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## **GREENLAND HONG KONG HOLDINGS LIMITED**

### **綠地香港控股有限公司**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 337)**

**USD300 million 6.0 per cent. Bonds due 2021**

**(Stock Code: 5412)**

## **2020 ANNUAL RESULTS ANNOUNCEMENT**

### **HIGHLIGHTS**

- Gross profit for the year was approximately RMB8,249 million, representing a year-on-year increase of approximately 51% compared with that before restatement of 2019 and a year-on-year decrease of approximately 24% compared with that after restatement of 2019<sup>(1)</sup>
- Profit for the year was approximately RMB3,459 million, representing a year-on-year increase of approximately 14% compared with that before restatement of 2019 and a year-on-year decrease of approximately 39% compared with that after restatement of 2019<sup>(1)</sup>
- The Group's total assets as at 31 December 2020 amounted to RMB164,989 million, representing a year-on-year increase of approximately 66% compared with that before restatement of 2019 and a year-on-year increase of approximately 3% compared with that after restatement of 2019<sup>(1)</sup>
- Basic earnings per share for the year amounted to approximately RMB0.94
- Proposed a 2020 final dividend of HK\$0.3 per ordinary share
- Weighted average finance cost further decreased to 5.5% as at 31 December 2020
- Net gearing ratio as at 31 December 2020 was approximately 49%
- Contracted sales amounted to approximately RMB54,535 million for the year, representing a year-on-year increase of approximately 13%
- Since the beginning of the financial year ended 31 December 2020 ("FY2020") and up to the date of this announcement, acquired 54 land parcels with a total GFA of approximately 12 million square meters in 20 cities

<sup>(1)</sup> Upon the completion of acquisition of the entire equity interest in Guangzhou Greenland Real Estate Development Co. Ltd.\* (廣州綠地房地產開發有限公司) (the "Acquisition") mentioned in the announcement dated 12 October 2020, the circular dated 25 November 2020 and announcement dated 31 December 2020 of the Company, the results of the Group for the year ended 31 December 2019 has to be restated as if the Acquisition had been completed on 1 January 2019, accounted for using the principles of merger accounting in accordance with Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the HKICPA. Please refer to Note 2 in the announcement for the details.

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

*FOR THE YEAR ENDED 31 DECEMBER 2020*

	<i>NOTES</i>	<b>2020</b> <i>RMB'000</i>	2019 <i>RMB'000</i> (restated)
Revenue	5	<b>33,734,423</b>	36,642,555
Cost of sales		<b>(25,485,041)</b>	(25,844,404)
Gross profit		<b>8,249,382</b>	10,798,151
Other income	6	<b>67,383</b>	43,785
Other gains and losses	7	<b>425,977</b>	(211,094)
Selling and marketing costs		<b>(1,253,090)</b>	(1,149,987)
Administrative expenses		<b>(1,132,825)</b>	(922,454)
Other operating expenses		<b>(262,508)</b>	(235,554)
Impairment loss under expected credit loss model, net of reversal		<b>(23,794)</b>	(130,587)
Gain on changes in fair value of investment properties	15	<b>577,857</b>	968,765
Gain on disposal of interests in subsidiaries	23	–	1,185,595
Gain on disposal of interest in an associate		<b>49,071</b>	–
Finance income	8	<b>52,676</b>	117,977
Finance costs	9	<b>(276,410)</b>	(390,557)
Share of results of associates		<b>83,093</b>	(24,049)
Share of results of joint ventures		<b>543,353</b>	642,645
Profit before tax		<b>7,100,165</b>	10,692,636
Income tax expenses	10	<b>(3,640,771)</b>	(4,981,541)
<b>Profit for the year</b>		<b>3,459,394</b>	5,711,095

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

*FOR THE YEAR ENDED 31 DECEMBER 2020*

	<i>NOTE</i>	<b>2020</b> <b>RMB'000</b>	2019 RMB'000 (restated)
<b>Other comprehensive (expense) income</b>			
<i>Item that will not be reclassified to profit or loss:</i>			
Fair value (loss) gain on investments in equity instruments at fair value through other comprehensive (expense) income		<u>(21,852)</u>	<u>17,975</u>
Other comprehensive (expense) income for the year, net of income tax		<u>(16,389)</u>	<u>13,482</u>
Total comprehensive income for the year		<u><b>3,443,005</b></u>	<u>5,724,577</u>
Profit for the year attributable to:			
Owners of the Company		2,608,307	3,882,720
Non-controlling interests		804,552	1,781,810
Owners of perpetual securities		<u>46,535</u>	<u>46,565</u>
		<u><b>3,459,394</b></u>	<u>5,711,095</u>
Total comprehensive income attributable to:			
Owners of the Company		2,591,918	3,896,202
Non-controlling interests		804,552	1,781,810
Owners of perpetual securities		<u>46,535</u>	<u>46,565</u>
		<u><b>3,443,005</b></u>	<u>5,724,577</u>
		<b>2020</b> <b>RMB</b>	2019 RMB (restated)
<b>Earnings per share</b>			
Basic	<i>13</i>	<u><b>0.94</b></u>	<u>1.40</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
*AS AT 31 DECEMBER 2020*

	<i>NOTES</i>	<b>31.12.2020</b> <i>RMB'000</i>	31.12.2019 <i>RMB'000</i> (restated)	1.1.2019 <i>RMB'000</i> (restated)
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
Investment properties	<i>15</i>	<b>11,727,000</b>	8,793,000	13,381,000
Property, plant and equipment	<i>14</i>	<b>1,492,006</b>	1,261,070	1,215,053
Intangible assets		<b>1,161</b>	1,206	1,251
Right-of-use assets		<b>73,103</b>	80,156	93,693
Equity instruments at fair value through other comprehensive income ("FVTOCI")		<b>290,463</b>	312,315	294,340
Interests in associates	<i>16</i>	<b>229,812</b>	197,817	206,554
Interests in joint ventures	<i>17</i>	<b>3,715,813</b>	2,457,406	1,814,761
Deferred tax assets		<b>1,618,804</b>	1,090,295	968,798
Restricted bank deposits		<b>398,400</b>	398,400	–
<b>Total non-current assets</b>		<b>19,546,562</b>	14,591,665	17,975,450
<b>Current Assets</b>				
Properties under development		<b>86,606,518</b>	73,281,225	64,607,499
Completed properties held for sale		<b>17,816,340</b>	18,007,483	21,684,065
Trade and other receivables and advance deposits	<i>18</i>	<b>24,668,949</b>	36,222,299	25,553,346
Prepaid taxation		<b>2,232,782</b>	1,885,353	1,789,913
Contract assets		<b>358,536</b>	649,843	839,997
Contract costs		<b>271,932</b>	208,254	147,327
Financial assets at fair value through profit and loss ("FVTPL")		<b>31,955</b>	6,397	–
Other financial assets		–	–	577,651
Restricted bank deposits		<b>3,845,078</b>	2,897,140	2,805,877
Bank balances and cash		<b>9,609,916</b>	12,286,486	10,460,092
<b>Total current assets</b>		<b>145,442,006</b>	145,444,480	128,465,767
<b>Total assets</b>		<b>164,988,568</b>	160,036,145	146,441,217

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
*AS AT 31 DECEMBER 2020*

	<i>NOTES</i>	<b>31.12.2020</b> <i>RMB'000</i>	31.12.2019 <i>RMB'000</i> (restated)	1.1.2019 <i>RMB'000</i> (restated)
<b>EQUITY AND LIABILITIES</b>				
<b>Capital And Reserves</b>				
Share capital		<b>1,132,097</b>	1,132,097	1,132,097
Reserves		<b>11,511,155</b>	13,194,419	10,139,399
Equity attributable to owners of the Company		<b>12,643,252</b>	14,326,516	11,271,496
Perpetual securities	21	<b>787,870</b>	788,208	787,823
Non-controlling interests		<b>8,710,710</b>	7,834,659	5,815,038
<b>Total equity</b>		<b>22,141,832</b>	22,949,383	17,874,357
<b>LIABILITIES</b>				
<b>Non-Current Liabilities</b>				
Deferred tax liabilities		<b>1,649,163</b>	1,535,285	1,858,448
Interest-bearing loans		<b>13,640,805</b>	9,344,980	16,775,798
Bonds	20	<b>–</b>	2,087,795	1,367,416
Lease liabilities		<b>407,364</b>	491,038	336,510
<b>Total non-current liabilities</b>		<b>15,697,332</b>	13,459,098	20,338,172
<b>Current Liabilities</b>				
Trade and other payables	19	<b>57,378,706</b>	62,904,594	49,689,220
Tax payable		<b>5,458,535</b>	4,326,241	2,800,218
Interest-bearing loans		<b>9,092,012</b>	8,099,442	7,206,855
Bonds	20	<b>1,955,758</b>	1,393,481	4,450,599
Lease liabilities		<b>89,121</b>	91,949	72,475
Contract liabilities		<b>53,175,272</b>	46,811,957	44,009,321
<b>Total current liabilities</b>		<b>127,149,404</b>	123,627,664	108,228,688
<b>Total liabilities</b>		<b>142,846,736</b>	137,086,762	128,566,860
<b>Total equity and liabilities</b>		<b>164,988,568</b>	160,036,145	146,441,217
<b>Net current assets</b>		<b>18,292,602</b>	21,816,816	20,237,079
<b>Total assets less current liabilities</b>		<b>37,839,164</b>	36,408,481	38,212,529

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2020

### 1. GENERAL INFORMATION

Greenland Hong Kong Holdings Limited (the “Company”) was incorporated in the Cayman Islands on 13 April 2006 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 2007, as consolidated and revised) of the Cayman Islands and its share are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”).

The ultimate controlling shareholder of the Company is Greenland Holdings Corporation Limited (“Greenland Holdings”) and the parent company is Gluon Xima International Limited. The address of the Company’s registered office is Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681 GT, George Town, Grand Cayman, British West Indies, and principal place of business of the Company is No 193 Xiehe Road, Shanghai, China.

The Company is an investment holding company. The principal activities of its subsidiaries (together with the Company referred to as the “Group”) are the development for sale and rental of properties and related service in the People’s Republic of China (the “PRC”) and the operation of hotels.

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

### 2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

#### **Merger accounting for business combination under common control**

On 12 October 2020, the Company entered into an agreement with Greenland Holdings for the acquisition of 100% equity interest in Guangzhou Greenland Real Estate Development Co., Ltd (廣州綠地房地產開發有限公司) (the “Guangzhou Greenland”) (the “Acquisition”) at a total cash consideration of RMB3.64 billion. The Acquisition has been completed on 31 December 2020 (the “Completion Date”). Guangzhou Greenland, together with its subsidiaries (collectively referred to as “Guangzhou Greenland Group”) are principally engaged in the development for sale and rental of properties in the PRC.

