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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 2022

HIGHLIGHTS

- Revenue amounted to RMB64.731 billion, representing an increase of 79.1% over the corresponding period of last year; profit for the Period amounted to RMB4.86 billion, representing an increase of 24.3% over the corresponding period of last year;
- Core net profit attributable to owners of the Company amounted to RMB3.726 billion, representing an increase of 36.7% over the corresponding period of last year;
- Bank balances and cash (including pledged bank deposits) totaled RMB63.221 billion, which was 2.3 times of the balance of borrowings due within one year (as at 31 December 2021: 2.2x);
- The weighted average rate of interest cost of total borrowings decreased by 10 bps to 4.5% as compared to the corresponding period of last year;
- Total contracted sales achieved RMB112.8 billion, of which RMB84.9 billion was contributed by self-investment projects;
- 20 projects were newly-added, with a total GFA of approximately 3.13 million sqm and estimated saleable value of RMB73.1 billion.

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 2022 (the “**Reporting Period**”, “**Period**” or “**1H2022**”) prepared in accordance with the International Financial Reporting Standards, together with comparative figures for the corresponding period of 2021. 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 2022 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 2022

	<i>Notes</i>	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
REVENUE	3	64,730,853	36,134,812
Cost of sales		<u>(53,497,871)</u>	<u>(28,199,645)</u>
Gross profit		11,232,982	7,935,167
Other income	4	1,784,785	1,436,306
Other (losses)/gains	5	(1,104,089)	172,008
Selling expenses		(1,169,850)	(920,281)
Administrative expenses		(1,944,778)	(1,643,159)
Finance costs	6	(1,377,945)	(1,327,250)
(Impairment losses)/reversal of impairment under expected credit loss model, net		(66,874)	7,676
Impairment losses on non-financial assets, net		(354,777)	(155,859)
Loss from changes in fair value of investment properties		(29,984)	(408)
Gain on step acquisition of a subsidiary		12,539	–
Gain on disposal of subsidiaries, net		–	1,692
Share of results of joint ventures		(84,689)	25,261
Share of results of associates		823,825	391,280
PROFIT BEFORE TAXATION		7,721,145	5,922,433
Taxation	7	(2,860,658)	(2,011,938)
PROFIT FOR THE PERIOD		4,860,487	3,910,495
Attributable to:			
Owners of the Company		1,800,943	2,418,363
Non-controlling interests		3,059,544	1,492,132
		4,860,487	3,910,495

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

For the six months ended 30 June 2022

	<i>Note</i>	2022 RMB'000 (Unaudited)	2021 <i>RMB'000</i> <i>(Unaudited)</i>
PROFIT FOR THE PERIOD		<u>4,860,487</u>	<u>3,910,495</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>237,004</u>	<u>279,517</u>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		<u>237,004</u>	<u>279,517</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>5,097,491</u>	<u>4,190,012</u>
Attributable to:			
Owners of the Company		<u>2,037,962</u>	2,696,682
Non-controlling interests		<u>3,059,529</u>	<u>1,493,330</u>
		<u>5,097,491</u>	<u>4,190,012</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic	9	<u>RMB0.66</u>	<u>RMB0.71</u>
Diluted	9	<u>RMB0.66</u>	<u>RMB0.71</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2022

	<i>Notes</i>	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		10,348,511	10,220,738
Investment properties		8,834,182	6,936,152
Right-of-use assets		1,003,374	945,247
Goodwill		981,761	769,241
Intangible assets		589,622	139,269
Interests in joint ventures		13,654,987	12,008,844
Interests in associates		24,409,500	25,405,142
Equity investments designated at fair value through other comprehensive income		1,871,528	1,608,032
Deferred tax assets		5,249,201	4,756,509
		<hr/>	<hr/>
Total non-current assets		66,942,666	62,789,174
CURRENT ASSETS			
Properties for development		18,766,436	26,447,915
Properties under development		241,723,271	230,489,608
Completed properties for sale		24,461,923	26,760,579
Inventories		1,232,947	1,359,373
Trade and other receivables, deposits and prepayments	10	11,402,361	9,968,079
Contract assets		3,531,303	3,120,853
Contract costs		705,905	860,553
Amounts due from related parties		79,698,726	64,354,526
Prepaid income taxes		8,435,905	8,229,734
Prepaid other taxes		7,837,214	7,951,604
Financial assets at fair value through profit or loss		73,103	76,031
Pledged bank deposits		4,995,211	3,120,135
Bank balances and cash		58,225,814	68,375,618
		<hr/>	<hr/>
		461,090,119	451,114,608
Assets of a disposal group classified as held for sale		–	7,139,843
		<hr/>	<hr/>
Total current assets		461,090,119	458,254,451
CURRENT LIABILITIES			
Trade and other payables	11	59,593,730	60,574,462
Contract liabilities		138,577,310	148,887,691
Amounts due to related parties		52,243,757	38,633,659
Dividend payable		1,154,944	–
Income taxes payable		8,525,788	10,189,205
Other taxes payable		14,990,301	16,324,092
Lease liabilities		74,415	53,897
Bank and other borrowings		14,801,548	21,959,524
Senior notes		100,458	62,801
Corporate debt instruments		10,425,684	10,027,858
Receipts under securitisation arrangements		1,912,293	2,417
		<hr/>	<hr/>
		302,400,228	306,715,606

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(CONTINUED)**

30 June 2022

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Liabilities directly associated with the assets classified as held for sale	–	5,674,120
Total current liabilities	302,400,228	312,389,726
NET CURRENT ASSETS	158,689,891	145,864,725
TOTAL ASSETS LESS CURRENT LIABILITIES	225,632,557	208,653,899
NON-CURRENT LIABILITIES		
Bank and other borrowings	79,212,868	70,059,492
Senior notes	8,622,909	4,768,282
Corporate debt instruments	22,093,995	16,951,725
Receipts under securitisation arrangements	2,679,370	3,626,679
Financial liabilities at fair value through profit or loss	29,551	–
Lease liabilities	380,023	416,584
Deferred tax liabilities	5,452,429	5,185,287
Total non-current liabilities	118,471,145	101,008,049
NET ASSETS	107,161,412	107,645,850
EQUITY		
Equity attributable to ordinary shareholders of the Company		
Share capital	240,772	239,777
Reserves	35,376,046	34,439,628
	35,616,818	34,679,405
Perpetual securities	2,508,921	10,758,446
Non-controlling interests	69,035,673	62,207,999
TOTAL EQUITY	107,161,412	107,645,850

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2022 has 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 2021.

