmb230,000,000	–	–	100%	–	Consulting services	Wholly foreign-owned enterprise
青島綠城華景置業有限公司 Qingdao Greentown Huajing Real Estate Co., Ltd.	The PRC 30 April 2007	Rmb380,000,000	–	–	100%	–	Real estate development	Wholly foreign-owned enterprise
杭州康居投資管理有限公司 Hangzhou Kangju Investment Management Co., Ltd.	The PRC 30 April 2007	Rmb456,500,000	–	–	100%	–	Real estate development	Wholly foreign-owned enterprise
溫州睿佳置業有限公司 Wenzhou Ruijia Real Estate Co., Ltd.	The PRC 21 May 2007	Rmb386,000,000	–	–	100%	–	Real estate development	Wholly foreign-owned enterprise
溫州卓著置業有限公司 Wenzhou Zhuozhu Real Estate Co., Ltd.	The PRC 21 May 2007	Rmb386,000,000	–	–	100%	–	Real estate development	Wholly foreign-owned enterprise
杭州致達置業有限公司 Hangzhou Zhida Real Estate Co., Ltd.	The PRC 30 May 2007	Rmb230,000,000	–	–	100%	–	Real estate development	Wholly foreign-owned enterprise
長沙瑞捷置業有限公司 Changsha Ruijie Real Estate Co., Ltd.	The PRC 21 May 2007	Rmb230,000,000	–	–	100%	–	Real estate development	Wholly foreign-owned enterprise
杭州時富置業有限公司 Hangzhou Shifu Real Estate Co., Ltd.	The PRC 6 June 2007	Rmb228,000,000	–	–	100%	–	Real estate development	Wholly foreign-owned enterprise
杭州添惠置業有限公司 Hangzhou Tianhui Real Estate Co., Ltd.	The PRC 6 June 2007	Rmb380,000,000	–	–	100%	–	Real estate development	Wholly foreign-owned enterprise

39. Particulars of subsidiaries (Continued)

Name of subsidiary	Place and date of incorporation/ registration	Issued and fully paid share/ registered capital	Attributable equity interest				Principal activities	Legal form
			Direct		Indirect			
			2007	2006	2007	2006		
杭州益廬投資管理有限公司 Hangzhou Yilu Investment Management Co., Ltd.	The PRC 12 October 2007	Rmb102,449,800	–	–	100%	–	Real estate development	Wholly foreign-owned enterprise
益添有限公司 Benefitplus Limited	The BVI 3 July 2007	–	–	–	100%	–	Investment holding	Private limited liability company
佳譽有限公司 Quality Fame Limited	The BVI 9 October 2007	–	–	–	100%	–	Investment holding	Private limited liability company
凱智有限公司 Victory Smart Limited	The BVI 9 October 2007	–	–	–	100%	–	Investment holding	Private limited liability company
天勝企業有限公司 Sky Triumph Enterprise Limited	The BVI 9 October 2007	–	–	–	100%	–	Investment holding	Private limited liability company
峰力企業有限公司 Peakpower Enterprise Limited	The BVI 9 October 2007	–	–	–	100%	–	Investment holding	Private limited liability company
寧波創瑞置業有限公司 Ningbo Chuangrui Real Estate Co., Ltd.	The PRC 11 May 2007	–	–	–	100%	–	Real estate development	Wholly foreign-owned enterprise
寧波瑞利置業有限公司 Ningbo Ruili Real Estate Co., Ltd.	The PRC 16 May 2007	–	–	–	100%	–	Real estate development	Wholly foreign-owned enterprise
中稷集團(香港)國際金融投資有限公司 Zhongji Group	The HK 6 June 2003	HKD10,000	–	–	100% *(iv)*	–	Investment holding	Private limited liability company
德和國際實業有限公司 De He	The HK 26 July 2004	HKD10	–	–	100% *(iv)*	–	Investment holding	Private limited liability company
浩生投資有限公司 Hoson Investments Limited	The BVI 5 April 2007	–	–	–	100%	–	Investment holding	Private limited liability company

Notes to the Consolidated Financial Statements

For the year ended 31 December 2007

39. Particulars of subsidiaries (Continued)

Name of subsidiary	Place and date of incorporation/ registration	Issued and fully paid share/ registered capital	Attributable equity interest				Principal activities	Legal form
			Direct		Indirect			
			2007	2006	2007	2006		
杭州普潤投資管理有限公司 Hangzhou Purun Investment Management Co., Ltd.	The PRC 6 June 2007	–	–	–	100%	–	Real estate development	Wholly foreign-owned enterprise
北京城建中稷實業發展有限公司 Beijing Urban Construction	The PRC 18 November 2004	Rmb100,000,000	–	–	60% *(iv)*	–	Real estate development	Sino-foreign equity joint venture
杭州恒都投資管理諮詢有限公司 Hangzhou Hengdu Investment Management & Consulting Co., Ltd.	The PRC 14 November 2007	USD29,800,000	–	–	100%	–	Real estate development	Wholly foreign-owned enterprise
溫州綠景置業有限公司 Wenzhou Lvjing Real Estate Co., Ltd.	The PRC 26 November 2007	–	–	–	60%	–	Hotel construction and operation	Sino-foreign equity joint venture

Notes:

(i) Pursuant to an absorption and merger agreement entered into by Zhoushan Greentown and Zhoushan Greentown Hotel Investment Co., Ltd. dated 11 October 2005, the owners of both parties resolved that Zhoushan Greentown should absorb and merge with Zhoushan Greentown Hotel Investment Co., Ltd. The absorption and merger was completed on 14 January 2006.

(ii) Hangzhou Jiuxi, Hangzhou Osmanthus City, Hangzhou Zhongshan, Zhejiang Green Garden, Hangzhou Greentown and Zhejiang Greentown Electronical Technology Equipment have all completed their tax registration revocation and been closed except Hangzhou Zhongshan, whose business registration revocation is still in progress.

(iii) Hangzhou Lvyin is a 51%-owned subsidiary of Hangzhou Yuhang Greentown.

(iv) Beijing Urban Construction, City Construction, Zhoushan Ruifeng, Zhoushan Shunfan, Zhoushan Zhuocheng, Zhoushan Mingcheng and Zhoushan Qianyuan are subsidiaries of Zhongji Group and De He.

