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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)

US\$150,000,000 9.625 per cent. Bonds due 2022

(Stock Code: 40708)

2021 INTERIM RESULTS ANNOUNCEMENT

HIGHLIGHTS

- Profit for the period attributable to owners of the Company was approximately RMB1,427 million, representing an increase of approximately 46% compared with that of 1H2020⁽¹⁾
- Earnings per share for the period was approximately RMB0.52, representing an increase of approximately 49% compared with that of 1H2020⁽¹⁾
- Revenue for the period was approximately RMB13,449 million, representing an increase of approximately 33% compared with that of 1H2020⁽¹⁾
- Gross profit for the period was approximately RMB4,128 million, representing an increase of approximately 22% compared with that of 1H2020⁽¹⁾ with a gross profit margin of approximately 31%
- Net gearing ratio as at 30 June 2021 was approximately 52%
- Weighted average finance cost was stable at approximately 5.6% as at 30 June 2021
- Since the beginning of FY2021 and up to the date of this announcement, the Group acquired 10 land parcels with a total GFA of approximately 1.82 million square meters in 8 cities

⁽¹⁾ 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 the announcement dated 31 December 2020 of the Company, the results of the Group for the period ended 30 June 2020 have to be restated as if the Acquisition had been completed on 1 January 2020, and 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.

The directors of Greenland Hong Kong Holdings Limited (the “Company” or “Greenland Hong Kong”) are pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2021 (together with comparative figures for the six months ended 30 June 2020 (“1H2020”)) as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	NOTES	Six months ended 30 June	
		2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited and restated)
Revenue	4A	13,448,853	10,142,026
Cost of sales		(9,320,755)	(6,746,755)
Gross profit		4,128,098	3,395,271
Other income		27,356	22,588
Other gains and losses		65,508	(84,057)
Selling and marketing expenses		(552,366)	(351,696)
Administrative expenses		(415,992)	(449,982)
Other operating expenses		(92,284)	(34,007)
Impairment loss under expected credit loss model, net of reversal		(23,240)	(32,667)
(Loss) gain on the change in fair value of investment properties	9	(83,661)	150,295
Finance income		32,971	20,084
Finance costs	5	(118,331)	(99,616)
Share of results of associates		56,968	47,333
Share of results of joint ventures		2,025	36,018
Gain on disposal of interest in an associate		–	49,071
Profit before tax		3,027,052	2,668,635
Income tax expense	6	(1,592,987)	(1,471,427)
Profit for the period		1,434,065	1,197,208

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2021 – CONTINUED

	<i>NOTE</i>	Six months ended 30 June	
		2021	2020
		RMB'000	RMB'000
		(unaudited)	(unaudited and restated)
Other comprehensive income			
<i>Item that will not be reclassified to profit or loss:</i>			
Fair value gain on investments in equity instruments at fair value through other comprehensive income		<u>13,046</u>	1,286
Other comprehensive income for the period, net of income tax		<u>9,784</u>	965
Total comprehensive income for the period		<u>1,443,849</u>	<u>1,198,173</u>
Profit (loss) for the period attributable to:			
Owners of the Company		1,426,623	979,661
Non-controlling interests		(14,470)	193,823
Owners of perpetual securities		<u>21,912</u>	<u>23,724</u>
		<u>1,434,065</u>	<u>1,197,208</u>
Total comprehensive income (expense) attributable to:			
Owners of the Company		1,436,407	980,626
Non-controlling interests		(14,470)	193,823
Owners of perpetual securities		<u>21,912</u>	<u>23,724</u>
		<u>1,443,849</u>	<u>1,198,173</u>
Earnings per share:			
		Six months ended 30 June	
		2021	2020
		RMB	RMB
Basic	8	<u>0.52</u>	<u>0.35</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2021