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 2022

	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)
Segment revenue								
Revenue from contracts with customers	60,183,304	256,047	–	1,146,019	3,056,672	64,642,042	–	64,642,042
Rental income	–	–	88,811	–	–	88,811	–	88,811
Total external segment revenue	<u>60,183,304</u>	<u>256,047</u>	<u>88,811</u>	<u>1,146,019</u>	<u>3,056,672</u>	<u>64,730,853</u>	<u>–</u>	<u>64,730,853</u>
Inter-segment revenue	<u>–</u>	<u>4,618</u>	<u>3,648</u>	<u>–</u>	<u>1,434,358</u>	<u>1,442,624</u>	<u>(1,442,624)</u>	<u>–</u>
Total	<u>60,183,304</u>	<u>260,665</u>	<u>92,459</u>	<u>1,146,019</u>	<u>4,491,030</u>	<u>66,173,477</u>	<u>(1,442,624)</u>	<u>64,730,853</u>
Segment results	<u>4,406,449</u>	<u>(42,043)</u>	<u>52,254</u>	<u>330,426</u>	<u>160,403</u>	<u>4,907,489</u>	<u>–</u>	<u>4,907,489</u>
Unallocated administrative expenses								(30,530)
Unallocated other income								73,778
Unallocated finance costs								(31,919)
Unallocated taxation								(58,331)
Profit for the period								<u>4,860,487</u>

2. OPERATING SEGMENT INFORMATION (continued)

For the six months ended 30 June 2021

	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)
Segment revenue								
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								<u>(97,597)</u>
Profit for the period								<u>3,910,495</u>

2. OPERATING SEGMENT INFORMATION (continued)

Segment assets

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Property development	484,249,549	479,429,085
Hotel operations	10,299,434	10,415,837
Property investment	9,125,123	7,536,648
Project management	5,375,628	5,022,558
Others	13,236,927	13,926,819
	<hr/>	<hr/>
Total segment assets	522,286,661	516,330,947
Unallocated	5,746,124	4,712,678
	<hr/>	<hr/>
Consolidated assets	528,032,785	521,043,625

Segment liabilities

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Property development	403,600,675	396,906,997
Hotel operations	2,612,930	3,363,902
Property investment	1,062,943	886,167
Project management	1,902,902	1,657,237
Others	10,435,406	9,440,743
	<hr/>	<hr/>
Total segment liabilities	419,614,856	412,255,046
Unallocated	1,256,517	1,142,729
	<hr/>	<hr/>
Consolidated liabilities	420,871,373	413,397,775

3. REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Revenue from contracts with customers	64,642,042	36,043,430
Revenue from other sources:		
Rental income	88,811	91,382
	<u>64,730,853</u>	<u>36,134,812</u>

Disaggregated revenue information for revenue from contracts with customers

Geographical markets

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

Timing of revenue recognition

For the six months ended 30 June 2022

	Property sales RMB'000 (Unaudited)	Hotel operations RMB'000 (Unaudited)	Project management RMB'000 (Unaudited)	Design and decoration RMB'000 (Unaudited)	Sales of construction materials RMB'000 (Unaudited)	Others RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Recognised at a point in time	46,242,467	–	–	–	149,934	–	46,392,401
Recognised over time	13,940,837	256,047	1,146,019	1,813,052	–	1,093,686	18,249,641
Revenue from contracts with customers	<u>60,183,304</u>	<u>256,047</u>	<u>1,146,019</u>	<u>1,813,052</u>	<u>149,934</u>	<u>1,093,686</u>	<u>64,642,042</u>

For the six months ended 30 June 2021

	Property sales RMB'000 (Unaudited)	Hotel operations RMB'000 (Unaudited)	Project management RMB'000 (Unaudited)	Design and decoration RMB'000 (Unaudited)	Sales of construction materials RMB'000 (Unaudited)	Others RMB'000 (Unaudited)	Total RMB'000 (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>

3. REVENUE (continued)

Disaggregated revenue information for revenue from contracts with customers (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 2022

	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	60,183,304	256,047	88,811	1,146,019	3,056,672	64,730,853
Inter-segment	–	4,618	3,648	–	1,434,358	1,442,624
	<u>60,183,304</u>	<u>260,665</u>	<u>92,459</u>	<u>1,146,019</u>	<u>4,491,030</u>	<u>66,173,477</u>
Adjustment for property rental income	–	–	(88,811)	–	–	(88,811)
Eliminations	–	(4,618)	(3,648)	–	(1,434,358)	(1,442,624)
	<u>–</u>	<u>(4,618)</u>	<u>(3,648)</u>	<u>–</u>	<u>(1,434,358)</u>	<u>(1,442,624)</u>
Revenue from contracts with customers	<u>60,183,304</u>	<u>256,047</u>	<u>–</u>	<u>1,146,019</u>	<u>3,056,672</u>	<u>64,642,042</u>

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)
	<u>–</u>	<u>–</u>	<u>(12,898)</u>	<u>(138,957)</u>	<u>(1,186,775)</u>	<u>(1,338,630)</u>
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>

4. OTHER INCOME

	For the six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Interest income	1,369,453	1,073,184
Comprehensive service income	255,850	215,248
Government grants	45,270	24,688
Dividends from equity instruments designated at fair value through other comprehensive income	38,786	7,992
Others	75,426	115,194
	<u>1,784,785</u>	<u>1,436,306</u>

5. OTHER (LOSSES)/GAINS

	For the six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Foreign exchange (losses)/gains, net	(1,101,732)	161,362
Net (loss)/gain on disposal of property, plant and equipment and right-of-use assets	(4,823)	4,135
Gain from changes in fair value of financial assets measured at fair value through profit or loss	4,504	6,511
Loss from changes in fair value of financial liabilities measured at fair value through profit or loss	(2,458)	–
Gain on disposal of an associate	420	–
	<u>(1,104,089)</u>	<u>172,008</u>

6. FINANCE COSTS

	For the six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Interest on bank and other borrowings and amounts due to related parties	2,971,257	3,242,529
Interest on senior notes	201,180	102,530
Interest on corporate debt instruments	568,595	585,599
Interest on receipts under securitisation arrangements	88,995	38,475
Interest on leases	8,900	8,531
	<u>3,838,927</u>	<u>3,977,664</u>
Total borrowing costs	3,838,927	3,977,664
Less: Interest capitalised in properties under development and construction in progress	(2,460,982)	(2,650,414)
	<u>1,377,945</u>	<u>1,327,250</u>