The Acquisition is considered as a business combination under common control as the Group and Guangzhou Greenland are under the common control of Greenland Holdings before and after the Acquisition. Accordingly, the Acquisition is accounted for using the principles of merger accounting.

In applying merger accounting, Guangzhou Greenland Group was included in the consolidated financial statements from the beginning of the earliest period presented as if Guangzhou Greenland Group had always been part of the Group. As a result, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended 31 December 2019 have been restated to include the financial performance, changes in equity and cash flows of Guangzhou Greenland Group, as if they were within the Group since 1 January 2019. The consolidated statement of financial position of the Group as at 1 January 2019 and 31 December 2019 was restated to include the assets and liabilities of Guangzhou Greenland Group. Guangzhou Greenland Group was included in sales of properties and lease of properties segment of the Company’s consolidated financial statements.

### 3. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”)

#### Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the *Amendments to References to the Conceptual Framework in IFRS Standards* and the following amendments to IFRSs issued by the International Accounting Standards Board (“IASB”) for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

Amendments to IAS 1 and IAS 8	Definition of Material
Amendments to IFRS 3	Definition of a Business
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform

Except as described below, the application of the *Amendments to References to the Conceptual Framework in IFRS Standards* and the amendments to IFRSs in the current year had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

#### 3.1 Impacts on application of Amendments to IAS 1 and IAS 8 “Definition of Material”

The Group has applied the Amendments to IAS1 and IAS 8 for the first time in the current year. The amendments provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current year had no impact on the consolidated financial statements.

#### 3.2 Impacts on application of Amendments to IFRS 3 “Definition of Business”

The Group has applied the amendments for the first time in the current year. The amendments clarify that while businesses usually have outputs. Outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significant contribute to the ability to create outputs.

The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has be acquired.

In addition, the amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is no a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. The election on whether to apply the optional concentration test is available on transaction-by-transaction basis.

The application of the amendments had no impact on the consolidated financial statements in the current year as similar conclusion would have been reached without applying the optional concentration test.

*New and amendments to IFRSs in issue but not yet effective*

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

IFRS 17	Insurance Contracts and the related Amendment <sup>1</sup>
Amendment to IFRS 16	Covid-19-Related Rent Concessions <sup>4</sup>
Amendments to IFRS 3	Reference to the Conceptual Framework <sup>2</sup>
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2 <sup>5</sup>
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to IAS 1	Classification of Liabilities as Current or Non-current <sup>1</sup>
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use <sup>2</sup>
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies <sup>1</sup>
Amendments to IAS 8	Definition of Accounting Estimates <sup>1</sup>
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract <sup>2</sup>
Amendments to IFRSs	Annual Improvements to IFRSs 2018-2020 <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2022.

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>4</sup> Effective for annual periods beginning on or after 1 June 2020.

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2021.

Except for the new and amendments to IFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

*Amendments to IFRS 3 “Reference to the Conceptual Framework”*

The amendments:

- Update a reference in IFRS 3 “Business Combinations” so that it refers to the *Conceptual Framework for Financial Reporting* issued by IASB in March 2019 (“the “Conceptual Framework”) instead of the International Accounting Standards Committee’s *Framework for the Preparation and Presentation of Financial Statements* (replaced for the *Conceptual Framework for Financial Reporting* issued in September 2010);
- Add a requirement that, for transactions and other events within the scope of IAS 37 “Provisions, Contingent Liabilities and Contingent Assets” or IFRIC 21 “Levies”, an acquirer applies IAS 37 or IFRIC 21 instead of Conceptual Framework to identify the liabilities it has assumed in a business combination; and
- Add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The Group will apply the amendments prospectively to business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

### *Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”*

The amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which

- Specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that:
  - (i) the classification should not be affected by management intentions or expectations to settle the liability within 12 months; and
  - (ii) if the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date; and
- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity’s own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying IAS 32 “Financial Instruments: Presentation”.

Based on the Group’s outstanding liabilities as at 31 December 2020, the application of the amendments will not result in reclassification of the Group’s liabilities.

### *Amendments to IFRSs Annual Improvements to IFRSs 2018-2020*

The annual improvements make amendments to the following standards.

#### IFRS 9 “Financial Instruments”

The amendment clarifies that for the purpose of assessing whether modification of terms of original financial liability constitutes substantial modification under the “10 per cent” test, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other’s behalf.

#### IFRS 16 “Leases”

The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of reimbursement relating to leasehold improvements by the lessor in order to remove any potential confusion.

#### IAS 41 “Agriculture”

The amendment ensures consistency with the requirements in IFRS 13 “Fair Value Measurement” by removing the requirement in paragraph 22 of IAS 41 to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

#### **4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Group's accounting policies, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revisions affects both current and future periods.

##### **Critical judgements in applying accounting policies**

The followings are the critical judgements, apart from those involving estimations (see below), that the directors of the Company has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

##### ***Deferred taxation on investment properties***

The Group recognises deferred tax in respect of the changes in fair value of the investment properties based on directors' best estimate assuming future tax consequences through usage of such properties for rental purpose, rather than through sale. The final tax outcome could be different from the deferred tax liabilities recognised in the consolidated financial statements should the investment properties are subsequently disposed by the Group, rather than consumed substantially all of the economic benefits embodied in the investment properties by leasing over time. In the event the investment properties are being disposed, the Group may be liable to higher tax upon disposal considering the impact of land appreciation tax.

##### **Key sources of estimation uncertainty**

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

##### ***Valuation of investment properties***

Investment properties in the consolidated statement of financial position at 31 December 2020 are carried at their fair values of approximately RMB11,727,000,000 (31 December 2019: RMB8,793,000,000, as restated), details of which are disclosed in note 15. The fair values of the investment properties are determined by reference to valuations conducted on these properties by an independent firm of property valuer using property valuation techniques which involve certain assumptions of prevailing market conditions. Favourable or unfavorable changes to these assumptions may result in changes in the fair values of the Group's investment properties and corresponding adjustments to the changes in fair values reported in the consolidated statement of profit or loss and other comprehensive income and the carrying amounts of these properties included in the consolidated statement of financial position.

### ***PRC land appreciation taxes***

The Group is subject to land appreciation taxes (“LAT”) in the PRC. The implementation and settlement of these taxes varies among various tax jurisdictions in cities of the PRC, and the Group has not finalised its PRC LAT calculation and payments with most of local tax authorities in the PRC. The calculation of PRC LAT are highly dependent on the appropriateness of the rates used, which are determined by the appreciation of land value. The appreciation of land value is determined with reference to proceeds of the properties less the estimated deductible expenditures, including the cost of land use rights and all property development expenditures. The Group estimated the deductible expenditures according to the understanding of the relevant PRC tax laws and regulations. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax expense and the related income tax provisions in the periods in which such tax is finalised with local tax authorities.

### ***Deferred tax assets***

At 31 December 2020, the Group has recognised deferred tax assets RMB1,618,804,000 (31 December 2019: RMB1,090,295,000, as restated). The ability to realise the deferred tax assets mainly depends on whether it is probable that future taxable profits will be available against which related tax benefits under the deferred tax assets can be utilised. In cases where the actual future taxable profits generated are less than expected, a reversal of deferred tax assets may arise, which will be recognised in profit or loss for the period in which such a reversal takes place.

### ***Write-down of properties under development and completed properties held for sale***

Management performs a regular review on the carrying amounts of properties under development and completed properties held for sale. Based on management’s review, write-down of properties under development and completed properties held for sale will be made when the estimated net realisable value has declined below the carrying amount.

In determining the net realisable value of completed properties held for sale, management refers to prevailing market data such as recent sales transactions, market survey reports available from independent property valuers and internally available information, as basis for evaluation. As of 31 December 2020, the amount of the write-down of properties under development and completed properties held for sale was RMB3,032,012,000 (31 December 2019: RMB2,504,992,000, as restated).

In respect of properties under development, the net realisable value is the estimated selling price of the completed units (based on the current prevailing market conditions) less estimated selling expenses and estimated cost of completion (if any). These estimates require judgement as to the anticipated sale prices by reference to recent sales transactions in nearby locations, marketing costs (including price discounts required to stimulate sales) and the estimated costs to completion of properties, the legal and regulatory framework and general market conditions.

### ***ECL allowance***

The Group recognises a loss allowance for ECL on financial assets including trade receivables, other receivables and other items such as contract assets and financial guarantee which are subject to impairment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition. Significant judgements and estimations are required in determining the impairment assessment including the judgements on grouping basis for the provision matrix and individual assessment and the estimations on the expected loss rates used to calculate the ECL allowance. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. The provision of ECL is sensitive to changes in estimates.

## 5. REVENUE

### Disaggregation of revenue from contracts with customers

	For the year ended 31 December 2020		
	Revenue recognised at a point in time <i>RMB'000</i>	Revenue recognised over time <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Types of goods or services</b>			
Sales of properties and construction management services	32,699,896	133,314	32,833,210
Hotel and related services	–	106,472	106,472
Property management and other services	–	582,344	582,344
	<hr/>	<hr/>	<hr/>
<b>Revenue from contracts with customers</b>	<b>32,699,896</b>	<b>822,130</b>	<b>33,522,026</b>
Leases – rental income	–	212,397	212,397
	<hr/>	<hr/>	<hr/>
<b>Total revenue</b>	<b>32,699,896</b>	<b>1,034,527</b>	<b>33,734,423</b>
	<hr/>	<hr/>	<hr/>
	For the year ended 31 December 2019		
	Revenue recognised at a point in time <i>RMB'000</i> (restated)	Revenue recognised over time <i>RMB'000</i> (restated)	Total <i>RMB'000</i> (restated)
<b>Types of goods or services</b>			
Sales of properties and construction management services	35,515,819	357,960	35,873,779
Hotel and related services	–	133,941	133,941
Property management and other services	–	495,813	495,813
	<hr/>	<hr/>	<hr/>
<b>Revenue from contracts with customers</b>	<b>35,515,819</b>	<b>987,714</b>	<b>36,503,533</b>
Leases – rental income	–	139,022	139,022
	<hr/>	<hr/>	<hr/>
<b>Total revenue</b>	<b>35,515,819</b>	<b>1,126,736</b>	<b>36,642,555</b>
	<hr/>	<hr/>	<hr/>

**6. OTHER INCOME**

	<b>2020</b> <i>RMB'000</i>	2019 <i>RMB'000</i> (restated)
Forfeited deposits from customers	<b>24,423</b>	13,300
Government grants (note)	<b>25,030</b>	12,927
Others	<b>17,930</b>	17,558
	<b>67,383</b>	43,785

Note: The amount of government grants represents the incentive subsidies received from the PRC local district authorities for the business activities carried out by the Group in the district. There are no specific conditions attached to the grants.

