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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 2023

HIGHLIGHTS

- Revenue amounted to RMB56.976 billion, profit for the Period amounted to RMB4.641 billion;
- Profit attributable to owners of the Company amounted to RMB2.545 billion, representing an increase of 41.3% over the corresponding period of last year; core net profit attributable to owners of the Company amounted to RMB3.881 billion, representing an increase of 4.2% over the corresponding period of last year;
- Bank balances and cash (including pledged bank deposits) totalled RMB68.782 billion, which was 2.2 times of the balance of borrowings due within one year;
- The weighted average interest cost of total borrowings decreased by 10 bps to 4.4% as compared to the corresponding period of last year;
- Total contracted sales achieved RMB134.2 billion, with self-investment projects sales of RMB98.2 billion and attributable sales increasing by 40% over the corresponding period of last year to RMB63.3 billion;
- 19 projects were newly-added, with a total GFA of approximately 2.57 million sqm and estimated saleable value of RMB57.1 billion, of which 89% are located in first- and second-tier cities.

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 2023 (the “**Reporting Period**”, “**Period**” or “**1H2023**”) prepared in accordance with the International Financial Reporting Standards, together with comparative figures for the corresponding period of 2022. 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 2023 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 2023

	<i>Notes</i>	2023 <i>RMB'000</i> (Unaudited)	2022 <i>RMB'000</i> (Unaudited)
REVENUE	4	56,976,464	64,730,853
Cost of sales		<u>(47,056,021)</u>	<u>(53,497,871)</u>
Gross profit		9,920,443	11,232,982
Other income	5	1,634,872	1,784,785
Other losses	6	(728,752)	(1,104,089)
Selling expenses		(844,006)	(1,169,850)
Administrative expenses		(1,823,718)	(1,944,778)
Finance costs	7	(1,483,222)	(1,377,945)
Impairment losses under expected credit loss model, net		(37,294)	(66,874)
Impairment losses on non-financial assets, net		(414,634)	(354,777)
Gain/(loss) from changes in fair value of investment properties		26,867	(29,984)
Gain on disposal of subsidiaries, net		32,986	–
Gain on acquisition of subsidiaries, net		382,720	12,539
Share of results of joint ventures		319,698	(84,689)
Share of results of associates		165,716	823,825
PROFIT BEFORE TAXATION		7,151,676	7,721,145
Taxation	8	(2,510,546)	(2,860,658)
PROFIT FOR THE PERIOD		4,641,130	4,860,487
Attributable to:			
Owners of the Company		2,545,111	1,800,943
Non-controlling interests		2,096,019	3,059,544
		4,641,130	4,860,487

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

For the six months ended 30 June 2023

	<i>Note</i>	2023 RMB'000 (Unaudited)	2022 <i>RMB'000</i> <i>(Unaudited)</i>
PROFIT FOR THE PERIOD		<u>4,641,130</u>	<u>4,860,487</u>
OTHER COMPREHENSIVE (LOSS)/INCOME			
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:			
Fair value (loss)/gain on equity investments designated at fair value through other comprehensive income for the period, net of tax		<u>(167,413)</u>	<u>237,004</u>
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD		<u>(167,413)</u>	<u>237,004</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>4,473,717</u>	<u>5,097,491</u>
Attributable to:			
Owners of the Company		<u>2,379,114</u>	2,037,962
Non-controlling interests		<u>2,094,603</u>	<u>3,059,529</u>
		<u>4,473,717</u>	<u>5,097,491</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic	<i>10</i>	<u>RMB0.99</u>	<u>RMB0.66</u>
Diluted	<i>10</i>	<u>RMB0.99</u>	<u>RMB0.66</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
30 June 2023

	As at	As at
	30 June	31 December
	2023	2022
<i>Note</i>	RMB'000	RMB'000
	(Unaudited)	(Audited)
NON-CURRENT ASSETS		
Property, plant and equipment	10,414,165	9,613,761
Investment properties	10,815,032	9,370,010
Right-of-use assets	1,009,215	976,336
Goodwill	981,761	981,761
Intangible assets	581,608	588,295
Interests in associates	30,211,182	27,645,793
Interests in joint ventures	13,970,295	15,893,633
Equity investments designated at fair value through other comprehensive income (“FVTOCI”)	1,271,483	1,400,223
Deferred tax assets	5,040,771	6,176,738
Deposit for acquisition of properties	164,910	59,192
	<hr/>	<hr/>
Total non-current assets	74,460,422	72,705,742
CURRENT ASSETS		
Properties for development	18,072,756	11,097,426
Properties under development	240,975,358	245,909,719
Completed properties for sale	27,468,192	26,673,220
Inventories	1,165,112	997,222
Trade and other receivables, deposits and prepayments	16,864,553	9,247,475
Contract assets	3,614,091	3,831,613
Contract costs	946,477	803,783
Amounts due from related parties	71,303,054	76,069,261
Prepaid income taxes	10,728,496	8,979,181
Prepaid other taxes	9,232,144	8,241,748
Financial assets at fair value through profit or loss (“FVTPL”)	114,712	126,430
Pledged bank deposits	3,542,940	4,081,837
Bank balances and cash	65,238,847	66,312,335
	<hr/>	<hr/>
Total current assets	469,266,732	462,371,250

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

30 June 2023

		As at 30 June 2023	As at 31 December 2022
	<i>Note</i>	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Audited)
CURRENT LIABILITIES			
Trade and other payables	12	53,937,783	61,454,282
Contract liabilities		170,503,801	147,850,403
Amounts due to related parties		39,640,281	41,711,788
Income taxes payable		8,423,454	10,515,273
Other taxes payable		17,561,406	16,239,567
Lease liabilities		93,079	76,963
Bank and other borrowings		21,098,717	17,689,640
Senior notes		111,009	103,509
Corporate debt instruments		8,892,227	7,364,936
Receipts under securitisation arrangements		957,819	1,748,125
Dividends payable		1,265,999	–
		<u>322,485,575</u>	<u>304,754,486</u>
Total current liabilities		322,485,575	304,754,486
NET CURRENT ASSETS		146,781,157	157,616,764
TOTAL ASSETS LESS CURRENT LIABILITIES		221,241,579	230,322,506
NON-CURRENT LIABILITIES			
Bank and other borrowings		83,762,258	81,389,727
Senior notes		9,260,115	8,902,919
Corporate debt instruments		18,530,626	21,979,913
Receipts under securitisation arrangements		–	942,650
Lease liabilities		347,692	376,896
Deferred tax liabilities		4,106,781	5,228,616
Financial liabilities at fair value through profit or loss		115,867	88,867
		<u>116,123,339</u>	<u>118,909,588</u>
Total non-current liabilities		116,123,339	118,909,588
NET ASSETS		105,118,240	111,412,918
EQUITY			
Equity attributable to ordinary shareholders of the Company			
Share capital		242,475	242,475
Reserves		36,063,180	35,781,282
		<u>36,305,655</u>	<u>36,023,757</u>
Perpetual securities		–	1,526,799
Non-controlling interests		68,812,585	73,862,362
		<u>68,812,585</u>	<u>73,862,362</u>
TOTAL EQUITY		105,118,240	111,412,918

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 2023 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 2022.

