绿城中国
GREENTOWN

GREENTOWN CHINA HOLDINGS LIMITED
綠城中國控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 03900)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018

HIGHLIGHTS

- Revenue amounted to RMB60.303 billion, representing a year-on-year increase of 43.7%; Profit before taxation amounted to RMB7.904 billion, representing a year-on-year increase of 23.7%;
- Profit attributable to owners of the Company amounted to RMB1.003 billion, representing a year-on-year decrease of 54.2%; but core profit attributable to the shareholders amounted to RMB3.796 billion, representing a year-on-year increase of 62%;
- As at 31 December 2018, bank balances and cash (including pledged bank deposits) totaled RMB48.219 billion (as at 31 December 2017: RMB35.977 billion), which was 2.76 times of the balance of borrowings due within one year; net gearing ratio remained stable at 55.3%;
- The weighted average interest cost of total borrowings was 5.4% per annum, remained stable as compared to 5.4% per annum last year;
- Basic earnings per share was RMB0.18, the Board has recommended payment of a final dividend of RMB0.23 per share for the year ended 31 December 2018 (2017: RMB0.20 per share);
- Total contracted sales achieved RMB156.4 billion, representing a year-on-year increase of 6.9%;
- 37 parcels of land were added, with a total GFA of approximately 7.19 million sqm, and total land cost amounted to approximately RMB51.7 billion (of which RMB33.9 billion was paid by Greentown).

The board of directors (the "Board") of Greentown China Holdings Limited (the "Company" or "Greentown") is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2018 (the "Year") prepared in accordance with the International Financial Reporting Standards, together with comparative audited figures for the year ended 31 December 2017. The following financial information is extracted from the audited consolidated financial statements in the Group's 2018 annual report which is to be published by the Group.

* *for identification purposes only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	NOTES	**2018** *RMB'000*	2017 *RMB'000*
Revenue			
Goods and services	*3*	**60,217,014**	41,883,043
Rental		**85,496**	69,709
Total revenue	*3*	**60,302,510**	41,952,752
Cost of sales		**(46,550,157)**	(33,877,152)
Gross profit		**13,752,353**	8,075,600
Other income	*4*	**1,860,271**	711,902
Other gains and losses	*5*	**(509,950)**	632,885
Selling expenses		**(1,844,396)**	(1,616,716)
Administrative expenses		**(3,895,426)**	(2,859,701)
Finance costs	*6*	**(1,551,663)**	(1,476,671)
Impairment losses on financial assets, net of reversal	*7*	**(1,282,734)**	(647,325)
Impairment losses on non-financial assets, net of reversal	*7*	**(452,100)**	(332,668)
Gain from changes in fair value of investment properties		**132,128**	253,400
Fair value changes on senior notes' early redemption options		**–**	(156,700)
Gain on re-measurement of associates and joint ventures to acquisition date fair value in business combination achieved in stages		**686,352**	1,623,535
Gain on acquisition of subsidiaries		**–**	13,806
Net gain on disposal of subsidiaries		**509,040**	1,619,765
Share of results of associates		**325,582**	557,962
Share of results of joint ventures		**174,515**	(8,306)
Profit before taxation		**7,903,972**	6,390,768
Taxation	*8*	**(5,528,742)**	(3,719,803)
Profit for the year		**2,375,230**	2,670,965
Other comprehensive income:			
Item that will not be reclassified to profit or loss:			
Fair value gain on equity instruments at fair value through other comprehensive income		**178,192**	–
Item that may be reclassified subsequently to profit or loss:			
Fair value gain on available-for-sale investments		**–**	383,776
Other comprehensive income for the year (net of tax)		**178,192**	383,776
Total comprehensive income for the year		**2,553,422**	3,054,741

	NOTE	**2018** RMB'000	2017 RMB'000
Profit for the year attributable to:			
Owners of the Company		**1,003,285**	2,189,598
Non-controlling interests		**1,371,945**	481,367
		2,375,230	2,670,965
Total comprehensive income for the year attributable to:			
Owners of the Company		**1,181,477**	2,573,374
Non-controlling interests		**1,371,945**	481,367
		2,553,422	3,054,741
Earnings per share	*10*		
Basic		**RMB0.18**	RMB0.77
Diluted		**RMB0.18**	RMB0.77

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	NOTE	2018 RMB'000	2017 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**9,399,753**	7,713,259
Investment properties		**4,066,128**	2,716,396
Goodwill		**769,241**	769,241
Interests in associates		**8,998,556**	7,777,384
Interests in joint ventures		**1,839,788**	1,897,467
Equity instruments at fair value through other comprehensive income		**1,275,682**	–
Available-for-sale investments		**–**	983,830
Prepaid lease payment		**896,967**	738,163
Rental paid in advance		**18,332**	12,149
Deferred tax assets		**2,363,550**	1,586,225
Deposit for acquisition of an associate		**2,718,000**	–
		32,345,997	24,194,114
CURRENT ASSETS			
Properties for development		**22,842,799**	25,467,537
Properties under development		**117,876,867**	83,149,261
Completed properties for sale		**10,972,736**	20,650,760
Inventories		**119,503**	406,754
Trade and other receivables, deposits and prepayments	*11*	**6,253,199**	9,028,797
Contract assets and contract costs		**2,219,353**	–
Amounts due from related parties		**31,847,932**	28,346,684
Prepaid income taxes		**3,068,258**	4,266,197
Prepaid other taxes		**3,996,968**	3,001,285
Pledged bank deposits		**4,871,831**	5,907,338
Bank balances and cash		**43,347,301**	30,070,092
		247,416,747	210,294,705
Assets classified as held for sale		**–**	1,339,427
		247,416,747	211,634,132

	NOTE	2018 RMB'000	2017 RMB'000
CURRENT LIABILITIES			
Trade and other payables	*12*	**29,285,142**	21,255,077
Pre-sale deposits		**–**	65,900,213
Contract liabilities		**66,266,875**	–
Amounts due to related parties		**26,728,482**	29,895,503
Income taxes payable		**7,690,830**	7,067,640
Other taxes payable		**1,984,054**	656,693
Bank and other borrowings		**13,482,996**	12,732,906
Corporate debt instruments		**3,998,222**	4,951,618
		149,436,601	142,459,650
Liabilities associated with assets classified as held for sale		**–**	1,128,538
		149,436,601	143,588,188
NET CURRENT ASSETS		**97,980,146**	68,045,944
TOTAL ASSETS LESS CURRENT LIABILITIES		**130,326,143**	92,240,058
NON-CURRENT LIABILITIES			
Bank and other borrowings		**36,158,356**	24,449,759
Senior notes		**3,355,113**	3,149,003
Corporate debt instruments		**22,868,377**	10,831,086
Receipts under securitisation arrangements		**1,595,196**	1,591,891
Deferred tax liabilities		**6,230,261**	5,423,880
		70,207,303	45,445,619
		60,118,840	46,794,439
CAPITAL AND RESERVES			
Share capital		**209,501**	209,240
Reserves		**27,364,909**	26,269,450
Equity attributable to owners of the Company		**27,574,410**	26,478,690
Perpetual securities		**12,018,615**	8,603,949
Domestic perpetual securities		**3,389,700**	–
Non-controlling interests		**17,136,115**	11,711,800
		60,118,840	46,794,439

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

1. GENERAL

The Company was incorporated in the Cayman Islands on 31 August 2005 as an exempted company with limited liability under the Companies Law (2004 Revision) and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") with effect from 13 July 2006. The address of the registered office of the Company is disclosed in the section headed "Corporate Information" of the annual report.

The consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company.

The Company is an investment holding company. The principal activity of its subsidiaries (together with the Company referred to as the "Group") is the development for sale of residential properties in the PRC.

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

New and Amendments to IFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to IFRSs issued by the International Accounting Standards Board ("IASB") for the first time in the current year:

IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers and the related Amendments
IFRIC-Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
Amendments to IAS 28	As part of the Annual Improvements to IFRSs 2014-2016 Cycle
Amendments to IAS 40	Transfers of Investment Property

Except as described below, the application of the new and amendments to IFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2.1 IFRS 15 Revenue from Contracts with Customers

The Group has applied IFRS 15 for the first time in the current year. IFRS 15 superseded IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related interpretations.

The Group has applied IFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 January 2018. Any difference at the date of initial application is recognised in the opening retained earnings and comparative information has not been restated. Furthermore, in accordance with the transition provisions in IFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 January 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under IAS 18 *Revenue* and IAS 11 *Construction Contracts* and the related interpretations.

The Group recognises revenue from contracts with customers under IFRS 15 from the following major sources:

- property sales
- hotel operations
- project management
- design and decoration
- sales of construction materials

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (continued)

2.1 *IFRS 15 Revenue from Contracts with Customers* (continued)

Summary of effects arising from initial application of IFRS 15

The following table summarises the impacts of transition to IFRS 15 on retained earnings at 1 January 2018:

	Impact of adopting IFRS 15 at 1 January 2018 *RMB'000*
Retained earnings	
Revenue from property sales recognised over time, net of tax	643,753
Recognition of contract costs, net of tax	103,282
Effects on share of results of associates and joint ventures, net of tax	515,938
Impact at 1 January 2018	1,262,973

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2018. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 December 2017 *RMB'000*	**Reclassification** *RMB'000*	**Remeasurement** *RMB'000*	**Carrying amounts under IFRS 15 at 1 January 2018*** ***RMB'000***
Non-current Assets				
Interests in associates	7,777,384	–	334,698	8,112,082
Interests in joint ventures	1,897,467	–	181,240	2,078,707
Deferred tax assets	1,586,225	–	(85,284)	1,500,941
Current Assets				
Properties under development	83,149,261	–	(2,822,850)	80,326,411
Inventories	406,754	(228,333)	–	178,421
Trade and other receivables, deposits and prepayments	9,028,797	(254,670)	–	8,774,127
Contract assets and contract costs	–	483,003	1,002,108	1,485,111
Prepaid income taxes	4,266,197	–	(265,456)	4,000,741
Prepaid other taxes	3,001,285	–	(305,906)	2,695,379
Capital and Reserves				
Reserves	26,269,450	–	1,262,973	27,532,423
Non-controlling interests	11,711,800	–	566,058	12,277,858
Current Liabilities				
Trade and other payables	21,255,077	–	1,368,302	22,623,379
Pre-sale deposits	65,900,213	(65,900,213)	–	–
Income taxes payable	7,067,640	–	75,733	7,143,373
Other taxes payable	656,693	–	473,878	1,130,571
Contract liabilities	–	65,900,213	(6,033,541)	59,866,672
Non-current liabilities				
Deferred tax liabilities	5,423,880	–	325,147	5,749,027

* *The amounts in this column are before the adjustments from the application of IFRS 9.*

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (continued)

2.1 IFRS 15 Revenue from Contracts with Customers (continued)

The following tables summarise the impacts of applying IFRS 15 on the Group's consolidated statement of financial position as at 31 December 2018 and its consolidated statement of profit or loss and other comprehensive income for the current year for each of the line items affected. Line items that were not affected by the changes have not been included.