**7. OTHER GAINS AND LOSSES**

	<b>2020</b> <i>RMB'000</i>	2019 <i>RMB'000</i> (restated)
Net foreign exchange gain (loss)	<b>392,889</b>	(223,488)
Gain on change in fair value of financial assets at FVTPL	<b>33,012</b>	7,321
Net gain on disposal of property, plant and equipment	<b>76</b>	246
Others	<b>–</b>	4,827
	<b>425,977</b>	(211,094)

**8. FINANCE INCOME**

	<b>2020</b> <i>RMB'000</i>	2019 <i>RMB'000</i> (restated)
Interest income on bank deposits and other financial assets	<b>52,676</b>	117,977

## 9. FINANCE COSTS

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i> (restated)
Interest expenses on bonds	191,874	331,288
Interest expenses on interest-bearing loans	1,329,924	1,254,248
Interest expenses on lease liabilities	28,603	27,347
Interest expenses on contract liabilities	777,863	1,158,115
Less: interest of bonds capitalised	(144,574)	(257,598)
interest of interest-bearing loans capitalised	(1,129,417)	(964,728)
interest of contract liabilities capitalised	(777,863)	(1,158,115)
	<u>276,410</u>	<u>390,557</u>

## 10. INCOME TAX EXPENSES

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i> (restated)
Current tax		
– PRC Enterprise Income Tax (“EIT”)	1,994,288	2,800,773
– PRC LAT	2,048,967	2,186,295
	<u>4,043,255</u>	<u>4,987,068</u>
Under (over) provision in prior years		
– PRC EIT	6,684	(45,939)
Deferred tax	(409,168)	40,412
	<u>3,640,771</u>	<u>4,981,541</u>

No provision for Hong Kong Profits Tax has been made as the Group’s income neither arises in, nor is derived from Hong Kong.

### Enterprise Income Tax

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the Group’s PRC subsidiaries is 25% for both years.

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.

## Land Appreciation Tax

According to the requirements of the Provisional Regulations of the PRC on LAT effective from 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT 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 if their appreciation values do not exceed 20% of the sum of the total deductible items.

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

	<b>2020</b> <b>RMB'000</b>	2019 <i>RMB'000</i> (restated)
Profit before tax	<u><b>7,100,165</b></u>	<u>10,692,636</u>
Tax at the applicable PRC EIT rate of 25%	<b>1,775,041</b>	2,673,159
Tax effect of income not taxable for tax purposes	<b>(5,985)</b>	(13,379)
Tax effect of expenses not deductible for tax purposes	<b>325,229</b>	376,615
Tax effect of share of results of associates	<b>(20,773)</b>	6,012
Tax effect of share of results of joint ventures	<b>(135,838)</b>	(160,662)
Under (over) provision in respect of prior years	<b>6,684</b>	(45,939)
Tax effect of tax losses not recognised	<b>457,755</b>	569,092
Utilisation of tax losses previously not recognised	<b>(298,067)</b>	(37,705)
Effect of different tax rates (note)	–	(25,373)
PRC LAT provision for the year	<b>2,048,967</b>	2,186,295
Tax effect of PRC LAT deductible for PRC EIT	<u><b>(512,242)</b></u>	<u>(546,574)</u>
Income tax expenses for the year	<u><b>3,640,771</b></u>	<u>4,981,541</u>

Note: EIT on disposals of subsidiaries is calculated at 10% of the difference between consideration and the registered capital of the relevant subsidiary incorporated in the PRC.

## 11. PROFIT FOR THE YEAR

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i> (restated)
Profit for the year has been arrived at after charging (crediting):		
Cost of properties sold	<u>23,892,472</u>	<u>23,528,936</u>
Staff costs (including directors' emoluments)	1,368,833	1,225,902
Less: capitalised in properties under development and investment properties under development	<u>(422,682)</u>	<u>(372,479)</u>
	<u>946,151</u>	<u>853,423</u>
Auditors' remuneration		
– audit services	4,600	2,680
– non-audit services	<u>4,280</u>	<u>5,680</u>
	<u>8,880</u>	<u>8,360</u>
Depreciation of property, plant and equipment	110,314	89,957
Amortisation of intangible assets	45	45
Depreciation of right-of-use assets	16,303	17,253
Amortisation of contract costs	<u>163,399</u>	<u>136,416</u>
	<u>290,061</u>	<u>243,671</u>
Write-down of properties under development and completed properties held for sale	<u>681,576</u>	<u>1,536,589</u>
Gross rental income from investment properties	212,397	139,022
Less: Direct operating expenses incurred for investment properties that generated rental income during the year	(85,016)	(48,094)
Direct operating expenses incurred for investment properties that did not generate rental income during the year	<u>(10,696)</u>	<u>(9,763)</u>
	<u>116,685</u>	<u>81,165</u>

## 12. DIVIDENDS

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i> (restated)
Dividends for ordinary shareholders of the Company recognised as distribution during the year:		
2019 Final – Hong Kong Dollar (“HK\$”) 0.25 per share (2018: 2018 Final – HK\$0.20 per share)	<u>637,555</u>	<u>491,182</u>
Dividends declared to Greenland Holdings	<u>–</u>	<u>350,000</u>

Subsequent to the end of the reporting period, final dividend in respect of the year ended 31 December 2020 of HK\$0.3 (2019: HK\$0.25) per share in an aggregate amount of HK\$837,565,000 (2019: HK\$697,971,000) has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming general meeting.

## 13. EARNINGS PER SHARE

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

### Earnings

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i> (restated)
Earnings for the purpose of basic earnings per share (profit for the year attributable to owners of the Company)	<u>2,608,307</u>	<u>3,882,720</u>
Number of shares	2020 <i>'000</i>	2019 <i>'000</i>
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>2,769,188</u>	<u>2,769,188</u>

No diluted earnings per share for both years were presented as there were no potential ordinary shares in issue for both years.

## 14. PROPERTY, PLANT AND EQUIPMENT

	Buildings <i>RMB'000</i>	Leasehold improvements <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Fixtures, fittings and equipment <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Cost</b>						
At 1 January 2019	1,297,132	88,210	47,279	351,933	–	1,784,554
Acquisition of subsidiaries under common control	–	2,026	3,869	8,221	–	14,116
At 1 January 2019 (restated)	1,297,132	90,236	51,148	360,154	–	1,798,670
Addition (restated)	316	13,843	5,012	14,116	–	33,287
Transferred from completed properties held for sale (restated)	98,621	–	–	–	–	98,621
Acquisition of subsidiaries	–	3,806	–	1,070	–	4,876
Disposal of subsidiaries	–	–	–	(318)	–	(318)
Disposals	(42)	–	(722)	(3,221)	–	(3,985)
At 31 December 2019 (restated)	1,396,027	107,885	55,438	371,801	–	1,931,151
Addition	18,630	16,860	1,036	22,841	–	59,367
Transferred from properties under development	–	–	–	–	282,027	282,027
Acquisition of subsidiaries	–	–	–	123	–	123
Disposals	–	–	(112)	(1,380)	–	(1,492)
At 31 December 2020	1,414,657	124,745	56,362	393,385	282,027	2,271,176
<b>Depreciation</b>						
At 1 January 2019	298,282	36,131	40,031	201,481	–	575,925
Acquisition of subsidiaries under common control	–	803	2,401	4,488	–	7,692
At 1 January 2019 (restated)	298,282	36,934	42,432	205,969	–	583,617
Charge for the year (restated)	53,753	12,730	3,085	20,389	–	89,957
Disposal of subsidiaries	–	–	–	(186)	–	(186)
Disposals	(24)	–	(710)	(2,573)	–	(3,307)
At 31 December 2019 (restated)	352,011	49,664	44,807	223,599	–	670,081
Charge for the year	62,627	28,557	1,934	17,196	–	110,314
Disposals	–	–	(106)	(1,119)	–	(1,225)
At 31 December 2020	414,638	78,221	46,635	239,676	–	779,170
<b>Carrying amounts</b>						
At 31 December 2020	1,000,019	46,524	9,727	153,709	282,027	1,492,006
At 31 December 2019 (restated)	1,044,016	58,221	10,631	148,202	–	1,261,070

The above items of property, plant and equipment, except for construction in progress, after taking into account the residual values, are depreciated on a straight-line basis at the following rates per annum:

Buildings	2.25% to 4.75%
Leasehold improvements	9.50% to 33.30%
Motor vehicles	9% to 31.67%
Fixtures, fittings and equipment	18% to 31.67%

Included in the above figures are property, plant and equipment of RMB514,279,000 (2019: RMB544,240,000) which have been pledged as security for bank loans.

## 15. INVESTMENT PROPERTIES

The Group leases out various offices and retail stores under operating leases with rentals payable monthly. The leases typically run for a period of 1 to 20 years (2019: 1 to 20 years). The minimum annual lease payment are fixed.

The Group is not exposed to foreign currency risk as a result of the lease arrangements as all leases are denominated in the respective functional currencies of group entities. The lease contracts do not contain residual value guarantee or lessee's option to purchase the property at the end of lease term.

For the year ended 31 December 2020, the total cash outflow for lease is RMB124,355,000 (2019: RMB110,349,000, as restated), including leased properties under subleases RMB110,213,000 (2019: RMB93,742,000, as restated).

	<b>Investment properties</b> <i>RMB'000</i>	<b>Investment properties under development</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
As at 1 January 2019	5,077,365	8,005,635	13,083,000
Acquisition of subsidiaries under common control	298,000	–	298,000
As at 1 January 2019 (restated)	5,375,365	8,005,635	13,381,000
Additions (restated)	194,047	646,923	840,970
Transfer from completed properties held for sale (restated)	1,415,420	–	1,415,420
Transfer	7,863,567	(7,863,567)	–
Disposal of subsidiaries (note 23)	(7,480,000)	–	(7,480,000)
Disposals	(333,155)	–	(333,155)
Net increase in fair value recognised in profit or loss (restated)	967,756	1,009	968,765
As at 31 December 2019 (restated)	8,003,000	790,000	8,793,000
Additions	–	199,211	199,211
Transfer from completed properties held for sale	351,029	–	351,029
Transfer from properties under development	–	1,985,838	1,985,838
Transfer	773,296	(773,296)	–
Disposals	(179,935)	–	(179,935)
Net increase in fair value recognised in profit or loss	219,610	358,247	577,857
As at 31 December 2020	9,167,000	2,560,000	11,727,000

During the year ended 31 December 2020, certain properties under development and completed properties held for sale with carrying amount of RMB2,336,867,000 (2019: RMB1,415,420,000, as restated) was transferred to investment properties upon the change in use of the properties evidenced by inception of leasing agreement for the properties to generate rental income. At the date of transfer, the properties were fair valued by Cushman & Wakefield (“C&W”) by reference to direct comparison approach and income capitalisation approach, the gain on revaluation of properties transferred from properties held for sale to investment properties amounting to RMB574,162,000 (2019: RMB125,967,000, as restated) was recognised in the profit or loss.