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 2022, except for the adoption of the following new and revised International Financial Reporting Standards (“IFRSs”) for the first time for the current period’s financial information.

IFRS 17	<i>Insurance Contracts</i>
Amendments to IFRS 17	<i>Insurance Contracts</i>
Amendment to IFRS 17	<i>Initial Application of IFRS 17 and IFRS 9 – Comparative Information</i>
Amendments to IAS 1 and IFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to IAS 8	<i>Definition of Accounting Estimates</i>
Amendments to IAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to IAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

The application of the above new and 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 2023

	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	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	<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>

3. OPERATING SEGMENT INFORMATION (continued)

For the six months ended 30 June 2022

	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	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	60,183,304	256,047	88,811	1,146,019	3,056,672	64,730,853	-	64,730,853
Inter-segment revenue	-	4,618	3,648	-	1,434,358	1,442,624	(1,442,624)	-
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								<u>(58,331)</u>
Profit for the period								<u>4,860,487</u>

The following table presents the asset and liability information of the Group's operating segments as at 30 June 2023 and 31 December 2022, respectively:

Segment assets

	As at 30 June 2023 <i>RMB'000</i> (Unaudited)	As at 31 December 2022 <i>RMB'000</i> (Audited)
Property development	493,295,158	489,094,315
Hotel operations	10,710,636	10,206,819
Property investment	11,693,531	10,077,154
Project management	6,553,591	5,890,895
Others	16,218,757	14,709,191
Total segment assets	538,471,673	529,978,374
Unallocated	5,255,481	5,098,618
Consolidated assets	543,727,154	535,076,992

3. OPERATING SEGMENT INFORMATION (continued)

Segment liabilities

	As at 30 June 2023 <i>RMB'000</i> (Unaudited)	As at 31 December 2022 <i>RMB'000</i> (Audited)
Property development	420,384,791	406,930,745
Hotel operations	2,664,442	1,926,502
Property investment	1,670,246	1,702,109
Project management	1,750,340	2,009,533
Others	10,386,975	9,702,030
Total segment liabilities	436,856,794	422,270,919
Unallocated	1,752,120	1,393,155
Consolidated liabilities	<u>438,608,914</u>	<u>423,664,074</u>

4. REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2023 <i>RMB'000</i> (Unaudited)	2022 <i>RMB'000</i> (Unaudited)
<i>Revenue from contracts with customers</i>	56,866,293	64,642,042
<i>Revenue from other sources:</i>		
Rental income	110,171	88,811
	<u>56,976,464</u>	<u>64,730,853</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)

Timing of revenue recognition

For the six months ended 30 June 2023

	Property sales <i>RMB'000</i> (Unaudited)	Hotel operations <i>RMB'000</i> (Unaudited)	Project management <i>RMB'000</i> (Unaudited)	Design and decoration <i>RMB'000</i> (Unaudited)	Sales of construction materials <i>RMB'000</i> (Unaudited)	Others <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
Recognised at a point in time	40,631,119	–	–	–	118,660	–	40,749,779
Recognised over time	<u>11,647,305</u>	<u>474,886</u>	<u>1,460,024</u>	<u>1,497,974</u>	<u>–</u>	<u>1,036,325</u>	<u>16,116,514</u>
Revenue from contracts with customers	<u>52,278,424</u>	<u>474,886</u>	<u>1,460,024</u>	<u>1,497,974</u>	<u>118,660</u>	<u>1,036,325</u>	<u>56,866,293</u>

For the six months ended 30 June 2022

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

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 2023

	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	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
	<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)
Revenue from contracts with customers	<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>

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)
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>

5. OTHER INCOME

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Interest income	1,210,965	1,369,453
Comprehensive service income	250,896	255,850
Government grants	40,808	45,270
Dividends from equity investments designated at FVTOCI	39,315	38,786
Others	92,888	75,426
	<u>1,634,872</u>	<u>1,784,785</u>

6. OTHER LOSSES

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Foreign exchange losses, net	(693,455)	(1,101,732)
Net gain/(loss) on disposal of property, plant and equipment and right-of-use assets	1,319	(4,823)
(Loss)/gain from changes in fair value of financial assets measured at FVTPL	(9,616)	4,504
Loss from changes in fair value of financial liabilities measured at FVTPL	(27,000)	(2,458)
Gain on disposal of an associate	–	420
	<u>(728,752)</u>	<u>(1,104,089)</u>

7. FINANCE COSTS

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Interest on bank and other borrowings and amounts due to related parties	3,135,990	2,971,257
Interest on senior notes	218,011	201,180
Interest on corporate debt instruments	534,942	568,595
Interest on receipts under securitisation arrangements	37,739	88,995
Interest on leases	13,079	8,900
	<u>3,939,761</u>	<u>3,838,927</u>
Total borrowing costs	3,939,761	3,838,927
Less: Interest capitalised in properties under development and construction in progress	(2,456,539)	(2,460,982)
	<u>1,483,222</u>	<u>1,377,945</u>

8. TAXATION

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

	For the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax:		
PRC enterprise income tax	1,963,165	2,097,841
PRC land appreciation tax	674,496	1,115,753
	<u>2,637,661</u>	<u>3,213,594</u>
Deferred tax:		
PRC enterprise income tax	(104,675)	(257,715)
PRC land appreciation tax	(22,440)	(95,221)
	<u>(127,115)</u>	<u>(352,936)</u>
Total tax charge for the period	<u>2,510,546</u>	<u>2,860,658</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., Greentown Construction Management Group Co., Ltd., Zhejiang Greentown Lianhe Design Co., Ltd., Zhejiang Greentown Technology Home Furnishing Co., Ltd., Zhejiang Lvchuang Xintuo Architectural Planning and Design Co., Ltd., Zhejiang Greentown Building Curtain Wall Engineering Co., Ltd., Greentown Housing Technology Co., Ltd., Zhejiang Greentown Building Lemei Urban Development Co., Ltd., Zhejiang Greentown Future Digital Intelligence Technology Co., Ltd. and Zhejiang Greentown Jiangxin Architectural Design 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. 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 Mainland China. In the opinion of the directors, 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 2023, the Group has estimated and made a provision for PRC land appreciation tax in the amount of RMB652,056,000 (for the six months ended 30 June 2022: RMB1,020,532,000). 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 RMB0.5 per ordinary share, or RMB1,265,999,000 in total, for the year ended 31 December 2022 (six months ended 30 June 2022: RMB0.46 per ordinary share, or RMB1,154,944,000 in total, for the year ended 31 December 2021) 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 31 July 2023.