	<i>NOTES</i>	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
NON-CURRENT ASSETS			
Investment properties	9	11,785,000	11,727,000
Property, plant and equipment		1,462,348	1,492,006
Intangible assets		1,139	1,161
Right-of-use assets		74,349	73,103
Equity instruments at fair value through other comprehensive income (“FVTOCI”)		303,509	290,463
Interests in associates		352,780	229,812
Interests in joint ventures		3,737,838	3,715,813
Deferred tax assets		1,699,374	1,618,804
Restricted bank deposits		–	398,400
Total non-current assets		19,416,337	19,546,562
CURRENT ASSETS			
Properties under development		84,837,427	86,606,518
Completed properties held for sale		21,356,168	17,816,340
Trade and other receivables, deposits and prepayments	10	31,451,155	24,668,949
Prepaid taxation		2,795,810	2,232,782
Contract assets		335,316	358,536
Contract costs		325,966	271,932
Financial assets at fair value through profit or loss (“FVTPL”)		35,850	31,955
Restricted bank deposits		4,332,417	3,845,078
Bank balances and cash		8,858,104	9,609,916
Total current assets		154,328,213	145,442,006
Total assets		173,744,550	164,988,568
EQUITY			
Share capital		1,132,097	1,132,097
Reserves		12,250,640	11,511,155
Equity attributable to owners of the Company		13,382,737	12,643,252
Perpetual securities	13	787,974	787,870
Non-controlling interests		8,612,007	8,710,710
Total equity		22,782,718	22,141,832

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2021 – CONTINUED

	<i>NOTES</i>	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
NON-CURRENT LIABILITIES			
Deferred tax liabilities		1,648,154	1,649,163
Interest-bearing loans		14,441,427	13,640,805
Lease liabilities		377,452	407,364
		<hr/>	<hr/>
Total non-current liabilities		16,467,033	15,697,332
CURRENT LIABILITIES			
Trade and other payables	<i>11</i>	56,215,164	57,378,706
Tax payable		5,591,912	5,458,535
Interest-bearing loans		7,713,522	9,092,012
Bonds	<i>12</i>	2,899,147	1,955,758
Lease liabilities		117,297	89,121
Contract liabilities		61,957,757	53,175,272
		<hr/>	<hr/>
Total current liabilities		134,494,799	127,149,404
		<hr/>	<hr/>
Total liabilities		150,961,832	142,846,736
		<hr/>	<hr/>
Total equity and liabilities		173,744,550	164,988,568
		<hr/>	<hr/>
Net current assets		19,833,414	18,292,602
		<hr/>	<hr/>
Total assets less current liabilities		39,249,751	37,839,164
		<hr/>	<hr/>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” issued by the International Accounting Standard Board (the “IASB”) as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. MERGER ACCOUNTING AND RESTATEMENTS

On 12 October 2020, the Company entered into an agreement with Greenland Holdings Corporation Limited (“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. 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 People’s Republic of China (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.

The Group already applied merger accounting to the acquisition of Guangzhou Greenland in the consolidated financial statements for the year ended 31 December 2020. In the current period, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six months ended 30 June 2020 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 2020.

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at fair values, as appropriate.

Other than additional in accounting policies resulting from application of amendments to International Financial Reporting Standards (“IFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2021 are the same as those presented the Group’s annual financial statements for the year ended 31 December 2020.

Application of amendments to IFRSs

In the current interim period, the Group has applied the following amendments to IFRSs issued by the IASB, for the first time, which are mandatory effective for the annual periods beginning on or after 1 January 2021 for the preparation of the Group’s condensed consolidated financial statements:

Amendment to IFRS 16	Covid-19-Related Rent Concessions
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2

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

Impacts and accounting policies on application of Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform – Phase 2”

Accounting policies

Financial instruments

Changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform

For changes in the basis for determining the contractual cash flows of a financial asset or financial liability to which the amortised cost measurement applies as a result of interest rate benchmark reform, the Group applies the practical expedient to account for these changes by updating the effective interest rate, such change in effective interest rate normally has no significant effect on the carrying amount of the relevant financial asset or financial liability.

A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if and only if, both these conditions are met:

- the change is necessary as a direct consequence of interest rate benchmark reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis (i.e. the basis immediately preceding the change).

Transition and summary of effects

As at 1 January 2021, the Group has several interest-bearing loans, the interest of which are indexed to benchmark rates that will or may be subject to interest rate benchmark reform.

The following table shows the total amounts of outstanding contracts. The amounts of interest-bearing loans are shown at their carrying amounts.

	Hong Kong dollar Hong Kong Interbank Offered Rate (“HIBOR”) RMB’000	United States dollar London Interbank Offered Rate (“LIBOR”) RMB’000
Financial liabilities		
Interest-bearing loans	609,347	1,193,869

The Group intends to apply the practical expedient in relation to the changes in contractual cash flows resulting from the interest rate benchmark reform for interest-bearing loans amounting to RMB1,784,439,000 as at 30 June 2021 measured at amortised cost. The amendments have had no impact on the condensed consolidated financial statements as none of the above contracts has been transitioned to the relevant replacement rates during the interim period. The impacts on application of the amendments, if any, including additional disclosures, will be reflected in the Group’s consolidated financial statements for the year ending 31 December 2021.

