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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 2021**

#### **HIGHLIGHTS**

- Total contracted sales achieved RMB350.9 billion, representing a year-on-year increase of 21%;
- 101 projects were newly added, with a total GFA of approximately 17.51 million sqm and estimated saleable amount of RMB313.7 billion;
- Revenue amounted to RMB100.24 billion, representing a year-on-year increase of 52.4%; profit for the Year amounted to RMB7.687 billion, representing a year-on-year increase of 33.4%;
- Core net profit attributable to owners of the Company amounted to RMB5.765 billion, representing a year-on-year increase of 44.4%; profit attributable to owners of the Company amounted to RMB4.469 billion, representing a year-on-year increase of 17.7%;
- Bank balances and cash (including pledged bank deposits) totaled RMB71.496 billion (as at 31 December 2020: RMB65.203 billion);
- Net gearing ratio was 52.0%, down by 11.8 percentage points over last year; cash to short-term debt was 2.2x (as at 31 December 2020: 2x);
- Weighted average interest cost of total borrowings was 4.6%, representing a decrease of 30 bps as compared to 4.9% in 2020;
- Basic earnings per share was RMB1.31, representing a year-on-year increase of 24.8%; the Board has recommended payment of a final dividend of RMB0.46 per share for the year ended 31 December 2021 (2020: RMB0.35 per share).

The board of directors (the “Board”) of Greentown China Holdings Limited (“Greentown”, “Greentown China” 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 2021 (the “Year”) prepared in accordance with the International Financial Reporting Standards, together with comparative audited figures for the year ended 31 December 2020. The following financial information is extracted from the audited consolidated financial statements in the Group’s 2021 annual report which is to be published by the Group.

\* For identification purposes only

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

*Year ended 31 December 2021*

	<i>Notes</i>	<b>2021</b> <b>RMB'000</b>	2020 <i>RMB'000</i>
<b>REVENUE</b>	4	<b>100,240,064</b>	65,782,531
Cost of sales		<b>(82,071,584)</b>	(50,209,631)
Gross profit		<b>18,168,480</b>	15,572,900
Other income	5	<b>3,121,287</b>	3,017,194
Other gains	6	<b>488,856</b>	1,511,822
Selling expenses		<b>(2,874,489)</b>	(2,320,095)
Administrative expenses		<b>(5,159,996)</b>	(4,323,472)
Finance costs	7	<b>(2,298,568)</b>	(2,228,464)
Impairment losses under expected credit loss model, net		<b>(42,858)</b>	(561,517)
Impairment losses on non-financial assets, net		<b>(412,371)</b>	(772,837)
Loss from changes in fair value of investment properties		<b>(117,775)</b>	(14,639)
Gain on disposal of subsidiaries, net		<b>166,600</b>	174,902
Gain on acquisition of subsidiaries, net		<b>33,383</b>	–
Share of results of joint ventures		<b>(254,006)</b>	2,129
Share of results of associates		<b>1,736,759</b>	695,605
<b>PROFIT BEFORE TAXATION</b>		<b>12,555,302</b>	10,753,528
Taxation	8	<b>(4,868,272)</b>	(4,990,647)
<b>PROFIT FOR THE YEAR</b>		<b>7,687,030</b>	5,762,881
Attributable to:			
Owners of the Company		<b>4,469,175</b>	3,796,477
Non-controlling interests		<b>3,217,855</b>	1,966,404
		<b>7,687,030</b>	5,762,881

	<i>Note</i>	<b>2021</b> <b>RMB'000</b>	2020 RMB'000
<b>OTHER COMPREHENSIVE INCOME</b>			
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:			
Fair value (loss)/gain on equity investments designated at fair value through other comprehensive income for the year, net of tax		<b>(397,900)</b>	42,727
Share of associates' other comprehensive loss		<b>(8,427)</b>	–
		<u><b>(406,327)</b></u>	<u>42,727</u>
<b>OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR</b>			
		<u><b>(406,327)</b></u>	<u>42,727</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>			
		<u><b>7,280,703</b></u>	<u>5,805,608</u>
Attributable to:			
Owners of the Company		<b>4,061,369</b>	3,829,073
Non-controlling interests		<b>3,219,334</b>	1,976,535
		<u><b>7,280,703</b></u>	<u>5,805,608</u>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>			
Basic	<i>10</i>	<u><b>RMB1.31</b></u>	<u>RMB1.05</u>
Diluted	<i>10</i>	<u><b>RMB1.30</b></u>	<u>RMB1.04</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2021

	<i>Note</i>	<b>2021</b> <i>RMB'000</i>	2020 <i>RMB'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>10,220,738</b>	9,076,714
Investment properties		<b>6,936,152</b>	4,364,620
Right-of-use assets		<b>945,247</b>	827,067
Goodwill		<b>769,241</b>	769,241
Intangible assets		<b>139,269</b>	–
Interests in associates		<b>25,405,142</b>	18,629,388
Interests in joint ventures		<b>12,008,844</b>	5,740,108
Equity instruments designated at fair value through other comprehensive income		<b>1,608,032</b>	2,037,318
Deferred tax assets		<b>4,756,509</b>	3,764,898
		<hr/>	<hr/>
Total non-current assets		<b>62,789,174</b>	45,209,354
<b>CURRENT ASSETS</b>			
Properties for development		<b>26,447,915</b>	20,257,965
Properties under development		<b>230,489,608</b>	194,209,030
Completed properties for sale		<b>26,760,579</b>	18,341,794
Inventories		<b>1,359,373</b>	326,614
Trade and other receivables, deposits and prepayments	<i>11</i>	<b>9,968,079</b>	11,203,290
Contract assets		<b>3,120,853</b>	3,124,518
Contract costs		<b>860,553</b>	532,155
Amounts due from related parties		<b>64,354,526</b>	45,450,618
Prepaid income taxes		<b>8,229,734</b>	4,454,437
Prepaid other taxes		<b>7,951,604</b>	5,968,882
Financial assets at fair value through profit or loss		<b>76,031</b>	–
Pledged bank deposits		<b>3,120,135</b>	5,655,839
Bank balances and cash		<b>68,375,618</b>	59,547,352
		<hr/>	<hr/>
Assets of a disposal group classified as held for sale		<b>451,114,608</b>	369,072,494
		<b>7,139,843</b>	–
		<hr/>	<hr/>
Total current assets		<b>458,254,451</b>	369,072,494

	<i>Note</i>	<b>2021</b> <i>RMB'000</i>	2020 <i>RMB'000</i>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	<b>60,574,462</b>	46,610,097
Contract liabilities		<b>148,887,691</b>	112,798,675
Amounts due to related parties		<b>38,633,659</b>	23,432,261
Income taxes payable		<b>10,189,205</b>	10,463,643
Other taxes payable		<b>16,324,092</b>	12,360,269
Lease liabilities		<b>53,897</b>	33,741
Bank and other borrowings		<b>21,959,524</b>	23,628,164
Senior notes		<b>62,801</b>	62,653
Corporate debt instruments		<b>10,027,858</b>	8,819,580
Receipts under securitisation arrangements		<b>2,417</b>	4,819
		<b>306,715,606</b>	238,213,902
Liabilities directly associated with the assets classified as held for sale		<b>5,674,120</b>	–
Total current liabilities		<b>312,389,726</b>	238,213,902
<b>NET CURRENT ASSETS</b>		<b>145,864,725</b>	130,858,592
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>208,653,899</b>	176,067,946
<b>NON-CURRENT LIABILITIES</b>			
Bank and other borrowings		<b>70,059,492</b>	63,796,233
Senior notes		<b>4,768,282</b>	3,897,129
Corporate debt instruments		<b>16,951,725</b>	17,100,739
Receipts under securitisation arrangements		<b>3,626,679</b>	1,892,822
Lease liabilities		<b>416,584</b>	103,889
Deferred tax liabilities		<b>5,185,287</b>	4,687,061
Total non-current liabilities		<b>101,008,049</b>	91,477,873
<b>NET ASSETS</b>		<b>107,645,850</b>	84,590,073
<b>EQUITY</b>			
<b>Equity attributable to ordinary shareholders of the Company</b>			
Share capital		<b>239,777</b>	239,264
Reserves		<b>34,439,628</b>	31,983,885
		<b>34,679,405</b>	32,223,149
Perpetual securities		<b>10,758,446</b>	20,618,316
Non-controlling interests		<b>62,207,999</b>	31,748,608
<b>TOTAL EQUITY</b>		<b>107,645,850</b>	84,590,073

## NOTES TO FINANCIAL STATEMENTS

31 December 2021

### 1. CORPORATE AND GROUP INFORMATION

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 registered office of the Company is located at Maples Corporate Services Limited, PO Box 309, Ugland House, South Church Street, George Town, Grand Cayman KY1-1104 Cayman Islands.

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 People’s Republic of China (“PRC”).