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: 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	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Earnings:		
Profit for the period attributable to the owners of the Company	2,545,111	1,800,943
Less: Attributed to perpetual securities	(25,954)	(134,589)
	<hr/> 2,519,157	<hr/> 1,666,354
Earnings for the purpose of basic earnings per share		
	<hr/> 2,519,157	<hr/> 1,666,354
Earnings for the purpose of diluted earnings per share		
	<hr/> 2,519,157	<hr/> 1,666,354

Number of shares

	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
Shares:		
Weighted average number of ordinary shares for the purpose of the basic earnings per share calculation	2,531,998,690	2,505,930,952
Effect of dilutive potential ordinary shares:		
Share options	4,366,076	18,789,700
	<hr/> 2,536,364,766	<hr/> 2,524,720,652
Weighted average number of ordinary shares for the purpose of diluted earnings per share		

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 2023 attributable to ordinary equity holders of the parent. 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 2023 does not take into account 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.

The computation of diluted earnings per share for the six months ended 30 June 2023 and 30 June 2022 does not assume the immaterial impact of dilutive potential ordinary shares of Greentown Management Holdings Company Limited which was immaterial.

11. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Trade receivables	1,880,965	1,761,197
Less: Allowance for credit losses	<u>(144,167)</u>	<u>(140,319)</u>
	<u>1,736,798</u>	<u>1,620,878</u>
Other receivables	15,144,137	5,499,253
Less: Allowance for credit losses	<u>(926,613)</u>	<u>(901,972)</u>
	<u>14,217,524</u>	<u>4,597,281</u>
Prepayments and deposits	910,231	3,029,316
	<u>16,864,553</u>	<u>9,247,475</u>

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

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Within 90 days	1,132,447	1,035,447
91 to 180 days	301,846	149,565
181 to 365 days	146,978	209,263
Over 365 days	<u>299,694</u>	<u>366,922</u>
	<u>1,880,965</u>	<u>1,761,197</u>

12. TRADE AND OTHER PAYABLES

	As at 30 June 2023 <i>RMB'000</i> (Unaudited)	As at 31 December 2022 <i>RMB'000</i> (Audited)
Trade payables	43,073,089	47,721,746
Other payables and accrued expenses	10,845,794	13,638,036
Consideration payables on acquisition of a subsidiary	18,900	94,500
	<u>53,937,783</u>	<u>61,454,282</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 as follows:

	As at 30 June 2023 <i>RMB'000</i> (Unaudited)	As at 31 December 2022 <i>RMB'000</i> (Audited)
Within 180 days	35,369,088	35,405,538
181 to 365 days	4,773,430	9,667,848
Over 365 days	2,930,571	2,648,360
	<u>43,073,089</u>	<u>47,721,746</u>

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATIONS REVIEW

In the first half of 2023, there were still numerous challenges ahead for the domestic economy to recover, with consumer and investment confidence yet to revive. The divergence of the real estate industry has further intensified. In terms of policies, the real estate policy environment has continued to loosen since the end of last year. In terms of the market, the demand in various cities has further diverged. After a quick bounce at the beginning of the year, the market cooled down significantly in the second quarter. In terms of land, the land market remained sluggish in general, but the demand for and competition of premium land parcels in core cities remained intense. Cities such as Beijing and Hangzhou witnessed a record high number of companies participating in land auctions. Regarding enterprises, real estate enterprises continued to diverge with various resources being concentrated in top and quality ones.

In the face of ongoing challenges in the industry, Greentown China has always adhered to its core strengths and anchored on the objectives of “Strategic 2025”, actively responding to challenges in the industry. In the first half of the year, Greentown China insisted on the implementation of tactics, by maintaining an investment focus manner, improving its sell-through and cash collection in marketing, ensuring financial stability and safety, continuing to lead in product and service, increasing efficiency while reducing costs in management, so as to solidly improve quality and refine our core strengths.

During the Period, Greentown China has been 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 19 consecutive years and listed on “Forbes Global 2000” and “Fortune Top500 Chinese Listed Companies” for consecutive years. The Company has shown positive momentum in various operational dimensions. In terms of operating performance, its profitability improved steadily and it remained a sound financial structure. In terms of market position, contracted sales, self-investment projects sales and attributable sales amount all ranked Top10 in the industry. In terms of development prospects, Greentown China has acquired a number of premium land parcels in core cities, with its newly-added saleable value ranking 8th in the industry. In terms of product advantages, the numbers of both projects and units delivered have reached historical highs. The product and service quality continued to lead the industry and have earned respectful recognition from peer companies and other sectors. In terms of the capital market, financing channels were smooth and financing costs remained low, and S&P has upgraded its outlook of rating to “positive”.

Stable and robust operational performance with steadily improving profitability

During the Period, the Group generated revenue of RMB56,976 million, representing a decrease of RMB7,755 million from RMB64,731 million in the corresponding period of 2022. Net profit was RMB4,641 million, representing a decrease of 4.5% from RMB4,860 million in the corresponding period of 2022, and profit attributable to owners of the Company was RMB2,545 million, representing an increase of 41.3% from RMB1,801 million in the corresponding period of 2022.

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 RMB3,881 million, representing an increase of RMB155 million or 4.2% from RMB3,726 million in the corresponding period of 2022.

Effective marketing strategy to secure a solid industry position

Strengthening advantages to consolidate market position. In the first half of 2023, 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 the 7th place in the PRC, with self-investment projects sales ranking 8th and attributable sales ranking 9th. It recorded a total contracted sales area of approximately 6.04 million sqm and a total contracted sales amount of approximately RMB134.2 billion, representing a year-on-year increase of 19%, which outperforms the year-on-year growth of the average sales amount of Top10 real estate enterprises by 13 pts. Among which, the self-investment projects of Greentown Group contributed a total contracted sales area of approximately 3.37 million sqm and a contracted sales amount of approximately RMB98.2 billion, representing a year-on-year increase of 16%, of which approximately RMB63.3 billion was attributable to the Greentown Group, representing a year-on-year increase of 40% and an increase of attributable ratio to 64%. The average selling price of self-investment projects maintained at the industry high of approximately RMB29,150 per sqm. In addition, for the Period, Greentown Group recorded a total contracted sales area of approximately 2.67 million sqm and a total contracted sales amount of approximately RMB36 billion from the projects under its project management business with the "Greentown" brand (non-self-investment projects, referred to as "projects under project management").

