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GREENTOWN CHINA HOLDINGS LIMITED

綠城中國控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 03900)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

HIGHLIGHTS

- Total contracted sales achieved RMB289.2 billion, representing a year-on-year increase of 43%;
- 85 projects were newly added, with a total GFA of approximately 20.41 million sqm and estimated saleable amount of RMB328.8 billion, representing a substantial year-on-year increase of 60%;
- Revenue amounted to RMB65.783 billion, representing a year-on-year increase of 6.8%; profit for the year amounted to RMB5.763 billion, representing a year-on-year increase of 46.5%;
- Profit attributable to owners amounted to RMB3.796 billion, representing a year-on-year increase of 53.1%;
- As at 31 December 2020, bank balances and cash (including pledged bank deposits) totaled RMB65.203 billion (as at 31 December 2019: RMB51.894 billion); net gearing ratio was 63.8%, which remained at a reasonable level;
- Weighted average interest cost of total borrowings was 4.9%, representing a decrease of 40 bps as compared to 5.3% in 2019;
- Basic earnings per share was RMB1.05, representing a year-on-year increase of 90.9%; the Board has recommended payment of a final dividend of RMB0.35 per share for the year ended 31 December 2020 (2019: RMB0.30 per share).

The board of directors (the “Board”) of Greentown China Holdings Limited (“Greentown” or the “Company”) is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2020 (the “Year”) prepared in accordance with the International Financial Reporting Standards, together with comparative audited figures for the year ended 31 December 2019. The following financial information is extracted from the audited consolidated financial statements in the Group’s 2020 annual report which is to be published by the Group.

* For identification purposes only

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

FOR THE YEAR ENDED 31 DECEMBER 2020

	<i>NOTES</i>	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Revenue	3	65,782,531	61,592,939
Cost of sales		(50,209,631)	(45,952,531)
Gross profit		15,572,900	15,640,408
Other income	4	3,017,194	2,667,245
Other gains and losses	5	1,511,822	(40,372)
Selling expenses		(2,320,095)	(2,096,820)
Administrative expenses		(4,323,472)	(4,297,225)
Finance costs	6	(2,228,464)	(1,570,860)
Impairment losses under expected credit loss model, net of reversal	7	(561,517)	(796,887)
Impairment losses on non-financial assets, net of reversal	8	(772,837)	(579,195)
Loss from changes in fair value of investment properties		(14,639)	(41,866)
Gain on re-measurement of an associate to acquisition date fair value in business combination achieved in stages		–	43,487
Net gain on disposal of subsidiaries		174,902	98,269
Share of results of associates		695,605	1,002,893
Share of results of joint ventures		2,129	(75,951)
Profit before taxation		10,753,528	9,953,126
Taxation	9	(4,990,647)	(6,017,704)
Profit for the year		5,762,881	3,935,422
Other comprehensive income:			
Item that will not be reclassified to profit or loss:			
Fair value gain on equity instruments at fair value through other comprehensive income		42,727	256,752
Other comprehensive income for the year (net of tax)		42,727	256,752
Total comprehensive income for the year		5,805,608	4,192,174

	<i>NOTE</i>	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Profit for the year attributable to:			
Owners of the Company		3,796,477	2,480,232
Non-controlling interests		1,966,404	1,455,190
		<u>5,762,881</u>	<u>3,935,422</u>
Total comprehensive income for the year attributable to:			
Owners of the Company		3,829,073	2,736,984
Non-controlling interests		1,976,535	1,455,190
		<u>5,805,608</u>	<u>4,192,174</u>
Earnings per share	<i>11</i>		
Basic		<u>RMB1.05</u>	<u>RMB0.55</u>
Diluted		<u>RMB1.04</u>	<u>RMB0.55</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	<i>NOTE</i>	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		9,076,714	9,817,931
Right-of-use assets		827,067	1,038,724
Investment properties		4,364,620	4,032,818
Goodwill		769,241	769,241
Interests in associates		18,629,388	12,084,907
Interests in joint ventures		5,740,108	3,869,730
Equity instruments at fair value through other comprehensive income		2,037,318	1,511,985
Deferred tax assets		3,764,898	3,238,893
		<u>45,209,354</u>	<u>36,364,229</u>
CURRENT ASSETS			
Properties for development		20,257,965	30,907,247
Properties under development		194,209,030	136,615,966
Completed properties for sale		18,341,794	12,167,498
Inventories		326,614	203,711
Trade and other receivables, deposits and prepayments	<i>12</i>	11,203,290	11,312,810
Contract assets		3,124,518	2,815,007
Contract costs		532,155	336,467
Amounts due from related parties		45,450,618	46,378,836
Prepaid income taxes		4,454,437	3,559,887
Prepaid other taxes		5,968,882	4,440,223
Pledged bank deposits		5,655,839	5,326,761
Bank balances and cash		59,547,352	46,567,729
		<u>369,072,494</u>	<u>300,632,142</u>
Assets classified as held for sale		<u>–</u>	<u>95,747</u>
		<u>369,072,494</u>	<u>300,727,889</u>

	<i>NOTE</i>	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
CURRENT LIABILITIES			
Trade and other payables	<i>13</i>	46,610,097	43,453,333
Contract liabilities		112,798,675	76,324,981
Amounts due to related parties		23,432,261	28,653,456
Income taxes payable		10,463,643	10,473,519
Other taxes payable		12,360,269	8,420,517
Lease liabilities		33,741	27,397
Bank and other borrowings		23,628,164	13,950,984
Senior notes		62,653	7,712,382
Corporate debt instruments		8,819,580	11,643,848
Receipts under securitisation arrangements		4,819	1,633,966
		238,213,902	202,294,383
Liabilities associated with assets classified as held for sale		–	70,409
		238,213,902	202,364,792
NET CURRENT ASSETS		130,858,592	98,363,097
TOTAL ASSETS LESS CURRENT LIABILITIES		176,067,946	134,727,326
NON-CURRENT LIABILITIES			
Bank and other borrowings		63,796,233	45,642,189
Senior notes		3,897,129	–
Corporate debt instruments		17,100,739	14,993,416
Receipts under securitisation arrangements		1,892,822	–
Lease liabilities		103,889	89,038
Deferred tax liabilities		4,687,061	4,847,211
		91,477,873	65,571,854
		84,590,073	69,155,472
CAPITAL AND RESERVES			
Share capital		239,264	209,694
Reserves		31,983,885	27,434,904
Equity attributable to owners of the Company		32,223,149	27,644,598
Perpetual securities		20,618,316	21,229,002
Non-controlling interests		31,748,608	20,281,872
		84,590,073	69,155,472

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

1. GENERAL

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

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

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

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”)

Amendments to IFRSs that are mandatorily effective for the current year

The Group has applied Amendments to References to the Conceptual Framework in IFRS Standards and the following amendments to IFRSs issued by the International Accounting Standards Board (“IASB”) that are effective for the Group’s financial year beginning on 1 January 2020.

The application of the Amendments to References to the Conceptual Framework in IFRS Standards and the amendments to IFRSs in the current year had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidation financial statements.

3. REVENUE AND SEGMENT INFORMATION

(i) Disaggregation of revenue from contracts with customers

	For the year ended 31 December 2020						
	Property sales RMB’000	Hotel operations RMB’000	Project management RMB’000	Design and decoration RMB’000	Sales of construction materials RMB’000	Other business RMB’000	Total RMB’000
Recognised at a point in time	42,883,880	-	-	-	291,914	-	43,175,794
Recognised over time	14,450,510	719,539	1,622,299	3,035,699	-	2,616,953	22,445,000
Revenue from contracts with customers	<u>57,334,390</u>	<u>719,539</u>	<u>1,622,299</u>	<u>3,035,699</u>	<u>291,914</u>	<u>2,616,953</u>	<u>65,620,794</u>
	For the year ended 31 December 2019						
	Property sales RMB’000	Hotel operations RMB’000	Project management RMB’000	Design and decoration RMB’000	Sales of construction materials RMB’000	Other business RMB’000	Total RMB’000
Recognised at a point in time	38,830,713	-	-	-	106,511	-	38,937,224
Recognised over time	15,602,151	878,271	1,828,968	2,815,922	-	1,366,003	22,491,315
Revenue from contracts with customers	<u>54,432,864</u>	<u>878,271</u>	<u>1,828,968</u>	<u>2,815,922</u>	<u>106,511</u>	<u>1,366,003</u>	<u>61,428,539</u>

3. REVENUE AND SEGMENT INFORMATION (continued)

(ii) Segment information

The chief operating decision-maker of the Group has been identified as the executive directors and certain senior management (collectively referred to as the “CODM”). Operating segments are determined based on the Group’s internal reports which are submitted to the CODM for performance assessment and resources allocation. This is also the basis upon which the Group is organised and managed.

The Group’s consolidated revenue and results are attributable to the market in the PRC (country of domicile) and almost all of the Group’s consolidated non-current assets are located in the PRC.

The Group’s reportable segments under IFRS 8 are as follows:

- 1 Property development
- 2 Hotel operations
- 3 Property investment
- 4 Project management

For the property development reportable segment, the CODM reviews the financial information of each property development project, hence each property development project constitutes a separate operating segment. However, the property development projects possess similar economic characteristics, and are with similar development and selling activities as well as similar customer bases. Therefore, all property development projects are aggregated into one reportable segment for segment reporting purposes.

For the hotel operations reportable segment, the CODM reviews the financial information of each hotel, hence each hotel constitutes a separate operating segment. However, the hotels possess similar economic characteristics, and are with similar development and selling activities as well as similar customer bases. Therefore, all hotels are aggregated into one reportable segment for segment reporting purposes.

3. REVENUE AND SEGMENT INFORMATION (continued)

(ii) Segment information (continued)

For the property investment reportable segment, the CODM reviews the financial information of each investment property, hence each investment property constitutes a separate operating segment. However, the investment properties possess similar economic characteristics, and are with similar development and selling activities as well as similar customer bases. Therefore, all investment properties are aggregated into one reportable segment for segment reporting purposes.

For the project management reportable segment, the CODM reviews the financial information of each project management project, hence each project management project constitutes a separate operating segment. However, the project management projects possess similar economic characteristics, and are with similar development and selling activities as well as similar customer bases. Therefore, all project management projects are aggregated into one reportable segment for segment reporting purposes.

Other operating segments include sales of construction materials, design and decoration and other business. None of these segments meet the quantitative thresholds for the reportable segments in both current and prior year. Accordingly, these are grouped in “Others”.

The CODM assesses the performance of the operating segments based on the post-tax profit of the group entities engaged in the respective segment activities, which includes share of results of joint ventures and associates and related finance costs, but excludes certain administrative expenses, other income, finance costs and taxation. Financial information provided to the CODM is measured in a manner consistent with the accounting policies adopted in the preparation of the consolidated financial statements as described in note 3 in the Group’s 2020 annual report.

