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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 2024

HIGHLIGHTS

- Revenue amounted to approximately RMB69.562 billion, representing an increase of 22.1% over the corresponding period of last year;
- Profit attributable to owners of the Company amounted to approximately RMB2.045 billion; core net profit attributable to owners of the Company amounted to approximately RMB4.949 billion, representing an increase of 27.5% over the corresponding period of last year;
- As at 30 June 2024, bank balances and cash (including pledged bank deposits) totalled approximately RMB75.133 billion (as at 31 December 2023: approximately RMB73.445 billion), which was 2.1 times of the balance of borrowings due within one year;
- The weighted average interest cost of total borrowings decreased by 40 bps to 4.0% as compared to 4.4% for the corresponding period of 2023;
- Total contracted sales achieved approximately RMB126.5 billion, with self-investment projects sales of approximately RMB85.4 billion and attributable sales of approximately RMB60.8 billion;
- 15 projects were newly-added, with a total GFA of approximately 1.31 million sqm and estimated saleable value of RMB33.3 billion, of which 94% are located in core second-tier cities, and an improved attributable ratio of 84%.

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 2024 (the “**Reporting Period**”, “**Period**” or “**1H2024**”) prepared in accordance with the International Financial Reporting Standards, together with comparative figures for the corresponding period of 2023. 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 2024 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 2024

	<i>Notes</i>	2024 <i>RMB'000</i> (Unaudited)	2023 <i>RMB'000</i> (Unaudited)
REVENUE	4	69,562,037	56,976,464
Cost of sales		<u>(60,458,404)</u>	<u>(47,056,021)</u>
Gross profit		9,103,633	9,920,443
Other income	5	1,721,346	1,634,872
Other losses	6	(88,365)	(728,752)
Selling expenses		(1,126,068)	(844,006)
Administrative expenses		(1,690,308)	(1,823,718)
Finance costs	7	(1,295,004)	(1,483,222)
Impairment losses under expected credit loss model, net		(324,249)	(37,294)
Impairment losses on non-financial assets, net		(1,422,350)	(414,634)
(Loss)/gain from changes in fair value of investment properties		(3,772)	26,867
Gain on disposal of subsidiaries, net		3,652	32,986
Gain on acquisition of subsidiaries, net		–	382,720
Share of results of joint ventures		(658,704)	319,698
Share of results of associates		<u>448,948</u>	<u>165,716</u>
PROFIT BEFORE TAXATION		4,668,759	7,151,676
Taxation	8	<u>(1,348,888)</u>	<u>(2,510,546)</u>
PROFIT FOR THE PERIOD		<u>3,319,871</u>	<u>4,641,130</u>
Attributable to:			
Owners of the Company		2,044,902	2,545,111
Non-controlling interests		<u>1,274,969</u>	<u>2,096,019</u>
		<u>3,319,871</u>	<u>4,641,130</u>

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

For the six months ended 30 June 2024

	<i>Note</i>	2024 RMB'000 (Unaudited)	2023 <i>RMB'000</i> <i>(Unaudited)</i>
PROFIT FOR THE PERIOD		<u>3,319,871</u>	<u>4,641,130</u>
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Fair value gain/(loss) on equity investments designated at fair value through other comprehensive income for the period, net of tax		<u>67,108</u>	<u>(167,413)</u>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		<u>67,108</u>	<u>(167,413)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>3,386,979</u>	<u>4,473,717</u>
Attributable to:			
Owners of the Company		<u>2,110,233</u>	2,379,114
Non-controlling interests		<u>1,276,746</u>	<u>2,094,603</u>
		<u>3,386,979</u>	<u>4,473,717</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic	<i>10</i>	<u>RMB0.81</u>	<u>RMB0.99</u>
Diluted	<i>10</i>	<u>RMB0.81</u>	<u>RMB0.99</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
30 June 2024

	As at 30 June 2024	As at 31 December 2023
<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
NON-CURRENT ASSETS		
Property, plant and equipment	10,660,887	10,823,203
Investment properties	11,227,141	10,462,662
Right-of-use assets	1,027,091	1,083,143
Goodwill	981,761	981,761
Intangible assets	530,837	571,207
Interests in associates	27,547,386	28,210,949
Interests in joint ventures	11,944,884	12,113,523
Equity investments designated at fair value through other comprehensive income	1,125,429	1,093,062
Deferred tax assets	6,716,605	6,120,332
Deposits for acquisition of properties	217,192	222,266
Amounts due from related parties	98,922	129,394
	<hr/>	<hr/>
Total non-current assets	72,078,135	71,811,502
CURRENT ASSETS		
Properties for development	8,282,704	10,883,425
Properties under development	226,616,951	235,911,626
Completed properties for sale	41,792,638	38,438,742
Inventories	1,298,810	1,279,303
Trade and other receivables, deposits and prepayments	10,755,691	10,273,655
Contract assets	4,312,463	3,838,856
Contract costs	816,282	773,104
Amounts due from related parties	75,636,846	69,619,604
Prepaid income taxes	10,613,032	9,394,274
Prepaid other taxes	8,912,125	8,656,514
Financial assets at fair value through profit or loss	19,145	42,324
Pledged bank deposits	3,981,068	3,686,193
Bank balances and cash	71,152,369	69,758,363
	<hr/>	<hr/>
Assets as held for sale	464,190,124	462,555,983
	<hr/>	<hr/>
	–	1,169,489
	<hr/>	<hr/>
Total current assets	464,190,124	463,725,472
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**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(CONTINUED)**

30 June 2024

		As at 30 June 2024 <i>RMB'000</i> (Unaudited)	As at 31 December 2023 <i>RMB'000</i> (Audited)
	<i>Note</i>		
CURRENT LIABILITIES			
Trade and other payables	12	53,330,604	57,449,257
Contract liabilities		166,659,832	159,812,710
Amounts due to related parties		30,240,702	28,236,762
Income taxes payable		6,631,772	8,036,928
Other taxes payable		17,109,505	16,793,405
Lease liabilities		63,623	94,833
Bank and other borrowings		15,559,280	19,201,042
Senior notes		3,972,263	1,170,550
Corporate debt instruments		15,781,923	12,175,191
Dividends payable		1,088,759	–
Financial liabilities at fair value through profit or loss		122,208	–
		310,560,471	302,970,678
Liabilities as held for sale		–	277,401
Total current liabilities		310,560,471	303,248,079
NET CURRENT ASSETS		153,629,653	160,477,393
TOTAL ASSETS LESS CURRENT LIABILITIES		225,707,788	232,288,895

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

30 June 2024

	As at 30 June 2024 <i>RMB'000</i> (Unaudited)	As at 31 December 2023 <i>RMB'000</i> (Audited)
NON-CURRENT LIABILITIES		
Bank and other borrowings	100,056,586	88,013,173
Senior notes	2,096,786	8,035,244
Corporate debt instruments	10,846,837	17,546,593
Lease liabilities	409,738	487,828
Deferred tax liabilities	3,435,934	4,148,741
Financial liabilities at fair value through profit or loss	–	122,208
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Total non-current liabilities	116,845,881	118,353,787
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NET ASSETS	108,861,907	113,935,108
	<hr/>	<hr/>
EQUITY		
Equity attributable to ordinary shareholders of the Company		
Share capital	242,475	242,475
Reserves	36,549,705	35,887,908
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	36,792,180	36,130,383
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Non-controlling interests	72,069,727	77,804,725
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TOTAL EQUITY	108,861,907	113,935,108
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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2024 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 2023.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following revised International Financial Reporting Standards (“IFRSs”) for the first time for the current period’s financial information.

Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current</i> (the “ 2020 Amendments ”)
Amendments to IAS 1	<i>Non-current Liabilities with Covenants</i> (the “ 2022 Amendments ”)
Amendments to IAS 7 and IFRS 7	<i>Supplier Finance Arrangements</i>

The application of the above revised IFRSs in the current period has had no material impact on the amounts and/or disclosures reported in the interim condensed consolidated financial information.

3. 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 2024

	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	63,757,038	486,897	-	1,640,031	3,539,235	69,423,201	-	69,423,201
Rental income	-	-	138,836	-	-	138,836	-	138,836
Total external segment revenue	63,757,038	486,897	138,836	1,640,031	3,539,235	69,562,037	-	69,562,037
Inter-segment revenue	-	3,203	22,630	-	2,518,454	2,544,287	(2,544,287)	-
Total segment revenue	<u>63,757,038</u>	<u>490,100</u>	<u>161,466</u>	<u>1,640,031</u>	<u>6,057,689</u>	<u>72,106,324</u>	<u>(2,544,287)</u>	<u>69,562,037</u>
Segment results	<u>2,082,625</u>	<u>31,687</u>	<u>60,812</u>	<u>546,749</u>	<u>182,664</u>	<u>2,904,537</u>	<u>-</u>	<u>2,904,537</u>
Unallocated administrative expenses								(50,867)
Unallocated other income								53,233
Unallocated finance costs								(3,884)
Unallocated taxation								<u>416,852</u>
Profit for the period								<u>3,319,871</u>

3. OPERATING SEGMENT INFORMATION (continued)

For the six months ended 30 June 2023

	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	52,278,424	474,886	–	1,460,024	2,652,959	56,866,293	–	56,866,293
Rental income	–	–	110,171	–	–	110,171	–	110,171
Total external segment revenue	52,278,424	474,886	110,171	1,460,024	2,652,959	56,976,464	–	56,976,464
Inter-segment revenue	–	3,604	28,718	74,605	1,538,627	1,645,554	(1,645,554)	–
Total segment revenue	<u>52,278,424</u>	<u>478,490</u>	<u>138,889</u>	<u>1,534,629</u>	<u>4,191,586</u>	<u>58,622,018</u>	<u>(1,645,554)</u>	<u>56,976,464</u>
Segment results	<u>3,952,539</u>	<u>51,333</u>	<u>72,034</u>	<u>464,937</u>	<u>134,644</u>	<u>4,675,487</u>	<u>–</u>	<u>4,675,487</u>
Unallocated administrative expenses								(44,773)
Unallocated other income								40,420
Unallocated finance costs								(14,024)
Unallocated taxation								<u>(15,980)</u>
Profit for the period								<u>4,641,130</u>

The following table presents the asset and liability information of the Group's operating segments as at 30 June 2024 and 31 December 2023, respectively:

Segment assets

	As at 30 June 2024 <i>RMB'000</i> (Unaudited)	As at 31 December 2023 <i>RMB'000</i> (Audited)
Property development	484,127,665	482,501,389
Hotel operations	10,038,448	10,620,113
Property investment	11,515,501	11,566,891
Project management	6,951,546	6,137,119
Others	18,842,917	19,335,602
Total segment assets	531,476,077	530,161,114
Unallocated	4,792,182	5,375,860
Consolidated assets	<u>536,268,259</u>	<u>535,536,974</u>

3. OPERATING SEGMENT INFORMATION (continued)

Segment liabilities

	As at 30 June 2024 <i>RMB'000</i> (Unaudited)	As at 31 December 2023 <i>RMB'000</i> (Audited)
Property development	408,807,631	401,748,563
Hotel operations	1,123,684	1,340,844
Property investment	1,635,851	1,268,249
Project management	2,487,369	1,846,961
Others	11,583,775	13,225,909
Total segment liabilities	425,638,310	419,430,526
Unallocated	1,768,042	2,171,340
Consolidated liabilities	<u>427,406,352</u>	<u>421,601,866</u>

4. REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2024 <i>RMB'000</i> (Unaudited)	2023 <i>RMB'000</i> (Unaudited)
<i>Revenue from contracts with customers</i>	69,423,201	56,866,293
<i>Revenue from other sources:</i>		
Rental income	138,836	110,171
Total	<u>69,562,037</u>	<u>56,976,464</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).

4. 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 2024

	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)	Total <i>RMB'000</i> (Unaudited)
Revenue disclosed in segment information						
External customers	63,757,038	486,897	138,836	1,640,031	3,539,235	69,562,037
Inter-segment	–	3,203	22,630	–	2,518,454	2,544,287
Subtotal	<u>63,757,038</u>	<u>490,100</u>	<u>161,466</u>	<u>1,640,031</u>	<u>6,057,689</u>	<u>72,106,324</u>
Adjustment for property rental income	–	–	(138,836)	–	–	(138,836)
Eliminations	–	(3,203)	(22,630)	–	(2,518,454)	(2,544,287)
Total	<u>63,757,038</u>	<u>486,897</u>	<u>–</u>	<u>1,640,031</u>	<u>3,539,235</u>	<u>69,423,201</u>

For the six months ended 30 June 2023

	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)	Total <i>RMB'000</i> (Unaudited)
Revenue disclosed in segment information						
External customers	52,278,424	474,886	110,171	1,460,024	2,652,959	56,976,464
Inter-segment	–	3,604	28,718	74,605	1,538,627	1,645,554
Subtotal	<u>52,278,424</u>	<u>478,490</u>	<u>138,889</u>	<u>1,534,629</u>	<u>4,191,586</u>	<u>58,622,018</u>
Adjustment for property rental income	–	–	(110,171)	–	–	(110,171)
Eliminations	–	(3,604)	(28,718)	(74,605)	(1,538,627)	(1,645,554)
Total	<u>52,278,424</u>	<u>474,886</u>	<u>–</u>	<u>1,460,024</u>	<u>2,652,959</u>	<u>56,866,293</u>

5. OTHER INCOME

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Interest income	1,480,321	1,210,965
Comprehensive service income	110,066	250,896
Government grants	15,942	40,808
Dividends income from equity investments designated at fair value through other comprehensive income	30,021	39,315
Others	84,996	92,888
Total	<u>1,721,346</u>	<u>1,634,872</u>

6. OTHER LOSSES

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Foreign exchange losses, net	(74,064)	(693,455)
(Losses)/gains on disposal of property, plant and equipment and right-of-use assets	(14,609)	1,319
Gains/(losses) from changes in fair value of financial assets measured at fair value through profit or loss	519	(9,616)
Loss from changes in fair value of financial liabilities measured at fair value through profit or loss	–	(27,000)
Gains on disposal of an associate and a joint venture	2,696	–
Loss from the derecognition of financial liabilities measured at amortised cost	(2,907)	–
Total	<u>(88,365)</u>	<u>(728,752)</u>