All of the Group’s property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

The fair value of the Group’s investment properties as at 31 December 2020 and 2019 has been arrived at on the basis of a valuation carried out on the respective dates by C&W, an independent qualified professional valuer not connected to the Group.

The management of the Company works closely with the independent qualified professional valuer to establish the appropriate valuation techniques and inputs for fair value measurements.

For completed investment properties, the valuations have been arrived at using income capitalisation approach, where appropriate, by capitalising the net rental income derived from the existing tenancies with due allowance for the reversionary income potential of the respective properties.

For investment properties under construction or development, the valuations have been arrived at assuming that the investment properties will be completed in accordance with the development proposals and the relevant approvals for the proposals have been obtained. The key inputs in the valuations include the market value of the completed investment properties, which are estimated with reference to sales evidence of similar properties in the nearest locality, with adjustments made to account for its differences in locations and other factors specific to the respective properties based on the valuer’s judgement. Costs of development are also taken into account including construction costs, finance costs and professional fees, as well as developer’s profit margin which reflects the remaining risks associated with the development of the properties at the valuation date and the return that the developer would require for bringing them to completion status, which is determined by the valuer based on its analyses of recent land transactions and market value of similar completed properties in the respective locations.

There has been no change to the valuation techniques during both years.

In estimating the fair value of the investment properties, the highest and best use of the investment properties is their current use.

## 16. INTERESTS IN ASSOCIATES

	2020 <i>RMB’000</i>	2019 <i>RMB’000</i> (restated)
Cost of unlisted investments in associates	264,515	266,315
Share of post-acquisition losses and other comprehensive expense, net of dividends received	(34,703)	(68,498)
	<u>229,812</u>	<u>197,817</u>

No associate was individually material to the Group for both years.

Details of each of the Group's associates at the end of the reporting period are as follows:

Name of associates	Place of incorporation and principal place of business	Proportion of ownership interest and voting power held by the Group as at 31 December		Principal activity
		2020	2019	
Guangxi Liuzhou Hongyong Investment Co., Ltd	Guangxi, the PRC	49%	49%	Property development
Guangxi Yuelv Health Industry Development Co., Ltd	Guangxi, the PRC	49%	49%	Property development
Guangxi Yulin Tongzhou Logistics Co., Ltd.	Guangxi, the PRC	42.5%	42.5%	Property development
Guangxi Yulin Tonghe Investment Co., Ltd.	Guangxi, the PRC	42.5%	42.5%	Property development
Guangxi Yulin Tongxing Investment Co., Ltd.	Guangxi, the PRC	42.5%	42.5%	Property development
Guangxi Greenland Jinyao Property Co., Ltd.	Guangxi, the PRC	– (note i)	18% (note i)	Property development
Guangxi Jiuquwan Automobile Industry Investment Limited	Guangxi, the PRC	15% (note ii)	15% (note ii)	Property development
Shanghai Yingkun Investment Limited Partnership Corporation	Shanghai, the PRC	23%	23%	Investing and consulting

Notes:

- (i) In May 2020, the Group disposed of its entire equity interest in Guangxi Greenland Jinyao Property Co., Ltd to an independent third party at a cash consideration of RMB19,169,000. A gain on disposal of RMB49,071,000 is resulted and is recognised in the profit or loss for the year ended 31 December 2020. Before this disposal, the Group is able to exercise significant influence over Guangxi Greenland Jinyao Property Co., Ltd because it has the power to appoint one out of six directors of that company under the Articles of Association of that company.
- (ii) The Group is able to exercise significant influence over Guangxi Jiuquwan Automobile Industry Investment Limited because it has the power to appoint one out of five directors of that company under the Articles of Association of that company.

## 17. INTERESTS IN JOINT VENTURES

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i> (restated)
Cost of unlisted investments in joint ventures	1,939,861	1,224,807
Share of post-acquisition losses and other comprehensive expense, net of dividends received	1,775,952	1,232,599
	<b>3,715,813</b>	<b>2,457,406</b>

Details of each of the Group's joint ventures at the end of reporting period are as follows:

Name of joint venture	Place of incorporation and principal place of business	Proportion of ownership interest and voting power held by the Group as at 31 December		Principal activity
		2020	2019	
Guangzhou Huibang Property Co., Ltd ("Guangzhou Huibang")	Guangzhou, the PRC	50%	50%	Property development
Forever Rich Enterprise Limited ("Forever Rich")	Suzhou, the PRC	50%	50%	Property development
Haikou Chengjian Green Island Landscape Engineering Co., Ltd ("Haikou Chengjian")	Haikou, the PRC	32.5% (note i)	32.5% (note i)	Landscape engineering
Suzhou Lvyou Property Co., Ltd ("Suzhou Lvyou")	Suzhou, the PRC	51% (note ii)	–	Property development
Guangzhou Greenland Baiyun Property Co., Ltd	Guangzhou, the PRC	50%	50%	Property development
Guangzhou Yuehong Real Estate Development Co., Ltd	Guangzhou, the PRC	50%	50%	Property development

Notes:

- (i) In March 2016, Haikou Chengjian was established by the Group and other two shareholders. The Group occupied 32.5% equity interests. According to the Articles of Association of Haikou Chengjian, the Group and the other two shareholders jointly control Haikou Chengjian. Therefore, Haikou Chengjian is recognised as a joint venture.
- (ii) In August 2020, Suzhou Lvyou was established by the Group and another shareholder. Pursuant to joint venture agreement, the Group and the other equity owner are considered to have joint control over Suzhou Lvyou as all major decisions require unanimous approval of all directors of Suzhou Lvyou.

## Summarised financial information of material joint ventures

Summarised financial information in respect of the joint ventures that are material to the Group set out below. The summarised financial information below represents amounts shown in the joint ventures' financial statements prepared in accordance with the accounting policies of the Group.

The joint ventures are accounted for using the equity method in these consolidated financial statements.

	Guangzhou Huibang		Forever Rich	
	2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000
Non-current assets	<u>27,096</u>	<u>55,593</u>	<u>1,018,582</u>	<u>824,230</u>
Current assets	<u>3,519,294</u>	<u>4,090,172</u>	<u>2,356,852</u>	<u>3,810,404</u>
Non-current liabilities	<u>–</u>	<u>48,000</u>	<u>47,760</u>	<u>–</u>
Current liabilities	<u>568,755</u>	<u>1,325,627</u>	<u>1,283,802</u>	<u>3,476,538</u>

The above amounts of assets and liabilities include the following:

Bank balances and cash	<u>333,921</u>	<u>319,422</u>	<u>310,542</u>	<u>1,016,529</u>
Revenue	<u>939,644</u>	<u>5,751,894</u>	<u>2,708,422</u>	<u>97,627</u>
Profit and total comprehensive income for the year	<u>205,497</u>	<u>1,246,014</u>	<u>885,776</u>	<u>27,926</u>
Dividend received during the year	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

The above profit for the year includes the following:

Depreciation and amortisation	<u>–</u>	<u>–</u>	<u>552</u>	<u>455</u>
Finance income	<u>861</u>	<u>1,996</u>	<u>59,541</u>	<u>66,165</u>
Income tax expense	<u>109,482</u>	<u>793,354</u>	<u>315,149</u>	<u>10,238</u>

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint ventures recognised in the consolidated financial statements:

	<b>Guangzhou Huibang</b>		<b>Forever Rich</b>	
	<b>2020</b>	2019	<b>2020</b>	2019
	<b><i>RMB'000</i></b>	<i>RMB'000</i>	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Net assets of the joint ventures	<b>2,977,635</b>	2,772,138	<b>2,043,872</b>	1,158,096
Proportion of the Group's ownership interests in the joint ventures	<u><b>50%</b></u>	<u>50%</u>	<u><b>50%</b></u>	<u>50%</u>
Carrying amount of the Group's interests in the joint ventures	<u><b>1,488,818</b></u>	<u>1,386,069</u>	<u><b>1,021,936</b></u>	<u>579,048</u>

Aggregate information of the joint ventures that are not individually material:

	<b>2020</b>	2019
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
The Group's share of total (loss) profit for the year	<u><b>(2,284)</b></u>	<u>5,675</u>
The Group's share of total comprehensive (expense) income for the year	<u><b>(2,284)</b></u>	<u>5,675</u>
Aggregate carrying amount of the Group's interests in the joint ventures	<u><b>1,205,059</b></u>	<u>492,289</u>

## 18. TRADE AND OTHER RECEIVABLES AND ADVANCE DEPOSITS

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i> (restated)
Trade receivables in respect of contracts with customers		
– due from related parties	4,947	1,330
– due from independent third parties	993,900	1,723,792
	<u>998,847</u>	<u>1,725,122</u>
Less: Allowance for credit losses	<u>(36,697)</u>	<u>(59,063)</u>
Trade receivables, net of allowance for credit losses	<u>962,150</u>	<u>1,666,059</u>
Other receivables		
– due from related parties (note i)	3,315,549	13,082,822
– due from non-controlling shareholders of subsidiaries	7,665,499	8,007,665
– due from independent third parties (note ii)	5,562,517	4,156,532
– consideration receivable due from a related party	202,365	287,113
– consideration receivable due from an independent third party	434,608	453,026
	<u>17,180,538</u>	<u>25,987,158</u>
Less: Allowance for credit losses	<u>(504,454)</u>	<u>(467,526)</u>
Other receivables, net of allowance for credit losses	<u>16,676,084</u>	<u>25,519,632</u>
Advance payments to		
– independent third parties contractors	2,450,129	1,437,296
– related parties	142,308	299,445
	<u>2,592,437</u>	<u>1,736,741</u>
Advance deposits for acquisitions of land parcels for development	1,713,349	4,928,549
Other tax prepayments (note iii)	<u>2,724,929</u>	<u>2,371,318</u>
Total	<u>24,668,949</u>	<u>36,222,299</u>

Notes:

- (i) The non-trade receivables due from related parties are unsecured and repayable on demand.
- (ii) Non-trade receivable balances, deposits and advances to third parties are expected to be settled or recovered within one year.
- (iii) Other tax prepayments mainly represent prepayment of value-added tax, tax surcharge during the pre-sale stage of certain properties.

In general, the Group provides no credit term to its customers for property sales, but the Group provides credit terms to its major customers with specific approval. As at 31 December 2020, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB130,429,000 (31 December 2019: RMB525,273,000, as restated) which are past due as at the reporting date. Out of the past due balances, RMB52,334,000 (31 December 2019: RMB218,607,000, as restated) has been past due 90 days or more and is not considered as in default since the directors of the Group considered such balances could be recovered based on repayment history, the financial conditions and the current credit worthiness of each customer.