4A. REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregation of revenue from contracts with customers

Six months ended 30 June 2021 (unaudited)

	Revenue recognised at a point in time <i>RMB'000</i>	Revenue recognised over time <i>RMB'000</i>	Total <i>RMB'000</i>
Types of goods or services			
Sales of properties and construction management services	13,020,469	41,002	13,061,471
Hotel and related services	–	48,691	48,691
Property management and other services	–	245,555	245,555
Revenue from contracts with customers	13,020,469	335,248	13,355,717
Leases – rental income	–	93,136	93,136
Total revenue	13,020,469	428,384	13,448,853

Six months ended 30 June 2020 (unaudited and restated)

	Revenue recognised at a point in time <i>RMB'000</i>	Revenue recognised over time <i>RMB'000</i>	Total <i>RMB'000</i>
Types of goods or services			
Sales of properties and construction management services	9,578,783	225,340	9,804,123
Hotel and related services	–	33,904	33,904
Property management and other services	–	214,259	214,259
Revenue from contracts with customers	9,578,783	473,503	10,052,286
Leases – rental income	–	89,740	89,740
Total revenue	9,578,783	563,243	10,142,026

4B. OPERATING SEGMENTS

The following is an analysis of the Group's revenue and results by reportable segments:

Six months ended 30 June 2021 (unaudited)

	Sales of properties and construction management services <i>RMB'000</i>	Lease of properties <i>RMB'000</i>	Hotel and related services <i>RMB'000</i>	Property management and other services <i>RMB'000</i>	Total <i>RMB'000</i>
SEGMENT REVENUE					
External sales	13,061,471	93,136	48,691	245,555	13,448,853
Inter-segment sales	–	–	–	1,434,213	1,434,213
	<u>13,061,471</u>	<u>93,136</u>	<u>48,691</u>	<u>1,679,768</u>	<u>14,883,066</u>
Segment profit (loss)	<u>1,390,193</u>	<u>(19,857)</u>	<u>(21,056)</u>	<u>25,792</u>	1,375,072
Share of results of associates					56,968
Share of results of joint ventures					<u>2,025</u>
Profit for the period					<u><u>1,434,065</u></u>

Six months ended 30 June 2020 (unaudited and restated)

	Sales of properties and construction management services <i>RMB'000</i>	Lease of properties <i>RMB'000</i>	Hotel and related services <i>RMB'000</i>	Property management and other services <i>RMB'000</i>	Total <i>RMB'000</i>
SEGMENT REVENUE					
External sales	9,804,123	89,740	33,904	214,259	10,142,026
Inter-segment sales	–	–	–	997,510	997,510
	<u>9,804,123</u>	<u>89,740</u>	<u>33,904</u>	<u>1,211,769</u>	<u>11,139,536</u>
Segment profit (loss)	<u>876,664</u>	<u>217,932</u>	<u>(31,242)</u>	<u>1,432</u>	1,064,786
Share of results of associates					47,333
Share of results of joint ventures					36,018
Gain on disposal of interest in an associate					<u>49,071</u>
Profit for the period					<u><u>1,197,208</u></u>

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

	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
Segment assets		
Sales of properties and construction management services	188,210,453	176,107,349
Lease of properties	11,785,000	11,727,000
Hotel and related services	1,330,447	1,402,465
Property management and other services	9,699,664	6,879,560
	211,025,564	196,116,374
Elimination of inter-segment receivables	(39,904,015)	(33,605,814)
Elimination of inter-segment investments	(1,467,617)	(1,467,617)
Interests in associates	352,780	229,812
Interests in joint ventures	3,737,838	3,715,813
Consolidated total assets	173,744,550	164,988,568
Segment liabilities		
Sales of properties and construction management services	172,819,925	162,245,360
Lease of properties	6,246,351	6,215,610
Hotel and related services	968,379	1,019,341
Property management and other services	7,932,045	5,016,481
	187,966,700	174,496,792
Elimination of inter-segment payables	(39,904,015)	(33,605,814)
Bonds	2,899,147	1,955,758
Consolidated total liabilities	150,961,832	142,846,736