7. FINANCE COSTS

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Interest on bank and other borrowings and amounts due to related parties	2,910,475	3,135,990
Interest on receipts under securitisation arrangements	–	37,739
Interest on senior notes	230,928	218,011
Interest on corporate debt instruments	543,607	534,942
Interest on leases	13,138	13,079
Total borrowing costs	<u>3,698,148</u>	<u>3,939,761</u>
Less: Interest capitalised in properties under development and construction in progress	<u>(2,403,144)</u>	<u>(2,456,539)</u>
Total	<u>1,295,004</u>	<u>1,483,222</u>

8. TAXATION

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

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax:		
PRC enterprise income tax	2,206,008	1,963,165
PRC land appreciation tax	424,753	674,496
Subtotal	<u>2,630,761</u>	<u>2,637,661</u>
Deferred tax:		
PRC enterprise income tax	(1,281,873)	(104,675)
PRC land appreciation tax	–	(22,440)
Subtotal	<u>(1,281,873)</u>	<u>(127,115)</u>
Total tax charge for the period	<u>1,348,888</u>	<u>2,510,546</u>

No provision for income tax has been made for the Company's subsidiaries incorporated in Hong Kong as they had 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 Architectural Technology Group Co., Ltd., Zhejiang Greentown Lianhe Design Co., Ltd., Zhejiang Greentown Technology Home Furnishing Co., Ltd., Zhejiang Greentown Building Curtain Wall Engineering Co., Ltd., Greentown Housing Technology Co., Ltd., Zhejiang Greentown Jiangxin Architectural Design Co., Ltd., Zhejiang Greentown Building Lemei Urban Development Co., Ltd., Zhejiang Greentown Future Digital Intelligent Technology Co., Ltd., Greentown Construction Management Group Co., Ltd., Greentown Shangli Construction Management Co., Ltd. are high-tech enterprises and the applicable income tax rate for these entities is 15% for the current period. In addition, Beihai Leiying Investment Co., Ltd. and Xi'an Fuyu Real Estate Development Co., Ltd are also applicable to the income tax rate of 15% for the current period by engaging in encouraged industries in the western regions.

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 10% or 5% withholding tax under the EIT Law. The 10% or 5% withholding tax rate is applicable to the Group. During the period, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Chinese Mainland. In the opinion of the directors of the Company, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future.

The Group recognised PRC land appreciation tax based on the 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 2024, the Group has estimated and made a provision for PRC land appreciation tax in the amount of RMB424,753,000 (for the six months ended 30 June 2023: RMB652,056,000). The actual PRC land appreciation tax liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for PRC land appreciation tax is calculated.

9. DIVIDENDS

During the period, a final dividend of RMB0.43 per ordinary share, or RMB1,088,759,000 in total, for the year ended 31 December 2023 (six months ended 30 June 2023: RMB0.5 per ordinary share, or RMB1,265,999,000 in total, for the year ended 31 December 2022) was recommended by the board of the directors of the Company (the “**Board**”) and approved by the shareholders at the annual general meeting on 14 June 2024. The final dividend was subsequently paid on 31 July 2024.

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

10. 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	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings:		
Profit for the period attributable to the owners of the Company	2,044,902	2,545,111
Attributed to perpetual securities	–	(25,954)
	<hr/>	<hr/>
Earnings for the purpose of basic and diluted earnings per share	<u>2,044,902</u>	<u>2,519,157</u>
	For the six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
Shares:		
Weighted average number of ordinary shares for the purpose of the basic earnings per share calculation	2,531,998,690	2,531,998,690
Effect of dilutive potential ordinary shares:		
Share options and share award	–	4,366,076
	<hr/>	<hr/>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>2,531,998,690</u>	<u>2,536,364,766</u>

10. EARNINGS PER SHARE (continued)

The calculation of the diluted earnings per share amount is based on the profit for the six months ended 30 June 2024 attributable to ordinary equity holders of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued on the deemed exercise of all dilutive potential ordinary shares arising from share options granted by the Company. The computation of diluted earnings per share for the six months ended 30 June 2024 does not take into account the exercise of all of the share options because the exercise price of these share options was higher than the average market price for shares for the period.

The computation of diluted earnings per share for the six months ended 30 June 2024 and 30 June 2023 does not assume the immaterial impact of dilutive potential ordinary shares of Greentown Management Holdings Company Limited.

11. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 30 June 2024 <i>RMB'000</i> (Unaudited)	As at 31 December 2023 <i>RMB'000</i> (Audited)
Trade receivables	2,577,176	2,160,467
Less: Allowance for credit losses	<u>(185,837)</u>	<u>(148,585)</u>
Net carrying amount of trade receivables	<u>2,391,339</u>	<u>2,011,882</u>
Other receivables	8,187,867	8,363,686
Less: Allowance for credit losses	<u>(637,466)</u>	<u>(812,455)</u>
Net carrying amount of other receivables	<u>7,550,401</u>	<u>7,551,231</u>
Prepayments and deposits	<u>813,951</u>	<u>710,542</u>
Total	<u>10,755,691</u>	<u>10,273,655</u>

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

	As at 30 June 2024 <i>RMB'000</i> (Unaudited)	As at 31 December 2023 <i>RMB'000</i> (Audited)
Within 90 days	1,472,494	1,594,402
91 to 180 days	424,285	62,382
181 to 365 days	323,737	62,683
Over 365 days	<u>356,660</u>	<u>441,000</u>
Total	<u>2,577,176</u>	<u>2,160,467</u>

12. TRADE AND OTHER PAYABLES

	As at 30 June 2024 <i>RMB'000</i> (Unaudited)	As at 31 December 2023 <i>RMB'000</i> (Audited)
Trade payables	46,068,205	48,614,483
Other payables and accrued expenses	7,262,399	8,815,874
Consideration payables on acquisition of a subsidiary	–	18,900
Total	<u>53,330,604</u>	<u>57,449,257</u>

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

	As at 30 June 2024 <i>RMB'000</i> (Unaudited)	As at 31 December 2023 <i>RMB'000</i> (Audited)
Within 180 days	35,026,931	36,450,931
181 to 365 days	7,600,262	7,973,190
Over 365 days	3,441,012	4,190,362
Total	<u>46,068,205</u>	<u>48,614,483</u>

Of the retention payable included in trade payables, an amount of RMB943,194,000 is due beyond twelve months from the end of the reporting period.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATION REVIEW

In the first half of 2024, China's economy has maintained a stable operation, achieving a GDP growth of 5.0%. However, the real estate industry continued its adjustment trend, and the new housing market was still in the bottoming stage. In terms of policies, it would still take time to take effect under the main tone of continued easing with the focus on stabilizing the market and destocking. In terms of the market, residents' income expectations have not improved significantly and the sales of new commercial properties dropped by 25.0% year-on-year, with the transaction volume at a low level for the same period in recent years. In terms of land, it remained a sluggish trend, with a reduction in the supply of quality land plots and a continuous contraction in transaction volume, as the investments in real estate development dropped by 10.1% year-on-year. Regarding enterprises, in light of the intense competition in the industry, continuous differentiation of real estate enterprises and year-on-year decline in profits, the comprehensive capabilities of enterprises continued to be tested.