### 2.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised IFRSs for the first time for the current year’s financial statements.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	<i>Interest Rate Benchmark Reform – Phase 2</i>
Amendment to IFRS 16	<i>Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted)</i>

### 2.2 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”)

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to IFRS 3	<i>Reference to the Conceptual Framework<sup>1</sup></i>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture<sup>3</sup></i>
IFRS 17	<i>Insurance Contracts<sup>2</sup></i>
Amendments to IFRS 17	<i>Insurance Contracts<sup>2, 4</sup></i>
Amendments to IFRS 17	<i>Initial Application of IFRS 17 and IFRS 9 – Comparative Information<sup>2</sup></i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current<sup>2, 4</sup></i>
Amendments to IAS 1 and IFRS Practice Statement 2	<i>Disclosure of Accounting Policies<sup>2</sup></i>
Amendments to IAS 8	<i>Definition of Accounting Estimates<sup>2</sup></i>
Amendments to IAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction<sup>2</sup></i>
Amendments to IAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use<sup>1</sup></i>
Amendments to IAS 37	<i>Onerous Contracts - Cost of Fulfilling a Contract<sup>1</sup></i>
<i>Annual Improvements to IFRS Standards 2018-2020</i>	<i>Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41<sup>1</sup></i>

- 1 Effective for annual periods beginning on or after 1 January 2022
- 2 Effective for annual periods beginning on or after 1 January 2023
- 3 No mandatory effective date yet determined but available for adoption
- 4 As a consequence of the amendments to IFRS 17 issued in June 2020, IFRS 4 was amended to extend the temporary exemption that permits insurers to apply IAS 39 rather than IFRS 9 for annual periods beginning before 1 January 2023

### 3. OPERATING 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.

For management purposes, the Group is organised into business units based on their products and services and has five reportable operating segments as follows:

- (a) Property development
- (b) Hotel operations
- (c) Property investment
- (d) Project management, and
- (e) Others

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.

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.

### 3. OPERATING SEGMENT INFORMATION (continued)

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”.

Management monitors the results of the Group’s operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted post-tax profit/(loss) from continuing operations. The adjusted post-tax profit/(loss) from continuing operations is measured consistently with the Group’s post-tax profit/(loss) from continuing operations except that certain administrative expenses, other income, finance costs and taxation are excluded from such measurement.

All assets are allocated to operating segments other than certain bank balances and cash, pledge bank deposits, property, plant and equipment, equity instruments at continued fair value through other comprehensive income (“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.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.



### 3. OPERATING SEGMENT INFORMATION (continued)

#### Year ended 31 December 2021

Segment revenue	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
Revenue from contracts with customers	89,754,930	758,231	-	2,049,394	7,499,989	100,062,544	-	100,062,544
Rental income	-	-	177,520	-	-	177,520	-	177,520
Total external segment revenue	89,754,930	758,231	177,520	2,049,394	7,499,989	100,240,064	-	100,240,064
Inter-segment revenue	73,853	3,599	25,741	160,321	2,584,180	2,847,694	(2,847,694)	-
Total	<u>89,828,783</u>	<u>761,830</u>	<u>203,261</u>	<u>2,209,715</u>	<u>10,084,169</u>	<u>103,087,758</u>	<u>(2,847,694)</u>	<u>100,240,064</u>
Segment results	<u>7,234,202</u>	<u>71,725</u>	<u>(30,836)</u>	<u>541,220</u>	<u>198,111</u>	<u>8,014,422</u>	<u>-</u>	<u>8,014,422</u>
Unallocated administrative expenses								(215,618)
Unallocated other income								21,127
Unallocated finance costs								(12,497)
Unallocated taxation								(120,404)
Profit for the year								<u>7,687,030</u>

#### Year ended 31 December 2020

Segment revenue	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
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	57,334,390	719,539	161,737	1,622,299	5,944,566	65,782,531	-	65,782,531
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>

### 3. OPERATING SEGMENT INFORMATION (continued)

#### Segment assets

	<b>2021</b> <i>RMB'000</i>	2020 <i>RMB'000</i>
Property development	<b>479,429,085</b>	385,459,880
Hotel operations	<b>10,415,837</b>	8,446,500
Property investment	<b>7,536,648</b>	4,569,662
Project management	<b>5,022,558</b>	4,035,788
Others	<b>13,926,819</b>	9,455,708
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Total segment assets	<b>516,330,947</b>	411,967,538
Unallocated	<b>4,712,678</b>	2,314,310
	<hr/>	<hr/>
Consolidated assets	<b>521,043,625</b>	414,281,848

#### Segment liabilities

	<b>2021</b> <i>RMB'000</i>	2020 <i>RMB'000</i>
Property development	<b>396,906,997</b>	317,806,924
Hotel operations	<b>3,363,902</b>	303,749
Property investment	<b>886,167</b>	1,218,853
Project management	<b>1,657,237</b>	1,409,596
Others	<b>9,440,743</b>	7,801,977
	<hr/>	<hr/>
Total segment liabilities	<b>412,255,046</b>	328,541,099
Unallocated	<b>1,142,729</b>	1,150,676
	<hr/>	<hr/>
Consolidated liabilities	<b>413,397,775</b>	329,691,775

### 3. OPERATING SEGMENT INFORMATION (continued)

#### Other segment information

#### Year ended 31 December 2021

	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*	13,647,734	52,930	539,697	112,659	354,729	14,707,749	36,253	14,744,002
Interests in associates	24,712,584	—	—	70,382	622,176	25,405,142	—	25,405,142
Interests in joint ventures	11,835,200	—	—	173,644	—	12,008,844	—	12,008,844
Impairment losses under expected credit loss model, net of reversal	27,774	(1,271)	—	9,963	6,392	42,858	—	42,858
Impairment losses on non-financial assets, net of reversal	417,954	(9,638)	—	—	4,055	412,371	—	412,371
Loss from changes in fair value of investment properties	—	—	116,090	—	1,685	117,775	—	117,775
Net gain on disposal of subsidiaries	(166,600)	—	—	—	—	(166,600)	—	(166,600)
Gain on acquisition of an associate at discount	(96,859)	—	—	—	—	(96,859)	—	(96,859)
Depreciation of property, plant and equipment	65,352	339,616	410	12,791	31,359	449,528	6,482	456,010
Depreciation of right-of-use assets	62,560	22,467	2,643	8,192	44,441	140,303	11,024	151,327
Gain on disposal of property, plant and equipment and right-of-use assets	(2,195)	(22)	19	(2,233)	(3,417)	(7,848)	(469)	(8,317)
Interest income	(1,765,007)	(7,552)	(2,258)	(108,265)	(41,961)	(1,925,043)	(9,222)	(1,934,265)
Finance costs	2,139,788	44,789	41,904	12,528	47,062	2,286,071	12,497	2,298,568
Share of results of associates	(1,734,215)	—	—	(2,544)	—	(1,736,759)	—	(1,736,759)
Share of results of joint ventures	265,574	—	—	(11,568)	—	254,006	—	254,006
Taxation	4,557,705	4,286	(1,864)	151,180	36,561	4,747,868	120,404	4,868,272

### 3. OPERATING SEGMENT INFORMATION (continued)

#### Other segment information (continued)

#### 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*	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 losses under expected credit loss model, net of reversal	531,076	(713)	-	1,378	32,591	564,332	(2,815)	561,517
Impairment losses 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 and right-of-use assets	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

\* Non-current assets mainly included property, plant and equipment, investment properties, right-of-use assets, intangible assets, interests in joint ventures and interests in associates and excluded financial instruments and deferred tax assets.

#### Geographical markets

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.

#### Information about a major customer

No customer accounts for 10% or more of the Group's revenue.

#### 4. REVENUE

An analysis of revenue is as follows:

	<b>2021</b>	2020
	<b>RMB'000</b>	RMB'000
Revenue from contracts with customers	<b>100,062,544</b>	65,620,794
Revenue from other sources:		
Rental income	<b>177,520</b>	161,737
	<b>100,240,064</b>	65,782,531

#### Revenue from contracts with customers

##### *Disaggregated revenue information*

##### *Geographical markets*

The Group's consolidated revenue is mainly attributable to the market in the PRC (country of domicile).

##### *Timing of revenue recognition*

#### Year ended 31 December 2021

	Property sales	Hotel operations	Project management	Design and decoration	Sales of construction materials	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Recognised at a point in time	61,905,212	–	–	–	332,246	–	62,237,458
Recognised over time	27,849,718	758,231	2,049,394	3,913,506	–	3,254,237	37,825,086
<b>Revenue from contracts with customers</b>	<b>89,754,930</b>	<b>758,231</b>	<b>2,049,394</b>	<b>3,913,506</b>	<b>332,246</b>	<b>3,254,237</b>	<b>100,062,544</b>

#### Year ended 31 December 2020

	Property sales	Hotel operations	Project management	Design and decoration	Sales of construction materials	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	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
<b>Revenue from contracts with customers</b>	<b>57,334,390</b>	<b>719,539</b>	<b>1,622,299</b>	<b>3,035,699</b>	<b>291,914</b>	<b>2,616,953</b>	<b>65,620,794</b>

#### 4. REVENUE (continued)

##### Revenue from contracts with customers (continued)

##### *Disaggregated revenue information* (continued)

Set out below is the reconciliation of the revenue from contracts with customers to the amounts disclosed in the segment information:

##### Year ended 31 December 2021

	Property development RMB'000	Hotel operations RMB'000	Property investment RMB'000	Project management RMB'000	Others RMB'000	Total RMB'000
Revenue disclosed in segment information						
External customers	89,754,930	758,231	177,520	2,049,394	7,499,989	100,240,064
Inter-segment	73,853	3,599	25,741	160,321	2,584,180	2,847,694
	<u>89,828,783</u>	<u>761,830</u>	<u>203,261</u>	<u>2,209,715</u>	<u>10,084,169</u>	<u>103,087,758</u>
Adjustment for property rental income	-	-	(177,520)	-	-	(177,520)
Eliminations	(73,853)	(3,599)	(25,741)	(160,321)	(2,584,180)	(2,847,694)
Revenue from contracts with customers	<u>89,754,930</u>	<u>758,231</u>	<u>-</u>	<u>2,049,394</u>	<u>7,499,989</u>	<u>100,062,544</u>

##### Year ended 31 December 2020

	Property development RMB'000	Hotel operations RMB'000	Property investment RMB'000	Project management RMB'000	Others RMB'000	Total RMB'000
Revenue disclosed in segment information						
External customers	57,334,390	719,539	161,737	1,622,299	5,944,566	65,782,531
Inter-segment	-	177	19,113	276,293	2,048,914	2,344,497
	<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>
Adjustment for property rental income	-	-	(161,737)	-	-	(161,737)
Eliminations	-	(177)	(19,113)	(276,293)	(2,048,914)	(2,344,497)
Revenue from contracts with customers	<u>57,334,390</u>	<u>719,539</u>	<u>-</u>	<u>1,622,299</u>	<u>5,944,566</u>	<u>65,620,794</u>

**5. OTHER INCOME**

	<b>2021</b>	2020
	<b>RMB'000</b>	RMB'000
Interest income	<b>1,934,265</b>	2,403,193
Comprehensive service income	<b>650,023</b>	289,338
Dividends from equity instruments designated at FVTOCI	<b>67,305</b>	65,436
Government grants	<b>51,686</b>	63,142
Others	<b>418,008</b>	196,085
	<b>3,121,287</b>	3,017,194

**6. OTHER GAINS**

	<b>2021</b>	2020
	<b>RMB'000</b>	RMB'000
Foreign exchange gains, net	<b>381,831</b>	1,118,084
Gain on acquisition of associates and joint ventures at discount	<b>96,859</b>	324,434
Gain on disposal of joint ventures	<b>118</b>	70,430
Net gain/(loss) on disposal of property, plant and equipment and right-of-use assets	<b>8,317</b>	(1,126)
Gain from changes in fair value of financial assets measured at Financial assets at fair value through profit or loss	<b>1,731</b>	–
	<b>488,856</b>	1,511,822

**7. FINANCE COSTS**

	<b>2021</b>	2020
	<b>RMB'000</b>	RMB'000
Interest on bank and other borrowings and amounts due to related parties	<b>6,624,138</b>	5,980,892
Interest on senior notes	<b>205,934</b>	395,757
Interest on corporate debt instruments	<b>1,111,151</b>	1,363,015
Interest on receipts under securitisation arrangements	<b>112,076</b>	50,913
Interest on leases	<b>23,025</b>	7,431
Total borrowing costs	<b>8,076,324</b>	7,798,008
Less: Interest capitalised in properties under development and construction in progress	<b>(5,777,756)</b>	(5,569,544)
	<b>2,298,568</b>	2,228,464

## 8. TAXATION

The major components of the Group's income tax expense are as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Current tax:		
PRC enterprise income tax	3,022,652	2,437,138
PRC land appreciation tax	2,719,517	3,448,180
	<u>5,742,169</u>	<u>5,885,318</u>
Overprovision in prior years:		
PRC enterprise income tax	<u>(36,225)</u>	<u>(13,941)</u>
Deferred tax:		
PRC enterprise income tax	(649,408)	(777,585)
PRC land appreciation tax	(188,264)	(103,145)
	<u>(837,672)</u>	<u>(880,730)</u>
Total tax charge for the year	<u>4,868,272</u>	<u>4,990,647</u>

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

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 Construction Management Group Co., Ltd., Zhejiang Greentown Lianhe Design Co., Ltd., Zhejiang Greentown Construction Project Management Co., Ltd. and Zhejiang Lvchuang Xintuo Architectural Planning and Design Co., Ltd. are new technology enterprises and the applicable income tax rate is 15% for years ended 31 December 2021 and 31 December 2020. In addition, Zhejiang Greentown Building Curtain Wall Engineering Co., Ltd., Greentown Housing Technology Co., Ltd. and Zhejiang Greentown Building Lemei Urban Development Co., Ltd. are newly recognized new technology enterprises and the applicable income tax rate is 15% for year ended 31 December 2021.

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 Group recognised PRC land appreciation tax based on management's best estimates and in accordance with the requirements set forth in the relevant PRC tax laws and regulations. For the year ended 31 December 2021, the Group has estimated and made a provision for PRC land appreciation tax in the amount of RMB2,531,253,000 (2020: RMB3,345,035,000). The actual PRC land appreciation tax 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 PRC land appreciation tax is calculated.



## 8. TAXATION (continued)

A reconciliation of the tax expense applicable to profit before tax at the PRC statutory rate to the tax expense at the effective tax rate, and a reconciliation of the PRC statutory tax rate to the effective tax rate, are as follows:

	<b>2021</b>	2020
	<b>RMB'000</b>	RMB'000
Profit before taxation	<b>12,555,302</b>	10,753,528
Tax at the PRC enterprise income tax rate of 25%	<b>3,138,825</b>	2,688,382
Effect of different tax rates	<b>(45,733)</b>	(31,863)
Tax effect of share of results of associates	<b>(434,190)</b>	(173,901)
Tax effect of share of results of joint ventures	<b>63,501</b>	(532)
Tax effect of income not taxable for tax purposes	<b>(202,035)</b>	(519,021)
Tax effect of expenses not deductible for tax purposes	<b>407,566</b>	410,313
Overprovision in respect of prior years	<b>(36,225)</b>	(13,941)
Tax effect of deductible temporary differences not recognised	<b>33,954</b>	86,862
Tax effect of tax losses not recognised	<b>130,315</b>	296,094
Recognition of deferred tax assets on tax losses previously not recognised	<b>(1,340)</b>	(28,427)
Utilisation of tax losses previously not recognised	<b>(50,171)</b>	(117,462)
PRC land appreciation tax provision for the year	<b>2,531,253</b>	3,345,035
Tax effect of PRC land appreciation tax	<b>(632,813)</b>	(836,259)
Tax effect of undistributed profits	<b>135,000</b>	111,676
Tax effect of distribution from perpetual securities deductible for tax purpose	<b>(169,635)</b>	(226,309)
	<b><u>4,868,272</u></b>	<b><u>4,990,647</u></b>
Tax charge for the year		

The share of tax attributable to associates and joint ventures amounting to RMB434,190,000 (2020: RMB173,901,000), and RMB63,501,000 (2020: RMB532,000), respectively, is included in “Share of results of associates” and “Share of results of joint ventures” in the consolidated statement of profit or loss and other comprehensive income.

## 9. DIVIDENDS

On 30 July 2021, a final dividend of RMB0.35 per ordinary share, or RMB873,011,000 in total, for the year ended 31 December 2020 was paid to the Company's shareholders.

On 30 July 2020, a final dividend of RMB0.30 per ordinary share, or RMB748,176,000 in total, for the year ended 31 December 2019 was paid to the Company's shareholders.

The proposed final dividend of RMB0.46 per ordinary share (2020: RMB0.35 per ordinary share) for the year ended 31 December 2021 has been proposed by the directors and is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

## 10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Earnings:		
Profit for the year attributable to the owners of the Company	4,469,175	3,796,477
Attributed to perpetual securities	<u>(1,213,805)</u>	<u>(1,322,949)</u>
Earnings for the purpose of basic earnings per share	<u>3,255,370</u>	<u>2,473,528</u>
Earnings for the purpose of diluted earnings per share	<u>3,255,370</u>	<u>2,473,528</u>
	<b>Number of shares</b>	
	2021	2020
Shares:		
Weighted average number of ordinary shares for the purpose of the basic earnings per share calculation	2,493,393,075	2,360,269,014
Effect of dilutive potential ordinary shares:		
Share options and share award	<u>8,079,166</u>	<u>9,837,940</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>2,501,472,241</u>	<u>2,370,106,954</u>

The computation of diluted earnings per share for the years ended 31 December 2021 and 31 December 2020 does not assume the exercise of some of the share options because the exercise price of these share options was higher than the average market price for shares for the years.

The diluted earnings per share for the year ended 31 December 2021 does not assume the immaterial impact on dilutive potential ordinary shares of Greentown Management Holdings Company Limited.