7. TAXATION

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

	For the six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Current tax:		
PRC enterprise income tax	2,097,841	1,326,798
PRC land appreciation tax	1,115,753	854,511
	<u>3,213,594</u>	<u>2,181,309</u>
Deferred tax:		
PRC enterprise income tax	(257,715)	(79,984)
PRC land appreciation tax	(95,221)	(89,387)
	<u>(352,936)</u>	<u>(169,371)</u>
Total tax charge for the period	<u>2,860,658</u>	<u>2,011,938</u>

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

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 Technology Home Furnishing Co., Ltd., Zhejiang Lvchuangxintuo Architectural Planning and Design Co., Ltd., Zhejiang Greentown Building Curtain Wall Engineering Co., Ltd., Greentown Housing Technology Co., Ltd., Zhejiang Greentown Housing Service System Co., Ltd. and Zhejiang Greentown Building Lemei Urban Development Co., Ltd. are new technology enterprises and the applicable income tax rate is 15% for current period.

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 to the requirements set forth in the relevant PRC tax laws and regulations. For the six months ended 30 June 2022, the Group has estimated and made a provision for land appreciation tax in the amount of RMB1,020,532,000 (six months ended 30 June 2021: RMB765,124,000). The actual 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 land appreciation tax is calculated.

8. DIVIDENDS

During the interim period, a final dividend of RMB0.46 per ordinary share, or RMB1,154,944,000 in total, for the year ended 31 December 2021 (six months ended 30 June 2021: RMB0.35 per ordinary share, or RMB873,011,000 in total, for the year ended 31 December 2020) was recommended by the board of the directors of the Company (the “**Board**”) and approved by the shareholders at the annual general meeting. The final dividend was subsequently paid on 29 July 2022.

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

9. EARNINGS PER SHARE

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

	For the six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings:		
Profit for the period attributable to the owners of the Company	1,800,943	2,418,363
Less: Attributed to perpetual securities	(134,589)	(649,570)
Earnings for the purpose of basic earnings per share	<u>1,666,354</u>	<u>1,768,793</u>
Earnings for the purpose of diluted earnings per share	<u>1,666,354</u>	<u>1,768,793</u>
	For the six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
Shares:		
Weighted average number of ordinary shares for the purpose of the basic earnings per share calculation	2,505,930,952	2,490,968,657
Effect of dilutive potential ordinary shares:		
Share options	<u>18,789,700</u>	<u>8,286,915</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>2,524,720,652</u>	<u>2,499,255,572</u>

The computation of diluted earnings per share for the six months ended 30 June 2022 considers the exercise of all the share options. The computation of diluted earnings per share for the six months ended 30 June 2021 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 period.

10. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	30 June 2022	31 December 2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Trade receivables	1,617,806	1,665,221
Less: Allowance for credit losses	(118,531)	(111,359)
	<hr/>	<hr/>
Trade receivables, net of allowance for credit losses	1,499,275	1,553,862
Other receivables, net of allowance for credit losses	6,576,424	5,195,037
Prepayments and deposits	3,326,662	3,219,180
	<hr/>	<hr/>
	11,402,361	9,968,079
	<hr/>	<hr/>

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 the invoice date and stated as follows:

	30 June 2022	31 December 2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Within 90 days	742,738	798,485
91 to 180 days	411,416	393,866
181 to 365 days	168,285	148,946
Over 365 days	295,367	323,924
	<hr/>	<hr/>
	1,617,806	1,665,221
	<hr/>	<hr/>

11. TRADE AND OTHER PAYABLES

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Trade payables	50,186,489	46,718,412
Other payables and accrued expenses	9,407,241	13,856,050
	<u>59,593,730</u>	<u>60,574,462</u>

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

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Within 180 days	40,841,083	36,085,254
181 to 365 days	5,617,475	7,218,294
Over 365 days	3,727,931	3,414,864
	<u>50,186,489</u>	<u>46,718,412</u>

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATION REVIEW

In the first half of 2022, the real estate industry in the People's Republic of China (the “PRC”) faced unprecedented challenges from the repeated impact of the pandemic and relatively high pressure to stabilize growth. In terms of government policies, the Central Political Bureau of the PRC emphasised that “the pandemic has to be contained, the economy has to be stabilized, and development has to be safe”, while local governments fully implemented city-specific strategies with frequent promulgation of favorable policies, easing both the supply and demand sides in some cities on one hand and carrying out differentiated housing credit policies on the other hand, with a view to steadily dissolving the risks in the real estate industry and promoting the virtuous circle and healthy development of the industry. Under the main tone of stabilizing real estate, the real estate market began to show signs of bottoming out, and it would take time to full recovery.

In the face of changes and differentiation in the industry, Greentown China adapted itself to the situation, continued to refine its own competitive edges, anchored its direction, and adhered to its sustainable development principle of “high quality in all aspects”. The Group enhanced its operational quality by making accurate investments, stabilizing financial conditions, upgrading management and improving services; ensured product quality by conducting customer research, improving quality and efficiency for design and construction; and strengthened organisational quality by optimising structure, recruiting talents and refining our culture. Benefiting from adherence to quality and long-termism, in the first half of the year, all indicators of the Group remained at a stable level and all business segments developed steadily with the operation capability improved comprehensively and its development edges further highlighted.

Steady improvement in operating results

During the Period, the Group generated revenue of RMB64,731 million, representing a significant increase of RMB28,596 million or 79.1% from RMB36,135 million in the corresponding period of 2021. Net profit was RMB4,860 million, representing an increase of 24.3% from RMB3,910 million in the corresponding period of 2021, and profit attributable to owners of the Company was RMB1,801 million, representing a decrease of 25.5% from RMB2,418 million in the corresponding period of 2021.

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 adjustments on certain assets during the Period, the core net profit (non-GAAP measure adopted for illustrating the Group’s natural growth and operating performance results of its principal businesses and for conducting period-to-period comparison of business performance) attributable to owners of the Company for the Period amounted to RMB3,726 million, representing an increase of RMB1,001 million or 36.7% from RMB2,725 million in the corresponding period of 2021.