The following is an aged analysis of trade receivables, net of allowance for credit losses, presented based on the invoice dates:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i> (restated)
0-90 days	454,428	1,447,452
91-180 days	12,350	5,659
181-365 days	10,459	63,330
Over 365 days	484,913	149,618
	<u>962,150</u>	<u>1,666,059</u>

#### 19. TRADE AND OTHER PAYABLES

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i> (restated)
Trade payables		
– due to related parties	2,185,073	1,088,320
– due to independent third parties	22,950,343	23,130,775
	<u>25,135,416</u>	<u>24,219,095</u>
Non-trade payables due to related parties	8,021,261	18,947,499
Payable on purchase of land use rights	419,402	620,555
Other taxes payable	1,117,552	726,897
Interest payable	379,809	290,102
Consideration payable due to Greenland Holdings	953,759	–
Dividends payable	–	350,245
Amount due to non-controlling shareholders	6,550,911	7,176,618
Other payables and accrued expenses	14,800,596	10,573,583
	<u>32,243,290</u>	<u>38,685,499</u>
	<u>57,378,706</u>	<u>62,904,594</u>

The following is an aged analysis of trade payables due to related parties and third parties presented based on the invoice date:

	<b>2020</b> <i>RMB'000</i>	2019 <i>RMB'000</i> (restated)
0-90 days	<b>18,797,936</b>	15,450,248
91-180 days	<b>799,192</b>	5,843,033
181-365 days	<b>2,818,135</b>	899,720
Over 365 days	<b>2,720,153</b>	2,026,094
	<b><u>25,135,416</u></b>	<u>24,219,095</u>

Trade and other payables are mainly unsecured, non-interest bearing and repayable on demand.

## 20. BONDS

	<b>2020</b> <i>RMB'000</i>	2019 <i>RMB'000</i>
A Bond	–	1,393,481
B Bond	<b>1,955,758</b>	2,087,795
	<b><u>1,955,758</u></b>	<u>3,481,276</u>
Less: Amount due within one year shown under current liabilities	<b><u>(1,955,758)</u></b>	<u>(1,393,481)</u>
Amount due after one year shown under non-current liabilities	<u>–</u>	<u>2,087,795</u>

On 17 December 2018, the Company issued 9.875% bonds due 2020 (the “A Bond”) with an aggregated nominal value of USD200,000,000 at a value equal to 100% of the face value. The A Bond is listed on the Hong Kong Stock Exchange. The A Bond carries interest at the rate of 9.875% per annum, payable semi-annually on 17 June and 17 December in arrears and repaid during the year.

On 17 July 2019, the Company issued 6.00% bonds due 2021 (the “B Bond”) with an aggregated nominal value of USD300,000,000 at a value equal to 100% of the face value. The B Bond is listed on the Hong Kong Stock Exchange. The B Bond carries interest at the rate of 6.00% per annum, payable semi-annually on 17 January and 17 July in arrears and will mature on 17 July 2021, unless redeemed earlier.

The A Bond has an embedded issuer's redemption option, the Company may, by giving not less than 15 nor more than 30 days' notice to the trustee in writing and to the bondholders, redeem the bond, in whole or in part, at a redemption price equal to 100 percent of their principal amount, together with accrued and unpaid interest.

The B Bond has an embedded issuer's redemption option, the Company may, by giving not less than 15 nor more than 30 days' notice to the trustee in writing and to the bondholders, redeem the bond, in whole or in part, at a redemption price equal to 100 percent of their principal amount, together with accrued and unpaid interest.

The directors consider the fair value of the issuer's redemption options of the A Bond and B Bond are immaterial to the Group as at 31 December 2020.

The Bonds represent the contractually determined stream of future cash flows discounted at the rate of interest determined by the market instruments of comparable credit status taken into account the business risk and financial risk of the Company. The effective interest rate is 6.17% (2019: 6.17% to 10.16%) per annum for the year ended 31 December 2020.

## **21. PERPETUAL SECURITIES**

On 27 July 2016 (the "Issue Date"), the Group issued USD denominated senior perpetual capital securities ("Perpetual Securities") with an aggregate principal amount of USD120,000,000. The Perpetual Securities confer the holders a right to receive distributions at the applicable distribution rate from the Issue Date payable semi-annually in arrears in USD.

The Perpetual Securities only impose contractual obligations on the Group to repay principal or to pay any distributions under certain circumstances which are at the Group's discretion, they have in substance confer the Group an unconditional right to avoid delivering cash or other financial asset to settle contractual obligations. As a result, the whole instrument is classified as equity, and distributions if and when declared are treated as equity dividends.

Distribution of USD6,750,000 (equivalent to RMB46,873,000) (2019: USD6,750,000 (equivalent to RMB46,180,000)) has been provided and paid by the Company for the year.

## **22. ACQUISITION OF SUBSIDIARIES**

On 30 June 2020, the Group completed the acquisition of 50% interests in Kunming Yaxin Real Estate Development Co., Ltd ("Kunming Yaxin") for consideration of RMB400,000,000. According to the agreement, the Group owns 51% of the voting rights after acquisition and controls the operation of Kunming Yaxin. Kunming Yaxin is principally engaged in property development business and was acquired with objective of continue the expansion of the Group's property development business. The Group accounted for the acquisition of the 50% of issued share capital of the Kunming Yaxin as an acquisition of asset.

Assets acquired and liabilities recognised at the date of acquisition as follows:

	Kunming Yaxin RMB'000
Net assets acquired	
Property, plant and equipment	123
Properties under development	1,724,637
Prepaid taxation	3,266
Other receivables	275,510
Bank balances and cash	131,550
Interest-bearing loans	(80,000)
Other payables	(1,255,086)
	<hr/>
	800,000
Non-controlling interests	(400,000)
	<hr/>
	400,000
	<hr/>

The non-controlling interests in Kunming Yaxin recognised at the acquisition date were measured at their proportionate share of net assets acquired. The non-controlling interests of Kunming Yaxin approximately amounted to RMB400,000,000.

#### **Net cash outflow arising on acquisition**

	Kunming Yaxin RMB'000
Total consideration – cash	400,000
Bank balances and cash acquired	(131,550)
	<hr/>
	268,450
	<hr/>

During the year ended 31 December 2019, the Group acquired the following subsidiaries:

- (i) On 14 February 2019, the Group completed the acquisition of 100% equity interest in Wuxi Healthy Home Real Estate Development Co., Ltd. (“Wuxi Healthy Home”) from an independent third party at consideration of RMB12,903,000. Wuxi Healthy Home is principally engaged in property development business and was acquired so as to continue the expansion of the Group’s business in property development. The Group accounted for the acquisition of the 100% of issued share capital of the Wuxi Healthy Home as an acquisition of asset.
- (ii) On 9 May 2019, the Group completed the acquisition of 79% equity interest in Shanghai Xinyu Health Management Co., Ltd. (“Shanghai Xinyu”) from an independent third party at consideration of RMB23,700,000. Shanghai Xinyu is principally engaged in nutrition and health counseling services.

	Wuxi Healthy Home RMB'000	Shanghai Xinyu RMB'000	Total RMB'000
<b>Consideration transferred</b>			
Cash	12,903	23,700	36,603
<b>Assets acquired and liabilities recognised at the date of acquisition are as follows</b>			
Property, plant and equipment	10	4,866	4,876
Properties under development	1,008,437	–	1,008,437
Trade and other receivables	5,246	17,122	22,368
Bank balances and cash	404	11,640	12,044
Trade and other payables	(1,001,194)	(3,628)	(1,004,822)
	12,903	30,000	42,903
Non-controlling interests (note i)	–	(6,300)	(6,300)
	12,903	23,700	36,603
<b>Net cash outflow on acquisitions</b>			
Cash consideration paid	12,903	23,700	36,603
Bank balances and cash acquired	(404)	(11,640)	(12,044)
	12,499	12,060	24,559

Notes:

- (i) Non-controlling interest in Shanghai Xinyu recognised at the acquisition date was measured by reference to the proportionate share 21% of recognised amounts of net assets of Shanghai Xinyu and amounted to RMB6,300,000.
- (ii) Included in the profit for the year ended 31 December 2019 are revenue of RMB735,000 and loss of RMB4,147,000 attributable to additional generated by Shanghai Xinyu.
- (iii) Had the acquisition of Shanghai Xinyu been completed on 1 January 2019, the total revenue of the Group would have been RMB36,646,063,000, as restated, and the profit for the year would have been RMB5,706,565,000, as restated. The pro-forma information is for illustrative purposes only and is not necessarily an indication results of operations of the Group that actually would have been achieved had that the acquisition been completed on 1 January 2019, nor is it intended to be a projection of future results.

### 23. DISPOSAL OF SUBSIDIARIES

On 27 November 2019, the Group disposed of its entire 100% equity interest in Prosper Spring Investments Limited (“Prosper Spring”) to a third party BSREP III China Retail Holdings Limited (“BSREP III”) for a cash consideration of approximately RMB3,002,362,000.

The net assets of Prosper Spring at the date of disposal were as follows:

	<i>RMB'000</i>
<b>Consideration received:</b>	
Cash received	2,549,336
Deferred cash consideration (included in other receivables)	453,026
	<hr/>
	3,002,362
<b>Analysis of assets and liabilities over which control was lost:</b>	
Investment properties	7,480,000
Property, plant and equipment	132
Properties under development	2,614,051
Trade and other receivables and advance deposits	1,705,478
Bank balances and cash	1,927,261
Prepaid taxation	47,358
Deferred tax assets	67,271
Interest-bearing loans	(3,325,600)
Deferred tax liabilities	(556,837)
Contract liabilities	(56,812)
Trade and other payables	(7,912,937)
Tax payable	(172,598)
	<hr/>
Net assets disposed of	1,816,767
<b>Gain on disposal of subsidiaries:</b>	
Consideration received	3,002,362
Net assets disposed of	(1,816,767)
	<hr/>
Gain on disposal	1,185,595
<b>Net cash inflow arising on disposal:</b>	
Total consideration	2,549,336
Less: Bank balances and cash disposed of	(1,927,261)
	<hr/>
Proceeds from disposal of Prosper Spring	622,075

## **BUSINESS REVIEW**

### **Results**

In 2020, the novel coronavirus (“COVID-19”) pandemic raged around the world. Although the governments of various countries have adopted strict lockdown measures, the world economy is experiencing unprecedented tests and challenges to struggle to restart in the unstable international political situation. With the first efforts to contain the epidemic and resume work and production, China’s economy has recovered steadily and gross domestic product (“GDP”) in 2020 increased by 2.3% year-on-year.