Five Year Financial Summary

Consolidated Results

	2003 *Rmb'000*	2004 *Rmb'000*	2005 *Rmb'000*	2006 *Rmb'000*	**2007** ***Rmb'000***
Revenue	1,224,362	2,739,082	2,535,075	6,400,467	**5,738,791**
Cost of Sales	(860,372)	(1,856,846)	(1,639,634)	(3,579,946)	**(3,675,198)**
Gross profit	363,990	882,236	895,441	2,820,521	**2,063,593**
Other income	65,027	65,106	129,638	139,551	**287,909**
Expenses	(229,984)	(250,646)	(344,748)	(751,475)	**(736,210)**
Share of results of associates and jointly controlled entities	(6,838)	(42,963)	31,228	(36,730)	**120,181**
Profit before taxation	192,195	653,733	711,559	2,171,867	**1,735,473**
Taxation	(106,847)	(202,030)	(125,112)	(883,373)	**(729,884)**
Profit for the year from continuing operations	85,348	451,703	586,447	1,288,494	**1,005,589**
Profit (loss) for the year from discontinued operations	(15,911)	(5,934)	322	–	**–**
Profit for the year	69,437	445,769	586,769	1,288,494	**1,005,589**
Attributable to:					
Equity holder of the Company	77,234	454,395	622,688	1,269,066	**923,376**
Minority interests	(7,797)	(8,626)	(35,919)	19,428	**82,213**
	69,437	445,769	586,769	1,288,494	**1,005,589**

Consolidated Assets and Liabilities

	2003 *Rmb'000*	2004 *Rmb'000*	2005 *Rmb'000*	2006 *Rmb'000*	**2007** ***Rmb'000***
Non-current assets	378,345	402,335	812,985	1,139,923	**2,542,377**
Current assets	7,248,590	9,988,497	11,768,697	16,698,610	**30,323,468**
Current liabilities	(5,916,998)	(8,372,926)	(9,221,956)	(7,532,932)	**(13,971,970)**
Non-current liabilities	(1,423,691)	(1,336,678)	(2,496,593)	(5,566,967)	**(9,407,373)**
	286,246	681,228	863,133	4,738,634	**9,486,502**

Notes:

(i) The results of the Group for the year ended 31 December 2003, 2004 and 2005 and its assets and liabilities as at 31 December 2003, 2004 and 2005 have been extracted for the Company's Prospectus dated 30 June 2006. The results of the Group for the year ended 31 December 2006 and 2007 and its assets and liabilities as at 31 December 2006 and 2007 are those set out on pages 101 to 200 of the annual report and are presented on the basis as set out in Note 3 to the consolidated financial statements.

(ii) Starting from the financial year ended 31 December 2007, the Group, in order to conform to market practices, has decided to classify LAT as income tax and present it as such in the consolidated financial statements. The 2006's presentation had been already reclassified and its income statement and balance sheet had been set out on pages 101 to 200 of the annual report. For the year ended 31 December 2003, 2004 and 2005, LAT was classified as a component of cost of sales. Prior year adjustments were not made for the result extracted for the year ended 31 December 2003, 2004 and 2005.

Valuation Report and Analysis

The Directors
Greentown China Holdings Limited
Huanglong Centry Plaza,
No. 1 Hangda Road,
Hangzhou,
Zhejiang Province,
The PRC

Dear Sirs,

Instructions, Purpose and Date of Valuation

In accordance with your instructions for us to value the properties held by Greentown China Holdings Limited (the "Company") and its subsidiaries (hereinafter together referred to as the "Group") in the People's Republic of China (the "PRC") as listed in the attached summary of valuations, we confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing the Group with our opinion of the market values of such properties as at 31 December 2007 (the "date of valuation").

Definition of Market Value

Our valuation of each property represents its Market Value which in accordance with the Valuation Standards on Properties of the Hong Kong Institute of Surveyors is defined as "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing where in the parties had each acted knowledgeably, prudently and without compulsion".

Valuation Basis and Assumption

Our valuations exclude an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

In the course of our valuation of the properties in the PRC, we have assumed that the transferable land use rights of the properties for their respective specific terms at nominal annual land use fees have been granted and that any land grant premium payable has already been fully paid. We have relied on the information regarding the title to each of the properties and the interests of the Group in the properties. In valuing the properties, we have assumed that the Group has an enforceable title to each of the properties and has free and uninterrupted right to use, occupy or assign the properties for the whole of the respective unexpired terms as granted.

In respect of the properties situated in the PRC, the status of the titles and grant of major certificates, approvals and licences, in accordance with the information provided by the Group are set out in the notes in the respective valuation certificates.

Valuation Report and Analysis

Method of Valuation

In valuing those properties in Groups I and II which are held by the Group for sale or owned and occupied by the Group in the PRC respectively, we have adopted direct comparison approach assuming sale of each of those properties in its existing state by making reference to comparable sales transactions as available in the relevant market.

The properties in Groups III and IV are held under development or for future development in the PRC. We have valued on the basis that each of these properties will be developed and completed in accordance with the Group's latest development proposals provided to us (if any). We have assumed that all consents, approvals and licences from relevant government authorities for the development proposals have been obtained without onerous conditions or delays. We have also assumed that the design and construction of the development are in compliance with the local planning regulations and have been approved by the relevant authorities. In arriving at our opinion of value, we have adopted the direct comparison approach by making reference to comparable sales evidence as available in the relevant market and have also taken into account the expended construction costs and the costs that will be expended to complete the development to reflect the quality of the completed development.

Regarding some of the properties held by the Group under development or for future development in the PRC, we have been advised by the Group that the State-owned Land Use Rights Certificates of these properties have not been obtained yet and we usually ascribe no commercial value to the properties. However, according to the Group's specific instruction, we have valued each of these properties on the basis that valid State-owned Land Use Rights Certificates have been issued to the properties and all land premium and related fees for the grant of the certificates have been fully settled. We have further carried out our valuation on the basis that all costs of public utilities, ancillary infrastructure fees and compensation to and resettlement of any original residents to make way for the proposed development have been fully settled. Moreover we have assumed these properties will be developed and completed in accordance with the Group's latest development proposals provided to us. We have assumed that all consents, approvals and licenses from relevant government authorities for the development proposals have been obtained without onerous conditions or delays. We have also assumed that the design and construction of the development are in compliance with the local planning regulations and have been approved by the relevant authorities. In arriving at our opinion of value, we have adopted the direct comparison approach by making reference to comparable sales evidence as available in the relevant market and have also taken into account the development costs that will be expended to complete the development to reflect the quality of the completed development.

