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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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

HIGHLIGHTS

- Total contracted sales achieved RMB171.7 billion, representing an increase of 88% as compared to RMB91.2 billion for the corresponding period of last year;
- 67 projects were newly-added, with a total GFA of approximately 11.86 million sqm and estimated saleable amount of RMB214 billion, representing an increase of 22% over the corresponding period of last year;
- Revenue amounted to RMB36.135 billion, representing an increase of 51.2% over the corresponding period of last year; profit attributable to owners of the Company amounted to RMB2.418 billion, representing an increase of 15.4% over the corresponding period of last year;
- As at 30 June 2021, bank balances and cash (including pledged bank deposits) totaled RMB60.56 billion, which was 2 times of the balance of borrowings due within one year;
- The weighted average interest cost of total borrowings decreased by 60 bps to 4.6% as compared to the corresponding period of last year.

The board of directors (the “**Board**”) of Greentown China Holdings Limited (“**Greentown**”, “**Greentown China**” or the “**Company**”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2021 (the “**Reporting Period**” or “**Period**”) prepared in accordance with the International Financial Reporting Standards, together with comparative figures for the corresponding period of 2020. The interim results have been reviewed by the audit committee of the Company (the “**Audit Committee**”) and approved by the Board. The following financial information is extracted from the unaudited condensed consolidated financial information as set out in the 2021 Interim Report to be published by the Group.

* For identification purposes only

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

For the six months ended 30 June 2021

| | <i>Notes</i> | 2021 <i>RMB'000</i> (Unaudited) | 2020 <i>RMB'000</i> (Unaudited) |
|---|--------------|--|---------------------------------------|
| REVENUE | 3 | 36,134,812 | 23,896,208 |
| Cost of sales | | <u>(28,199,645)</u> | <u>(17,712,331)</u> |
| Gross profit | | 7,935,167 | 6,183,877 |
| Other income | 4 | 1,436,306 | 1,557,250 |
| Other gains and losses | 5 | 172,008 | 58,724 |
| Selling expenses | | (920,281) | (623,642) |
| Administrative expenses | | (1,643,159) | (1,446,688) |
| Finance costs | 6 | (1,327,250) | (1,252,360) |
| Reversal of impairment/(impairment losses) under expected credit loss model, net | | 7,676 | (314,509) |
| (Impairment losses)/reversal of impairment on non-financial assets, net | | (155,859) | 93,690 |
| Loss from changes in fair value of investment properties | | (408) | (108,114) |
| Gain on disposal of subsidiaries, net | | 1,692 | 27,957 |
| Share of results of joint ventures | | 25,261 | 69,951 |
| Share of results of associates | | 391,280 | 402,226 |
| PROFIT BEFORE TAXATION | | 5,922,433 | 4,648,362 |
| Taxation | 7 | (2,011,938) | (1,517,992) |
| PROFIT FOR THE PERIOD | | 3,910,495 | 3,130,370 |
| Attributable to: | | | |
| Owners of the Company | | 2,418,363 | 2,095,812 |
| Non-controlling interests | | 1,492,132 | 1,034,558 |
| | | 3,910,495 | 3,130,370 |

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME (CONTINUED)**

For the six months ended 30 June 2021

| | <i>Note</i> | 2021 RMB'000 (Unaudited) | 2020 <i>RMB'000</i> <i>(Unaudited)</i> |
|--|-------------|---|--|
| PROFIT FOR THE PERIOD | | <u>3,910,495</u> | <u>3,130,370</u> |
| OTHER COMPREHENSIVE INCOME | | | |
| Other comprehensive income that will not be reclassified to profit or loss in subsequent periods: | | | |
| Fair value gain on equity instruments designated at fair value through other comprehensive income for the period, net of tax | | <u>279,517</u> | <u>84,916</u> |
| OTHER COMPREHENSIVE INCOME FOR THE PERIOD | | <u>279,517</u> | <u>84,916</u> |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | | <u>4,190,012</u> | <u>3,215,286</u> |
| Attributable to: | | | |
| Owners of the Company | | <u>2,696,682</u> | 2,180,728 |
| Non-controlling interests | | <u>1,493,330</u> | <u>1,034,558</u> |
| | | <u>4,190,012</u> | <u>3,215,286</u> |
| EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY | | | |
| Basic | 9 | <u>RMB0.71</u> | <u>RMB0.65</u> |
| Diluted | 9 | <u>RMB0.71</u> | <u>RMB0.65</u> |

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
30 June 2021

| | <i>Notes</i> | 30 June 2021 RMB'000 (Unaudited) | 31 December 2020 RMB'000 (Audited) |
|---|--------------|---|---|
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | | 9,966,254 | 9,076,714 |
| Investment properties | | 4,535,944 | 4,364,620 |
| Right-of-use assets | | 1,086,768 | 827,067 |
| Goodwill | | 769,241 | 769,241 |
| Intangible assets | | 118,453 | – |
| Interests in joint ventures | | 9,393,673 | 5,740,108 |
| Interests in associates | | 19,450,967 | 18,629,388 |
| Equity investments designated at fair value through other comprehensive income (“FVTOCI”) | | 2,357,319 | 2,037,318 |
| Deferred tax assets | | 4,248,075 | 3,764,898 |
| Total non-current assets | | 51,926,694 | 45,209,354 |
| CURRENT ASSETS | | | |
| Properties for development | | 37,387,601 | 20,257,965 |
| Properties under development | | 215,748,793 | 194,209,030 |
| Completed properties for sale | | 15,703,823 | 18,341,794 |
| Inventories | | 1,202,311 | 326,614 |
| Trade and other receivables, deposits and prepayments | <i>10</i> | 11,853,557 | 11,203,290 |
| Contract assets | | 2,566,456 | 3,124,518 |
| Contract costs | | 697,435 | 532,155 |
| Amounts due from related parties | | 68,233,566 | 45,450,618 |
| Prepaid income taxes | | 6,474,926 | 4,454,437 |
| Prepaid other taxes | | 7,615,081 | 5,968,882 |
| Financial assets at fair value through profit or loss (“FVTPL”) | | 109,328 | – |
| Pledged bank deposits | | 4,104,515 | 5,655,839 |
| Bank balances and cash | | 56,455,102 | 59,547,352 |
| Total current assets | | 428,152,494 | 369,072,494 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | <i>11</i> | 44,687,398 | 46,610,097 |
| Contract liabilities | | 141,942,189 | 112,798,675 |
| Amounts due to related parties | | 45,856,456 | 23,432,261 |
| Dividend payable | | 873,011 | – |
| Income taxes payable | | 9,204,989 | 10,463,643 |
| Other taxes payable | | 14,489,925 | 12,360,269 |
| Lease liabilities | | 54,319 | 33,741 |
| Bank and other borrowings | | 20,901,497 | 23,628,164 |
| Senior notes | | 62,030 | 62,653 |
| Corporate debt instruments | | 9,143,070 | 8,819,580 |
| Receipts under securitisation arrangements | | 3,672 | 4,819 |
| Total current liabilities | | 287,218,556 | 238,213,902 |
| NET CURRENT ASSETS | | 140,933,938 | 130,858,592 |

| | 30 June 2021 | 31 December 2020 |
|--|-------------------------|---------------------|
| | RMB'000 | RMB'000 |
| | (Unaudited) | (Audited) |
| TOTAL ASSETS LESS CURRENT LIABILITIES | 192,860,632 | 176,067,946 |
| NON-CURRENT LIABILITIES | | |
| Bank and other borrowings | 75,259,851 | 63,796,233 |
| Senior notes | 3,860,407 | 3,897,129 |
| Corporate debt instruments | 16,793,391 | 17,100,739 |
| Receipts under securitisation arrangements | 1,894,247 | 1,892,822 |
| Lease liabilities | 324,282 | 103,889 |
| Deferred tax liabilities | 5,110,624 | 4,687,061 |
| Total non-current liabilities | 103,242,802 | 91,477,873 |
| NET ASSETS | 89,617,830 | 84,590,073 |
| EQUITY | | |
| Equity attributable to owners of the Company | | |
| Share capital | 239,276 | 239,264 |
| Reserves | 33,204,835 | 31,983,885 |
| | 33,444,111 | 32,223,149 |
| Perpetual securities | 18,537,190 | 20,618,316 |
| Non-controlling interests | 37,636,529 | 31,748,608 |
| TOTAL EQUITY | 89,617,830 | 84,590,073 |

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021

1. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2021 have been prepared in accordance with International Accounting Standards (“IAS”) 34 Interim Financial Reporting. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2020.