Sales ranking Top 5 in China

In the first half of 2022, Greentown Group (including Greentown China Holdings Limited and its subsidiaries, together with its joint ventures and associates) rose to fifth in sales ranking in China¹. The Group recorded a total contracted sales area of approximately 5.39 million sqm and a total contracted sales amount of RMB112.8 billion. The self-investment projects of Greentown Group contributed a total contracted sales area of 3.39 million sqm and a contracted sales amount of approximately RMB84.9 billion, entering the Top 10 nationwide for the first time², of which approximately RMB45.3 billion was attributable to the Greentown Group. The average selling price of self-investment projects reached an industry-leading level of approximately RMB25,050 per sqm. In addition, for the Period, Greentown Group recorded a total contracted sales area of approximately 2.00 million sqm and a total contracted sales amount of approximately RMB27.9 billion from the projects under its project management business with the “Greentown” brand (non-self-investment projects, referred to as “projects under project management”).

Solid sales structure and performance. In the first half of the year, the Group’s strategy of focusing on the layout in high-tier core cities continuously achieved remarkable results and the overall sales structure of self-investment projects was more sound and solid. Sales contributed from first- and second-tier cities accounted for 85% of the total sales of the Group, of which Hangzhou, Ningbo and Beijing achieved single-city sales of more than RMB9.0 billion. At the same time, the capability of cultivation in key cities increased significantly. The Company ranked among the Top 3 by sales in core cities such as Ningbo, Hangzhou and Xi’an, and ranked among the Top 10 in several high-quality cities such as Tianjin, Wuxi and Qingdao. In terms of sell-through performance, the Company achieved good results in the first half of the year by proactively implementing the rapid sales promoting cash collection for properties in key cities. In Hangzhou and Xi’an, the sell-through rate of newly-launched properties was 92% and 76%, respectively. The overall cash collection rate was 110%, maintaining a high level in the industry.

Accurate investment with focus and cohesive strength

Against the backdrop of the current complex situation in the industry, the Group responded calmly and insisted on a precisely focused investment strategy. During the first half of the year, the Group acquired 20 new projects in 8 cities with a total GFA of approximately 3.13 million sqm. The costs borne by the Group amounted to approximately RMB30.4 billion; the average land cost was approximately RMB12,881 per sqm. The newly-added saleable value was estimated to reach RMB73.1 billion, of which approximately RMB55.4 billion would be attributable to the Group.

Note 1: China Real Estate Developers by Operation, 1H2022 (CRIC) (克而瑞2022年上半年中國房地產企業操盤榜)

2: China Real Estate Developers by Sales, 1H2022 (CRIC) (克而瑞2022年上半年中國房地產企業銷售榜)

Focusing on deeper cultivation based on keen understanding of the situation. In respect of city distribution, the Group focused on high-tier core cities, among which the newly-added saleable value in first- and second-tier cities accounted for 90%, mainly situated in key cities like Beijing, Hangzhou and Ningbo; in respect of regional distribution, the Group focused on the Yangtze River Delta and Beijing-Tianjin-Hebei Area, which accounted for 73% and 24% of the total newly-added saleable value respectively, which had helped particularly consolidate the Group's market position in Zhejiang and Beijing.

Enhancing equity and cooperating cautiously. The Group continues to pay attention to the ratio of its equity interests in projects and is committed to increasing such ratio, with the average ratio of the Group's equity interests in its new projects increasing to 76% as at 30 June 2022. Against the background of frequent occurrence of credit risk events in real estate enterprises, the Group always adheres to its prudent cooperation strategy and selects partners mainly from central enterprises and local large state-owned enterprises in a cautious manner to proactively prevent risks.

Accelerating the conversion and boosting sales. The Group adhered to the principle of liquidity first and focused on pure residential projects to avoid acquiring projects with a large proportion of commercial and offices. In the first half of the year, it was estimated that approximately 60% of the newly-added saleable value would be converted to sales in the year, representing an improvement of 23 percentage points over the corresponding period of 2021. The newly acquired projects achieved significant acceleration from land acquisition to presale, which has effectively supported steady sales growth for the year and the future.

Table of Newly-Added Land Bank in 1H2022

No.	Land/Project Name	Equity	Paid by Greentown (RMB million)	Total GFA (sqm)
1	Hangzhou Yonggui Lane	64.3%	1,816	163,231
2	Hangzhou Yueyong Xinchexuan	51.5%	885	125,711
3	Hangzhou Chunzhi Begonia	100%	2,032	145,835
4	Hangzhou Yanyu Begonia	100%	2,731	198,322
5	Hangzhou Yueying Begonia	68.7%	2,098	221,417
6	Hangzhou Hangyue Runfu	49%	1,393	175,003
7	Hangzhou Xiaoyue Hefeng	100%	2,726	154,219
8	Hangzhou Chunyong Fenghe Lane	48.9%	444	88,490
9	Hangzhou Xiasha Development Zone Unit Block	99.9%	1,760	157,230
10	Hangzhou Hesong Chunfeng Lane	100%	1,427	117,065
11	Hangzhou Chenyu Tinglan Lane	33%	382	129,415
12	Ningbo Chunfeng Qingcui	98.5%	1,649	181,685
13	Zhoushan New Town Block CZ-b-12a,12c	96.9%	701	193,782
14	Taizhou Xiaofeng Yinyue	63%	1,265	227,876
15	Deqing Chunyue Jinlu	80%	419	64,640

No.	Land/Project Name	Equity	Paid by Greentown (RMB million)	Total GFA (sqm)
16	Beijing Xishan Yunlu	100%	4,017	180,891
17	Beijing Xiaofeng Yinyue	57.7%	2,507	135,929
18	Beijing Guiyu Tinglan	53.5%	789	66,869
19	Nantong Guiyu Chaoyang	60%	800	171,581
20	Kunming Willow Breeze	60%	589	226,961
Total			30,430	3,126,152

As at 30 June 2022, Greentown Group had a total of 251 land reserve projects (including those under and pending construction) with a total GFA of approximately 56.49 million sqm, of which approximately 31.57 million sqm was attributable to the Group. The total saleable area was approximately 37.62 million sqm, of which approximately 20.97 million sqm was attributable to the Group. The average land cost per GFA was approximately RMB7,376 per sqm. Benefiting from the effective implementation of the precise investment strategy, the Group's land reserve structure was also more reasonable. The value of land reserve in first- and second-tier cities accounted for 76% of the total, and the Yangtze River Delta Area accounted for 54%. At the same time, by moderately extending the product lines to cover mainstream markets, the land reserve of the Group became more strategically focused, with a saleable value accounting for 51% of the total in 10 strategic core cities such as Hangzhou, Beijing, Shanghai and Ningbo.