According to the Group's specific instruction, we have valued each of the properties in on the basis assuming valid State-owned Land Use Rights Certificates have been issued to the properties and all land premium and related fees for the grant of the certificates have been fully settled (see the footnotes mentioned in the Summary of Valuations attached herewith).

Valuation Report and Analysis

Source of Information

We have been provided by the Group with extracts of documents in relation to the titles to the properties. However, we have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us.

In the course of our valuation, we have relied to a considerable extent on the information given by the Group in respect of the properties in the PRC and have accepted advice given by the Group on such matters as planning approvals or statutory notices, easements, tenure, identification of land and buildings, completion date of buildings, number of car parking spaces, particulars of occupancy, development schemes, construction costs, site and floor areas, interest attributable to the Group and all other relevant matters.

Dimension, measurements and areas included in the attached valuation certificates are based on the information provided to us and are therefore only approximations. We have had no reasons to doubt the truth and accuracy of the information provided to us by the Group which is material to the valuations. We were also advised by the Group that no material facts have been omitted from the information provided.

Site Inspection

We have inspected the exterior and, wherever possible, the interior of the properties. However, we have not carried out investigations on site to determine the suitability of the soil conditions and the services etc. for any future development. Our valuations are prepared on the assumption that these aspects are satisfactory and that no extraordinary costs or delays will be incurred during the construction period. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defect. No test was carried out on any of the services. Unless otherwise stated, we have not been able to carry out detailed on-site measurements to verify the site and gross floor areas of the properties and we have assumed that the areas shown on the documents handed to us are correct.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the properties nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of any onerous nature which could affect their values.

Currency

Unless otherwise stated, all sums stated in our valuations are in Renminbi (Rmb), the official currency of the PRC.

We enclose herewith a summary of our valuations and our valuation certificates.

Yours faithfully,
for and on behalf of
DTZ Debenham Tie Leung Limited

Andrew Chan
Registered Professional Surveyor (GP)
China Real Estate Appraiser
MSc., M.H.K.I.S., M.R.I.C.S
Director

Valuation Report and Analysis

SUMMARY OF VALUATIONS

	Property interest	Capital value in existing state as at 31 December 2007	Attributable interest to the Company	Capital value in existing state as at 31 December 2007 attributable to the Company
		Rmb	*%*	*Rmb*
Group I – Property interests held for sale by the Company in the PRC				
1.	No. 2 Villa of Yudi Zone, Jiuxi Rose Garden Holiday Village, No. 8 Wuyun Road West, Xihu District, Hangzhou, Zhejiang Province, the PRC	20,000,000	100	20,000,000
2.	Nos. 6, 7, 8 of Shijinyuan, Taohuayuan West, Zhongtai Village, Fenghuang Shan, Yuhang District, Hangzhou, Zhejiang Province, the PRC	298,000,000	100	298,000,000
3.	The unsold portion of Sweet Osmanthus Garden situated at Lingyun Street, Baiguan Jiedao, Shangyu City, Zhejiang Province, The PRC	41,230,000	51	21,027,300

	Property interest	Capital value in existing state as at 31 December 2007 *Rmb*	Attributable interest to the Company *%*	Capital value in existing state as at 31 December 2007 attributable to the Company *Rmb*
4.	The unsold portion of Sweet Osmanthus Garden Phase I situated at the south of New Town Main Road and east of No. 329 National Highway, Luotuo Jiedao, Zhenhai District, Ningbo City, Zhejiang Province, The PRC	25,000,000	60	15,000,000
5.	Unsold portion of Sweet Osmanthus Town Phase I situated at Lot LE-22, Lincheng New Area, Dinghai District, Zhoushan City, Zhejiang Province, The PRC	96,200,000	100	96,200,000
6.	3 unsold residential units and 6 unsold retail units and 1,218 units of car park, Shanghai Greentown, Jinhe Road, Pudong New Area, Shanghai, the PRC	273,300,000	100	273,300,000
7.	6 unsold villas, Phase I, Greentown Rose Garden, 1/5 Qiu, 383 Street, Maqiao Town, Minhang District, Shanghai, the PRC	304,600,400	100	304,600,400

Valuation Report and Analysis

	Property interest	Capital value in existing state as at 31 December 2007	Attributable interest to the Company	Capital value in existing state as at 31 December 2007 attributable to the Company
		Rmb	*%*	*Rmb*
8.	Unsold portion, Phases I-IV, Lily Apartment, Liyuan Cun South Area, Yan Cun County Fangshan District Beijing The PRC	106,000,000	80	84,800,000
9.	The unsold portion, Phase II Xinjiang Rose Garden, Hongqiaoshan, Shuimogou Road, Shuimogou District, Urumqi, Xinjiang UAR, the PRC	10,000,000	61.2	6,120,000
10.	The unsold portion of Haining Baihe New City Apartment Phase 1,2,3,6, East to Wenzong Road, South to 3rd Huannan Road, West to Haining Avenue and North to 2nd Huannan Road, Haining City, Zhejiang Province, the PRC	265,000,000	50	132,500,000
11.	Unsold portion of Phase 1 and Phase 2, Osmanthus Town, South side of Yuhua Road, Yuhua District, Changsha City, Hunan Province, the PRC	193,000,000	51	98,430,000

	Property interest	Capital value in existing state as at 31 December 2007 *Rmb*	Attributable interest to the Company *%*	Capital value in existing state as at 31 December 2007 attributable to the Company *Rmb*
12.	Unsold portion of Qingzhuhu Phase I, Laodaohe Town, Kaifu District, Changsha City, Hunan Province, the PRC	129,000,000	52.47	67,686,300
13.	The unsold portion of Phase I of Deqing Osmanthus Town, Wukang Town, Deqing County, Zhejiang Province, the PRC	157,000,000	46.55	73,083,500
14.	The unsold portion of phase I of Greentown Xizi.Lily Apartment, Wukang Town, Deqing County, Zhejiang Province, the PRC	115,000,000	24.5	28,175,000
15.	Unsold portion of Phase 1 and Phase 2, Dongfeng Road, Zhengdong New District, Zhengzhou City, Henan Province, the PRC	126,000,000	37.73	47,539,800
			Sub-total:	1,566,462,300