Impact on the consolidated statement of financial position

	As reported	Adjustments	Amounts without application of IFRS 15
	RMB'000	*RMB'000*	*RMB'000*
Non-current Assets			
Interests in associates	8,998,556	(380,520)	8,618,036
Interests in joint ventures	1,839,788	(246,611)	1,593,177
Deferred tax assets	2,363,550	(3,844)	2,359,706
Current Assets			
Properties under development	117,876,867	6,912,081	124,788,948
Inventories	119,503	504,455	623,958
Trade and other receivables, deposits and prepayments	6,253,199	1,994,589	8,247,788
Contract assets and contract costs	2,219,353	(2,219,353)	–
Prepaid income taxes	3,068,258	265,456	3,333,714
Prepaid other taxes	3,996,968	235,766	4,232,734
Capital and Reserves			
Reserves	27,364,909	(2,212,388)	25,152,521
Non-controlling interests	17,136,115	(843,387)	16,292,728
Current Liabilities			
Trade and other payables	29,285,142	53,734	29,338,876
Pre-sale deposits	–	78,023,184	78,023,184
Income taxes payable	7,690,830	(432,246)	7,258,584
Other taxes payable	1,984,054	(473,878)	1,510,176
Contract liabilities	66,266,875	(66,266,875)	–
Non-current liabilities			
Deferred tax liabilities	6,230,261	(786,125)	5,444,136

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (continued)

2.1 *IFRS 15 Revenue from Contracts with Customers* (continued)

Impact on the consolidated statement of profit and loss and other comprehensive income

	As reported	Adjustments	Amounts without application of IFRS 15
	RMB'000	*RMB'000*	*RMB'000*
Revenue	60,302,510	(7,988,691)	52,313,819
Cost of sales	(46,550,157)	5,982,591	(40,567,566)
Gross profit	13,752,353	(2,006,100)	11,746,253
Selling expenses	(1,844,396)	28,762	(1,815,634)
Finance costs	(1,551,663)	133,424	(1,418,239)
Share of results of associates	325,582	(45,822)	279,760
Share of results of joint ventures	174,515	(65,371)	109,144
Profit before taxation	7,903,972	(1,955,107)	5,948,865
Taxation	(5,528,742)	728,363	(4,800,379)
Profit for the year	2,375,230	(1,226,744)	1,148,486
Total comprehensive income for the year	2,553,422	(1,226,744)	1,326,678
Profit for the year attributable to:			
Owners of the Company	1,003,285	(949,415)	53,870
Non-controlling interests	1,371,945	(277,329)	1,094,616
	2,375,230	(1,226,744)	1,148,486
Total comprehensive income for the year attributable to:			
Owners of the Company	1,181,477	(949,415)	232,062
Non-controlling interests	1,371,945	(277,329)	1,094,616
	2,553,422	(1,226,744)	1,326,678

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (continued)

2.2 IFRS 9 Financial Instruments

In the current year, the Group has applied IFRS 9 Financial Instruments and the related consequential amendments to other IFRSs. IFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("ECL") for financial assets, contract assets and financial guarantee contracts and 3) general hedge accounting.

The Group has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9. i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening retained earnings and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under IAS 39 *Financial Instruments: Recognition and Measurement*.

Summary of effects arising from initial application of IFRS 9

The table below illustrates the classification and measurement of financial assets and financial liabilities and other items subject to ECL under IFRS 9 and IAS 39 at the date of initial application, 1 January 2018.

	Available-for-sale investments *RMB'000*	Equity instruments designated at fair value through other comprehensive income ("FVTOCI") *RMB'000*	Financial assets at amortised cost (previously classified as loans and receivables) *RMB'000*	Contract assets and contract costs *RMB'000*	Deferred tax assets/ (liabilities), net *RMB'000*	Investment revaluation reserve *RMB'000*	Retained earnings *RMB'000*
Closing balance at 31 December 2017 – IAS 39	983,830	–	69,680,192	–	(3,837,655)	470,274	16,702,442
Effect arising from initial application of IFRS 15	–	–	(254,670)	1,485,111	(410,431)	–	1,262,973
Effect arising from initial application of IFRS 9							
Reclassification							
From available-for-sale investments	(983,830)	983,830	–	–	–	–	–
Remeasurement							
Impairment under ECL model	–	–	(312,556)	–	78,139	–	(234,417)
From cost to fair value	–	52,924	–	–	(13,231)	39,693	–
Opening balance at 1 January 2018	–	1,036,754	69,112,966	1,485,111	(4,183,178)	509,967	17,730,998

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (continued)

2.2 *IFRS 9 Financial Instruments* (continued)

All loss allowances for financial assets including contract assets, trade receivables and other financial assets at amortised cost as at 31 December 2017 reconcile to the opening loss allowance as at 1 January 2018 is as follows:

	Trade receivables *RMB'000*	**Other financial assets at amortised cost** *RMB'000*
At 31 December 2017 – IAS 39	56,375	1,005,388
Amounts remeasured through opening retained profits	32,123	280,433
At 1 January 2018	88,498	1,285,821

2.3 *Impacts on opening consolidated statement of financial position arising from the application of all new standards*

As a result of the changes in the entity's accounting policies above, the opening consolidated statement of financial position had to be restated. The following table show the adjustments recognised for each of the line items affected. Line items that were not affected by the changes have not been included.

	31 December 2017 (Audited) *RMB'000*	**IFRS 15** *RMB'000*	**IFRS 9** *RMB'000*	**1 January 2018 (Restated)** *RMB'000*
Non-current Assets				
Interests in associates	7,777,384	334,698	–	8,112,082
Interests in joint ventures	1,897,467	181,240	–	2,078,707
Equity instruments at FVTOCI	–	–	1,036,754	1,036,754
Available-for-sale investments	983,830	–	(983,830)	–
Deferred tax assets	1,586,225	(85,284)	78,139	1,579,080
Others with no adjustments	11,949,208	–	–	11,949,208
	24,194,114	430,654	131,063	24,755,831
Current Assets				
Properties under development	83,149,261	(2,822,850)	–	80,326,411
Inventories	406,754	(228,333)	–	178,421
Trade and other receivables, deposits and prepayments	9,028,797	(254,670)	(129,601)	8,644,526
Amounts due from related parties	28,346,684	–	(182,955)	28,163,729
Contract assets and contract costs	–	1,485,111	–	1,485,111
Prepaid income taxes	4,266,197	(265,456)	–	4,000,741
Prepaid other taxes	3,001,285	(305,906)	–	2,695,379
Others with no adjustments	82,095,727	–	–	82,095,727
	210,294,705	(2,392,104)	(312,556)	207,590,045
Assets classified as held for sale	1,339,427	–	–	1,339,427
	211,634,132	(2,392,104)	(312,556)	208,929,472

2. **APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")** (continued)

2.3 Impacts on consolidated statement of financial position arising from the application of all new standards (continued)

	31 December 2017 (Audited) *RMB'000*	IFRS 15 *RMB'000*	IFRS 9 *RMB'000*	1 January 2018 (Restated) *RMB'000*
Current Liabilities				
Trade and other payables	21,255,077	1,368,302	–	22,623,379
Pre-sale deposits	65,900,213	(65,900,213)	–	–
Income taxes payable	7,067,640	75,733	–	7,143,373
Other taxes payable	656,693	473,878	–	1,130,571
Contract liabilities	–	59,866,672	–	59,866,672
Others with no adjustments	47,580,027	–	–	47,580,027
	142,459,650	(4,115,628)	–	138,344,022
Liabilities associated with assets classified as held for sale	1,128,538	–	–	1,128,538
	143,588,188	(4,115,628)	–	139,472,560
Net Current Assets	68,045,944	1,723,524	(312,556)	69,456,912
Total Assets less Current Liabilities	92,240,058	2,154,178	(181,493)	94,212,743
Non-current liabilities				
Deferred tax liabilities	5,423,880	325,147	13,231	5,762,258
Others with no adjustments	40,021,739	–	–	40,021,739
	45,445,619	325,147	13,231	45,783,997
	46,794,439	1,829,031	(194,724)	48,428,746
Capital and Reserves				
Reserves	26,269,450	1,262,973	(194,724)	27,337,699
Non-controlling interests	11,711,800	566,058	–	12,277,858
Others with no adjustments	8,813,189	–	–	8,813,189
Total Equity	46,794,439	1,829,031	(194,724)	48,428,746

3. **REVENUE AND SEGMENT INFORMATION**

For the year ended 31 December 2018

Disaggregation of revenue from contracts with customers

	Property sales *RMB'000*	Hotel operations *RMB'000*	Project management *RMB'000*	Design and decoration *RMB'000*	Sales of construction materials *RMB'000*	Other business *RMB'000*	Total *RMB'000*
Recognised at a point in time	45,937,061	–	–	–	29,127	247,044	46,213,232
Recognised over time	9,337,145	776,452	1,366,485	2,523,700	–	–	14,003,782
Revenue from contracts with customers	55,274,206	776,452	1,366,485	2,523,700	29,127	247,044	60,217,014

For the year ended 31 December 2017

	2017 *RMB'000*
Property sales	37,936,017
Hotel operations	717,153
Project management	931,145
Property rental income	69,709
Design and decoration	2,090,621
Sales of construction materials	67,556
Other business	140,551
	41,952,752

Segment information

The chief operating decision-maker of the Group has been identified as the executive directors and certain senior management (collectively referred to as the "CODM"). Operating segments are determined based on the Group's internal reports which are submitted to the CODM for performance assessment and resources allocation. This is also the basis upon which the Group is organised and managed.

The Group's consolidated revenue and results are attributable to the market in the PRC (country of domicile) and almost all of the Group's consolidated non-current assets are located in the PRC.

In the current year, the Group reorganised its internal reporting structure which resulted in changes to the composition of its reportable segments, specifically, project management became an independent reportable segment. Prior year segment disclosures have been represented to conform with the current year's presentation.

The Group's reportable segments under IFRS 8 are as follows:

1 Property development

2 Hotel operations

3 Property investment

4 Project management

For the property development reportable segment, the CODM reviews the financial information of each property development project, hence each property development project constitutes a separate operating segment. However, the property development projects possess similar economic characteristics, and are with similar development and selling activities as well as similar customer bases. Therefore, all property development projects are aggregated into one reportable segment for segment reporting purposes.

3. **REVENUE AND SEGMENT INFORMATION** (continued)

Segment information (continued)

For the hotel operations reportable segment, the CODM reviews the financial information of each hotel, hence each hotel constitutes a separate operating segment. However, the hotels possess similar economic characteristics, and are with similar development and selling activities as well as similar customer bases. Therefore, all hotels are aggregated into one reportable segment for segment reporting purposes.

For the property investment reportable segment, the CODM reviews the financial information of each investment property, hence each investment property constitutes a separate operating segment. However, the investment properties possess similar economic characteristics, and are with similar development and selling activities as well as similar customer bases. Therefore, all investment properties are aggregated into one reportable segment for segment reporting purposes.

For the project management operations reportable segment, the CODM reviews the financial information of each project management project, hence each project management project constitutes a separate operating segment. However, the project management projects possess similar economic characteristics, and are with similar development and selling activities as well as similar customer bases. Therefore, all project management projects are aggregated into one reportable segment for segment reporting purposes.

Other operating segments include sales of construction materials, design and decoration and other business. None of these segments met the quantitative thresholds for the reportable segments in both current and prior year. Accordingly, these were grouped in "Others".

The CODM assesses the performance of the operating segments based on the post-tax profit of the group entities engaged in the respective segment activities, which includes share of results of joint ventures and associates and related finance costs, but excludes certain administrative expenses, other income, finance costs and taxation. Financial information provided to the CODM is measured in a manner consistent with the accounting policies adopted in the preparation of the consolidated financial statements as described in note 3 in the Group's 2018 annual report.

Sales between segments are carried out on terms agreed between the counterparties.