5. FINANCE COSTS

	Six months ended 30 June	
	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited and restated)
Interest expenses on bonds	66,781	130,118
Interest expenses on interest-bearing loans	738,710	617,693
Interest expenses on lease liabilities	13,511	15,645
Interest expenses on contract liabilities	542,094	628,377
Less: interest of bonds capitalised	(50,383)	(72,287)
interest of interest-bearing loans capitalised	(650,288)	(591,553)
interest of contract liabilities capitalised	(542,094)	(628,377)
	118,331	99,616

6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited and restated)
Current tax:		
PRC Enterprise Income Tax (“EIT”)	795,261	937,890
PRC Land Appreciation Tax (“LAT”)	882,568	892,317
	<u>1,677,829</u>	<u>1,830,207</u>
Deferred tax	(84,842)	(358,780)
	<u>1,592,987</u>	<u>1,471,427</u>

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

EIT

Under the law of the PRC on EIT (the “EIT Law”) and implementation regulation of the EIT Law, the Group’s main operating companies in the PRC are subject to PRC EIT at a rate of 25% for both periods.

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 Enterprise Income Tax Law. A 10% withholding tax rate is applicable to the Group.

LAT

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.

7. DIVIDENDS

During the interim period, a final dividend of Hong Kong dollar (“HK\$”) HK\$0.3 per share in respect of the year ended 31 December 2020 (for the year ended 31 December 2019: HK\$0.25 per share) was declared. The aggregate amount of the final dividend declared in the interim period amounted HK\$837,565,000, equivalent to RMB696,922,000 (six month ended 30 June 2020: HK\$697,971,000, equivalent to RMB637,555,000).

The directors of the Company have resolved not to declare any interim dividend for the six months ended 30 June 2021 (for the six months ended 30 June 2020: Nil).

8. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2021 <i>RMB'000</i> (unaudited)	2020 <i>RMB'000</i> (unaudited and restated)
Earnings		
Earnings for the purpose of basic earnings per share (profit for the period attributable to owners of the Company)	<u>1,426,623</u>	<u>979,661</u>
Number of shares	<i>'000</i>	<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>

9. INVESTMENT PROPERTIES

	Investment properties under development <i>RMB'000</i>	Completed investment properties <i>RMB'000</i>	Total <i>RMB'000</i>
As at 1 January 2021 (audited)	2,560,000	9,167,000	11,727,000
Additions	107,333	–	107,333
Transfer from completed properties held for sale	–	48,434	48,434
Transfer from right-of-use assets	–	20,939	20,939
Transfer	(128,238)	128,238	–
Disposals	–	(35,045)	(35,045)
Net increase (decrease) in fair value recognised in profit and loss	<u>20,905</u>	<u>(104,566)</u>	<u>(83,661)</u>
As at 30 June 2021 (unaudited)	<u>2,560,000</u>	<u>9,225,000</u>	<u>11,785,000</u>

The fair value of the Group's investment properties as at 30 June 2021 and 31 December 2020 has been arrived at on the basis of a valuation carried out on the respective dates by Cushman & Wakefield ("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.

During the six months ended 30 June 2021, certain right-of-use assets and completed properties held for sale with carrying amount of RMB69,373,000 (six months ended 30 June 2020: RMB 2,450,786,000, as restated) were transferred to investment properties upon the change in use of the properties. At the date of transfer, the loss on revaluation of properties transferred from right-of-use assets and completed properties held for sale to investment properties amounting to RMB6,609,000 (six months ended 30 June 2020: RMB17,999,000, as restated) were recognised in the profit or loss.

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 technique during the interim period.

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

As at 30 June 2021, investment properties with a total carry value of RMB600,000,000 (31 December 2020: RMB600,000,000) were pledged as collateral for the Group's borrowings.

10. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	30 June 2021	31 December 2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(audited)
Trade receivables in respect of contracts with customers	688,052	998,847
Less: allowance for credit losses	(27,633)	(36,697)
	<hr/> 660,419	<hr/> 962,150
Trade receivables, net of allowance for credit losses		
Other receivables	22,816,988	17,180,538
Less: allowance for credit losses	(537,536)	(504,454)
	<hr/> 22,279,452	<hr/> 16,676,084
Other receivables, net of allowance for credit losses		
Advance payments	2,897,371	2,592,437
Advance deposits for acquisitions of land parcels for development	2,215,083	1,713,349
Other tax prepayments	3,398,830	2,724,929
	<hr/> 31,451,155	<hr/> 24,668,949
Total		

In general, the Group provides no credit term to its trade customers. The following is an analysis of trade receivables by age, presented based on the invoice date, which approximated the revenue recognition date.