Sales between segments are carried out on terms agreed between the counterparties.

No customers account for 10% or more of the Group’s revenue.

3. REVENUE AND SEGMENT INFORMATION (continued)

(ii) Segment information (continued)

An analysis of the Group's revenue and results by segment is as follows:

	Property development RMB'000	Hotel operations RMB'000	Property investment RMB'000	Project management RMB'000	Others RMB'000	Segment total RMB'000	Eliminations RMB'000	Total RMB'000
For the year ended 31 December 2020								
Revenue from contracts with customers	57,334,390	719,539	-	1,622,299	5,944,566	65,620,794	-	65,620,794
Rental income	-	-	161,737	-	-	161,737	-	161,737
Total external segment revenue	<u>57,334,390</u>	<u>719,539</u>	<u>161,737</u>	<u>1,622,299</u>	<u>5,944,566</u>	<u>65,782,531</u>	<u>-</u>	<u>65,782,531</u>
Inter-segment revenue	-	177	19,113	276,293	2,048,914	2,344,497	(2,344,497)	-
Total	<u>57,334,390</u>	<u>719,716</u>	<u>180,850</u>	<u>1,898,592</u>	<u>7,993,480</u>	<u>68,127,028</u>	<u>(2,344,497)</u>	<u>65,782,531</u>
Segment results	<u>5,774,069</u>	<u>(5,002)</u>	<u>78,528</u>	<u>424,586</u>	<u>(294,202)</u>	<u>5,977,979</u>	<u>-</u>	<u>5,977,979</u>
Unallocated administrative expenses								(124,868)
Unallocated other income								15,602
Unallocated finance costs								(10,786)
Unallocated taxation								(95,046)
Profit for the year								<u>5,762,881</u>
	Property development RMB'000	Hotel operations RMB'000	Property investment RMB'000	Project management RMB'000	Others RMB'000	Segment total RMB'000	Eliminations RMB'000	Total RMB'000
For the year ended 31 December 2019								
Revenue from contracts with customers	54,432,864	878,271	-	1,828,968	4,288,436	61,428,539	-	61,428,539
Rental income	-	-	164,400	-	-	164,400	-	164,400
Total external segment revenue	<u>54,432,864</u>	<u>878,271</u>	<u>164,400</u>	<u>1,828,968</u>	<u>4,288,436</u>	<u>61,592,939</u>	<u>-</u>	<u>61,592,939</u>
Inter-segment revenue	-	1,090	-	240,707	1,588,297	1,830,094	(1,830,094)	-
Total	<u>54,432,864</u>	<u>879,361</u>	<u>164,400</u>	<u>2,069,675</u>	<u>5,876,733</u>	<u>63,423,033</u>	<u>(1,830,094)</u>	<u>61,592,939</u>
Segment results	<u>3,697,880</u>	<u>40,205</u>	<u>100,223</u>	<u>381,124</u>	<u>12,057</u>	<u>4,231,489</u>	<u>(1,090)</u>	<u>4,230,399</u>
Unallocated administrative expenses								(172,241)
Unallocated other income								3,052
Unallocated finance costs								(10,493)
Unallocated taxation								(115,295)
Profit for the year								<u>3,935,422</u>

3. REVENUE AND SEGMENT INFORMATION (continued)

(ii) Segment information (continued)

Segment assets and liabilities

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

Segment assets

	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Property development	385,459,880	311,117,245
Hotel operations	8,446,500	8,922,880
Property investment	4,569,662	4,183,051
Project management	4,035,788	3,164,715
Others	9,455,708	8,225,251
	<hr/>	<hr/>
Total segment assets	411,967,538	335,613,142
Unallocated	2,314,310	1,478,976
	<hr/>	<hr/>
Consolidated assets	414,281,848	337,092,118

Segment liabilities

	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Property development	317,806,924	257,604,573
Hotel operations	303,749	251,621
Property investment	1,218,853	1,077,581
Project management	1,409,596	1,355,663
Others	7,801,977	6,733,581
	<hr/>	<hr/>
Total segment liabilities	328,541,099	267,023,019
Unallocated	1,150,676	913,627
	<hr/>	<hr/>
Consolidated liabilities	329,691,775	267,936,646

For the purposes of monitoring segment performances and allocating resources among segments:

- all assets are allocated to operating segments other than certain bank balances and cash, pledge bank deposits, property, plant and equipment, equity instruments at FVTOCI, trade and other receivables, deposits and prepayments, prepaid income taxes, prepaid other taxes and amounts due from related parties pertaining to non-operating group entities.
- all liabilities are allocated to operating segments other than certain trade and other payables, amounts due to related parties, income taxes payable, other taxes payable and deferred tax liabilities pertaining to non-operating group entities.

3. REVENUE AND SEGMENT INFORMATION (continued)

(ii) Segment information (continued)

Other segment information

For the year ended 31 December 2020

	Property development RMB'000	Hotel operations RMB'000	Property investment RMB'000	Project Management RMB'000	Others RMB'000	Segment total RMB'000	Unallocated RMB'000	Total RMB'000
Amounts included in the measure of segment profit or loss or segment assets:								
Addition to non current assets (<i>note</i>)	7,371,465	110,234	115,058	33,053	139,902	7,769,712	18,753	7,788,465
Interests in associates	17,974,733	-	-	67,042	587,613	18,629,388	-	18,629,388
Interests in joint ventures	5,646,366	-	-	93,742	-	5,740,108	-	5,740,108
Impairment loss on financial assets, net of reversal	531,076	(713)	-	1,378	32,591	564,332	(2,815)	561,517
Impairment loss on non-financial assets, net of reversal	253,759	214,330	-	-	304,748	772,837	-	772,837
Loss from changes in fair value of investment properties	-	-	11,687	2,952	-	14,639	-	14,639
Net gain on disposal of subsidiaries	(4,720)	(151,622)	-	(18,560)	-	(174,902)	-	(174,902)
Gain on acquisition of associates and joint ventures at discount	324,434	-	-	-	-	324,434	-	324,434
Depreciation of property, plant and equipment	415,860	18,522	116	10,131	29,424	474,053	9,918	483,971
Depreciation of right-of-use assets	49,722	9,217	1,474	9,295	31,908	101,616	7,289	108,905
Loss on disposal of property, plant and equipment	560	-	28	-	538	1,126	-	1,126
Interest income	(2,327,971)	(414)	(1,173)	(47,535)	(10,498)	(2,387,591)	(15,602)	(2,403,193)
Finance costs	2,095,355	4,106	45,460	1,465	71,292	2,217,678	10,786	2,228,464
Share of results of associates	(691,894)	-	-	(3,711)	-	(695,605)	-	(695,605)
Share of results of joint ventures	49,332	-	-	(51,461)	-	(2,129)	-	(2,129)
Taxation	4,760,984	(1,845)	12,709	90,999	32,754	4,895,601	95,046	4,990,647

3. REVENUE AND SEGMENT INFORMATION (continued)

(ii) Segment information (continued)

Other segment information (continued)

For the year ended 31 December 2019

	Property development RMB'000	Hotel operations RMB'000	Property investment RMB'000	Project Management RMB'000	Others RMB'000	Segment total RMB'000	Unallocated RMB'000	Total RMB'000
Amounts included in the measure of segment profit or loss or segment assets:								
Addition to non current assets (<i>note</i>)	18,517,576	172,508	92,640	19,418	142,233	18,944,375	80,146	19,024,521
Interests in associates	11,285,655	–	–	55,554	743,698	12,084,907	–	12,084,907
Interests in joint ventures	3,832,241	–	–	37,489	–	3,869,730	–	3,869,730
Impairment loss on financial assets, net of reversal	778,049	–	–	7,775	(7,117)	778,707	18,180	796,887
Impairment loss on non-financial assets, net of reversal	513,551	65,644	–	–	–	579,195	–	579,195
Loss from changes in fair value of investment properties	–	–	25,001	16,865	–	41,866	–	41,866
Gain on re-measurement of an associate to acquisition date fair value in business combination achieved in stages	(43,487)	–	–	–	–	(43,487)	–	(43,487)
Net gain on disposal of subsidiaries	(113,383)	–	–	–	15,130	(98,253)	(16)	(98,269)
Gain on acquisition of associates and joint ventures at discount	243,918	–	–	–	–	243,918	–	243,918
Depreciation of property, plant and equipment	185,595	293,107	53	11,548	16,606	506,909	2,877	509,786
Depreciation of right-of-use assets	43,324	25,173	1,554	3,698	28,028	101,777	2,551	104,328
Loss on disposal of property, plant and equipment	15,297	–	–	793	497	16,587	–	16,587
Interest income	(1,411,641)	(1,791)	(11,158)	(17,100)	(55,074)	(1,496,764)	(191,207)	(1,687,971)
Finance costs	1,468,647	7,895	63,027	1,573	19,225	1,560,367	10,493	1,570,860
Share of results of associates	(1,009,501)	–	–	6,605	–	(1,002,896)	3	(1,002,893)
Share of results of joint ventures	60,569	–	–	15,382	–	75,951	–	75,951
Taxation	5,705,982	3,976	3,685	136,563	52,203	5,902,409	115,295	6,017,704

Note: Non-current assets mainly included property, plant and equipment, investment properties (excluding loss from changes in fair value of investment properties), right-of-use assets, interests in joint ventures and interests in associates and excluded financial instruments, goodwill and deferred tax assets.

4. OTHER INCOME

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Interest income	2,403,193	1,687,971
Government grants (<i>note</i>)	63,142	69,662
Dividends from equity instruments at FVTOCI	65,436	105,179
Default penalty income	–	463,885
Others	485,423	340,548
	<u>3,017,194</u>	<u>2,667,245</u>

Note: These grants are unconditional and accounted for as immediate financial support with neither future related costs expected to be incurred nor related to any assets.

5. OTHER GAINS AND LOSSES

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Net foreign exchange gains (losses)	1,118,084	(268,181)
Gain on acquisition of associates and joint ventures at discount (<i>note</i>)	324,434	243,918
Gain on disposal of an associate and joint ventures	70,430	478
Net loss on disposal of property, plant and equipment and right-of-use assets	(1,126)	(16,587)
	<u>1,511,822</u>	<u>(40,372)</u>

Note: The gain on acquisition of associates and joint ventures at discount are mainly from the acquisition of Shanghai Zhonghan Real Estate Co., Ltd., Shenyang Shenbei Jingu Real Estate Co., Ltd., Shenyang Xinhua Pearl Real Estate Co., Ltd., Nantong Qiyang Construction Development Co., Ltd., Nantong Qixin Real Estate Co., Ltd. and Nantong Xinhua Real Estate Co., Ltd..