No customers account for 10% or more of the Group's revenue.

An analysis of the Group's revenue and results by reportable segment is as follows:

	Property development *RMB'000*	Hotel operations *RMB'000*	Property investment *RMB'000*	Project management *RMB'000*	Others *RMB'000*	Segment total *RMB'000*	Eliminations *RMB'000*	Total *RMB'000*
For the year ended 31 December 2018								
Segment revenue								
Revenue from contracts with customers	55,274,206	776,452	–	1,366,485	2,799,871	60,217,014	–	60,217,014
Rental income	–	–	85,496	–	–	85,496	–	85,496
Total external segments revenue	55,274,206	776,452	85,496	1,366,485	2,799,871	60,302,510	–	60,302,510
Inter-segment revenue	–	2,045	–	65,892	1,361,254	1,429,191	(1,429,191)	–
Total	55,274,206	778,497	85,496	1,432,377	4,161,125	61,731,701	(1,429,191)	60,302,510
Segment results	2,101,885	98,181	103,613	345,475	45,066	2,694,220	8,041	2,702,261
Unallocated administrative expenses								(264,670)
Unallocated other income								40,591
Unallocated finance costs								(3,780)
Unallocated taxation								(99,172)
Profit for the year								2,375,230

3. REVENUE AND SEGMENT INFORMATION (continued)

(Restated)

	Property development *RMB'000*	Hotel operations *RMB'000*	Property investment *RMB'000*	Project management *RMB'000*	Others *RMB'000*	Segment total *RMB'000*	Eliminations *RMB'000*	Total *RMB'000*
For the year ended 31 December 2017								
Segment revenue								
External revenue	37,936,017	717,153	69,709	931,145	2,298,728	41,952,752	–	41,952,752
Inter-segment revenue	–	1,207	–	2,645	617,941	621,793	(621,793)	–
Total	37,936,017	718,360	69,709	933,790	2,916,669	42,574,545	(621,793)	41,952,752
Segment results	2,004,969	117,606	443,036	164,781	41,521	2,771,913	(2,176)	2,769,737
Unallocated administrative expenses								(90,936)
Unallocated other income								48,867
Unallocated finance costs								(4,822)
Unallocated taxation								(51,881)
Profit for the year								2,670,965

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by segment:

Segment assets

	2018 *RMB'000*	2017 *RMB'000* (restated)
Property development	**256,113,218**	216,864,883
Hotel operations	**9,483,752**	7,481,372
Property investment	**4,189,650**	3,446,170
Project management	**2,057,916**	2,227,307
Others	**6,820,664**	4,371,302
Total segment assets	**278,665,200**	234,391,034
Unallocated	**1,097,544**	1,437,212
Consolidated assets	**279,762,744**	235,828,246

Segment liabilities

	2018 *RMB'000*	2017 *RMB'000* (restated)
Property development	**211,484,567**	181,559,336
Hotel operations	**292,476**	533,160
Property investment	**635,451**	91,933
Project management	**1,012,518**	720,298
Others	**5,387,529**	5,253,825
Total segment liabilities	**218,812,541**	188,158,552
Unallocated	**831,363**	875,255
Consolidated liabilities	**219,643,904**	189,033,807

3. **REVENUE AND SEGMENT INFORMATION** (continued)

Segment assets and liabilities (continued)

For the purposes of monitoring segment performances and allocating resources among segments:

- all assets are allocated to operating segments other than bank balances and cash, pledge bank deposits, property, plant and equipment, available-for-sale investments, equity instruments at FVTOCI, trade and other receivables, deposits and prepayments, prepaid income taxes, prepaid other taxes and amounts due from related parties pertaining to non-operating group entities.

- all liabilities are allocated to operating segments other than trade and other payables, amounts due to related parties, income taxes payable, other taxes payable and deferred tax liabilities pertaining to non-operating group entities.

Other segment information

For the year ended 31 December 2018

	Property development *RMB'000*	Hotel operations *RMB'000*	Property investment *RMB'000*	Project Management *RMB'000*	Others *RMB'000*	Segment total *RMB'000*	Unallocated *RMB'000*	Total *RMB'000*
Amounts included in the measure of segment profit or loss or segment assets:								
Addition to non-current assets *(note)*	3,332,957	1,281,509	1,114,433	144,361	324,316	6,197,576	4,509	6,202,085
Interests in associates	8,364,698	–	–	58,561	488,212	8,911,471	87,085	8,998,556
Interests in joint ventures	1,831,350	–	–	8,438	–	1,839,788	–	1,839,788
Impairment losses on financial assets, net of reversal	1,206,182	–	–	–	15,729	1,221,911	60,823	1,282,734
Impairment losses on non-financial assets, net of reversal	468,875	(16,775)	–	–	–	452,100	–	452.100
Gain from changes in fair value of investment properties	–	–	(132,128)	–	–	(132,128)	–	(132,128)
Gain on re-measurement of joint ventures to acquisition date fair value in business combination achieved in stages	(686,352)	–	–	–	–	(686,352)	–	(686,352)
Net gain on disposal of subsidiaries	(509,194)	–	–	170	–	(509,024)	(16)	(509,040)
Depreciation of property, plant and equipment	171,842	256,174	10	11,336	11,383	450,745	1,360	452,105
Loss (gain) on disposal of property, plant and equipment	(251)	6	–	3,700	17,578	21,033	7	21,040
Interest income	(1,111,022)	(381)	(29)	(6,383)	(6,798)	(1,124,613)	(405,827)	(1,530,440)
Finance costs	1,514,115	6,321	12,846	327	14,274	1,547,883	3,780	1,551,663
Share of results of associates	(327,271)	–	–	1,684	2	(325,585)	3	(325,582)
Share of results of joint ventures	(201,944)	–	–	27,429	–	(174,515)	–	(174,515)
Taxation	5,293,594	4,593	51,601	–	79,782	5,429,570	99,172	5,528,742

3. REVENUE AND SEGMENT INFORMATION (continued)

Other segment information (continued)

(Restated)

For the year ended 31 December 2017

	Property development *RMB'000*	Hotel operations *RMB'000*	Property investment *RMB'000*	Project Management *RMB'000*	Others *RMB'000*	Segment total *RMB'000*	Unallocated *RMB'000*	Total *RMB'000*
Amounts included in the measure of segment profit or loss or segment assets:								
Addition to non-current assets *(note)*	896,513	225,860	171,666	18,516	351,467	1,664,022	12,522	1,676,544
Interests in associates	7,349,227	–	–	63,099	365,058	7,777,384	–	7,777,384
Interests in joint ventures	1,888,486	–	–	8,981	–	1,897,467	–	1,897,467
Impairment losses on financial assets, net of reversal	631,344	–	–	(11,747)	7,728	627,325	20,000	647,325
Impairment losses on non-financial assets, net of reversal	352,348	(19,680)	–	–	–	332,668	–	332,668
Gain from changes in fair value of investment properties	–	–	(253,400)	–	–	(253,400)	–	(253,400)
Gain on re–measurement of associates and a joint venture to acquisition date fair value in business combination achieved in stages	(1,620,517)	–	–	–	(3,018)	(1,623,535)	–	(1,623,535)
Gain on acquisition of Subsidiaries	–	–	–	(280)	(13,526)	(13,806)	–	(13,806)
Net gain on disposal of subsidiaries	(1,240,939)	–	(375,805)	–	(3,021)	(1,619,765)	–	(1,619,765)
Depreciation of property, plant and equipment	126,099	170,691	184	11,688	10,547	319,209	1,970	321,179
Loss (gain) on disposal of property, plant and equipment	6,710	–	(122)	(679)	(299)	5,610	16	5,626
Interest income	(423,332)	(2,053)	(17)	(7,859)	(4,487)	(437,748)	(48,867)	(486,615)
Finance costs	1,442,853	686	11,977	658	15,675	1,471,849	4,822	1,476,671
Share of results of associates	(546,310)	–	–	(9,651)	(2,001)	(557,962)	–	(557,962)
Share of results of joint ventures	(355)	–	–	8,661	–	8,306	–	8,306
Taxation	3,320,469	5,430	224,334	87,706	29,983	3,667,922	51,881	3,719,803

Note: Non-current assets mainly included property, plant and equipment, investment properties (excluding gain from changes in fair value of investment properties), prepaid lease payment, interests in joint ventures, interests in associates and rental paid in advance and excluded financial instruments, goodwill and deferred tax assets.

4. OTHER INCOME

	2018 *RMB'000*	2017 *RMB'000*
Interest income	**1,530,440**	486,615
Government grants (note)	**15,151**	6,704
Dividends from equity instruments at FVTOCI	**70,807**	–
Dividends from available-for-sale investments	**–**	18,052
Others	**243,873**	200,531
	1,860,271	711,902

Note: These grants are unconditional and accounted for as immediate financial support with neither future related costs expected to be incurred nor related to any assets.

5. OTHER GAINS AND LOSSES

	2018 RMB'000	2017 RMB'000
Net foreign exchange (losses) gains	**(487,841)**	511,187
Net Loss on disposal of property, plant and equipment	**(21,040)**	–
(Loss) gain on disposal of associates	**(1,069)**	6,405
Gain on fair value of acquisition of associates and a joint venture in stages	**–**	78,956
Gain on acquisition of associates	**–**	36,337
	(509,950)	632,885

6. FINANCE COSTS

	2018 RMB'000	2017 RMB'000
Interest on bank and other borrowings	**3,803,559**	2,630,914
Interest on senior notes	**240,556**	366,084
Interest on corporate debt instruments	**1,292,779**	680,681
Interest on receipts under securitisation arrangements	**79,768**	40,074
	5,416,662	3,717,753
Less: capitalised in properties under development and construction in progress	**(3,864,999)**	(2,241,082)
	1,551,663	1,476,671

Borrowing costs capitalised during the year arose on the specific loan and general borrowing pool and are calculated by applying a capitalisation rate of 5.4% (2017: 5.4%) per annum to expenditure on the development of properties for sale and for own use.

7. IMPAIRMENT LOSSES ON FINANCIAL ASSETS AND NON-FINANCIAL ASSETS, NET OF REVERSAL

	2018 RMB'000	2017 RMB'000
Impairment for financial assets		
Impairment losses on trade and other receivables	**769,379**	216,226
Impairment losses on amounts due from related parties	**513,355**	431,099
	1,282,734	647,325
Impairment for non-financial assets		
Impairment losses on properties for development	**56,454**	–
Impairment losses on properties under development	**270,351**	–
Impairment losses on completed properties for sale	**123,648**	352,348
Impairment losses on inventory	**18,422**	–
Reversal of impairment losses on property, plant and equipment	**(16,775)**	(19,680)
	452,100	332,668
	1,734,834	979,993

8. TAXATION

	2018	2017
	RMB'000	*RMB'000*
Current tax:		
PRC enterprise income tax ("EIT")	**2,373,034**	2,770,357
PRC Land Appreciation Tax ("LAT")	**4,782,105**	3,329,311
	7,155,139	6,099,668
(Over) under-provision in prior years:		
PRC enterprise income tax	**(23,492)**	28,426
Deferred tax:		
EIT	**(709,860)**	(1,228,591)
LAT	**(893,045)**	(1,179,700)
	(1,602,905)	(2,408,291)
	5,528,742	3,719,803

The deferred tax current year is mainly due to the fair value adjustment which arises from the acquisition of subsidiaries.

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

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 15% or 25%.

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.