Faced with the ongoing challenges of the industry, Greentown China adhered to the idea of “overcoming challenges collectively and advancing steadily, improving quality and efficiency and achieving comprehensive quality development”, refined the inventories, optimized the increments and reinforced the variables. Greentown China firmly committed to the path of “comprehensively high-quality and sustainable” development, analyzing and making accurate prediction, and striving hard to actively respond to the industry challenges. In the first half of the year, the Company has made efforts in various aspects to ensure stable and high-quality operation as well as steady improvement of its position in the industry.

During the Period, Greentown China was awarded the “TOP10 among 100 Chinese Real Estate Enterprises by Comprehensive Strength (中國房地產百強企業綜合實力TOP10)” for 20 consecutive years, was listed on “Forbes Global 2000” for several consecutive years, and has earned its honors such as “Chinese Property Developers with Outstanding Product Strength (中國房地產產品力優秀企業)”, “Chinese Property Developers with Excellent Delivery Strength (中國房地產交付力優秀企業)”, “Quality Brand Benchmarking Enterprise of Chinese Property Developers (中國房地產品質品牌標桿企業)” and “Outstanding Performance in ESG Governance (ESG治理卓越表現)”. The Company has shown stable momentum in various operational dimensions. We exercised extra caution in investments with the realization of high standards and our newly-added investments ranking rose to the 4th place in the PRC. With our innovative marketing strategies and increased efforts in sell-through, the attributable sales ranking rose to the 6th place in the PRC. Leveraging outstanding product advantages, our quality delivery, product strength and service strength continued to lead the industry. The cash balance reached a record high of RMB75.133 billion with stable profitability, healthy finance and safe funds.

Results: revenue hitting record high and profit remaining relatively steady

During the Period, the Group generated revenue of RMB69,562 million, representing an increase of RMB12,586 million or 22.1% from RMB56,976 million in the corresponding period of 2023. Profit attributable to owners of the Company amounted to RMB2,045 million, representing a decrease of 19.6% from RMB2,545 million in the corresponding period of 2023, which was a result of, on one hand, the decline in gross profit margins due to the overall market downturn and the impact of price control, and on the other hand, the provision for net losses on impairment and fair value changes on certain assets of RMB1,750 million (the corresponding period of 2023: RMB462 million) in view of the changes in market conditions.

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 the net post-tax effects of fair value adjustments on certain assets during the Period, the core 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 RMB4,949 million, representing an increase of RMB1,068 million or 27.5% from RMB3,881 million in the corresponding period of 2023.

Marketing: increased efforts in sell-through to maximize potential

In the first half of 2024, the Greentown Group (including Greentown China Holdings Limited and its subsidiaries, together with its joint ventures and associates) firmly maintained its ranking in terms of contracted sales at 3rd place in the PRC, with self-investment projects sales ranking 6th place and attributable sales ranking 6th place. It recorded a total contracted sales area of approximately 5.91 million sqm and a total contracted sales amount of approximately RMB126.5 billion. Among which, the self-investment projects of Greentown Group contributed a total contracted sales area of approximately 2.80 million sqm and a contracted sales amount of approximately RMB85.4 billion, of which approximately RMB60.8 billion was attributable to the Greentown Group, and attributable ratio increased to a record high of 71%, representing an increase of 7 percentage points as compared to the corresponding period of 2023. The average selling price of self-investment projects maintained at the industry high of approximately RMB30,559 per sqm. In addition, for the Period, Greentown Group recorded a total contracted sales area of approximately 3.11 million sqm and a total contracted sales amount of approximately RMB41.1 billion from the projects under its project management business with the "Greentown" brand (non-self-investment projects, referred to as "projects under project management").

Intensifying cash collection efforts with precise strategies. In the first half of the year, the cash collection rate remained high at 103%, effectively supporting cash flow and reinvestment. With more precise market research and marketing strategies, the sell-through rate of newly-launched properties in the first half of the year reached 78%. The Group constantly strengthened its market presence in high-tier core cities, with the proportion of sales in first- and second-tier cities accounting for 80%, and the sales ranking reached Top10 in 13 core cities, including Hangzhou, Shanghai, Xi'an and Beijing.

Achieving key breakthroughs with a focus on high quality and efficiency. Leveraging its excellent development and operational capabilities, as well as flexible and effective marketing strategies, Greentown China achieved a sales breakthrough in the first half of the year. The Group advanced its first launch of 6 projects, achieving sales amount of approximately RMB5.7 billion, which was beyond expectation. Hangzhou Chen'an Yinyue Lane was sold out in three consecutive launches within 21 days, achieving an unexpected sales amount of approximately RMB1.7 billion. Yiwu Fengqi Chaoming recorded the first launch sales amount of approximately RMB3.5 billion with a 12% premium, and a total of 88 villas, each with a value of over RMB10 million, were sold out in its first launch. Seizing the policy window, the Group increased the launch of marketable properties to accelerate the sales of subsequent projects, achieving an average daily sales of subsequent projects of approximately RMB390 million in the second quarter. Meanwhile, the Group also intensified efforts in optimizing sales assessment system and destocking slow-moving inventory, achieving breakthroughs by recording a sell-through amount of RMB21.5 billion in residential inventory, commercial office as well as carpark units during the Period.

Investment: highly cautious and realizing high standards

The Group conducted stringent investment in the first half of 2024, following its cash flow and pursuing differentiated opportunities. Under the premise of refined standards, more specialized capabilities and sophisticated strategies, the Group made investments with a focus on liquidity, value for cost performance and emphasis on structural opportunities as well as with extra caution to ensure high success rate. In the first half of the year, the Group acquired 15 new projects with a total GFA of approximately 1.31 million sqm. The costs borne by the Group amounted to approximately RMB15.4 billion, with an average land cost of approximately RMB14,408 per sqm. The newly-added saleable value was estimated to reach RMB33.3 billion.

Strict project selection to ensure structural safety. In the first half of the year, 94% of the Group's newly-added saleable value comes from core second-tier cities, with projects distributed across 8 cities including Hangzhou, Xi'an, Suzhou, Ningbo, Hefei, Tianjin, Fuzhou and Jiaying. In addition to the continuation of concentrating on core cities, Greentown China has placed greater emphasis on the inherent quality of the projects with a focus on high-quality structural investment opportunities to ensure structural safety of the investments.

Increasing equity interests and securing profit. In the first half of the year, the new projects acquired continued to maintain a favorable level of average net profit margin and the average attributable ratio further increased to approximately 84%, ensuring the project development efficiency and strengthening the delivery of long-term profit attributable to owners of the Company.

Ensuring liquidity with efficient conversion. All of the new projects in the first half of 2024 were estimated to be launched during the year. The Company actively implemented the turnover concept of "two harvests in one year", with an estimated sales conversion of 63% for the newly-added saleable value in the first half of the year, effectively safeguarding the liquidity of the Company.