Product optimization and effective management and control

The Group regards product quality as “No.1 Project” and ensures continuous efforts based on “best understanding of products” to be put into enhancing the core competitiveness of products. During the Period, Greentown China won No.1 among “Chinese Real Estate Companies with Outstanding Product Strength (中國房地產產品力優秀企業)” issued by China Index Academy, an award which Greentown China has won for three consecutive years, in addition to over 10 comprehensive national awards, including the “Excellent Quality Enterprise (美好品質企業)” issued by The Economic Observer, with product quality highly endorsed by the industry and customers.

Improving quality and efficiency while continuing to innovate. In the first half of the year, the Group held 10 on-site observation meetings, continuously strengthening the demonstration effects of benchmark projects; shortened the proposal review cycle to slightly over 40 days to further enhance efficiency; optimized and refined the “Greentown style” construction management system, vigorously implemented full concrete facades, vertical and horizontal interlacing and three-dimensional operation to ensure safe, exquisite, intelligent and efficient engineering construction and effectively safeguard product quality. Meanwhile, the Group continued to strengthen product innovation, optimize living experience and innovate living scenes in the communities with the stilt-floor system “Ruyi Zone (如意盒子)”, botanic garden “Chunzhi Academy (春知學堂)” and other innovation achievements fully launched.

Cost management and control paying off. Against the backdrop of resurgence of pandemic, supply chain risks and imported inflation, the Group continued to promote strategic cooperation and centralized supply chain management, so as to ensure persistent improvement in project cost management. During the Period, the application rate of materials from centralized procurement reached 100%, the strategic cooperation rate reached 90.2%, and the dynamic construction cost was 1.26% lower than the target cost.

Improving operation efficiency and enhancing capacity

Greentown China further improved the grand operating system, established the management mechanism of “supply, sales, inventory and collection” and made the authorities and responsibilities of the Operation Committee clearer to further boost project operation efficiency. Thanks to the lean management and control, the area under construction per capita of the Group increased by 5% to 12,100 sqm during the Period as compared with 2021, and the cycle from land acquisition “to first launch, to positive return of cash flow and to delivery” was 6, 15 and 31 months respectively. In addition, through multi-dimensional insurance measures, the Group achieved 100% on-time delivery for the Period, with 39 projects, 28,000 households and 5.66 million sqm delivered, representing an average of 36 days ahead of the contracted delivery schedule.

Customer research system taking effect with comprehensive coordination

In the first half of the year, market and customer research focused on the close collaboration with design, product and service, establishing Customer Research Committee to strengthen organizational guarantees, and built full lifecycle customer research management for project development, which consists of five stages, nine nodes and 11 customer research entries to consolidate system guarantees. Meanwhile, the Company actively carried out special research and development on home flow route, dining room and kitchen optimization, park landscape, whole-house storage and new youth to make up for shortcomings, strengthen advantages and drive innovation, ensuring that the products meet the needs of customers and the market at the front end. During the Period, a number of customer research results such as the “Chunzhi Academy (春知學堂)” of Beijing Guiyu Tinglan and the “Living Street Corner (生活街角)” of three projects in North Hangzhou were implemented, with the research being applied to help upgrade product strength.

No.1 in customer satisfaction

In order to further consolidate the strategic pivot point of “best understanding of customers” and facilitate Greentown China’s “Strategic 2025” plan, the Group regards customer satisfaction as “No.1 Standard”, and continuously improves customer satisfaction management through various initiatives such as the establishment of quality supervision teams, open day for construction sites and pre-inspection of houses, with the completion rate and the customer satisfaction rate for complaints handled reaching 96.3% and 99.6%, respectively. At the meantime, Greentown China has won the honorary title of “Chinese Real Estate Leading Brands by Customer Satisfaction (中國房地產顧客滿意度領先品牌)¹” for 10 consecutive years, and has been leading the industry in the “Chinese Urban Residents’ Satisfaction (中國城市居民居住滿意度)¹” survey for 12 consecutive years, ranking first in customer satisfaction across 15 cities and in customer loyalty across 10 cities with scores far exceeding average level in the industry.

Note 1: China Index Academy

Brand culture supporting operation

The Company deeply implemented systematic and efficient brand management, and has a leading brand recognition in the industry. During the period, Greentown China has been awarded the “Top 10 among 100 Chinese Real Estate Enterprises by Comprehensive Strength (中國房地產百強企業綜合實力TOP 10)”¹ for 18 consecutive years and listed among Top 2000 of the “2022 Forbes Global 2000 (福布斯2022全球企業2000強)”, with its ranking up by 202 places; in addition, on the list of “Top 100 Chinese Real Estate Brand Influential Enterprises in 2022 (2022中國房地產品牌影響力百強企業)”² released in July, Greentown China ranked sixth, and was awarded the title of “Chinese Real Estate Enterprise with Brand and Culture Bearing Capacity in 2022 (2022中國房地產企業品牌文化承載力企業)”². At the same time, the Company’s brand image in ESG management has been further improved as it was awarded the title of “Sustainable Blue-chip Value Company (可持續藍籌價值企業)”³, “ESG Model Company (ESG典範企業)”³, as well as the “ESG A-level Company (A級企業)”⁴.

Corporate culture building the bottom and empowering strategy. The Group has always attached importance to the construction and inheritance of corporate culture, and takes cultural values as the “No.1 Principle” for Greentown. In July, the “Code of Conduct for Greentown Culture” was officially released, and the Greentown Culture System was upgraded. Simultaneously, adhering to the concept of “Greentown as a school (綠城是一所學校)”, the Group optimised the organisational structure, recruited outstanding talents, strengthened personnel training, inherited the advantages of Greentown corporate culture, facilitating the operation and development of “high quality in all aspects”.