Focusing on core cities and intensifying cash collection effort. In the first half of the year, the cash collection rate continued to remain at a high level of 109%, 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 82%, representing an increase of 7 pts as compared to the end of 2022. 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 85%, and the sales ranking reached Top 10 in nearly 20 core cities including Hangzhou, Ningbo, Xi'an and Beijing.

Showcasing numerous highlights with a focus on high quality and efficiency. Leveraging its excellent development and operational capabilities, as well as flexible and effective marketing strategies, several projects acquired in 2023 by Greentown China have achieved rapid conversion, gaining high market recognition. The Ningbo Fengming Yuncui secured the top spot in the city's semi-annual sales performance for commodity residential properties, with sales amount reaching approximately RMB3.5 billion as being sold out for three consecutive launches; the Xi'an National Games Village Dangui Garden became a hot-selling project with overwhelming demand, achieving a 100% sell-through rate of first launch; the Hangzhou Ting'an Chenfeng Lane took only 57 days from land acquisition to obtaining pre-sale permits, and achieved residential sold-out in 81 days with sales amount of approximately RMB4.4 billion.

Focused and sniper-style investment while expanding with precision and efficiency

The Group adhered to its investment strategy of “focused and sniper-style, precision and efficiency”, and actively participated in over a hundred land auctions in first- and second-tier core cities such as Hangzhou, Shanghai, Beijing and Suzhou. In the first half of the year, the Group acquired 19 new projects with a total GFA of approximately 2.57 million sqm. The costs borne by the Group amounted to approximately RMB25.1 billion; with an average land cost of approximately RMB12,233 per sqm. The newly-added saleable value was estimated to reach RMB57.1 billion, ranking 8th in the PRC.

Strengthening presence in core cities with sniper-style investment approach. In the first half of the year, the Company focused on core segments in first- and second-tier cities, and reinforced its market position in core cities. The newly-added saleable value in first- and second-tier cities such as Hangzhou, Xi’an, Ningbo and Suzhou accounted for 89%. At the same time, the Company adopted a “sniper-style investment” approach in high quality third- and fourth-tier cities such as Jiaxing, Taizhou and Shaoxing to acquire premium projects.

Delivering synchronized enhancements in quality and efficiency to achieve efficient conversion. In the first half of 2023, approximately RMB34.8 billion from the newly-added saleable value was estimated to be converted into sales in the current year, representing a high conversion rate of 61%. As of 30 June 2023, approximately RMB9.2 billion has been converted into sales.

Securing profit and increasing equity interests. In the first half of 2023, the new projects acquired continued to maintain a favorable level of net profit margin and the average attributable ratio increased to 79%. Under the premise of ensuring safety, liquidity and profitability, Greentown China has further improved operational efficiency and minimized cooperation risks to improve profit attributable to owners of the Company.

Table of Newly-Added Land Bank in 1H2023

No.	Land/Project Name	Percentage of Equity	Paid by Greentown (RMB million)	Total GFA (sqm)
1	Hangzhou Ting’an Chenfeng Lane	90.9%	2,951	169,494
2	Hangzhou Yueyi Xinghexuan	49.8%	268	72,511
3	Hangzhou Zitang Garden	51.0%	1,539	170,569
4	Hangzhou Tinggui Lane	65.0%	558	87,116
5	Hangzhou Yongxi Yunlu	90.0%	1,935	177,828
6	Hangzhou Zhilan Yuehua	100.0%	4,740	144,198
7	Hangzhou Lilanxuan	90.0%	1,946	110,318
8	Ningbo Fengming Yuncui	26.8%	822	193,765
9	Ningbo Yanyu Chunfeng	92.0%	579	64,699
10	Jiaxing Xiaofeng Yinyue	100.0%	1,107	159,496
11	Linhai Jianglan Mingcui	100.0%	431	60,889
12	Shaoxing Xiaofeng Yinyue	100.0%	1,460	149,947
13	Suzhou Chunyue Jinyuan	100.0%	836	63,487

No.	Land/Project Name	Percentage of Equity	Paid by Greentown (RMB million)	Total GFA (sqm)
14	Tianjin Guiyu Tinglan Phase II	100.0%	494	75,818
15	Dalian Haiyun Xiaofeng	85.0%	920	100,567
16	Xi'an National Games Village Dangui Garden	51.0%	547	193,386
17	Xi'an Yueying Begonia	86.0%	619	94,384
18	Xi'an Chunxi Begonia	86.0%	1,505	212,028
19	Xi'an Fengming Begonia	86.0%	1,813	272,244
Total			25,070	2,572,744

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 growth and long-term profitability. As at 30 June 2023, Greentown Group had a total of 200 land reserve projects (including those under and pending construction) with a total GFA of approximately 44.55 million sqm, of which approximately 26.60 million sqm was attributable to the Group. The total saleable area was approximately 29.52 million sqm, of which approximately 17.47 million sqm was attributable to the Group. The average land cost per GFA was approximately RMB7,642 per sqm. The value of land reserve in first- and second-tier cities accounted for 79% of the total, and the Yangtze River Delta Area accounted for 52%. The saleable value in 10 strategic core cities such as Beijing, Shanghai and Hangzhou accounted for 53% of the total.

Devoting to Product and Services for Quality Delivery

Product quality and customer satisfaction are Greentown China's "No.1 Project" and "No.1 Standard", respectively. The Group has always pursued first-class product quality and the top position in customer satisfaction, which has earned it honors such as "Chinese Property Developers with Outstanding Product Strength (中國房地產產品力優秀企業)" and "Chinese Property Developers with Excellent Delivery (中國房地產交付力優秀企業)".

Exquisite craftsmanship for quality delivery. Through continuous improvement in engineering management, Greentown China has established a comprehensive quality control system covering the entire process from raw materials, "Greentown style construction management", engineering inspections to delivery evaluation. Greentown China has also developed its own comprehensive operation efficiency and interleaved construction model, constantly enhancing standardization and streamlined operation. In the first half of 2023, Greentown Group delivered a total of 107 projects and over 70,000 units, hitting new records in terms of the number of projects and units delivered, among which, the delivery time for self-investment projects was 30 days ahead of the contracted delivery timeline on average.

Continuous optimization of services innovation. Greentown China has always adhered to its strategy of “customer-oriented product offering”, focusing on the demands and understanding of the customers. The concepts of “front end innovation” and “big design” have been implemented throughout the entire business chain. The “139” home flow route system based on life cycles and emotional pursuits of different families was officially launched, together with the optimization of catering and kitchen, and the constant improvement of IPs such as the landscape of “Chunzhi Academy (春知學堂)” with enlarged scope of application. During the Period, Greentown China has launched the 5G “Heart” service 2.0, providing customers with services and support centering on housing, caring and property services throughout the entire housing lifecycle. According to the 2023 Customer Satisfaction Survey on Real Estate Developers in China (中國房地產顧客滿意度調查), Greentown China scored 91.2 points, maintaining its position as an industry leader with the market average of 72.3 points, and ranked 1st in customer satisfaction across 16 cities and in customer loyalty across 7 cities, in which the Company has presence.