	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
0-90 days	67,406	454,428
91-180 days	9,298	12,350
181-365 days	184,886	10,459
Over 365 days	398,829	484,913
	660,419	962,150

11. TRADE AND OTHER PAYABLES

	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
Trade payables	24,307,557	25,135,416
Payable on purchase of land use rights	419,402	419,402
Other taxes payable	942,853	1,117,552
Interest payable	552,241	379,809
Dividends payable	692,497	–
Amount due to non-controlling shareholders	5,862,220	6,550,911
Other payables and accrued expenses	23,438,394	23,775,616
	56,215,164	57,378,706

The following is an analysis of trade payables by age, presented based on the invoice date.

	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
Within 90 days	19,507,091	18,797,936
Over 90 days and within 180 days	1,140,790	799,192
Over 180 days and within 365 days	2,230,287	2,818,135
Over 365 days	1,429,389	2,720,153
	24,307,557	25,135,416

12. BONDS

	30 June 2021	31 December 2020
	RMB'000	RMB'000
	(unaudited)	(audited)
A Bond	1,937,890	1,955,758
B Bond	961,257	–
	2,899,147	1,955,758
Amount due within one year shown under current liabilities	2,899,147	1,955,758

On 17 July 2019, the Company issued 6.00% bonds due 2021 (the “**A Bond**”) with an aggregated nominal value of United States dollar (“**USD**”) USD300,000,000 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 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.

On 4 June 2021, the Company issued 9.625% bonds due 2022 (the “**B Bond**”) with an aggregated nominal value of USD150,000,000 at a value equal to 99.884% of the face value. The B Bond is listed on the Hong Kong Stock Exchange. The B Bond carries interest at the rate of 9.625% per annum, payable semi-annually on 4 December and 3 June in arrears and is repayable on 3 June 2022.

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 its 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 its 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 30 June 2021.

The A Bond and B Bond 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 rates of A Bond and B Bond are 6.17% and 10.56%, respectively (2020: A Bond: 6.17%) for the six months ended 30 June 2021.

13. 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 USD3,375,000 (equivalent to RMB21,808,000) has been provided and paid by the Company for the current interim period.

BUSINESS REVIEW

Results

In the first half of 2021, the novel coronavirus (“COVID-19”) pandemic continued to evolve, the global economy continued to recover amidst volatility, and China’s economy continued its steady recovery with a year-on-year growth in gross domestic product (“GDP”) for the first half of the year. In the first half of 2021, the overall real estate market in China maintained stable operation as the PRC Government adhered to the long-term mechanism of “no speculation on residential properties”, suppressed speculation and ensured the rigid demand of housing needs. In addition, the PRC Government also significantly strengthened market supervision, made frequent adjustments to relevant policies, and promoted rational investment in the market. However, housing prices in key cities continued to rise generally.

In the first half of 2021, in response to the ongoing impact of the pandemic and the introduction of regulatory measures in various cities, the Group actively adopted effective measures and strategies to rapidly capture the opportunities to increase land bank. From the beginning of the year and up to the date of this interim results announcement, the Group acquired a total of 10 land parcels mainly in the Yangtze River Delta and Greater Bay Area regions with a total GFA of approximately 1.82 million sq.m., further ensuring the sufficient supply to sales resources in the second half of the year.

For the six months ended 30 June 2021 (the “period under review”), the contracted sales of the Group amounted to approximately RMB18,811 million and the contracted gross floor area (“GFA”) sold was approximately 1,408,662 sq.m.. The Group recorded the revenue of approximately RMB13,449 million for the six months ended 30 June 2021, representing a year-on-year increase of approximately 33%. Profit for the period attributable to the owners of the Company was approximately RMB1,427 million, representing a year-on-year increase of approximately 46%. Net gearing ratio remained stable at approximately 52%.

During the period under review, the total GFA sold and delivered amounted to approximately 971,743 sq.m. and the average selling price was approximately RMB13,141 per sq.m.. Revenue derived from property sales was approximately RMB13,061 million, representing an increase of approximately 33% from approximately RMB9,804 million during the same period last year. The key projects completed and delivered in the first half of 2021 are as follows:

Project	City	Approximate GFA sold and delivered in 1H2021 <i>sq.m.</i>	Approximate Sales recognized in 1H2021 <i>RMB'000</i>	Average selling price <i>RMB/sq.m.</i>
Property				
Greenland Epoch Gate	Yiwu	128,278	2,117,169	16,505
Greenland Southeast Asia Headquarters	Kunming	118,818	1,907,261	16,052
Haikou Greenland City	Haikou	109,803	1,709,780	15,571
Greenland Dian Lake International Health Town	Kunming	114,436	1,116,013	9,752
Greenland Dongmeng International Town	Nanning	101,220	755,218	7,461
Greenland Jiangnan Huafu	Suzhou	40,180	554,717	13,806
Greenland Xin Li Pu Yue Garden	Nanning	61,818	544,798	8,813
Greenland Sky Tree	Wuxi	25,692	530,660	20,655
Greenland Central Culture Center New Center	Haikou	30,448	471,719	15,493
Greenland Xinli Haiyue Mansion	Guangzhou	15,563	453,042	29,110
Greenland Smart Plaza	Zhanjiang	40,477	440,562	10,884
International Airport Center	Guangzhou	24,694	421,799	17,081
Pearl Mansion	Guangzhou	24,375	323,762	13,283
Greenland Garden City	Guangzhou	12,831	257,457	20,065
Greenland Central Plaza	Jiangmen	16,654	179,115	10,755
Shunde Greenland Center	Guangzhou	10,050	126,815	12,618
Greenland Center SGC	Foshan	8,914	111,691	12,530
Greenland Four Seasons Impression	Shenzhen	11,008	106,467	9,672
Greenland Metropolis	Shengzhou	13,989	99,851	7,138
Greenland Central Plaza	Dongguan	9,419	95,732	10,164
Greenland Hai Chang Liu	Nanning	6,238	89,049	14,275
Yangjiang Intercity	Haikou	7,423	87,410	11,776
Greenland Four Seasons Impression	Yangjiang	14,278	77,140	5,403
Greenland Forest Lake	Maoming	8,427	56,432	6,697
Greenland International Chamber of Commerce	Zhaoqing	10,886	55,118	5,063
Others	Guangzhou	3,844	35,741	9,298
		1,980	45,044	22,749
Sub-total		971,743	12,769,562	13,141

Project	City	Approximate Sales recognized in 1H2021 RMB'000
Carparking lot		
Greenland Epoch Gate	Yiwu	107,532
Greenland Central Plaza	Jiaxing	58,330
Greenland Xi Shui Dong	Wuxi	44,449
Greenland Taiping Lake Resort	Huangshan	26,816
Greenland Central Plaza	Nanning	19,962
Greenland Sky Tree	Wuxi	10,881
Yangjiang Intercity	Yangjiang	8,706
Greenland Cree and Flower of the City	Foshan	7,836
Others		7,397
Sub-total		291,909
Total property sales		13,061,471

Contracted Sales

Leveraging the strong brand influence, abundant resources, well-established systems and advanced management practices, the Group has implemented well-targeted pricing strategy and project positioning via actively developing high-quality projects and focusing on resource integration. For the first six months of 2021, the contracted sales of the Group amounted to approximately RMB18,811 million, representing a year-on-year increase of 42%, with the corresponding contracted GFA sold amounting to approximately 1,408,662 sq.m.. The overall sales performance was in line with our expectation.

During the period under review, the contracted sales of the Group were mainly derived from projects located in key regions such as the Yangtze River Delta and the Greater Bay Area, which accounted for approximately 52% and 32% of the total contracted sales respectively. The contracted average selling price during the period was approximately RMB13,354 per sq.m..

Land Bank

In the first half of 2021, under the general environment of comprehensive deleveraging in the industry, the Group made early plans and took early actions to strategically deepen the land bank in the Yangtze River Delta and the Greater Bay Area through land acquisition by application list system, merger and acquisition and public bidding. From the beginning of the year and up to the date of this interim results announcement, the Group has acquired 10 land parcels, with a total GFA of approximately 1.82 million sq.m..

In January 2021, the Group successfully won the bid for one land parcel in the Comprehensive Bonded Zone of Nanning 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 RMB13,654 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, Jiaxing City 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. This project is the second important investment made by Greenland Hong Kong in Jiaxing after Greenland Central Plaza, and will be developed to be a benchmark residential project in the area and facilitate the development of Jiaxing after completion.

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 be a complex property for residential, office and commercial purposes. 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.