8. TAXATION (continued)

The tax charge for the year can be reconciled to the profit per the consolidated statement of profit or loss and other comprehensive income as follows:

	2018	2017
	RMB'000	*RMB'000*
Profit before taxation	**7,903,972**	6,390,768
Tax at the applicable PRC enterprise income tax rate of 25%	**1,975,993**	1,597,692
Effect of different tax rates	**(19,552)**	(162,364)
Tax effect of share of results of associates	**(81,396)**	(139,490)
Tax effect of share of results of joint ventures	**(43,629)**	2,077
Tax effect of income not taxable for tax purposes	**(191,190)**	(430,136)
Tax effect of expenses not deductible for tax purposes	**598,693**	772,116
(Over) under-provision in respect of prior year	**(23,492)**	28,426
Tax effect of deductible temporary differences not recognised	**39,390**	62,903
Tax effect of tax losses not recognised	**289,773**	366,646
Recognition of deferred tax assets on tax losses previously not recognised	**(21,615)**	–
Utilisation of tax losses previously not recognised	**(1,588)**	(73,830)
LAT provision for the year	**3,889,060**	2,149,611
Tax effect of LAT	**(972,265)**	(537,403)
Tax effect of undistributed profits	**90,560**	83,555
Tax charge for the year	**5,528,742**	3,719,803

PRC LAT

According to the requirements of the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例) effective from 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例實施細則) effective from 27 January 1995, all income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for property sales of ordinary residential properties (普通標準住宅) if their appreciation values do not exceed 20% of the sum of the total deductible items.

According to the Notices for the Strengthening of Administration on LAT (關於加強土地增值稅管理工作的通知), the Group is required to pre-pay LAT on pre-sale proceeds at 0.5% – 3% for ordinary residential properties and 1% – 6% for other properties.

For the year ended 31 December 2018, the Group estimated and made a provision for LAT in the amount of RMB3,889,060,000 (2017: RMB2,149,611,000), according to the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for LAT is calculated.

9. DIVIDENDS

On 18 July 2018, a final dividend for 2017 of RMB0.20 per ordinary share, or RMB433,536,000 in total, was paid to the shareholders of the Company (the "Shareholders").

A final dividend of RMB0.23 per ordinary share (2017: RMB0.20 per ordinary share) for the year ended 31 December 2018 has been proposed by the directors and is subject to approval by the Shareholders at the forthcoming annual general meeting.

10. EARNINGS PER SHARE

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

Earnings

	2018	2017
	RMB'000	*RMB'000*
Profit for the year attributable to the owners of the Company	**1,003,285**	2,189,598
Distribution related to perpetual securities and domestic perpetual securities	**(611,589)**	(527,144)
Earnings for the purpose of basic earnings per share	**391,696**	1,662,454
Earnings for the purpose of diluted earnings per share	**391,696**	1,662,454

Number of shares

	2018	2017
Weighted average number of ordinary shares for the purpose of basic earnings per share	**2,167,671,034**	2,164,326,605
Effect of dilutive potential ordinary shares:		
Share options	**7,100,798**	4,789,104
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**2,174,771,832**	2,169,115,709

The computation of 2018 and 2017 diluted earnings per share does not assume the exercise of some of the share options because the exercise price of these share options was higher than the average market price for shares for the year.

11. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2018	2017
	RMB'000	*RMB'000*
Trade receivables	**979,502**	1,052,445
Less: allowance for credit losses	**(101,266)**	(56,375)
Trade receivables, net of allowance for credit losses	**878,236**	996,070
Other receivables, net of allowance for credit losses	**3,789,485**	5,365,456
Prepayments and deposits	**1,425,478**	1,806,117
Consideration receivables from disposal of subsidiaries and an associate	**160,000**	861,154
	6,253,199	9,028,797

The Group allows an average credit period of 90 days to trade customers. The aged analysis of trade receivables is stated below.

	2018	2017
	RMB'000	*RMB'000*
Within 90 days	**548,217**	546,487
91–180 days	**55,317**	41,217
181–365 days	**125,062**	131,418
Over 365 days	**250,906**	333,323
Trade receivables	**979,502**	1,052,445

12. TRADE AND OTHER PAYABLES

The aged analysis of trade payables is stated as follows:

	2018	2017
	RMB'000	*RMB'000*
Within 180 days	**17,939,977**	11,542,628
181–365 days	**1,740,674**	789,770
Over 365 days	**1,680,180**	1,562,879
Trade payables	**21,360,831**	13,895,277
Other payables and accrued expenses	**7,924,311**	7,110,774
Receipt in advance for a subsidiary held for sale	**–**	248,000
Consideration payables on acquisition and partial acquisition of subsidiaries	**–**	1,026
	29,285,142	21,255,077

Trade payables and other payables principally comprise amounts outstanding for trade purposes and ongoing costs.

MANAGEMENT DISCUSSION AND ANALYSIS

Operational Review

During the Year, the real estate market remained largely stable against the backdrop of complicated and evolving international economic and political scene as well as the domestic economic downturn and structural adjustments. At the same time, the intensifying industry competition and tightening policies is bringing the industry to a new round of consolidation. In the capital markets, with the US dollar interest rate hikes, the promotion of de-leveraging and more stringent regulatory environment, corporate financing became more difficult with a significant surge in costs. In the land market, developers have been more cautious in land acquisition, with multiple cases of failed auctions, withdrawals and winning of bids at base price.

Facing the current volatility in the market environment and the increasingly arduous development tasks, the Group adheres to a distinctive, sustainable and quality development model with the strategic vision of "integrated service provider for an ideal life" and development strategy of "balancing the development of light and heavy assets", to continuously enhance the core competitiveness of Greentown China by improving the profitability of the heavy asset sector and cultivating the light asset sector as a new growth driver. Under the support of all shareholders and the relentless efforts of all employees, in 2018, the Company has achieved significant improvement of its management and control model, the overall abundance of financial funds and the precise investment layout, together with destocking of inventories, continuously leading brand and quality, and a steady boost in operational efficiency.

Results Overview

The Group generated revenue of RMB60,303 million for the Year, representing an increase of 43.7% from RMB41,953 million in 2017. During the Year, profit before taxation of the Group amounted to RMB7,904 million, representing an increase of RMB1,513 million or 23.7% from RMB6,391 million in 2017. Profit attributable to owners of the Company amounted to RMB1,003 million for the Year, representing a decrease of RMB1,187 million or 54.2% from RMB2,190 million in 2017, mainly due to, (i) the increase in profit attributable to owners from the disposal of subsidiaries by the Group decreased by RMB770 million as compared with 2017; (ii) in light of the changing market environment, the effect of the provision of impairment loss made by the Group during the Year, based on the principle of prudence, on profit attributable to owners increased by RMB651 million as compared to 2017 (no actual impact on the Group's cash flow during the Year); (iii) as a result of the provision for unrealised net exchange loss of RMB488 million for RMB depreciation against certain foreign currency borrowings of the Group, foreign exchange net gains amounted to RMB511 million in 2017 (no actual impact on the Group's cash flow during the Year). After deducting the net post-tax effect of foreign exchange gains and losses, gains from acquisitions, provision and reversal of impairment losses on certain assets and fair value adjustments on certain assets, the core profit attributable to owners of the Company was RMB3,796 million, representing an increase of RMB1,453 million or 62% compared with RMB2,343 million in 2017.

Presales

For the Year, Greentown Group (including the Company and its subsidiaries, together with its joint ventures and associates) recorded a total contracted sales area of approximately 8.12 million sqm, and a total contracted sales amount of approximately RMB156.4 billion, representing a year-on-year growth of 6.9%. Average selling price of investment projects reached approximately RMB25,455 per sqm (2017: RMB23,235 per sqm), standing at a leading level among property developers nationwide. In particular, Greentown Group recorded a total contracted sales area of approximately 3.98 million sqm and a total contracted sales amount of approximately RMB101.2 billion from investment projects, of which approximately RMB55.7 billion was attributable to the Group (comprising the Company and its subsidiaries), in 2018. Furthermore, as at 31 December 2018, the Group recorded a total subscription sales amount of approximately RMB1.8 billion from its investment projects, of which approximately RMB1 billion was attributable to the Group.

In addition, in 2018, Greentown Group recorded a total contracted sales area of approximately 4.14 million sqm and a total contracted sales amount of approximately RMB55.2 billion from the projects under project management business where Greentown Group delivered brand value and management expertise (non-investment projects, referred to as "projects under project management").

In 2018, the Group adopted multi-faceted sales and marketing strategies proactively, achieving an overall sell-through rate of 68% for its investment projects. Of which, the sell-through rate in first- and second-tier cities reached 71%. The sales of newly launched projects performed well with a sell-through rate of 70%. The Company also achieved remarkable results in terms of inventory reduction as reflected by a sell-through rate of 63% for its property inventories, slashing the saleable amount from RMB41.0 billion at the beginning of the Year to RMB15.1 billion at the end of the Year. In the Year, the contracted sales recorded by the Company for its investment projects were mainly distributed in the Yangtze River Delta region, representing up to 70.3% of the total contracted sales recorded by the Company for its investment projects. The Group topped the sales ranking among property developers in Zhejiang as issued by CRIC, a real estate big data application service provider in the PRC.

Land Bank

In the Year, nearly 80% of the newly acquired projects of the Group were located in first- and second-tier cities, bolstering its land bank in the national and regional core cities such as Beijing, Shanghai, Guangzhou, Hangzhou, Tianjin, Hefei, Chongqing, Xi'an and Fuzhou, thus basically completing its layout in key urban agglomerations across the country by and large. The Group replenished its land bank as appropriate in selected third- and fourth-tier cities offering relatively laxer policies, healthier market environment and faster project turnover, so as to support the scale and liquidity of the Company.

The Group acquired a total of 37 new projects in the Year, which were mainly located in premium cities across Beijing-Tianjin-Hebei, the Yangtze River Delta, and the Pearl River Delta regions. The projects covered a total gross floor area (GFA) of approximately 7.19 million sqm, including approximately 4.20 million sqm attributable to the Group. Transaction amount totaled approximately RMB51.7 billion, of which approximately RMB33.9 billion was paid by the Group. It is estimated that the total new saleable amount will be approximately RMB127.6 billion, of which approximately RMB75.1 billion will be attributable to the Group. The average land cost of the new land parcels was approximately RMB11,398 per sqm.