Advance with green innovation and benchmark projects. Under the trend of real estate transforming towards green and low-carbon development, Greentown China always adheres to the concept of “green” and “healthy”, continuously improving the quality of green buildings with the commitment to achieving 100% compliance with national green building standards for new projects after 2023. As at 30 June 2023, there have been a total of 242 green building projects, and over 70% of the projects under construction applied the prefabricated technology. At the same time, Greentown China creates benchmark projects to maintain its leading position in terms of product strength, showcasing low-energy buildings represented by Beijing Qinyuan and urban renewal projects represented by Shanghai Hong’an Lane, and winning more than 30 domestic and foreign design awards during the Period.

Enhancing debt structure and intensifying cash management to safeguard financial security

In the first half of 2023, although the financing supportive policies for real estate enterprises have marginally improved, the overall financing scale of the industry has continued to decline. Leveraging its high creditworthiness, steady business development and effective cash flow management, the Group actively maintained and continuously expanded financing channels with ongoing optimization of its debt structure, providing a solid backup for the long-term development of the Company. During the Period, the weighted average interest cost of total borrowings decreased from 4.5% to 4.4%, a drop of 10 bps compared to the same period last year, while debts due within one year accounted for 21.8% of the total debts of the Group at 30 June 2023.

Smooth financing channels. The Group has seized the window of opportunity in different channels to supplement funds based on its own needs. As such, it has adapted well and quickly to the financing model under the new cycle. In the first half of the year, the Group completed the public issuance of onshore bonds with total principal amount of RMB7.809 billion, including corporate bonds, medium-term notes, supply chain ABS/ABN, with an average term of 1.48 years and an average interest cost of 3.74%. As of 30 June 2023, the Group still had an unused quota of RMB40.114 billion. In terms of offshore financing, in the environment where the Chinese real estate USD bond market was still “frozen”, the Group swapped a number of short-term loans by actively promoting cross-border coordination with commercial banks, effectively optimizing the debt maturity profile. In the first half of the year, the Group successfully launched three 3-year offshore loans under onshore guarantee with state-owned banks and joint-equity banks, with a total scale of USD646 million. While maintaining smooth offshore financing channels, it reflects the high recognition of financial institutions on the Group.

Continuous rising of rating. Various core indicators of the Group have been continuously optimized and highly recognized by a number of rating agencies. In terms of domestic rating, China Bond Rating upgraded Greentown Real Estate's corporate rating from A+ to AA- in June 2023, effectively solidifying the Group's dominant position in the domestic capital market. In terms of overseas rating, despite frequent rating downgrades on a large number of real estate enterprises from rating agencies, Greentown China has maintained its rating stable, with Moody's Ba3 rating and "stable" outlook, while S&P rated it BB- and upgraded Greentown China's outlook from "stable" to "positive" in May 2023, which was a rare positive rating action for Chinese real estate companies in recent two years.

Focusing on management and active cost cutting to improve efficiency

In the first half of 2023, Greentown China continued to implement its strategy of "reform, rebuilding and refinement" and carried out a "large cost, large procurement" model to continuously improve management efficiency.

Robust and effective cost control. We have continuously improved our management concentration, expanding the scope of control from engineering to marketing, administration, digitization and other relevant areas. We have broadened the range of centralized procurement, leveraging the advantages of intensification, and lowering procurement costs. During the Period, 25 components and parts were standardized, reducing engineering changes and ineffective costs. The down-floating rate of centralized procurement prices was 3.0%, saving 1.6% on the cost of delivered projects compared to estimation, and the application rate of centralized procured materials maintained at 100%.

Steadily improved operational efficiency. In order to further enhance development efficiency and ensure operational benefits, we have established standardized construction periods of "one strategy for one city" for 37 cities to ensure that our development speed ranks among the top in the industry. The period from land acquisition to commencement of construction and to first launch were shortened to 2.1 months and 4.7 months on average, respectively, with year-on-year improvements of 25% and 22%, and the completed area year-on-year increased by 56% to approximately 7.79 million sqm in the Period. The period from land acquisition to the opening of demonstration area, to first launch and to positive operating cash flow of Suzhou Yunlu were 3.7 months, 4.8 months and 5 months, respectively, achieving rapid residential sold-out.

Empowering the frontline to enhance organizational capacity

We achieve team optimization by empowerment and improve capabilities by internal-rotation. The Group constantly introduces high-calibre talents and builds an internal talent pool, with about 80 middle and senior management being introduced. Key positions competition, qualification certification as well as necessary appraisal were conducted to promote positive competition among teams. By enhancing frontline empowerment, encouraging personnel mobility and streaming management levels, about 20% of headquarter staff are deployed to the frontline each year, comprehensively improving the team's capability and dynamics. The Group's area under construction per capita during the Period increased by 8% to 11,850 sqm as compared to the end of 2022.

Maintaining growth in project management business and leadership in the industry

Greentown Management Holdings Company Limited (“**Greentown Management**”), a subsidiary of the Company, continues to lead the industry. It won the “2023 Top1 Real Estate Development Enterprise in Project Management Industry (2023房地產開發企業代建地產TOP1)” and the “2023 Chinese Excellent Listed Real Estate Company by Agent-construction Operation (2023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 seven consecutive years. In 2023, Greentown Management introduced the “M Mountain Model”, the first B-end service system in the project management industry, to share its 12 years of development experience and continuously lead industry standards to promote healthy development in the project management industry.

As of 30 June 2023, Greentown Management had projects under its management in 123 cities, with a total contracted GFA of approximately 113.59 million sqm and area under construction of approximately 49.14 million sqm. Greentown Management has strong business expansion capabilities, with estimated project management fees for newly-developed projects during the Period reaching RMB5.12 billion, representing an increase of 26.3% as compared to the same period last year. Its profitability also continued to strengthen, with net profit attributable to owners of the company reaching RMB474 million for the Period, representing a year-on-year increase of 31.3%.