## 11. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	<b>2021</b> <i>RMB'000</i>	2020 <i>RMB'000</i>
Trade receivables	<b>1,665,221</b>	1,305,104
Less: Allowance for credit losses	<b>(111,359)</b>	(94,460)
	<b>1,553,862</b>	1,210,644
Other receivables	<b>6,177,494</b>	7,404,024
Less: Allowance for credit losses	<b>(982,457)</b>	(1,122,902)
	<b>5,195,037</b>	6,281,122
Prepayments and deposits	<b>3,219,180</b>	3,711,524
	<b>9,968,079</b>	11,203,290

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 as follows:

	<b>2021</b> <i>RMB'000</i>	2020 <i>RMB'000</i>
Within 90 days	<b>798,485</b>	692,161
91 to 180 days	<b>393,866</b>	213,688
181 to 365 days	<b>148,946</b>	128,712
Over 365 days	<b>323,924</b>	270,543
	<b>1,665,221</b>	1,305,104

## 12. TRADE AND OTHER PAYABLES

	<b>2021</b> <i>RMB'000</i>	2020 <i>RMB'000</i>
Trade payables	<b>46,718,412</b>	35,709,311
Other payables and accrued expenses	<b>13,761,550</b>	10,038,914
Consideration payables on acquisition of subsidiaries and a joint venture	<b>94,500</b>	861,872
	<b><u>60,574,462</u></b>	<b><u>46,610,097</u></b>

Trade payables principally comprise amounts outstanding for trade purchases and contractor payments. The aged analysis of the trade payables as at the end of the reporting period, is as follows:

	<b>2021</b> <i>RMB'000</i>	2020 <i>RMB'000</i>
Within 180 days	<b>36,085,254</b>	29,889,284
181 to 365 days	<b>7,218,294</b>	3,703,166
Over 365 days	<b>3,414,864</b>	2,116,861
	<b><u>46,718,412</u></b>	<b><u>35,709,311</u></b>

## MANAGEMENT DISCUSSION AND ANALYSIS

### OPERATION REVIEW

In 2021, the real estate market went from overheating in the first half of the Year to a deep adjustment in the second half. The control policies on the real estate market continued to improve and upgrade, as the pilot scope of the “Three Red Lines” policy was expanded, loan concentration management was fully administered, the “two-concentrated” land supply was launched in many cities, and new policies on school district housing and second-hand housing guideline price were introduced in a number of regions. The real estate industry has entered a new adjustment cycle that places higher demands on real estate enterprises’ operations and management capabilities.

Focusing on the strategic goal of “quality benchmark among the Top10”, adhering to the development idea of “quality first, with due consideration to others” and following the five approaches of “productivity, efficiency, accuracy, saving, and prudence”, Greentown China responded in time with quick actions in 2021 with management capabilities improved in an all-round manner, and operations quality continued to be enhanced. The Company was listed in “Top500 Chinese Enterprises<sup>1</sup>”, won the title of “Top10 among 100 Chinese Real Estate Enterprises by Comprehensive Strength<sup>2</sup>” in a row, and was awarded such honors as “No. 1 in Super Product Strength” and “Leading Brand in Customer Satisfaction”. The Company achieved all its business goals and had a wonderful start to its “Strategic 2025” plan.

In summary, the Company in 2021 saw good growth momentum in several aspects of its business, including operating efficiency, sales scale, land investment and product services. First, revenue and profit achieved double-digit growth and financing costs remained low among peers in the industry; second, sales scale remained in Top10 and the cash collection rate maintained at a high level in the industry; third, land investment was precisely made and both quantity and quality were improved, with newly-acquired saleable value ranking fourth in the industry<sup>3</sup>; fourth, product and service quality continued to remain at an industry-leading level, ranking first in a number of reputable product strength lists and retaining the top spot in the industry by customer satisfaction.

*Note 1:* Fortune China 500 List

*2, 3:* China Index Academy

## Continuous Improvement in Operating Results

During the Year, the Group generated revenue of RMB100,240 million, representing an increase of RMB34,457 million or 52.4% from RMB65,783 million in 2020. Net profit for the Year amounted to RMB7,687 million, representing an increase of 33.4% from RMB5,763 million in 2020. During the Year, profit attributable to owners of the Company amounted to RMB4,469 million, representing an increase of 17.7% from RMB3,796 million in 2020.

After deducting foreign exchange gains and losses, gains from acquisitions, the net post-tax effects of provision and reversal of impairment losses on certain assets and fair value changes on certain assets, the core profit attributable to owners of the Company for the Year amounted to RMB5,765 million, representing an increase of RMB1,772 million or 44.4% from RMB3,993 million in 2020.

The Board has recommended the payment of a final dividend of RMB0.46 per share for the year ended 31 December 2021 (2020: RMB0.35 per share).

## Sales Scale Hits Record Highs

In 2021, the Group achieved a new high in contracted sales and ranked seventh in the PRC<sup>1</sup>. For the Year, 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 15.57 million sqm and a total contracted sales amount of RMB350.9 billion, representing a year-on-year growth of 21% and the yearly target completion rate of 113%. Among which, the self-investment projects of Greentown Group contributed a total contracted sales area of 9.38 million sqm and a contracted sales amount of approximately RMB266.6 billion, representing a year-on-year growth of 24%, of which approximately RMB145.2 billion was attributable to the Greentown Group, representing a year-on-year growth of 22%; average selling price of self-investment projects reached an industry-leading level of approximately RMB28,416 per sqm (2020: RMB26,012 per sqm). In addition, in 2021, Greentown Group recorded a total contracted sales area of approximately 6.19 million sqm and a total contracted sales amount of approximately RMB84.3 billion from the projects under its project management business with the “Greentown” brand (non-self-investment projects, referred to as “projects under project management”).

**All-round improvement of fine management.** The Group implemented its marketing policy of fine management with remarkable results. In 2021, the overall sales structure of self-investment projects was sound and solid, with sales contributed from first- and second-tier cities accounting for 80% of the total. In terms of regional distribution, the Yangtze River Delta region accounted for 66% while the Bohai Rim region, the Chengdu-Chongqing region, the Greater Bay Area, the middle reaches of the Yangtze River and other areas contributed to 18%, 4%, 3%, 3% and 6%, respectively. The Company’s capability of cultivation in key cities increased significantly with the Company ranking among the Top10 by contracted sales in such cities as Beijing, Hangzhou, Ningbo and each exceeding RMB10 billion. There were eight projects with sales amount for each exceeding RMB5 billion.

*Note 1:* CRIC, China Index Academy, EH Consulting

**Digital empowerment to boost efficiency.** Through innovative and flexible marketing strategies, the Company has built a digital marketing system and launched digital tools such as “Greentown Cloud (綠城雲)”, an online sales platform, and “Smart Greentown (綠城智)”, an intelligent site-displaying system, which were used throughout the entire project process to promote online and offline multi-channel transactions, optimize customer experience, strengthen internal control and boost marketing efficiency. In 2021, the overall sell-through rate of self-investment projects was 69%, among which the sell-through rate for such projects in first- and second-tier cities reached 71%, and the sell-through rate of newly launched projects was 70%; the cash collection rate was 106%; sales per capita increased by 12% year-on-year to RMB105 million.

### **Accurate and Efficient Investment Layout**

In 2021, the first year of implementing of the “concentrated land supply” policy, the Group monitored and responded positively to the situation by accurately pacing its land acquisition and adhering to the idea of value investment. From January to June, the Group achieved a positive start. In particular, the Group actively acquired land in such key cities as Hangzhou at the beginning of the Year to better cope with pressures from its competitors; from July to August, the Group made calm judgment, and moderately raised the investment threshold, focusing on the conversion of cooperative projects; after September, the Group adopted a cautious approach by focusing on a few key cities and taking up only quality projects to replenish landbank.

**Reasonable layout and accelerated conversion of landbank.** During the Year, the Group acquired 101 new projects in 42 cities with a total gross floor area (“GFA”) of approximately 17.51 million sqm. The newly-added saleable value was estimated to reach RMB313.7 billion, of which approximately RMB183.4 billion would be attributable to the Group. The costs borne by the Group amounted to approximately RMB93.8 billion; the average land cost of the new land parcels was approximately RMB9,080 per sqm. 21% of the newly-added saleable value was converted to saleable resources in the Year, which effectively supported steady sales growth for the Year and the future.

**Focusing on key geographical distribution.** The Group has adhered to the strategy of “focusing on regions and deepening footprints in cities” with the newly-acquired projects all located in key cities with high security, controllable risks and high profit potential. The newly-added saleable value in first- and second-tier cities accounted for 78%, mainly situated in key cities like Beijing, Shanghai, Shenzhen, Hangzhou, Ningbo and Xi’an. In respect of geographical distribution, the Yangtze River Delta as an area of strategic importance accounted for 52% of the total newly-added saleable value, which has helped consolidate Greentown China’s market share and industry position in the Yangtze River Delta Area.