6. FINANCE COSTS

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Interest on bank and other borrowings and amounts due to related parties	5,980,892	4,252,824
Interest on senior notes	395,757	278,068
Interest on corporate debt instruments	1,363,015	1,386,900
Interest on receipts under securitisation arrangements	50,913	82,684
Interest on leases	7,431	9,006
	<u>7,798,008</u>	<u>6,009,482</u>
Less: capitalised in properties under development and construction in progress	(5,569,544)	(4,438,622)
	<u>2,228,464</u>	<u>1,570,860</u>

Borrowing costs capitalised during the year arose on the specific loan and general borrowing pool and are calculated by applying a capitalisation rate of 4.9% (2019: 5.3%) per annum to expenditure on the development of properties for sale and for own use.

7. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Impairment losses recognised (reversed) on:		
Contract assets	34,331	17,316
Trade receivables	18,894	(23,029)
Other receivables and amounts due from related parties	508,292	802,600
	<u>561,517</u>	<u>796,887</u>

8. IMPAIRMENT LOSSES ON NON-FINANCIAL ASSETS, NET OF REVERSAL

	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Impairment losses recognised on:		
Property, plant and equipment	261,394	65,644
Interest in joint ventures	254,846	–
Properties under development	252,479	184,805
Completed properties for sale	1,280	328,746
Inventories	2,838	–
	<u>772,837</u>	<u>579,195</u>

9. TAXATION

	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Current tax:		
PRC enterprise income tax (“EIT”)	2,437,138	3,287,569
PRC Land Appreciation Tax (“LAT”)	3,448,180	5,072,490
	<u>5,885,318</u>	<u>8,360,059</u>
Over-provision in prior years:		
EIT	<u>(13,941)</u>	<u>(8,562)</u>
Deferred tax:		
EIT	(777,585)	(1,286,079)
LAT	(103,145)	(1,047,714)
	<u>(880,730)</u>	<u>(2,333,793)</u>
	<u>4,990,647</u>	<u>6,017,704</u>

9. TAXATION (continued)

The deferred tax current year is mainly due to the unutilised tax losses and fair value adjustment which arises from the acquisition of subsidiaries.

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

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% or 15%. Greentown Decoration Project Group Co., Ltd. ("Greentown Decoration Project Group"), Zhejiang Greentown Lianhe Design Co., Ltd., Greentown Project Management Group Co., Ltd. and Zhejiang Greentown Construction Project Management Co., Ltd. are new technology enterprises and the applicable income tax rate is 15% from year 2018 to 2020, year 2020 to 2022, year 2019 to 2021 and year 2020 to 2022 respectively.

In addition, the EIT Law provides that qualified dividend income between two "resident enterprises" that have a direct investment relationship is exempted from income tax. Otherwise, such dividends will be subject to a 5% or 10% withholding tax under the EIT Law. A 10% withholding tax rate is applicable to the Group.

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

	2020	2019
	RMB'000	RMB'000
Profit before taxation	10,753,528	9,953,126
Tax at the applicable PRC enterprise income tax rate of 25%	2,688,382	2,488,282
Effect of different tax rates	(31,863)	(9,663)
Tax effect of share of results of associates	(173,901)	(250,723)
Tax effect of share of results of joint ventures	(532)	18,988
Tax effect of income not taxable for tax purposes	(519,021)	(106,987)
Tax effect of expenses not deductible for tax purposes	410,313	558,983
Over-provision in respect of prior year	(13,941)	(8,562)
Tax effect of deductible temporary differences not recognised	86,862	145,353
Tax effect of tax losses not recognised	296,094	116,690
Recognition of deferred tax assets on tax losses previously not recognised	(28,427)	(39,634)
Utilisation of tax losses previously not recognised	(117,462)	(18,869)
LAT provision for the year	3,345,035	4,024,776
Tax effect of LAT	(836,259)	(1,006,194)
Tax effect of undistributed profits	111,676	105,264
Tax effect of distribution from perpetual securities deductible for tax purpose	(226,309)	–
Tax charge for the year	4,990,647	6,017,704

9. TAXATION (continued)

PRC LAT

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

According to the Notices for the Strengthening of Administration on LAT (關於加強土地增值稅管理工作的通知), the Group is required to pre-pay LAT on pre-sale proceeds at 0.5% – 3% for ordinary residential properties and 1% – 6% for other properties.

For the year ended 31 December 2020, the Group estimated and made a provision for LAT in the amount of RMB3,345,035,000 (2019: RMB4,024,776,000), 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.

10. DIVIDENDS

On 30 July 2020, a final dividend for 2019 of RMB0.30 per ordinary share, or RMB748,176,000 in total, was paid to the shareholders.

On 29 July 2019, a final dividend for 2018 of RMB0.23 per ordinary share, or RMB499,312,000 in total, was paid to the shareholders.

A final dividend of RMB0.35 per ordinary share (2019: RMB0.30 per ordinary share) for the year ended 31 December 2020 has been proposed by the directors and is subject to approval by the Shareholders at the forthcoming annual general meeting.

11. EARNINGS PER SHARE

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

Earnings

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Profit for the year attributable to the owners of the Company	3,796,477	2,480,232
Distribution related to perpetual securities	<u>(1,322,949)</u>	<u>(1,286,888)</u>
Earnings for the purpose of basic earnings per share	<u>2,473,528</u>	<u>1,193,344</u>
Earnings for the purpose of diluted earnings per share	<u>2,473,528</u>	<u>1,193,344</u>

11. EARNINGS PER SHARE (continued)**Number of shares**

	2020	2019
Weighted average number of ordinary shares for the purpose of basic earnings per share	2,360,269,014	2,166,050,482
Effect of dilutive potential ordinary shares:		
Share options	<u>9,837,940</u>	<u>4,246,162</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>2,370,106,954</u>	<u>2,170,296,644</u>

The computation of 2020 and 2019 diluted earnings per share does not assume the exercise of some of the share options because the exercise price of some share options was higher than the average market price for shares for the year.

12. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2020	2019
	RMB'000	RMB'000
Trade receivables	1,305,104	1,141,212
Less: allowance for credit losses	<u>(94,460)</u>	<u>(75,566)</u>
Trade receivables, net of allowance for credit losses	1,210,644	1,065,646
Other receivables, net of allowance for credit losses	6,268,542	6,850,336
Prepayments and deposits	3,711,524	3,326,102
Consideration receivables from disposal of subsidiaries	<u>12,580</u>	<u>70,726</u>
	<u>11,203,290</u>	<u>11,312,810</u>

The Group allows an average credit period of 90 days to trade customers. The aged analysis of trade receivables, before allowance for credit losses, is based on invoice date and stated below.

	2020	2019
	RMB'000	RMB'000
Within 90 days	692,161	537,955
91–180 days	213,688	131,557
181–365 days	128,712	129,033
Over 365 days	<u>270,543</u>	<u>342,667</u>
Trade receivables	<u>1,305,104</u>	<u>1,141,212</u>

13. TRADE AND OTHER PAYABLES

The aged analysis of trade payables is stated as follows:

	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Within 180 days	29,889,284	24,376,904
181–365 days	3,703,166	4,524,362
Over 365 days	2,116,861	2,280,819
	<hr/>	<hr/>
Trade payables	35,709,311	31,182,085
Other payables and accrued expenses	10,038,914	12,174,941
Consideration payables on acquisition of subsidiaries and associates	861,872	96,307
	<hr/>	<hr/>
	46,610,097	43,453,333
	<hr/>	<hr/>

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

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATION REVIEW

In 2020, China's GDP exceeded the RMB100 trillion threshold for the first time, which has fully demonstrated the country's strength and resilience, despite a complex and severe international environment as well as the impact of COVID-19. In view of the internal and external situation, the central government proposed constructing a new "dual circulation" development pattern centering on domestic and international economic cycles, giving full play to tapping the potential of domestic demand and channeling capital into the real economy.

The real estate market in the PRC followed the economic recovery with the acceleration rate turning from negative to positive. In 2020, the sales area of commercial housing across the nation reached 1.76 billion sqm, representing a year-on-year growth of 2.6%; the sales amount of commercial housing amounted to RMB17.4 trillion, representing a year-on-year growth of 8.7%. The scale hit a record high but the growth rate slowed down, showing a consolidation pattern at a high level. In respect of the capital, long-term control policies such as "Three Red Lines" and "Two Red Lines" were promulgated in August and December 2020 respectively in order to promote a steady and healthy development of the real estate market, prevent financial risks, and enhance prudent financing in the industry. From the industry's perspective, real estate developers would shift from a finance-led growth model to a business-driven model emphasizing "high quality and high cost-effectiveness" and the concentration in the industry would accelerate, with the gap between large and small-and-medium real estate developers being further widened.

Given that the industry is undergoing profound changes, Greentown China has responded in a timely manner and taken multiple measures, obtaining milestone achievements such as ranking 8th in sales scale across the country¹ as well as hitting a record high in newly added investment value. Upholding the "quality first" development strategy, the Group ranked first in "Top 100 Chinese Real Estate Companies by Product Quality in 2020", and was awarded the "Top 10 among 100 Chinese Real Estate Enterprises by Comprehensive Strength" for 16 consecutive years. It also ranked number one in customer satisfaction for 10 consecutive years and entered the list of "Top 10 Chinese Real Estate Companies by Brand Value in 2020"² with a comprehensive branding value reaching RMB86.8 billion.

Notes 1: Ranking of Real Estate Developers by Sales, 2020 (CRIC) (克而瑞2020房企操盤榜排名)

2: Organised by China Real Estate News (中國房地產報), Fangchan.com (中國房地產網), Zhongfang New Media (中房報新媒體), Zhongfang Think Tank (中房智庫), etc.

Steady Improvement in Operating Results

During the Year, the Group generated revenue of RMB65,783 million, representing an increase of 6.8% from RMB61,593 million in 2019. Profit for the year amounted to RMB5,763 million, representing an increase of RMB1,828 million or 46.5% from RMB3,935 million in 2019. During the Year, profit attributable to owners of the Company amounted to RMB3,796 million, representing an increase of RMB1,316 million or 53.1% from RMB2,480 million in 2019. After deducting the net post-tax effects of foreign exchange gains and losses, gains from acquisitions, provision and reversal of impairment losses on certain assets and fair value adjustments on certain assets, the core net profit (non-GAAP measure adopted for illustrating the Group's performance results from natural growth and operation of its principal business and enabling comparison of business performance across different periods) attributable to owners of the Company amounted to RMB3,993 million, representing a certain decrease when compared to RMB4,336 million in 2019, mainly due to the decrease in gross profit margin.

The Board has recommended the payment of a final dividend of RMB0.35 per share for the year ended 31 December 2020 (2019: RMB0.30 per share).