Project management business bucking industry trend for growth

In the first half of this year, Greentown Management Holdings Company Limited (“**Greentown Management**”), a subsidiary of the Company, further presented prominent advantages in asset-light operation, and continued to take the lead in the project management industry with a market share of over 22% for six consecutive years. It won the “2022 Chinese Excellent Listed Real Estate Company by Agent-construction Operation (2022中國房地產上市公司代建運營優秀企業)” and has been recognized as “Leading Developers of China Agent-construction Operation Companies (中國房地產代建運營引領企業)” for six consecutive years. Leveraging the characteristics of asset-light management, resilience against cycles, high profitability and zero debt, Greentown Management actively seizes the first-mover advantage and lead effect of project management business. The three major business models of Greentown Management, namely government project management, commercial project management and capital owner project management, have matured, and customer structure has been continuously optimized. Business layout has become more reasonable as well with capital services, industrial city services and upstream and downstream industry chain services continuing to advance. Meanwhile, Greentown Management captures the opportunities afforded by the disposal of non-performing assets and the expansion of government project management business to increase business development opportunities. During the Period, the profitability of Greentown Management continued to strengthen, with the net profit attributable to the owners of Greentown Management for the first half of this year amounting to RMB361 million⁵, representing a year-on-year growth of 33.4%.

Note 1: China Index Academy

2: China Real Estate Business

3: The Economic Observer

4: EH Consulting

5: 2022 Interim Results of Greentown Management (9979.HK)

Featured businesses empowering main business

In the first half of this year, the Group diversified its featured businesses with a focus on real estate, and actively empowered its main business. In particular, the ideal town segment has further improved its industrial system which, by virtue of its scale, products, and operational advantages in the field of featured towns, won the award of “Chinese Leading Enterprise in Industrial (Town) Comprehensive Operation 2022 (2022中國產業(小鎮)綜合運營引領企業)”; the construction technology segment focused on the whole chain business of technological decoration, and won 84 honors and qualifications, including “High-tech Enterprise (高新技術企業)”, “Zhejiang Scientific and Technological Small and Medium-sized Enterprise (浙江省科技型中小企業)”, “CBDA Design Gold Award (CBDA設計金獎)”; the living service segment was iteratively innovated, and the six business sectors, namely housing 4S, urban renewal, health care, industrial city technology, future digital intelligence and commercial, demonstrated initial results; the commercial management segment achieved a leading position in the high-end hotel market in the relevant regions in terms of revenue per room; the industrial finance segment provided supply chain financial solutions for the upstream and downstream of the industrial chain.

Healthy financial condition and smooth financing channels

In the first half of 2022, the Group implemented the sales-oriented production and cost-oriented expenditure strategy to ensure a healthy and manageable cash flow. Leveraging its sound financial position, Greentown China maintained its strategic cooperation with various financial institutions and kept onshore and offshore financing channels open. During the Period, the weighted average interest cost of total borrowings decreased from 4.6% to 4.5%, a drop of 10 bps compared to the same period last year. Debts due within one year accounted for 19.5% of the Group’s total debts as at 30 June 2022, a decrease of 5.6 percentage points compared to that as at the end of 2021, reflecting debt structure optimization.

Onshore financing has been smooth. The total principal amount of publicly issued onshore bonds completed by the Group during the Period was RMB17.578 billion, an increase of 41.1% compared to the same period of 2021, and the average interest cost was 3.33%, a decrease of 40 bps compared to the same period of 2021, as always staying at a low level fully recognized by the market. Among which, the Group issued corporate bonds of RMB1.0 billion with an interest rate of 3.28% per annum. The Group also issued the supply chain ABS/ABN in the amount of RMB5.978 billion with weighted average interest rates of 2.88% and 2.94% per annum, respectively, the medium-term notes of RMB9.6 billion with a weighted average interest rate of 3.60% per annum, and the balance payment ABS for house purchases amounting to RMB1.0 billion with an interest rate of 3.48% per annum.

In regard to offshore financing in open markets, the Group in January 2022 successfully issued its first batch of green bonds – three-year credit enhanced bonds with a principal amount of US\$400 million at a coupon rate of 2.3%, accelerating the Group’s green finance business. In February, the Group issued additional senior notes due 2025 with a principal amount of US\$150 million at a coupon rate of 4.7%. Against the backdrop of a nearly frozen credit bond market, Greentown China has maintained smooth financing channels at reasonable cost, highlighting the financing advantage it enjoys. Meanwhile, from June to August 2022, the Group repaid US\$400 million syndicated loans ahead of the schedule, taking the initiative to reduce the short-term debt ratio and further optimising the debt structure. In addition,

despite frequent rating downgrades on real estate enterprises from overseas rating agencies, Greentown China has maintained its ratings stable, with Moody's currently assigning a Ba3 rating and "stable" outlook, and S&P a BB- rating and "stable" outlook.

PROSPECTS

Looking ahead to the second half of the year, in the complex environment fraught with multifaceted challenges, the market size is expected to drop from a high level, the real estate industry situation will remain severe. On the other hand, the market has gradually bottomed out and restored thanks to policy stabilization. The supply and demand relationship is expected to return to rationality, and the core of the market will return to an emphasis on product and service quality. Amid ongoing reform in the industry, Greentown China will stay calm in the face of new challenges, strengthen its internal management, seize opportunities, implement policies accurately and continue to insist on the sustainable development path aiming for "high quality in all aspects".

Specifically, Greentown China will resolutely adhere to its strategic principle, refresh and upgrade its strategy centering on the two strategic pivot points of "best understanding of products and best understanding of customers" to realize effective operation; enhance quality control, insist on quality-first, upgrade products and services, ensure property delivery to consolidate its quality advantages; facilitate operation of both light and heavy assets, leverage advantages in heavy asset resources, empower project management business to develop light and heavy assets simultaneously and expand market share; insist on accurate investments with focus, enhance efficiency and safety-orientation, refine research on cities, concentrate on core segments in core cities to continue its in-depth cultivation; optimize sales structure and implement differentiated and refined management, optimize reserve and steadily raise sell-through rate; broaden sources of cash inflow and reduce expenditures, undertake investments with good return prospects, and enter into cooperation cautiously to achieve prudent financial and capital management. Overall, Greentown China will continue to optimize its tactics and meticulously implement its operation for better and stronger development.

In the second half of 2022, Greentown China will have sufficient saleable resources, and its projects enjoy significant advantages. The total saleable value is expected to reach RMB381.9 billion. In particular, the saleable value of self-investment projects is estimated to amount to approximately RMB301.6 billion with the saleable area of approximately 11.62 million sqm. The positioning of the layout will be more precise, with projects concentrated in the core districts of major cities such as Hangzhou, Beijing, and Xi'an, and the first- and second-tier cities are expected to account for 78% of the total saleable value. Development efficiency will be higher, too. Improving the development efficiency and operation speed can help achieve reasonable supply, early sales and fast sales, and quick return of cash. The product competitiveness will be stronger. Through the application of front end modular innovation, it can give full play to the product's strength and ensure inventory sales.