2. OPERATING SEGMENT INFORMATION

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

For the six months ended 30 June 2021

| | Property development RMB’000 (Unaudited) | Hotel operations RMB’000 (Unaudited) | Property investment RMB’000 (Unaudited) | Project management RMB’000 (Unaudited) | Others RMB’000 (Unaudited) | Segment total RMB’000 (Unaudited) | Eliminations RMB’000 (Unaudited) | Total RMB’000 (Unaudited) |
|--|---|---|--|---|----------------------------------|--|--|---------------------------------|
| Revenue from contracts with customers | 31,744,926 | 352,620 | – | 992,018 | 2,953,866 | 36,043,430 | – | 36,043,430 |
| Rental income | – | – | 91,382 | – | – | 91,382 | – | 91,382 |
| Total external segment revenue | <u>31,744,926</u> | <u>352,620</u> | <u>91,382</u> | <u>992,018</u> | <u>2,953,866</u> | <u>36,134,812</u> | <u>–</u> | <u>36,134,812</u> |
| Inter-segment revenue | – | – | 12,898 | 138,957 | 1,186,775 | 1,338,630 | (1,338,630) | – |
| Total | <u>31,744,926</u> | <u>352,620</u> | <u>104,280</u> | <u>1,130,975</u> | <u>4,140,641</u> | <u>37,473,442</u> | <u>(1,338,630)</u> | <u>36,134,812</u> |
| Segment results | <u>3,529,060</u> | <u>55,028</u> | <u>54,808</u> | <u>261,721</u> | <u>114,254</u> | <u>4,014,871</u> | <u>–</u> | <u>4,014,871</u> |
| Unallocated administrative expenses | | | | | | | | (39,694) |
| Unallocated other income | | | | | | | | 63,294 |
| Unallocated finance costs | | | | | | | | (30,379) |
| Unallocated taxation | | | | | | | | (97,597) |
| Profit for the period | | | | | | | | <u>3,910,495</u> |

2. OPERATING SEGMENT INFORMATION (continued)

For the six months ended 30 June 2020

| | Property development <i>RMB'000</i> (Unaudited) | Hotel operations <i>RMB'000</i> (Unaudited) | Property investment <i>RMB'000</i> (Unaudited) | Project management <i>RMB'000</i> (Unaudited) | Others <i>RMB'000</i> (Unaudited) | Segment total <i>RMB'000</i> (Unaudited) | Eliminations <i>RMB'000</i> (Unaudited) | Total <i>RMB'000</i> (Unaudited) |
|--|--|--|---|--|---|---|---|--|
| Revenue from contracts with customers | 20,713,551 | 213,086 | – | 797,007 | 2,106,046 | 23,829,690 | – | 23,829,690 |
| Rental income | – | – | 66,518 | – | – | 66,518 | – | 66,518 |
| Total external segment revenue | <u>20,713,551</u> | <u>213,086</u> | <u>66,518</u> | <u>797,007</u> | <u>2,106,046</u> | <u>23,896,208</u> | <u>–</u> | <u>23,896,208</u> |
| Inter-segment revenue | <u>–</u> | <u>176</u> | <u>7,645</u> | <u>151,317</u> | <u>758,726</u> | <u>917,864</u> | <u>(917,864)</u> | <u>–</u> |
| Total | <u>20,713,551</u> | <u>213,262</u> | <u>74,163</u> | <u>948,324</u> | <u>2,864,772</u> | <u>24,814,072</u> | <u>(917,864)</u> | <u>23,896,208</u> |
| Segment results | <u>3,007,377</u> | <u>(26,572)</u> | <u>(40,309)</u> | <u>183,126</u> | <u>97,117</u> | <u>3,220,739</u> | <u>(176)</u> | <u>3,220,563</u> |
| Unallocated administrative expenses | | | | | | | | (22,448) |
| Unallocated other income | | | | | | | | 9,818 |
| Unallocated finance costs | | | | | | | | (9,799) |
| Unallocated taxation | | | | | | | | <u>(67,764)</u> |
| Profit for the period | | | | | | | | <u>3,130,370</u> |

2. OPERATING SEGMENT INFORMATION (continued)

The following table presents the asset and liability information of the Group's operating segments as at 30 June 2021 and 31 December 2020:

Segment assets

| | As at 30 June 2021 <i>RMB'000</i> (Unaudited) | As at 31 December 2020 <i>RMB'000</i> (Audited) |
|----------------------|---|---|
| Property development | 448,620,568 | 385,459,880 |
| Hotel operations | 9,483,312 | 8,446,500 |
| Property investment | 4,730,816 | 4,569,662 |
| Project management | 5,010,203 | 4,035,788 |
| Others | 9,669,386 | 9,455,708 |
| | <hr/> | <hr/> |
| Total segment assets | 477,514,285 | 411,967,538 |
| Unallocated | 2,564,903 | 2,314,310 |
| | <hr/> | <hr/> |
| Consolidated assets | 480,079,188 | 414,281,848 |

Segment liabilities

| | As at 30 June 2021 <i>RMB'000</i> (Unaudited) | As at 31 December 2020 <i>RMB'000</i> (Audited) |
|---------------------------|---|---|
| Property development | 377,283,856 | 317,806,924 |
| Hotel operations | 313,952 | 303,749 |
| Property investment | 1,119,505 | 1,218,853 |
| Project management | 1,680,532 | 1,409,596 |
| Others | 8,154,246 | 7,801,977 |
| | <hr/> | <hr/> |
| Total segment liabilities | 388,552,091 | 328,541,099 |
| Unallocated | 1,909,267 | 1,150,676 |
| | <hr/> | <hr/> |
| Consolidated liabilities | 390,461,358 | 329,691,775 |

3. REVENUE

An analysis of revenue is as follows:

| | For the six months ended 30 June | |
|--|---|-------------------|
| | 2021 | 2020 |
| | RMB'000 | RMB'000 |
| <i>Revenue from contracts with customers</i> | 36,043,430 | 23,829,690 |
| <i>Revenue from other sources</i> | | |
| Rental income | 91,382 | 66,518 |
| | <u>36,134,812</u> | <u>23,896,208</u> |

Disaggregated revenue information for revenue from contracts with customers

Geographical markets

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

Timing of revenue recognition

For the six months ended 30 June 2021

| | Property sales | Hotel operations | Project management | Design and decoration | Sales of construction materials | Other business | Total |
|--|--------------------------|-----------------------|-----------------------|--------------------------|---------------------------------------|-------------------------|--------------------------|
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| Recognised at a point in time | 17,497,293 | – | – | – | 130,598 | – | 17,627,891 |
| Recognised over time | 14,247,633 | 352,620 | 992,018 | 1,421,020 | – | 1,402,248 | 18,415,539 |
| Revenue from contracts with customers | <u>31,744,926</u> | <u>352,620</u> | <u>992,018</u> | <u>1,421,020</u> | <u>130,598</u> | <u>1,402,248</u> | <u>36,043,430</u> |

For the six months ended 30 June 2020

| | Property sales | Hotel operations | Project management | Design and decoration | Sales of construction materials | Other business | Total |
|--|--------------------------|-----------------------|-----------------------|--------------------------|---------------------------------------|-----------------------|--------------------------|
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| Recognised at a point in time | 15,230,233 | – | – | – | 42,928 | – | 15,273,161 |
| Recognised over time | 5,483,318 | 213,086 | 797,007 | 1,072,659 | – | 990,459 | 8,556,529 |
| Revenue from contracts with customers | <u>20,713,551</u> | <u>213,086</u> | <u>797,007</u> | <u>1,072,659</u> | <u>42,928</u> | <u>990,459</u> | <u>23,829,690</u> |