Empowering business synergies and assisting operational development

Centering on the real estate industry, Greentown China connects upstream and downstream industries to create the Greentown ecosystem. The town business implements a dual-wheel drive strategy of “Heavy Asset + Industrial Operation”, and has been awarded the “2023 Chinese Enterprises with Outstanding Industrial Comprehensive Operation (2023中國產業綜合運營優秀企業)”, and builds models for “Future Countryside” in response to the national rural revitalization strategy. The construction technology sector synergizes with the main business, transforming towards EPC general contracting model and integration of interior decoration and soft furnishings, with the number of high-tech enterprises amounting to 8 and authorized patents amounting to 595. The commercial operation business remained stable in operations, with the revenue from hotel operations achieving a year-on-year increase of 86% and rental income from investment properties increasing by 24% year-on-year. The industrial finance business combines investment and financing and continues to empower the main business and integrated industries. The living service segment strengthens its core advantages, being honored as one of the “Top10 Retirement Brands in China (中國養老十大品牌)”, serving 124 future communities in total, representing an increase of 31% as compared to the end of 2022, serving nearly half of Zhejiang Province’s future communities, promoting urban digital transformation. Meanwhile, in order to strengthen business synergy and brand management, the Group focuses on fostering brands including Ouyu (long-term rental apartments), GT Plaza, Qingyue (commercial), and Zunlan (hotels).

PROSPECTS

Real estate industry has shifted from high-speed growth to high-quality growth and has presented four new significant “changes”, namely the major changes in the development stage, supply and demand relationships, market structure and functional demand for housing. Quality real estate enterprises urgently need to rely on their own operation and management capabilities to explore and establish new development models amidst the four significant “changes”.

Greentown China insists on “upgrading strategy and refining tactics”, and it will continue to solidify its strategic pivot points of “best understanding of customers and best understanding of products”, and consistently regard product strength as the foundation of the Company and enhancement of management capability as the core competitiveness of the Company. We will closely pursue our business objectives and enhance comprehensive quality with the following specific measures:

First, we will make precise investment and active expansion. Under the premise of ensuring safety and liquidity, we will appropriately expand investment channels, with a focus on premium lands in core cities as the main investment targets, and capture quality opportunities in certain other cities. We will actively explore new opportunities emerging in areas such as urban renewal.

Second, we will refine marketing and balance quantity and price. We will develop targeted and different marketing strategies and methods according to market differentiation to proactively respond to market changes, and we will enhance inventory clearing and cash collection management, striving to achieve our sales targets.

Third, we will pursue product exquisiteness and prioritize customer satisfaction. We will put more efforts in customer research and product development, enhance engineering process control, create benchmark projects in core cities, and maintain Greentown China’s leading position in terms of product and service strength.

Fourth, we will reduce costs and ensure financial stability. We will continue to promote management upgrade, cost saving, actively optimize debt structure and financing costs, and ensure the safety of cash flow and profit realization.

Fifth, we will streamline operations and stay agile and efficient. We will enhance lean operation capabilities, keep close to the frontline, be highly efficient and flexible, and rapidly advance operational decisions.

Sixth, we will improve the team and empower the organization. We will strengthen assessment incentives and performance orientation, continuously promote organizational optimization, increase talent recruitment and internal training, thus solidifying the organizational foundation and talent foundation for high-quality development of Greentown China.

While pursuing stability and efficiency, Greentown China will continue to improve corporate governance, practice green and environmental protection, fulfill social responsibilities, and achieve sustainable development of the Company.

In the second half of 2023, Greentown China will have sufficient saleable resources, and its projects will enjoy significant advantages. As of 30 June 2023, the saleable value of self-investment projects was approximately RMB195.5 billion (excluding the value of projects acquired in the second half of 2023 that can be launched within the year), with first- and second-tier cities accounting for 80%. The Group expects the total GFA of completed projects/phases for 2023 to be approximately 18.10 million sqm, representing a year-on-year increase of 43%. As of 30 June 2023, the Group recorded an accumulated unbooked sales of approximately RMB311.4 billion (attributable: approximately RMB195.5 billion).

Through the collective efforts of the entire company, Greentown China will actively and steadily focus on improving product quality, driving business development and profit enhancement, and making every effort to achieve our annual business objectives. We will steadfastly advance on the path of “comprehensively high-quality and sustainable” development.

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, etc. During the Period, the revenue of the Group amounted to RMB56,976 million, among which revenue from sales of properties accounted for 91.8%, design and decoration revenue accounted for 2.6%, project management revenue accounted for 2.6% and revenue from holding properties for operation and others accounted for 3.0%, representing a decrease of 12.0% from RMB64,731 million in the corresponding period of 2022, which was mainly due to the decrease in revenue from sales of properties.

During the Period, the Group’s revenue from sales of properties amounted to RMB52,278 million, representing a decrease of 13.1% from RMB60,183 million in the corresponding period of 2022. The decrease in the revenue from sales of properties delivered during the Period was mainly due to the uneven distribution of area recognized between the first and the second half of the year. During the Period, the area of properties with recognized revenue amounted to 2,267,037 sqm, representing a decrease of 18.8% from 2,793,334 sqm in the corresponding period of 2022. The average selling price of properties with recognized revenue was RMB23,060 per sqm, representing an increase of 7.0% from RMB21,545 per sqm in the corresponding period of 2022, which was mainly due to the higher average selling prices of Hangzhou Lakeside Mansion and Beijing Yihe Jinmao Palace, 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 2023 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 total sales	Average selling price (<i>RMB per sqm</i>)
Hangzhou Lakeside Mansion	High-rise Apartment	146,385	50.92	9.7%	34,785
Beijing Yihe Jinmao Palace	High-rise Apartment	59,652	43.80	8.4%	73,426
Wenzhou Osmanthus Grace	High-rise Apartment	122,927	28.09	5.4%	22,851
Hangzhou Spring Lake	High-rise Apartment, Villas	125,584	27.29	5.2%	21,730
Ningbo Chunxi Chaoming	High-rise Apartment	68,620	25.46	4.9%	37,103
Qingdao Ideal City	High-rise Apartment, Commercial	106,360	24.82	4.7%	23,336
Yongkang Guiyu Yunxi	High-rise Apartment	107,983	20.06	3.8%	18,577
Xi'an Willow Breeze	High-rise Apartment	133,327	18.23	3.5%	13,673
Ningbo Chunyue Jinsha	High-rise Apartment, Commercial	45,588	15.75	3.0%	34,549
Ningbo Chunyue Yunjin	High-rise Apartment	50,018	15.02	2.9%	30,029
Others		1,300,593	253.34	48.5%	19,479
Total		2,267,037	522.78	100.0%	23,060

Note: Areas sold include aboveground and underground areas.

During the Period, projects in Zhejiang area achieved property sales revenue of RMB31,271 million, accounting for 59.8% of the total and ranking top. Projects in Beijing area achieved property sales revenue of RMB6,082 million, accounting for 11.6% and ranking second. Projects in Shandong area achieved property sales revenue of RMB3,195 million, accounting for 6.1% and ranking third.