Table of newly-added land bank in 1H2024

No.	Land/Project Name	Percentage of Equity	Paid by Greentown (RMB million)	Total GFA (sqm)
1	Hangzhou Chen'an Yinyue Lane	93.2%	1,504	106,319
2	Hangzhou Yueyong Hefeng	55.4%	669	85,642
3	Hangzhou Xihaitang	100.0%	828	104,191
4	Hangzhou Qinbaihe	51.4%	992	80,225
5	Hangzhou Xiaofeng Mingyue	100.0%	867	42,324
6	Hangzhou Xiaofeng Langyue	100.0%	1,581	54,478
7	Ningbo Fuxiangyuan	100.0%	1,735	121,821
8	Jiaxing Hujing Yunlu	100.0%	729	115,477
9	Suzhou Yilu	100.0%	828	37,953
10	Suzhou Rose Garden	50.7%	1,561	89,775
11	Hefei Yongxi Yunlu	100.0%	418	41,196
12	Tianjin Guiyue Yuncui	100.0%	692	98,603
13	Xi'an Zitangyuan	77.1%	383	80,258
14	Xi'an Guiyue Yuncui	77.1%	591	149,422
15	Fuzhou Zhilan Yuehua	100.0%	2,031	97,471
Total			15,409	1,305,155

Benefiting from the effective implementation of investment strategy, the Group has a well-focused and high-quality land reserve with sound structure, ensuring the Company's future stable development and long-term profitability. As at 30 June 2024, the Group had a total of 151 land reserve projects (including those under and pending construction) with a total GFA of approximately 31.93 million sqm, of which approximately 20.64 million sqm was attributable to the Group. The total saleable aboveground area was approximately 21.43 million sqm, of which approximately 13.72 million sqm was attributable to the Group. The average land cost per GFA was approximately RMB7,999 per sqm. The value of land reserve in first- and second-tier cities accounted for 79% of the total land reserves, the Yangtze River Delta Area accounted for 57%, and 10 strategic core cities such as Beijing, Shanghai, Hangzhou and Xi'an accounted for 55% of the total land reserves.

Product: good houses with ingenuity and leading with quality

Product quality is the "No.1 Project" of Greentown China, and customer satisfaction is its "No.1 Standard". With the goal of being "gorgeous, extremely virtuous, the smartest, low-carbon, full-cycle and healthy (高颜值、极智慧、最聪明、房低碳、全周期、人健康)", and the base point of "letting more people live in good houses", Greentown China continued to upgrade its product strength to create "Good Houses" of Greentown to the satisfaction of customers. Greentown China has achieved good results in "Chinese Urban Residents' Satisfaction (中国城市居民居住满意度)" survey for over a decade consecutively, won the honorary title of "Leading Brands by Customer Satisfaction (顾客满意度领先品牌)" for 12 consecutive years, and ranked 1st in customer satisfaction across 16 cities and in customer loyalty across 12 cities in which the Company has presence in 2024.

Product refinement and R&D innovation. Led by the national idea of constructing “Good Houses” and taking standard as the traction and technology as the drive, Greentown establishes the “1+6+N” system of Greentown Good Houses with focus on 1 standard, 6 product enhancement projects and N items of technology systems. In the first half of the year, Greentown China released the industry’s first standard for “Good Houses”, which focuses on “intelligent housing”, “healthy housing” and “life housing” to achieve product enhancement, striving to build four key technical systems, namely, high-quality enclosure structure system (優圍系統), constant comfort system (適恆系統), smart system and industrial interior decoration, thus the “Greentown Good Houses” system is taking shape. Through continuous practicing and refreshment of the leading product series, the classic “Rose Garden Series” that spans the times iteratively innovated the new French aesthetics in Suzhou, the high-end luxury residential brand “Fengqi Series” has been revitalized in Yiwu and Taizhou, the “Yuehua Series” launched in 2023 has written a new chapter in Nanjing and Fuzhou. During the Period, Greentown China has been honored with 39 domestic and international design awards.

Quality delivery and full-dimensional real scenery. Greentown China fulfills its corporate responsibility and secures the bottom line of quality delivery with approximately 65,000 households delivered during the Period, ranking 5th in the PRC. Among them, we delivered approximately 6.77 million sqm of properties in the self-investment segment with approximately 35,400 households. We continued to create high-quality “full-dimensional real scenery display areas”, where what you see will be what you get, leading the industry in product attraction.

Cost optimization and cutting to improve efficiency. We optimized the cost management and control mechanisms with an operational orientation, refined and released the cost control measures in the demonstration areas, optimized the assessment system on suppliers’ contract fulfillment performance and established a dynamic review mechanism of the centralized procurement prices, highlighted the advantages of the centralized procurement, reduced the centralized procurement prices of key categories by more than 6%, and gradually achieved a cost reduction of RMB100 per sqm and a construction cost saving rate of 4.3%.

Operations: management refinement to improve efficiency

In the first half of 2024, Greentown China committed to improving the management system and management efficiency, so as to achieve efficient operation and enhance its competitive advantage.

In the first half of 2024, the time from land acquisition to commencement of construction and to positive operation cash flow of new projects were shortened by 0.4 and 2.1 months to 1.7 and 9.5 months on average, respectively, and the overall operational efficiency was accelerated by 14%. The core cities have witnessed remarkable improvement in efficiency. The period from land acquisition to positive operation cash flow was shortened from 8.8 months to 7.1 months in Hangzhou, and the period from land acquisition to first launch was shortened from 6.7 months to 3.5 months in Xi’an. In the first half of 2024, Greentown China created a record of 18 sold-out upon launch in Hangzhou, ranking top of the total and attributable sales ranking in Hangzhou; for Xi’an “Guiguan Twin Projects” (Zitangyuan & Guiyue Yuncui), we took 20 days for obtaining project approval and 53 days for obtaining construction permit, breaking Greentown’s record in Xi’an.

Organizational structure: optimizing and enhancing team power for continued revolution

In the first half of 2024, Greentown China has continued to promote flat organization, functional integration and management control optimization. The Company has further implemented the two-level organizational structure “Group – City”, with two-level control units accounting for 80%. As we achieved a remarkable result of “quality and efficiency improvement”, the efficiency per capita exceeded 12,500 sqm per person, representing a year-on-year increase of 5.5%. Greentown China continued to improve its talent quality by carrying out talent recruitment and internal training, as we have recruited over 100 outstanding management talents, and achieved vibrant flow of internal talent rotations.

Financing: solid financial position with secured structure

In the first half of 2024, despite the further introduction of supportive financing policies for real estate enterprises, the real estate industry was still in the bottoming stage. Under such condition, leveraging its high creditworthiness, steady business development and precise cash flow management, the Group received continued support from financial institutions and maintained smooth access to financing from the capital market. The Company maintained a sound financial position and secured debt structure, providing a solid foundation for the sustainable development of the Group. By the end of June 2024, the weighted average interest cost of total borrowings decreased to 4.0%, representing a further decline from 4.4% for the same period last year, despite the high price level of domestic bonds and offshore loans. Debts due within one year accounted for 23.8% of the total debts of the Group as at the end of June 2024, remaining at a low level.

In the first half of 2024, the Group issued RMB5.134 billion of domestic bonds in the primary market, including 3-year medium term notes of RMB4 billion and 1-year supply chain ABN of RMB1.134 billion. In the secondary market, the bond yield has declined and the market confidence has strengthened. In addition, the Group has completed offshore refinancing of USD817 million, which substantially completed the refinancing of offshore debts due in 2024 and also completed in advance the replacement of USD300 million offshore debts due in 2025.