Ranks 8th in Sales Scale in the PRC

In 2020, the Group achieved a satisfactory performance with contracted sales hitting another new high and ranked the 8th in the PRC¹. For the twelve months ended 31 December 2020, Greentown Group (including Greentown China Holdings Limited and its subsidiaries, together with its joint ventures and associates) recorded a total contracted sales area of approximately 13.85 million sqm and a total contracted sales amount of approximately RMB289.2 billion, representing a year-on-year growth of 43% and the yearly target completion rate of 116%. Among which, Greentown Group recorded a total contracted sales area of 8.25 million sqm from self-investment projects and the contracted sales amount of approximately RMB214.7 billion, representing a year-on-year growth of 59%, of which approximately RMB119.4 billion was attributable to the Greentown Group, representing a year-on-year growth of 55%; average selling price of self-investment projects reached an industry-leading level of approximately RMB26,012 per sqm (2019: RMB25,936 per sqm). In addition, in 2020, Greentown Group recorded a total contracted sales area of approximately 5.60 million sqm and a total contracted sales amount of approximately RMB74.5 billion from the projects under its project management business with the "Greentown" brand (non-self-investment projects, referred to as "projects under project management").

Remarkable Results from "Deepening Footprints in Cities". The Group applied the marketing policy of "all staff, all people, all aspects" with huge success and recorded contracted sales of over RMB5 billion respectively in ten cities, among which the Group recorded contracted sales of over RMB20 billion in each of the following cities: Hangzhou, Beijing and Ningbo. Seven projects recorded sales of over RMB4 billion respectively, among which Beijing Aohai Mingyue attained a sales amount exceeding RMB6 billion. Both the sell-through rate and the cash collection rate remained at a sound level in the industry. The overall sell-through rate of self-investment projects reached 71%, with that in the first- and second-tier cities reaching 72%. The sell-through rate of the newly launched projects was outstanding, reaching 74%.

Note 1: Ranking of Real Estate Developers by Sales, 2020 (CRIC) (克而瑞2020房企操盘榜排名)

Newly Added Land Bank Hits Record Highs

In 2020, the Group acquired 85 new projects in 41 cities with a total gross floor area (“GFA”) of approximately 20.41 million sqm, representing a year-on-year increase of 65%. It is estimated that newly-added saleable value amounted to RMB328.8 billion, representing a year-on-year increase of 60%, of which approximately RMB188.5 billion will be attributable to the Group, representing a year-on-year growth of 74%. The costs borne by the Group amounted to approximately RMB84.2 billion; the average land cost of the new land parcels was approximately RMB7,089 per sqm. Nearly 15% of the newly-added saleable value was converted to sales in the same year, representing a year-on-year growth of 11 percentage points. Project launch schedule was continuously optimized, which effectively supported the growth of the sales scale for the Year and the future.

Gradual Diversification of Investment Channels. The Group proactively broadened its investment channels, enhancing efforts in land acquisition in non-public market. By non-public market channels such as mergers and acquisitions, urban renewal, and etc, the Group has acquired 25 projects with an estimated saleable value of RMB132.6 billion, accounting for 40% of the newly-added saleable value. Projects acquired by mergers and acquisitions included high quality ones securing from Xinhua Zhongbao and Wuhan Guiyu Chaoyang. The Company also set up strategic cooperation with enterprises such as Fosun, etc. In respect of urban renewal, the Group obtained high quality projects such as Shijiazhuang Guiyu Tinglan and Zhaobukou. To further optimize the management and control mechanism of the businesses in non-public market, both the Group and each of regional companies have established special groups to orderly expand the investment channels.

Continuing Perfection of Geographical Distribution. The Group reinforced the strategy of “focusing on regions and deepening footprints in cities”, and implemented “1+5+N” layout, centering on Zhejiang and the five major urban agglomerations (namely, Yangtze River Delta, Bohai Rim, Greater Bay Area, middle reaches of the Yangtze River and Chengdu-Chongqing), and N key node cities as well as provincial cities. In 2020, the Group placed emphasis on the layout of first- and second-tier cities as well as quality third- and fourth-tier cities, further expanded the land bank in core urban agglomerations in Yangtze River Delta Area and the Bohai Rim Area, newly tapped into cities with potential like Shijiazhuang, Yantai, Taizhou and Quzhou, and acquired multiple premium land parcels. During the year under review, the newly-added saleable value of first- and second-tier cities accounted for 72%, mainly situated in high risk resistant cities like Beijing, Hangzhou, Ningbo, Nantong and Shanghai. In respect of geographical distribution, the Yangtze River Delta as an area of strategic importance accounted for 61% of the newly-added saleable value, which helped consolidate Greentown China’s market share and industry position in the Yangtze River Delta Area.

Table of Newly-Added Land Bank in 2020

No.	Land/Project Name	Acquired by	Equity	Paid by	Total GFA (sqm)
				Greentown (RMB million)	
1	Hangzhou Chunlai Fenghua	Auction	48.62%	1,311	140,044
2	Hangzhou Guiyu Yingyue	Auction	50%	480	146,550
3	Hangzhou Jianghe Mingcui	M&A	38.56%	2,175	182,393
4	Hangzhou Xiaoyue Chenglu	Auction	51%	1,485	128,151
5	Hangzhou Xiangfu Town	Auction	100%	114	24,859
6	Hangzhou Laurel Oriental	Auction	80%	8,673	566,060
7	Hangzhou Xihu District Sanshen Reserved Land	Auction	24%	196	95,458
8	Hangzhou Mingchun Garden	Auction	100%	1,209	81,443
9	Hangzhou Chunlai Yating	Auction	33%	989	163,388
10	Linan Spring Lake	Auction	100%	2,135	229,362
11	Ningbo Chunyue Jianglan	M&A	60%	806	210,417
12	Ningbo Chunyue Jinsha	Auction	50.69%	710	82,514
13	Ningbo Chunxi Chaoming	Auction	51%	1,470	126,575
14	Ningbo Oriental Dawn	Auction	51%	1,811	218,532
15	Ningbo Chunyue Yunjin	Auction	50.8%	728	84,296
16	Ningbo Yunqi Peach Garden	Auction	51%	952	242,891
17	Ningbo High-tech District Intelligent Manufacturing Harbour Industrial and Commercial Blocks	Auction	60%	347	428,516
18	Ningbo Fenghua Fenglu Heming	Auction	37.29%	1,218	391,673
19	Ningbo Beilun Phoenix City Headquarters Base	Auction	51%	65	75,031
20	Ningbo Chunyu Yunshu	Auction	51%	1,730	303,902
21	Ningbo Hangzhou Bay Intelligent Yiju Area Block 10#, Wenyu Yiju Area Block 5#a/b	M&A	51%	638	395,654
22	Ningbo Xiangshan Osmanthus Grace	Auction	85.02%	280	85,342
23	Yuyao Chunlan Jingyuan	Auction	50%	1,273	231,430
24	Wenzhou Osmanthus Grace	Auction	34%	864	255,181
25	Wenzhou Ruian Orchid Garden	Auction	70%	749	94,859
26	Lishui Guiyu Lanting	Auction	51.8%	1,124	255,600
27	Yiwu Xiaofeng Yinyue	Auction	43.82%	530	114,956
28	Zhoushan Changzhi Island Ruxin Town	Auction	96.88%	68	32,893
29	Jinhua Chunxi Mingyue	Auction	57.48%	804	157,620
30	Yongkang Guiyu Yunxi	Auction	56%	560	177,206
31	Shengzhou Opera Town	Auction	32.5%	20	59,803
32	Quzhou Chunfeng Jiangshan Town	M&A	33.33%	186	278,283
33	Quzhou Fengqi Yunlu	M&A	35%	407	126,459
34	Quzhou Lixian Future Community	Auction	66%	1,486	633,643
35	Anji Peach Garden Blocks 19, 20, 2018-8, 2018-31	Auction	100%	270	96,224
36	Anji Angel Town Changshuo Street Blocks 2019-16-1 & 17	M&A	40%	181	121,939
37	Deqing Gongda Sincere Garden	Auction	40%	61	236,434
38	Deqing Chengyuan Phases I & II	Auction/M&A	45.5%	507	253,139

No.	Land/Project Name	Acquired by	Equity	Paid by Greentown (RMB million)	Total GFA (sqm)
39	Deqing Chengnan Sci-tech City Keyuan Road East Block	Auction	100%	868	99,056
40	Linhai Osmanthus Grace	Auction	100%	672	71,734
41	Shanghai Qinglan International	M&A	35%	1,900	184,826
42	Suzhou Mingyue Jiangnan	Auction	85.06%	255	46,130
43	Suzhou Mingyue Binhe	Auction	48.58%	772	130,738
44	Suzhou Langyue Binhe	M&A	49.76%	849	136,679
45	Wuxi Chenfeng Yunlu	M&A	39.9%	1,092	221,817
46	Suqian Liyuanwan Town	Auction	100%	380	226,199
47	Nantong Rudong Mingyue Jiangnan	Auction	68.33%	556	182,002
48	Nantong Qidong Haishang Mingyue	M&A	50%	1,824	2,511,162
49	Nantong Hujing Helu	Auction	64.35%	681	133,857
50	Nantong Haian Guiyu Tinglan	Auction	70%	623	108,189
51	Yancheng Tinghu District Blocks 20201801 & 20201802	Auction	53.46%	1,073	968,320
52	Taizhou Guiyu Tinglan	Auction	79.31%	1,527	217,699
53	Beijing Aohai Mingyue	Auction	42.28%	2,689	283,443
54	Beijing Hejin Sincere Garden	Auction	49.81%	3,337	273,654
55	Beijing Mingyue Tinglan	Auction	70%	944	73,136
56	Beijing Yihe Jinmao Palace	M&A	40%	1,870	113,088
57	Beijing Jinmao Palace	M&A	25%	705	99,635
58	Tianjin Sincere Garden	Auction	41%	476	78,733
59	Jinan Tianchen Longfor Mansion	M&A	20%	43	37,624
60	Jinan Guiyu Chaoyang	Auction	50%	443	225,015
61	Jinan Oriental Dawn	M&A	45%	1,277	589,929
62	Yantai Orchid Garden	Auction	100%	1,553	286,646
63	Yantai Zhifu District Yulong Mountain Project	Auction	100%	543	75,131
64	Dalian Hupan Helu	M&A	88%	388	212,343
65	Dalian Mingyue Tinglan	Auction	100%	513	68,231
66	Dalian Shahekou District Dongbei Road Dachai TOD Block	Auction	49%	242	99,380
67	Dalian Zhongshan District Donggang Business Area Projects E20 & E22	M&A	51.48%	1,137	269,420
68	Shenyang Shenbei New District Xianlin Golden Valley Project	M&A	35%	206	589,015
69	Shenyang Yuhong District Beautiful Island and Xinhui Bay Projects	M&A	35%	172	479,948
70	Shijiazhuang Osmanthus Grace	M&A	94.45%	482	134,493
71	Shijiazhuang Guiyu Tinglan	Auction	99%	1,274	253,300
72	Wuhan Guiyu Chaoyang	M&A	70%	2,696	594,982
73	Wuhan Sincere Garden	M&A	100%	616	122,624
74	Changsha Mingyue Jiangnan	Auction	49.9%	365	217,694
75	Guangzhou Nansha Hengli Block 2020NJY-17	M&A	33%	521	112,976
76	Foshan Guiyu Yingyue	Auction	100%	2,274	177,669

No.	Land/Project Name	Acquired by	Equity	Paid by	Total GFA (sqm)
				Greentown (RMB million)	
77	Chengdu Sichuan Cuisine Town	Auction	60%	113	55,520
78	Meishan Pengshan Hupan Yunlu	Auction	100%	197	93,983
79	Xi'an Chunfeng Xinyu	M&A	86%	2,513	1,071,519
80	Fuzhou Guiyu Yingyue	Auction	50%	1,594	165,828
81	Fuzhou Haitang Yingyue	Auction	100%	439	40,004
82	Fuzhou Wenlan Mingyue	Auction	51%	328	98,454
83	Kaifeng Longting District Cultural Investment Project	M&A	51%	394	85,235
84	Kunming Shuangta Block KCXS2019-16	M&A	100%	1,740	257,035
85	Xinjiang Mingyue Lanting	Auction	51.49%	426	309,677
Total				84,194	20,412,492

As at 31 December 2020, Greentown Group had a total of 194 land reserve projects (including those under and pending construction) with a GFA of approximately 50.79 million sqm, of which approximately 29.24 million sqm was attributable to the Group. The total saleable area was approximately 33.68 million sqm, of which approximately 19.22 million sqm was attributable to the Group. The average GFA land cost was approximately RMB6,562 per sqm. Land reserve in first- and second-tier cities accounted for 73% of the total saleable value.