In May 2021, the Group won the bid for one land parcel in Xinwu District, Wuxi City, Jiangsu Province at a total consideration of approximately RMB1,170 million with a total GFA of approximately 97,000 square meters at an average floor price of approximately RMB12,000 per square meter. In the same month, the Group won the bid for one land parcel in High Tech Zone, Changshu City, Jiangsu Province at a total consideration of approximately RMB1,004 million with a total GFA of approximately 146,000 square meters at an average floor price of approximately RMB6,877 per square meter. The project is in close proximity to the central urban area of Changshu, and will be developed into a high-end community of commercial and residential buildings in the future. In the same month, the Group won the bid for one land parcel in Economic Development Zone, Yancheng City, Jiangsu Province at a total consideration of approximately RMB2,171 million with a total GFA of approximately 239,300 square meters at an average floor price of approximately RMB9,071 per square meter.

Details of the land bank acquired by the Group subsequent to the year end of 2020 are as follows:

Date of acquisition	City	Project type	GFA (sq.m.)
January 2021	Nanning	Residential/commercial	405,000
January 2021	Yancheng	Residential/commercial	136,100
February 2021	Jiaxing	Residential	113,300
March 2021	Wenzhou	Residential/commercial/office/hotel	321,900
March 2021	Guangzhou	Residential	163,600
May 2021	Wuxi	Residential	97,000
May 2021	Changshu	Residential/office	146,000
May 2021	Yancheng	Residential	239,300
May 2021	Yancheng	Residential/commercial/office	76,300
July 2021	Foshan	Residential/commercial	118,500
Total			<u>1,817,000</u>

Up to the date of the interim results announcement, the Group held a land bank of approximately 26 million sq.m. mainly strategically located in the prime zones of core cities in the Yangtze River Delta and Pan-Pearl River Delta in China, which is sufficient to support its development in the next two to three years. The Group will continue to seek additional high-quality land projects with promising development potential.

Offshore Financing

In June 2021, the Group successfully issued the 9.625 per cent. bonds due 2022 in the aggregate principal amount of US\$150 million. Net proceeds from the issue are principally used for the refinancing of its offshore debt.

Outlook

Looking at the whole year of 2021, while ensuring the continuous optimization of capital structure, benchmark real estate enterprises will optimize the structure of land bank, deepen regional and city development, focus on major city clusters and key cities, improve their operation and management, enhance product and service quality, and seek high-quality development in the management-driven era. As the second half of 2021 unfolds, the Group will consistently focus on its real estate business to strive to achieve high-quality development, seize opportunities to further explore and preserve high-quality land bank through land acquisition by application list system and merger and acquisition to penetrate into the core cities in Yangtze River Delta and Pan-Pearl River Delta, and strive to become an integrated real estate group with the mission of “creating a better lifestyle”. Meanwhile, the Group will continue to improve its lean management, enhance its overall competitiveness and market influence and lay a solid foundation for its long-term business development.

FINANCIAL PERFORMANCE

Revenue

The revenue of the Group for the first half of 2021 was approximately RMB13,449 million, representing an increase of approximately 33% compared with approximately RMB10,142 million for the same period of 2020, mainly attributable to the increase in the revenue arising from the sales of properties and construction management services.

Sales of properties and construction management services, as the core business activity of the Group, generated revenue of approximately RMB13,061 million for the first half of 2021, accounting for approximately 97% of the total revenue and representing a year-on-year increase of approximately 33%. 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.

	1H2021 <i>RMB'000</i>	1H2020 <i>RMB'000</i>	Change <i>RMB'000</i>
Sales of properties and construction management services	13,061,471	9,804,123	3,257,348
Property management and other services	245,555	214,259	31,296
Rental income	93,136	89,740	3,396
Hotel and related services	48,691	33,904	14,787
Total	13,448,853	10,142,026	3,306,827

Cost of Sales

Cost of sales increased by approximately 38% to approximately RMB9,321 million from approximately RMB6,747 million for the first half of 2020. The cost of sales mainly comprised land costs, construction costs, capitalized finance costs and sales tax.

Gross Profit and Margin

Gross profit increased to approximately RMB4,128 million from approximately RMB3,395 million for the first half of 2020, in line with the increase in the revenue of the Group, and the gross profit margin was approximately 31% staying at a high level in the property industry.

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

Other income, other gains and losses, and other operating expenses became a gain of approximately RMB580,000 from a loss of approximately RMB95 million in the first half of 2020 mainly attributable to the foreign exchange gain from the appreciation of RMB during the period under review.

Operating Expenses

With the development and the expansion of the Group, selling and marketing expenses increased to approximately RMB552 million as compared with approximately RMB352 million for the same period of 2020, while administrative expenses decreased to approximately RMB416 million from approximately RMB450 million for the same period of 2020, mainly due to the efficient management over expenditure control of the Group.