Project management business: promoting national layout and consolidating leading position

Greentown Management Holdings Company Limited (“**Greentown Management**”), a subsidiary of the Company, continues to lead the industry, with a market share of more than 20% for eight consecutive years. It won a number of awards, including China Index Academy “TOP1 of Leading Enterprises in Real Estate Project Management Operation (中國房地產代建運營引領企業TOP1)”, EH Consulting “TOP1 of Comprehensive Strength of China’s Agent Construction Service Providers” (中國代建服務商綜合實力TOP1)”, and CRIC “TOP1 of Project Management Enterprises by Comprehensive Strength (代建綜合能力TOP1)”, demonstrating its leading position and brand value well recognized by various parties. After taking the lead in the establishment of the Project Management branch of China Real Estate Association (the “**Association**”), in the first half of 2024, Greentown Management had taken active actions in the Association by spearheading industry standards, building an ecosystem platform, and assisting the development of a new real estate model.

As of 30 June 2024, Greentown Management had total contracted GFA of approximately 123 million sqm. In the first half of the year, its newly-added GFA amounted to 17.46 million sqm. It maintained stable profitability with net profit attributable to owners of the company reaching RMB501 million, representing a year-on-year increase of 5.8%.

Greentown+: promoting intensive development and advancing with synergy

In the first half of 2024, the “Greentown+” business experienced intensive development, continuing to create value and empower core businesses. Living technology business was successfully integrated and reorganized, among which, innovative R&D such as smart home and five-constant HVAC system were achieved in technology segment. The decoration segment was awarded “Chinese TOP100 Enterprises in the Construction and Decoration Industry (中國建築裝飾行業百強企業)” for nine consecutive years. We had promoted the market expansion of the home renovation business, with newly-signed external contracts value exceeding RMB50 million. The construction segment had delivered 98 construction projects without delay by consolidating Greentown’s high-quality resources. The scale of the asset management business was further expanded. The hotel segment achieved revenue of RMB487 million, representing a year-on-year increase of 2.5%, and a record high in customer satisfaction. The commercial segment recorded a steady increase in revenue of RMB139 million, representing a year-on-year increase of 26.4%, and achieved year-on-year increases in both occupancy rate and passenger flows. Industrial operating profit of the town business amounted to more than RMB30 million, representing a year-on-year increase of 72%. Its new commercial street projects including Qsquare (勸學齋) in Hangzhou Liangzhu were newly developed, adding 28,000 sqm of new operating area and showcasing the Group’s ability to implement brand management model in the business segment. Hainan Blue Town hit a record high of approximately 20,000 visitors during the Spring Festival. The commercial street Binfen Lane (繽紛里) in Hangzhou Taoyuan Town was awarded the “2024 Community Commercial Landmarks Awards (2024年社區商業金座標獎)”. The industrial finance business integrated investment and financing, which optimized its business systems and empowered the core businesses and integrated industry development.

PROSPECTS

Looking ahead to the second half of 2024, the industry challenges still continue, but opportunities emerge from the challenges. Since 2024, the importance of real estate has been repeatedly emphasized by the Central Government as the stabilization of real estate is crucial for ensuring the macro-economy stability. In the future, with the accelerated construction of a new development model for the real estate industry, the continuous optimization of policies on both sides of supply and demand, and the gradual elimination of the risks of industry adjustment, the market will gradually stabilize and form a new equilibrium, bringing more opportunities as well as challenges to premium real estate enterprises in the market niches.

In the second half of 2024, Greentown China will continue to deepen “reform, rebuilding and refinement”, actively take up challenges, promptly seize the opportunities, take safety as the bottom line, optimize operational results as the principle, and cash flow as the cornerstone, towards the goal of “increasing efforts in destocking, striving to overcome difficulties, endeavoring to execute reform, and reserving power to seek growth” by performing the following works with focus on “refinements + advances”:

First, focusing on destocking with refined efforts. We will adopt “business mindset” to constantly self-motivate, strive to realize destocking, and promote the quality and efficiency of sales management with flexible and effective marketing strategies. For increment projects, we will apply refined operations; for subsequent sales projects, we will apply accurate policies; for slow-moving inventory, we will go all-out to make breakthroughs and achieve sales targets.

Second, exercising strict controls over capitals in a prudent and careful manner. With expanding revenue sources and reducing expenditures, we will guarantee the safety of cash flows, promote earlier cash collection and later expenses, drive the cash collection and other receivables, reinforce budget management, continuously cut outgoings and fees, deploy reasonable layout for the financing structure and continuously increase our capital management capabilities.

Third, investing through a meticulous selection process. we will locate projects preciously by leveraging our “diversified capabilities”, and will optimize investment strategies, and enhance investment research and analysis. While focusing on core segments in core cities, we will grasp premium structural investment opportunities in non-hotspot cities and perform our investment work with high quality.

Fourth, improving product quality with attention on details. With the barrier formed by “Good Houses”, we will facilitate the landing and implementation of the “Greentown Good Houses” system, enhance our product innovation and R&D, improve supplier system construction and management, and maintain Greentown China’s leading position in terms of product strength and service strength.

Fifth, pursuing continuous uplifting in management. With “reform, rebuilding and refinement”, we will release dynamics for development, improve the management mechanism, promote organization optimization, and facilitate problems solving and efficiency enhancing, aiming at shifting to refined management.

In the second half of 2024, Greentown China will have sufficient saleable resources, and its projects will enjoy significant advantages. As of 31 July 2024, saleable value of self-investment projects was approximately RMB169.0 billion (excluding the value of projects newly acquired in and after August 2024 that could be launched within the year), saleable area was approximately 6.88 million sqm, with first- and second-tier cities accounting for 79%. The Group expects that the total GFA of completed projects/phases for 2024 to be approximately 12.02 million sqm. As of 30 June 2024, the Group recorded an accumulated unbooked sales of approximately RMB230.2 billion (attributable: approximately RMB169.5 billion).

In unwavering pursuit of high-quality development and better realization of its “comprehensively high-quality and sustainable” development, Greentown China must transform in response to the situation and act in accordance with the trend and constantly refresh its development strategies in line with the development law of the industry and its actual situation, to dynamically maintain the TOP10 sales ranking, become a quality benchmark and create a “special and excellent” enterprise.

FINANCIAL ANALYSIS

Revenue

The revenue of the Group mainly derives from sales of properties, as well as from project management, design and decoration, and holding properties for operation and others. During the Period, the revenue of the Group amounted to RMB69,562 million, among which revenue from sales of properties accounted for 91.7%, design and decoration revenue accounted for 2.2%, project management revenue accounted for 2.4% and revenue from holding properties for operation and others accounted for 3.7%, representing an increase of 22.1% from RMB56,976 million in the corresponding period of 2023, 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 RMB63,757 million, representing an increase of 22.0% from RMB52,278 million in the corresponding period of 2023. The area of properties with recognized revenue amounted to 2,645,512 sqm, representing an increase of 16.7% from 2,267,037 sqm in the corresponding period of 2023. The average selling price of properties was RMB24,100 per sqm, representing an increase of 4.5% from RMB23,060 per sqm in the corresponding period of 2023, which was mainly due to the higher average selling prices of Hangzhou Laurel Oriental, Beijing Qinyuan and Hangzhou Xiaoyue Yingcui, which accounted for a higher percentage of sales among the projects with recognized revenue during the Period.

