GREENTOWN

綠城

Interim Report 2008

二零零八年中期報告

Greentown China Holdings Limited

綠 城 中 國 控 股 有 限 公 司 *

(incorporated in the Cayman Islands with limited liability)

（於開曼群島註冊成立的有限公司）

(Stock Code 股份代號:3900)

* For identification purpose only

* 僅供識別

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

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

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Stock Code

HKEX: 3900.HK

Website

www.greentownchina.com

Financial Highlights

	For the six months ended 30 June	
	2008	2007
	(Unaudited)	(Unaudited)
	Rmb million	*Rmb million*
Financial Performance		
Revenue	**1,765**	2,100
Gross profit	**647**	736
Gross profit margin	**37%**	35%
Profit attributable to the shareholders	**341**	259
Net profit margin	**21%**	13%
Share of profit of associates/jointly controlled entities	**170**	10
Earnings per share – basic (RMB)	**0.22**	0.18
Earnings per share – diluted (RMB)	**0.21**	0.18

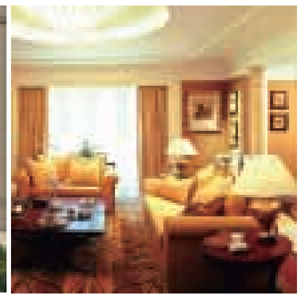
	As at 30 June	As at 31 December
	2008	2007
	(Unaudited)	(Audited)
	Rmb million	*Rmb million*
Financial Position		
Total assets	**40,353**	32,866
Total debt	**14,418**	11,754
Cash and cash equivalents	**2,684**	2,877
Net gearing ratio	**117%**	88%

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, namely, Enterprise Research Institute of the Department Research Center of the State Council, Qinghua University Real Estate Research Center and China Index Institute.

Corporate Profile





Since its establishment 13 years ago, the Company has been based on Zhejiang Province, one of the Mainland China's most economically dynamic and developed provinces, with significant operations in the most prosperous cities in Zhejiang Province 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 the top real estate developer for its comprehensive strengths in Zhejiang Province by Zhejiang Real Estate Association for two consecutive 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 August 2008, the Company owned nearly 20 million sq.m. total saleable GFA (above ground) and GFA held for investment/operation of premium land bank in China, thus ensuring the Company's sustainable and steady development in the next five years. 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 and excellent project development and accumulation of operational capability all provide a sound foundation for the Company's rapid development.

Allocation of Greentown's Land Bank

As of August 31, 2008

Total land bank [1]:

19.88 million sq.m. (gross)

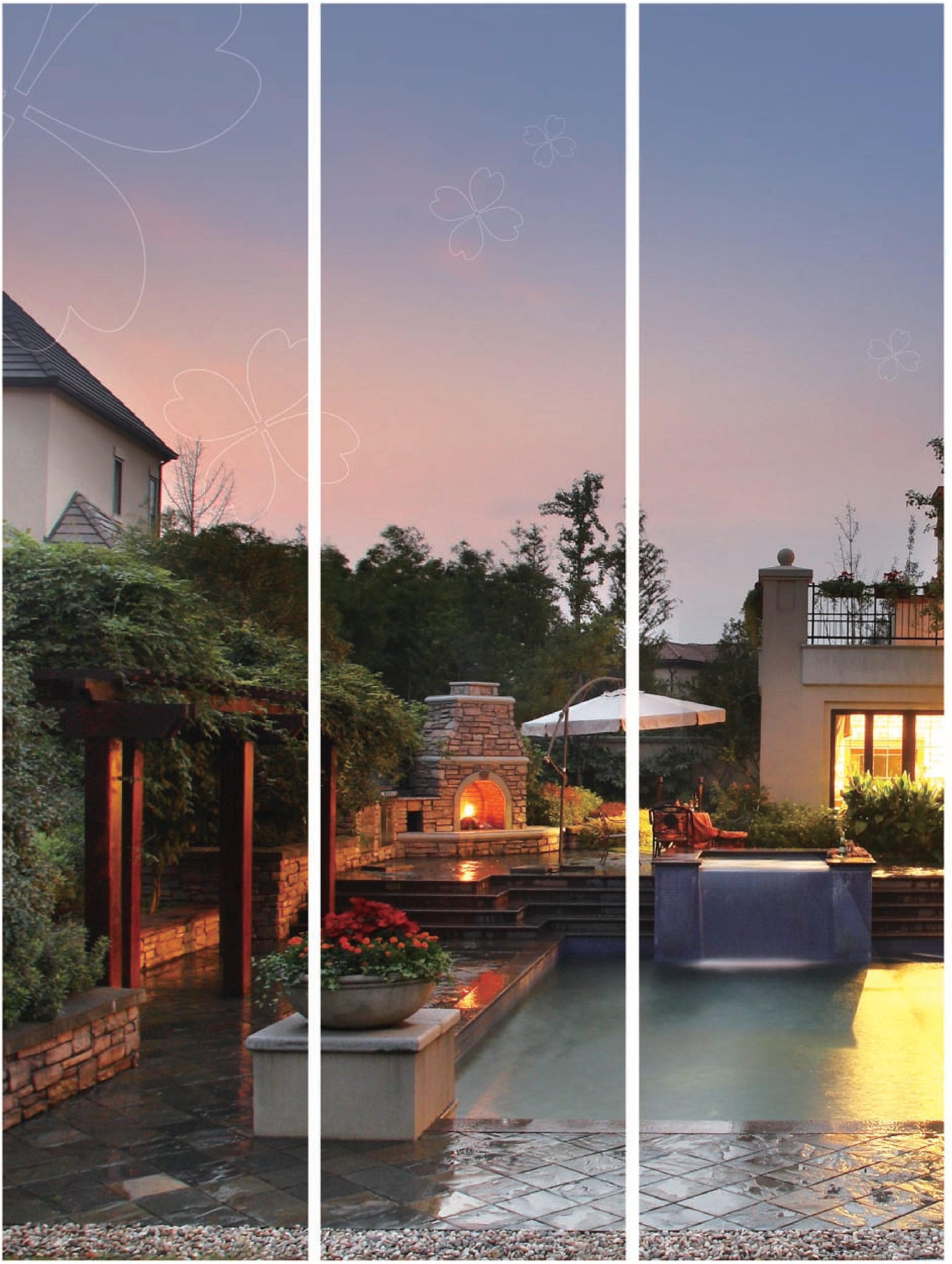
10.43 million sq.m. (attributable)

[1] *Land bank is defined as saleable GFA (above ground) and GFA held for investment/operation*

* *Zhoushan Changzhidao Project GFA is based on plot ratio x site area*

*('000 sq.m.)

Hangzhou	
Total Saleable GFA (above ground)	3,900
Total GFA Held for Investment/Operation	120
Zhejiang (excluding Hangzhou)	
Total Saleable GFA (above ground)	7,455
Total GFA Held for Investment/Operation	552
Shanghai	
Total Saleable GFA (above ground)	388
Jiangsu	
Total Saleable GFA (above ground)	759
Beijing	
Total Saleable GFA (above ground)	470
Total GFA Held for Investment/Operation	7
Qingdao/Jinan	
Total Saleable GFA (above ground)	3,102
Total GFA Held for Investment/Operation	73
Sanya	
Total Saleable GFA (above ground)	1,800
Total GFA Held for Investment/Operation	60
Changsha	
Total Saleable GFA (above ground)	357
Hefei	
Total Saleable GFA (above ground)	314
Zhengzhou	
Total Saleable GFA (above ground)	187
Urumqi	
Total Saleable GFA (above ground)	339



Greentown China Holdings Limited
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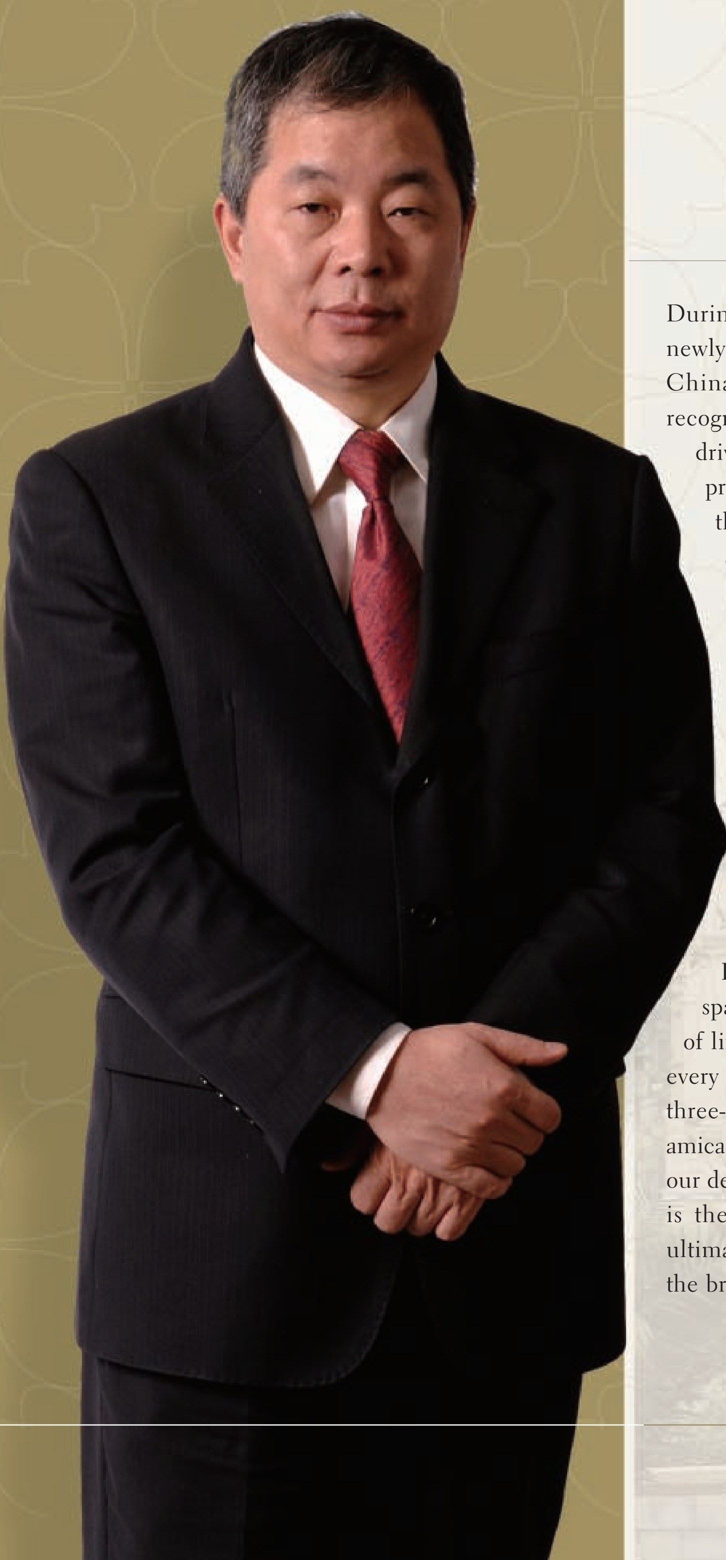
Chairman's Statement



