

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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)

2022 INTERIM RESULTS ANNOUNCEMENT

The board of directors of Greenland Hong Kong Holdings Limited (the “**Company**” or “**Greenland Hong Kong**”) is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2022 (the “**1H2022**”) together with the comparative figures for the six months ended 30 June 2021 (the “**1H2021**”) as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	<i>NOTES</i>	Six months ended 30 June	
		2022	2021
		RMB'000	RMB'000
		(unaudited)	(unaudited)
Revenue	3A	5,023,101	13,448,853
Cost of sales		(4,093,515)	(9,320,755)
Gross profit		929,586	4,128,098
Other income		17,785	27,356
Other gains and losses		87,348	65,508
Selling and marketing expenses		(320,543)	(552,366)
Administrative expenses		(268,602)	(415,992)
Other operating expenses		(55,561)	(92,284)
Impairment loss under expected credit loss model, net of reversal		41,384	(23,240)
Loss on the change in fair value of investment properties	8	(14,281)	(83,661)
Finance income		30,730	32,971
Finance costs	4	(98,573)	(118,331)
Share of results of associates		(2,011)	56,968
Share of results of joint ventures		37,358	2,025
Profit before tax		384,620	3,027,052
Income tax expense	5	(373,088)	(1,592,987)
Profit for the period		11,532	1,434,065

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2022 – CONTINUED

	<i>NOTE</i>	Six months ended 30 June	
		2022	2021
		<i>RMB'000</i>	<i>RMB'000</i>
		(unaudited)	(unaudited)
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>116,388</u>	<u>13,046</u>
Other comprehensive income for the period, net of income tax		<u>87,291</u>	<u>9,784</u>
Total comprehensive income for the period		<u>98,823</u>	<u>1,443,849</u>
Profit (loss) for the period attributable to:			
Owners of the Company		105,864	1,426,623
Non-controlling interests		(134,050)	(14,470)
Owners of perpetual securities		<u>39,718</u>	<u>21,912</u>
		<u>11,532</u>	<u>1,434,065</u>
Total comprehensive income (expense) attributable to:			
Owners of the Company		193,155	1,436,407
Non-controlling interests		(134,050)	(14,470)
Owners of perpetual securities		<u>39,718</u>	<u>21,912</u>
		<u>98,823</u>	<u>1,443,849</u>
Earnings per share:			
		Six months ended 30 June	
		2022	2021
		<i>RMB</i>	<i>RMB</i>
Basic	7	<u>0.04</u>	<u>0.52</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2022

	<i>NOTES</i>	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (audited)
NON-CURRENT ASSETS			
Investment properties	8	12,404,000	12,012,000
Property, plant and equipment		817,090	830,891
Intangible assets		1,094	1,116
Right-of-use assets		290,277	276,873
Equity instruments at fair value through other comprehensive income (“FVTOCI”)		470,062	353,674
Interests in associates		1,713,667	1,715,678
Interests in joint ventures		3,849,350	3,796,492
Deferred tax assets		1,773,481	1,823,701
Restricted bank deposits		–	398,400
Total non-current assets		21,319,021	21,208,825
CURRENT ASSETS			
Properties under development		87,379,499	87,275,245
Completed properties held for sale		18,627,601	17,789,393
Trade and other receivables, deposits and prepayments	9	26,891,486	28,037,175
Prepaid taxation		2,651,827	2,772,833
Contract assets		332,137	361,995
Contract costs		357,247	372,824
Restricted bank deposits		1,438,754	2,760,059
Bank balances and cash		5,348,096	7,429,227
		143,026,647	146,798,751
Assets classified as held for sale		–	738,264
Total current assets		143,026,647	147,537,015
Total assets		164,345,668	168,745,840
EQUITY			
Share capital		1,132,097	1,132,097
Reserves		12,493,660	13,016,782
Equity attributable to owners of the Company		13,625,757	14,148,879
Perpetual securities	12	803,841	802,969
Non-controlling interests		8,306,281	8,651,644
Total equity		22,735,879	23,603,492