Properties with revenue recognized by subsidiaries for the first half of 2024 are as follows:

Name of project	Type of property	Area sold (<i>sqm</i>) (<i>Note</i>)	Sales Revenue (<i>RMB hundred million</i>)	% of sales	Average selling price (<i>RMB per sqm</i>)
Hangzhou Laurel Oriental	High-Rise Apartment	291,398	133.55	20.9%	45,831
Beijing Qinyuan	High-Rise Apartment	140,813	74.28	11.7%	52,751
Hangzhou Xiaofeng Yingcui	High-Rise Apartment	96,739	42.73	6.7%	44,170
Hangzhou Yueying Xingyuyuan	High-Rise Apartment	204,079	41.79	6.6%	20,477
Hangzhou Yueying Begonia	High-Rise Apartment	153,777	41.07	6.4%	26,708
Hangzhou Xiaoyue Hefeng	High-Rise Apartment	128,205	39.83	6.2%	31,067
Taizhou Xiaofeng Yinyue	High-Rise Apartment	111,859	26.52	4.2%	23,708
Hangzhou Ting'an Zhilan	High-Rise Apartment, Low-Rise Apartment	64,830	23.35	3.7%	36,017
Hangzhou Qinguixuan	High-Rise Apartment, Commercial	71,380	23.17	3.6%	32,460
Qingdao Ideal City	High-Rise Apartment	91,549	20.50	3.2%	22,392
Others		1,290,883	170.78	26.8%	13,230
Total		2,645,512	637.57	100.0%	24,100

Note: Areas sold include aboveground and underground areas.

During the Period, projects in Hangzhou area achieved property sales revenue of RMB36,927 million, accounting for 57.9% of the total sales revenue and ranked 1st place. Projects in the Beijing area achieved property sales revenue of RMB7,568 million, accounting for 11.9% and ranking 2nd place. Projects in Zhejiang area (excluding Hangzhou area) achieved property sales revenue of RMB7,285 million, accounting for 11.4% and ranking 3rd place.

During the Period, the Group's revenue from sales of high-rise apartments, low-rise apartments, serviced apartments, etc. amounted to RMB61,983 million, accounting for 97.2% of the total; sales revenue from villas amounted to RMB1,474 million, accounting for 2.3%; and that from offices and others amounted to RMB300 million, accounting for 0.5%.

During the Period, the Group's revenue from project management service amounted to RMB1,640 million, representing an increase of 12.3% from RMB1,460 million in the corresponding period of 2023, mainly because the Group maintained its leading position in the project management industry.

During the Period, the Group's revenue from hotel operations amounted to RMB487 million, slightly higher than RMB475 million in the corresponding period of 2023. During the Period, the Group recorded RMB1,525 million in revenue from design and decoration business, generally on par with RMB1,498 million in the corresponding period of 2023. During the Period, the Group's rental income from investment properties amounted to RMB139 million, representing an increase of 26.4% from RMB110 million in the corresponding period of 2023, mainly due to the gradual commencement of operation of new investment properties.

Gross profit and gross profit margin

During the Period, the Group recorded a gross profit of RMB9,104 million, representing a decrease of 8.2% from RMB9,920 million in the corresponding period of 2023. During the Period, the Group achieved a gross profit margin of 13.1%, representing a decrease of 4.3 percentage points from 17.4% in the corresponding period of 2023, but basically the same as the gross profit margin of 13.0% for the full year of 2023. During the Period, the Group achieved a gross profit margin of property sales of 11.7%, representing a decrease of 4.3 percentage points from 16.0% in the corresponding period of 2023, which was due to, on one hand, lower-than-expected selling prices resulting from the overall market downturn and the impact of price control, and on the other hand, the Group's focus of land acquisition strategy on first- and second-tier cities, which required projects characterized by high security and strong risk resistance but with lower gross profit margin, ensuring the survival and development of the Company in the context of industry downturn.

Other income

During the Period, the Group recorded other income of RMB1,721 million, which mainly comprised interest income, comprehensive service income, dividends from equity investments designated at fair value through other comprehensive income, government grants, etc., representing an increase of 5.3% from RMB1,635 million in the corresponding period of 2023, which was mainly due to the increase in the interest income.

Administrative expenses

Administrative expenses include human resources costs, daily operating expenses and other expenses, such as product research and development expenses. During the Period, the Group incurred administrative expenses of RMB1,690 million, representing a decrease of RMB134 million or 7.3% from RMB1,824 million in the corresponding period of 2023, mainly due to the improvement in the organizational efficiency of the Group, as well as further streamlining of the management of various costs. Human resources costs are the largest single expense among administrative expenses. During the Period, the Group incurred human resources costs of RMB809 million (the corresponding period of 2023: RMB875 million), representing a year-on-year decrease of RMB66 million or 7.5%. During the Period, the Group incurred daily operating expenses of RMB661 million (the corresponding period of 2023: RMB688 million), representing a year-on-year decrease of RMB27 million or 3.9%.

Selling expenses

Selling expenses mainly include human resources costs, marketing activities expenses and daily operating expenses. During the Period, the Group incurred selling expenses of RMB1,126 million, representing an increase of RMB282 million or 33.4% from RMB844 million in the corresponding period of 2023. During the Period, the Group incurred human resources costs of RMB478 million, representing an increase of RMB122 million or 34.3% from RMB356 million in the corresponding period of 2023. During the Period, the Group incurred marketing activities expenses of RMB470 million, representing an increase of RMB130 million or 38.2% from RMB340 million in the corresponding period of 2023. The increases in human resources costs and marketing activities costs were, on the one hand, due to the need to allocate internal and external sales commissions included in contract acquisition costs in accordance with IFRS 15 – Revenue from Contracts with Customers, and the recognized revenue for the Period recording an increase, resulting in an increase in the allocated sales commission and sales agents expenses of RMB217 million, and, on the other hand, given the change in the external market in the first half of the year, the Company proactively and moderately increased efforts in marketing activities. During the Period, the Group incurred daily operating expenses of RMB178 million (the corresponding period of 2023: RMB148 million), representing a year-on-year increase of 20.3%, mainly due to the increase in trademark royalties for cooperation projects.

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 RMB1,295 million (the corresponding period of 2023: RMB1,483 million). Interest expenses of the Group for the Period totalled RMB3,698 million, representing a decrease of RMB242 million from RMB3,940 million in the corresponding period of 2023. Weighted average interest cost was 4.0% during the Period, representing a decrease of 40 bps as compared to 4.4% in the corresponding period of 2023. During the Period, with substantial support from financial institutions and recognition in capital markets, financing channels were smooth for the Group to continue its optimization of debt structure, allowing us to maintain the finance costs at a relatively low 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 RMB659 million and its share of results of associates was a gain of RMB449 million, which amounted to an aggregate loss of RMB210 million, representing a decrease of RMB696 million from a gain of RMB486 million in the corresponding period of 2023, mainly due to the decrease in gross profit margin as a result of the impact of the real estate industry downturn and provision of impairment loss.