During the first half of this year, the property projects newly launched by the Company in various cities across China achieved satisfactory sales results. The high recognition of the Greentown brand not only serves as a driving force to move ahead, but also poses enormous pressure on us. We take on the challenge by enhancing the quality of our work, so as to pursue "delicacy" and "perfection" in our products to the best extent.

We all know very well that a house is of great significance to its purchaser. Therefore, starting from the very beginning of building a house, we are determined to build a home for family members, relatives and friends. We are not selling houses for just making the money. The houses we built must be of good quality and value, so that our customers can feel the comfort and satisfaction while living in them.

Inside our residential estates, whether it is interior space or the external view, we take it as an extension of life and use our best endeavours to care and protect every single detail. We create our residential estates in a three-dimensional manner just the same as building an amicable society. We will use all possible efforts to translate our dedication into satisfaction of our customers. I think it is the harmony and beauty of residential estate that ultimately constitute the unique value and charisma for the brand of Greentown.

Chairman's Statement

The on-going macro-economic control measures imposed by the State have brought significant changes to the PRC real estate market. There have been different views in the market. Some market segments are filled with pessimistic sentiments. However, we believe that the initial stage of extensive development for the real estate sector will phase out. We must rely on our own competence to facilitate the sound development of the Company. This is the only way to build our Company into a long-lasting enterprise. We believed that the enhancement of product quality and pursuit for improvement in products is the key to gain recognition of our products from the public, market and customers. Such enhancement and improvement are deeply rooted in our internal development.

During the course of our internal development, we first focus on enhancing and upgrading the quality of our staff, whether they are from the design, engineering, sales or marketing professions. Each staff member comprises the most fundamental and important unit of the Company. Only if we can motivate every staff member to persistently perform the highest standard of their work, there will be growth and advancement of the staff as well as the Company. Such advancement cannot be accomplished in a day or two. For Greentown, this is achieved through development and succession for over ten years. It is the hard work, dedication and devotion of thousands of people within Greentown that earned the Greentwon brand name a high status in the market and among the customers. This status provides the resilience against market fluctuation we are facing today in this changing environment and keeps us in full confidence.

Using the metaphor for the growth of an adult, Greentown has just gone through its adolescence. We must withstand temptation and not distracted. We have to insist the proper course of corporate development, uphold our principles, and move ahead steadfastly with strong and stable strides.

Last but not least, I would like to take this opportunity to express my sincere gratitude to the Company's directors, staff and shareholders at large.

SONG Weiping
Chairman
Greentown China Holdings Limited
8 September 2008

Management Discussion & Analysis

Since the fourth quarter of 2007, the expectation and performance of the market was adversely affected by the multiplying effect arising from a number of factors including the PRC austerity measures and economic slowdown within and outside China. Consequently, the real estate industry in China has entered into a prolonged phase of correction. While industry cycles will ultimately result in a more mature and rational market, such cycle will present industry leader who adopts sound business strategy with ample opportunities. During the reporting period, by leveraging on the excellent quality of its own products and services, the Company achieved remarkable sales figures despite the volatile market environment. In the meantime, the Company fully capitalized on its brand premium to strengthen cooperation with its business partners, thereby achieved balance between scale expansion and risk control.

PART I OPERATIONAL AND MANAGEMENT REVIEW FOR THE REPORTING PERIOD

I. Leveraging on the excellent quality of its products and its brand awareness in order to secure market share and achieve remarkable sales figures.

Over the years, the Company has focused wholeheartedly on the development of the "Product Quality Enhancement Strategy". Notwithstanding the volatile conditions prevailing in the market, the Company's strategy demonstrated its ability to mitigate risk and to achieve remarkable pre-sale figures. During the reporting period, the Group (including the associates) confirmed sales contracts worth a total of RMB7.8 billion (including agreements), which was 44% more than in the same period of last year. The attributable value of the Group's sales contracts amounted to RMB5.6 billion, an increase of 41% over the same period of last year. Average selling price was RMB11,600 per sq. m., an increase of 51% over the same period of last year. For the eight months ended 31 August 2008, the Group (including the associates) confirmed sales contracts worth a total of RMB12.2 billion (including agreements), which was 34% more than in the same period of last year. The attributable value of the Group's sales contracts amounted to RMB8.6 billion, an increase of 35% over the same period of last year.

Management Discussion & Analysis

Major projects launched by the Group for sale were well received in the market.

The following table shows the status of major property projects that the Company launched for sale during the reporting period:

No.	Property project	Date when sales were launched	Saleable GFA launched for sale *(sq. m.)*	Percentage of total area sold within 30 days of being offered for sale	Pre-sales rate as of 31 August 2008
1	Hangzhou Lijiang	2008-3-24	37,935	95.9%	97.6%
	Apartment Phase 1	2008-5-10	31,135	75.7%	81.8%
2	Hangzhou Sky Blue Apartment	2008-4-18	38,865	92.9%	94.3%
3	Ningbo Crown Garden	2008-4-18	75,593	98.6%	99.3%
	Phase 1	2008-4-30	52,756	94.5%	97.0%
4	Hangzhou Blue Patio Phase 2	2008-3-22	7,974	76.3%	87.3%
5	Hefei Lily Apartment Phase 2	2008-4-19	22,806	74.6%	96.3%
6	Beijing Lily Apartment Phase 7	2008-3-1	12,097	75.6%	94.5%

The Group continued to achieve excellent sales for its newly launched properties between the end of the reporting period and 31 August 2008.

No.	Property project	Date when sales were launched	Saleable GFA launched for sale *(sq. m.)*	Pre-sales rate as of 31 August 2008
1	Hangzhou Yulan Apartment	2008-7-27	38,476	83.8%
2	Qingdao Ideal City Phase 1	2008-8-2	87,599	65.3%
3	Wenzhou Lucheng Plaza Phase 1	2008-8-1	108,860	51.2%
4	Hangzhou New Green Garden Phase 2	2008-8-21	21,642	57.4%
5	Haining Lily New Town Villa Phase 4	2008-8-12	9,380	81.0%

During the reporting period, with respect to all property projects available for sales, over 60% in area was sold by the Company. The pace of sales was relatively faster than the market's as a whole.

Management Discussion & Analysis

No.	Project category	Saleable GFA as of 1 January 2008 *(sq. m.)*	Saleable GFA launched between January and June 2008 *(sq. m.)*	Saleable GFA sold between January and June 2008 *(sq. m.)*	Pre-sale rate *(%)*
1	Apartments/townhouses	207,745	624,655	536,593	64%
2	Villa	23,404	94,154	57,338	49%
3	Commercial	24,241	15,179	12,732	32%
4	Office	55,662	27,718	40,831	49%
		311,052	761,706	647,494	60%

As at 31 August 2008, the sales rate calculated based on floor area offered for sale by the Group and the projects planned to be completed in 2008 reached 85%. Contracted sales achieved and to be recognised as revenue in the second half of 2008 amount to RMB9.3 billion, of which RMB5.7 billion was attributable to the Group. As such, there is a strong insurance for the Company to achieve its year target full year results.

II. Strengthening execution capabilities, assuring the completion plan for the year to be fully accomplished.

The Group strengthened its monitoring and appraisal measures in the progress of development in each project during this year. The Group also gained satisfactory results in terms of consolidating the planning design, construction, sourcing of construction materials and optimisation of workflows of its various projects. This further enhanced the Group's project management and operational capabilities. The pace of development for each project was assured. In the first half of the year, all projects planned to be completed and delivered were completed as scheduled.

As of today, the progress of other projects to be delivered in the year is smooth. In the meantime, the Company controlled the pace of development according to the actual condition of each project. During the first half of the year, the Group commenced work on new projects with a total GFA of 2.15 million sq. m., an increase of 104% over the same period of the previous year (a total of 1.24 million sq. m. was attributable to the Company, representing an increase of 96% over the same period of the previous year). As of 30 June 2008, the Group had 48 projects under construction, with a total GFA of 7.00 million sq. m., an increase of 105% over the same period of the previous year.