The central government has not relaxed its control over China’s real estate market and repeatedly emphasized that the positioning of “no speculation on residential properties” remains unchanged. It insists on stabilizing land prices, housing prices and expectations. Real estate sector will not be used as a short-term means of stimulating the economy. Many cities have tightened control policies, mainly in terms of purchase restrictions, increased sales restrictions, strengthened land market control, strengthened market supervision, etc., focusing on ensuring the housing demand of rigid needs groups, curbing investment speculative demand, and stabilizing market expectations. The regulatory authorities also set up “Three Red Lines” to limit financing for real estate companies, promoted the healthy development of the industry, and successfully cooled the land market in the second half of the year.

At the beginning of 2020, in the face of COVID-19, Greenland Hong Kong did a good job in all-round prevention from the coronavirus, and resumed work and construction as soon as permitted by the policy to ensure an adequate supply of planned sales resources for the whole year. At the same time, the Group keenly grasps the psychology and needs of property buyers affected by COVID-19, adjusts marketable products in a timely manner, introduces elements of healthcare and technology innovation, and seized the window of the sales market when the coronavirus is gradually alleviating, so that the target of the contracted sales for FY2020 are almostly completed.

The Group has also decisively adopted effective measures and strategies to turn cash into land resources in the volatile market under the influence of the coronavirus. In 2020, Greenland Hong Kong actively increased its high-quality land bank in the Yangtze River Delta and Yunnan Province and completed the acquisition of the entire equity of Guangzhou Greenland Real Estate Development Co., Ltd. (“Guangzhou Greenland”), who is principally engaged in property development of 35 projects in Guangdong Province, of which 29 projects located in the Guangdong-Hong Kong-Macao Greater Bay Area. Upon the completion of the acquisition, the Group will in principle be responsible for the investment, development and management of the property projects in the Greater Bay Area and other cities of Guangdong Province in Greenland Group. Since the beginning of 2020 and up to the date of this announcement, the Group has obtained 54 land parcels with a total land bank of approximately 12 million square meters in 20 cities.

The Group adheres to a high-quality, low-leverage and stable style to escort the Group’s sustainable development. As at 31 December 2020, the Group’s net gearing ratio was approximately 49%, which was at a lower level of the industry, and bank balances and cash and restricted bank deposits amounted to approximately RMB13,853 million.

For the year ended 31 December 2020 (the “year under review”), the contracted sales of the Group amounted to approximately RMB54,535 million, and the contracted gross floor area (the “GFA”) sold amounted to approximately 4,285,821 square meters. The profit for the year amounted to approximately RMB3,459 million, representing a year-on-year increase of approximately 14% compared with that before restatement of 2019 and a year-on-year decrease of approximately 39% compared with that after restatement of 2019. The basic earnings per share attributable to the owners of the Group was approximately RMB0.94.

During the year under review, the total GFA of the sold and delivered projects was approximately 2,718,163 square meters and the average selling price is approximately RMB11,833 per square meter. The revenue from the property sales was approximately RMB32,833 million. The main projects sold and delivered in 2020 are as follows:

<b>Project</b>	<b>City</b>	<b>Approximate GFA sold and delivered in 2020 sq.m.</b>	<b>Approximate sales recognized in 2020 RMB'000</b>	<b>Average selling price RMB/sq.m.</b>
<b>- Property</b>				
Greenland Epoch Gate	Yiwu	72,549	2,547,966	35,121
Sino-Singapore Guangzhou Knowledge City				
Greenland City	Guangzhou	183,526	2,523,433	13,750
Greenland Sky Tree	Wuxi	114,081	2,480,762	21,746
International Airport Center	Guangzhou	125,376	1,737,270	13,856
Greenland Garden City	Jiangmen	182,485	1,641,017	8,993
Greenland Southeast Asia Headquarters	Kunming	102,408	1,596,049	15,585
Greenland Dongmeng International Town	Nanning	326,579	1,578,822	4,834
Greenland Future City	Foshan	165,611	1,568,476	9,471
Greenland Jiangnan Huafu	Suzhou	97,017	1,289,647	13,293
Greenland Central Culture Center	Haikou	98,639	1,221,765	12,386
Greenland Lakeside Villa	Xuzhou	110,824	1,031,106	9,304
Greenland Central Plaza	Nanning	67,780	1,030,653	15,206
Greenland Dian Lake International Health Town	Kunming	71,707	928,125	12,943
Greenland Hai Chang Liu	Haikou	69,418	878,692	12,658
Yangjiang Intercity Space	Yangjiang	119,869	875,931	7,307
Greenland Four Seasons Impression	Maoming	127,854	856,041	6,695
Greenland Smart Plaza	Guangzhou	37,929	852,898	22,487
Greenland Lincoln Garden	Suzhou	84,546	752,300	8,898
Greenland Central Plaza	Jiaxing	58,974	752,106	12,753
Greenland Financial City	Guangzhou	22,556	731,374	32,425
Greenland Mountain Time	Foshan	52,570	636,184	12,102
Greenland Four Seasons Impression	Shengzhou	88,882	582,501	6,554
Haikou Greenland City	Haikou	44,663	544,607	12,194
Greenland Xi Shui Dong	Wuxi	22,061	499,009	22,620
Greenland Xin Li Pu Yue Garden	Nanning	47,700	434,647	9,112
Greenland Taiping Lake Resort	Huangshan	29,958	405,964	13,551
Greenland Yunduhui Square	Kunming	43,802	360,709	8,235
Chancheng Greenland Center	Foshan	16,572	315,354	19,029
Greenland Forest Lake (Songlong Town)	Zhaoqing	33,890	227,566	6,715

<b>Project</b>	<b>City</b>	<b>Approximate GFA sold and delivered in 2020 sq.m.</b>	<b>Approximate sales recognized in 2020 RMB'000</b>	<b>Average selling price RMB/sq.m.</b>
Shunde Greenland Center	Foshan	9,682	189,455	19,568
Wuxiang Greenland Center	Nanning	15,586	181,845	11,667
Vanke Greenland Jinyu Zhongyang	Foshan	10,625	179,577	16,901
Greenland Hai Po Lan Ting	Kunming	9,090	168,638	18,552
Greenland International Chamber of Commerce	Guangzhou	7,853	80,357	10,233
Suzhou ONE	Suzhou	4,939	79,101	16,016
Greenland Shanding Park	Taiyuan	3,721	71,322	19,167
Huadu Xinlitixiang Mansion	Guangzhou	3,336	51,605	15,469
Lishui Greenland Cree and Flower of the City	Foshan	3,642	42,123	11,566
Shishan Greenland Xiangxie Garden	Foshan	2,317	40,864	17,637
Greenland Metropolis	Dongguan	7,391	37,828	5,118
Greenland Bihu International	Ningbo	2,651	32,603	12,298
The Metropolitan	Kunming	7,722	32,114	4,159
Greenland Center	Nanning	2,578	26,799	10,395
Dali Greenland Chanson De Terre	Foshan	1,887	24,660	13,068
Global 188	Suzhou	1,369	22,758	16,624
Others		3,948	20,784	5,264
<b>Sub-total</b>		<b>2,718,163</b>	<b>32,163,407</b>	<b>11,833</b>
<b>- Carparking lot</b>				
International Airport Center	Guangzhou		130,215	
Greenland Southeast Asia Headquarters	Kunming		61,977	
Vanke Greenland Jinyu Zhongyang	Foshan		60,373	
Greenland Central Culture Center	Haikou		58,311	
Greenland Epoch Gate	Yiwu		53,087	
Greenland Shanding Park	Taiyuan		51,360	
Greenland Smart Plaza	Guangzhou		41,498	
Greenland Dian Lake International Health Town	Kunming		31,661	
Greenland Central Plaza	Jiaying		28,202	
Greenland Sky Tree	Wuxi		27,833	
Greenland Jiangnan Huafu	Suzhou		25,094	
Sino-Singapore Guangzhou Knowledge City Greenland City	Guangzhou		24,986	
Greenland Yunduhui Square	Kunming		16,268	
Greenland Xi Shui Dong	Wuxi		13,526	
Greenland International Huadu	Nanning		9,876	
Greenland Cifi City	Hangzhou		8,301	
Greenland Future City	Foshan		7,790	
Huadu Xinlitixiang Mansion	Guangzhou		7,709	
Lishui Greenland Cree and Flower of the City	Foshan		7,422	
Others			4,314	
<b>Sub-total</b>			<b>669,803</b>	
<b>Total property sales</b>			<b>32,833,210</b>	

## **Contracted Sales**

In 2020, despite the impact of the COVID-19, macro-economic environment and policy controls over real estate industry, the Group actively developed high-quality projects, focused on resource integration, and upgraded the standardized roadmap system of the 8+X product line to further enhance product competitiveness and achieve precise pricing strategy and project positioning. The contracted sales of the Group for FY2020 amounted to approximately RMB54,535 million, representing a year-on-year increase of approximately 13%, and the corresponding average selling price amounted to approximately RMB12,725 per square meter.

During the year under review, the contracted sales of the Group were mainly derived from the projects located in the key regions such as the Yangtze River Delta and the Pan-Pearl River Delta, including Jiangsu Province, Guangdong Province, Yunnan Province and Zhejiang Province, which accounted for approximately 40%, 23%, 15%, and 14% of the total contracted amount, respectively.

## **Strategic Cooperation**

In February 2020, Greenland Hong Kong and Agile Group reached in-depth cooperation to jointly develop a project with a planned GFA of 275,000 square meters located in the Jinchan sub-district, Xishan District, the downtown of Kunming. The project is positioned as a high-quality residential for upgraders and high-end commercial complex. Both parties will leverage their respective advantages and share sources, bringing new impetus to the urban development of Kunming.

In March 2020, Greenland Hong Kong and the People's Government of Jinning District, Kunming City signed the Investment and Development Cooperation Agreement, reaching a cooperation consensus on the development of land in Jincheng Town, Jinning District, which marked the new achievement of the Group's major investments in Kunming. The signing of this agreement officially unveiled the investment and development cooperation between the two parties, which means that Greenland Hong Kong has taken another leap forward in its comprehensive healthcare business in the surrounding area of Dianchi sub-district, Kunming, and will comprehensively accelerate the formation of the "Healthy Kunming". The Group intended to build a comprehensive healthcare project in Jinning district, Kunming city that would integrate healthcare, scientific innovation and cultural tourism. Once implemented, the project will speed up the construction pace of "Healthy Kunming" and improve Kunming's city level in all aspects.

In June 2020, the Education and Training Base in Pudong district of Institute of Cultural and Creative Industry of Shanghai Jiao Tong University was inaugurated in the Greenland International Education Park of the Greenland Seaside City of the Group in Shanghai, which marked the formal cooperation between Institute of Cultural and Creative Industry of Shanghai Jiao Tong University and Greenland Hong Kong to jointly develop an industry chain cluster of education, cultural and creative industry and art. It will also help the Group to deepen and promote its "Real Estate +" strategy and focus on building a comprehensive industrial ecological chain.