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2022 – CONTINUED

	<i>NOTES</i>	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (audited)
NON-CURRENT LIABILITIES			
Deferred tax liabilities		1,691,381	1,660,084
Interest-bearing loans		7,514,502	10,456,398
Lease liabilities		508,836	542,472
		<hr/>	<hr/>
Total non-current liabilities		9,714,719	12,658,954
CURRENT LIABILITIES			
Trade and other payables	<i>10</i>	55,312,473	59,201,197
Tax payable		6,886,630	6,982,858
Interest-bearing loans		9,186,204	8,328,830
Bonds	<i>11</i>	–	952,787
Lease liabilities		116,584	109,083
Contract liabilities		60,393,179	56,908,639
		<hr/>	<hr/>
Total current liabilities		131,895,070	132,483,394
		<hr/>	<hr/>
Total liabilities		141,609,789	145,142,348
		<hr/>	<hr/>
Total equity and liabilities		164,345,668	168,745,840
		<hr/>	<hr/>
Net current assets		11,131,577	15,053,621
		<hr/>	<hr/>
Total assets less current liabilities		32,450,598	36,262,446
		<hr/>	<hr/>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

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. 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 accounting policies resulting from application of amendments to International Financial Reporting Standards (“IFRSs”), agenda decision of the IFRS Interpretations Committee (the “Committee”) of the IASB, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2022 are the same as those presented the Group’s annual financial statements for the year ended 31 December 2021.

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 mandatorily effective for the annual period beginning on 1 January 2022 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendment to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to IFRSs	Annual Improvements to IFRSs 2018-2020

In addition, the Group applied the following agenda decision of the Committee of the IASB which is relevant to the Group: “Cost necessary to sell inventories (IAS 2 “Inventories”)”.

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.

2.1 Impacts and changes in accounting policies on application of Amendments to IFRS 3 “Reference to the Conceptual Framework”

Accounting policies

For business combinations in which the acquisition date is on or after 1 January 2022, the identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the “Conceptual Framework for Financial Reporting” issued by IASB in March 2018 (the “**Conceptual Framework**”) except for transactions and events within the scope of IAS 37 “Provisions, Contingent Liabilities and Contingent Assets” or IFRIC 21 “Levies”, in which the Group applies IAS 37 or IFRIC 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognised.

Transition and summary of effects

The Group applies the amendments to business combinations for which the acquisition date is on or after 1 January 2022. The application of the amendments in the current period had no impact on the condensed consolidated financial statements.

2.2 Impacts on application of Amendments to IFRSs “Annual Improvements to IFRSs 2018-2020”

The Group has applied the annual improvements which 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.

2.3 Impacts on application of the agenda decision of the Committee – Cost necessary to sell inventories (IAS 2 “Inventories”)

Inventories

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

The application of the Committee’s agenda decision has had no material impact on the Group’s condensed consolidated financial statements.

3A. REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregation of revenue from contracts with customers

	Six months ended 30 June 2022 (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	4,650,178	–	4,650,178
Hotel and related services	–	31,310	31,310
Property management and other services	–	243,682	243,682
Revenue from contracts with customers	4,650,178	274,992	4,925,170
Leases – rental income			97,931
Total revenue			5,023,101
	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
Total revenue			13,448,853

3B. OPERATING SEGMENTS

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

Six months ended 30 June 2022 (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	4,650,178	97,931	31,310	243,682	5,023,101
Inter-segment sales	–	–	–	1,124,768	1,124,768
	<u>4,650,178</u>	<u>97,931</u>	<u>31,310</u>	<u>1,368,450</u>	<u>6,147,869</u>
Segment (loss) profit	<u>(215,332)</u>	<u>50,822</u>	<u>169,077</u>	<u>(28,382)</u>	<u>(23,815)</u>
Share of results of associates					(2,011)
Share of results of joint ventures					<u>37,358</u>
Profit for the period					<u>11,532</u>

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>	<u>1,375,072</u>
Share of results of associates					56,968
Share of results of joint ventures					<u>2,025</u>
Profit for the period					<u>1,434,065</u>

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

	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (audited)
Segment assets		
Sales of properties and construction management services	174,869,823	179,541,194
Lease of properties	12,404,000	12,012,000
Hotel and related services	1,440,684	1,987,508
Property management and other services	11,565,411	8,232,436
	200,279,918	201,773,138
Elimination of inter-segment receivables	(41,497,267)	(38,539,468)
Interests in associates	1,713,667	1,715,678
Interests in joint ventures	3,849,350	3,796,492
Consolidated total assets	164,345,668	168,745,840
	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (audited)
Segment liabilities		
Sales of properties and construction management services	167,946,164	168,869,975
Lease of properties	6,574,437	6,366,667
Hotel and related services	1,059,272	1,610,802
Property management and other services	7,527,183	5,881,585
	183,107,056	182,729,029
Elimination of inter-segment payables	(41,497,267)	(38,539,468)
Bonds	–	952,787
Consolidated total liabilities	141,609,789	145,142,348