Table of Newly-added Land Bank in 2018

No.	Land/Project Name	Acquired by	Equity	Total Land Cost/ Acquisition Cost *(RMB million)*	Paid by Greentown *(RMB million)*	GFA *(sqm)*
1	Hangzhou Yungu Chunfeng	Auction	24%	381	91	94,174
2	Hangzhou Hupan Yunlu	Auction	51%	2,341	1,194	146,133
3	Hangzhou Xiaofeng Yinyue	Auction	100%	4,811	4,811	214,628
4	Jiaxing Liuxiangyuan	Auction	100%	994	994	148,577
5	Wenzhou Xijiangyue	Acquisition	16.5%	277	277	236,417
6	Wenzhou Liuxiangyuan	Auction	100%	1,453	1,453	113,261
7	Wenzhou Hengdu Project	Auction	37%	6,920	2,560	501,189
8	Yuyao Guiyu Lanting	Auction	100%	1,246	1,246	248,791
9	Deqing Fengqi Yunlu	Auction	37.5%	1,168	438	188,981
10	Anji Peach Garden Block H3	Auction	85%	14	12	2,504
11	Anji Peach Garden Southeast Block 1	Auction	85%	54	46	12,518
12	Anji Peach Garden Southeast Block 2	Auction	85%	95	81	14,856
13	Zhoushan Orchid Garden	Auction	45%	1,357	611	151,099
14	Zhoushan Dinghai Yangjiatang Project	Auction	100%	1,142	1,142	173,923
15	Shengzhou Opera Town Phase II Small Village Block	Auction	32.5%	34	11	41,559
16	Shengzhou Opera Town Museum Block	Auction	32.5%	3	1	18,400
17	Shengzhou Opera Town Phase II Tourism Block	Auction	32.5%	50	16	98,035
18	Shanghai Yangpu District Pingliang Project	Auction	20%	4,188	838	179,081
19	Hefei Binhu Project	Auction	49.5%	2,656	1,315	426,925
20	Nantong Gongnong Road Project	Auction	100%	1,373	1,373	107,220
21	Nantong Hongjiang Road Project	Auction	100%	2,098	2,098	271,548
22	Changshu Mingyue Lanting	Auction	70%	1,622	1,135	203,607
23	Beijing Shunyi Project	Auction	100%	779	779	108,477
24	Tianjin Chunxi Mingyue	Auction	60%	1,366	819	323,294
25	Tianjin Hexi Chentang W1 Project	Auction	41%	760	312	51,531
26	Tianjin Jiefang Road South Project	Auction	100%	1,800	1,800	115,131
27	Tianjin Hexi Chentang W2 Project	Auction	41%	1,810	742	231,029
28	Guangzhou Nansha Project	Auction	100%	992	992	122,381
29	Fuzhou Willow Breeze	Auction	51%	2,930	1,494	211,640
30	Fuzhou Jinshan Project	Auction	80%	1,843	1,474	228,371
31	Xi'an National Games Village 224 Block	Auction	51%	608	310	424,178

No.	Land/Project Name	Acquired by	Equity	Total Land Cost/ Acquisition Cost *(RMB million)*	Paid by Greentown *(RMB million)*	GFA *(sqm)*
32	Xi'an National Games Village 103 Block	Auction	51%	308	157	222,874
33	Xi'an National Games Village Wenguang 179 Block	Acquisition	51%	277	277	453,877
34	Wuhan Fengqi Tinglan	Acquisition	14%	739	739	464,205
35	Chongqing Guiyu Jiuli	Auction	49%	1,850	906	411,116
36	Chongqing Lijia Project	Auction	100%	1,320	1,320	213,057
37	Canada Coquitlam Project	Acquisition	40%	80	80	18,623
Total				**51,739**	**33,944**	**7,193,210**

As at 31 December 2018, Greentown Group had a total of 117 land reserve projects (including projects under construction and pending construction) with a total GFA of approximately 32.47 million sqm, of which approximately 20.32 million sqm was attributable to the Group. The total saleable area amounted to approximately 22.38 million sqm, of which approximately 13.87 million sqm was attributable to the Group. The average GFA land cost was approximately RMB5,878 per sqm. Land reserves projects in first- and second-tier cities accounted for 70% of the total saleable value.

Sound Operations and Healthy Finance

Operations of the Company maintained steady growth. Benefiting from the financial and credit support from its largest shareholder, China Communications Construction Group Ltd. ("**CCCG**"), and the overall positive prospects of the Company's operations, the net gearing ratio of the Group was 55.3% as at 31 December 2018. Bank deposits and cash (including pledged bank deposits) amounted to RMB48.219 billion, which is 2.76 times of the balance of borrowings due within one year. The weighted average interest cost of the total borrowings in 2018 was 5.4%, which stayed virtually flat as compared to 5.4% for 2017.

Maintaining smooth financing channels. During the Year, the Group actively explored new financing channels, closely monitored general financing costs and maintained sufficient funding. For offshore financing, the Company entered into a three-year syndicated loan agreement with 18 banks in July 2018, for an unsecured fixed-term loan of up to an amount equivalent to USD800 million in USD/HKD and at an annual interest rate calculated by the London Interbank Offered Rate ("**LIBOR**") (for the purpose of USD loans) or the Hong Kong Interbank Offered Rate (for the purpose of HKD loans) plus 2.565%. Subsequently, the Company also entered into a USD300 million three-year unsecured bilateral loan at an annual interest rate of LIBOR + 2.8% and a USD300 million five-year unsecured bilateral loan at an annual interest rate of LIBOR + 3.3% with Bank of China (Hong Kong) Limited. The above facilities are primarily used for refinancing the Group's existing offshore debts and come with lower interest rates as compared with the previous syndicated and bilateral loans, helping to reduce borrowing costs and further optimize the debt structure of the Company. In December 2018, the Group issued unlisted senior perpetual capital securities callable 2021 in the aggregate principal amount of USD500 million with an initial distribution rate of 10% in a non-public way to certain financial institutions, which in turn entered into a total return swap agreement with CCCC International Holding Limited. The proceeds from the issuance will be utilised for redeeming the subordinated perpetual capital securities callable in 2019 of USD500 million issued by the Group in 2014.

For domestic financing, the Group made issuances of debt instruments in an aggregate amount of approximately RMB20.1 billion with a weighted average annual interest rate of 5.46% in 2018. Of which, the Company issued corporate bonds in an aggregate principal amount of over RMB9 billion and short-term commercial papers of RMB4 billion, with annual interest rates ranging from 4.73% to 6%. In September 2018, the Company obtained a domestic quota of RMB8 billion for perpetual medium-term notes. Pursuant to which, RMB3.4 billion of perpetual medium-term notes had been issued with annual interest rates ranging from 5.89% to 6.2% by the end of 2018. Meanwhile, the Group strives to develop new financing channels, liquidate dormant assets and make use of such assets for financing and securitisation in an innovative manner. In January 2018, the Group's supply chain asset-backed securities (ABS) were approved by the Shenzhen Stock Exchange with a quota of RMB10 billion, which can be issued in 15 tranches within two years. As at the end of 2018, the Group had successfully issued the supply chain ABS in the amount of RMB3.564 billion with annual interest rates ranging from 4.37% to 5.6%.

Adhering to Quality-First Strategy

Continue to lead in product quality. The Group worked actively to sort out the product series and families formed throughout 24 years of development to ensure consistent product advantages of Greentown properties, thus maintaining a leading position in terms of product quality in the industry. In 2018, a number of quality projects came into being and received more than 30 design and engineering awards, including "SBID International Design Excellence Awards 2018", "Tien-yow Jeme Civil Engineering Prize" and "Guangsha Prize". In 2018, the Company effectively carried out measures to make its products more "standardised, industrialised, technology-based, and environmentally friendly", shortened the construction period and saved construction costs while ensuring product quality.

Remarkable results in service quality improvement. The Group continues to enhance service quality and seeks to build an ideal life for home owners. In 2018, Greentown Group won the honorable title of "China's Leading Real Estate Companies by Customer Satisfaction" for the seventh consecutive year. The Group also makes proactive efforts in stipulating standard for brand building. By using the first "Greentown Life Developers Conference" as a model, the Group implemented comprehensive brand building in 11 newly-developed cities and carried out four community living service systems. In 2018, the Greentown brand heightened further with brand value reaching RMB39.852 billion, representing a year-on-year increase of 37%, and the Company was again named "2018 Top 10 Chinese Real Estate Companies by Brand Value (No.1 among mixed ownership enterprises)".

Diversified Development Centering on its Principal Business

Leading in project management industry. The Group is currently the largest and most professional project management service provider in China, and a trusted brand of customers and government clients. The Group was awarded "Leading Enterprise in Real Estate Project Management Operation in China" (中國房地產代建運營引領企業), "China Influence – Business Model Award" (中國影響力商業模式大獎) and "Distinguished CSR Contribution Award" (卓越CSR貢獻獎) in 2018. With first-class construction capabilities, high-quality products and standardised operation, the scale of the project management business of the Group expanded rapidly in 2018, 142 projects were added during the Year. As at 31 December 2018, the Group had 282 projects under management, with a total planned GFA of approximately 63.36 million sqm. Of these, 164 were commercial projects with a total saleable amount of approximately RMB342.8 billion. As the Group's project management business continues to expand, the profitability has increased steadily over the years, the profit contribution to the Company from asset-light business will be further increased in the future.

Building of financial platform. To accelerate the collaborative development of property and finance, the Group acquired 900 million shares of Aeon Life Insurance Company, Ltd. ("**Aeon Life**") (representing approximately 11.55% of its issued share capital) at a consideration of RMB2.718 billion and became its single largest shareholder in December 2018, giving a boost to the Group's financial management platform. The Group will draw on the strength of the Greentown brand in the future to integrate various business aspects, including insurance products, health management, elderly care services and investment and finance, which will create synergy with the principal business and provide solid support for strategic upgrade of the Group.

Working to Create a Win-win Situation with the Support of Shareholders

The Group capitalised on the resources and rich capital market experience of its major shareholders, namely CCCG (a state-owned enterprise) and Wharf (a Hong Kong blue chip enterprise), to carry out multi-dimensional strategic cooperation in aspects such as resources sharing, financial capital, financial service and asset-light business. It also rode on Mr. SONG Weiping, the founding shareholder's relentless pursuit of better product and service quality, to strive to establish itself as a model for mixed ownership enterprises. In August 2018, the Group signed a strategic cooperation agreement with CCCG, intending to strengthen project cooperation with mutual benefits and synergy. Within four months, Fuzhou Jinshan, Tianjin Chentang, Shanghai Yangpu and Guangzhou Nansha were launched successively. Up to the date of this announcement, the parties had launched eight cooperation projects, with a total GFA of approximately 2.07 million sqm.

OUTLOOK

Facing the dramatic changes in the real estate sector and the rapid improvement of people's living standard, we believe that the cornerstone position of the real estate sector, the demand for property arising from the urbanisation process as well as people's pursuit of a better life will remain unchanged. As a typical mixed ownership real estate developer, Greentown will strive to improve the product quality, product innovation and brand building towards the goal of becoming a benchmark in the sector.

In recent years, with the support from its substantial shareholders, the Group maintained sound operating conditions, reasonable debt structure and low financing costs, which lays a solid foundation for its transformation and development in the future. In addition to evaluating the market, keeping up with industry benchmark as well as analyzing its own strengths and challenges, the Group formulated a three-year development plan in a systematic and scientific manner, pursuant to which the Group will uphold the vision of becoming the "integrated service provider for an ideal life", deem "quality first while taking into account others" as its principle of development, make "balancing the development of light assets and heavy assets, and developing light assets on the foundation of heavy assets" as the development direction. The Group will also consider the "six elements", namely image, quality, status, brand, integrity, and character, as its keys to success. The Group will promote the development of each business around the mission of building a beautiful life and strive to capture opportunities arising from transformation in order to achieve its top three strategic objectives, namely top-notch product quality, top-level customer satisfaction and top comprehensive performance.

In 2019, we shall commit to focusing on the strategy and adapt to the evolving environment by adhering to our core values of "Sincerity, Kindness, Exquisiteness and Perfection". With the goal of enhancing profitability and improving operation quality in all aspects, we shall take action to give back to shareholders for their keen support towards the Company and build a solid foundation to accomplish the strategic plans set out in three-year plan.