The Group expects the total GFA of completed projects/phases for FY2022 to be approximately 14.12 million sqm, representing a year-on-year increase of 51%.

As at 30 June 2022, the Group recorded an accumulated unbooked sales of approximately RMB313.1 billion (attributable: RMB167.4 billion).

The above-mentioned sufficient and high-quality saleable resources will help the Company achieve its operational targets for 2022 and promote sustainable development of “high quality in all respects”.

FINANCIAL ANALYSIS

Revenue

The revenue of the Group are mainly from 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 RMB64,731 million, among which revenue from sales of properties accounted for 93.0%, design and decoration revenue accounted for 2.8%, project management revenue accounted for 1.8% and revenue from holding properties for operation accounted for 2.4%, representing an increase of 79.1% from RMB36,135 million in the corresponding period of 2021, 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 RMB60,183 million, representing an increase of 89.6% from RMB31,745 million in the corresponding period of 2021. The area of properties with recognized revenue amounted to 2,793,334 sqm, representing an increase of 84.5% from 1,514,270 sqm in the corresponding period of 2021. The average selling price of properties with recognized revenue was RMB21,545 per sqm, representing a slight increase from RMB20,964 per sqm in the corresponding period of 2021.

Properties with revenue recognized by subsidiaries for the first half of 2022 are as follows:

Name of project	Type of property	Area sold (sqm) (Note)	Sales revenue (RMB million)	% of total	Average selling price (RMB per sqm)
Yiwu Wanjia Fenghua	High-rise Apartment	352,303	7,132	11.9%	20,244
Hangzhou Xiaofeng Yinyue	High-rise Apartment	131,019	6,045	10.0%	46,138
Hangzhou Laurel Oriental	High-rise Apartment	104,714	4,493	7.5%	42,907
Xi’an National Games Village (phase III)	High-rise Apartment, Low-rise Apartment	274,391	3,310	5.5%	12,063
Suzhou Willow Breeze	High-rise Apartment, Low-rise Apartment	130,445	3,158	5.2%	24,209
Xi’an National Games Village (phase II, IV)	High-rise Apartment, Low-rise Apartment	250,167	2,994	5.0%	11,968
Wenzhou Fengqi Yuming	High-rise Apartment	89,671	2,954	4.9%	32,943
Jinan Yulan Garden	High-rise Apartment, Low-rise Apartment	132,646	2,284	3.8%	17,219
Suzhou Yipin Lan’an Huayuan	High-rise Apartment	79,906	1,978	3.3%	24,754
Beijing Yihe Jinmao Palace	Low-rise Apartment	17,988	1,818	3.0%	101,067
Others		1,230,084	24,017	39.9%	19,525
Total		2,793,334	60,183	100.0%	21,545

Note: Areas sold include aboveground and underground areas.

During the Period, projects in Zhejiang area achieved property sales revenue of RMB28,969 million, accounting for 48.1% of the total property sales and ranking top. Projects in Jiangsu area achieved property sales revenue of RMB11,541 million, accounting for 19.2% of the total property sales and ranking second. Projects in Shaanxi area achieved property sales revenue of RMB6,370 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 RMB56,431 million, accounting for 93.8% of the total property sales; sales revenue from villas amounted to RMB3,536 million, accounting for 5.9% of the total property sales; and that from offices amounted to RMB216 million, accounting for 0.3% of the total property sales.

During the Period, the Group's revenue from project management service amounted to RMB1,146 million, representing an increase of 15.5% from RMB992 million in the corresponding period of 2021, mainly due to the response to the market demand by the Company and the increase in entrusted government projects, which led to an increase in the area under management and control of the Company, as well as the diversified business operations driving revenue growth.

During the Period, the Group recorded RMB1,813 million in the revenue from design and decoration business, representing an increase of 27.6% from RMB1,421 million in the corresponding period of 2021, mainly because the Group expanded its design and decoration business, and the scale continued to expand steadily.

During the Period, the Group's revenue from hotel operations amounted to RMB256 million, representing a decrease of 27.5% from RMB353 million in the corresponding period of 2021. During the Period, the Group's rental income from investment properties amounted to RMB89 million, representing a slight decrease of 2.2% from RMB91 million in the corresponding period of 2021, mainly due to the repeated outbreak of COVID-19, which has affected hotel and commercial operations to a certain extent.

Gross Profit and Gross Profit Margin

During the Period, the Group recorded a gross profit of RMB11,233 million, representing an increase of 41.6% from RMB7,935 million in the corresponding period of 2021, 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 17.4%, representing a decrease of 4.6 percentage points from 22.0% in the corresponding period of 2021. In particular, the gross profit margin of property sales was 16.5%, representing a decrease of 5 percentage points from 21.5% in the corresponding period of 2021, 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 Period, the Group recorded other income of RMB1,785 million, which mainly comprised interest income, comprehensive service income, dividends from equity instruments designated at fair value through other comprehensive income, government grants, etc., representing an increase of RMB349 million or 24.3% from RMB1,436 million in the corresponding period of 2021, which was mainly due to the increase 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 RMB1,945 million, representing an increase of RMB302 million or 18.4% from RMB1,643 million in the corresponding period of 2021. Human resources costs are the largest single expense among administrative expenses. During the Period, the Group incurred human resources costs of RMB966 million (in the corresponding period of 2021: RMB814 million), representing a year-on-year increase of RMB152 million or 18.7%, mainly due to the increase in the scale of properties under construction and the corresponding increase in personnel. During the Period, the Group incurred daily operating expenses of RMB721 million (in the corresponding period of 2021: RMB642 million), representing a year-on-year increase of RMB79 million or 12.3%, mainly due to the increase in depreciation expenses and the increase in taxation associated with the increase in properties held.

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 RMB1,170 million, representing an increase of RMB250 million or 27.2% from RMB920 million in the corresponding period of 2021. Marketing activities expenses are the largest single expense among selling expenses. During the Period, the Group incurred marketing activities expenses of RMB552 million, representing an increase of 60.9% from RMB343 million in the corresponding period of 2021, mainly due to (i) as the revenue recognized during the Period increased significantly, the commission allocated to the sales agency accordingly increased by RMB129 million; (ii) increased marketing efforts as a result of changes in external environment in the first half of the year. During the Period, the Group incurred human resource costs of RMB457 million (in the corresponding period of 2021: RMB430 million), representing a year-on-year increase of RMB27 million or 6.3%, mainly due to the increase in recognized revenue of the Period and the increase in sales commission allocated. During the Period, the Group incurred daily operating expenses of RMB161 million (in the corresponding period of 2021: RMB147 million), representing a year-on-year increase of RMB14 million or 9.5%.