4. FINANCE COSTS

	Six months ended 30 June	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Interest expenses on bonds	42,940	66,781
Interest expenses on interest-bearing loans	519,986	738,710
Interest expenses on lease liabilities	18,164	13,511
Interest expenses on contract liabilities	383,392	542,094
Less: interest of bonds capitalised	(30,144)	(50,383)
interest of interest-bearing loans capitalised	(452,373)	(650,288)
interest of contract liabilities capitalised	(383,392)	(542,094)
	98,573	118,331

5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Current tax:		
PRC Enterprise Income Tax (“EIT”)	229,142	795,261
PRC Land Appreciation Tax (“LAT”)	91,525	882,568
	<u>320,667</u>	<u>1,677,829</u>
Deferred tax	52,421	(84,842)
	<u>373,088</u>	<u>1,592,987</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.

6. DIVIDENDS

During the current interim period, a final dividend of Hong Kong dollar (“HK\$”) 0.3 per share in respect of the year ended 31 December 2021 (2021: HK\$0.3 per share in respect of the year ended 31 December 2020) was declared to owners of the Company. The aggregate amount of the final dividend declared in the interim period amounted to HK\$837,565,000 (2021: HK\$837,565,000).

The directors of the Company have resolved not to declare any interim dividend for the six months ended 30 June 2022 (for the six months ended 30 June 2021: Nil).

7. 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	
	2022 <i>RMB'000</i> (unaudited)	2021 <i>RMB'000</i> (unaudited)
Earnings		
Earnings for the purpose of basic earnings per share (profit for the period attributable to owners of the Company)	105,864	1,426,623
Number of shares	<i>'000</i>	<i>'000</i>
Weighted average number of ordinary shares for the purpose of basic earnings per share	2,769,188	2,769,188

8. 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 2022 (audited)	3,032,329	8,979,671	12,012,000
Additions	84,919	–	84,919
Transfer from completed properties held for sale	–	326,950	326,950
Disposals	–	(5,588)	(5,588)
Net decrease in fair value recognised in profit or loss	(4,919)	(9,362)	(14,281)
As at 30 June 2022 (unaudited)	3,112,329	9,291,671	12,404,000

The fair value of the Group's investment properties as at 30 June 2022 and 31 December 2021 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 2022, certain completed properties held for sale with carrying amount of RMB326,950,000 (six months ended 30 June 2021: RMB69,373,000) were transferred to investment properties upon the change in use of the properties. At the date of transfer, the gain on revaluation of properties transferred from completed properties held for sale to investment properties amounting to RMB32,005,000 (six months ended 30 June 2021: loss RMB6,609,000) 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 2022, no investment properties (31 December 2021: Nil) were pledged as collateral for the Group's borrowings.

9. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (audited)
Trade receivables in respect of contracts with customers	309,362	449,630
Less: allowance for credit losses	(22,727)	(29,683)
	286,635	419,947
Trade receivables, net of allowance for credit losses		
Other receivables	21,403,074	21,423,747
Less: allowance for credit losses	(725,994)	(760,281)
	20,677,080	20,663,466
Other receivables, net of allowance for credit losses		
Advance payments	1,856,540	1,884,926
Advance deposits for acquisitions of land parcels for development	1,197,853	1,492,145
Other tax prepayments	2,873,378	3,576,691
	26,891,486	28,037,175
Total		

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

	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (audited)
0-90 days	92,955	99,235
91-180 days	9,275	66,828
181-365 days	27,626	9,050
Over 365 days	156,779	244,834
	286,635	419,947

10. TRADE AND OTHER PAYABLES

	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (audited)
Trade payables	26,547,431	28,667,502
Non-trade payables due to related parties	7,171,684	6,959,069
Other taxes payable	916,577	1,543,800
Interest payable	67,067	141,139
Consideration payable due to Greenland Holdings	953,759	953,759
Dividends payable	716,277	–
Amount due to non-controlling shareholders	4,641,544	6,163,770
Other payables and accrued expenses	14,298,134	14,772,158
	55,312,473	59,201,197

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

	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (audited)
Within 90 days	20,933,611	22,062,664
Over 90 days and within 180 days	1,480,040	1,831,817
Over 180 days and within 365 days	1,680,557	1,710,483
Over 365 days	2,453,223	3,062,538
	26,547,431	28,667,502

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

11. BONDS

	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (audited)
Bond	–	952,787
Amount due within one year shown under current liabilities	–	952,787

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

The 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 option of the Bond are immaterial to the Group.