During the Period, the Group's revenue from sales of high-rise apartments, low-rise apartments, serviced apartments, etc. amounted to RMB45,930 million, accounting for 87.9% of the total; sales revenue from villas amounted to RMB5,637 million, accounting for 10.8%; and that from offices and others amounted to RMB711 million, accounting for 1.3%.

During the Period, the Group's revenue from project management service amounted to RMB1,460 million, representing an increase of 27.4% from RMB1,146 million in the corresponding period of 2022, mainly because the project management opportunities from principals including the government, state-owned enterprises, urban investment companies and financial institutions have increased under the trend of definancialization of real estate industry and decentralization of the investment sector, and the Group has actively participated in the project management services of relief and capital-protected urban investment projects by taking advantage of its own brand, management and resource integration advantages.

During the Period, the Group recorded RMB1,498 million in the revenue from design and decoration business, representing a decrease of 17.4% from RMB1,813 million in the corresponding period of 2022, mainly due to the overall downturn in the real estate market and further selection of partners.

During the Period, the Group's revenue from hotel operations amounted to RMB475 million, representing an increase of 85.5% from RMB256 million in the corresponding period of 2022, mainly due to the continued recovery of domestic business travel and leisure travel, leading to a substantial revival in the hotel operations. During the Period, the Group's rental income from investment properties amounted to RMB110 million, representing an increase of 23.6% from RMB89 million in the corresponding period of 2022, 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 RMB9,920 million, representing a decrease of 11.7% from RMB11,233 million in the corresponding period of 2022, mainly due to the decrease in the area of properties delivered and the revenue from the sale of properties during the Period. During the Period, the Group achieved a gross profit margin of 17.4%, which remained flat basically as compared to that for the same period in 2022. In particular, the gross profit margin of property sales was 16.0%, generally on par with 16.5% in the corresponding period of 2022.

Other income

During the Period, the Group recorded other income of RMB1,635 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 a decrease of 8.4% from RMB1,785 million in the corresponding period of 2022, which was mainly due to the decrease in the interest income due from related parties.

Administrative expenses

Administrative expenses include human resource costs, daily operating expenses and other expenses, such as product research and development expenses. During the Period, the Group incurred administrative expenses of RMB1,824 million, representing a decrease of RMB121 million or 6.2% from RMB1,945 million in the corresponding period of 2022, 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 RMB875 million (the corresponding period of 2022: RMB966 million), representing a year-on-year decrease of RMB91 million or 9.4%. During the Period, the Group incurred daily operating expenses of RMB688 million (the corresponding period of 2022: RMB721 million), representing a year-on-year decrease of RMB33 million or 4.6%.

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 RMB844 million, representing a decrease of RMB326 million or 27.9% from RMB1,170 million in the corresponding period of 2022. During the Period, the Group incurred human resource costs of RMB356 million, representing a year-on-year decrease of RMB101 million or 22.1% from RMB457 million in the corresponding period of 2022, mainly due to, on one hand, the decrease in recognized revenue and decrease in sales commission allocated for the Period and, on the other hand, the continuous optimisation of the commission system of the Group and improvement of cost effectiveness. During the Period, the Group incurred marketing activities expenses of RMB340 million, representing a year-on-year decrease of RMB212 million or 38.4% from RMB552 million in the corresponding period of 2022, mainly due to the continuous implementation of cost reduction and efficiency enhancement, as well as a significant decrease in advertising and promotion expenses. During the Period, the Group incurred daily operating expenses of RMB148 million (the corresponding period of 2022: RMB161 million), representing a year-on-year decrease of RMB13 million or 8.1%.

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 RMB1,483 million (the corresponding period of 2022: RMB1,378 million). Interest expenses of the Group for the Period totalled RMB3,940 million, representing an increase of RMB101 million from RMB3,839 million in the corresponding period of 2022. Weighted average interest cost was 4.4% during the Period, representing a decrease of 10 bps as compared to 4.5% in the corresponding period of 2022. During the Period, with substantial support from financial institutions and recognition in capital markets, financing channels were smooth for the Group to continue its optimisation 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 gain of RMB320 million and its share of results of associates was a gain of RMB166 million, which amounted to an aggregate gain of RMB486 million, representing a decrease of RMB253 million from a gain of RMB739 million in the corresponding period of 2022, mainly due to the decrease in gross profit margin as a result of the impact of the real estate market and provision of impairment loss.

Taxation expenses

During the Period, taxation included land appreciation tax of RMB652 million (the corresponding period of 2022: RMB1,021 million) and enterprise income tax of RMB1,858 million (the corresponding period of 2022: RMB1,840 million). During the Period, land appreciation tax accounted for 1.1% of revenue, representing a decrease compared to 1.6% in the corresponding period of 2022. During the Period, effective enterprise income tax rate was 26.2% (excluding share of results of joint ventures and associates as well as the losses of certain offshore subsidiaries and net foreign exchange loss, etc.), generally on par with 25.5% in the corresponding period of 2022.

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 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 Ningbo Tongshan Future Community, Suzhou Guanlan Yipin and Yangzhou Fengming Yunlu, resulting from the downturn of the real estate market. In addition, during the Period, the Group provided for an impairment loss of RMB37 million after considering the credit risk of the receivables based on the expected credit loss model in conjunction with the subjects, 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 2023, the balance of contract liabilities of the Group was RMB170,504 million, representing an increase of RMB22,654 million or 15.3% from RMB147,850 million as at 31 December 2022. The tax pending for written off in respect of the contract liabilities of the Group as at 30 June 2023 was RMB16,387 million, representing an increase of RMB1,830 million from RMB14,557 million as at 31 December 2022, which was mainly due to an increase in the contracted sales of the Group during the Period.

As at 30 June 2023, the balance of contract liabilities of joint ventures and associates was RMB121,331 million, representing a decrease of RMB16,742 million or 12.1% from RMB138,073 million as at 31 December 2022.

Material disposals

On 25 May 2023, the Group entered into an agreement with Sunac Huabei Development Group Co., Ltd. (“**Sunac Huabei**”) in relation to the disposal of 51% equity interest in Tianjin Greentown National Games Village Construction Development Co., Ltd. (“**Tianjin National Games Village**”) by the Group to Sunac Huabei at the consideration of RMB1,486 million. The transaction was completed in May 2023. The consideration was settled in the following manner: (i) Greentown Real Estate Group Co., Ltd. (“**Greentown Real Estate**”) assigned approximately RMB1,435 million of the consideration receivable from Sunac Huabei to Tianjin National Games Village, thereby offsetting against an equivalent amount due from Greentown Real Estate to Tianjin National Games Village; and (ii) the remaining

consideration amounting to approximately RMB51 million was settled by an equivalent amount due from Tianjin Sunac Jieyao Real Estate Co., Ltd. (an indirect subsidiary of the Company owned as to 93% by a subsidiary of Greentown Real Estate and indirectly owned as to 7% by Sunac Huabei as at the date of the agreement) to Tianjin Sunac Real Estate Co., Ltd. (a wholly-owned subsidiary of Sunac Huabei) pursuant to the terms under the agreement. Such disposal contributed a net gain of RMB19 million for the Company. The disposal constituted a discloseable transaction under Chapter 14 of the Listing Rules.