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 RMB1,378 million (the corresponding period of 2021: RMB1,327 million). Interest expenses of the Group for the Period totalled RMB3,839 million, representing a decrease of RMB139 million from RMB3,978 million in the corresponding period of 2021. Weighted average rate of interest cost of total borrowings was 4.5% during the Period, which represented a decrease of 10 bps as compared to 4.6% in the corresponding period of 2021. During the Period, with substantial support from financial institution and recognition in the capital markets, as well as the smooth financing channels, the Group continued to improve its debt structure, 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 loss of RMB85 million and the share of results of associates was a gain of RMB824 million, which amounted to an aggregate gain of RMB739 million and represented an increase of RMB322 million from a gain of RMB417 million in the corresponding period of 2021, mainly because the share of the interests held by the Group in Hangzhou Hope Town, Hefei Sincere Garden, Jining Hupan Yunlu and other projects with good profitability are higher, thus elevating the share of results of joint ventures and associates to a certain extent.

Taxation Expenses

During the Period, taxation included land appreciation tax of RMB1,021 million (the corresponding period of 2021: RMB765 million) and enterprise income tax of RMB1,840 million (the corresponding period of 2021: RMB1,247 million). During the Period, land appreciation tax accounted for 9.1% of gross profit, representing a decrease compared to 9.6% in the corresponding period of 2021, mainly due to the decrease in the gross profit margin for the Period. During the period, the effective enterprise income tax rate was 25.5% (excluding the share of results of joint ventures and associates as well as the losses of certain offshore subsidiaries and net foreign exchange losses, etc.), representing a decrease compared to 27.5% in the corresponding period of 2021.

Provision and Reversal of Impairment Losses for Certain Assets

In view of the everchanging market condition, the Group conducted impairment test on certain properties based on the cautious principle during the Period. According to the test results, the impairment loss provision of non-financial assets of the Period was RMB355 million, mainly due to the underperformance of the selling prices of certain projects brought by the complex changes in the landscape of the industry, such as Shijiazhuang Guiyu Tinglan, Yantai Orchid Garden, Jinan Mingyue Fenghe, and during the Period, the Group provided for an impairment loss of RMB67 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 30 June 2022, the balance of contract liabilities of the Group was RMB138,577 million, representing a decrease of RMB10,311 million or 6.9% from RMB148,888 million as at 31 December 2021. The tax pending for written off in respect of the contract liabilities of the Group as at 30 June 2022 was RMB13,412 million, representing a decrease of RMB184 million from RMB13,596 million as at 31 December 2021, which was mainly due to the significant increase of recognized revenue during the Period.

As at 30 June 2022, the balance of contract liabilities of joint ventures and associates was RMB140,663 million, representing an increase of RMB9,100 million or 6.9% from RMB131,563 million as at 31 December 2021.

Financial Resources and Liquidity

As at 30 June 2022, the Group had bank balances and cash (including pledged bank deposits) of RMB63,221 million (31 December 2021: RMB71,496 million), among which, capital for sales monitoring amounted to RMB13,158 million (31 December 2021: RMB10,951 million). Total borrowings amounted to RMB139,849 million (31 December 2021: RMB127,459 million) and net liabilities (total borrowings less bank balances and cash) amounted to RMB76,628 million (31 December 2021: RMB55,963 million). The net gearing ratio (net liabilities divided by total equity) was 71.5%, representing an increase from the ratio of 52.0% as at 31 December 2021. Balance of borrowings due within one year amounted to RMB27,240 million, accounting for 19.5% (31 December 2021: 25.1%) of the total borrowings. The closing balance of bank deposits and cash was 2.3 times (31 December 2021: 2.2 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.

Material Acquisition

During the Reporting Period, Greentown Management acquired a 60% equity interests in Greentown Shangli Construction Management Co., Ltd. (former name: Zhejiang Shangli Construction Management Co., Ltd.) on 27 January 2022. The consideration for this acquisition includes: (1) a fixed consideration of RMB400 million; (2) adjusted incremental consideration determined by the future chargeable service fees for the target company's new project management projects during the three-year period after the completion of the acquisition. The maximum amount of the adjusted incremental consideration is RMB200 million.

Risks of Foreign Exchange Fluctuation

The principal place of operation of the Group is in the PRC, 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. Taking into account that the foreign currency borrowings of the Company accounted for a small proportion of the total borrowings, and that most of the foreign currency borrowings is repaid by new borrowings, foreign exchange fluctuation is in a phased manner, and therefore no foreign exchange hedging arrangements was entered into by the Company during the Period. A provision of net foreign exchange loss of RMB1,102 million was made for RMB depreciation during the Period, which is the provision of loss based on IAS 21 without actual cash outflow.

Contingent Liabilities

The Group provided guarantees in respect of certain banks' mortgage granted to the buyers of the Group's properties. As at 30 June 2022, such guarantees for mortgage facilities amounted to RMB45,705 million (31 December 2021: RMB47,857 million).

Pledge of Assets

As at 30 June 2022, the Group pledged right-of-use assets, investment properties, properties under development, completed properties for sale, property, plant and equipment, pledged bank deposits, with an aggregate carrying value of RMB107,227 million (31 December 2021: RMB94,802 million) to secure general credit facilities granted by banks and other parties to the Group.

Capital Commitments

As at 30 June 2022, the Group had contracted, but not provided for, capital expenditure commitments of RMB775 million (31 December 2021: RMB415 million) in respect of 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.

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

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, which are listed on the Stock Exchange (stock code: 04463). The bonds are supported by a standby letter of credit issued by China Zheshang Bank Co., Ltd. Hangzhou Branch. 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 29 October 2020 and listed on the Stock Exchange (stock code: 40447). 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.

Save as disclosed above, 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 2022, the Group employed a total of 9,724 employees (31 December 2021: 10,120). 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, 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 2022 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 condensed consolidated financial information of the Group for the six months ended 30 June 2022 prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting”, and issued a review report dated 25 August 2022.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2022 (for the six months ended 30 June 2021: nil).

PUBLICATION OF INTERIM REPORT

The full text of the Company’s 2022 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
25 August 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 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.