Multidimensional Development of Featured Projects

In addition to traditional real estate investment and development businesses, the Group strives to create new driving forces and growth poles for future profit, stays active in the exploration of featured business, establishes an innovation department, as well as coordinates and accelerates the expansion and implementation of featured businesses such as town development, TOD (Transit Oriented Development), urban renewal and city-industry integration projects.

Consolidating Strengths of Town Business. In the newly added land bank in 2020, there were a total of 13 town projects (including those newly acquired land parcels of the existing town projects) with a GFA of 4.77 million sqm and saleable value of RMB49 billion, further expanding its business landscape. As of 31 December 2020, the Group's town business had extended to 20 cities. The Group has rich town industrial resources, with four themes covering agricultural tourism, healthcare, scientific and cultural innovation as well as education and training. Currently, we have 123 contracted industrial partnership resources, including introducing the high-end resort brand "Hoshino" into China for the first time and launching it in Taizhou Lotus Town. During the year under review, Greentown Town Group* (綠城小鎮集團) was awarded the winner of "Featured Towns Operators in China" ("中國特色小鎮運營商") by China Index Academy in 2020, leading the industry in terms of development level; it was also selected as the chief editorial division of the "Evaluation Standards for Featured Towns and Large-scale City-industry Projects" ("特色小鎮暨大型產城項目評價標準") organized by the China Real Estate Chamber of Commerce, to participate in the development of industry standards.

Diversified Development of Featured Properties. In terms of TOD business, the Group has seized the strategic opportunity created by the national “New Infrastructure” policy and established strategic cooperation with railway transportation groups in various regions, implementing a nationwide layout strategy focusing on multi-category and multi-type businesses. As of January 2021, it had launched 16 TOD projects, spreading across a number of city clusters covering the Yangtze River Delta Area, Bohai Rim Area and the Greater Bay Area. In respect of urban renewal, it had successfully won the tender for the reconstruction projects of four old communities in Hangzhou and implemented the first future community project in Quzhou. With regard to city-industry integration, the Group had accurately positioned industries and successfully signed cooperation agreements with the local government in Nanjing and Nanning.

Improved Quality and Efficiency in Operation

The Group has achieved significant results in respect of operational efficiency. During the year under review, newly commenced GFA witnessed a year-on-year growth of 41% to 13.2 million sqm; completed GFA saw a year-on-year growth of 31% to 7.6 million sqm. Overall project operation cycle from land acquisition to construction commencement, to presale, to positive return on shareholders’ investment and to delivery was significantly accelerated by 27%, 29%, 21% and 7%, respectively. And the cycle from land acquisition to finalization of design proposals was accelerated by 27% year-on-year.

Steady Improvement in Efficiency Per Capita. The Group actively implemented project group management to improve efficiency per capita. In 2020, three project groups were upgraded to city companies. At present there are 30 project groups, giving full play to resource coordination and efficiency enhancement. In 2020, sales per capita saw a year-on-year growth of 11% to RMB93.4 million, area under construction per capita saw an increase of 15% to 11,000 sqm. In addition, win-win mechanism has achieved huge success, supporting the implementation of strategic plans, promoting quality investment, accelerating operation efficiency and facilitating profitability growth.

No.1 for Product Quality in Nation

Greentown China aims to improve people’s living quality by insisting on the product-oriented concept and continuously upgrading product innovations. During the Year, it won a total of 41 comprehensive national awards, including the top spot in the “Top 100 China Real Estate Developers by Product Quality in 2020 (2020年中國房地產企業產品力排行榜TOP100)” by CRIC, with product quality highly recognized in the industry. In respect of project construction, it endorsed the artisan spirit, as well as fully promoting Japanese-style management, industrialized technology application, integrated operations to enable efficiency and smart sites. It also held on-site demonstration of “standardized, industrialized, digitalized and eco-friendly” construction to continuously boost the level of project construction. Moreover, the Group has established a design-sharing center, which coordinates with the construction research center to provide multidimensional safeguards to consolidate its leading position in product quality.

No.1 in Customer Satisfaction

The Group has continuously upgraded its marketing and service system. A marketing system with customers as its core, brand as its target, marketing as its means and customer services as its quality has been well-established. According to the “2020 Chinese Urban Residents’ Satisfaction (2020中國城市居民居住滿意度)” survey, Greentown China led the industry with a score of 90.2 and won the first place in overall satisfaction across 13 cities. In addition, the Group’s customer service standard continued to improve, with a 99.5% satisfaction rate for customer complaints against a significant rise in the delivery scale.

Successful Listing of Greentown Management

Greentown Management under the Group was spun off and officially listed on the Main Board of the Hong Kong Stock Exchange on 10 July 2020, becoming the “first stock of project management in China” with a view to consolidating its leadership position in the industry and continuing to lead the innovation and development of China’s project management industry. With excellent construction capabilities, high-quality products and standardized operation models, Greentown Management earns the trust of customers. It was honored with the “Capital Market Influential New Stocks of China in 2020 (2020中國年度資本市場影響力新股)”, the “Emerging Companies in the China Capital Market in 2020 (2020年中國資本市場新銳企業)” awards, as well as the “Leading Enterprise in Real Estate Project Management Operation (中國房地產代建運營引領企業)” for four consecutive years.

Leading the Industry with Accelerated Growth. Greentown Management has diversified business segments, including commercial project management business and government project management business. Commercial project management business has provided management services throughout the property development process to enhance the efficiency of property development, improve quality and competitiveness and embody management value; government project management business has achieved quality control and cost management and gained high recognition from different sectors of the society and generated outstanding social benefits. As of 31 December 2020, the total GFA of the contracted projects under project management business of the Group amounted to approximately 76.1 million sqm.

Healthy Financial Condition and Smooth Financing Channels

The Group has adhered to a sound financial policy and maintained a stable financial position while meeting its annual financing targets, with financing rates continuing to reach record lows. As at 31 December 2020, the Group’s bank deposits and cash (including pledged bank deposits) amounted to RMB65.203 billion, with a net gearing ratio of 63.8% and a weighted average interest cost of total borrowings of 4.9%, representing a decrease of 40 bps from 5.3% in 2019.

Greentown China is highly recognized by international capital markets and was included in both the MSCI China Index and the MSCI China All Shares Index in November 2020, which contributed to enhancing its reputation in capital markets and increasing the liquidity of its shares.

Cost of Offshore Financing at Record Lows. In terms of the USD bonds issuance, in July 2020, the 5-year (non-redeemable in the first three years) USD300 million senior notes with a coupon rate of 5.65% were issued, and in October, the 4.5-year (non-redeemable in the first 2.5 years) USD300 million senior notes with a coupon rate of only 4.7% were successfully issued, which was the lowest in the history of Greentown China's medium to long term USD senior notes issuance at that time. Both issuances were highly oversubscribed, reflecting the Group's strong financing capability in overseas capital markets.

In 2020, the Group successfully raised two 3-year syndicated loans with a total principal amount equivalent to USD730 million for the purpose of refinancing, with an interest rate of only LIBOR/HIBOR +2.48% per annum.

Smooth Onshore Financing Channels. In 2020, the Group completed a domestic public issuance of bonds in aggregate amount of RMB22.295 billion with an average interest cost of 3.63%, representing a decrease of 85 bps compared to 4.48% in 2019. During the Year, the Group issued corporate bonds in the amount of RMB3.88 billion with interest rates ranging from 3.19% to 3.87% per annum; medium-term notes of RMB3 billion with interest rates of 3.27% to 3.86% per annum; perpetual medium-term notes of RMB1.5 billion with interest rate of 4.2% per annum and balance payment ABS for house purchase in the amount of RMB2 billion with an interest rate of 3.9% per annum for senior tranches. Meanwhile, the Group actively explored innovative financing channels to revitalize its dormant assets. It successfully issued hotel REITs in the amount of RMB948 million with a composite interest rate of 4.36% per annum for senior tranches, the supply chain ABS in the amount of RMB9.657 billion with interest rates ranging from 2.5% to 3.99% per annum, and the supply chain ABN in the amount of RMB960 million with interest rates ranging from 3.7% to 3.8% per annum. Moreover, Greentown Decoration Project Group, a subsidiary of the Group, issued private placement bonds in the amount of RMB350 million with an interest rate of 4.4% per annum to make a successful debut for the "Greentown +" sector in the capital markets.

Generating Synergy with Support of Shareholders

Under Mr SONG Weiping's leadership, Greentown has entered into synergistic partnership with Bluetown and several collaborative town projects have since been rolled out in an orderly manner. CCCG and Wharf Group have given strong support in the decision-making of the Company at the Board level, and provided valuable advices to enhance corporate governance. In May 2020, the Group introduced Xinhua Zhongbao as a strategic investor and the third largest shareholder by issuing 323 million Shares to a wholly-owned subsidiary of Xinhua Zhongbao, which has further optimized the mixed ownership enterprise model and significantly improved the capital structure of the Company. Both parties have formed a strong alliance to achieve complementary advantages in terms of project development and rapidly increase the Company's high-quality land reserves.