During the reporting period, the delivery of each completed project was as follows:

No.	Project	Phases	Total GFA (sq. m.)	Saleable GFA (sq. m.)	Interests attributable to the Company
1	Taohuayuan South	Phase 1C	34,800	22,910	51.0%
2	Taohuayuan South	Phase 1D2	4,500	4,500	51.0%
3	Zhoushan Rose Garden	All	6,786	4,148	100.0%
4	Shanghai Rose Garden	Phase 1	31,591	19,364	100.0%
5	Beijing Lily Apartment	Phase 5	42,293	35,379	80.0%
6	Hefei Sweet Osmanthus	Phase 4	56,947	45,390	90.0%
7	Hefei Lily Apartment	Phase 1	2,273	2,273	54.0%
8	Changsha Sweet Osmanthus Town	Phase 3	46,129	36,093	51.0%
9	Hangzhou Jade City	Phase 2	32,902	20,945	45.0%
10	Haining Lily New Town	Multi-storey, Phase 4	65,736	40,882	50.0%
11	Haining Lily New Town	Villa, Phase 2	30,313	30,087	50.0%
12	Deqing Sweet Osmanthus Town	Phase 1	45,360	33,972	46.6%
13	Shanghai East Sea Plaza	Phase 1	81,247	80,505	49.0%
14	Nantong Hupanju	Phase 1	34,272	33,430	50.0%
			515,149	409,878	

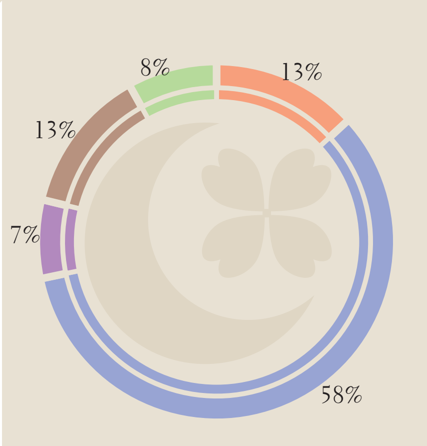
III. Strengthening the cooperation strategy to increase quality land bank and to control financial risk.

During this year, by capturing the favourable opportunities arising from the land market, the Company fully leveraged on its brand premium and the funding from cooperation entities to acquire quality land banks in Hangzhou, Ningbo and Sanya, where there exists substantial potential for development. This strategy also allowed the Company to effectively control its financial risk.

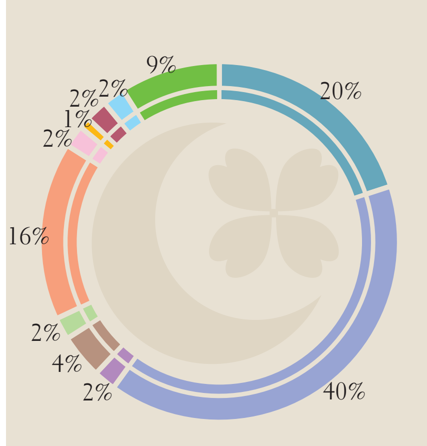
As at the end of August 2008, the Company newly acquired 11 new projects with a total GFA of 3.83 million sq. m. (according to the plot-ratio), of which 1.97 million sq. m. was attributable to the Company. The Company's land bank had an accumulated total GFA of 26.27 million sq. m., of which 16.02 million sq. m. was attributable to the Company and based on the total saleable above ground GFA amounted to 19.88 million sq. m. (including the properties held for operation and investment). The land bank attributable to the Company's interests had a total area of 10.43 million sq. m., with an average land cost in floor area of approximately RMB2,000 per sq. m.

Management Discussion & Analysis

Land bank Analysis (total saleable GFA above ground) by Product Type



Land bank Analysis (total saleable GFA above ground) by Region



* As of 31 August 2008

An analysis of major projects undertaken as of 31 August 2008 is as follows:

No.	New projects	GFA (based on plot ratio) *(sq. m.)*	Strategic partner	Interest attributable to the Company	Percentage of the total capital cost invested by the Company
1	Beijing Nanshatan Project	81,944	Zhoushan Rongxin Land	50%	9% *(Note 1)*
2	Ningbo Xiangshan Project	143,222	Zhoushan Rongxin Land	50%	9% *(Note 1)*
3	Hangzhou Jiangcun Lot no. 1-2	196,931	Zhejiang Daily Newspaper Group	50%	36.2% *(Note 2)*
4	Hangzhou Jiangcun Lot no. 7	128,086	Zhejiang Energy Group	49%	49% *(Note 3)*
5	Hangzhou Jiangcun Lot no. 10 *(Note 4)*	162,922	Zhejiang Railway Investment	50%	30%
6	Hainan Lingshui Project *(Note 4)*	2,333,935	Hangzhou Gaodi Zhiye	51%	51%
7	Yuhang Linping Lot No. 2008-15 *(Note 4)*	242,996	–	100%	100%
8	Ningbo Cixi Project *(Note 4)*	158,585	Zhongqing Tourism Holdings Company Limited	49%	30%

Management Discussion & Analysis

Notes:

1. The Company and the strategic partner contributed RMB100 million respectively to set up an investment company. The projects are 100% held by the investment company, and the strategic partner contributed RMB900 million, which was used to settle the land payment of the two projects.

2. The Company contributed RMB10 million and the strategic partner contributed RMB590 million, with the remaining RMB1,500 million financed by an associate in which each party owns 50%.

3. The Company contributed RMB95 million to finance the land premium payable in 2008 out of a total of RMB634 million. The land premium of RMB423 million payable in the first quarter of 2009 will be financed by the Company.

4. Projects 5-8 were acquired after 30 June 2008.

IV. The continuous strengthening of the Company's internal management structure and quality control have enhanced and guaranteed its overall capability in terms of the quality and efficiency of its operations.

The basic fundamentals of the Company's development are: consolidation of corporate culture, improvement of its human resources platform, optimisation of its management processes, and enhancement of the quality of its work. Over the years, it has further finalised the unification of its corporate culture, placed greater emphasis on the enhancement of the quality of staff for succession planning, and allocated resources for the establishment of systems to train new staff, professional employees and key junior managers. A talent development scheme has also been designed to expand and improve the human resources team. This is built around functional systems and specific objectives corresponding to various levels of management.

At the same time, the Group pursued a three-tier management mechanism consisting of "Group Company – Governance by Executive Director – Project Company". The responsibilities of each level of management were more clearly defined. Management processes were optimised to make them more effective and efficient. A separate committee and working group for project appraisals were established. The implementation of project plans was monitored at every step. This has helped to guide project companies in studying issues and coming up with solutions, and it has produced practical benefits in terms of the timely completion of the projects concerned.

More importantly, the Company took further steps to implement its "Product Quality Enhancement Strategy" during the first half of 2008. Seminars, field trips and exchange programmes were arranged for its engineering professionals. A rationalised organisational structure for landscape design and construction management was established. More efforts were made to improve landscape design and its management. The Company also conducted special researches on topics like reorganising the development of high-rise apartments, townhouses and villas. The luxurious decor of the Company's products was widely noticed and well received in the market, which further solidified the Group's competitive advantages. In the meantime, the "Premium Community Service System" was implemented in the Company comprehensively. This system organized premium resources in the community, and provided one-stop services of living, health and education to the residents. This added value and competitiveness to Greentown's products.

Management Discussion & Analysis

PART II FUTURE OUTLOOK AND STRATEGIC PLANS

The Company continues to believe strongly that with the sustainability of the nation's economy in the long-term, the continued acceleration of the trend towards urbanisation and the growing desire of urban residents (including rural residents who have moved to urban areas) to improve their living conditions, there is no fundamental change providing both in the future development of China's real estate industry. The adjustments in the market at present is cyclical in nature, which can be regarded as tests for real estate enterprises in terms of operation and management, product quality and financing capabilities. It can also be regarded as beneficial to the sound, rational and sustainable development of the industry in the long-term, providing both challenges and opportunities for the industry and its players.

Hence, the Company intends to face this round of adjustment in the market with a proactive and rational attitude. Greentown will be well prepared to the relatively long-term adjustment in the market, and will persist to undertake a number of fundamental management tasks in a capable manner, namely enhancing its efficiency, improving its quality, and accelerating the progress of its projects. It will meet the various performance indicators as planned. This will lay solid foundations for it to achieve great leaps forward in its future development.

The Company will make it a priority to successfully carry out the following tasks during the second half of the year:

I. Exercising ongoing control over sales activities, enhancing the quality of its products, services and improving sales performance.

The Company will conduct greater market research to drive the sales of its projects. Employees working on projects which sales will commence during the second half of the year must be clear about the core value of target customers as this will help them to build up their customer base to formulate the right sales and promotional activities. They must also make extra efforts to enhance the effectiveness and quality of their work in order to attract potential buyers. A rational approach must be adopted to select the right time to launch sales, and projects must be accurately priced in order to speed up their pace of sales. The Company aims to achieve the Company's sales target of RMB20 billion this year.

II. Strengthening project management and controlling the pace of development.

The numerous issues and conflicts that can arise in the course of a project's development need to be investigated in depth and resolved quickly. This will make it possible to complete it in a timely manner. The Company's professional capabilities will be enhanced. The progress of its design work will be accelerated. Communication and coordination with government departments will be strengthened. Where possible, proposals to resolve issues that may arise during preliminary work will be prepared in advance. This will ensure that construction permits can be obtained promptly and prevent hold ups in the commencement of construction work. The periods of time required to complete the different phases of a project's construction will be planned in reverse chronological order to ensure that adequate time is allowed for it to be delivered on schedule and to the required quality standards. In the latter half of 2008, it is scheduled to commence work on the construction of new projects with a total GFA of 2.84 million sq. m.. Floor area offered for sale from projects completed will amount to 1.29 million sq. m.. The Group will have projects under construction of 8.15 million square meter at the end of the year.

III. Taking practical steps to improve cash-flow management, and proceeding with exploratory work on potential new projects in a prudent manner.

By fully capitalizing the good reputation enjoyed by the Company with various major banks, more innovative financing methods will be adopted, and financing channels will be expanded. More efforts will be devoted to estimating pre-sales proceeds. Control and planning mechanisms for project funding will be improved. Expense and cost audits will be strengthened in order to control project costs in a more stringent manner.