Change in Fair Value of Investment Properties

The Group recorded fair value loss on investment properties of approximately RMB84 million, as compared with a gain of approximately RMB150 million for the same period of 2020, mainly due to the impact from the COVID-19 on the leasing market in Nanning and Kunming.

Finance Costs

Finance costs increased from approximately RMB100 million in the first half of 2020 to approximately RMB118 million in the first half of 2021.

Income Tax Expenses

Income tax expenses increased by approximately 8% from approximately RMB1,471 million in the first half of 2020 to approximately RMB1,593 million for the same period of 2021, mainly attributable to more LAT and CIT provision accrued in line with the increase in the revenue for the period under review.

Profit for the Period Attributable to Owners of the Company

Profit for the period attributable to owners of the Company increased to approximately RMB1,427 million, representing a year-on-year increase of approximately 46%, as compared with approximately RMB980 million for the same period of 2020.

Financial Position

As at 30 June 2021, the Group's total equity was approximately RMB22,783 million (31 December 2020: approximately RMB22,142 million), total assets amounted to approximately RMB173,745 million (31 December 2020: approximately RMB164,989 million) and total liabilities stood at approximately RMB150,962 million (31 December 2020: approximately RMB142,847 million).

Liquidity and Financial Resources

The Group's business operations and proceeds from bank loans and the issue of bonds have been the primary source of liquidity of the Group, which have been applied in business operations and investment in development projects.

As at 30 June 2021, net gearing ratio (total borrowings less cash and cash equivalents (including restricted cash) divided by total equity) was approximately 52% (31 December 2020: approximately 49%) and total cash and cash equivalents (including restricted cash) amounted to approximately RMB13,191 million, with total borrowings of approximately RMB25,054 million and an equity base of approximately RMB22,783 million.

Treasury Policy

The business transactions of the Group were mainly denominated in RMB. Apart from fund raising transactions 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 the control over treasury functions and lowering the costs of funds. In providing funds to its operations, funding terms have been centrally reviewed and monitored at group level.

To minimize the interest risk, the Group continued to closely monitor and manage its loan portfolio by its existing agreements' interest margin spread with market interest rates and offers from the banks.

Credit Policy

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

Pledge of Assets

As at 30 June 2021, the Group has pledged properties, land use rights and time deposits with a carrying value of approximately RMB33 billion to secure bank facilities, and the total secured loan balance outstanding amounted to approximately RMB18 billion.

Financial Guarantees

As at 30 June 2021, the Group provided guarantees to banks for:

	30 June 2021	31 December 2020
	<i>RMB'000</i>	<i>RMB'000</i>
Mortgage	29,906,232	23,909,009

Capital Commitment

	30 June 2021	31 December 2020
	<i>RMB'000</i>	<i>RMB'000</i>
Property development business: – Contracted, but not provided for	18,088,817	26,089,565

Human Resources

As at 30 June 2021, the Group employed a total of 4,611 employees (31 December 2020: 5,691), among which 2,785 employees worked for the property development business. The Group has adopted a performance-based rewarding system to motivate its staff. 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.

INTERIM DIVIDEND

The board of directors (the “**Board**”) of the Company has resolved not to pay any interim dividend for the six months ended 30 June 2021.

MATERIAL CHANGES

Save as disclosed in this announcement, there have been no material changes in respect of matters relating to the business developments, future prospects, or the financial position of, and important events affecting, the Group since the publication of the Company's 2020 Annual Report.

CORPORATE GOVERNANCE

During the six months ended 30 June 2021, the Company had complied with the code provisions set out in the Corporate Governance Code (“**CG Code**”) contained in Appendix 14 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited, except for code provisions A.2.1, A.4.2 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 2021 to 30 June 2021, 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 annual general meeting 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 annual general meeting and shall then be eligible for re-election.

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 2021 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.

REVIEW OF FINANCIAL STATEMENTS

The Audit Committee has reviewed the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2021. In connection with such review, the Audit Committee has discussed with the management and the Company's external auditors on the accounting principles and policies adopted for the preparation of the said interim results.

PUBLICATION OF 2021 INTERIM RESULTS AND INTERIM REPORT

This announcement is published on the HKEXnews website at www.hkexnews.hk and the Company's website at www.greenlandhk.com. The 2021 interim report will be available on the HKEXnews website and the Company's website and despatched to Shareholders on or before 30 September 2021.

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

Hong Kong, 26 August 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..