3. REVENUE (continued)

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

For the six months ended 30 June 2021

| | Property development RMB'000 (Unaudited) | Hotel operations RMB'000 (Unaudited) | Property investment RMB'000 (Unaudited) | Project management RMB'000 (Unaudited) | Others RMB'000 (Unaudited) | Total RMB'000 (Unaudited) |
|---|---|---|--|---|----------------------------------|---------------------------------|
| Revenue disclosed in segment information | | | | | | |
| External customers | 31,744,926 | 352,620 | 91,382 | 992,018 | 2,953,866 | 36,134,812 |
| Inter-segment | – | – | 12,898 | 138,957 | 1,186,775 | 1,338,630 |
| | <u>31,744,926</u> | <u>352,620</u> | <u>104,280</u> | <u>1,130,975</u> | <u>4,140,641</u> | <u>37,473,442</u> |
| Adjustment for property rental income | – | – | (91,382) | – | – | (91,382) |
| Eliminations | – | – | (12,898) | (138,957) | (1,186,775) | (1,338,630) |
| Revenue from contracts with customers | <u>31,744,926</u> | <u>352,620</u> | <u>–</u> | <u>992,018</u> | <u>2,953,866</u> | <u>36,043,430</u> |

For the six months ended 30 June 2020

| | Property development RMB'000 (Unaudited) | Hotel operations RMB'000 (Unaudited) | Property investment RMB'000 (Unaudited) | Project management RMB'000 (Unaudited) | Others RMB'000 (Unaudited) | Total RMB'000 (Unaudited) |
|---|---|---|--|---|----------------------------------|---------------------------------|
| Revenue disclosed in segment information | | | | | | |
| External customers | 20,713,551 | 213,086 | 66,518 | 797,007 | 2,106,046 | 23,896,208 |
| Inter-segment | – | 176 | 7,645 | 151,317 | 758,726 | 917,864 |
| | <u>20,713,551</u> | <u>213,262</u> | <u>74,163</u> | <u>948,324</u> | <u>2,864,772</u> | <u>24,814,072</u> |
| Adjustment for property rental income | – | – | (66,518) | – | – | (66,518) |
| Eliminations | – | (176) | (7,645) | (151,317) | (758,726) | (917,864) |
| Revenue from contracts with customers | <u>20,713,551</u> | <u>213,086</u> | <u>–</u> | <u>797,007</u> | <u>2,106,046</u> | <u>23,829,690</u> |

4. OTHER INCOME

| | For the six months ended 30 June | |
|--|-------------------------------------|--------------------------------|
| | 2021 RMB'000 (Unaudited) | 2020 RMB'000 (Unaudited) |
| Interest income | 1,073,184 | 1,299,892 |
| Comprehensive service income | 215,248 | 86,185 |
| Dividends from equity instruments designated at FVTOCI | 7,992 | 56,000 |
| Others | 139,882 | 115,173 |
| | <u>1,436,306</u> | <u>1,557,250</u> |

5. OTHER GAINS AND LOSSES

| | For the six months ended 30 June | |
|--|-------------------------------------|--------------------------------|
| | 2021 RMB'000 (Unaudited) | 2020 RMB'000 (Unaudited) |
| Foreign exchange gains/(losses), net | 161,362 | (265,899) |
| Gain on acquisition of an associate and joint ventures at discount | – | 324,414 |
| Gain on disposal of property, plant and equipment | 4,135 | 209 |
| Gain from changes in fair value of financial assets measured at FVTPL | 6,511 | – |
| | <u>172,008</u> | <u>58,724</u> |

6. FINANCE COSTS

| | For the six months ended 30 June | |
|---|-------------------------------------|--------------------------------|
| | 2021 RMB'000 (Unaudited) | 2020 RMB'000 (Unaudited) |
| Interest on bank and other borrowings, senior notes, corporate debt instruments and receipts under securitisation arrangements | 3,969,133 | 3,826,222 |
| Interest on leases | 8,531 | 2,728 |
| Total borrowing costs | 3,977,664 | 3,828,950 |
| Less: Interest capitalised in properties under development and construction in progress | (2,650,414) | (2,576,590) |
| | <u>1,327,250</u> | <u>1,252,360</u> |

7. TAXATION

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% (six months ended 30 June 2020: 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 Lvchuangxintuo Architectural Planning and Design Co., Ltd. are new technology enterprises and the applicable income tax rate is 15% from years 2018 to 2020, years 2019 to 2021, years 2020 to 2022, years 2020 to 2022 and years 2020 to 2022 respectively.

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

The Group recognised PRC Land Appreciation Tax ("LAT") based on management's best estimates and in accordance with the requirements set forth in the relevant PRC tax laws and regulations. For the six months ended 30 June 2021, the Group has estimated and made a provision for LAT in the amount of RMB765,124,000 (six months ended 30 June 2020: RMB588,961,000). The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for LAT is calculated.

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

| | For the six months ended 30 June | |
|-----------------------------------|-------------------------------------|------------------|
| | 2021 | 2020 |
| | RMB'000 | RMB'000 |
| | (Unaudited) | (Unaudited) |
| Current tax: | | |
| PRC Enterprise Income Tax ("EIT") | 1,326,798 | 890,143 |
| LAT | 854,511 | 575,387 |
| | <u>2,181,309</u> | <u>1,465,530</u> |
| Deferred tax: | | |
| EIT | (79,984) | 38,888 |
| LAT | (89,387) | 13,574 |
| | <u>(169,371)</u> | <u>52,462</u> |
| Total tax charge for the period | <u>2,011,938</u> | <u>1,517,992</u> |

8. DIVIDENDS

During the interim period, a final dividend of RMB0.35 per ordinary share, or RMB873,011,000 in total, for the year ended 31 December 2020 (six months ended 30 June 2020: RMB0.30 per ordinary share, or RMB748,176,000 in total, for the year ended 31 December 2019) was recommended by the Board and approved by the shareholders at the annual general meeting. The final dividend was subsequently paid on 30 July 2021.

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

9. EARNINGS PER SHARE

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

| | For the six months ended 30 June | |
|---|-------------------------------------|----------------------|
| | 2021 | 2020 |
| | RMB'000 | RMB'000 |
| | (Unaudited) | (Unaudited) |
| Earnings: | | |
| Profit for the period attributable to the owners of the Company | 2,418,363 | 2,095,812 |
| Distribution related to perpetual securities | (649,570) | (646,240) |
| Earnings for the purpose of basic earnings per share | <u>1,768,793</u> | <u>1,449,572</u> |
| Earnings for the purpose of diluted earnings per share | <u>1,768,793</u> | <u>1,449,572</u> |
| | | |
| | For the six months ended 30 June | |
| | 2021 | 2020 |
| Shares: | | |
| Weighted average number of ordinary shares for the purpose of the basic earnings per share calculation | 2,490,968,657 | 2,230,435,196 |
| Effect of dilutive potential ordinary shares: | | |
| Share options and share award | <u>8,286,915</u> | <u>960,438</u> |
| Weighted average number of ordinary shares for the purpose of diluted earnings per share | <u>2,499,255,572</u> | <u>2,231,395,634</u> |

The computation of diluted earnings per share for the six months ended 30 June 2021 and 30 June 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 periods.

10. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

| | As at 30 June 2021 <i>RMB'000</i> (Unaudited) | As at 31 December 2020 <i>RMB'000</i> (Audited) |
|---|--|--|
| Trade receivables | 1,412,299 | 1,305,104 |
| Less: Allowance for credit losses | (77,515) | (94,460) |
| | <hr/> | <hr/> |
| Trade receivables, net of allowance for credit losses | 1,334,784 | 1,210,644 |
| Other receivables, net of allowance for credit losses | 6,595,395 | 6,268,542 |
| Prepayments and deposits | 3,910,798 | 3,711,524 |
| Consideration receivables from disposal of subsidiaries | 12,580 | 12,580 |
| | <hr/> | <hr/> |
| | 11,853,557 | 11,203,290 |
| | <hr/> | <hr/> |

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

| | As at 30 June 2021 <i>RMB'000</i> (Unaudited) | As at 31 December 2020 <i>RMB'000</i> (Audited) |
|-----------------|--|--|
| Within 90 days | 710,966 | 692,161 |
| 91 to 180 days | 195,190 | 213,688 |
| 181 to 365 days | 243,725 | 128,712 |
| Over 365 days | 262,418 | 270,543 |
| | <hr/> | <hr/> |
| | 1,412,299 | 1,305,104 |
| | <hr/> | <hr/> |