**Table of Newly-Added Land Bank in 2021**

No.	Land/Project Name	Equity	Paid by Greentown (RMB million)	Total GFA (sqm)
1	Hangzhou Yonghe City	100%	2,271	298,466
2	Hangzhou Chaoting Mingyue	70%	2,111	149,510
3	Hangzhou Hushang Chunfeng	99.4%	2,006	114,939
4	Hangzhou Qinguixuan	83.8%	1,770	121,944
5	Hangzhou Shanlan Guiyu	54.8%	1,168	146,834
6	Hangzhou Yueying Xingyuyuan	34%	991	308,060
7	Hangzhou Jiangshang Guiyu Xinyue	50.9%	891	210,007
8	Hangzhou Jiangpan Jinyuan	50%	780	159,904
9	Hangzhou Muchun Mingyue	70%	745	68,612
10	Hangzhou Jiangshang Zhenyuan	52.5%	626	105,783
11	Hangzhou Yunqi Yanlu	55.3%	475	115,223
12	Hangzhou Lin'an District Binhu New Area Block H-R21-01	49.6%	326	81,741
13	Hangzhou Binjiang District Xiangqifang Unit Block FG08-R21-C18(2)	100%	3,778	154,729
14	Hangzhou Qiandao Lake Hupan Chenglu	100%	253	70,280
15	Ningbo Chunxi Yunjing	51%	1,066	110,656
16	Ningbo Binhe Mingcui	69.4%	2,976	216,880
17	Ningbo Binhe Qinyue	51%	1,305	158,327
18	Ningbo Tongshan Future Community	55%	1,645	508,801
19	Ningbo Jinshang Yueming	51%	330	111,784
20	Ningbo Fengyue Yinhu	75%	1,559	175,398
21	Ningbo Xingui Qinlan	70.6%	762	107,885
22	Ningbo Chunyu Wenlan	51%	213	58,828
23	Cixi Tinglan Mingcui	100%	469	41,232
24	Wenzhou Chunyue Jianglan	80.2%	901	90,888
25	Shengzhou Opera Town	32.5%	31	87,602
26	Zhoushan Lingbo Qiuyue	100%	702	103,828
27	Zhoushan Oriental Dawn	80%	942	289,976
28	Tongxiang Fengqi Chunlan	60%	525	121,002
29	Jinhua Wangshan Yinlu	70%	40	63,716
30	Jinhua Cuihu Xiaoyuan	55.9%	406	72,422
31	Jinhua Qinyuan	55.9%	466	79,757
32	Yongkang Willow Breeze	41.7%	817	167,294
33	Yiwu Guiyu Lanting	49%	2,193	303,747
34	Quzhou Orchid Garden	42.7%	722	144,938
35	Quzhou Luming Future Community	35.8%	820	418,729
36	Deqing Xiaoyue Chenglu	51.3%	559	136,120
37	Deqing Xiaoyuan	68.1%	762	160,799
38	Anji Angel Town	40%	120	79,143
39	Anji Peach Garden	85%	160	78,244



No.	Land/Project Name	Equity	Paid by Greentown (RMB million)	Total GFA (sqm)
40	Shanghai Hong'an Lane	31.4%	1,655	95,684
41	Nanjing Yuncui Mansion	16.4%	340	77,553
42	Nanjing Yinsha Project	45%	170	337,064
43	Taicang Yuhu Shangpin	12.8%	181	153,253
44	Suzhou Boyin Lanting	19.3%	387	226,406
45	Suzhou Wujiang District Technology and Innovation Town Project	58.8%	724	235,736
46	Wuxi Guiyu Yunjian	48.9%	521	75,264
47	Yixing Hexi	39.7%	712	135,440
48	Yangzhou Yunzhu	29.5%	284	128,181
49	Yangzhou Fengming Yunlu	48.5%	168	39,439
50	Yangzhou Yuncui	29.7%	319	156,972
51	Yangzhou Fengming Chenglu	32.9%	112	39,892
52	Xuzhou Mingyue Chunxiao	66.3%	376	67,763
53	Xuzhou Cuiping Fenghua	31.5%	245	95,560
54	Xuzhou Kunlun Yiping	32.6%	497	178,623
55	Xuzhou Hezhu Hushan	32.7%	667	189,063
56	Taizhou Chunxiao Jiangnan&Spring Blossom	38.9%	454	325,472
57	Yancheng Xiaofeng Yinyue	100%	2,177	186,394
58	Hefei Xinglanwan	34%	650	238,676
59	Ma'anshan Taoran Lane	38.5%	33	135,879
60	Beijing Qinyuan	69.9%	4,766	352,194
61	Beijing Xuefu Garden One	15.6%	894	158,997
62	Tianjin Guiyu Chaoyang	100%	940	166,473
63	Tianjin Fengqi Yueming	96%	1,727	74,619
64	Tianjin Willow Breeze	100%	1,520	156,149
65	Tianjin Shuixi Yunlu	82.1%	4,070	442,401
66	Tianjin Xiqing District Shuixi Block EFT	89.1%	2,380	233,083
67	Tianjin Guiyu Tinglan	80.6%	999	174,117
68	Jinan Chunyue Jinlu	45%	416	244,923
69	Qingdao Hejin Sincere Garden	98.4%	632	61,178
70	Qingdao Guiyu Chaoyang	39.3%	387	149,967
71	Qingdao Wenlan Jinyuan	51%	155	106,070
72	Qingdao Hejin Yuyuan	30%	225	74,289
73	Qingdao Shibe District Zhongneng Paper Factory Project	50%	968	259,917
74	Jining Tianyue Phase 2	24.7%	76	95,024
75	Jining Tianyue Community	24.9%	145	155,419
76	Dalian Haishang Mingyue	90.4%/99.5% <sup>1</sup>	2,008	249,586
77	Shenyang Longfor Tangqian	30%	337	200,836
78	Shenzhen Guangming Liyuan Project	60%	3,441	293,303
79	Guangzhou Nansha District Sanduochong Project	50%	1,415	255,130

Note 1: The equity for Block A2 is 90.4% while that for Block A3 and A4 is 99.5%.

No.	Land/Project Name	Equity	Paid by Greentown (RMB million)	Total GFA (sqm)
80	Wuhan Chunfeng Lane	50%	675	124,580
81	Wuhan Hupan Yunlu	54.5%	1,672	233,179
82	Wuhan Liuxiangyuan	70%	770	142,436
83	Changsha Guiyu Yunfeng	49%	1,465	474,294
84	Changsha No.48 Nanhu Block	89.1%	2,581	258,136
85	Yingtian Longhu Mountain Town	69%	48	54,067
86	Chengdu Sichuan Cuisine Town	60%	124	105,752
87	Chengdu Guiyu Tinglan	10%	25	86,233
88	Chengdu Guiyu Chaoyang	50.5%	567	106,765
89	Chengdu Tianfu New District Helin Village Block	98.2%	337	45,962
90	Chengdu Tianfu New District Dashi Community Block	98.5%	568	84,090
91	Chongqing Chunyue Jinlu	50%	498	98,267
92	Xi'an Helu	79.4%	1,650	211,639
93	Xi'an Nanshan Yunlu	42.5%	363	92,757
94	Xi'an Willow Breeze	43.7%	441	233,260
95	Xi'an High Speed Railway North Station Project	49%	92	103,090
96	Xi'an Changning New District Project	34%	106	137,571
97	Xi'an Guiyu Yunjing	40%	227	154,743
98	Xi'an Chunhe Yinyue	100%	2,400	276,000
99	Harbin Young City	46%	1,014	699,412
100	Harbin Qunli East Project	100%	841	127,887
101	Xinjiang Ideal City	60%	434	642,363
			93,753	17,508,500

As at 31 December 2021, Greentown Group had a total of 256 land reserve projects (including those under and pending construction) with a total GFA of approximately 58.81 million sqm, of which approximately 32.67 million sqm was attributable to the Group. The total saleable area was approximately 39.8 million sqm, of which approximately 21.99 million sqm was attributable to the Group. The average land cost per GFA was approximately RMB7,182 per sqm. Land reserve of the Greentown Group in first- and second-tier cities accounted for 74% of the total saleable value.

### Staying Ahead of Peers in Product Quality

Based on the principle of “quality first”, the Group has continued to enhance the core competitiveness of its product. During the Year, it won over 10 comprehensive national awards for its quality, including the “No.1 Chinese Real Estate Developer by Super Product Strength in 2021 (2021年度中國房企超級產品力第一名)” issued by EH Consulting and “No.1 Chinese Real Estate Company with Outstanding Product Quality in 2021(2021中國房地產產品力優秀企業第一名)” issued by China Index Academy, with product quality highly endorsed by the industry and customers.

**Project construction to guarantee quality.** Based on years of practice, the Group strictly abides by the red line of products, and has formed a “Greentown Style” construction management system, emphasizing the safety, refinement, intelligence and efficiency of project construction, and effectively guaranteeing product quality. During the Year, the Group carried out joint inspections of 67 key projects in spring and autumn, held 17 on-site observation meetings, and built a smart digital construction platform.

**Successful launch of product innovation.** To improve the innovation system, an R&D and design center has been set up at the group level to create a solid “R&D platform”. During the Year, the Group succeeded in launching 23 innovative projects, and earned 36 preposed innovation achievements with the theme of “cozy living”. Green and smart show rooms were launched, putting into practice high-standard, low-energy consumption green housing, and smart solutions for future community.

**Continuous optimization of cost management and control.** Against the background of rising prices on industrial products, the Group has saved cost through a number of product cost optimization measures. It has also achieved remarkable results in cost management and control by significantly promoting strategic cooperation and centralized supply chain management. During the Year, the application rate of materials from centralized procurement reached 97.8%, the strategic cooperation rate reached 83.9%, and the dynamic construction cost was 1.26% lower than the target cost.