In October 2020, the Company and HM Capital (“惠每資本”), an investment fund for comprehensive healthcare industry under Hillhouse Capital, entered into a comprehensive strategic cooperation for business model as “Base + Fund + Operation”. Both parties will actively promote cooperation for developing the medical and healthcare industrial park and jointly establish a benchmark for medical and healthcare industrial parks, with a view to thoroughly merge land development, industry cultivation and urban development and create a new model of industry-city integration, thereby striving to put the concept of the era of global comprehensive health into practice.

In March 2021, the Group, Convergence partners and Medical Valley signed a strategic cooperation agreement online to jointly expand the business of a health technology industrial park in China. Medical Valley is the only top cluster in the field of medical technology which has the recognition of BMBF of Germany and possesses world-leading medical and healthcare R&D resource. In the future, Greenland Hong Kong will establish a Sino-European medical technology transformation center collaboratively with the Chinese branch of Medical Valley, with a view to supporting the entire process of the growth, financing, establishment, development and expansion of scale of European medical technology companies in China. Such cooperation strengthens the Group’s “Real Estate+” strategy, further develops the layout of industrial parks and expands the comprehensive health business, which facilitates the formation of the Group’s “Two-Pronged” business layout driven by real estate and industry segments.

## **Land Bank**

In 2020, the Group seized the opportunity to strategically deepen the land bank in the Yangtze River Delta and core urban areas of Yunnan Province through flexible and diverse land acquisition methods such as public bidding, strategic joint cooperation and mergers and acquisitions. The Group also completed the very substantial acquisition of entire equity of Guangzhou Greenland, leading to the strategic addition of sizeable land bank in the Guangdong Province, including the growing Greater Bay Area, which further balanced the land bank in the Yangtze River Delta and Pan-Pearl River Delta, which offered an opportunity for the Group to embrace the PRC Government’s Greater Bay Area policy. Since the beginning of FY2020 and up to the date of this announcement, the Group acquired 54 land parcels with a total GFA of approximately 12 million square meters in 20 cities.

In February 2020, the Group acquired two land parcels in Chenggong District of Kunming city at a total consideration of approximately RMB385 million with a total GFA of approximately 216,200 square meters at an average floor price of approximately RMB1,781 per square meter. The plots will be developed for residential and commercial purpose. In the same month, the Group and Agile reached in-depth cooperation to jointly develop a project with a planned GFA of 275,000 square meters, located in the downtown of Kunming.

In March 2020, the Group successfully won the bid for one plot in Wuxiang New District, Nanning, Guangxi at a total consideration of approximately RMB137 million with a total GFA of approximately 224,800 square meters at an average floor price of approximately RMB608 per square meter. The project will be built into a complex project with commerce, office and hotel.

In April 2020, the Group successfully won the bid for one plot in Fuyang District, Hangzhou City at a total consideration of approximately RMB2,140 million with a total planned GFA of approximately 181,700 square meters at an average floor price of approximately RMB11,778 per square meter. The land is planned to be constructed as a complex project integrating office, commerce and residential. In the same month, the Group entered into the agreement to jointly develop a land parcel located in Yancheng City, Jiangsu Province. The project has a GFA of approximately 318,000 square meters at an average floor price of approximately RMB2,856 per square meters, mainly for residential and commercial purposes, as the first project of Greenland Hong Kong in Yancheng City.

In May 2020, the Group successfully won the bid for one plot in Yuhang District, Hangzhou City at a total consideration of approximately RMB1,313 million with a total planned GFA of approximately 138,000 square meters at an average floor price of approximately RMB9,512 per square meter for residential, commercial and hotel purpose. In the same month, the Group successfully won the bid for six plots in Jinning District, Kunming City at a total consideration of approximately RMB502 million with a total GFA of approximately 202,000 square meters at an average floor price of approximately RMB2,485 per square meter.

In June 2020, the Group successfully won the bid for plots in Dayu District, Kunming City at a total consideration of approximately RMB801 million with a total GFA of approximately 209,200 square meters at an average floor price of approximately RMB3,829 per square meter. In the same month, the Group successfully won the bid for one plot in intersection of Xinyou Road and Yuexiu Road, Fenhu High-tech Zone, Wujiang district, Suzhou City at a total consideration of approximately RMB618 million with an average floor price of approximately RMB8,583 per square meter. Following the new project in Fenhu High-tech zone, the Group further won the bid for one plot in Taihu New Town, Wujiang District, Suzhou City, at a total consideration of approximately RMB1,402 million with a total planned GFA of approximately 77,600 square meters at an average floor price of approximately RMB18,067 per square meter.

In July 2020, the Group entered into a cooperation arrangement to jointly develop plot of land located in Xinbei District, Changzhou City, Jiangsu Province at a total consideration of RMB741 million with a total GFA of approximately 138,000 square meters for residential purpose. In the same month, the Group successfully won the bid for one land parcel in Wujiang District, Suzhou City, Jiangsu Province at a total consideration of approximately RMB2,651 million with a total GFA of approximately 270,700 square meters at an average floor price of approximately RMB9,793 per square meter located in the Yundong Area of Wujiang Economic Development Zone with convenient transportations. In the following, the Group won the bid for one land parcel in Binhu District, Wuxi City, Jiangsu Province at a total consideration of approximately RMB1,811 million with a total GFA of approximately 207,300 square meters at an average floor price of approximately RMB8,736 per square meter located in Wuxi (Mashan) Taihu Lake National Tourism Resort.

In September 2020, the Group successfully won the bid for one land parcel in Tongxiang, Zhejiang Province at a total consideration of approximately RMB478 million with a total GFA of approximately 144,500 square meters at an average floor price of approximately RMB3,308 per square meter. The project will be built into an urban complex project integrating hotel, commerce and residence.

On 31 December 2020, the Group has completed the acquisition of the entire equity of Guangzhou Greenland at a total consideration of approximately RMB7.26 billion. Upon completion, Guangzhou Greenland has become a wholly-owned subsidiary of the Group. The acquisition involved 35 projects in Guangdong Province, of which 29 projects are in the Guangdong-Hong Kong-Macao Greater Bay Area, respectively located in 11 cities including Shenzhen, Guangzhou, Foshan, Dongguan, Jiangmen, Shantou, Jieyang, Zhanjiang, which increased its land bank amounting to approximately 8.3 million square meters for residential, commercial, office, etc. purpose. In the future, as mainland's economic blueprint to link Hong Kong and Macau with nine cities in the Pearl River Delta, the Greater Bay Area will turn them into a new financial and business hub, leading to more policy bonus and population to prosper the real estate market.

In January 2021, the Group successfully won the bid for one land parcel in Nanning, Comprehensive Bonded Zone at a total consideration of approximately RMB1,635 million with a total GFA of approximately 405,000 square meters at an average floor price of approximately RMB4,037 per square meter. In the same month, the Group further won the bid for one land parcel in Tinghu District, Yancheng City, Jiangsu Province at a total consideration of approximately RMB1,857 million with a total GFA of approximately 136,100 square meters at an average floor price of approximately RMB13,644 per square meter, which is planned to be developed into a high-quality comprehensive residence.

In February 2021, the Group won the bid for one land parcel in Nanhu District, Jiaying City, Zhejiang Province at a total consideration of approximately RMB1,137 million with a total GFA of approximately 113,300 square meters at an average floor price of approximately RMB10,035 per square meter mainly for residential purpose.

In March 2021, the Group won the bid for two land parcels in Dongtou District, Wenzhou City, Zhejiang Province at a total consideration of approximately RMB2,106 million with a total GFA of approximately 321,900 square meters at an average floor price of approximately RMB6,542 per square meter, which will be developed to a complex property for residential, office and commercial purpose. In the same month, the Group further won the bid for one land parcel in Baiyun District, Guangzhou City, Guangdong Province at a total consideration of approximately RMB2,434 million with a total GFA of approximately 163,600 square meters at an average floor price of approximately RMB14,878 per square meter mainly for residential purpose.

Up to the date of this announcement, the Group held a land bank of approximately 27 million square meters mainly strategically located in prime zones of in the core cities in Yangtze River Delta and Pan-Pearl River Delta, which is sufficient to support its development in the following two to three years. The Group will continue to seek the additional high-quality land projects with promising potential for development.

## **Offshore Financing**

In July 2020, the Group successfully obtained a three-year offshore syndicated loan in USD and HKD for refinancing purposes and withdrew an aggregate amount equivalent to approximately USD200 million. The interest rate is LIBOR+3% for US dollar part and HIBOR+3% for HK dollar part.

## **Prospect**

Looking forward to 2021, the domestic economy is recovering steadily from COVID-19, which will also energize the real estate industry. Under the keynote of “no speculation on residential properties” and “stabilizing land prices, housing prices and expectations”, the pace of market supply and demand in 2021 will gradually become more stable and demand will be more rational. In order to promote the steady and healthy development of the real estate market, the central government put forward long-term goals according to the policy. It is expected that in the next five years, China’s real estate market regulation policies will continue to maintain continuity and stability.

In 2021, Greenland Hong Kong will always commit to seizing expansion opportunities to further develop and reserve high-quality land, and deepen core cities in such as the Yangtze River Delta and the Pan-Pearl River Delta. The Group will spare no effort in pushing ahead with the “Real Estate +” strategy, actively deploy real estate projects integrating the advantage industries of “healthcare, cultural and commercial tourism and scientific innovation”. With the optimization of system and process construction as the starting point, we will continue to improve product capabilities and strive to reduce costs and increase efficiency through the construction of a digital platform to assist decision-making and evaluation mechanism of the management. With “creating a better lifestyle” as the main direction, the Group will adjust the product series to meet the multi-level consumption needs of the real estate market and create and operate its own commercial and industry brands, to enhance the overall competitiveness, market influence and brand image of the Group.

## **FINANCIAL PERFORMANCE**

### **Revenue**

The total revenue of the Group for the year under review amounted to approximately RMB33,734 million, representing a decrease of approximately 8% compared with the total revenue of approximately RMB36,643 million for the year ended 31 December 2019, mainly due to the decrease of the sales of properties and construction management services.

Sales of properties and construction management services are the core business activities of the Group, accounting for approximately 97% of total revenue. The revenue of the Group from other segments included hotel operating income, income from property management and other services, and rental income from leased properties.

	<b>2020</b> <i>RMB'000</i>	2019 <i>RMB'000</i> (restated)	Change <i>RMB'000</i>
Sales of properties and construction management services	<b>32,833,210</b>	35,873,779	(3,040,569)
Property management and other services	<b>582,344</b>	495,813	86,531
Lease – rental income	<b>212,397</b>	139,022	73,375
Hotel and related services	<b>106,472</b>	133,941	(27,469)
<b>Total</b>	<b><u>33,734,423</u></b>	<u>36,642,555</u>	<u>(2,908,132)</u>

### Cost of Sales

Cost of sales was approximately RMB25,485 million, representing a decrease of approximately RMB359 million compared to approximately RMB25,844 million for the year ended 31 December 2019. The cost of sales mainly comprised land costs, construction costs, capitalized finance costs and sales tax.