Impact of COVID-19

The year 2020 was an exceptional one. Due to the rapid spread of the COVID-19 pandemic in China and globally at the beginning of the Year, all types of economic activities were hit hard. Thanks to the stringent and efficient response to the pandemic by the PRC central government, the Chinese economy has recovered rapidly. The Group responded to the national call and actively cooperated with the pandemic prevention and control efforts by closing its sales offices for 45 days at the beginning of the Year, during which, the Group successfully achieved sales of RMB2.37 billion by using three major online service windows, namely “Greentown Cloud (綠城雲), Real Estate Greentown (置業綠城) and Greentown+ APP”, as sales channels to facilitate customers’ property purchases at home. Before the Chinese New Year, the Group responded promptly by taking stock of the production capacity of the workforce and materials for each project and stocking up supplies in advance. Despite a slight delay in the construction permit application and in the progress of the projects during the ongoing pandemic, the Group successfully overcame COVID-19’s adverse impact on construction schedules (with an average delay of 1.5 months) by leveraging on its excellent operational capability, and successfully met the annual delivery and new-launch targets. In the post-pandemic era, home buyers are placing more emphasis on the quality, the type of units and the ancillary facilities of the products, and the Group will follow the trend to create quality homes that cater for the market demand.

PROSPECTS

Leveraging on the “dual circulation” development pattern with the domestic and international markets complementing each other, together with the low base effect, China’s economy is expected to grow at a faster rate in 2021. To ensure a stable and healthy development of the real estate market and avoid excessive price increases, real estate policies are expected to be tightened on an ongoing basis. Following the promulgation of “Three Red Lines” and “Two Red Lines” in 2020, it is anticipated that “city-specific policies” will be more precise and broader in each local region. Industry fluctuations will gradually level off, and the market will transform from the growth phase into the maturity phase. Competition in a saturated market will intensify polarization among developers, which will reversely drive real estate developers to shift from a finance-led growth model to a business-driven model. In view of this, strengthening an enterprise’s own capital creation ability becomes more critical.

Strategic 2025 Plan

Facing the challenges of a new development situation, the Group will seize the opportunity to fully transform itself into an “integrated service provider for an ideal life”. In this regard, we have formulated the “Strategic 2025 Plan”, with the core objective of creating a “quality benchmark among the Top 10”, the two strategic pivot points of “best understanding of customers and best understanding of products” centering on the layout of nine key businesses in three segments to create nine key capabilities.

The layout of nine key businesses include: strengthening one basic business – real estate development, consolidating the basic foundation of development; improving one mature business – property project management, consolidating the position of Greentown Management as an industry leader and leading the development trend of the industry; developing seven emerging businesses, empowering the main business to explore the second growth curve of ideal life services.

The seven emerging businesses include:

Participating in urban renewal, old city and asset renovation as well as value enhancement to support the Group's sustainable development in the stock era;

Carrying on the businesses of healthcare services, healthcare operations, consulting services, industry chain services and healthcare real estate to empower the asset-heavy businesses;

Building a life service platform, integrating the online and offline services on the life service platform;

Providing housing 4S services; providing housing full life cycle maintenance services to empower housing product quality to remain at a leadership position;

Through HD-EPC (Housing Decoration Engineering Principal Contracting), focusing on the whole chain of integrated and comprehensive solutions for housing decoration and renovation;

Engaging in assembled interior decoration business, empowering the Group's products with technology;

Developing real estate finance, providing professional financial services to assist in real estate development.

To support the implementation of the strategy, the Group will focus on building nine key capabilities, namely: continuous changes, accurate investments, efficient marketing, streamlined operation, sound financial position, strong commercial property business, excellent finance, organizing talents, and internal control.

New challenges come with new opportunities, and the "Strategic 2025 Plan" provides clear goals and paths for medium-to-long-term development. The Group will move forward to a new chapter with the strategies as the leader and quality as the driver.

2021 Work Strategy

In 2021, the Group aspires "to become a leading company with special expertise and comprehensive development" as its vision. It has formulated solid and feasible growth initiatives under the guiding principle of "exploring development in a stable and balanced manner, maintaining development by risk prevention and control, and facilitating development by insisting on product quality". While it focuses on the scale of growth, particular attention will also be given to operational effectiveness, management efficiency and per capita effectiveness, system and mechanism innovation as well as emerging business exploration.

FINANCIAL ANALYSIS

Revenue

The revenue of the Group mainly derives from the sales of properties, as well as from project management, design and decoration, hotel operations, property rental, sales of construction materials, etc. During the Year, the revenue of the Group amounted to RMB65,783 million, representing an increase of 6.8% from RMB61,593 million in 2019, which was mainly due to the increase in sales of properties. During the Year, the Group's revenue from property sales amounted to RMB57,334 million, accounting for 87.2% of the total revenue and representing an increase of 5.3% from RMB54,433 million in 2019. The area of properties with recognised revenue amounted to 2,914,404 sqm, representing a decrease of 1.9% from 2,970,491 sqm in 2019. The average selling price of properties with recognised revenue was RMB19,673 per sqm, representing an increase of 7.4% from RMB18,325 per sqm in 2019, which was mainly because the proportion of projects with recognized revenue during the Year located in first- and second-tier cities increased from 52.3% in 2019 to 61.4%, which elevated the average selling price to a certain extent.

Project Name	Type of Properties	Area Sold (sqm) (Note)	Sales Revenue (RMB million)	% of Total	Average Selling Price (RMB per sqm)
Ningbo Young City	High-rise Apartment	258,211	5,176	9.0%	20,046
Yiwu Peach Garden	High-rise Apartment, Villa	95,939	3,599	6.3%	37,513
Wuxi Fengqi Heming	High-rise Apartment, Villa	144,022	3,312	5.8%	22,996
Hainan Blue Town	Integrated Community	78,834	2,642	4.6%	33,513
Ningbo Fenghua Changting Yunlu	High-Rise Apartment, Villa	163,086	2,598	4.5%	15,930
Qingdao Ideal City	Integrated Community	120,540	2,572	4.5%	21,337
Hangzhou Osmanthus Grace	High-rise Apartment, Villa	59,598	1,954	3.4%	32,786
Hangzhou Arcadia Town	High-rise Apartment, Villa	72,527	1,837	3.2%	25,328
Nantong Orchid Garden	High-rise Apartment, Villa	95,428	1,811	3.2%	18,978
Zibo Lily Garden	High-rise Apartment, Villa	157,352	1,773	3.1%	11,268
Others		1,668,867	30,060	52.4%	18,012
Total		2,914,404	57,334	100.0%	19,673

Note: Areas sold include aboveground and underground areas.

During the Year, projects in Zhejiang area achieved property sales revenue of RMB31,064 million, accounting for 54.2% of the total property sales and ranking the top. Projects in Jiangsu area achieved property sales revenue of RMB9,155 million, accounting for 16.0% of the total property sales and ranking the second. Projects in Shandong area achieved property sales revenue of RMB5,333 million, accounting for 9.3% of the total property sales and ranking the third.

During the Year, the Group's revenue from sales of high-rise apartments, low-rise apartments, serviced apartments, etc. amounted to RMB41,892 million, accounting for 73.1% of the total property sales; sales revenue from villas amounted to RMB14,488 million, accounting for 25.2% of the total property sales; and that from offices amounted to RMB954 million, accounting for 1.7% of the total property sales.

During the Year, the Group's revenue from project management service amounted to RMB1,622 million, representing a decrease of 11.3% from RMB1,829 million in 2019. Affected by the outbreak of COVID-19, the construction, sales and delivery of some of the Company's projects under project management were delayed. The delay in the construction of the projects under project management and sales schedule will affect the progress of completion for the current period. The service income under project management was not lost, but merely postponed to be recognised in the subsequent service cycle.

During the Year, the Group recorded RMB3,036 million in the revenue from its design and decoration business, representing an increase of RMB220 million or 7.8% from RMB2,816 million in 2019. During the Year, the Group's revenue from hotel operations amounted to RMB720 million, representing a decrease of 18.0% from RMB878 million in 2019. During the Year, the Group's rental income from investment properties amounted to RMB162 million, representing a decrease of 1.2% from RMB164 million in 2019, mainly due to some impact on the hotels and commercial operations resulted from the outbreak of COVID-19, and daily operations have gradually resumed.

Gross Profit and Gross Profit Margin

During the Year, the Group recorded a gross profit of RMB15,573 million, generally on par with RMB15,640 million in 2019. During the Year, the Group achieved a gross profit margin of 23.7%, representing a decrease of 1.7 percentage points from 25.4% in 2019. In particular, the gross profit margin of property sales was 23.5%, representing a decrease of 1.3 percentage points from 24.8% in 2019, which was mainly attributable to the insufficient reflection of brand premium affected by price control, resulting in the decrease in gross profit margin.

Other Income and Finance Costs

During the Year, the Group recorded other income of RMB3,017 million, representing an increase of RMB350 million from RMB2,667 million in 2019, which mainly comprised interest income, comprehensive service income, dividends from equity instruments at FVTOCI, government grants, etc., representing an increase of 13.1% from the last year, which was mainly attributable to the addition of new projects, generating more interest income from the increase in the amounts due from related parties. During the Year, interest income amounted to RMB2,403 million (2019: RMB1,688 million) and the net interest income amounted to RMB175 million (2019: RMB117 million) after deducting the interest expenses included in the consolidated statement of profit or loss and other comprehensive income of RMB2,228 million (2019: RMB1,571 million).

Interest expenses for the Year totalled RMB7,798 million (2019: RMB6,009 million) and net interests amounted to RMB5,395 million after deducting interest income of RMB2,403 million, representing an increase of RMB1,074 million from RMB4,321 million in 2019, mainly because the Group had more projects under development with a higher weighted average of loan balance outstanding in the Year. Weighted average interest cost was 4.9% during the Year, which represented a decrease of 40 bps as compared to 5.3% in 2019. During the Year, the Group continued to improve its debt structure, further lowering the finance costs.

Administrative Expenses

Administrative expenses include human resource costs, daily operating expenses and other expenses, such as product research and development expenses. During the Year, the Group incurred administrative expenses of RMB4,323 million, which remained stable as compared to RMB4,297 million in 2019. Administrative expenses are divided into real estate development and related business expenses, non-real estate development and related business expenses, and depreciation and amortisation fees. Non-real estate development and related businesses are mainly project management, hotel business, design and decoration, sales of construction materials and other services.

During the Year, the Group incurred administrative expenses of RMB2,609 million in its real estate development and related business, which remained stable as compared to RMB2,589 million in 2019, of which human resource costs amounted to RMB1,342 million (2019: RMB1,286 million) and daily operating expenses amounted to RMB854 million (2019: RMB871 million). Benefited from the continuous optimization of its management and control model while constantly improving per capita efficiency in recent years, a 24.5% decline in the ratio of expenses to sales amount was recorded as compared to 2019. In addition, subject to the COVID-19 pandemic during the first half of 2020, there was a decrease in a portion of expenses.

Administration expenses of non-real estate development and related business amounted to RMB1,155 million for the Year, roughly on par with RMB1,118 million in 2019.

The Group incurred depreciation and amortisation fees of RMB559 million for the Year, representing a decrease of 5.3% from RMB590 million 2019.