Organisation for Securing and Nurturing Talents

Organisational structure stays vibrant. In order to keep abreast of the industry development and implement its development strategy, the Group optimised and adjusted the corporate organisational structure in January 2019, consolidating the business of its subsidiaries and reducing the number of subsidiaries from 16 to 11 to form an "8+3" structure encompassing light assets and heavy assets sectors. The regional companies will implement regional project management to facilitate business integration and improve use its human resources more efficiently. In addition to the seven functional divisions at the group level, the Group also established four new divisions, namely featured real estate division, town development division, financial division and business management division, which are responsible for coordinating various resources and improving operational efficiency to safeguard the promising growth of traditional real estate development business and comprehensive industries.

Constantly improving operation system. With its management being positioned as the "central nervous system", the Group will manage and control the whole operation cycle, cover all business sectors, foster cooperation among connected business units, while also monitor and manage in a dynamic and timely manner. Meanwhile, the Group builds and optimises internal systems like digital operation, risk control system, standardisation system and coordination mechanism to comprehensively improve its overall operation efficiency.

Win-win incentive scheme for success. The Group's first short-, medium- and long-term incentive mechanism "Win-win Mechanism for Greentown China" (《綠城中國共贏機制》) has been officially implemented since 1 January 2019. This win-win incentive mechanism mainly targets at staff members, with an aim to achieve beneficial outcome for both employees and the Company. In addition to the existing remuneration system, medium- and long-term incentive measures such as project co-investment scheme and share award scheme have been introduced to promote the sharing of risks and return and growth among shareholders, the Company and employees.

Talent cultivation for future development. Talent training and cultivating outstanding employees are not only essential to the Group's strategic upgrade and development, but also a full demonstration of Greentown's "people-oriented" principle. Leveraging on the establishment of Greentown University, the Group will enhance its selection and employment of staff in accordance with its strategic targets. The Group helps its employees to grow with the Company through nurturing core talents with comprehensive and outstanding operating capabilities.

Retaining Own Characteristics and Pursuing Constant Innovation

Maintaining competitive advantages in the industry. Under the guiding principle of "quality first", the Group will extensively enhance its core competitiveness with strengthened product innovation. The R&D Center (建研中心) will be an essential engine and testing ground for products featuring "standardised, industrialised, high-tech, and environmentally friendly". It will cover all dimensions such as subject studies and research and development, proofing, testing, material collection and professional training. Therefore, the quality internal and external resources can be actively integrated to promote new business lines and incubation of new industries and new technologies, transform R&D results into practical applications which will later be used in its project, and improve the operational turnover with guaranteed quality.

Upgrading overall customer service. With "Beautiful building, Beautiful life" as brand proposition, the Company takes its properties and customers as core service targets, and continuously improves the quality of living service for customers. In 2019, the Group will take the opportunity of the second "Greentown Life Developers Conference" to officially launch living service system 2.0, which aims to optimise service content through customisation, improve service efficiency through commoditisation, combine the online-offline experience through digitalisation, and ensure continuous service through commercial operation. All of which will enhance the overall customer service system and maintain the leading advantage of Greentown China's service quality in the industry.

Precise Investment Strategy and Optimization of Landbank

The Group will optimise the management and control on investment and refine the reward and punishment system. The Group will also improve the investment management mechanism, supplement the managing and controlling system on classification and category basis covering multi-business types, improve the management and control efficiency and increase the degree of rewards and punishment.

The Group will continue to adopt city-specific strategies and seize landbanking opportunities. It will conduct in-depth research on target cities, deploy different investment strategies and commence a new round of land replenishment plan.

The Group will adhere to value investment and optimize the land reserve structure by deepening its footprint in the five major urban agglomerations, while further expanding around core first- and second-tier cities, the Group will also seek to replenish land resources in selected third- and fourth-tier cities in a flexible manner.

The Group will ride on the resources of major shareholders like CCCG and Wharf and strengthen its cooperation relationship with strategic partners to form a larger range of strategic collaboration and expand the Company's land bank.

The Group will diversify its product offerings by devoting more efforts to featured property development. It will expand the scale of featured projects, and gradually establish competitive barriers to gain more opportunities to obtain projects with low land prices.

Strengthening Featured Development of Asset-heavy Segments

In terms of its asset-heavy segments, the Group will remain focused on investment and development, maintain its leading position in the industry with excellent property quality, while ceaselessly accelerate operation turnover by differentiating in certain niche segments in the property market and developing featured projects to stand out in multiple market segments and obtain more low-cost, profitable projects and seek new growth drivers. In particular, the Group will develop the emerging market segments of beautiful countryside on the basis of consolidating its benchmarking position in the construction of ideal towns, and seek to become a strong driving force for new urbanisation and rural revitalisation. Leveraging on its experience in the development and event service for the National Games Village for four consecutive years, the Group will actively acquire more sports-related projects to create opportunities for large-scale, strategic land bank acquisition. Based on the successful operation experience of the existing transit-oriented development ("TOD") properties, the Group will be able to create technical barriers against industry competition, seize the opportunities brought by the rapid development of rail transit in China, commit to the promotion of TOD property development.

Developing Asset-light Segments around the Main Business

The Group will strategically develop its asset-light business around its principal business, enrich product offerings and seek new elements to boost the profit contribution of the asset-light segments in the long run. The Group's project management segment continues to lead the industry with expanding scale and improving profitability. The living service segment seeks to build a full industry chain of customer service, housing 4S service, community business, elderly and healthcare, smart living and other innovative services, to support the development of the main business. At the same time while constantly improving the elderly care service system and accelerating the development of the elderly care business. The housing technology segment undertakes the whole industry chain business such as research and development, construction, consulting and supporting services, and continues to explore new business opportunities and enhance the profitability. At the same time, the acquisition of a stake in Aeon Life Insurance Company, Ltd. will serve as a window for the Group to increase investment in financial services business, build investment capacities that match with capital needs of construction management and real estate fund business, which will further strengthen the synergy between the Group's comprehensive asset-light segments and real estate business to form a mutually supportive business layout.

Saleable Resources in 2019

In 2019, the total saleable housing area of Greentown Group is expected to reach approximately 14.95 million sqm, with a total saleable amount of approximately RMB290.9 billion. Of these, Greentown Group will have 117 investment projects for sale in 2019, which is expected to provide saleable area of approximately 8.12 million sqm, and a total saleable amount of approximately RMB202.9 billion, (of which approximately RMB46.9 billion will be attributable to inventory property projects from 2018; approximately RMB156 billion is expected to be new saleable properties). The total saleable area in first- and second-tier cities is expected to be approximately 5.46 million sqm, and the saleable amount is expected to be approximately RMB147.6 billion, representing 73% of the total saleable amount in 2019. The saleable area of Greentown Group's projects under project management is estimated to reach approximately 6.83 million sqm, with saleable amount of approximately RMB88.0 billion in 2019.

FINANCIAL ANALYSIS

Revenue

The revenue of the Group mainly derives from the sales of properties, as well as from hotel operations, property rental, project management, sales of construction materials, design and decoration, etc. During the Year, the revenue of the Group amounted to RMB60,303 million, representing an increase of 43.7% from RMB41,953 million in 2017, which was mainly attributable to higher revenue from the sales of properties.

During the Year, the Group's revenue from property sales amounted to RMB55,274 million, accounting for 91.7% of the total revenue and representing an increase of 45.7% from RMB37,936 million in 2017. RMB7,989 million of such increase was attributable to the application, for the first time, of IFRS 15 Revenue from Contracts with Customers accounting for 14.5% of the revenue from property sales. Excluding the effect of the above factor, revenue from property sales amounted to RMB47,285 million for the Year, representing an increase of 24.6% from 2017, which was mainly due to the significant increase in the total area of properties recorded revenue. The area of properties recorded revenue during the Year grew by 71.2% to 3,393,106 sqm from 1,981,427 sqm in 2017. The average selling price of properties recorded revenue for the Year was RMB16,290 per sqm, representing a decrease of 14.9% from RMB19,146 per sqm in 2017. Such decreases were mainly attributable to the fact that a higher percentage of the sales of properties recorded revenue during the Year, was made with respect to Shengzhou Greentown Mansion, Yuyao Mingyuan, Taizhou Ningjiang Mingyue, which are located in third-fourth tier cities, affecting the average sales price to a certain degree.

Properties with the revenue recognised by subsidiaries during 2018 are as follows:

Projects	Type of Properties	Area Sold *(sqm)* *(Note)*	Sales Revenue *(RMB million)*	% of Total	Average Selling Price *(per sqm RMB)*
Tianjin National Games Village	Integrated Community	482,489	12,720	23%	26,363
Chengdu Wenrude	High-rise Apartment, Villa	166,546	4,096	7.4%	24,594
Qingdao Ideal City	Integrated Community	299,258	3,861	7%	12,902
Shengzhou Greentown Mansion	High-rise Apartment, Villa	267,806	2,669	4.8%	9,966
Shanghai Bund House	High-rise Apartment	18,839	2,590	4.7%	137,481
Yuyao Mingyuan	High-rise Apartment	193,540	2,449	4.4%	12,655
Taizhou Ningjiang Mingyue	Integrated Community	205,441	2,317	4.2%	11,278
Zhoushan Rose Garden West Area	Integrated Community	144,907	2,163	3.9%	14,927
Hainan Blue Town	Integrated Community	83,218	2,154	3.9%	25,884
Hangzhou Arcadia Town	High-Rise Apartment, Low-Rise Apartment, Villa	162,844	1,709	3.1%	10,495
Jinan Yulan Garden	High-Rise Apartment, Low-Rise Apartment, Villa	149,174	1,654	3%	11,088
Hangzhou Jade Mansion	High-rise Apartment	54,041	1,603	2.9%	29,663
Others		1,165,003	15,289	27.7%	13,124
Total		**3,393,106**	**55,274**	**100%**	**16,290**

Note: Areas sold includes aboveground and underground areas.

During the Year, projects in Zhejiang (excluding Hangzhou) area achieved property sales revenue of RMB16,347 million, accounting for 29.6% of the total property sales and ranking top. Projects in Tianjin area achieved property sales revenue of RMB12,766 million, accounting for 23.1% of the total property sales and ranking second. Projects in Shandong area achieved property sales revenue of RMB8,000 million, representing 14.5% of the total property sales and ranking third.

During the Year, the Group's revenue from sales of high-rise apartments, low-rise apartments and serviced apartments amounted to RMB48,408 million, accounting for 87.6% of the total property sales. Sales revenue from villas amounted to RMB6,319 million, accounting for 11.4%, and that from offices amounted to RMB547 million, accounting for 1%.

During the Year, the Group recorded RMB2,524 million in the revenue from its design and decoration business, representing an increase of RMB433 million or 20.7% from RMB2,091 million in 2017. The high-end fit-out products and services provided by the Group's design and decoration business were highly regarded by customers, sustaining a continuously stable expansion of business scale.

During the Year, the Group's revenue from project management service amounted to RMB1,366 million, representing an increase of 46.7% from RMB931 million in 2017. The Group stresses both the light-asset and heavy-asset aspects of its business in its development. Capitalising on its first-grade construction level, high quality products and standardised operation model, Greentown Management Holdings Company Limited (綠城管理控股有限公司) maintains its leadership in terms of scale of project management and a well-received brand in the industry a benchmark for the project management sector. The project management business, as a whole, has shown good momentum of development.

During the Year, the Group's revenue from hotel operations amounted to RMB776 million, representing an increase of 8.2% from RMB717 million in 2017. Rental income from investment properties amounted to RMB85 million, representing an increase of 21.4% from RMB70 million in 2017, which was mainly attributable to an increase in rental income of the Zhuji IN CITY newly opened in 2017.