On the basis of ensuring sufficient cash flow and sound risk control for the Company, the Company will take advantage of the market adjustment in potential mergers and acquisitions. It will continue to build up its quality land bank in a rational way that will pave the way for opportunities and sustained development in the future.

IV. Finalising the unification of corporate culture and consolidating the foundations of good corporate governance.

The Company will place more emphasis on unifying its corporate culture. Its corporate culture will be closely aligned with the requirements of the Company. It will also aim at satisfying all the practical aspects of the work being carried out at every level and across every function of the Company.

The Company will further strengthen its human resources. In line with its slogan of "turning Greentown into an academy", it will discover, develop and respect the talents of its people. This will also become the dominant theme of its future development and a major factor and driving force behind its progress. Talented middle and senior-level managers will be provided with training programmes. Professional certification activities will be arranged for project general managers, as well as engineering and sales managers. Efforts to nurture talent for succession planning will be stepped up, and suitable candidates will be selected at appropriate times. In the meantime, the Company will refine and finalize the incentive schemes for its operation teams according to the decision of the Company's Board.

The three-tier management system will be further perfected as a means of strengthening the creation of the corporate culture. Management control procedures and workflow systems will be adjusted and optimised in accordance with approval and authorisation requirements determined by the Group's three tiers of management. This will enhance the efficiency of its management.

V. In-depth implementation of the "Centurion Product Quality Enhancement Strategy", and continuous improvement in product quality.

Greentown has stated its commitment to continuous quality improvement and the implementation of the "Centurion Product Quality Enhancement Strategy". This is the theme for the Company's development, and is also the most powerful way to mitigate market risk as well as to pave the way to a genuinely excellent enterprise. To prepare for the consistent implementation of the "Product Quality Enhancement Strategy", standards will be determined and product-innovation efforts will be increased. Research activities and the application of the four new technologies will be stepped up. The results of the Company's studies of innovations and the redesign of products such as high-rise apartments will be studied as soon as possible, and their application and promotion in project developments will be strengthened. The integration of premium resources into planning design, construction, luxury decorations and material sourcing will be accelerated. Standardised grading mechanisms and supplier appraisal systems will be perfected. The Company will expand the scope of its strategic partnerships in order to ensure consistent quality of the construction of its projects.

Management Discussion & Analysis

PART III FINANCIAL ANALYSIS

Revenue

Revenue (net of business tax) is primarily derived from sales of properties, hotel operations, and sales of construction materials. For the six months ended 30 June 2008, revenue was RMB1,765 million, whereas revenue for the same period in 2007 was RMB2,100 million. The revenue from property sales represented 98.2% of the total revenue. The revenue from property sales decreased by 16.7% to RMB1,733 million from RMB2,081 million for the same period in 2007. The GFA of sales recognized in the accounts amounted to 197,295 sq. m., a decrease of 28.7% from 276,888 sq. m. for the same period in 2007. However, the average selling price of its units achieved an increase of 16.9% to RMB8,784 from RMB7,514 for the same period in 2007.

Property sales in 2008 were mainly derived from projects in Hangzhou, Shanghai and Hunan. Sales derived from projects in Hangzhou accounted for 39.9% of the total property sales and 19.0% of the total area sold. The property sales were mainly derived from Taohuayuan South project, representing 37.5% of the total property sales. The average selling price per sq. m. of projects in Hangzhou was RMB18,461, which was higher than the overall average price. Sales derived from projects in Shanghai accounted for 21.2% of the total property sales and 9.7% of the total area sold. The property sales were mainly derived from Shanghai Rose Garden project. Its average selling price per sq. m. amounted to RMB21,144 and was the highest among all projects. The property sales derived from projects in Hunan were mainly derived from Changsha Sweet Osmanthus Town and Changsha Green Bamboo Garden, which accounted for 19.6% of the total property sales and 30.2% of the total area sold. The area sold ranked first among all cities.

Cost of sales and gross profit margin

Cost of sales comprised land premium, preliminary expenses, construction costs, costs for public facilities and utilities, interests capitalized and fee for managing development. The cost of sales per sq. m. increased by 14.9% to RMB5,593 from RMB4,866 over the same period in 2007, which was mainly attributable to higher cost arising from more villas delivered during the period. Gross profit margin from property sales increased from 35.3% for the first half of 2007 to 36.3% for the period.

Other income

Other income included interest income, foreign exchange gain and government subsidy etc. Other income of RMB297 million was recorded during the period, representing an increase of 167.6% from RMB111 million for the same period of 2007. During the first half of 2008, the successive appreciation in Renminbi amounted to approximately 6%. The senior notes issued in 2006 denominated in US dollar generated substantial exchange gain. At the same time, a slight foreign exchange loss was incurred in the deposits denominated in foreign currency. After setting off with exchange gain from Renminbi appreciation, a net exchange gain of RMB201 million was resulted. With the placing of shares and the issue of convertible bonds denominated in Renminbi during the first half of 2007 being conducted one after the other, the substantial amount of foreign currency deposits temporarily being idle generated an exchange loss. The exchange gain generated from the senior notes issued in 2006 denominated in US dollar was less than sufficient to offset such loss. Hence, a net exchange loss of RMB5 million was resulted. Interests income was RMB82 million, which was almost the same as the interests income of RMB79 million for the first half of 2007.

Management Discussion & Analysis

Selling and administrative expenses

Selling and administrative expenses increased by RMB117 million or 53.9% to RMB334 million, and its percentage to total pre-sales amount decreased from 10.7% in 2007 to 5.9% for the period. If calculated separately, administrative expense increased by 57.5% to RMB211 million from RMB134 million in the same period in 2007. Human resource cost was the single largest item under administrative expense, representing 38.5% to the total administrative expense, almost the same as 38.1% for the same period in 2007. However the amount increased by 58.8% to RMB81 million from RMB51 million for the same period in 2007. The increase was related to the increase in the number of property projects, strengthening of human resource bank, and overall salary increment for staff. Depreciation under administrative expenses increased by 190.9% to RMB32 million for the period from RMB11 million for the same period in 2007. Depreciation accrued on the fixed assets with respect to Zhoushan Sheraton Hotel and Hangzhou Rose Garden Hotel newly added in the period amounted to RMB12 million. Selling expense increased by 48.2% to RMB123 million from RMB83 million for the first half of 2007. It represented 2.2% of the property pre-sale amount of our subsidiaries for the first half of 2008, which was almost the same as the same period in 2007. The biggest increase was human resource cost for sales-related staff. With the increase in number of projects, there was a corresponding increase in the number of sales staff. The increase in sales amount also directly resulted in the increase in human resource cost. Therefore the human resource cost for the period amounted to RMB33 million, an increase of 200% from the same period in 2007.

Finance costs

Interest expenses charged to the consolidated income statement for the year increased by 210.1% to RMB245 million from RMB79 million for the first half of 2007. Total interest expenses increased by 89.2% to RMB647 million from RMB342 million for the first half of 2007. The reasons for the increase were additions in the number of projects, an increase in average debt amounts and average interest rate of bank loans increased from 6.2% for the first half of 2007 to 7.7% for the period. RMB402 million of such interest expenses was capitalized and the capitalization rate was 62.1%. For the first half of 2007, RMB263 million of such interest expenses was capitalized and the capitalization rate was 76.9%. The decrease in the capitalization rate was attributable to a greater number of new projects acquired between 2007 and the first half of 2008 that did not yet commence construction.

Share of profit of associates and jointly controlled entities

The share of profit of associates and jointly controlled entities was RMB170 million for the period, which was increased by RMB160 million from a profit of RMB10 million for the first half of 2007. The GFA sold increased by 116.1% to 234,000 sq. m. from 108,279 sq. m. for the same period in 2007. The contracted sales amount was RMB2,751 million, an increase of 544.3% from RMB427 million for the same period in 2007. The average selling price per sq. m. increased to RMB11,756 for the first half of 2008 from RMB3,945 for the same period in 2007. In the meantime, gross profit margin from sales increased from 23.6% for the first half of 2007 to 27.6% for the period. Shanghai East Sea Plaza Phase 1 delivered as a whole successfully, which directly contributed RMB173 million to the profit for the period. The reason was that the type of the project was office, for which the selling price per sq. m. amounted to RMB23,459 directly resulted in the rapid increase in the selling price per sq. m. achieved by the associates and jointly controlled entities for the period. The growth in the gross profit margin of the associates and jointly controlled entities for the period was primarily attributable to the growth in gross profit margin of Haining Lily New City. Since Haining Lily New City was available for sale in the market earlier, the advantage enjoyed by the brand of Greentown in its property projects was fully reflected locally. Hence, the selling price has increased gradually year after year. The selling price per sq. m. for the period was RMB6,169, an increase of 49.6% from the selling price per sq. m. of RMB4,123 for the same period in 2007. In the meantime, the gross profit margin also increased from 32.8% for the first half of 2007 to 41.6% for the period.

Management Discussion & Analysis

Taxation charges

Taxation for the first half of 2008 included land appreciation tax of RMB119 million and enterprise income tax of RMB71 million. Land appreciation tax accounted for 6.9% of revenue from property sales, which was similar to 6.3% for the same period in 2007. Effective tax rate for enterprise income tax was 28.5% (after eliminating share of profit of associates and jointly controlled entities and gain from revaluation of convertible bonds). Certain deferred tax charges not taken into account on subsidiaries not yet commencing pre-sale and certain non-deductible expenses resulted in the difference between the effective tax rate and the standard tax rate of 25%.

Earnings for the period and profit attributable to the equity holders

Earnings for the period increased by 40.1% to RMB370 million with a net profit margin of 20.9%. Earnings for the first half of 2007 was RMB264 million with a net profit margin of 12.6%. If the gains from revaluation of properties and convertible bonds were excluded, earnings for the period was RMB346 million with a net profit margin of 19.6%. Corresponding earnings for the first half of 2007 was RMB300 million with a net profit margin of 14.3%.