Selling Expenses

Selling Expenses mainly include human resource costs, marketing activities expenses and daily operating expenses. During the Year, the Group incurred selling expenses of RMB2,320 million, representing an increase of RMB223 million or 10.6% from RMB2,097 million in 2019. Selling expenses are divided into the expenses for real estate development and related business and the expenses for non-real estate development and related business.

During the Year, the Group incurred selling expenses of RMB1,995 million for its real estate development and related business, representing an increase of RMB213 million or 12.0% from RMB1,782 million in 2019, mainly due to a substantial increase in the volume of project launch and sales compared with 2019, with a 16.1% decline in the ratio of expenses to sales amount as compared to 2019. As the single largest expenditure in selling expenses incurred by real estate development and related business, marketing activities expenses amounted to RMB1,001 million for the Year (2019: RMB951 million), representing an increase of RMB50 million or a year-on-year increase of 5.3%. During the Year, human resource costs incurred in real estate development and related business amounted to RMB640 million, representing an increase of 28.8% from RMB497 million in 2019. During the Year, the daily operating expenses incurred in real estate development and related business amounted to RMB354 million (2019: RMB334 million), representing an increase of RMB20 million or a year-on-year increase of 6.0%.

During the Year, the Group incurred selling expenses of RMB325 million for non-real estate development and related business, which was in line with RMB315 million in 2019.

Share of Results of Joint Ventures and Associates

During the Year, the Group's share of results of joint ventures was a gain of RMB2 million and the share of results of associates was a gain of RMB696 million, which amounted to an aggregate gain of RMB698 million and represented a decrease of RMB229 million from a gain of RMB927 million in 2019, which was mainly attributable to the decrease in gross profit margin resulting from the insufficient reflection of brand premium affected by price control, as well as the provisions for the impairment losses. During the Year, the Group made provisions for the impairment losses of Fuzhou Lvmin Real Estate Co., Ltd., resulting in a decrease in the share of results of joint ventures of RMB79 million.

Taxation Expenses

During the Year, taxation included LAT of RMB3,345 million (2019: RMB4,025 million) and EIT of RMB1,646 million (2019: RMB1,993 million), representing a taxation income proportion of 7.6% (2019: 9.8%). During the Year, the effective EIT rate was 27.4% (excluding the share of results of joint ventures and associates as well as the losses of certain offshore subsidiaries and net foreign exchange gains, etc.), higher than the statutory tax rate of 25.0%. This was mainly attributable to the early provision for withholding tax on dividend, the losses of certain onshore subsidiaries with unrecognized deferred tax assets and expenses non-deductible for taxation purposes.

Provision and Reversal of Impairment Losses for Certain Assets

In view of the risks and uncertainties brought by the purchase restrictions and tightening credit policies in the PRC's real estate market, the Group has appointed valuers to carry out valuation on certain properties. According to the valuation and impairment test results, a total of RMB1,334 million (2019: RMB1,376 million) was provided for an impairment loss, net of reversal of the Year, of which the impairment losses, net of reversal on properties and receivables related to the real estate daily development business was RMB478 million (2019: RMB1,310 million), mainly attributable to 1) the impairment loss provision of RMB231 million for the amount of receivables from Chengdu Chengtou Greentown Hengtai Real Estate Development Co., Ltd. (成都城投綠城恒泰房地產開發有限公司); 2) the impairment loss provision of RMB139 million for properties under development of Zhuji Yuedu Real Estate Co., Ltd. (諸暨市越都置業有限公司); and 3) the impairment loss provision of RMB113 million for properties under development of Jiaying Greentown Jiahe Real Estate Development Co., Ltd. (嘉興綠城嘉禾房地產開發有限公司). The impairment losses of relevant non-real estate daily development business was RMB856 million (2019: RMB66 million), mainly attributable to 1) the impairment loss provision of RMB255 million for the equity investment in Zhejiang Professional Football Club Co., Ltd. (浙江職業足球俱樂部有限公司); 2) according to the assessment results, an impairment loss provision of RMB261 million was recognised for hotel properties; and 3) the impairment loss provision of RMB340 million due from Shandong Gaosu Greentown Laiwu Xueye Lake Development Co., Ltd. (山東高速綠城萊蕪雪野湖開發有限公司) as a result of the demolition of constructions within the planned area of Laiwu Xueye Lake Scenic Area (萊蕪雪野湖風景區) by the government.

Contract Liabilities

Contract liabilities mainly represent the amounts received from the pre-sale of properties. As at 31 December 2020, the balance of contract liabilities of the Group was RMB112,799 million, representing an increase of RMB36,474 million or 47.8% from RMB76,325 million as at 31 December 2019, while the tax pending for written off of contract liabilities of the Group as at 31 December 2020 was RMB10,491 million, representing an increase of RMB3,069 million or 41.4% from RMB7,422 million as at 31 December 2019, which was mainly due to the increase in contracted sales of the Group during the Year.

As at 31 December 2020, the balance of contract liabilities of joint ventures and associates was RMB83,623 million, representing an increase of RMB33,011 million or 65.2% from RMB50,612 million as at 31 December 2019. Such increase was mainly due to the increase in contracted sales during the Year.

Financial Resources and Liquidity

As at 31 December 2020, the Group had bank balances and cash (including pledged bank deposits) of RMB65,203 million (31 December 2019: RMB51,894 million), among which, capital for sales monitoring amounted to RMB14,128 million (31 December 2019: RMB10,620 million), total borrowings amounted to RMB119,202 million (31 December 2019: RMB95,577 million) and net liabilities (total borrowings less bank balances and cash) amounted to RMB53,999 million (31 December 2019: RMB43,683 million). The net gearing ratio (net liabilities divided by total equity) was 63.8%, which was roughly on par with the ratio of 63.2% as at 31 December 2019, remaining at a reasonable level. Balance of borrowings due within one year amounted to RMB32,515 million, accounting for 27.3% (31 December 2019: 36.6%) of the total borrowings. The closing balance of bank deposits and cash (including pledged bank deposits) was 2.0 times (31 December 2019: 1.5 times) the balance of borrowings due within one year. Cash flow was sufficient, coupled with a reasonable debt structure, providing a strong support for the subsequent development of the Company.

Greentown Group has obtained facilities of more than RMB244.9 billion from financial institutions, of which approximately RMB125.4 billion was available as of 31 December 2020.

Transactions with Xihu Zhongbao

In April 2020, the Company entered into various agreements with Xihu Zhongbao Co., Ltd. (Xihu Zhongbao) and its subsidiaries, pursuant to which it conditionally agreed the Group to conduct the following transactions with Xihu Zhongbao and its subsidiaries: (a) acquisition of 100% of the total number of shares of Zhejiang Qifeng Industrial Co., Ltd. (浙江啟豐實業有限公司) (which holds 35% of the total number of shares of Shenyang Shenbei Jingu Real Estate Co., Ltd. (瀋陽沈北金谷置業有限公司) and Shenyang Xihu Pearl Real Estate Co., Ltd. (瀋陽新湖明珠置業有限公司)), with a total transaction price of RMB379 million, which includes an equity transfer consideration of RMB186 million and a financial support of RMB193 million, and gains from the acquisition increased the net profit of the Company by RMB62 million for the Year; (b) acquisition of 100% of the total number of shares of Zhejiang Qizhi Industrial Co., Ltd. (浙江啟智實業有限公司) (which holds 50% of the total number of shares of Nantong Qixin Real Estate Co., Ltd. (南通啟新置業有限公司) and Nantong Qiyang Construction and Development Co., Ltd. (南通啟陽建設開發有限公司)), with a total transaction price of RMB1.151 billion, which includes an equity transfer consideration of RMB398 million and a financial support of RMB753 million, and gains from the acquisition increased the net profit of the Company by RMB62 million for the Year; (c) acquisition of 50% of the total number of shares of Nantong Xihu Real Estate Co., Ltd. (南通新湖置業有限公司), with a total transaction price of RMB672 million, which includes an equity transfer consideration of RMB72 million and a financial support of RMB600 million, and gains from the acquisition increased the net profit of the Company by RMB16 million for the Year; (d) acquisition of 35% of the total number of shares of Shanghai Zhonghan Real Estate Co., Ltd. (上海中瀚置業有限公司), with a total transaction price of RMB1.9 billion, which includes an equity transfer consideration of RMB517 million and a financial support of RMB1.383 billion, and gains from the acquisition increased the net profit of the Company by RMB184 million for the Year.

For details of the acquisition agreements mentioned above, please refer to the announcements of the Company dated 19 April 2020 and 24 April 2020.

Risks of Foreign Exchange Fluctuation

The principal place of operation of the Group is in the People's Republic of China, and the majority of the income and expenditure was settled in RMB. As the Group had deposits in foreign currencies, amounts due from and to related parties and third parties denominated in foreign currencies, as well as bank borrowings in foreign currencies and overseas senior notes, the Group was exposed to foreign exchange risks. No foreign exchange hedging arrangements was entered into by the Company during the Year. A provision of net foreign exchange gain of RMB1.118 billion was made for RMB appreciation.

Financial Guarantees

The Group provided guarantees in stage in respect of certain banks' mortgage granted to the buyers of the Group's properties before small owners' property certificates could be pledged to the banks. As at 31 December 2020, such guarantees for mortgage facilities amounted to RMB37,066 million (31 December 2019: RMB35,651 million).

Pledge of Assets

As at 31 December 2020, the Group pledged right-of-use assets, investment properties, properties for development, properties under development, completed properties for sale, property, plant and equipment, pledged bank deposits and interests in an associate, with an aggregate carrying value of RMB94,858 million (31 December 2019: RMB95,868 million) to secure general credit facilities granted by banks and other financial institutions to the Group.

Capital Commitments

As at 31 December 2020, the Group had contracted, but not provided for, capital expenditure commitments of RMB44,214 million (31 December 2019: RMB30,769 million) in respect of properties for development, properties under development or construction in progress.

CAPITAL EXPENDITURE PLAN

In consideration of the complicated and highly uncertain economic environment, the Group takes a prudent approach towards the use of funds to secure the capital chain. Currently, the Group has no material capital expenditure plan.