Valuation Report and Analysis

	Property interest	Capital value in existing state as at 31 December 2007 *Rmb*	Attributable interest to the Company *%*	Capital value in existing state as at 31 December 2007 attributable to the Company *Rmb*
Group II – Property interests owned and occupied by the Group in the PRC				
16.	Shop unit No.7 of western part of public building, Langui Garden, Xihu District, Hangzhou, Zhejiang Province, the PRC	31,000,000	100	31,000,000
17.	Property Management Building of Yuegui Garden, Wenyuan Road, Xihu District, Hangzhou, Zhejiang Province, the PRC	22,000,000	100	22,000,000
18.	Shop unit No. 110, No. 151 Tianmushan Road, Xihu District, Hangzhou, Zhejiang Province, the PRC	5,900,000	100	5,900,000
19.	Property Management Building, Dangui Apartment, Wenyuan Road, Xihu District, Hangzhou, Zhejiang Province, the PRC	66,000,000	100	66,000,000

	Property interest	Capital value in existing state as at 31 December 2007 *Rmb*	Attributable interest to the Company *%*	Capital value in existing state as at 31 December 2007 attributable to the Company *Rmb*
20.	Shop units No. 101, 201 and 202 of Office Building, Deep Blue Plaza, No. 203 Zhaohui Road, Xiacheng District, Hangzhou City, Zhejiang Province, the PRC	26,000,000	100	26,000,000
21.	A Shop unit of Chunjiang Huayue, 140 Qianjiang Road, Shangcheng District, Hangzhou, Zhejiang Province, the PRC	2,800,000	100	2,800,000
22.	Rooms 1809, 1811-1816, No. 18 Qiutao Road, Shangcheng District, Hangzhou, Zhejiang Province, the PRC	2,100,000	100	2,100,000
23.	Hangzhou Rose Garden Resort, Jiuxi Rose Garden Holiday Village, No. 8 Wuyun Road West, Xihu District, Hangzhou, Zhejiang Province, the PRC	240,000,000	100	240,000,000
24.	No. 2, Level 1 of Clubhouse, Guihua City, No. 69 Zijinghua Road, Xihu District, Hangzhou, Zhejiang Province, the PRC	5,300,000	100	5,300,000

Valuation Report and Analysis

	Property interest	Capital value in existing state as at 31 December 2007 *Rmb*	Attributable interest to the Company *%*	Capital value in existing state as at 31 December 2007 attributable to the Company *Rmb*
25.	Sheraton Zhoushan Hotel situated at No. 101 Qiandao Road, Lincheng New Area, Dinghai District, Zhoushan City, Zhejiang Province, The PRC	725,000,000	100	725,000,000
26.	Units 2701-2712 and Nos. 127 and 128, Basement Car Park Level 2, No. 319, Xianxia Road, Changning District, Shanghai, the PRC	42,870,000	100	42,870,000
27.	Level 26 of Guoxing Building, No. 22 shouti South Road, Haidian District, Beijing, the PRC	18,850,000	100	18,850,000
28.	Apartment Units 1203 and 1503 and 2 car parks of Block 2, Zhong Hai Fu Yuan, No. 37 Zengguang Road, Haidian District, Beijing, the PRC	6,200,000	100	6,200,000
			Sub-total:	1,194,020,000

	Property interest	Capital value in existing state as at 31 December 2007	Attributable interest to the Company	Capital value in existing state as at 31 December 2007 attributable to the Company
		Rmb	*%*	*Rmb*

Group III – Property interests held under development by the Company in the PRC

	Property interest	Capital value in existing state as at 31 December 2007 (Rmb)	Attributable interest to the Company (%)	Capital value attributable to the Company (Rmb)
29.	Lijiang Apartment, Lots B1, B2 and B3, Yanggong Village, Jiubao Town, Jianggan District, Hangzhou, Zhejiang Province, the PRC	1,340,000,000 *(Note 1)*	100	1,340,000,000 *(Note 1)*
30.	Weilan Apartment, north side of Fengqi Road East, Jianggan District, Hangzhou, Zhejiang Province, the PRC	472,000,000	95.5	450,760,000
31.	Yulan Apartment, east side of Proposed Xujiayang Road, Jianggan District, Hangzhou, Zhejiang Province, the PRC	391,000,000	95.5	373,405,000
32.	Greentown Lanting, Shanghuanqiao Village, Linping Street, Yuhang District, Hangzhou, Zhejiang Province, the PRC	1,485,000,000	85	1,262,250,000

Valuation Report and Analysis

	Property interest	Capital value in existing state as at 31 December 2007 *Rmb*	Attributable interest to the Company *%*	Capital value in existing state as at 31 December 2007 attributable to the Company *Rmb*
33.	Greentown Resort, Qingfeng Yuan, Qiandaohu Town, Chun'an County, Hangzhou, Zhejiang Province, the PRC	1,347,000,000	80	1,077,600,000
34.	Jade City, Huafeng Village, Xianlin Town Yuhang District, Hangzhou, Zhejiang Province, the PRC	4,985,500,000	45	2,243,475,000
35.	Liu Manor, south side of Tianmushan Road, Xihu District, Hangzhou, Zhejiang Province, the PRC	1,045,000,000	45	470,250,000
36.	Tonglu Guihua Garden, east side of Yingchun Road South, Tongjun Street, Tonglu County, Hangzhou, Zhejiang Province, the PRC	235,000,000	100	235,000,000

	Property interest	Capital value in existing state as at 31 December 2007 *Rmb*	Attributable interest to the Company *%*	Capital value in existing state as at 31 December 2007 attributable to the Company *Rmb*
37.	Tonglu Rose Garden, 19 Old Area, Tongjun Street, Tonglu County, Hangzhou, Zhejiang Province, the PRC	115,000,000 *(Note 2)*	51	58,650,000 *(Note 2)*
38.	New Green Garden, Lot F-05, Wangjiang Zone, Qianjiang New City, Shangcheng District, Hangzhou, Zhejiang Province, the PRC	1,018,000,000	50	509,000,000
39.	Taohuayuan South, Zhongtai Village, Fenghuang Shan, Yuhang District, Hangzhou, Zhejiang Province, the PRC	5,227,000,000	51	2,665,770,000
40.	Xizi-Yujinxiang'an, Huangshan Village, Wenyan Town, Xiaoshan District, Hangzhou, Zhejiang Province, the PRC	881,000,000	50	440,500,000