The profit attributable to the equity holders of the Group was RMB341 million, an increase of 31.7% from RMB259 million for the first half of 2007.

Basic and diluted earnings per share were RMB0.22 and RMB0.21 respectively. Return on equity was 4.2%.

Pre-sale deposits

As at 30 June 2008, the balance of pre-sale deposits of the subsidiaries was RMB7,084 million, an increase of 97.7% from RMB3,583 million as at 31 December 2007. The balance of pre-sale deposits of associates and jointly controlled entities was RMB6,640 million (31 December 2007: RMB6,603 million).

Financial Resources and Liquidity

As at 30 June 2008, the Group's cash amounted to RMB2,860 million (31 December 2007: RMB3,383 million) with total borrowings of RMB14,418 million (31 December 2007: RMB11,754 million). Gearing ratio, measured by net debt over equity, increased from 88.2% as at 31 December 2007 to 116.7% as at 30 June 2008.

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 was exposed to foreign exchange risks. However, the Group's operating cash flow or liquidity was subject to any exchange rate fluctuations. The Group did not enter into any foreign exchange hedging arrangements as at 30 June 2008.

Pledge of Assets

As at 30 June 2008, the Group had pledged buildings, construction in progress, properties for development, properties under development, hotel buildings, prepaid lease payment, completed properties for sale and bank deposits with an aggregate carrying amount of approximately RMB8,692 million (31 December 2007: RMB7,004 million) to secure general credit facilities granted to the Group.

Financial Guarantees

As at 30 June 2008, the Group provided guarantees of approximately RMB3,746 million (31 December 2007: RMB1,989 million) to banks in favor 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.

Management Discussion & Analysis

Capital Commitments

As at 30 June 2008, the Group has contracted capital expenditure in respect of properties for development, properties under development and construction in progress but not provided for amounted to RMB6,886 million (31 December 2007: RMB5,815 million).

Employees

As at 30 June 2008, the Group employed a total of 2,366 employees. Employees were remunerated on the basis of their performance, experience and prevailing industry practices. The Group's remuneration policies and packages were reviewed on a regular basis. As an incentive for the employees, bonuses and cash awards may also be given to employees based on individual performance evaluation.

Directors' Interests and Short Positions in Shares

As at 30 June 2008, the interests and short positions of the directors or chief executives in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Mode Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

Name of Director	Personal interests	Family interests	Corporate interests	Other interests	Total	Approximate shareholding percentage in the Company
Mr. Song Weiping	–	68,859,000(L) [1]	492,124,000(L) [1]	–	560,983,000(L)	36.49%
			36,000,000(S) [1]	–	36,000,000(S)	2.34%
Mr. Shou Bainian	–	–	384,490,500(L) [2]	–	384,490,500(L)	25.00%
			25,000,000(S) [2]		25,000,000(S)	1.63%

Notes:

(1) Included interest in 492,124,000(L) shares and 36,000,000(S) shares held via a controlled corporation, Delta House Limited and deemed interest in 68,859,000(L) 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, Profitwise Limited.

(3) The letter "L" denotes a long position. The letter "S" denotes a short position.

Save as disclosed above, as at 30 June 2008, none of the directors or chief executives of the Company had registered any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Management Discussion & Analysis

Substantial Shareholders' Interests and Short Positions in Shares

As at 30 June 2008, the interests or short positions of every person, other than the directors or chief executives of the Company, in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Name	Number of Ordinary Shares held	Nature of Interest	Percentage of shareholding in the Company
Mrs. Xia Yibo	560,983,000(L)(1)	Interest of a controlled corporation and interest of spouse	36.49%
	36,000,000(S)(1)	Interest of spouse	2.34%
Delta House Limited	492,124,000(L)(2)	Beneficial owner	32.01%
	36,000,000(S)(2)	Beneficial owner	2.34%
Profitwise Limited	384,490,500(L)(3)	Beneficial owner	25.00%
	25,000,000(S)(3)	Beneficial owner	1.63%
UBS AG	112,734,756(L)(4)	Beneficial owner	7.33%
	7,356,260(L)(4)	Person having a security interest in shares	0.48%
	1,307,242(L)(4)	Interest of controlled corporations	0.09%
	38,213,038(S)(4)	Beneficial owner	2.49%
Lehman Brothers Holdings Inc.	114,118,242(L)(5)	Interest of controlled corporations	7.42%
	38,462,275(S)(5)	Interest of controlled corporations	2.50%
JPMorgan Chase & Co.	31,278,260(L)(6)	Interest of controlled corporations	2.03%
J.P. Morgan Securities Ltd.	31,037,760(L)(6)	Beneficial owner	2.02%
Warburg Pincus & Co.	70,000,000(L)(7)	Interest of controlled corporations	4.55%
Warburg Pincus Private Equity IX, L.P.	70,000,000(L)(7)	Beneficial owner	4.55%

Management Discussion & Analysis

Notes:

(1) Mrs. Xia Yibo held interest in 68,859,000(L) shares via Wisearn Limited, and deemed interest in 492,124,000(L) shares and 36,000,000(S) shares held by Delta House Limited, a controlled corporation owned by her spouse, Mr. Song Weiping.

(2) 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.

(3) 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.

(4) UBS AG held interest in a total of 1,307,242(L) shares in the company by virtue of its 100% control over the following corporations, which held direct interests in the company:

Name of Controlled Corporations	No. of Shares (L)
UBS Global Asset Management Life Ltd.	85,000
UBS Global Asset Management (UK) Limited	1,222,242

Among the entire Interest of UBS AG in the company, 74,239,356(L) shares and 38,213,038(S) shares were held through derivatives as follows:

- 57,639,356(L) shares and 14,408,693(S) shares through physically settled derivatives (on exchange)
- 16,600,000(L) shares and 16,600,000(S) shares through physically settled derivatives (off exchange)
- 7,204,345(S) shares through cash settled derivatives (on exchange)

(5) Lehman Brothers Holdings Inc. held interest in a total of 114,118,242(L) shares and 38,462,275(S) shares in the company by virtue of its control over the following corporations, which held direct interests in the company:

- Lehman Brothers Commercial Corporation Asia Limited held 13,855,436(L) shares in the company. Lehman Brothers Commercial Corporation Asia Limited was 50% owned by LBCCA Holdings I LLC and 50% owned by LBCCA Holdings II LLC. LBCCA Holdings I LLC and LBCCA Holdings II LLC were respectively wholly owned by Lehman Brothers Holdings Inc..
- Lehman Brothers International (Europe) held 40,188,248(L) shares and 32,405,700(S) shares in the company. Lehman Brothers International (Europe) was wholly owned by Lehman Brothers Holding Inc..
- Lehman Brothers Inc. held 2,207,575(L) shares and 2,207,575(S) shares in the company. Lehman Brothers Inc. was wholly owned by Lehman Brothers Holdings Inc.
- Lehman Brothers Finance S.A. held 57,866,983(L) shares and 3,849,000(S) shares in the company. Lehman Brothers Finance S.A. was wholly owned by Lehman Brothers Holdings Inc.

Management Discussion & Analysis

Among the entire interest of Lehman Brothers Holdings Ltd. in the company, 41,565,984(L) shares and 3,849,000(S) shares were held through derivatives as follows:

- 41,565,984(L) shares through physically settled derivatives (off exchange)
- 249,000(S) shares through physically settled derivatives (off exchange)
- 3,600,000(S) shares through cash settled derivatives (off exchange)

(6) JPMorgan Chase & Co. held interest in a total of 31,278,260(L) shares in which 31,037,760(L) shares were held by J.P. Morgan Securities Ltd., its indirectly owned subsidiary and 510,500 (lending pool) shares were held by JPMorgan Chase Bank, N.A., its wholly owned subsidiary.

- J.P. Morgan Securities Ltd. held 31,037,760(L) shares in the company. J.P. Morgan Securities Ltd. was owned as to 98.95% by J.P. Morgan Chase International Holdings Limited, which in turn was wholly owned by J.P. Morgan Chase (UK) Holdings Limited. J.P.Morgan Chase (UK) Holdings Limited was wholly owned by J.P.Morgan Capital Holdings Limited which was in turn 72.72% owned by J.P.Morgan International Finance Limited. J.P.Morgan International Finance Limited was wholly owned by Bank One International Holdings Corporation which was an indirect wholly owned subsidiary of JPMorgan Chase & Co. through J.P.Morgan International Inc. and JPMorgan Chase Bank, N.A.

(7) Warburg Pincus Private Equity IX, L.P. was wholly owned by Warburg Pincus IX LLC which in turn was wholly owned by Warburg Pincus Partners LLC which was then wholly owned by Warburg Pincus & Co..

(8) The letter “L” denotes a long position. The letter “S” denotes a short position.

Save as disclosed above, as at 30 June 2008, no person, other than the directors or chief executives of the Company whose interests are set out in the section headed “Directors’ Interests and Short Positions in shares” above, had registered any interest or short position in the shares and underlying shares of the Company that was required to be recorded pursuant to section 336 of the SFO.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 June 2008.

Management Discussion & Analysis

Share Option Scheme

The Company adopted a share option scheme (the "Scheme") on 22 June 2006. Unless otherwise cancelled or amended, the Scheme shall be valid and effective for a period of 10 years commencing on the date of adoption, after which period no further option shall be granted.

The purpose of the Scheme is to provide incentive and/or reward to the Eligible Persons (as defined below) for their contribution to the Company and their continuing efforts to promote the Company's interests. Under the Scheme, the Board of the Company may in its absolute discretion select to make an offer to any directors or employees of the Group and any other person (including a consultant or advisor) who in the sole discretion of the Board has contributed or will contribute to the Group (the "Eligible Persons") to subscribe for options for such number of shares as the Board may determine at the price calculated in accordance with the higher of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; (ii) the average of the closing prices of the shares as stated in the Stock Exchange's daily quotation sheet for the five business days immediately preceding the date of grant; and (iii) the nominal value of a share. For (i) and (ii) above, the date of grant shall be taken to be the date of the Board meeting at which the grant is proposed.