Taxation expenses

During the Period, taxation included land appreciation tax of RMB425 million (the corresponding period of 2023: RMB652 million) and enterprise income tax of RMB924 million (the corresponding period of 2023: RMB1,858 million). During the Period, land appreciation tax accounted for 0.6% of revenue, representing a decrease compared to 1.1% in the corresponding period of 2023, mainly due to the impact of the decrease in gross profit margin. During the Period, the year-on-year decrease in enterprise income tax was mainly attributable to the decrease in profit before taxation and the decrease in the withholding tax rate of the Group's subsidiaries due to the recognition as an enterprise with Hong Kong resident status.

Provision and reversal of impairment losses for certain assets

In view of the everchanging market condition, the Group conducted impairment tests on certain properties based on the principle of prudence during the Period. According to the test results, provision for impairment losses on non-financial assets of RMB1,422 million (the corresponding period of 2023: RMB415 million) was made for the Period, mainly due to the lower-than-expected selling prices of certain types of properties in projects such as Wuhan Guiyu Chaoyang, Taizhou Guiyu Tinglanxuan, Fenghua Fengyue Yinhu, resulting from the downturn of the real estate market. In addition, during the Period, the Group provided for an impairment loss of RMB324 million (the corresponding period of 2023: RMB37 million) after considering the credit risk of the receivables based on the expected credit loss impairment model in conjunction with the subjects, ageing and other factors of the receivables, which was mainly due to the impairment provision made for the amounts due from joint ventures and associates resulting from the downturn of the real estate market.

Contract liabilities

Contract liabilities mainly represent the amounts received from the pre-sale of properties. As at 30 June 2024, the balance of contract liabilities of the Group was RMB166,660 million, representing an increase of RMB6,847 million or 4.3% from RMB159,813 million as at 31 December 2023. The tax pending for written off in respect of the contract liabilities of the Group as at 30 June 2024 was RMB15,591 million, representing an increase of RMB285 million from RMB15,306 million as at 31 December 2023.

As at 30 June 2024, the balance of contract liabilities of joint ventures and associates was RMB46,013 million, representing a decrease of RMB13,235 million or 22.3% from RMB59,248 million as at 31 December 2023, which was due to the decrease in the number of new joint ventures and associates resulting from the increase in the equity percentage of newly-developed projects.

Financial resources and liquidity

As at 30 June 2024, the Group had bank balances and cash (including pledged bank deposits) of RMB75,133 million (31 December 2023: RMB73,445 million), among which capital for sales monitoring amounted to RMB27,427 million, representing an increase of RMB3,548 million as compared to RMB23,879 million as at 31 December 2023, mainly due to the launch of a number of new high-quality projects in Hangzhou, Xi'an, Taizhou, Yiwu and other cities during the first half year of 2024 enabling us to achieve a better overall sell-through, and an increase in the amount of funds included in the regulatory focus in accordance with the government's regulatory policy. Total borrowings amounted to RMB148,314 million (31 December 2023: RMB146,142 million) and net liabilities (total borrowings less bank balances and cash) amounted to RMB73,181 million (31 December 2023: RMB72,697 million). Net gearing ratio (net liabilities divided by total equity) was 67.2%, representing an increase from 63.8% as at 31 December 2023. Balance of borrowings due within one year amounted to RMB35,313 million, accounting for 23.8% (31 December 2023: 22.3%) of the total borrowings. The closing balance of bank balances and cash was 2.1 times (31 December 2023: 2.3 times) the balance of borrowings due within one year. The Group has relatively ample cash flow, coupled with a reasonable debt structure, providing strong support for the future development of the Company.

Risks of foreign exchange fluctuation

The principal place of operation of the Group is in the PRC, and the majority of its income and expenditure is 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. Among which, the Group made early replacement of offshore US dollar loans by withdrawal of offshore RMB loans equivalent to US\$560 million during the Period, excluding which, the share of foreign currency borrowing in the Company's total borrowings was relatively low, and the foreign exchange fluctuation was cyclical in nature. No foreign exchange hedging arrangements were entered into by the Company during the Period. The Company will continue to closely monitor the foreign exchange market change and proactively discuss foreign exchange hedging proposals with all banks. Net foreign exchange loss of RMB74 million (the corresponding period of 2023: RMB693 million) was incurred during the Period.

Contingent liabilities

The Group provided guarantees in respect of certain banks' mortgages granted to the buyers of the Group's properties. As at 30 June 2024, such guarantees for mortgage facilities amounted to RMB28,643 million (31 December 2023: RMB32,452 million).

Pledge of assets

As at 30 June 2024, 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, etc, with an aggregate carrying value of RMB133,705 million (31 December 2023: RMB130,808 million) to secure general credit facilities granted by banks and other parties to the Group.

Capital commitments

As at 30 June 2024, the Group had contracted, but not provided for, capital expenditure commitments of RMB739 million (31 December 2023: RMB732 million) in respect of investment properties and construction in progress.

CAPITAL EXPENDITURE PLAN

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

EVENT AFTER THE BALANCE SHEET DATE

Repurchase and cancellation of senior notes

On 22 December 2021, the Company issued 5.95% senior notes due 2024 (ISIN: XS2390472202) (the “Notes”) in the aggregate principal amount of US\$150,000,000. As of 5 July 2024, the Company had repurchased all of the outstanding Notes. The repurchased Notes have been cancelled according to their terms.

For details of the repurchase of the Notes, please refer to the announcement of the Company dated 5 July 2024.

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

Partial redemption and cancellation of bonds

On 27 January 2022, the Company issued 2.30% credit enhanced bonds due 2025 (ISIN: XS2434935875) in the aggregate principal amount of US\$400,000,000 (the “2.30% Bonds”), which is listed on the Stock Exchange (stock code: 04463).

During the Reporting Period, the Company had repurchased from the open market an aggregate principal amount of US\$300,000,000 of the 2.30% Bonds. The repurchased 2.30% Bonds have been cancelled according to their respective terms in the Reporting Period. For details of the redemption and cancellation of the repurchased 2.30% Bonds, please refer to the announcements of the Company dated 5 June 2024 and 21 June 2024.

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 2024, the Group employed a total of 9,158 employees (31 December 2023: 9,403). 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 or awards may also be granted to the employees based on their individual performance evaluation.

CORPORATE GOVERNANCE CODE OF THE LISTING RULES

In the opinion of the Board, the Company has complied with the requirements of all the applicable code provisions set out in the Corporate Governance Code contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") 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 C3 to the Listing Rules (the "**Model Code**") as the standard for securities transactions by the Directors. After specific enquiry for all the Directors, each of the Directors confirmed that he/she 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 no less exacting terms than the Model Code.

REVIEW OF INTERIM RESULTS

The announcement of interim results for the six months ended 30 June 2024 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 2024 prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting", and issued a review report dated 23 August 2024.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2024 (for the six months ended 30 June 2023: nil).

PUBLICATION OF INTERIM REPORT

The full text of the Company's 2024 interim report will be dispatched 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 development 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
23 August 2024

As at the date of this announcement, the Board comprises Mr ZHANG Yadong, Mr GUO Jiafeng, Mr ZHOU Changjiang, 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.