Gross Profit and Gross Profit Margin

During the Year, the Group recorded gross profit of RMB13,752 million, representing an increase of 70.3% from RMB8,076 million in 2017, which was mainly attributable to an increase in revenue from sales of property.

During the Year, the Group achieved a gross profit margin of 22.8%, representing a significant increase from 19.2% in 2017 (the gross profit margin of property sales was 21.3%, representing a significant increase from 17.5% in 2017). Excluding the fair value adjustment on the cost of sales which arised from the Group's acquisition of subsidiaries, the Group achieved a gross profit margin of property sales of 31.1% for the Year, representing a slight decrease from 31.8% in 2017. It is mainly about the impact of the significant financing component confirmed by IFRS 15 "Revenue from Contracts with Customers" on revenue and cost of sales, the gross profit margin of property sales was 32.8%, representing an increase from 31.8% in 2017 after statistical adjustment for above factors.

Other Income

During the Year, the Group recorded other income of RMB1,860 million, representing an increase of RMB1,148 million from RMB712 million in 2017. Other income, mainly comprising interest income, dividends from equity instruments at FVIOCI, government grants and comprehensive service income, etc, grew by 161.3% compared with last year. Such increase was mainly attributable to the fact that the Group added a relatively large number of new projects during 2018, which led to a larger interest income, mainly caused by the increase in the amount due from related parties.

Other Gains and Losses

During the Year, the Group incurred a loss in other gains and losses of RMB510 million, which was mainly attributable to the provision of unrealised net foreign exchange loss during the Year, representing a decrease of RMB1,143 million from a gain of RMB633 million in 2017. As at 31 December 2018, the Group had bank borrowings in foreign currencies and overseas senior notes balance at an aggregate amount of USD2,028 million. During 2018, the exchange rate of RMB against US dollars depreciated by approximately 5%. Excluding the effects of foreign currency on the financial assets of the Group, the Group's provision for unrealised net foreign exchange loss amounted to RMB488 million during the Year, as compared to the net foreign exchange gain of RMB511 million in 2017.

Administrative Expenses

Administrative expenses included human resource costs, daily operating expenses and other expenses, such as product research and development expenses. During the Year, the Group incurred administrative expenses of RMB3,895 million, representing an increase of RMB1,035 million, or 36.2%, from RMB2,860 million in 2017, which was mainly attributable to the expansion of company scale, increase in human resource costs, depreciation and product research and development expenses. Human resource costs is the single largest expenditure in administration expenses. Such expenditure amounted to RMB1,834 million in 2018 (2017: RMB1,300 million), representing an increase of RMB534 million, or a year-on-year increase of 41.1%, mainly due to the fact that more land bank has been newly acquired as well as more development projects in the fourth quarter in 2017 and during 2018. On the other hand, the amortisation of the new share options granted by the Group to the Directors and senior management at the end of 2017 and August 2018 amounted to RMB134 million (2017: RMB2 million), which was recorded in human resource costs. During the Year, daily operating expenses included in administration expenses amounted to RMB1,036 million (2017: RMB755 million), representing an increase of RMB281 million, or a year-on-year increase of 37.2%. Of which, Zhoushan Rose Garden Hotel and Zhoushan Yuhua International School, etc. commenced operations successively during the second half of 2017 and 2018. The depreciation charge for the Year increased by RMB120 million accordingly. Also, the more projects resulted in the increase of the daily operating expenses. During the Year, other expenses included in administration expenses amounted to RMB1,025 million (2017: RMB805 million), representing an increase of RMB220 million, or a year-on-year increase of 27.3%, which was mainly attributable to the increase in product research and development expenses incurred by new products, as well as patents of decorations and renovations, and an increase in tax expenses.

Selling Expenses

Selling expenses mainly include human resource costs, marketing activities expenses and daily operating expenses. During the Year, the Group incurred selling expenses of RMB1,844 million, representing an increase of RMB227 million or 14% from RMB1,617 million in 2017. As the single largest expenditure in selling expenses, marketing activities expenses amounted to RMB894 million for the Year (2017: RMB727 million), representing an increase of RMB167 million, or a year-on-year increase of 23%. During the Year, human resource costs incurred in sales amounted to RMB627 million, representing a slight decrease of 0.6% from RMB631 million in 2017. During the Year, the daily operating expenses in relation to sales expenses incurred amounted to RMB323 million (2017: RMB259 million), representing an increase of RMB64 million, or a year-on-year increase of 24.7%.

During the Year, the increase of selling expenses of the Group was mainly due to the increase in scale of sales. In 2018, the sales ratio of the Group was little changed from 2017. As well as the fact that the number of newly-entered cities for Greentown China in 2018 reached a historical high. In order to carry out annual brand promotion for Greentown China and establish brand in newly-entered cities, the Group commenced standard brand activities in 11 newly-entered cities, including Chengdu, Chongqing, Nantong.

Finance Costs

During the Year, interest expenses recorded in the Group's consolidated statement of profit or loss and other comprehensive income amounted to RMB1,552 million (2017: RMB1,477 million). Interest expenses for the Year totaled RMB5,417 million, representing an increase of RMB1,699 million from RMB3,718 million in 2017, mainly due to the increase in the number projects under development and the weighted average of loan balance outstanding in the Year. The weighted average interest cost during the Year was 5.4%, which remained stable as compared with 5.4% in 2017, which was mainly due to the Group's continuous improvement of its debt structure, active innovation of its financing model and expansion of its financing channels. In the meantime, the Group continued to promote property financialization, which enabled finance costs to be remained at a lower level. During the Year, capitalised interest amounted to RMB3,865 million, with a capitalisation rate of 71.3% which represented an increase from 60.3% in 2017. Such increase was mainly attributable to new-added developments.

Share of Results of Joint Ventures and Associates

During the Year, the Group's share of results of joint ventures amounted to a gain of RMB175 million and the share of results of associates amounted to a gain of RMB326 million, totaling an aggregate gain of RMB501 million which represented a decrease of RMB49 million from a gain of RMB550 million in 2017. The decrease was mainly due to the provision for impairment loss for certain properties. Excluding such factor, the aggregate gain amounted to RMB831 million in 2018, representing an increase of RMB100 million from a gain of RMB731 million in 2017.

During the Year, the provision for impairment loss for properties by the Group was mainly provision of impairment loss of RMB778 million for Qingdao Greentown Huajing Real Estate Co., Ltd. (Qingdao Deep Blue Center) which reduced the Group's share of results of associates by RMB311 million.

During the Year, revenue from property sales recognized by joint ventures and associates amounted to RMB24,186 million in aggregate, representing a decrease of 12.5% from RMB27,633 million in 2017, and gross profit from property sales amounted to RMB6,943 million, representing an increase of 64.7% from RMB4,215 million in 2017, which was mainly due to the higher sales proportion of Hangzhou Young City, Jinan National Games Village and Xuzhou Lagerstroemia Mansion and a relatively higher gross profit margin from property.

Projects with the revenue recognised by joint ventures and associates in 2018 are as follows:

Projects	Category	Type of Properties	Area Sold *(sqm)* *(Note)*	Sales Revenue *(RMB million)*	% of Total	Average Selling Price *(per sqm RMB)*
Shenyang National Games Village	Joint Venture	High-Rise Apartment, Villa	294,918	2,410	10%	8,172
Xuzhou Lagerstroemia Mansion	Joint Venture	High-Rise Apartment, Villa	84,224	2,191	9.1%	26,014
Hangzhou Phoenix Mansion	Joint Venture	High-Rise Apartment	20,872	1,305	5.4%	62,524
Hangzhou Young City	Associate	High-Rise Apartment	163,056	3,426	14.2%	21,011
Jinan National Games Village	Associate	High-Rise Apartment, Villa	152,237	2,774	11.5%	18,222
Hangzhou Wulin No. 1	Associate	High-Rise Apartment	17,375	1,412	5.8%	81,266
Dalian Taoyuan Lane	Associate	High-Rise Apartment	89,889	1,401	5.8%	15,586
Qingdao Deep Blue Center	Associate	High-Rise Apartment	22,406	1,121	4.6%	50,031
Jinan Center	Associate	High-Rise Apartment, Office	96,966	1,083	4.5%	11,169
Others			366,537	7,063	29.1%	19,270
Total			**1,308,480**	**24,186**	**100%**	**18,484**

Note: Area sold includes aboveground and underground areas.

Taxation Expenses

During the Year, taxation included the land appreciation tax of RMB3,889 million (2017: RMB2,150 million) and enterprise income tax of RMB1,640 million (2017: RMB1,570 million). During the Year, the effective enterprise income tax rate was 33.0% (excluding the share of results of joint ventures and associates, the losses of certain offshore subsidiaries and net foreign exchange loss), higher than the statutory tax rate of 25.0%. This was mainly attributable to the early provision for withholding tax on dividend, the losses of certain onshore subsidiaries with unrecognised deferred tax assets and expenses non-deductible for taxation purposes.

Gain from Changes in Fair Value of Investment Properties

Investment property is a property held for rental earning and shall be measured at fair value. The Group commissioned Cushman & Wakefield Limited to provide valuation on certain investment properties located in Jinan, Dalian, Qingdao, Zhuji, etc. According to the results of the valuation, the gain from changes in fair value of investment properties amounted to RMB132 million in 2018 (2017: a gain of RMB253 million), which was mainly due to the appreciation of the Jinan Financial Centre (濟南金融中心) acquired in 2018.

Provision and Reversal of Provision for Impairment Losses for Certain Asset

In light of the risk and uncertainty brought by the purchase restriction and the credit tightening policy of the PRC property market, the Group commissioned Cushman & Wakefield Limited to provide valuation on certain properties. According to the valuation and test results, the reversal of impairment by Xinchang Greentown Real Estate Co., Ltd., a subsidiary of the Group, for its hotel property amounted to RMB17 million;

The Group respectively made provisions for impairment loss of certain subsidiaries for their completed properties for sale, properties for development, properties under development and inventories during the Year as follows:

Name of Company	Name of Project	Impairment Loss *(RMB million)*
Xi'an Xinhongye Investment Development Co., Ltd.	Xi'an Hongji New City	270
Chengdu Zhezhongda Real Estate Co., Ltd.	Chengdu Wenrude	97
Beijing Yunxi Greentown Real Estate Development Co., Ltd.	Beijing Miyun	57
Greentown Hengji Daqing Real Estate Co., Ltd.	Daqing Majestic Mansion	18
Shanghai Yijing Garden View Engineering Co., Ltd	Inventories	18
Zhuji Yuedu Real Estate Co., Ltd.	Zhuji Greentown Plaza	9
Total		**469**

In addition, through the application of IFRS 9 for the Year, an impairment loss of RMB514 million and RMB769 million was made on the amount due from related parties and trade and other receivables respectively, based on the expected credit loss impairment model and taking into account a comprehensive range of factors such as the objects of receivables and aging. Mainly due to the impact of government's restrictions on purchases, the property deals of Shenyang's market shrinked and the wait-and-see mood in there reached on a stronger. The Group accounted the provision of impairment loss of RMB405 million for Shenyang National Games Village Construction Co., Ltd., based on the principle of prudence. In addition, due to the high extent of uncertainty about fund withdrawal from the previous partner of the Group's real estate project – Jiajing Real Estate Development Group Co., Ltd., the provision of RMB549 million was made by the Group.