No share options of the Company have been granted under the Scheme since its adoption.

Corporate Governance

In the opinion of the directors, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange (the "Listing Rules") throughout the first half of 2008.

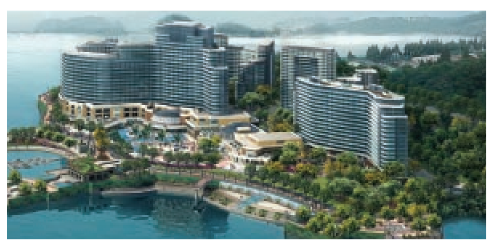
Model Code for Securities Transactions

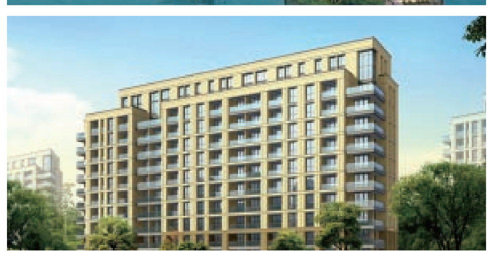
The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its code of conduct for dealings in securities of the Company by the directors. The Company has made specific enquiry of all directors of the Company and all directors confirmed that they have complied with the required standard set out in the Model Code throughout the first half of 2008.

Audit Committee

The Audit Committee has reviewed the Group's unaudited interim financial statements and the interim report for the first half of 2008. The Audit Committee comprises all of the five independent non-executive directors, namely Mr. Tsui Yiu Wa, Alec (the Chairman of the Audit Committee), Mr. Jia Shenghua, Mr. Jiang Wei, Mr. Sze Tsai Ping, Michael and Mr. Tang Shiding.

Greentown China Holdings Limited
Interim Report 2008





Report on Review of Interim Financial Information

Deloitte.
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To the Board of Directors of Greentown China Holdings Limited
(incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 31 to 52, which comprises the condensed consolidated balance sheet of Greentown China Holdings Limited as of 30 June 2008 and the related condensed consolidated income statement, statement of changes in equity and cash flow statement for the six-month period then ended and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard ("IAS") 34 "Interim Financial Reporting" issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

8 September 2008

Condensed Consolidated Income Statement

For the six months ended 30 June 2008

	Notes	Six months ended 30 June 2008 Rmb'000 (Unaudited)	2007 Rmb'000 (Unaudited)
Revenue	3	**1,765,161**	2,100,239
Cost of sales		**(1,118,113)**	(1,363,741)
Gross profit		**647,048**	736,498
Other income	4	**296,566**	111,108
Selling expenses		**(123,562)**	(82,903)
Administrative expenses		**(210,742)**	(134,355)
Finance costs	5	**(244,615)**	(78,927)
Fair value gain on transfer from completed properties for sale to investment property		**–**	16,658
Fair value changes on embedded financial derivatives		**24,153**	(52,480)
Net gain on partial disposal of subsidiaries		**502**	–
Share of results of jointly controlled entities		**(4,475)**	16,745
Share of results of associates		**174,524**	(6,637)
Profit before taxation	6	**559,399**	525,707
Taxation	7	**(189,675)**	(261,781)
Profit for the period		**369,724**	263,926
Attributable to:			
Equity holders of the Company		**340,999**	258,891
Minority interests		**28,725**	5,035
		369,724	263,926
Dividends	8	**438,283**	490,170
Earnings per share	9		
Basic		**Rmb0.22**	Rmb0.18
Diluted		**Rmb0.21**	Rmb0.18

Condensed Consolidated Balance Sheet

At 30 June 2008

	Notes	As at 30 June 2008 Rmb'000 (Unaudited)	As at 31 December 2007 Rmb'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	10	1,216,975	1,154,844
Investment property		26,052	26,052
Interests in associates		1,439,823	955,621
Interests in jointly controlled entities		299,445	193,644
Available-for-sale investments		8,500	1,000
Prepaid lease payment		33,922	34,413
Rental paid in advance		13,140	13,312
Deferred tax assets		199,575	163,491
		3,237,432	2,542,377
CURRENT ASSETS			
Properties for development	11	12,580,155	10,293,210
Properties under development	12	14,793,434	11,094,981
Completed properties for sale		1,299,021	1,127,401
Inventories		14,033	5,139
Embedded financial derivatives		2,065	17,378
Trade and other receivables, deposits and prepayments	13	897,231	2,260,651
Amounts due from related parties		3,886,405	1,772,763
Income taxes recoverable		398,735	166,996
Other taxes recoverable		384,393	201,742
Pledged bank deposits	20	176,420	506,282
Bank balances and cash		2,683,657	2,876,925
		37,115,549	30,323,468
CURRENT LIABILITIES			
Trade and other payables	14	2,414,934	1,913,882
Pre-sale deposits	15	7,084,220	3,583,055
Amounts due to related parties		5,122,624	4,865,677
Dividend payable		1,367	1,367
Income taxes payable		1,054,194	912,301
Other taxes payable		234,179	197,794
Embedded financial derivatives		20,214	61,622
Bank and other borrowings – due within one year	16	2,855,940	2,436,272
		18,787,672	13,971,970

Condensed Consolidated Balance Sheet

At 30 June 2008

	Notes	As at 30 June 2008 Rmb'000 (Unaudited)	As at 31 December 2007 Rmb'000 (Audited)
NET CURRENT ASSETS		**18,327,877**	16,351,498
TOTAL ASSETS LESS CURRENT LIABILITIES		**21,565,309**	18,893,875
NON-CURRENT LIABILITIES			
Bank and other borrowings – due after one year	*16*	**6,740,562**	4,368,130
Convertible bonds		**2,113,747**	2,069,821
Senior notes		**2,707,498**	2,879,761
Deferred tax liabilities		**99,742**	89,661
		11,661,549	9,407,373
		9,903,760	9,486,502
CAPITAL AND RESERVES			
Share capital	*17*	**157,395**	157,395
Reserves		**7,852,789**	7,950,073
Equity attributable to equity holders of the Company		**8,010,184**	8,107,468
Minority interests		**1,893,576**	1,379,034
		9,903,760	9,486,502

The condensed consolidated financial statements on pages 31 to 52 were approved and authorised for issue by the Board of Directors on 8 September 2008 and are signed on its behalf by:

Shou Bainian
DIRECTOR

Chen Shunhua
DIRECTOR

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2008

	Attributable to equity holders of the Company								
	Share capital Rmb'000	Share premium Rmb'000	Special reserve Rmb'000	Statutory reserve Rmb'000 (Note i)	Conversion option reserve Rmb'000	Retained earnings Rmb'000	Subtotal Rmb'000	Minority interests Rmb'000	Total Rmb'000
At 1 January 2007 (audited)	138,690	2,800,030	(551)	147,941	–	1,287,663	4,373,773	364,861	4,738,634
Profit for the period	–	–	–	–	–	258,891	258,891	5,035	263,926
Total recognised income and expenses for the period	–	–	–	–	–	258,891	258,891	5,035	263,926
Dividends *(Note 8)*	–	–	–	–	–	(490,170)	(490,170)	–	(490,170)
Issue of shares on conversion of convertible bonds	3,337	443,379	–	–	–	–	446,716	–	446,716
Issue of new shares	13,926	2,256,402	–	–	–	–	2,270,328	–	2,270,328
Equity component of convertible bonds	–	–	–	–	350,806	–	350,806	–	350,806
Transfer *(Note ii)*	–	–	–	(17,318)	–	17,318	–	–	–
Purchase of additional interest in subsidiaries	–	–	–	–	–	–	–	(12,738)	(12,738)
Capital contribution from minority shareholders of subsidiaries	–	–	–	–	–	–	–	255,008	255,008
At 30 June 2007 (unaudited)	155,953	5,499,811	(551)	130,623	350,806	1,073,702	7,210,344	612,166	7,822,510
At 1 January 2008 (audited)	157,395	5,731,008	(678)	255,045	350,806	1,613,892	8,107,468	1,379,034	9,486,502
Profit for the period	–	–	–	–	–	340,999	340,999	28,725	369,724
Total recognised income and expenses for the period	–	–	–	–	–	340,999	340,999	28,725	369,724
Dividends *(Note 8)*	–	–	–	–	–	(438,283)	(438,283)	(9,740)	(448,023)
Transfer *(Note i)*	–	–	–	3,644	–	(3,644)	–	–	–
Purchase of additional interest in a subsidiary	–	–	–	–	–	–	–	(154,884)	(154,884)
Disposal of partial interest in subsidiaries	–	–	–	–	–	–	–	15,018	15,018
Acquisition of subsidiaries	–	–	–	–	–	–	–	518,128	518,128
Capital contribution from minority shareholders of subsidiaries	–	–	–	–	–	–	–	117,295	117,295
At 30 June 2008 (unaudited)	157,395	5,731,008	(678)	258,689	350,806	1,512,964	8,010,184	1,893,576	9,903,760

Notes:

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

(ii) This transfer was made on the closure of Zhejiang Green Garden Real Estate Development Co., Ltd.