EVENT AFTER THE BALANCE SHEET DATE

On 5 February 2021, Harbin Greentown Real Estate Co., Ltd. (“Harbin Greentown Real Estate”), an indirect wholly-owned subsidiary of the Company, entered into an supplemental agreement with CCCC Northeast Investment Co., Ltd. (“CCCC Northeast Investment”), Harbin Metro Real Estate Development Co., Ltd. (“Harbin Metro RED”) and Harbin Young City Real Estate Co., Ltd. (the “Project Company”), pursuant to which Harbin Greentown Real Estate, CCCC Northeast Investment and Harbin Metro RED will provide shareholders’ loans at an interest of 7.5% per annum to the Project Company: (a) Harbin Metro RED will commit up to RMB1,127,410,000 (to be made available to the Project Company after kicking start the Project, and of which RMB643,460,000 (“Secured Loan”) will be advanced by Harbin Greentown Real Estate for the time being and secured with a share pledge of all of Harbin Metro RED’s equity interest in the Project Company); (b) CCCC Northeast Investment will provide up to RMB256,230,000; and (c) Harbin Greentown Real Estate will provide up to RMB1,316,180,000 (of which the Secured Loan of RMB643,460,000 will be advanced to the Project Company in place of Harbin Metro RED, repayable by the Project Company upon Harbin Metro RED’s making available of its shareholder loan of RMB1,127,410,000 to the Project Company). The shareholders’ loan is specific to the development project in relation to the above-depot area of the relevant rail yards of Harbin Metro Line 3, and is subject to independent Shareholders’ approval. As of the date of this announcement, the Project Company was owned by the Company, CCCC Northeast Investment and Harbin Metro RED as to 46%, 10% and 44%, respectively. For details, please refer to the announcement of the Company dated 5 February 2021.

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

Save as disclosed, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of its listed securities during the Year.

Issuance under General Mandate

During the Year, the Company has, by way of general mandate, issued 323,000,000 ordinary shares (par value: HK\$0.1 per share; aggregate nominal value: HK\$32,300,000) at a subscription price of HK\$9.50 per share to Hong Kong Xinhua Investment Co., Limited, a wholly-owned subsidiary of Xinhua Zhongbao Co., Ltd., a company listed on the Shanghai Stock Exchange principally engaged in the businesses of, among other things, real estate, financial service and fintech and high technology investment. The reasons for the issuance included introduction of strategic shareholder, creation of opportunities for enhanced strategic dialogue and cooperation, strengthening the capital base and financial position of the Group, and broadening Shareholder base of the Company.

The aggregate gross proceeds of the issuance was HK\$3,068,500,000 and the aggregate net proceeds after deduction of all relevant expenses were approximately HK\$3,067,500,000, representing a net issue price of approximately HK\$9.497 per issued share.

The date on which the terms of the issuance were fixed was 26 April 2020 (Sunday) and the closing price of the shares of the Company on the immediately preceding trading day was HK\$7.01 per share, as quoted on the Stock Exchange.

As disclosed in the announcement of the Company dated 26 April 2020, the net proceeds from the issuance were intended to be used for general corporate purposes, repayment of loan and/or as general working capital, and had been fully applied as at the date of this announcement:

Purpose	Amount (HK\$)
General corporate purposes and working capital including funding the operation of principal businesses and projects and setting aside for final dividend payment	1,897,500,000
Repayment of loan	1,170,000,000

Repurchase of the 2020 Notes

On 14 July 2020, the Company completed the repurchase of an aggregate principal amount of USD149,999,000 out of its USD600,000,000 4.55% senior notes due 2020 (ISIN XS2076070619) (the “2020 Notes”). The repurchased 2020 Notes has been cancelled. After cancellation of the repurchased 2020 Notes, the aggregate outstanding principal amount of the 2020 Notes is USD450,001,000. For details of the repurchase of the 2020 Notes, please refer to the announcements of the Company dated 7 July 2020, 15 July 2020 and 20 July 2020. The Company has fully redeemed the 2020 Notes in November 2020 on the final maturity date of the 2020 Notes.

Issuance of 5.65% 2025 Senior Notes

On 13 July 2020, the Company announced that approval has been granted for the listing of its USD300,000,000 5.65% senior notes due 2025 (the “5.65% 2025 Notes”). The gross proceeds from the notes issue, without deducting subscription discounts, commissions and other estimated expenses payable in connection with the issue of 5.65% 2025 Notes, was USD300,000,000. The listing and permission to deal became effective on 14 July 2020. For details, please refer to the announcements of the Company dated 7 July 2020 and 13 July 2020.

Redemption of Notes issued by Wisdom Glory

On 20 July 2020, Wisdom Glory Group Limited (“Wisdom Glory”), a wholly-owned subsidiary of the Company, has exercised its option to redeem all of the USD450,000,000 senior perpetual notes (the “Senior Perpetual Notes”) it issued and listed on the Stock Exchange. The withdrawal of listing of the Senior Perpetual Notes took effect on 29 July 2020. For details, please refer to the announcement of the Company dated 22 July 2020.

Redemption of 2015 USD Notes

The Company has fully redeemed its senior notes issued in 2015 with the aggregate principal amount of USD500,000,000 (“2015 USD Notes”) on 11 August 2020, the final maturity date of the 2015 USD Notes.

Listing of Greentown Management

On 10 July 2020, Greentown Management Holdings Company Limited (“Greentown Management”), a subsidiary of the Group, was listed on the Main Board of Hong Kong Stock Exchange. Greentown Management issued a total of 525,316,000 new shares at an offer price of HK\$2.50 per Greentown Management Share under its global offering (including 47,756,000 shares issued as a result of the exercise of the over-allotment option (“Over-allotment Option”) by the joint representatives on behalf of the international underwriters in the global offering). The Company’s shareholding in Greentown Management was approximately 73.17% immediately after the completion of the global offering and the issuance and allotment of shares pursuant to the full exercise of the Overallotment Option. The total proceeds of approximately HK\$1,213.1 million (after deducting underwriting fees, commissions and other estimated listing expenses payable by Greentown Management and as disclosed in the announcement of the offer price and allotment results dated 9 July 2020 and the announcement dated 27 August 2020 of Greentown Management) from the global offering (including the over-allotment) will be utilized for the purposes as set out in the prospectus dated 29 June 2020 and the announcement of the offer price and allotment results dated 9 July 2020 of Greentown Management. For details, please refer to the announcements of the Company dated 9 July 2020, 10 July 2020 and 30 July 2020 and the announcements of Greentown Management.

Issuance of 4.70% 2025 Senior Notes

On 21 October 2020, the Company announced that approval has been granted for the listing of its USD300,000,000 4.70% senior notes due 2025 (the “4.70% 2025 Notes”). The gross proceeds from the notes issue, without deducting subscription discounts, commissions and other estimated expenses payable in connection with the issue of 4.70% 2025 Notes, was USD300,000,000. The listing and permission to deal became effective on 30 October 2020. For details, please refer to the announcements of the Company dated 21 October 2020 and 29 October 2020.

HUMAN RESOURCES

As at 31 December 2020, the Group employed a total of 8,081 employees (31 December 2019: 7,418). The employees of the Group were remunerated on the basis of their performance, experience and prevailing industry practices. The Group’s remuneration policies and packages were reviewed by the remuneration committee of the Company and the Board on a regular basis. As an incentive for the employees, bonuses and cash awards may also be granted to the employees based on their individual performance evaluation.

CORPORATE GOVERNANCE CODE OF THE LISTING RULES

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

Under Code Provision A.2.1, the roles of chairman and chief executive should be separate. During the Year, Mr ZHANG Yadong had been the Chairman of the Board and the Chief Executive Officer of the Company; and for the further optimisation of the governance structure of the Company, arrangements were made to separate the roles of Chairman and CEO pursuant to A.2.1 of the Corporate Governance Code for better clarity on the division of labour. As at 31 December 2020, Mr ZHANG Yadong was the Chairman of the Board and Mr GUO Jiafeng was the Chief Executive Officer of the Company.

MODEL CODE OF THE LISTING RULES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules as the Company’s code for dealing in securities of the Company by the Directors. Having made specific enquiry to each of the Directors, they have confirmed that they have complied with the Model Code throughout the Year. Relevant employees who are likely to be in possession of unpublished inside information of the Group are also subject to compliance with the written guidelines on same terms as the Model Code.

AUDIT COMMITTEE

The audit committee of the Company (the “Audit Committee”) has reviewed the accounting principles and practices adopted by the Group and discussed on the audit objectives, the scopes and the report of the internal audit department of the Group. The results of the Group for the year ended 31 December 2020 have been reviewed by the Audit Committee.

FORWARD LOOKING STATEMENTS

This announcement includes forward-looking statements. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believe”, “estimate”, “anticipate”, “expect”, “intend”, “may”, “will” or “should” or, in each case, their negative, or other variations or similar terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this announcement and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects and growth strategies, and the industry in which the Greentown Group operates. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We caution you that forward-looking statements are not guarantees of future performance and that our actual

results of operations, financial condition and liquidity, and the development of the industry in which the Greentown Group operates may differ materially from those made in, or suggested by, the forward-looking statements contained in this announcement. In addition, even if our results of operations, financial condition and liquidity, and the development of the industry in which the Greentown Group operates are consistent with the forward-looking statements contained in this announcement, those results or developments may not be indicative of results or developments in subsequent periods.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the Company (the “AGM”) is proposed to be held on 18 June 2021 (Friday). A notice convening the AGM will be published and dispatched to the shareholders of the Company (the “Shareholders”) in the manner as required by the Listing Rules in due course.

DIVIDENDS

The Board recommends the payment of a final dividend of RMB0.35 per share for the year ended 31 December 2020 (the “2020 Final Dividend”) to the ordinary Shareholders whose names appear on the Company’s register of members as of 29 June 2021 (Tuesday) (2019: RMB0.30 per share). Subject to approval of the Shareholders at the AGM, the 2020 Final Dividend is expected to be paid before 31 July 2021.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed during the following periods:

- (i) From 15 June 2021 (Tuesday) to 18 June 2021 (Friday), both days inclusive, during which period no transfer of shares will be registered, for the purpose of ascertaining Shareholders’ entitlement to attend and vote at the AGM. In order to be eligible to attend and vote at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company’s branch share register in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Center, 183 Queen’s Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on 11 June 2021 (Friday); and
- (ii) From 25 June 2021 (Friday) to 29 June 2021 (Tuesday), both days inclusive, during which period no transfer of shares will be registered, for the purpose of ascertaining Shareholders’ entitlement to the 2020 Final Dividend, if approved by the Shareholders at the AGM. In order to be eligible to the 2020 Final Dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company’s branch share register in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Center, 183 Queen’s Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on 24 June 2021 (Thursday).

PUBLICATION OF ANNUAL REPORT

The annual report of the Group for the year ended 31 December 2020 containing all the information required by the Listing Rules will be dispatched to the Shareholders and published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.chinagreentown.com).

APPRECIATION

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

By order of the Board
Greentown China Holdings Limited
ZHANG Yadong
Chairman

Hangzhou, the PRC
22 March 2021

As at the date of this announcement, the Board comprises Mr ZHANG Yadong, Mr GUO Jiafeng, Mr WU Wende, Mr GENG Zhongqiang, Mr LI Jun and Ms HONG Lei as executive directors, Mr Stephen Tin Hoi NG (Mr Andrew On Kiu CHOW as his alternate) and Mr WU Yiwen as non-executive directors and Mr JIA Shenghua, Mr HUI Wan Fai, Mr QIU Dong and Mr ZHU Yuchen as independent non-executive directors.