For details of the disposal agreement, please refer to the announcement of the Company dated 29 May 2023.

Financial resources and liquidity

As at 30 June 2023, the Group had bank balances and cash (including pledged bank deposits) of RMB68,782 million (31 December 2022: RMB70,394 million), among which capital for sales monitoring amounted to RMB21,503 million (31 December 2022: RMB21,865 million). Total borrowings amounted to RMB142,613 million (31 December 2022: RMB140,121 million) and net liabilities (total borrowings less bank balances and cash) amounted to RMB73,831 million (31 December 2022: RMB69,727 million). Net gearing ratio (net liabilities divided by total equity) was 70.2%, representing an increase from 62.6% as at 31 December 2022. Balance of borrowings due within one year amounted to RMB31,060 million, accounting for 21.8% (31 December 2022: 19.2%) of the total borrowings. The closing balance of bank deposits and cash was 2.2 times (31 December 2022: 2.6 times) the balance of borrowings due within one year. The Group has relatively ample cash flow, coupled with a reasonable debt structure, providing a 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 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 RMB693 million was made for RMB depreciation during the Period, which was a provision of loss under IAS 21 without actual cash outflow.

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 2023, such guarantees for mortgage facilities amounted to RMB36,136 million (31 December 2022: RMB45,097 million).

Pledge of assets

As at 30 June 2023, 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, with an aggregate carrying value of RMB121,265 million (31 December 2022: RMB119,505 million) to secure general credit facilities granted by banks and other parties to the Group.

Capital commitments

As at 30 June 2023, the Group had contracted, but not provided for, capital expenditure commitments of RMB800 million (31 December 2022: RMB998 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.

EVENTS AFTER THE BALANCE SHEET DATE

Provision of project management services

On 12 July 2023, Greentown Real Estate Construction Management Group Co., Ltd.* (綠城房地產建設管理集團有限公司) (a non-wholly-owned subsidiary of the Company) (“**Greentown Real Estate Construction Management**”) entered into a real property development entrusted management agreement with Nanjing Luhe Zhongtang Property Investment Co., Ltd.* (南京六合中棠置業有限公司) (“**Nanjing Luhe**”), a company owned as to 50% by CCCG (a substantial shareholder of the Company) and thus a connected person of the Company. Pursuant to such agreement, Greentown Real Estate Construction Management agreed to provide Nanjing Luhe with project management services in relation to a construction project located in Luhe District, Nanjing, Jiangsu province at the consideration of RMB298,830,000 based on the specifications of the relevant project as at the date of the agreement. The transactions contemplated under the agreement constituted a connected transaction of the Company. Please refer to the Company’s announcement dated 12 July 2023 for further details of the agreement.

Acquisition of interests in project companies in Hangzhou and Suzhou

On 15 August 2023, Hangzhou Zheqing Investment Company Limited* (杭州浙慶投資有限公司) (“**Hangzhou Zheqing**”) (a non-wholly-owned subsidiary of the Company) entered into an equity transfer agreement with a seller and other parties thereto, pursuant to which Hangzhou Zheqing agreed to acquire 50% equity interest in Hangzhou Zhiyan Investment Co., Ltd.* (杭州致延投資有限公司) (an investment holding company holding a project company for the development of the Hangzhou Oriental Dawn Project) (the “**Hangzhou Target Company**”) at a consideration of approximately RMB1,177 million. On the same date, Greentown Real Estate (a wholly-owned subsidiary of the Company) entered into an equity transfer agreement

with two sellers and other parties thereto, pursuant to which Greentown Real Estate agreed to acquire 50% equity interest in Suzhou Jingyu Real Estate Development Co., Ltd.* (蘇州市景譽房地產開發有限公司) (a company principally engaged in the development of the Langyue Binhe Project) (“**Suzhou Target Company A**”) and 51% equity interest in Suzhou Zhuoyu Real Estate Development Co., Ltd.* (蘇州市卓譽房地產開發有限公司) (a company principally engaged in the development of the Mingyue Binhe Project) (“**Suzhou Target Company B**”) at an aggregate consideration of approximately RMB895 million. A major part of the consideration for the aforesaid acquisitions was settled by offsetting relevant claims and liabilities, and the remaining consideration shall be paid by cash with the Group’s internal financial resources. Upon completion of these acquisitions, each of Hangzhou Target Company, Suzhou Target Company A and Suzhou Target Company B will become a subsidiary of the Company. Please refer to the Company’s announcement dated 15 August 2023 for further details of these acquisitions.

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

Partial redemption and cancellation of senior notes

On 13 July 2020, the Company issued 5.65% senior notes due 2025 (ISIN: XS2193529562) in the aggregate principal amount of US\$300,000,000 (the “**5.65% Notes**”), which is listed on the Stock Exchange (stock code: 40300). On 29 October 2020, the Company issued 4.7% senior notes due 2025 (ISIN: XS2247552446) in the aggregate principal amount of US\$300,000,000 (the “**Original 4.7% Notes**”), which is listed on the Stock Exchange (stock code: 40447). On 24 February 2022, the Company issued additional 4.7% senior notes due 2025 (the “**Additional 4.7% Notes**”) in the aggregate principal amount of US\$150,000,000, which was consolidated and formed a single series with the Original 4.7% Notes (together, the “**4.7% Notes**”).

In 2022, the Company had repurchased from the open market (i) an aggregate principal amount of US\$3,500,000 of the 4.7% Notes; and (ii) an aggregate principal amount of US\$5,500,000 of the 5.65% Notes. The repurchased notes have been cancelled according to their respective terms in the Reporting Period. For details of the redemption and cancellation of the repurchased notes, please refer to the announcement of the Company dated 28 April 2023.

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 2023, the Group employed a total of 9,035 employees (31 December 2022: 9,387). 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 14 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 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/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 the same terms as the Model Code.

REVIEW OF INTERIM RESULTS

The announcement of interim results for the six months ended 30 June 2023 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 2023 prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting”, and issued a review report dated 25 August 2023.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2023 (for the six months ended 30 June 2022: nil).

PUBLICATION OF INTERIM REPORT

The full text of the Company’s 2023 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 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
25 August 2023

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.