11. TRADE AND OTHER PAYABLES

| | As at 30 June 2021 <i>RMB'000</i> (Unaudited) | As at 31 December 2020 <i>RMB'000</i> (Audited) |
|---|--|--|
| Trade payables | 36,506,933 | 35,709,311 |
| Other payables and accrued expenses | 7,982,665 | 10,038,914 |
| Consideration payables on acquisition of subsidiaries and a joint venture | 197,800 | 861,872 |
| | <u>44,687,398</u> | <u>46,610,097</u> |

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

| | As at 30 June 2021 <i>RMB'000</i> (Unaudited) | As at 31 December 2020 <i>RMB'000</i> (Audited) |
|-----------------|--|--|
| Within 180 days | 27,658,758 | 29,889,284 |
| 181 to 365 days | 6,374,218 | 3,703,166 |
| Over 365 days | 2,473,957 | 2,116,861 |
| | <u>36,506,933</u> | <u>35,709,311</u> |

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATION REVIEW

In the first half of 2021, thanks to the continued consolidation of pandemic prevention and control measures in China as well as its economic and social achievements, the Chinese economy showed a steady trend toward consolidation and improvement. In the real estate business, there has been imbalanced market sentiment and intensified differentiation. The regulatory and control policies have been continuously implemented on both the supply and demand side. The concentration management of bank loans to real estates, together with “Three Red Lines, Two Red Lines”, have resulted in tightened liquidity in the industry. With the implementation of “Three Auctions per year, Centralized Announcement and Supply” in the land market of hot cities, the real estate industry’s rules have undergone profound changes.

In the face of upcoming turning points and changes in the industry, Greentown China by taking “Strategic 2025” as guidance and “best understanding of customers and products” as strategic pivot points, has adhered to quality advantages, strengthened streamlined operation and continued to pursue reform and innovation. The Company has gained continuously improved development with all operational indicators surpassing the targets, ushering in a good start to realizing the goal of “Strategic 2025”. To sum up, for the first half of 2021, the Company achieved outstanding performance in respect of sales scale, land investment and operation efficiency. Firstly, the sales scale hit record highs, and the management and control of cash collection were strengthened; secondly, the Company precisely managed the land investment by controlling the pace of land acquisition and added multiple premium land parcels; thirdly, operation efficiency was steadily improved and the per capita efficiency was continuously optimized.

Steady Improvement in Operating Results

During the Period, the Group generated revenue of RMB36,135 million, representing a significant growth of RMB12,239 million or 51.2% from RMB23,896 million in the corresponding period of 2020. Net profit was RMB3,910 million, representing an increase of 24.9% from RMB3,130 million in the corresponding period of 2020, and profit attributable to owners of the Company was RMB2,418 million, representing an increase of 15.4% from RMB2,096 million in the corresponding period of 2020. After deducting the net post-tax effects of foreign exchange gains and losses, gains from acquisitions, provision and reversal of impairment losses on certain assets and fair value changes on certain assets during the Period, the core net profit (non-GAAP measure adopted for illustrating the Group’s performance results from natural growth and operation of its principal businesses and enabling comparison of business performance across different periods) attributable to owners of the Company amounted to RMB2,725 million, representing an increase of RMB290 million or 11.9% from RMB2,435 million in the corresponding period of 2020.

Sales Scale Hit Record Highs

In the first half of 2021, 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 7.24 million sqm and a total contracted sales amount of approximately RMB171.7 billion, ranking 7th in the PRC¹ and representing a year-on-year growth of 88%. The yearly target completion rate was 55%, and recorded a balanced improvement in sales. In particular, Greentown Group recorded a total contracted sales area of 4.85 million sqm from self-investment projects and the contracted sales amount of approximately RMB136.9 billion, representing a year-on-year growth of 107%, of which approximately RMB71.3 billion was attributable to the Greentown Group, representing a year-on-year growth of 87%; average selling price of self-investment projects remained at an industry-leading level of approximately RMB28,226 per sqm. In addition, in the first half of 2021, Greentown Group recorded a total contracted sales area of approximately 2.39 million sqm and a total contracted sales amount of approximately RMB34.8 billion from the projects under its project management business with the “Greentown” brand (non-self-investment projects, referred to as “projects under project management”), representing a year-on-year growth of 39%.

The Group applied the marketing policy of “all staff, all people, all aspects”, integrating marketing teams of urban agglomerations and improving the efficiency of marketing personnel in key cities. There are 11 cities with each contracted sales amount exceeding RMB3 billion, among which Hangzhou, Ningbo and Beijing each recorded contracted sales amount of over RMB10 billion. At the same time, the Group implemented streamlined management of cash collection and improved relative management mechanism with the rate reaching 95% during the Period.

Accuracy and Efficiency in Investment Quality

In the first half of 2021, the centralized land supply policy was introduced and hot cities witnessed intensified competition, resulting in a significant increase in land premium with the average profit margin of the industry being under pressure. The Group promptly responded to the new land policy by accurately grasping the pace of land acquisition and adhering to the philosophy of value investment. In January this year, the Company actively acquired several premium land parcels in key cities like Hangzhou, focusing on replenishing projects that could be converted to saleable resources during the year; from February to April, when the first batch of centralized land supply was launched, the Company added saleable value mostly through the non-public market; from May to June, the Company on the premise of risk control, focused on centralized land supply in cities with unique advantages and cities where home-purchasing lottery rules were introduced, and obtained multiple premium projects, including the one in Dougezhuang Block, Chaoyang District, Beijing, through bidding with a high-quality bid proposal.

Note 1: Ranking of Real Estate Developers by Sales, 1H2021 (CRIC) (克而瑞2021年上半年房企操盘榜排名)

Continuously Strengthening Land Bank Investment. Supported by abundant capital flows, the Group acquired 67 new projects in 31 cities during the Period under review, with a total gross floor area (“GFA”) of approximately 11.86 million sqm. It is estimated that the newly-added saleable value will amount to RMB214 billion, of which approximately RMB145 billion will be attributable to the Group. The costs borne by Greentown amounted to approximately RMB74 billion; the average land cost of the new land parcels was approximately RMB9,126 per sqm. 37% of the newly-added saleable value is expected to be converted to saleable resources in the same year, representing a year-on-year growth of 12 percentage points, reflecting an improvement in project launch efficiency.

Perfecting and Optimizing Geographical Distribution. The Group has adhered to the strategy of “focusing on regions and deepening footprints in cities”, deeply rooted in its headquarter in Zhejiang and focused on the five major urban agglomerations (namely, Yangtze River Delta, Bohai Rim, Greater Bay Area, middle reaches of the Yangtze River and Chengdu-Chongqing) and other core cities. In the first half of 2021, the newly acquired projects of the Group were all located in key cities with high security, controllable risks and high profit potential. During the Period, the newly-added saleable value in first- and second-tier cities accounted for 78%, mainly situated in cities like Hangzhou, Ningbo, Xi’an, Beijing and Tianjin. In respect of geographical distribution, the Yangtze River Delta as an area of strategic importance accounted for 50% 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 the First Half of 2021

| No. | Land/Project Name | Acquired by | Equity | Paid by Greentown (RMB million) | Total GFA (sqm) |
|-----|---|-------------|--------|---------------------------------------|--------------------|
| 1 | Hangzhou Chaoting Mingyue | Auction | 70% | 2,111 | 149,510 |
| 2 | Hangzhou Muchun Mingyue | Auction | 70% | 745 | 68,612 |
| 3 | Hangzhou Jiangshang Zhenyuan | Auction | 100% | 1,193 | 105,783 |
| 4 | Hangzhou Jiangpan Jinyuan | Auction | 50% | 780 | 159,904 |
| 5 | Hangzhou Yunqi Yanlu | Auction | 55.6% | 478 | 115,223 |
| 6 | Hangzhou Hushang Chunfeng | Auction | 100% | 2,018 | 114,939 |
| 7 | Hangzhou Shanlan Guiyu | Auction | 55% | 1,172 | 146,834 |
| 8 | Hangzhou Jiangshang Guiyu Xinyue | Auction | 51% | 893 | 210,007 |
| 9 | Hangzhou Yonghe City | M&A | 100% | 2,271 | 298,466 |
| 10 | Qiandao Lake Hupan Chenglu | Auction | 100% | 253 | 70,280 |
| 11 | Deqing Chengnan Sci-tech City Fengqi Chunlan South Block | Auction | 100% | 1,091 | 129,687 |
| 12 | Anji Angel Town Block 2020-18 | Auction | 40% | 120 | 79,143 |
| 13 | Anji Peach Garden Northwest Block 2020-56-1 | Auction | 85% | 160 | 78,244 |
| 14 | Ningbo Jiangbei District Yaojiang Xincheng Block 8 | Auction | 65.7% | 1,681 | 158,327 |
| 15 | Ningbo Beilun District Tongshan Future Community Project | Auction | 100% | 2,992 | 508,801 |