Valuation Report and Analysis

	Property interest	Capital value in existing state as at 31 December 2007 *Rmb*	Attributable interest to the Company *%*	Capital value in existing state as at 31 December 2007 attributable to the Company *Rmb*
41.	Rose Garden, Minzhu Village, Qingshanhu Street, Lin'an City, Hangzhou, Zhejiang Province, the PRC	1,339,000,000	50	669,500,000
42.	Ningbo R&D Park Phase I situated at Lots 3C-1 and 3C-2, Ningbo National Hi-tech Industrial Development Zone, Jiangdong District, Ningbo City, Zhejiang Province, The PRC	389,000,000	60	233,400,000
43.	Crown Garden Phase I situated at Lot A05, Ningbo Technology Park, Jiangdong District, Ningbo City, Zhejiang Province, The PRC	846,000,000	60	507,600,000
44.	Ningbo Green Garden situated at No. 226 Canghai Road, Ningbo National Hi-tech Industrial Development Zone, Jiangdong District, Ningbo City, Zhejiang Province, The PRC	788,000,000	50	394,000,000

	Property interest	Capital value in existing state as at 31 December 2007 *Rmb*	Attributable interest to the Company *%*	Capital value in existing state as at 31 December 2007 attributable to the Company *Rmb*
45.	Phase I of Residential Project for Wenzhou Lucheng Plaza, north of the junction of Binjiang Road and Chezhan Avenue, Lucheng District, Wenzhou, Zhejiang Province, the PRC	1,914,000,000	60	1,148,400,000
46.	Sweet Osmanthus Garden Phase II situated at the south of New Town Main Road and east of No. 329 National Highway, Luotuo Jiedao, Zhenhai District, Ningbo City, Zhejiang Province, The PRC	181,000,000	60	108,600,000
47.	Rose Garden situated at No. 116 Wenhua Road, Dinghai District, Zhoushan City, Zhejiang Province, The PRC	55,000,000	100	55,000,000
48.	Sweet Osmanthus Town Phase II situated at Lot LE-22, Lincheng New Area, Dinghai District, Zhoushan City, Zhejiang Province, The PRC	699,000,000	100	699,000,000

Valuation Report and Analysis

	Property interest	Capital value in existing state as at 31 December 2007 *Rmb*	Attributable interest to the Company *%*	Capital value in existing state as at 31 December 2007 attributable to the Company *Rmb*
49.	A piece of land situated at the north of No. 329 National Highway and west of Shiji Avenue, Lincheng New Area, Dinghai District, Zhoushan City, Zhejiang Province, The PRC	175,000,000	100	175,000,000
50.	Phases 4 and 5 Guihua Garden, Gaoxin District, Hefei, Anhui Province, PRC	272,000,000	90	244,800,000
51.	New Green Garden, Tongcheng South Road, Baohe District, Hefei, Anhui Province, PRC	476,000,000	54	257,040,000
52.	Phases 3 and 4 Baihe Apartment, Hefei, Anhui Province, PRC	454,000,000	54	245,160,000
53.	Greentown Rose Garden, Zhenzhu Road, Pukou District, Nanjing City, Jiangsu Province The PRC	777,000,000	70	543,900,000

	Property interest	Capital value in existing state as at 31 December 2007	Attributable interest to the Company	Capital value in existing state as at 31 December 2007 attributable to the Company
		Rmb	*%*	*Rmb*
54.	Greentown Hupanju situated at Juegang Village, Rudong Town, Nantong City, Jiangsu Province, The PRC	158,000,000	50	79,000,000
55.	Portion of Phase I and the whole Phase II of Greentown Rose Garden, 1/5 Qiu, 383 Street, Maqiao Town, Minhang District, Shanghai, the PRC	1,596,000,000	100	1,596,000,000
56.	Phase I, Huazhe Bund Huangpu Bay, 1/1 Qiu, Dongjiadu Jiedao, 620 Street, Huangpu District, Shanghai, the PRC	1,142,000,000	51	582,420,000
57.	Phase I, Donghai Plaza, No. 1486, West Nanjing Road, Jing'an District Shanghai, the PRC	1,649,000,000	49	808,010,000

Valuation Report and Analysis

	Property interest	Capital value in existing state as at 31 December 2007 *Rmb*	Attributable interest to the Company *%*	Capital value in existing state as at 31 December 2007 attributable to the Company *Rmb*
58.	Unsold 4 residential units and Block No. 1 of Phase I, plus Phase II of Majestic Mansion, Qinglongqiao, Qinglongqiao Cun, Haidian Village, Haidian District, Beijing, The PRC	2,718,000,000 *(Note 3)*	100	2,718,000,000 *(Note 3)*
59.	Phases V-VII, Lily Apartment, Liyuan Cun South Area, Yan Cun County, Fangshan District, Beijing, The PRC	745,000,000	80	596,000,000
60.	Ideal City, North of Jiushui Road, South of Tianshui Road, East of Yichuan Road, South of Tongchuan Road and Hechuan Road, Licang District, Qingdao, Shandong Province, the PRC	3,535,000,000 *(Note 4)*	80	2,828,000,000 *(Note 4)*
61.	Plot No.34, Xiaoyun Road and Plot No.8, Dongfang East Road (to be re-developed together), Chaoyang District, Beijing, the PRC	348,000,000 *(Note 5)*	72	250,560,000 *(Note 5)*

	Property interest	Capital value in existing state as at 31 December 2007	Attributable interest to the Company	Capital value in existing state as at 31 December 2007 attributable to the Company
		Rmb	*%*	*Rmb*
62.	A piece of land, South of Lv You Road and East of Longdong Road, Lixia District, Jinan City, Shandong, Province, the PRC	2,637,700,000 *(Note 6)*	45	1,186,965,000 *(Note 6)*
63.	Clubhouse and Phase III, Xinjiang Rose Garden, Hongqiaoshan, Shuimogou Road, Shuimogou District, Urumqi, Xinjiang UAR, the PRC	133,500,000 *(Note 7)*	61.2	81,702,000 *(Note 7)*
64.	Yulan Garden, No. GN-9a and GN-9b, South of Huayu Road at the West side of Huzhong Road, Shaoxing County, Zhejiang Province, the PRC	1,609,000,000 *(Note 8)*	35	563,150,000 *(Note 8)*
65.	Haining Baihe New City Phases IV, VII, VIII, IX, XI and XVII, East to Wenzong Road, South to 3rd Huannan Road, West to Haining Avenue and North to 2nd Huannan Road, Haining City, Zhejiang Province, the PRC	895,000,000 *(Note 9)*	50	447,500,000 *(Note 9)*
66.	Phase 3 of Osmanthus Town, South side of Yuhua Road, Yuhua District, Changsha City, Hunan Province, The PRC	121,000,000	51	61,710,000