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2008

	Six months ended 30 June	
	2008	2007
	Rmb'000	*Rmb'000*
	(Unaudited)	(Unaudited)
Net cash from (used in) operating activities	881,136	(2,061,739)
Net cash used in investing activities		
Purchase of property, plant and equipment	(90,762)	(238,899)
Advance to related parties	(2,113,642)	(64,600)
Decrease in pledged deposits	329,862	67,270
Acquisition of subsidiaries (net of cash and cash equivalents acquired)	(31,529)	–
Investments in associates	(340,841)	(122,000)
Investments in jointly controlled entities	(100,000)	–
Other investing cash flows	(55,866)	143,201
	(2,402,778)	(215,028)
Net cash from financing activities		
Bank and other borrowings raised	4,113,351	1,899,620
Repayment of bank and other borrowings	(1,691,251)	(990,766)
Repayment to related parties	(111,735)	(119,677)
Interest paid	(643,931)	(330,307)
Dividends paid	(448,023)	(490,170)
Proceeds on issue of new shares	–	2,270,328
Proceeds on issue of convertible bonds	–	2,291,097
Contribution by minority shareholders of subsidiaries	117,295	255,008
	1,335,706	4,785,133
Net (decrease) increase in cash and cash equivalents	(185,936)	2,508,366
Cash and cash equivalents at 1 January	2,876,925	3,249,014
Effect of foreign exchange rate changes	(7,332)	(9,382)
Cash and cash equivalents at 30 June	2,683,657	5,747,998
Represented by bank balances and cash	2,683,657	5,747,998

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2008

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

The condensed 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.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2007.

In the current interim period, the Group has applied, for the first time, new interpretations ("new Interpretations") 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 on 1 January 2008.

The adoption of these new Interpretations had no material effect on the results or financial position of the Group for the current or prior year accounting periods. Accordingly, no prior period adjustment has been recognised.

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

IFRSs (Amendments)	Improvements to IFRSs[1]
IAS 1 (Revised)	Presentation of Financial Statements[2]
IAS 23 (Revised)	Borrowing Costs[2]
IAS 27 (Revised)	Consolidated and Separate Financial Statements[3]
IAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[2]
IAS 39 (Amendment)	Eligible Hedged Items[3]
IFRS 1 & IAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[2]
IFRS 2 (Amendment)	Vesting Conditions and Cancellations[2]
IFRS 3 (Revised)	Business Combinations[3]
IFRS 8	Operating Segments[2]
IFRIC 13	Customer Loyalty Programmes[4]
IFRIC 15	Agreements for the Construction of Real Estate[2]
IFRIC 16	Hedges of a Net Investment in a Foreign Operation[5]

[1] Effective for annual periods beginning on or after 1 January 2009, except the amendments to IFRS 5 which are effective for annual periods beginning on or after 1 July 2009

[2] Effective for annual periods beginning on or after1 January 2009

[3] Effective for annual periods beginning on or after 1 July 2009

[4] Effective for annual periods beginning on or after 1 July 2008

[5] Effective for annual periods beginning on or after 1 October 2008

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2008

2. PRINCIPAL ACCOUNTING POLICIES – continued

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 a 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, revised or amended standards or interpretations will have no material impact on the results and the financial position of the Group.

3. REVENUE

	Six months ended 30 June	
	2008	2007
	Rmb'000	*Rmb'000*
Property sales	**1,733,013**	2,080,628
Hotel operations	**21,149**	–
Sales of construction materials	**9,390**	17,208
Other business	**1,609**	1,963
Computer system design and installation	**–**	440
	1,765,161	2,100,239

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.

4. OTHER INCOME

	Six months ended 30 June	
	2008	2007
	Rmb'000	*Rmb'000*
Interest income	**81,849**	78,633
Net foreign exchange gains	**201,471**	–
Government grants	**1,850**	31,242
Others	**11,396**	1,233
	296,566	111,108

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2008

5. FINANCE COSTS

	Six months ended 30 June	
	2008	2007
	Rmb'000	*Rmb'000*
Interest on borrowings	646,490	342,184
Less: Interest capitalised	(401,875)	(263,257)
	244,615	78,927

6. PROFIT BEFORE TAXATION

	Six months ended 30 June	
	2008	2007
	Rmb'000	*Rmb'000*
Profit before taxation has been arrived at after charging:		
Salaries and other benefits	151,840	78,678
Retirement benefits scheme contributions	7,821	3,695
Less: Capitalised in properties under development	(47,489)	(22,382)
Total staff costs	112,172	59,991
Depreciation of property, plant and equipment	34,148	12,452
Less: Capitalised in properties under development	(1,469)	(1,312)
	32,679	11,140
Cost of inventories recognised as an expense	1,118,113	1,363,741
Amortisation of prepaid lease payment (included in selling and administrative expenses)	491	–

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2008

7. TAXATION

	Six months ended 30 June	
	2008	2007
	Rmb'000	*Rmb'000*
Current tax:		
PRC enterprise income tax	**96,449**	188,121
Land Appreciation Tax ("LAT")	**119,228**	132,705
	215,677	320,826
Deferred tax:		
Current period	**(26,002)**	(77,722)
Attributable to change in tax rate	**–**	18,677
	(26,002)	(59,045)
	189,675	261,781

PRC enterprise income tax is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year.

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

All PRC group entities are subject to enterprise income tax levied at a rate of 25%, except for Xinjiang Sunshine Greentown Real Estate Development Co., Ltd. which 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.

Furthermore, unlike the Income Tax Law of the People's Republic of China for Foreign-invested Enterprises and Foreign Enterprises, which specifically exempted withholding tax on any dividends payable to non-PRC enterprise investors, the New Law provides that an income tax rate of 20% will normally be applicable to dividends payable to non-PRC enterprise investors which are derived from sources within the PRC, unless there exists a tax treaty between the PRC and the relevant jurisdictions in which such non-PRC enterprise shareholders reside whereupon the relevant tax may be reduced or exempted. In accordance with the New Law and Implementation Regulations, a reduced income tax rate of 10% shall be applicable to any dividends payable to non-PRC enterprise investors from foreign-invested enterprises.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2008

7. TAXATION – continued

PRC land appreciation tax

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 Hangzhou, 1 October 2006 in Shanghai Pudong New Area and 1 January 2007 in Beijing, the local tax bureau requires prepayment 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 prepay 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 prepayments.

For the six months ended 30 June 2008, the Group has estimated and made a provision for LAT in the amount of Rmb119,228,000 (2007: Rmb132,705,000) 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.

8. DIVIDENDS

On 30 May 2008, a dividend of HK32 (2007: HK36) cents per share was paid to shareholders as the final dividend for 2007.

The directors do not recommend the payment of any dividend for the six months ended 30 June 2008.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2008

9. 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

	Six months ended 30 June	
	2008	2007
	Rmb'000	*Rmb'000*
Earnings for the purposes of basic earnings per share (profit for the period attributable to equity holders of the Company)	**340,999**	258,891
Effect of dilutive potential ordinary shares:		
Fair value changes on embedded financial derivatives	**(24,153)**	–
Interest on 2006 Convertible Bonds (as defined in Note 25 to the Company's 2007 consolidated financial statements)	**4,936**	–
Earnings for the purposes of diluted earnings per share	**321,782**	258,891

Number of shares

	Six months ended 30 June	
	2008	2007
Weighted average number of ordinary shares for the purposes of basic earnings per share	**1,537,361,607**	1,417,155,351
Effect of dilutive potential ordinary shares:		
2006 Convertible Bonds (as defined in Note 25 to the Company's 2007 consolidated financial statements)	**11,191,336**	–
2007 Convertible Bonds (as defined in Note 25 to the Company's 2007 consolidated financial statements)	**–**	25,768,016
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**1,548,552,943**	1,442,923,367

The computation of diluted earnings per share for the six months ended 30 June 2007 does not assume the conversion of the Company's outstanding 2006 Convertible Bonds (as defined in Note 25 to the Company's 2007 consolidated financial statements) since their exercise would result in an increase in earnings per share.

The computation of diluted earnings per share for the six months ended 30 June 2008 does not assume the conversion of the Company's outstanding 2007 Convertible Bonds (as defined in Note 25 to the Company's 2007 consolidated financial statements) since their exercise would result in an increase in earnings per share.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2008

10. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired property, plant and equipment in the amount of Rmb100,075,000, in which Rmb58,429,000 was spent on the construction of its hotel properties. In addition, the Group disposed of certain motor vehicles and equipment at their carrying amount of Rmb3,796,000.

Details of the buildings and construction in progress pledged to secure banking facilities granted to the Group are disclosed in note 20.

11. PROPERTIES FOR DEVELOPMENT

The Group was in the process of obtaining the land use rights certificates for Rmb7,410,030,000 (31 December 2007: Rmb7,873,257,000) of the long-term leasehold land included in the balance of properties for development as at 30 June 2008.

12. PROPERTIES UNDER DEVELOPMENT

	As at 30 June 2008	As at 31 December 2007
	Rmb'000	*Rmb'000*
Long-term leasehold land – at cost	**9,008,281**	6,304,871
Development costs	**4,621,958**	3,867,732
Finance costs capitalised	**1,163,195**	922,378
	14,793,434	11,094,981

Properties under development amounting to Rmb5,704,637,000 (31 December 2007: Rmb7,885,905,000) are expected to be recovered after more than 12 months.

13. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

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

	As at 30 June 2008	As at 31 December 2007
	Rmb'000	*Rmb'000*
0 – 30 days	**13,888**	196,988
31 – 90 days	**405**	27,935
91 – 180 days	**2,396**	14,798
181 – 365 days	**43,455**	3,756
Over 365 days	**4,462**	3,488
Trade receivables	**64,606**	246,965
Other receivables	**478,631**	244,236
Prepayments and deposits	**353,994**	1,769,450
	897,231	2,260,651

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2008

14. TRADE AND OTHER PAYABLES

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

	As at 30 June 2008 *Rmb'000*	As at 31 December 2007 *Rmb'000*
0 – 30 days	**1,211,703**	998,408
31 – 90 days	**23,166**	8,895
91 – 180 days	**52,915**	3,939
181 – 365 days	**78,999**	72,638
Over 365 days	**137,601**	220,165
Trade payables	**1,504,384**	1,304,045
Other payables and accrued expenses	**910,550**	609,837
	2,414,934	1,913,882

15. PRE-SALE DEPOSITS

Pre-sale deposits represent amounts received in respect of properties pre-sold. They are expected to be recognised as revenue upon delivery of properties as contracted.