| No. | Land/Project Name | Acquired by | Equity | Paid by Greentown (RMB million) | Total GFA (sqm) |
|-----|---|-------------|--------|------------------------------------|--------------------|
| 16 | Ningbo Fenghua District Jiangkou Jiapu Road South Block | Auction | 100% | 646 | 111,784 |
| 17 | Ningbo Fenghua District Fangqiao First Hospital North Block | Auction | 100% | 2,079 | 175,398 |
| 18 | Ningbo Zhenhai District Luotuo Street Old Street Block E1 | Auction | 70.6% | 762 | 107,885 |
| 19 | Ningbo Zhenhai District Jiaochuan Development Zone Main Entrance West Block | Auction | 51% | 213 | 58,828 |
| 20 | Ningbo Binhe Mingcui | Auction | 100% | 4,291 | 216,880 |
| 21 | Ningbo Chunxi Yunjing | Auction | 51% | 1,066 | 110,656 |
| 22 | Cixi Xincheng River Block 4# | M&A | 50% | 235 | 41,232 |
| 23 | Zhoushan New City Guchuishan Block LC-10-01-09 | Auction | 100% | 702 | 103,828 |
| 24 | Quzhou Orchid Residence | Auction | 57.34% | 971 | 144,938 |
| 25 | Quzhou Luming Future Community Project | Auction | 65.83% | 1,508 | 418,729 |
| 26 | Jiaxing Tongxiang Fengqi Chunlan | Auction | 60% | 525 | 121,002 |
| 27 | Jinhua Wangshan Town | Auction | 70% | 40 | 63,716 |
| 28 | Yongkang Xixin District Centre Block 05 | Auction | 65.7% | 1,288 | 167,294 |
| 29 | Shengzhou Opera Town Phase 3 West Block | Auction | 32.5% | 31 | 87,602 |
| 30 | Suzhou Gaoxin District Taihu Science City Block 2021-WG-18 | Auction | 25% | 500 | 226,406 |
| 31 | Taicang Science and Education New Town Block 2021-WG-16-1 | M&A | 13.04% | 184 | 153,253 |
| 32 | Nanjing South New Town Qiqiao Block G30 | M&A | 12.25% | 254 | 77,553 |
| 33 | Yixing Meilin Block A03 | M&A | 40% | 717 | 135,440 |
| 34 | Yangzhou Guangling District Block GZ276 | Auction | 33% | 318 | 128,181 |
| 35 | Yangzhou Guangling District Block GZ280 | M&A | 51% | 177 | 39,439 |
| 36 | Yangzhou Hanjiang District Block GZ272 | M&A | 30% | 323 | 156,972 |
| 37 | Xuzhou 2021-13 Cuipingshan Block I | M&A | 70% | 397 | 67,763 |
| 38 | Xuzhou 2021-11 Cuipingshan Block A | M&A | 33% | 256 | 95,560 |
| 39 | Xuzhou 2021-14 Kunlun Avenue South Block A-2 | M&A | 33% | 502 | 178,623 |
| 40 | Xuzhou 2021-15 Hanshan Block B | M&A | 33% | 673 | 189,063 |
| 41 | Yancheng Xiaofeng Yinyue | Auction | 100% | 2,177 | 186,394 |
| 42 | Beijing Chaoyang District Dougezhuang Block | Auction | 100% | 6,820 | 352,194 |

| No. | Land/Project Name | Acquired by | Equity | Paid by Greentown (RMB million) | Total GFA (sqm) |
|--------------|--|-------------|---------|---------------------------------------|--------------------|
| 43 | Beijing Haidian District Shucun South Block | M&A | 15.6% | 894 | 158,997 |
| 44 | Tianjin Guiyu Chaoyang | Auction | 100% | 940 | 166,473 |
| 45 | Tianjin Fengqi Yueming | Auction | 100% | 1,800 | 74,619 |
| 46 | Tianjin Willow Breeze | Auction | 100% | 1,520 | 156,149 |
| 47 | Tianjin Xiqing District Shuixi Block ABL | M&A | 50% | 2,480 | 442,401 |
| 48 | Dalian Ganjingzi District Quanshui Blocks A2, A3, A4 | Auction | 100% | 2,070 | 249,586 |
| 49 | Shenyang Dadong District Wanghua Area Block 10 | M&A | 30% | 337 | 200,836 |
| 50 | Qingdao North District Kaiping Road Project | Auction | 100% | 642 | 61,178 |
| 51 | Wuhan Wuchang District Fangqicun Project | Auction | 50% | 675 | 124,580 |
| 52 | Wuhan Jiang'an District Xinghai Yuejin Jiayuan Project | M&A | 70% | 770 | 142,436 |
| 53 | Wuhan Hupan Yunlu | M&A | 100% | 3,066 | 233,179 |
| 54 | Changsha No.43 Meixi Lake Zhongzhou Block | Auction | 100% | 2,990 | 474,294 |
| 55 | Changsha No.48 Nanhu Block | Auction | 100% | 2,896 | 258,136 |
| 56 | Yingtian Longhu Mountain Town | Auction | 51% | 35 | 54,067 |
| 57 | Chengdu Wuhou District Wuqing Road Block | Auction | 95.074% | 1,068 | 106,765 |
| 58 | Chongqing Central Park S District S24 Block | M&A | 50% | 498 | 98,267 |
| 59 | Xi'an Helu | Auction | 98.45% | 2,047 | 211,639 |
| 60 | Xi'an High Speed Railway North Station Project | M&A | 49% | 92 | 103,090 |
| 61 | Xi'an Nanshan Yunlu | M&A | 42.532% | 363 | 92,757 |
| 62 | Xi'an Xixian New District Konggang New City Block | Auction | 40% | 227 | 154,743 |
| 63 | Xi'an Hangtian HT01-5-47-1 Project | Auction | 40% | 960 | 276,000 |
| 64 | Xi'an Changning New District Project | M&A | 34% | 106 | 137,571 |
| 65 | Xi'an Willow Breeze | M&A | 51% | 515 | 233,260 |
| 66 | Harbin Young City | Auction | 46% | 1,014 | 699,412 |
| 67 | Xinjiang Ideal City | Auction | 60% | 429 | 642,364 |
| Total | | | | 74,047 | 11,863,172 |

As at 30 June 2021, Greentown Group had a total of 251 land reserve projects (including those under and pending construction) with a GFA of approximately 60.34 million sqm, of which approximately 34.95 million sqm was attributable to the Group; the total saleable area was approximately 40.48 million sqm, of which approximately 23.36 million sqm was attributable to the Group; and the average GFA land cost was RMB7,177 per sqm. Land reserve in first- and second-tier cities accounted for 74% of the total saleable value. The Company has sufficient land bank which can generate momentum for future growth and development.

Improved Quality and Efficiency in Operation and Management

Through measures like optimizing organizational management and control, enhancing front-line empowerment, implementing standard construction time frame and strengthening on-site management and control, the overall operation efficiency has been steadily improved. During the Period, the time required from land acquisition, to construction commencement, to presale, to positive return on shareholders' investment and delivery was 4.0 months, 6.8 months, 12.3 months and 30.6 months, respectively, and accelerated by 10%, 8%, 14% and 6% year-on-year, respectively. Sales per capita saw a year-on-year growth of 51% to RMB53.21 million.