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	Property interest	Capital value in existing state as at 31 December 2007 *Rmb*	Attributable interest to the Company *%*	Capital value in existing state as at 31 December 2007 attributable to the Company *Rmb*
67.	Phase 2 to Phase 9, Qingzhuhu, Laodaohe Town, Kaifu District , Changsha City, Hunan Province, the PRC	845,000,000	52.47	443,371,500
68.	A portion of Phase I, and Phase II of Deqing Osmanthus Town, Wukang Town, Deqing County, Zhejiang Province, the PRC	417,000,000	46.55	194,113,500
69.	Phase II of Greentown Xizi.Lily Apartment Wukang Town, Deqing County, Zhejiang Province, the PRC	227,000,000	24.5	55,615,000
70.	Dongfeng Road Zhengdong New District, Zhengzhou City, Henan Province,	740,000,000	37.73	279,202,000
			Sub-total:	29,179,379,000

	Property interest	Capital value in existing state as at 31 December 2007	Attributable interest to the Company	Capital value in existing state as at 31 December 2007 attributable to the Company
		Rmb	*%*	*Rmb*
Group IV – Property interests held for future development by the Group in the PRC				
71.	Hangqifa Project, Hushu Road South, Gongshu District, Hangzhou, Zhejiang Province, the PRC	6,386,000,000	50	3,193,000,000
72.	Xingqiao Project, Xingqiao Development Zone Avenue, Yuhang District, Hangzhou, Zhejiang Province, the PRC	296,000,000	35	103,600,000
73.	Yangshengtang Project, Kaifa Road, Qiandaohu Town, Chun'an County, Hangzhou, Zhejiang Province, the PRC	249,000,000	51	126,990,000
74.	Future World Project, Zhuantang Town, Xihu District, Hangzhou, Zhejiang Province, the PRC	3,487,000,000	51	1,778,370,000

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	Property interest	Capital value in existing state as at 31 December 2007 *Rmb*	Attributable interest to the Company *%*	Capital value in existing state as at 31 December 2007 attributable to the Company *Rmb*
75.	193 Baochu Road Project, 193 Baochu Road, Xihu District, Hangzhou, Zhejiang Province, the PRC	239,000,000 *(Note 10)*	100	239,000,000 *(Note 10)*
76.	Lot 17 Project, Qianjiang New City, Shangcheng District, Hangzhou, Zhejiang Province, the PRC	4,600,000,000 *(Note 11)*	60	2,760,000,000 *(Note 11)*
77.	Portion of Taohuayuan South, Zhongtai Village, Fenghuang Shan, Yuhang District, Hangzhou, Zhejiang Province, the PRC	256,000,000 *(Note 12)*	26.01	66,585,600 *(Note 12)*
78.	Hupan Zone Lot Project, Xiubo Garden, Xiaoshan District, Hangzhou, Zhejiang Province, the PRC	342,000,000 *(Note 13)*	50	171,000,000 *(Note 13)*

	Property interest	Capital value in existing state as at 31 December 2007	Attributable interest to the Company	Capital value in existing state as at 31 December 2007 attributable to the Company
		Rmb	*%*	*Rmb*
79.	Zhanongkou Project, north side of Li Street, Jichang Road, Jianggan District, Hangzhou, Zhejiang Province, the PRC	383,000,000 *(Note 14)*	35	134,050,000 *(Note 14)*
80.	Two pieces of land situated at Lots A01 and A02, Ningbo Technology Park, Jiangdong District, Ningbo City, Zhejiang Province, The PRC	1,009,000,000	60	605,400,000
81.	A piece of land situated beside Huanxiang Highway, Panlong Lake, Qixing Block, Xinchang Town, Zhejiang Province, the PRC	400,000,000	80	320,000,000
82.	Part A of land situated at west of Gonghu Avenue, east of Lixin Avenue, north of Wuyue Road, south of Gaolang Road, Wuxi, Jiangsu Province, the PRC	929,000,000	85	789,650,000

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	Property interest	Capital value in existing state as at 31 December 2007 *Rmb*	Attributable interest to the Company *%*	Capital value in existing state as at 31 December 2007 attributable to the Company *Rmb*
83.	A plot of land situated at south of Shiji Avenue, north of Chonghai Middle School, Nantong, Jiangsu Province, the PRC	626,000,000	75	469,500,000
84.	Five pieces of land situated at Lots LZ-CZ-01, LZ-CZ-02~04, LZ-CZ-05, LZ-CZ-08 and LZ-CZ-09, Changzhi Island, Dinghai District, Zhoushan City, Zhejiang Province, The PRC	2,767,000,000 *(Note 15)*	58.125	1,608,318,750 *(Note 15)*
85.	A piece of land situated at west to Zhongxin Road, north to Shifu Road, east to Xueyuan Road, Jiaojiang District, Taizhou, Zhejiang Province, The PRC	1,058,000,000 *(Note 16)*	49	518,420,000 *(Note 16)*
86.	Phases III and IV of Greentown Rose Garden, 10/2, 10/3, 10/5, 10/8 Qiu, 380 Street, Maqiao Town, Minhang District, Shanghai, the PRC	2,403,000,000	100	2,403,000,000

	Property interest	Capital value in existing state as at 31 December 2007 *Rmb*	Attributable interest to the Company *%*	Capital value in existing state as at 31 December 2007 attributable to the Company *Rmb*
87.	Phases II and III, Huazhe Bund Huangpu Bay, 1/1 Qiu, Dongjiadu Jiedao, 620 Street, Huangpu District Shanghai, the PRC	2,164,000,000	51	1,103,640,000
88.	Lot D1, Xinjiangwan City, West of Zhengchen Road, North of Guoxiao Road, East of Songhu Road, South of Yinhang Road, Yangpu District, Shanghai, the PRC	1,514,000,000 *(Note 17)*	100	1,514,000,000 *(Note 17)*
89.	Phase II, Donghai Plaza, No. 1486, West Nanjing Road, Jing'an District, Shanghai, the PRC	1,335,000,000 *(Note 18)*	49	654,150,000 *(Note 18)*
90.	Phase IV, Xinjiang Rose Garden, Hongqiaoshan, Shuimogou Road, Shuimogou District, Urumqi, Xinjiang UAR, the PRC	30,000,000	61.2	18,360,000