16. BANK AND OTHER BORROWINGS

	As at 30 June 2008 *Rmb'000*	As at 31 December 2007 *Rmb'000*
Secured bank loans *(Note 20)*	**6,036,502**	5,378,402
Unsecured bank loans	**1,970,000**	1,350,000
	8,006,502	6,728,402
Secured other loans *(Note 20)*	**820,000**	–
Unsecured other loans	**770,000**	76,000
	1,590,000	76,000
	9,596,502	6,804,402

The amount is repayable as follows:

Amounts due within one year	**2,855,940**	2,436,272
Amounts due after one year	**6,740,562**	4,368,130
	9,596,502	6,804,402

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2008

16. BANK AND OTHER BORROWINGS – continued

At the balance sheet date, certain secured bank loans were also supported by guarantees from the following parties:

	As at 30 June 2008 *Rmb'000*	As at 31 December 2007 *Rmb'000*
Independent third parties	**31,760**	33,056

17. SHARE CAPITAL

	Number of shares	**Share capital** *HKD'000*
Issued and fully paid		
Ordinary shares of HKD0.10 each		
As at 31 December 2007 and 30 June 2008	1,537,361,607	153,736

	Rmb'000
Shown on the condensed consolidated balance sheet	
As at 30 June 2008 and 31 December 2007	157,395

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2008

18. ACQUISITION OF SUBSIDIARIES

Particulars of the subsidiaries acquired during the six months ended 30 June 2008 were as follows:

Acquired company	Principal activities	Acquisition date	Equity interest acquired	Consideration
				Rmb'000
新疆燁城萬順房地產開發有限公司 Xinjiang Yecheng Wanshun Real Estate Development Co., Ltd.	Real estate development	08/01/2008	51%	12,373
無錫綠城房地產開發有限公司 Wuxi Greentown Real Estate Development Co., Ltd. *(Note)*	Real estate development	03/02/2008	46%	46,920
湖州新錦江房地產開發有限公司 Huzhou Xinjinjiang Real Estate Development Co., Ltd.	Real estate development	17/01/2008	80%	237,400
寧波太平洋實業有限公司 Ningbo Pacific Co., Ltd.	Real estate development	31/03/2008	60%	581,118
杭州金馬房地產有限公司 Hangzhou Jinma Real Estate Co., Ltd.	Real estate development	27/06/2008	51%	45,982
				923,793

Note: Wuxi Greentown Real Estate Development Co., Ltd. was previously a 39%-owned associate of the Group.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2008

18. ACQUISITION OF SUBSIDIARIES – continued

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

	Rmb'000
Net assets acquired:	
Property, plant and equipment	9,314
Properties for development	1,071,144
Properties under development	1,307,570
Inventories	48
Trade and other receivables	65,058
Bank balances and cash	102,791
Trade and other payables	(335,537)
Amounts due to related parties	(368,682)
Other taxes payable	(5)
Bank borrowings	(370,000)
	1,481,701
Minority interests	(518,128)
	963,573
Less: Interest previously acquired and classified as associates	(39,780)
	923,793
Total consideration, satisfied by:	
Other payables	102,458
Prepayments	687,015
Cash	134,320
	923,793
Net cash inflow (outflow) arising on acquisition	
Cash paid	(134,320)
Bank balances and cash acquired	102,791
	(31,529)

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

The subsidiaries acquired 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 amounted to Rmb4,920,000, which have been recognised in the Group's profit for the period between the dates of acquisition and the balance sheet date.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2008

19. COMMITMENTS

	As at 30 June 2008 Rmb'000	As at 31 December 2007 Rmb'000
Commitments contracted for but not provided in the condensed consolidated financial statements in respect of properties for development, properties under development and construction in progress	6,885,950	5,814,769

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

	As at 30 June 2008 Rmb'000	As at 31 December 2007 Rmb'000
Contracted for but not provided	1,128,958	239,505

20. PLEDGE OF ASSETS

At the balance sheet date, the following assets were pledged to banks and other parties to secure general credit facilities granted to the Group:

	As at 30 June 2008 Rmb'000	As at 31 December 2007 Rmb'000
Buildings	34,457	35,469
Hotel buildings	759,414	745,016
Prepaid lease payment	8,258	8,501
Construction in progress	34,851	22,322
Properties for development	494,350	1,102,836
Properties under development	7,049,101	4,349,082
Completed properties for sale	134,841	234,208
Bank deposits	176,420	506,282
	8,691,692	7,003,716

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2008

21. CONTINGENT LIABILITIES

(i) Guarantees

The Group provided guarantees of Rmb3,745,647,000 as at 30 June 2008 (31 December 2007: Rmb1,988,688,000) 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:

	As at 30 June 2008 *Rmb'000*	As at 31 December 2007 *Rmb'000*
Associates	**267,500**	118,750
Jointly controlled entities	**135,500**	218,200
	403,000	336,950

Contingent liabilities arising from interests in associates attributable to the Group's share at the balance sheet date:

	As at 30 June 2008 *Rmb'000*	As at 31 December 2007 *Rmb'000*
Mortgage loan guarantees provided by associates to banks in favour of their customers	**951,495**	604,366

Contingent liabilities arising from interests in jointly controlled entities attributable to the Group's share at the balance sheet date:

	As at 30 June 2008 *Rmb'000*	As at 31 December 2007 *Rmb'000*
Mortgage loan guarantees provided by jointly controlled entities to banks in favour of their customers	**418,877**	476,781

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2008

21. CONTINGENT LIABILITIES – continued

(ii) Land idle fees

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 7 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. 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 or the delay in the government public facilities plan; and

(c) this project was approved by the 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 requested to postpone the commencement of construction of the remaining parcel of land. At the date of this report, the relevant authorities have refunded the Group the land idle fees paid of Rmb1.4 million. The Group has not made any provision for such land idle fees in the condensed consolidated financial statements as, in the opinion of the directors, such appeal has a good chance of being success.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2008

22. RELATED PARTY DISCLOSURES

(i) During the six months ended 30 June 2008, in addition to those disclosed in note 21, the Group had the following significant transactions with related parties.

	Six months ended 30 June	
	2008	2007
	Rmb'000	*Rmb'000*
Sales of properties to officers	**3,237**	2,132
Sales of materials to associates	**–**	60
Sales of materials to jointly controlled entities	**4,374**	3,659
Construction service income from Shareholders' Companies	**555**	270
Construction service income from associates	**256**	–
Construction service income from jointly controlled entities	**2,010**	–
Rental expense to Shareholders' Companies	**2,537**	2,745
Purchases from Shareholders' Companies *(Note)*	**528**	110
Interior decoration service fees paid to Shareholders' Companies	**9,027**	5,111
Property management fees paid to Shareholders' Companies	**2,570**	3,150
Interest income arising from trade balances due from associates	**38,072**	–
Interest income arising from amounts due from jointly controlled entities	**42,069**	–
Interest expense paid to minority shareholders	**–**	6,242
Interest expenses arising from amounts due to associates	**46,302**	–
Interest expenses arising from amounts due to jointly controlled entities	**19,231**	–
Advertising expenses paid to Shareholders' Companies	**20,000**	20,000
Construction service fees paid to minority shareholders	**–**	800
Other services fees from Shareholders' Companies	**965**	–
Other income from Shareholders' Companies	**107**	–

Note: Purchases from Shareholders' Companies represented 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 were priced at their carrying value.

Shareholders' Companies represent companies owned by SONG Weiping, SHOU Bainian and XIA Yibo, the ultimate controlling shareholders of the Company.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2008

22. RELATED PARTY DISCLOSURES – continued

(ii) During the six months ended 30 June 2008, the Group made the following acquisitions from related parties:

	Six months ended 30 June	
	2008	2007
	Rmb'000	*Rmb'000*
Acquisition of interest in an associate from Shareholders' Companies	–	122,000
Partial acquisition of interest in a subsidiary from minority shareholders	155,007	17,500

(iii) Compensation of key management personnel

The remuneration of directors and other members of key management during the six months ended 30 June 2008 was as follows:

	Six months ended 30 June	
	2008	2007
	Rmb'000	*Rmb'000*
Short-term benefits	12,522	12,212
Post-employment benefits	392	411
	12,914	12,623

23. POST BALANCE SHEET EVENTS

On 4 August 2008, Greentown Real Estate Group Co., Ltd. ("Greentown Real Estate"), an indirectly wholly-owned subsidiary of the Company, entered into an equity transfer agreement with Mr. Ying Bo, Ms. Song Shuping and Ms. Xia Jueying (the "Sellers"). Pursuant to the agreement, Greentown Real Estate agreed to acquire 100% of the equity interest in Zhejiang Huaneng Decoration Construction Co., Ltd. ("ZJHD") for a consideration of Rmb6,460,000. Hangzhou Greentown Decoration Engineering Co. Ltd. agreed to act as the guarantor of the Sellers and undertake to indemnify Greentown Real Estate for all the losses and damages it may suffer arising out of or in connection with the non-performance of any of the Sellers' obligations under the agreement. Ms. Song Shuping is the sister of Mr. Song Weiping and Ms. Xia Jueying is the aunt of Ms. Xia Yibo, the spouse of Mr. Song Weiping. Since Mr. Song Weiping and Ms. Xia Yibo are the substantial shareholders of the Company, Ms. Song Shuping and Ms. Xia Jueying are connected persons of the Company under the Listing Rules. Therefore, the acquisition of the respective equity interests of Ms. Song Shuping and Ms. Xia Jueying in ZJHD by Greentown Real Estate constitutes a connected transaction of the Company under the Listing Rules. The Company's circular in respect of this acquisition was issued on 4 August 2008.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2008

24. 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 comparative figure of LAT expense has been reclassified from cost of sales to taxation in order to conform to the current period's presentation.

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