Streamlined management and digital governance. The Company has compiled planning reports on “one city, one policy” for more than 30 key cities, including Beijing, Ningbo and Xi'an, as well as the lean operations instruction manual. These reports and the manual clearly identify targeted strategies of each city, precisely classify project types, set key node standards, consolidate the path to uplifting operational efficiency, and practically guide further development within each city. The Company has established business systems such as marketing strategy maps, cost database and saleable value management to achieve real-time data insight and visualization of business management scenarios, through which it could grasp in real time the operation of the Group, regions and all its projects.

Staying Ahead in Product Quality

Greentown China insists on the concept of “quality first and product-oriented (品質為先、產品主義)”, adheres to the artisan spirit and continues to forge its core competitiveness. It constantly upgrades product innovation and optimizes people's living quality. In March, the Group was awarded the “Top 10 among 100 Chinese Real Estate Enterprises by Comprehensive Strength” for 17 consecutive years, and ranked first on the list of “Property Developers with Excellent Product Strength” in 2021. In July, it was once again shortlisted as one of the “Top 10 Chinese Real Estate Companies by Brand Value in 2021”.

Industry-leading product innovation. The Group steadily advances R&D and innovation with a focus on benchmarking leading products, and has achieved the launch of 12 innovative benchmarking projects. In March, Greentown China Life Developers Conference with the theme of “Ideal Future” was held in Hangzhou, during which innovative products such as urban courtyard, community central station, unbounded space and flexible “Plum House” were released to grasp the future product development trends and maintain the leading position of Greentown's product strength.

Continuous reinforcement of quality control. The Group strictly abides by the red line of products and stringently controls the quality of delivery housing. In the first half of the year, the Group carried out joint inspections in spring, during which multiple rounds of inspections on 32 supply guarantee projects and 35 key delivery projects were conducted, covering construction quality, property and customer service. Meanwhile, the Group continuously improves the product standards, and jointly publishes the Greentown China Technical Guidance Manual for Prefabricated Interior Decoration (《綠城中國裝配式內裝修技術指導手冊》) with China Institute of Building Standard Design & Research, raising the enterprise standard of Greentown to the industry standard.

Remarkable results from cost management and control. Under the background of rising prices of industrial products, the Group has achieved substantial results in cost management and control through a number of product cost optimization measures, strategic cooperation and centralized supply chain procurement. During the Period, the application rate of materials from centralized procurement reached 97%. Compared with the target cost, the dynamic construction cost decreased by 1.5%.

No.1 in Customer Satisfaction

Based on customers' needs, the Group has continuously created refined services, which are well recognized by homeowners. According to the "2021 Chinese Urban Residents' Satisfaction (2021年中國城市居民居住滿意度)" survey, Greentown China led the industry with a score of 88.7 and won the first place in overall satisfaction across 14 cities. Greentown China has been leading the industry in the "Chinese Urban Residents' Satisfaction" survey for 11 consecutive years, and has won the honorary title of "Leading Brands by Customer Satisfaction (顧客滿意度領先品牌)" for 9 consecutive times.

Consolidating Advantages of Project Management Business

Greentown Management, a subsidiary of the Group, continues to lead the innovation and development of project management industry in the PRC, and has been honored as the "Chinese Leading Enterprise in Real Estate Project Management Operation (中國房地產代建運營引領企業)" for 5 consecutive years. The position of project management business in the industry has been continuously consolidated, and the scale of which continues to remain at the first place in the industry. The customer structure has become more diversified to effectively withstand the cyclical fluctuations in the industry. As of 30 June 2021, Greentown Management has had an aggregate of 334 projects under management, with a year-on-year increase of 24.6%; the total GFA of contracted projects amounted to approximately 84.00 million sqm, with a year-on-year increase of 14.6%; area under construction amounted to 43.65 million sqm, with a year-on-year increase of 12.6%. Among the area under construction for the current Period, projects entrusted by private enterprises accounted for 26.1%; projects entrusted by state-owned enterprises accounted for 43.9%; government commissioned projects accounted for 30.0%.

Multidimensional Development of Featured Projects

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

Strong momentum of town industry. With continuous expansion and development of town projects and further implementation of town brands, Chengdu Sichuan Cuisine Town was selected into the list of the first batch of featured towns in Sichuan Province. As of 30 June 2021, the town business has covered 21 cities in aggregate, with 27 featured towns under operation and under construction and a total of 11.92 million sqm of planned GFA secured. At the same time, the town industry continues to initiate, projects such as Tiantai Mountain Hoshino Kasuke Resort (天台山星野嘉助酒店) and snow resort will effectively drive revenue growth.

Diversified layout of featured businesses. In terms of TOD business, the Group has implemented a nationwide layout strategy focusing on multi-category and multi-type businesses, and established strategic cooperation with railway transportation groups in various regions, launching nearly 20 TOD projects in Hangzhou, Ningbo and other cities. In terms of future community, the Group actively responded to and participated in the construction of Zhejiang future community by giving full play to the corporate advantages to integrate design, development and operation, creating a high-quality living environment. During the Period, the Group launched two projects in Ningbo and Quzhou, and followed up 35 key future community projects. In terms of urban renewal, projects like the one in Guangming district, Shenzhen were contracted, continuously promoting new businesses.

Smooth Financing Channels and Healthy Financial Condition

The PBOC continues to strengthen its supervision of real estate finance and accordingly implemented a prudent management system. All financing channels have been strictly regulated and the liquidity of the real estate market has been increasingly tightened. Leveraging on the advantages of stable operation and prudent financial control, the Group has deepened strategic cooperation with various financial institutions with each financing channel keeping smooth and the financing cost remaining its leading position. During the Period, the weighted average interest cost of total borrowings further decreased from 5.2% to 4.6%, representing a drop of 60 bps as compared to the first half of 2020. Debts due within one year accounted for 23.5% of the total, representing a decrease of 3.8 percentage points as compared to that at the end of 2020, and further optimizing the debt structure.

For offshore financing, the Company entered into a USD300 million, 3-year and unsecured bilateral loan agreement in June 2021 and a USD640 million equivalent, 3-year and unsecured syndicated loan agreement in the same month, with interest rate for both of only LIBOR/HIBOR+2.51%. For onshore financing, in the first half of 2021, public issuance of domestic bonds on Shanghai Stock Exchange, Shenzhen Stock Exchange and the Inter-Bank Market totaled RMB12.462 billion with an average interest cost of 3.73%. The financing cost remained low and financing channels were smooth. In particular, the Group issued corporate bonds in the amount of RMB4.15 billion with interest rates ranging from 3.92% to 4.07% per annum; it successfully issued the first project revenue notes in the amount of RMB500 million with an interest rate of 4.30% per annum, and issued the supply chain ABS/ABN in the amount of RMB7.812 billion with interest rates ranging from 3.28% to 3.80% per annum.

PROSPECTS

Looking forward to the second half of the year, it is expected that the regulatory principle of “Housing instead of speculation” will continue to deepen, which will, combined with the effects of management and control policies of “Three Red Lines” and centralized land supply, accelerate changes in the industry landscape.

For Operations Strategies:

The Group will actively improve its capabilities in multiple aspects, including products, operations, investment and marketing, and make every effort to achieve business targets through its operations strategy of “productivity, efficiency, accuracy, saving, prudence”.

“Productivity” represents steadily improving sales scale based on the solid investment foundation in the first half of the year;

“Efficiency” represents continuously optimizing operational efficiency, shortening operating cycles and accelerating conversion of new projects;

“Accuracy” represents accurate investment positioning, seizing market opportunities in the second half of the year and strictly preventing risks;

“Saving” represents further optimizing costs without compromising quality;

“Prudence” represents implementing long-term mechanisms, prudent operational planning, and focusing on long-term and stable development.

For Operation Foundation:

For the second half of 2021, the total saleable area of the Group is expected to reach approximately 14.11 million sqm, with a total saleable amount of approximately RMB309 billion. In particular, self-investment projects are expected to provide a saleable area of approximately 9.04 million sqm with a saleable amount of approximately RMB231.2 billion.

In 2021, the Group expects that the total GFA of newly commenced projects/phases during the year will be approximately 16.71 million sqm, representing a year-on-year increase of 27%; and the total GFA of completed projects/phases will be approximately 9.9 million sqm, representing a year-on-year increase of 30%.

As of 30 June 2021, the Group recorded an accumulated unbooked sales of approximately RMB320.7 billion (attributable: RMB168.8 billion), representing an increase of RMB67.5 billion as compared to that at the end of 2020.