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	Property interest	Capital value in existing state as at 31 December 2007 *Rmb*	Attributable interest to the Company *%*	Capital value in existing state as at 31 December 2007 attributable to the Company *Rmb*
91.	Yuyuan, No.1 Yangming Road, Shaoxing, Zhejiang Province, the PRC	1,300,000,000 *(Note 19)*	51	663,000,000 (Note 19)
92.	West of North Qingtong Road, Renhuang Mountain, New District, Huzhou, Zhejiang Province, the PRC	1,010,000,000 *(Note 20)*	100	1,010,000,000 *(Note 20)*
93.	Haining Baihe New City Phases V, X, XII to XVI, East to Wenzong Road, South to 3rd Huannan Road, West to Haining Avenue and North to 2nd Huannan Road, Haining City, Zhejiang Province, the PRC	807,000,000 *(Note 21)*	50	403,500,000 *(Note 21)*
94.	Changxing Green Garden, Zhicheng Village, Zhicheng Town, Changxing County, Zhejiang Province, the PRC	669,000,000 *(Note 22)*	51	341,190,000 *(Note 22)*

	Property interest	Capital value in existing state as at 31 December 2007	Attributable interest to the Company	Capital value in existing state as at 31 December 2007 attributable to the Company
		Rmb	*%*	*Rmb*
95.	Two pieces of land situated at Lots 5-1 and 5-2, Ningbo National Hi-tech Industrial Development Zone, Jiangdong District, Ningbo City, Zhejiang Province, The PRC	315,000,000 *(Note 23)*	60	189,000,000 *(Note 23)*
96.	A piece of land situated at north of the junction of Binjiang Road and Chezhan Avenue, Lucheng District, Wenzhou, Zhejiang Province, the PRC	3,705,000,000	60	2,223,000,000
97.	A piece of land situated at Zizhulin Road, Dinghai District, Zhoushan City, Zhejiang Province, The PRC	323,000,000 *(Note 24)*	100	323,000,000 *(Note 24)*
98.	A piece of land reserved for Orange Osmanthus Garden, Northeast of the Junction of Juying Road and Danfeng Road, Dandong Jiedao, Xiangshan County, Ningbo City, Zhejiang Province, The PRC	491,000,000 *(Note 25)*	100	491,000,000 *(Note 25)*
			Sub-total:	24,220,724,350
			Grand-total:	**56,160,585,650**

Notes:

1. As at the date of valuation, the State-owned Land Use Rights Certificate of the property with a site area of approximately 39,854 sq.m. out of the total 100,809 sq.m. has not been obtained yet. However, for referencing purpose, we have valued the property on the assumption that all of the valid State-owned Land Use Rights Certificates of the property have been issued to the property, all land premium, related fees for the grant of the certificate and costs necessary to render the site ready for immediate development have been fully settled.

2. As at the date of valuation, the State-owned Land Use Rights Certificate of the property with a site area of approximately 8,538.67 sq.m. out of the total 33,086.67 sq.m. has not been obtained yet. However, for referencing purpose, we have valued the property on the assumption that all of the valid State-owned Land Use Rights Certificates of the property have been issued to the property, all land premium, related fees for the grant of the certificate and costs necessary to render the site ready for immediate development have been fully settled.

3. As at the date of valuation, the State-owned Land Use Rights Certificate of the property with a site area of approximately 102,129 sq.m. out of the total 346,369 sq.m. has not been obtained yet. However, for referencing purpose, we have valued the property on the assumption that all of the valid State-owned Land Use Rights Certificates of the property have been issued to the property, all land premium, related fees for the grant of the certificate and costs necessary to render the site ready for immediate development have been fully settled.

4. As at the date of valuation, the State-owned Land Use Rights Certificate of the property with a site area of approximately 1,091,975 sq.m. out of the total 1,201,187 sq.m. has not been obtained yet. However, for referencing purpose, we have valued the property on the assumption that all of the valid State-owned Land Use Rights Certificates of the property have been issued to the property, all land premium, related fees for the grant of the certificate and costs necessary to render the site ready for immediate development have been fully settled.

5. As at the date of valuation, the State-owned Land Use Rights Certificate of the property has not been obtained yet. However, for referencing purpose, we have valued the property on the assumption that all of the valid State-owned Land Use Rights Certificates of the property have been issued to the property, all land premium, related fees for the grant of the certificate and costs necessary to render the site ready for immediate development have been fully settled.

6. As at the date of valuation, the State-owned Land Use Rights Certificate of the property with a site area of approximately 157,123 sq.m. out of the total 877,900 sq.m. has not been obtained yet. However, for referencing purpose, we have valued the property on the assumption that all of the valid State-owned Land Use Rights Certificates of the property have been issued to the property, all land premium, related fees for the grant of the certificate and costs necessary to render the site ready for immediate development have been fully settled.

7. As at the date of valuation, the State-owned Land Use Rights Certificate of the property with a site area of approximately 20,277 sq.m. out of the total 98,679 sq.m. has not been obtained yet. However, for referencing purpose, we have valued the property on the assumption that all of the valid State-owned Land Use Rights Certificates of the property have been issued to the property, all land premium, related fees for the grant of the certificate and costs necessary to render the site ready for immediate development have been fully settled.

8. As at the date of valuation, the State-owned Land Use Rights Certificate of the property with a site area of approximately 27,469 sq.m. out of the total 124,113 sq.m. has not been obtained yet. However, for referencing purpose, we have valued the property on the assumption that all of the valid State-owned Land Use Rights Certificates of the property have been issued to the property, all land premium, related fees for the grant of the certificate and costs necessary to render the site ready for immediate development have been fully settled.

9. As at the date of valuation, the State-owned Land Use Rights Certificate of the property with a site area of approximately 24,313 sq.m. out of the total 942,344 sq.m. (together with Property No. 93) has not been obtained yet. However, for referencing purpose, we have valued the property on the assumption that all of the valid State-owned Land Use Rights Certificates of the property have been issued to the property, all land premium, related fees for the grant of the certificate and costs necessary to render the site ready for immediate development have been fully settled.