### **No.1 in Customer Satisfaction**

The Group continuously optimizes customer research system and improves customer satisfaction management, and has attained service upgrade and achieved the strategic pivot points of “best understanding of customers”. The Group has won the honorary title of “Chinese Real Estate Leading Brands by Customer Satisfaction<sup>1</sup> (中國房地產顧客滿意度領先品牌)” for 10 consecutive years, and has been leading the industry in the “Chinese Urban Residents’ Satisfaction<sup>1</sup> (中國城市居民居住滿意度)” survey for 11 consecutive years, ranking first in customer satisfaction across 14 cities and in customer loyalty across 9 cities.

### **Healthy Financial Condition and Smooth Financing Channels**

Under such policies as the “Three Red Lines” for real estate developers and “Two Red Lines” for banks and the supervision of pre-sale funds, the financing capabilities of real estate developers are becoming more differentiated. Leveraging on the advantages of stable operation and prudent financial control, the Group has deepened strategic cooperation with various financial institutions and kept every financing channel open. Meanwhile, it has kept abreast of changes in the open market and the regulatory policies, and seized every financing opportunities, thus continuously driving down the financing cost to the industry-leading level. During the Year, the weighted average interest cost of total borrowings further decreased to 4.6%, representing a drop of 30 bps as compared to 4.9% for 2020. Debts due within one year accounted for 25.1% of the Group’s total debts as at 31 December 2021, representing a decrease of 2.2 percentage points as compared to that at the end of 2020, reflecting an optimization of its debt structure.

*Note 1:* China Index Academy

In regard to offshore financing in June 2021, the Company successfully raised three-year offshore syndicated and bilateral loans with a total principal amount of USD940 million at an interest rate of LIBOR/HIBOR+2.51% for each of such loans. The Company successfully issued a three-year unlisted senior notes with a principal amount of USD150 million in December, continuously strengthening its advantages in offshore financing. In regard to onshore financing in 2021, the Company completed the public issuance of domestic bonds on the Shanghai Stock Exchange, the Shenzhen Stock Exchange and the Inter-Bank Market with principal amounts totaling RMB25.718 billion with an average interest cost of 3.55%. The financing cost remained low and financing channels were smooth. Among which, the Group issued corporate bonds in the amount of RMB5.15 billion with the interest rates ranging from 3.34% to 4.07% per annum. It also successfully issued the first project revenue notes in the amount of RMB500 million with an interest rate of 4.30% per annum, the supply chain ABS/ABN in the amount of RMB14.84 billion with the interest rates ranging from 2.95% to 3.80% per annum, the medium-term notes of RMB3.4 billion with the interest rates ranging from 3.68% to 3.90% per annum, and the balance payment ABS for house purchases amounted to RMB1.828 billion with an interest rate of 3.80% per annum.

### **Diversified Development of Featured Businesses**

In addition to traditional real estate investment and development businesses, the Group promotes emerging businesses in an orderly manner and actively expands featured businesses to set the stage for diversified development.

**Consolidating advantages of project management business.** Greentown Management Holdings Company Limited (“Greentown Management”), a subsidiary of the Company, has prominent advantages in asset-light operation, and continued to take the lead in the project management industry. It has won the 2021 Golden Kirin “Listed Companies with Most Growth Potential” award (2021金麒麟“最具成長潛力上市公司”), and has been honored “Chinese Leading Enterprises by Real Estate Project Management Operation (中國房地產代建運營引領企業)” for five consecutive years. The three major business models, namely government project management, commercial project management and capital owner project management, have become more matured, and capital services, industrial city services and upstream and downstream industry chain services have been continuously optimized. The business expansion capacity has been outstanding, with the project management fee receivable from new projects in 2021 of RMB7.11 billion, representing an increase of 22.3% over the previous year; profitability has been continuously enhanced, with the net profit attributable to the owners of Greentown Management this Year amounting to RMB565 million, representing an increase of 31.9% as compared to that from continuing operations over the previous year.

**Solid promotion of town business.** The scale of the town business has steadily increased. As at 31 December 2021, the town business covered a total of 22 cities, with 28 featured towns under operation or under construction and a total of approximately 12.63 million sqm of planned GFA secured. Thanks to the “two-wheel drive” of saleable properties and industrial operation, town business has continued to consolidate its advantages, winning a number of honors such as “2021 China Real Estate Industry Rural Revitalization Benchmark Brand Enterprise (2021中國房地產行業鄉村振興標杆品牌企業)” and “Top1 Brand Influence of Chinese Characteristic Town Operators (中國特色小鎮運營商品牌影響力Top1)”.

**Fostering growth of emerging businesses.** In 2021, the Group acquired a total of 17 featured asset-heavy projects with a total value of approximately RMB82.6 billion, accounting for 26% of the total newly-added value. Breakthroughs have been made in urban renewal business by obtaining two iconic projects, which are Shenzhen Guangming Liyuan and Shanghai Hong'an Lane. Urban complex and future community businesses have blossomed in many places, landing 6 projects such as Ningbo Tongshan Future Community and Quzhou Luming Future Community. Besides, industrial towns and TOD projects continue to be implemented.

**Empowerment to main business through scientific and technological transformation.** The “Greentown+” segment businesses such as construction technology, living services, commercial management and industrial finance have achieved preliminary success, empowering the real estate main business through scientific and technological transformation. The prefabricated business has expanded rapidly with reduced costs and increased efficiency by way of batch construction. Focusing on building a service system which provides a lifetime service for housing and people, the living services segment has accumulated health care contract amount of about RMB45 million and participated in urban micro renewal for a total area of about 1.5 million sqm. The commercial management business has created quality business, realizes value preservation and asset appreciation, and provided services for state-level events such as 2022 Asian Games. The industrial finance business provides innovative services that connects industry and finance and integrates resources.

### **Continuous Consolidation of Development Foundation**

The Group insists on “reform, change and improvement”, strives to consolidate its management foundation and seeks efficiency through improved management. In 2021, Greentown China with a brand value of RMB90.6 billion, a year-on-year increase of RMB17.3 billion or 23.6%, won the “Top10 of China Real Estate Companies by Brand Value” for 18 consecutive years.

**Constant optimization of structure and mechanisms.** The Group adheres to the path of optimizing the management system and building an agile organization. In 2021, ESG Committee was set up at the board level to promote sustainable development of the Company; the Greentown Research Institute was established to strengthen top-level research capabilities; the hierarchy of some regional and city companies was adjusted to further strengthen regional cultivation and promote a flatter and more refined control hierarchy.

**Operations management improving efficiency.** The Group continues to optimize the operation management mode, updates the “Strategic 2025” plan, formulates “one city, one policy” planning reports, and upgrades the management mechanism of “supply, sales and collection” in order to boost project operational efficiency and meet requirements of business development. The overall project operation cycle has been accelerated, and the Group’s operation cycle from land acquisition to construction commencement, to presale and to delivery reached 4.3, 7.3 and 30.1 months respectively in 2021, with an average year-on-year improvement of approximately 6%. GFA of newly commenced projects of the Group witnessed a year-on-year growth of 29% to 16.98 million sqm; GFA of completed projects saw a year-on-year growth of 23% to 9.36 million sqm; and area under construction per capita saw a year-on-year increase of 5% to 11,500 sqm.



**Orderly and effective risk management and control.** The risk prevention and control system has been consolidated by building a closed-loop business management system covering all business segments with full participation of staff and comprehensive coverage to promote management advances, integrating the risk management concept into all links of business management to ensure operational efficiency. Meanwhile, a risk management database has been established so that the system works better in matching the actual practice of the management of the Company. More risk control trainings have been provided to enhance compliance awareness, thereby ensuring the sustainable, stable and healthy development of the Company.

## **PROSPECTS**

Looking forward to 2022, the general principle of “housing without speculation” and the goal of “stabilizing land prices, housing prices, and expectations” will remain unchanged, which will bring challenges and opportunities to the real estate industry. On the one hand, the PRC government will continue to carry out in-depth real estate control policies, and the industry is facing a deep adjustment, thus higher requirements were put forward for the operation management and financial security of real estate enterprises; on the other hand, the real estate regulatory direction based on city-specific strategies and prudent financial management system will facilitate the steady growth of the market, reducing industry risks, and promoting a virtuous cyclical and healthy development of the industry.

### **Operation Strategies for 2022**

2022 is a critical year for the Group’s “Strategic 2025” plan as it links the past and future, and the Group has set the strategic requirements for “quality first, progress in stability, balanced coordination and all-round development”, and will focus on stability, efficiency, balance and sustainability and enhance the “six qualities(六品)” of Greentown in all aspects, so as to promote the continuous improvement of financial indicators, realize steady operation and follow the sustainable development path with “high quality in all aspects”.

#### **Five main operating principles:**

**First, centering on strategic planning to promote high-quality development.** To focus on the five major urban agglomerations, deepen cultivation in first- and second-tier cities, flexibly respond to the adjustment of the bidding and auction policies, further broaden investment channels such as acquisition, and continue to strengthen investment decision-making and post-investment evaluation.

**Second, focusing on goal achievement and vigorously improving quality and efficiency.** With lean operation as the link, to optimize the assessment and incentive mechanism, strengthen the control of the operation process, speed up the capital turnover, do a good job of saving costs and reducing expenses, promote the quality and efficiency of operation, and improve the overall operating efficiency.

**Third, promoting reform and innovation and strengthening system building.** To continue to promote the reform, improvement and change of the system and mechanism, optimize the management and control structure as well as the management model, and strengthen the marketing system, grand customer service system and risk control system.