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

Faced with opportunities brought by new challenges in the industry, Greentown China will strive to keep the growth momentum in the first half of the year, adhere to excellent quality, deepen lean operation, improve management efficiency and promote organization reform, striving to become an “excellent student with special expertise and comprehensive development”.

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 Period, the revenue of the Group amounted to RMB36,135 million, in particular, revenue from sales of properties accounted for 87.9%, design and decoration revenue accounted for 3.9%, project management revenue accounted for 2.7% and revenue from holding properties for operation accounted for 5.5%, representing an increase of 51.2% from RMB23,896 million in the corresponding period of 2020, which was mainly due to the increase in revenue from sales of properties.

During the Period, the Group’s revenue from sales of properties amounted to RMB31,745 million, representing an increase of 53.3% from RMB20,714 million in the corresponding period of 2020. The area of properties with recognised revenue amounted to 1,514,270 sqm, representing an increase of 55.1% from 976,036 sqm in the corresponding period of 2020. The average selling price of properties with recognised revenue was RMB20,964 per sqm, generally on par with RMB21,222 per sqm in the corresponding period of 2020.

Properties with the revenue recognised by subsidiaries for the first half of 2021 are as follows:

| Project Name | Type of Properties | Area Sold (<i>sqm</i>) (<i>Note</i>) | Sales Revenue (<i>RMB</i> <i>million</i>) | % of Total | Average Selling Price (<i>RMB</i> <i>per sqm</i>) |
|----------------------------|---|--|--|---------------|--|
| Yuyao Guiyu Lanting | High-rise Apartment, Commercial | 162,329 | 2,627 | 8.3% | 16,183 |
| Taizhou Ningjiang Mingyue | High-rise Apartment, Villa | 172,431 | 1,991 | 6.3% | 11,547 |
| Chengdu Phoenix Mansion | High-rise Apartment, Low-rise Apartment | 55,852 | 1,795 | 5.7% | 32,139 |
| Deqing Guanyun Town | High-rise Apartment, Low-rise Apartment, Villa | 96,614 | 1,606 | 5.1% | 16,623 |
| Beijing One Liangma | High-rise Apartment | 14,456 | 1,283 | 4.0% | 88,752 |
| Nantong Orchid Residence | High-rise Apartment, Villa | 75,040 | 1,190 | 3.7% | 15,858 |
| Beijing Yihe Jinmao Palace | Low-rise Apartment | 10,068 | 1,048 | 3.3% | 104,092 |
| Wuxi Fengqi Heming | High-rise Apartment, Villa, Commercial | 35,624 | 970 | 3.1% | 27,229 |
| Ningbo Chunxi Chaoming | High-rise Apartment | 25,235 | 952 | 3.0% | 37,725 |
| Beijing Xishan Mansion | High-rise Apartment, Low-rise Apartment | 20,268 | 945 | 3.0% | 46,625 |
| Others | | 846,353 | 17,338 | 54.5% | 20,486 |
| Total | | <u>1,514,270</u> | <u>31,745</u> | <u>100.0%</u> | <u>20,964</u> |

Note: Areas sold include aboveground and underground areas.

During the Period, projects in Zhejiang area achieved property sales revenue of RMB18,082 million, accounting for 57.0% of the total property sales and ranking top. Projects in Jiangsu area achieved property sales revenue of RMB3,449 million, accounting for 10.9% of the total property sales and ranking second. Projects in Beijing area achieved property sales revenue of RMB3,375 million, accounting for 10.6% of the total property sales and ranking third.

During the Period, the Group's revenue from sales of high-rise apartments, low-rise apartments, serviced apartments, etc. amounted to RMB26,158 million, accounting for 82.4% of the total property sales; sales revenue from villas amounted to RMB5,374 million, accounting for 16.9% of the total property sales; and that from offices amounted to RMB213 million, accounting for 0.7% of the total property sales.

During the Period, the Group's revenue from project management service amounted to RMB992 million, representing an increase of 24.5% from RMB797 million in the corresponding period of 2020, mainly due to the delay in schedule of certain businesses due to the pandemic which affected the revenue recognition in the corresponding period of last year. As the impact of the pandemic has been largely eliminated this year, and the number of projects with business partners increased and the construction works of which started in succession, resulting in the significant growth in revenue.

During the Period, the Group recorded RMB1,421 million in the revenue from design and decoration business, representing an increase of RMB348 million or 32.4% from RMB1,073 million in the corresponding period of 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 Period, the Group's revenue from hotel operations amounted to RMB353 million, representing an increase of 65.7% from RMB213 million in the corresponding period of 2020. During the Period, the Group's rental income from investment properties amounted to RMB91 million, representing an increase of 35.8% from RMB67 million in the corresponding period of 2020, mainly due to some impact on the hotels and commercial operations resulted from the outbreak of COVID-19 in the corresponding period of 2020, and daily operations had resumed during the Period.

Gross Profit and Gross Profit Margin

During the Period, the Group recorded a gross profit of RMB7,935 million, representing an increase of 28.3% from RMB6,184 million in the corresponding period of 2020, mainly due to the increase in gross profit from property sales as the scale of property sales revenue increased significantly during the Period.

During the Period, the Group achieved a gross profit margin of 22.0%, representing a decrease of 3.9 percentage points from 25.9% in the corresponding period of 2020. In particular, the gross profit margin of property sales was 21.5%, representing a decrease of 4.1 percentage points from 25.6% in the corresponding period of 2020, which was mainly attributable to the insufficient reflection of brand premium affected by price control, resulting in the decrease in gross profit margin.

Other Income

During the Period, the Group recorded other income of RMB1,436 million, which mainly comprised interest income, comprehensive service income, dividends from equity instruments designated at FVTOCI, etc., representing a decrease of RMB121 million or 7.8% from RMB1,557 million in the corresponding period of 2020, which was mainly due to the decrease in the interest income due from related parties.

Administrative Expenses

Administrative expenses include human resource costs, daily operating expenses and other expenses, such as product research and development expenses. During the Period, the Group incurred administrative expenses of RMB1,643 million, representing an increase of RMB196 million or 13.5% from RMB1,447 million in the corresponding period of 2020. Administrative expenses are divided into real estate development and related business expenses, non-real estate development and related business expenses, and depreciation and amortisation fees. Non-real estate development and related businesses are mainly project management, hotel business, design and decoration, sales of construction materials and other services.

During the Period, the Group incurred administrative expenses of RMB895 million in its real estate development and related business, of which human resource costs amounted to RMB507 million (the corresponding period of 2020: RMB306 million) and daily operating expenses amounted to RMB109 million (the corresponding period of 2020: RMB86 million), representing an increase of RMB180 million or 25.2% from RMB715 million in the corresponding period of 2020. Benefited from the continuous optimisation of its management and control model while constantly improving per capita efficiency in recent years, a 22.2% decline in the ratio of expenses to sales amount was recorded as compared to the corresponding period of 2020.

During the Period, administrative expenses of non-real estate development and related business of the Group amounted to RMB473 million, generally on par with RMB452 million in the corresponding period of 2020.

The Group incurred depreciation and amortisation fees of RMB275 million for the Period, generally on par with RMB280 million in the corresponding period of 2020.

Selling Expenses

Selling Expenses mainly include human resource costs, marketing activities expenses and daily operating expenses. During the Period, the Group incurred selling expenses of RMB920 million, representing an increase of RMB296 million or 47.4% from RMB624 million in the corresponding period of 2020. Selling expenses are divided into the expenses for real estate development and related business and the expenses for non-real estate development and related business.

During the Period, the Group incurred selling expenses of RMB753 million for its real estate development and related business, representing an increase of RMB227 million or 43.2% from RMB526 million in the corresponding period of 2020, mainly due to a substantial increase in the volume of project launch and sales compared with the corresponding period of 2020, with a 11.1% decline in the ratio of expenses to sales amount as compared to the corresponding period of 2020. As the single largest expenditure in selling expenses incurred by real estate development and related business, human resource costs incurred by real estate development and related business amounted to RMB328 million for the Period, representing an increase of RMB118 million or 56.2% from RMB210 million in the corresponding period of 2020, mainly because allocation was required for 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 Period, and the allocated sales commission increased accordingly. During the Period, the Group incurred marketing activities expenses of RMB315 million, representing an increase of RMB89 million or a year-on-year increase of 39.4% from RMB226 million in the corresponding period of 2020. During the Period, the daily operating expenses incurred in real estate development and related business amounted to RMB110 million, representing an increase of RMB20 million or a year-on-year increase of 22.2% from RMB90 million in the corresponding period of 2020.