Contract Liabilities

Contract liabilities mainly represent the amounts received from the pre-sale of properties. As at 31 December 2018, the balance of contract liabilities of the Group was RMB66,267 million, representing an increase of RMB367 million or 0.6% from the pre-sale deposits of RMB65,900 million as at 31 December 2017.

As at 31 December 2018, the balance of contract liabilities of joint ventures and associates was RMB38,883 million, representing a decrease of RMB8,574 million or 18.1% from RMB47,457 million as at 31 December 2017, which was such decrease mainly due to the higher revenue recognised for the Year, as well as retrospective adjustment to the opening amount of contract liabilities upon the application of IFRS 15 "Revenue from Contracts with Customers".

Financial Resources and Liquidity

As at 31 December 2018, the Group had bank balances and cash (including pledged bank deposits) of RMB48,219 million (as at 31 December 2017: RMB35,977 million). Total borrowings amounted to RMB81,458 million (as at 31 December 2017: RMB57,706 million) and net liabilities (total borrowings less bank balances and cash) amounted to RMB33,239 million (as at 31 December 2017: RMB21,729 million). The net gearing ratio was 55.3%, which is higher than the net gearing ratio of 46.4% as at 31 December 2017 but remained at a reasonable level. Balance of borrowings due within one year amounted to RMB17,481 million, accounting for 21.5% of the total borrowings. The closing balance of bank deposits and cash was 2.76 times the balance of borrowings due within one year. Cash flow was sufficient, coupled with a reasonable debt structure, providing a strong support for the subsequent development of the Company.

Greentown Group has obtained facilities of more than RMB225.5 billion from financial institutions, of which approximately RMB156.3 billion was available as at 31 December 2018.

Material Disposals

On October 2017, the Group entered into an equity transfer agreement with an independent third party, pursuant to which the Group disposed of its 60% equity interests in Liuzhou Greentown Investment Co., Ltd. and its subsidiaries, Liuzhou Greentown Real Estate Development Co., Ltd.. The completion of delivery and the change of control took place in January 2018. The consideration for such equity transaction was RMB408 million. Such disposal increased the net profit of the Company for the Year by RMB290 million.

On December 2017, the Group entered into an equity transfer agreement with a related party, Greentown Holdings Group Limited, pursuant to which the Group agreed to dispose its 100% equity interests held in Hangzhou Rose Garden Resort Co., Ltd. (杭州玫瑰園度假村有限公司), a wholly-owned subsidiary of the Group, the assets of which comprise a piece of land and the hotel built thereon in Hangzhou, as well as 90% equity interests in Hangzhou Greentown Imports & Exports Trading Co., Ltd. (杭州綠城進出口貿易有限公司). The completion of delivery and the change of control took place in January 2018. The consideration for the equity transfer was RMB287 million. Such disposals increased the net profit of the Company by RMB111 million for the Year.

For details of such equity transfer agreement, please refer to the connected transaction announcement of the Company dated 28 December 2017.

Business Combinations

Jinan Dongchuang Real Estate Co., Ltd. (濟南東創置業有限公司), formerly a joint venture of the Company, became a subsidiary of the Company due to changes in the control of voting rights as a result of business combination during the Year. The subsidiary holds and develops Jinan Yulan Garden. During such business combination in the Year, the Group re-measured the company's net assets at fair value, with the company's fair value gains recalculated to be RMB591 million as at the date of acquisition. The gains from such business combination and the effect of fair value adjustments on costs added a total of RMB333 million to the Company's net profit.

Risks of Foreign Exchange Fluctuation

The principal place of operation of the Group is in the People's Republic of China, and the majority of the income and expenditure was settled in RMB. As the Group had deposits in foreign currencies, amounts due from and to related parties and third parties denominated in foreign currencies, as well as bank borrowings in foreign currencies and overseas senior notes, the Group was exposed to foreign exchange risks. No foreign exchange hedging arrangements had been entered into by the Company during the year, due to the provision of net foreign exchange loss of RMB488 million for the depreciation of RMB, though there was no effective cash outflow. The Company will pay attention to the changes in foreign exchange market and actively conduct discussion with various major banks on foreign exchange hedging solutions

Financial Guarantees

The Group provided financial guarantees to certain banks for mortgage facilities granted to buyers of the Group's properties. As at 31 December 2018, such financial guarantees amounted to RMB33,938 million (as at 31 December 2017: RMB30,777 million).

Pledge of Assets

As at 31 December 2018, the Group pledged investment properties, properties for development, properties under development, completed properties for sale, property, plant and equipment, prepaid lease payment, pledged bank deposits, interests in joint ventures and interests in associates, with an aggregate carrying value of RMB67,015 million (as at 31 December 2017: RMB42,359 million) to secure general credit facilities granted by banks and other financial institutions to the Group.

Capital Commitments

As at 31 December 2018, the Group had contracted, but not provided for, capital expenditure commitments of RMB25,909 million (31 December 2017: RMB19,815 million) in respect of properties for development, properties under development or construction in progress.

CAPITAL EXPENDITURE PLAN

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

EVENTS AFTER THE BALANCE SHEET DATE

On 4 January 2019, the Group entered into a cooperation agreement with, among other parties, CCCC Urban Investment Holding Company Limited, a subsidiary of CCCG, and an independent third party in relation to the introduction of such two investors in the joint development of a land parcel situated in Nansha District of Guangzhou in the PRC with a gross site area of approximately 45,234 sqm. Please refer to the announcement of the Company dated 4 January 2019 for further details of the cooperation agreement.

On 14 January 2019, Xi'an International Land Port Development Co., Ltd. ("Xi'an International Land Port"), a non-wholly owned subsidiary of the Company, entered into certain construction agreements with a subsidiary of CCCG pursuant to which Xi'an International Land Port agreed to engage such subsidiary of CCCG as the main contractor to carry out the construction works of Phase Three of Plots 3, 4, 7 and 8 of Xi'an National Games Village at the consideration of RMB416,487,047.06. Please refer to the announcement of the Company dated 14 January 2019 for further details of the construction agreements.

On 8 February 2019, Champion Sincerity Holdings Limited, a wholly-owned subsidiary of the Company, issued two series of senior perpetual capital securities each callable 2022 in the aggregate principal amount of US$400,000,000 and US$100,000,000, respectively. Both series of perpetual capital securities are guaranteed by the Company and the US$400 million perpetual capital securities are also supported by a keepwell deed and deed of equity interest purchase undertaking of CCCG. Both series of senior perpetual capital securities are listed on the Stock Exchange. Please refer to the announcements of the Company dated 25 January 2019, 26 January, 29 January 2019 and 8 February 2019 for further details of such senior perpetual capital securities including the guarantees in connection therewith. The net proceeds from the issue of these two series of senior perpetual capital securities, after deducting the subscription discounts and commissions and other expenses, were approximately USD395.9 million and USD99 million, respectively. The Company intends to use the net proceeds of the issue of such senior perpetual capital securities to refinance existing indebtedness of the Group and for general working capital purposes.

On 19 March 2019, Greentown Real Estate Group Co. Ltd ("Greentown Real Estate", a wholly-owned subsidiary of the Company), Zhejiang Greentown Lipu Construction Design Co., Ltd. (a non-wholly owned subsidiary of the Company), China First Highway Engineering Co., Ltd. ("China First Highway", a non-wholly owned subsidiary of CCCG and hence a connected person of the Company) and an independent third party were notified of the success of the bid in the tender in involving the survey, design, and construction works in respect of the infrastructure and common facilities on a plot of land located in Xiuying District* (秀英區), Haikou, Hainan. The Group shall be the coordinator and provide project management service for the project. On the same date, Greentown Real Estate entered into an agreement with China First Highway under which Greentown Real Estate shall receive a project management fee totalling RMB76,343,872.5, representing 5% of RMB1,526,877,450, being the amount of the successful bid for the project under the tender. Please refer to the announcement of the Company dated 19 March 2019 for further details of the provision of project management services by Greentown Real Estate.

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

Save as disclosed in the Company's announcements dated 24 December 2018 in relation to the redemption of certain listed notes issued by the Company, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange during the Year.

HUMAN RESOURCES

As at 31 December 2018, the Group employed a total of 7,535 employees (31 December 2017: 5,446). The employees of the Group were remunerated on the basis of their performance, experience and prevailing industry practices. The Group's remuneration policies and packages were reviewed by the remuneration committee and the Board on a regular basis. As an incentive for the employees, bonuses, cash awards and share options may also be granted to the employees based on their individual performance evaluation.

CORPORATE GOVERNANCE CODE OF THE LISTING RULES

In the opinion of the Board, the Company had always 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 (the "Listing Rules") throughout the Year.

MODEL CODE OF THE LISTING RULES

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

THE AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") has discussed and reviewed the accounting principles and practices adopted by the Group and discussed the audit objectives, the scopes and the report of the internal audit department of the Group. The annual results of the Group for the Year have been reviewed by the Audit Committee.

FORWARD LOOKING STATEMENTS

This announcement includes forward-looking statements. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believe”, “estimate”, “anticipate”, “expect”, “intend”, “may”, “will” or “should”, or, in each case, their negative or other variations or similar terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this announcement and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects and growth strategies, and the industry in which the Greentown Group operates.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, and the development of the industry in which 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 Greentown Group operates are consistent with the forward-looking statements contained in this announcement, those results or developments may not be indicative of results or developments in subsequent periods.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the Company (the “AGM”) is proposed to be held on 14 June 2019 (Friday). A notice convening the AGM will be published and dispatched to the Shareholders in the manner as required by the Listing Rules in due course.

DIVIDENDS

The Board recommends the payment of a final dividend of RMB0.23 per ordinary share for the Year (the “2018 Final Dividend”) to the ordinary Shareholders whose names appear on the Company’s register of members as at 25 June 2019 (Tuesday) (2017: RMB0.2 per share). Subject to approval of the Shareholders at the AGM, the 2018 Final Dividend is expected to be paid before the end of July 2019.

CLOSURE OF REGISTER OF MEMBERS

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

(i) From 11 June 2019 (Tuesday) to 14 June 2019 (Friday), both days inclusive, during which period no transfer of shares will be registered, for the purpose of ascertaining Shareholders’ entitlement to attend and vote at the AGM. In order to be eligible to attend and vote at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company’s branch share register in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Center, 183 Queen’s Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on 10 June 2019 (Monday); and

(ii) From 21 June 2019 (Friday) to 25 June 2019 (Tuesday), both days inclusive, during which period no transfer of shares will be registered, for the purpose of ascertaining Shareholders' entitlement to the 2018 Final Dividend, if approved by the Shareholders at the AGM. In order to be eligible to the 2018 Final Dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share register in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on 20 June 2019 (Thursday).

PUBLICATION OF ANNUAL REPORT

The annual report of the Group for the Year containing all the information required by the Listing Rules will be dispatched to the Shareholders and published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.chinagreentown.com).

APPRECIATION

The Board would like to take this opportunity to express gratitude to the shareholders, customers, suppliers, banks, professional parties and employees of the Group for their continuous patronage and support to the Group.

By order of the Board
Greentown China Holdings Limited
Fung Ching, Simon
Company Secretary

Hangzhou, the PRC
21 March 2019

As at the date of this announcement, the Board comprises six executive directors, namely Mr. Song Weiping, Mr. Liu Wensheng, Mr. Zhang Yadong, Mr. Li Qingan, Mr. Li Yongqian and Mr. Li Jun, and four independent non-executive directors, namely Mr. Jia Shenghua, Mr. Ke Huanzhang, Mr. Sze Tsai Ping, Michael and Mr. Hui Wan Fai.