### Gross Profit and Margin

Gross profit decreased to approximately RMB8,249 million from approximately RMB10,798 million for the year ended 31 December 2019. The Group's gross profit margin was 24.5%, representing a decrease as compared to 29.5% for the year ended 31 December 2019, mainly due to that gross profit margin of the properties delivered for the year under review was lower than that of the properties delivered for the year ended 31 December 2019.

### Other Income, Other Gains and Losses, and Other Operating Expenses

Other income, other gains and losses and other operating expenses increased to a gain of approximately RMB231 million for the year ended 31 December 2020 from a loss of approximately RMB403 million for the year ended 31 December 2019, mainly due to increase in foreign exchange gain resulted from the appreciation of Renminbi during the year under review.

### Operating Expenses

Due to the continuous development and expansion of the Group's business, selling and marketing costs and administrative expenses increased to approximately RMB1,253 million and RMB1,133 million for the year under review from approximately RMB1,150 million and RMB922 million, respectively, for the year ended 31 December 2019.

## **Finance Costs**

Finance costs declined by approximately 29% to approximately RMB276 million during the year under review from approximately RMB391 million for the year ended 31 December 2019, in line with the decrease in the weighted average finance cost of the Group.

## **Gain on Changes in Fair Value of Investment Properties**

The Group recorded fair value gains of investment properties of approximately RMB578million, compared to a gain of approximately RMB969 million in 2019. The fair value gain was mainly attributable to gain on investment properties in Jiaxing and Yiwu, Zhejiang Province.

## **Income Tax Expense**

Income tax expenses decreased to approximately RMB3,641 million for the year under review, from approximately RMB4,982 million for the year ended 31 December 2019, which was mainly due to less enterprise income tax and land appreciation tax provision for the properties delivered with lower margin.

## **Profit for the Year and Profit Attributable to Owners of the Company**

Profit for the year and profit attributable to owners of the Company amounted to approximately RMB3,459 million and RMB2,608 million respectively under the year under review, representing a decrease of approximately 39% and 33% respectively, compared with that of approximately RMB5,711 million and approximately RMB3,883 million for the year ended 31 December 2019, mainly due to the decrease in revenue and gross profit margin during the year under review.

## **Financial Position**

As at 31 December 2020, the Group's total equity was approximately RMB22,142 million (31 December 2019 (restated): approximately RMB22,949 million), total assets amounted to approximately RMB164,989 million (31 December 2019 (restated): approximately RMB160,036 million) and total liabilities stood at approximately RMB142,847 million (31 December 2019 (restated): approximately RMB137,087 million).

## **Liquidity and Financial Resources**

The Group's business operations, bank borrowings and cash proceeds raised have been the primary source of liquidity of the Group, which have been utilized to fund its business operations and project investment and development.

As at 31 December 2020, net gearing ratio (total borrowings less cash and cash equivalents (including restricted cash) divided by total equity) increased to approximately 49% (31 December 2019 (restated): approximately 23%). Total cash and cash equivalents (including restricted cash) amounted to approximately RMB13,853 million, with total borrowings of RMB24,689 million and an equity base of approximately RMB22,142 million.

## Treasury Policy

The business transactions of the Group were mainly denominated in RMB. Apart from fund raising transactions conducted in the capital market, there is limited exposure to foreign exchange risk.

The Group has borrowings denominated in United States dollars and Hong Kong dollars, while its operating income is mainly denominated in RMB. The Group will continue to monitor the trend of exchange rate of RMB against United States dollars, and adopt appropriate measures to hedge against the risk in foreign currency exchange.

The Group has established a treasury policy with the objective of enhancing its control over treasury functions and lowering its capital costs. In providing funds to its operations, terms of funding have been centrally reviewed and monitored at the Group level.

In order to minimize its interest risk, the Group continued to closely monitor and manage its loan portfolio through interests stipulated in its existing agreements which varied according to market interest rates and offers from the banks.

## Credit Policy

Trade receivables mainly arose from sales and lease of properties and were settled in accordance with the terms stipulated in the sale and purchase agreements and lease agreements.

## Pledge of Assets

As at 31 December 2020, the Group pledged its properties, land use rights and time deposits with carrying amount of approximately RMB48billion to secure bank facilities, and the outstanding balance of the secured loan amounted to approximately RMB19billion.

## Financial Guarantee

As at 31 December 2020, the Group provided guarantees to banks for:

	<b>31 December 2020 RMB'000</b>	31 December 2019 RMB'000 (restated)
Mortgage	<b><u>23,909,009</u></b>	<u>24,530,474</u>

## Capital Commitment

	<b>31 December 2020 RMB'000</b>	31 December 2019 RMB'000 (restated)
Properties under development and investment properties under development contracted but not provided in the consolidated financial statements	<b><u>26,089,565</u></b>	<u>23,717,786</u>

## Human Resources

As at 31 December 2020, the Group employed a total of 5,693 employees (31 December 2019: 4,275 employees), among which 3,321 employees worked for the property development business. The Group has adopted a performance-based rewarding system to motivate its employees. In addition to a basic salary, year-end bonuses are offered to employees with an outstanding performance with an aim of attracting and retaining talent. The Group also provides various training programs to improve their skills and develop their respective expertise.

## FINAL DIVIDEND

The board (the “Board”) of directors (the “Directors”) has resolved to recommend a 2020 final dividend of HK\$0.3 per ordinary share, amounting to a total of approximately HK\$838 million, for the year ended 31 December 2020, subject to the approval by the shareholders of the Company (the “Shareholders”) at the forthcoming annual general meeting (the “AGM”).

## ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The AGM of the Company will be held on Wednesday, 30 June 2021. A notice convening the AGM will be published and despatched in due course to the Shareholders in the manner required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). The register of members of the Company will be closed from Friday, 25 June 2021 to Wednesday, 30 June 2021 (both days inclusive), during which period no transfer of shares will be effected. In order to determine the entitlement to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 24 June 2021.

Subject to the approval of the Shareholders at the AGM, the proposed 2020 final dividend will be payable to Shareholders whose names appear on the register of members of the Company on Thursday, 8 July 2021. In order to determine the identity of the Shareholders who are qualified to receive the proposed final dividend, the register of members of the Company will be closed on Wednesday, 7 July 2021 to Thursday, 8 July 2021 (both days inclusive), during which period no transfer of shares will be effected. To qualify for the proposed 2020 final dividend, all duly completed transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 6 July 2021. Subject to the approval of the Shareholders at the AGM, the final dividend is expected to be payable on or around Friday, 30 July 2021.

## **CORPORATE GOVERNANCE**

For the year ended 31 December 2020, the Company had complied with the code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules, except for code provisions A.2.1, A.4.2, A.5.1 and E.1.2 as described below.

Code provision A.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. From 1 January 2020 to 31 December 2020, Mr. CHEN Jun had undertaken the role of both chairman of the Board and chief executive officer of the Company. The Company considers that the combination of the roles is conducive to the efficient formulation and implementation of the Group's strategies and policies and such combination has not impaired the corporate governance practices of the Group. The balance of power and authority is ensured by the management of the Company's affairs by the Board which meets regularly to discuss and determine issues concerning the operations of the Group.

Code provision A.4.2 stipulates that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment. Pursuant to the Company's articles of association, any person appointed as a Director by the Board shall stand for re-election at the next following AGM of the Company. Such arrangement is considered appropriate in light of the requirement of paragraph 4(2) of Appendix 3 to the Listing Rules which requires that any person appointed by the Directors to fill a casual vacancy shall hold office only until the next following AGM and shall then be eligible for re-election. During the year under review, Dr. Lam, Lee G. was appointed to fill in a casual vacancy. Dr. Lam stood for re-election at the AGM in 2020, and was re-elected.

Code provision A.5.1 stipulates that listed companies should establish a nomination committee which comprises a majority of independent non-executive directors. Following Mr. CHEONG Ying Chew, Henry's resignation on 31 December 2019, the Nomination Committee comprised two Independent Non-executive Directors and two Executive Directors, and thus did not comprise a majority of independent non-executive directors. Since 13 March 2020, Dr. LAM, Lee G. has been appointed as an Independent Non-executive Director and a member of the Nomination Committee, whereupon the Nomination Committee has comprised a majority of independent non-executive directors and has met the requirement set out by code provision A.5.1.

Code provision E.1.2 stipulates that the chairman of the Board should attend the AGMs. The chairman of the Board did not attend the AGM held on 30 June 2020 due to other business commitments.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2020.

## **EVENTS AFTER THE REPORTING PERIOD**

On 19 March 2021, Guangdong Greenland Investment Co., Limited\* (廣東綠地投資有限公司) (“Guangdong Greenland”), which is a wholly-owned subsidiary of the Company, entered into a cooperation agreement with Guangdong SPG Co., Limited\* (廣東盛高置地有限公司) (“Guangdong SPG”) and others, pursuant to which Guangdong Greenland and Guangdong SPG agreed to form a joint venture for the development of the land parcel situated at LuoJia Village, Shiji Town, Panyu District, Guangzhou City, Guangdong Province, the PRC\* (中國廣東省廣州市番禺區石基鎮羅家村). The aforesaid formation of a joint venture constitutes a major and connected transaction for the Company under the Listing Rules, details of which are set out in the announcement of the Company dated 21 March 2021.

## **REVIEW OF AUDITED ANNUAL RESULTS**

The audit committee of the Company has reviewed the accounting principles and practices adopted by the Company and discussed matters with the external auditor and the management of the Company concerning the audit, internal control and risk management systems and financial reporting matters, including reviewing the Group's results for the year ended 31 December 2020.

## **SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2020 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

## **PUBLICATION OF THE ANNUAL RESULTS AND ANNUAL REPORT**

This announcement is published on the HKEXnews website at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company's website at [www.greenlandhk.com](http://www.greenlandhk.com). The 2020 annual report will be available on the HKEXnews website and the Company's website, and is currently expected to be despatched to the Shareholders in April 2021.

By Order of the Board  
**Greenland Hong Kong Holdings Limited**  
**Chen Jun**  
*Chairman*

Hong Kong, 25 March 2021

*As at the date of this announcement, the executive directors of the Company are Mr. Chen Jun, Mr. Wang Weixian, Mr. Hou Guangjun, Mr. Wu Zhengkui and Ms. Wang Xuling; and the independent non-executive directors are Mr. Fong Wo, Felix, JP, Mr. Kwan Kai Cheong and Dr. Lam, Lee G..*

*This announcement is made in English and Chinese. In case of any inconsistency, the English version shall prevail.*