During the Period, the Group incurred selling expenses of RMB167 million for its non-real estate development and related business, representing an increase of RMB69 million or 70.4% from RMB98 million in the corresponding period of 2020, mainly due to the increase in the volume of hotel business and the increase in related expenses year-on-year, as well as the increase in expenses for accelerated business expansion of the government project management business.

Finance Costs

During the Period, the Group's interest expenses included in the condensed consolidated statement of profit or loss and other comprehensive income amounted to RMB1,327 million (the corresponding period of 2020: RMB1,252 million). Interest expenses of the Group for the Period totalled RMB3,978 million, representing an increase of RMB149 million from RMB3,829 million in the corresponding period of 2020, mainly because the Group had more projects under development with a higher weighted average of loan balance outstanding during the Period. Weighted average interest cost of total borrowings was 4.6% during the Period, which represented a decrease of 60 bps as compared to 5.2% in the corresponding period of 2020. During the Period, the Group continued to improve its debt structure, actively innovate its financing model and expand its financing channels, maintaining the finance costs at a lower level.

Share of Results of Joint Ventures and Associates

During the Period, the Group's share of results of joint ventures was a gain of RMB25 million and the share of results of associates was a gain of RMB392 million, which amounted to an aggregate gain of RMB417 million and represented a slight decrease of RMB55 million from a gain of RMB472 million in the corresponding period of 2020, mainly due to the newly-added investment properties in the corresponding period of 2020, and the effect of appraised appreciation income was recognised, resulting in share of results of associates of RMB108 million.

Taxation Expenses

During the Period, taxation included LAT of RMB765 million (the corresponding period of 2020: RMB589 million) and EIT of RMB1,247 million (the corresponding period of 2020: RMB929 million). During the Period, LAT accounted for 9.6% of gross profit, generally on par with 9.5% in the corresponding period of 2020. During the Period, the effective EIT rate was 27.5% (excluding the share of results of joint ventures and associates as well as the losses of certain offshore subsidiaries and net foreign exchange gains, etc.), higher than the statutory tax rate of 25.0%. This was mainly attributable to the early provision for withholding tax on dividend, the losses of certain onshore subsidiaries with unrecognized deferred tax assets and expenses non-deductible for taxation purposes.

Contract Liabilities

Contract liabilities mainly represent the amounts received from the pre-sale of properties. As at 30 June 2021, the balance of contract liabilities of the Group was RMB141,942 million, representing an increase of RMB29,143 million or 25.8% from RMB112,799 million as at 31 December 2020, while the tax pending for written off of the Group as at 30 June 2021 was RMB13,684 million, representing an increase of RMB3,193 million from RMB10,491 million as at 31 December 2020, which was mainly due to the increase in contracted sales of the Group during the Period.

As at 30 June 2021, the balance of contract liabilities of joint ventures and associates was RMB113,878 million, representing an increase of RMB30,255 million or 36.2% from RMB83,623 million as at 31 December 2020. Such increase was mainly due to the increase in contract sales of the Group during the Period.

Financial Resources and Liquidity

As at 30 June 2021, the Group had bank balances and cash (including pledged bank deposits) of RMB60,560 million (31 December 2020: RMB65,203 million), among which, capital for sales monitoring amounted to RMB10,896 million (31 December 2020: RMB14,128 million). Total borrowings amounted to RMB127,918 million (31 December 2020: RMB119,202 million). Balance of borrowings due within one year amounted to RMB30,110 million, representing a decrease of RMB2,405 million from RMB32,515 million as at 31 December 2020. The amount of borrowings due within one year accounted for 23.5% of the total borrowings, representing a decrease of 3.8 percentage points from 27.3% as at 31 December 2020. The closing balance of bank deposits and cash (including pledged bank deposits) was 2.0 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. The net liabilities (total borrowings less bank balances and cash) amounted to RMB67,358 million (31 December 2020: RMB53,999 million). The net gearing ratio (net liabilities divided by total equity) was 75.2%, which was higher than the ratio of 63.8% as at 31 December 2020, which was mainly because when financial security and capital requirements for development were met, capital efficiency was further enhanced while net gearing ratio remaining at a reasonable level.

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 Period. A provision of net foreign exchange gain of RMB161 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 30 June 2021, such guarantees for mortgage facilities amounted to RMB44,187 million (31 December 2020: RMB37,066 million).

Pledge of Assets

As at 30 June 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 RMB97,325 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 30 June 2021, the Group had contracted, but not provided for, capital expenditure commitments of RMB62,546 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, therefore, the Group has no other material capital expenditure plan.

EVENT AFTER THE BALANCE SHEET DATE

On 2 July 2021, Tianjin CCCC Greentown Urban Construction and Development Company Limited (“**Tianjin CCCC Greentown**”), a non-wholly owned subsidiary of the Company, served a notice of redemption (“**Redemption**”) on each of Greentown Real Estate Group Company Limited (“**Greentown Real Estate**”) (a wholly-owned subsidiary of the Company), CFHCC City Investment Development (Tianjin) Co., Ltd. (“**CFHCC City Investment**”) and CCCC Beijing-Tianjin-Hebei Investment and Development Co., Ltd. (“**CCCC Beijing-Tianjin-Hebei**”) (collectively, the “**Subscribers**”) for redeeming from them all of the perpetual capital securities (the “**Perpetual Capital Securities**”) it issued. The Redemption prices were: (1) in respect of CFHCC City Investment, RMB670,486,362.00; (2) in respect of CCCC Beijing-Tianjin-Hebei, RMB343,839,160.00; (3) in respect of Greentown Real Estate, RMB704,870,278.00. The Redemption prices were equal to the principal amounts of the Perpetual Capital Securities. The payable distributions (“**Payable Distributions**”) on the Perpetual Capital Securities were: (1) in respect of CFHCC City Investment, RMB55,315,124.87; (2) in respect of CCCC Beijing-Tianjin-Hebei, RMB28,366,730.70; (3) in respect of Greentown Real Estate, RMB58,151,797.94. The distribution rate was determined by the net profit of Tianjin CCCC Greentown as contractually provided for in the agreements for subscribing for the Perpetual Capital Securities. As of the date hereof, the Perpetual Capital Securities have been fully redeemed and the Redemption prices have been fully paid. The Payable Distributions will be paid up to the Subscribers by 31 December 2021. For details, please refer to the announcement of the Company dated 5 July 2021.

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

Save as disclosed, during the Reporting Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

HUMAN RESOURCES

As at 30 June 2021, the Group employed a total of 8,917 employees (31 December 2020: 8,081). The employees 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 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, unless otherwise disclosed, the Company has 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 (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited throughout the Reporting Period.

COMPLIANCE WITH MODEL CODE OF THE LISTING RULES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “**Model Code**”) as the code for dealing in securities of the Company by the Directors of the Company. After specific enquiry for all the Directors, each of the Directors confirmed that he has complied with the required standards set out in the Model Code throughout the Reporting Period. Relevant employees who are likely to be in possession of inside information of the Group are also subject to compliance with written guidelines on same terms as the Model Code.

REVIEW OF INTERIM RESULTS

The announcement of interim results for the six months ended 30 June 2021 has been reviewed by the Audit Committee and approved by the Board. The auditor of the Company, Ernst & Young has performed a review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” on the interim financial information of the Group for the six months ended 30 June 2021 prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting”, and issued a review report dated 24 August 2021.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2021 (for the six months ended 30 June 2020: nil).

PUBLICATION OF INTERIM REPORT

The full text of the Company's 2021 Interim Report will be sent to the shareholders of the Company and posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.chinagreentown.com) respectively in due course.

FORWARD LOOKING STATEMENTS

This announcement includes forward-looking statements. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believe”, “estimate”, “anticipate”, “expect”, “intend”, “may”, “will” or “should” (or of related nature), 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.

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 to the Group.

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

Hangzhou, the PRC
24 August 2021

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