**Fourth, intensifying team building and enhancing management synergy.** To improve team productivity, build a talented team with a reasonable structure, comprehensive abilities and full of vitality, which also aligns with the Group's business development.

**Fifth, advancing diversified development and optimizing industrial structure.** To consolidate first-mover advantages in town business, TOD and future community, steadily push on the implementation of health care, commercial operations, industrial finance and other businesses, and reinforce business synergy and empowerment.

To focus on elevating the nine business capabilities, **namely continuous reform, accurate investments, marketing services, streamlined operation, financial liquidity, commercial management, financial support, organizational support, and internal control**, so as to provide guarantee for the realization of the 2022 business goals.

#### **Operation Foundation:**

For 2022, the Group expects its total saleable area to reach approximately 20.34 million sqm, with a total saleable amount of approximately RMB444.2 billion. Among which, self-investment projects are expected to provide a saleable area of approximately 13.54 million sqm with a saleable amount of approximately RMB345.2 billion.

In 2022, the Group expects the total GFA of newly commenced projects/phases during the year to be approximately 14.5 million sqm; and the total GFA of completed projects/phases to be approximately 13.47 million sqm, representing a year-on-year increase of 43.9%.

As of 31 December 2021, the Group recorded an accumulated unbooked sales of approximately RMB330.8 billion (attributable: RMB177.7 billion), representing an increase of RMB77.6 billion as compared to that at the end of 2020.

The above operation results have laid a solid foundation for the realization of operational targets for 2022.

## FINANCIAL ANALYSIS

### Revenue

The revenue of the Group mainly derives from the sales of properties, as well as from project management, design and decoration, and holding properties for operation, etc. During the Year, the revenue of the Group amounted to RMB100,240 million, in particular, revenue from sales of properties accounted for 89.5%, design and decoration revenue accounted for 3.9%, project management revenue accounted for 2.0% and revenue from holding properties for operation accounted for 4.6%, representing an increase of 52.4% from RMB65,783 million in 2020, which was mainly due to the increase in revenue from sales of properties.

During the Year, the Group's revenue from sales of properties amounted to RMB89,755 million, representing an increase of 56.5% from RMB57,334 million in 2020. The area of properties with recognised revenue amounted to 4,385,389 sqm, representing an increase of 50.5% from 2,914,404 sqm in 2020. The average selling price of properties with recognised revenue was RMB20,467 per sqm, representing a slight increase from RMB19,673 per sqm in 2020.

Properties with the revenue recognised by subsidiaries in 2021 are as follows:

Project Name	Type of Properties	Area Sold (sqm) (Note)	Sales Revenue (RMB million)	% of Total	Average Selling Price (RMB per sqm)
Hangzhou Guiyu Chaoyang	High-rise Apartment, Villa	174,664	5,010	5.6%	28,684
Beijing One Liangma	High-rise Apartment	64,347	4,677	5.2%	72,684
Deqing Guanyun Town	High-rise Apartment, Low-rise Apartment, Villa	148,676	2,793	3.1%	18,786
Yuyao Guiyu Lanting	High-rise Apartment	162,995	2,644	2.9%	16,221
Wenzhou Fengqi Yuming	High-rise Apartment	64,482	2,425	2.7%	37,607
Qingdao Ideal City	Integrated Community	121,681	2,407	2.7%	19,781
Nantong Sincere Garden	High-rise Apartment	111,705	2,375	2.6%	21,261
Tianjin Sincere Garden	High-rise Apartment, Low-rise Apartment	79,856	2,330	2.6%	29,178
Chengdu Phoenix Mansion	High-rise Apartment, Low-rise Apartment, Villa	74,007	2,300	2.6%	31,078
Jinan Yulan Garden	High-rise Apartment, Low-rise Apartment	145,597	2,290	2.6%	15,728
Others		3,237,379	60,504	67.4%	18,689
<b>Total</b>		<b>4,385,389</b>	<b>89,755</b>	<b>100.0%</b>	<b>20,467</b>

Note: Areas sold include aboveground and underground areas.



During the Year, projects in Zhejiang area achieved property sales revenue of RMB42,697 million, accounting for 47.6% of the total property sales and ranking top. Projects in Jiangsu area achieved property sales revenue of RMB11,178 million, accounting for 12.5% of the total property sales and ranking second. Projects in Beijing area achieved property sales revenue of RMB10,075 million, accounting for 11.2% of the total property sales and ranking third.

During the Year, the Group's revenue from sales of high-rise apartments, low-rise apartments, serviced apartments, etc. amounted to RMB77,706 million, accounting for 86.6% of the total property sales; sales revenue from villas amounted to RMB11,289 million, accounting for 12.6% of the total property sales; and that from offices amounted to RMB760 million, accounting for 0.8% of the total property sales.

During the Year, the Group's revenue from project management service amounted to RMB2,049 million, representing an increase of 26.3% from RMB1,622 million in 2020, mainly due to the combined effect of the increase in projects with business partners in 2021 and the construction works of which started in succession, as well as the increase in the area under management and control of entrusted government projects, and the innovation of its business model together with the expansion of its business scope.

During the Year, the Group recorded RMB3,914 million in the revenue from design and decoration business, representing an increase of RMB878 million or 28.9% from RMB3,036 million in 2020, mainly because the high-end fine decoration products and services provided by the Group's design and decoration business were highly recognized by customers and the business scale continued to expand steadily.

During the Year, the Group's revenue from hotel operations amounted to RMB758 million, representing an increase of 5.3% from RMB720 million in 2020. During the Year, the Group's rental income from investment properties amounted to RMB178 million, representing an increase of 9.9% from RMB162 million in 2020, mainly because the newly-added investment properties commenced operation during the Year.

### **Gross Profit and Gross Profit Margin**

During the Year, the Group recorded a gross profit of RMB18,168 million, representing an increase of 16.7% from RMB15,573 million in 2020. During the Year, the Group achieved a gross profit margin of 18.1%, representing a decrease of 5.6 percentage points from 23.7% in 2020. In particular, the gross profit margin of property sales was 17.5%, representing a decrease of 6 percentage points from 23.5% in 2020, which, on one hand, was due to the change in the landscape of the real estate industry resulting in a decrease in the gross profit margin of the industry, and on the other hand, was due to the insufficient reflection of the Company's brand value premium affected by price control in recent years.

### **Other Income**

During the Year, the Group recorded other income of RMB3,121 million, which mainly comprised interest income, comprehensive service income, dividends from equity instruments designated at FVTOCI, government grants etc., generally on par with RMB3,017 million in 2020.

## **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 RMB5,160 million, representing an increase of RMB837 million or 19.4% from RMB4,323 million in 2020. Human resources costs is the largest single expense among administrative expenses. During the Year, the Group incurred human resources costs of RMB2,761 million (2020: RMB1,976 million), representing an increase of RMB785 million or 39.7% year-on-year, mainly due to (i) the increase in the relevant staff number resulting from the expansion of the Group sales scale; (ii) the amortization costs of share options and share incentives of RMB157 million during the Year, representing an increase of RMB120 million from 2020; after deducting the amortization costs of share options and share incentives, the ratio of administrative expenses to sales amount for real estate development and related business was generally on par with 2020. During the Year, the Group incurred daily operating expenses of RMB1,687 million, generally on par with RMB1,682 million in 2020.

## **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 RMB2,874 million, representing an increase of RMB554 million or 23.9% from RMB2,320 million in 2020. Marketing activities expenses is the largest single expense among selling expenses. During the Year, the Group incurred marketing activities expenses of RMB1,426 million, representing an increase of 32.8% from RMB1,074 million in 2020, mainly due to the the Group's increased marketing efforts as a result of the increase in sales scale and change in external environment in the second half of the Year, with an increase in the ratio of marketing activities expenses to sales amount by 0.1 percentage points from 2020. During the Year, the Group incurred human resource costs of RMB996 million (2020: RMB811 million), representing an year-on-year increase of RMB185 million or 22.8%, mainly because allocation was required for the sales commission included in costs of contract acquisition costs under IFRS 15 – Revenue from Contracts with Customers, resulting in a significant increase of recognised revenue for the Year, and the allocated sales commission increased accordingly. During the Year, the Group incurred daily operating expenses of RMB452 million, generally on par with RMB435 million in 2020.

## **Finance Costs**

During the Year, the Group's interest expenses included in the consolidated statement of profit or loss and other comprehensive income amounted to RMB2,299 million (2020: RMB2,228 million). Interest expenses of the Group for the Year totalled RMB8,076 million, representing an increase of RMB278 million from RMB7,798 million in 2020, mainly because the Group had more projects under development with a higher weighted average of loan balance outstanding during the Year. Weighted average interest cost of total borrowings was 4.6% during the Year, which represented a decrease of 30 bps as compared to 4.9% in 2020. During the Year, the Group continued to improve its debt structure, further lowering its financing costs. The capitalized interest for the year was RMB5,777 million, and the capitalization rate was 71.5%, which was generally on par with 71.4% in 2020.