10. As at the date of valuation, the State-owned Land Use Rights Certificate of the property has not been obtained yet. However, for referencing purpose, we have valued the property on the assumption that all of the valid State-owned Land Use Rights Certificates of the property have been issued to the property, all land premium, related fees for the grant of the certificate and costs necessary to render the site ready for immediate development have been fully settled.

11. As at the date of valuation, the State-owned Land Use Rights Certificate of the property has not been obtained yet. However, for referencing purpose, we have valued the property on the assumption that all of the valid State-owned Land Use Rights Certificates of the property have been issued to the property, all land premium, related fees for the grant of the certificate and costs necessary to render the site ready for immediate development have been fully settled.

12. As at the date of valuation, the State-owned Land Use Rights Certificate of the property has not been obtained yet. However, for referencing purpose, we have valued the property on the assumption that all of the valid State-owned Land Use Rights Certificates of the property have been issued to the property, all land premium, related fees for the grant of the certificate and costs necessary to render the site ready for immediate development have been fully settled.

13. As at the date of valuation, the State-owned Land Use Rights Certificate of the property has not been obtained yet. However, for referencing purpose, we have valued the property on the assumption that all of the valid State-owned Land Use Rights Certificates of the property have been issued to the property, all land premium, related fees for the grant of the certificate and costs necessary to render the site ready for immediate development have been fully settled.

14. As at the date of valuation, the State-owned Land Use Rights Certificate of the property with a site area of approximately 23,990 sq.m. out of the total 57,838 sq.m. has not been obtained yet. However, for referencing purpose, we have valued the property on the assumption that all of the valid State-owned Land Use Rights Certificates of the property have been issued to the property, all land premium, related fees for the grant of the certificate and costs necessary to render the site ready for immediate development have been fully settled.

15. As at the date of valuation, the State-owned Land Use Rights Certificate of the property with a site area of approximately 964,264 sq.m. out of the total 1,621,375 sq.m. has not been obtained yet. However, for referencing purpose, we have valued the property on the assumption that all of the valid State-owned Land Use Rights Certificates of the property have been issued to the property, all land premium, related fees for the grant of the certificate and costs necessary to render the site ready for immediate development have been fully settled.

16. As at the date of valuation, the State-owned Land Use Rights Certificate of the property has not been obtained yet. However, for referencing purpose, we have valued the property on the assumption that all of the valid State-owned Land Use Rights Certificates of the property have been issued to the property, all land premium, related fees for the grant of the certificate and costs necessary to render the site ready for immediate development have been fully settled.

17. As at the date of valuation, the State-owned Land Use Rights Certificate of the property has not been obtained yet. However, for referencing purpose, we have valued the property on the assumption that all of the valid State-owned Land Use Rights Certificates of the property have been issued to the property, all land premium, related fees for the grant of the certificate and costs necessary to render the site ready for immediate development have been fully settled.

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18. As at the date of valuation, the State-owned Land Use Rights Certificate of the property with a site area of approximately 7,836 sq.m. out of the total 18,337 sq.m. has not been obtained yet. However, for referencing purpose, we have valued the property on the assumption that all of the valid State-owned Land Use Rights Certificates of the property have been issued to the property, all land premium, related fees for the grant of the certificate and costs necessary to render the site ready for immediate development have been fully settled.

19. As at the date of valuation, the State-owned Land Use Rights Certificate of the property has not been obtained yet. However, for referencing purpose, we have valued the property on the assumption that all of the valid State-owned Land Use Rights Certificates of the property have been issued to the property, all land premium, related fees for the grant of the certificate and costs necessary to render the site ready for immediate development have been fully settled.

20. As at the date of valuation, the State-owned Land Use Rights Certificate of the property with a site area of approximately 70,170 sq.m. out of the total 289,319 sq.m. has not been obtained yet. However, for referencing purpose, we have valued the property on the assumption that all of the valid State-owned Land Use Rights Certificates of the property have been issued to the property, all land premium, related fees for the grant of the certificate and costs necessary to render the site ready for immediate development have been fully settled.

21. As at the date of valuation, the State-owned Land Use Rights Certificate of the property with a site area of approximately 24,313 sq.m. out of the total 942,344 sq.m. (together with Property No. 65) has not been obtained yet. However, for referencing purpose, we have valued the property on the assumption that all of the valid State-owned Land Use Rights Certificates of the property have been issued to the property, all land premium, related fees for the grant of the certificate and costs necessary to render the site ready for immediate development have been fully settled.

22. As at the date of valuation, the State-owned Land Use Rights Certificate of the property has not been obtained yet. However, for referencing purpose, we have valued the property on the assumption that all of the valid State-owned Land Use Rights Certificates of the property have been issued to the property, all land premium, related fees for the grant of the certificate and costs necessary to render the site ready for immediate development have been fully settled.

23. As at the date of valuation, the State-owned Land Use Rights Certificate of the property has not been obtained yet. However, for referencing purpose, we have valued the property on the assumption that all of the valid State-owned Land Use Rights Certificates of the property have been issued to the property, all land premium, related fees for the grant of the certificate and costs necessary to render the site ready for immediate development have been fully settled.

24. As at the date of valuation, the State-owned Land Use Rights Certificate of the property has not been obtained yet. However, for referencing purpose, we have valued the property on the assumption that all of the valid State-owned Land Use Rights Certificates of the property have been issued to the property, all land premium, related fees for the grant of the certificate and costs necessary to render the site ready for immediate development have been fully settled.

25. As at the date of valuation, the State-owned Land Use Rights Certificate of the property has not been obtained yet. However, for referencing purpose, we have valued the property on the assumption that all of the valid State-owned Land Use Rights Certificates of the property have been issued to the property, all land premium, related fees for the grant of the certificate and costs necessary to render the site ready for immediate development have been fully settled.

Greentown China Holdings Limited

Hangzhou Head Office
10/F, Block A, Century Plaza, No. 1 Hangda Road,
Hangzhou, Zhejiang, PRC (Postcode: 310007)
Tel: (86-571) 8898 8888 Fax: (86-571) 8790 1717

Hong Kong Office
Rm 1406-1408, New World Tower 1
16-18 Queen's Road Central, Hong Kong
Tel: (852) 2523 3137 Fax: (852) 2523 6608