## **Share of Results of Joint Ventures and Associates**

During the Year, the Group's share of results of joint ventures was a loss of RMB254 million and the share of results of associates was a gain of RMB1,737 million, which amounted to an aggregate gain of RMB1,483 million and represented an increase of RMB785 million from a gain of RMB698 million in 2020, mainly due to the increase in property sales revenue. During the year, the recognised property sales revenue of joint ventures and associates amounted to RMB72,898 million in aggregate, representing an increase of 84.6% and the average selling price of properties with recognised revenue was RMB26,356 per sqm, representing an increase of 22.9% from RMB21,441 per sqm in 2020, which was mainly because among the projects with recognised revenue during the Year, Guangzhou Park Lane, Hangzhou Qinyuan, Ningbo Phoenix Mansion, Hangzhou Hujing Yunlu and other projects accounting for a higher proportion of sales located in first- and second-tier cities, thus elevating the average selling price to a certain extent.

## **Taxation Expenses**

During the Year, taxation included land appreciation tax of RMB2,531 million (2020: RMB3,345 million) and enterprise income tax of RMB2,337 million (2020: RMB1,646 million). Land appreciation tax accounted for 2.5% of revenue, representing a significant decrease compared to 5.1% in 2020, mainly due to the decrease in the gross profit margin from property sales. During the Year, the effective enterprise income tax rate was 28.3% (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 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, the impairment loss provision of non-financial assets of the Year was RMB412 million (2020: RMB773 million), mainly due to the underperformance of the selling prices of certain projects, such as Wuhan Phoenix Mansion, Zhuji Greentown Plaza, Qingdao Ideal City, Tianjin Spring Blossom, and during the Year, the Group applied IFRS 9 and provided for an impairment loss of RMB43 million (2020: RMB562 million) after considering the credit risk of the receivables based on the expected credit loss impairment model in conjunction with the objects, ageing and other factors of the receivables.

## **Contract Liabilities**

Contract liabilities mainly represent the amounts received from the pre-sale of properties. As at 31 December 2021, the balance of contract liabilities of the Group was RMB148,888 million, representing an increase of RMB36,089 million or 32.0% from RMB112,799 million as at 31 December 2020, while the tax pending for written off of the Group as at 31 December 2021 was RMB13,596 million, representing an increase of RMB3,105 million or 29.6% from RMB10,491 million as at 31 December 2020, which was mainly due to the increase in contracted sales of the Group during the Year.

As at 31 December 2021, the balance of contract liabilities of joint ventures and associates was RMB131,563 million, representing an increase of RMB47,940 million or 57.3% from RMB83,623 million as at 31 December 2020. Such increase was mainly due to the increase in contracted sales during the Year.

### **Financial Resources and Liquidity**

As at 31 December 2021, the Group had bank balances and cash (including pledged bank deposits) of RMB71,496 million (31 December 2020: RMB65,203 million), among which, capital for sales monitoring amounted to RMB10,951 million (31 December 2020: RMB14,128 million), total borrowings amounted to RMB127,459 million (31 December 2020: RMB119,202 million) and net liabilities (total borrowings less bank balances and cash) amounted to RMB55,963 million (31 December 2020: RMB53,999 million). The net gearing ratio (net liabilities divided by total equity) was 52.0%, representing a decrease of 11.8 percentage points from the ratio of 63.8% as at 31 December 2020. Balance of borrowings due within one year amounted to RMB32,053 million, accounting for 25.1% (31 December 2020: 27.3%) of the total borrowings. The closing balance of bank deposits and cash was 2.2 times (31 December 2020: 2.0 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.

### **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 RMB382 million was made for RMB appreciation.

### **Financial Guarantees**

The Group provided guarantees in respect of certain banks' mortgage granted to the buyers of the Group's properties. As at 31 December 2021, such guarantees for mortgage facilities amounted to RMB47,857 million (31 December 2020: RMB37,066 million).

### **Pledge of Assets**

As at 31 December 2021, 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 RMB94,802 million (31 December 2020: RMB94,858 million) to secure general credit facilities granted by banks and other financial institutions to the Group.

## **Capital Commitments**

As at 31 December 2021, the Group had contracted, but not provided for, capital expenditure commitments of RMB45,024 million (31 December 2020: RMB44,214 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.

## **EVENTS AFTER THE BALANCE SHEET DATE**

### **Construction agreements with CCCC-SHEC Fifth Engineering**

On 26 January 2022, Xi'an International Land Port National Games Village Development Co., Ltd.\* (西安國際陸港全運村建設開發有限公司), a non-wholly owned subsidiary of the Company ("Xi'an International Land Port") entered into a construction agreement with CCCC-SHEC Fifth Engineering Co., Ltd.\* (中交二公局第五工程有限公司) ("CCCC-SHEC Fifth Engineering"), an indirect non-wholly owned subsidiary of a substantial shareholder of the Company, namely China Communication Construction Group (Limited) (中國交通建設集團有限公司) pursuant to which Xi'an International Land Port agreed to engage CCCC-SHEC Fifth Engineering as the main contractor to carry out the residential properties construction works of Plot 10# of Xi'an National Games Village at the consideration of RMB402,959,750.14. Please refer to the announcement of the Company dated 26 January 2022 for further details of such construction agreement.

On 26 January 2022, Xixian New District Huilv Jingyi Real Estate Development Co., Ltd.\* (西咸新區匯綠景意房地產開發有限公司), a non-wholly owned subsidiary of the Company ("Xixian Real Estate Development") entered into a construction agreement with CCCC-SHEC Fifth Engineering pursuant to which Xixian Real Estate Development agreed to engage CCCC-SHEC Fifth Engineering as the main contractor to carry out the construction works of a residential development project in Xixian New District Airport New Town, Xi'an (西安西咸新區空港新城) at the consideration of RMB361,135,005.19. Please refer to the announcement of the Company dated 26 January 2022 for further details of such construction agreement.

### **Issue of credit enhanced bonds**

On 20 January 2022, the Company (as issuer) entered into a subscription agreement with a number of joint global coordinators, joint lead managers and joint bookrunners in relation to the issue and sale of its 2.3% credit enhanced bonds due 2025 in the aggregate principal amount of US\$400,000,000 (stock code: 04463). The bonds is supported by a standby letter of credit issued by China Zheshang Bank Co., Ltd. Hangzhou Branch. Approval has been granted from the Stock Exchange for the listing of the bonds on the Stock Exchange. The listing and permission to deal in the bonds became effective on 28 January 2022. For details of the issuance of such bonds, please refer to the announcements of the Company dated 20 January 2022, 21 January 2022, 27 January 2022 and 28 January 2022.



## **Redemption of senior perpetual capital securities by Champion Sincerity**

On 8 February 2022, Champion Sincerity Holdings Limited (冠誠控股有限公司) (“Champion Sincerity”), a wholly-owned subsidiary of the Company, redeemed in full two series of its senior perpetual capital securities, which were listed on the Stock Exchange, namely (i) the senior perpetual capital securities callable 2022 in the aggregate principal amount of US\$400,000,000 (stock code: 05736); and (ii) the senior perpetual capital securities callable 2022 in the aggregate principal amount of US\$100,000,000 (stock code: 05737). The withdrawal of listing of such securities became effective on 16 February 2022. For the details of the redemption of such securities, please refer to the announcements of the Company dated 3 January 2022 and 8 February 2022.

## **Issue of additional senior notes**

On 17 February 2022, the Company (as issuer) and certain of its subsidiaries (as guarantors) entered into a purchase agreement with two initial purchasers in connection with the issue and sale of additional 4.7% senior notes due 2025 in the aggregate principal amount of US\$150,000,000, which was consolidated and formed a single series with the 4.7% senior notes due 2025 in the aggregate principal amount of US\$300,000,000 issued on October 29, 2020 (stock code: 40447). Approval has been granted from the Stock Exchange for the listing of the notes on the Stock Exchange. The listing and permission to deal in the notes became effective on 25 February 2022. For details of the issuance of such notes, please refer to the announcements of the Company dated 17 February 2022, 24 February 2022 and 25 February 2022.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of its listed securities during the Year.

## **HUMAN RESOURCES**

As at 31 December 2021, the Group employed a total of 10,120 employees (31 December 2020: 8,081). 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, cash awards and share options 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, 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.

## **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 2021 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 17 June 2022 (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 RMB0.46 per share for the year ended 31 December 2021 (the “2021 Final Dividend”) to the ordinary Shareholders whose names appear on the Company’s register of members as of 28 June 2022 (Tuesday) (2020: RMB0.35 per share). Subject to approval of the Shareholders at the AGM, the 2021 Final Dividend is expected to be paid before 31 July 2022.

## **CLOSURE OF REGISTER OF MEMBERS**

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

- (i) From 14 June 2022 (Tuesday) to 17 June 2022 (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 13 June 2022 (Monday); and
- (ii) From 24 June 2022 (Friday) to 28 June 2022 (Tuesday), both days inclusive, during which period no transfer of shares will be registered, for the purpose of ascertaining Shareholders’ entitlement to the 2021 Final Dividend, if approved by the Shareholders at the AGM. In order to be eligible to the 2021 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 23 June 2022 (Thursday).

## **PUBLICATION OF ANNUAL REPORT**

The annual report of the Group for the year ended 31 December 2021 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](http://www.hkexnews.hk)) and the Company ([www.chinagreentown.com](http://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 2022

*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.*