The Bond represents 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 10.56% per annum for the period ended 30 June 2022.

12. 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.

As disclosed in the annual report for the year ended 31 December 2016, the rate of distribution applicable to the Perpetual Securities shall be:

- in respect of the period from, and including, the Issue Date to, but excluding the 5th anniversary from the Issue Date (the "**First Call Date**"), 5.625% per annum; and
- in respect of the periods (a) from, and including, the First Call Date to, but excluding, the immediately following reset date and (b) from, and including, each reset date falling after the First Call Date to, but excluding, the immediately following reset date, a rate of interest expressed as a percentage per annum equal to the sum of (1) 4.50 per cent, (2) treasury rate; and (3) 5.00 per cent. A reset date is defined as the First Call Date and each day falling on the expiry of every five calendar years after the First Call Date. The treasury rate refers to the prevailing rate that represents the average for the week immediately prior to the date on which the reset is calculated as published by the Board of Governors of the U.S. Federal Reserve.

The Group applied a 10.21% rate of distribution applicable to the Perpetual Securities for the current interim period.

Distribution of USD6,126,000 (equivalent to RMB38,846,000) has been provided and paid by the Company for the current interim period.

I. INDUSTRY REVIEW

In the first half of 2022, with recurring outbreaks of the COVID-19 pandemic (the “COVID-19”), the global economy was encountered with multiple challenges in the process of recovery, amidst intensified geopolitical tension and sustained pressure of inflation, casting significant impacts on the economies around the world. In the People’s Republic of China (the “PRC”), the external environment remained severe and complex for its economic performance, with increasing downward pressure on its economy. At the current key stage of recovery, “Stabilizing Real Estate” plays a more important role to “Stabilizing the Economy”. In the first half of the year, gross domestic product of the PRC grew at 2.5% over the same period last year, whilst the second quarter grew at 0.4% year on year, the slowest growth in the PRC since the outbreaks of COVID-19.

Since the beginning of year 2022, “city-specific policies” have been vigorously put to implementation in the PRC, with a view to fostering the steady and healthy development of the real estate market, securing the rigid demand for residential housing and reasonably supporting upgraders’ demand, in spite of which the overall expectation was still in the doldrums. In the first half of 2022, the nationwide real estate market was even posed with unprecedented challenges, under the combined effects of the market downturn and another wave of COVID-19 prevalence in some key cities, property sales was close to complete halt in certain regions, with plummeting scale of commodity housing sales while growth of investment in real estate development turned negative for the first time year on year. Notwithstanding the gradual introduction of easing policies on property finance, both personal mortgage loans and developers’ borrowings dropped considerably. In this connection, China Banking and Insurance Regulatory Commission reiterated “stabilizing land prices, house prices and expectations”. The Central Government and various authorities frequently sent positive signals on “stabilising the real estate segment”. Local authorities improved more than a hundred relevant policies. The regulatory policies for the industry are continuously easing.

II. BUSINESS REVIEW

Results

In the first half of 2022, faced with the repeated punches of COVID-19 and the launch of regulatory policies in different cities of the PRC, the Group took the initiatives to adopt effective measures and make timely adjustments to its strategies, focusing on destocking as well as innovative sales and marketing. Greenland Hong Kong upheld prudence in project investment, kept strengthening risk control, and managed to current situation and development amidst the exposure to the ongoing and vast adjustment of the real estate market.

In the first half of 2022, Greenland Hong Kong won 14 industry awards, including 11 international awards and 3 domestic awards. Yiwu Greenland Epoch Gate received a gold award from “Asia Habitat Landscape Award (AHLA)”. Changshu Hupo Lanting received a platinum award from “MUSE Design Awards” in the United States of America.

For the six months ended 30 June 2022 (the “**period under review**”), the contracted sales of the Group amounted to approximately RMB8,183 million and the contracted gross floor area (“**GFA**”) sold was 821,535 sq.m.. The Group recorded total revenue of approximately RMB5,023 million, representing a decrease of approximately 63% as compared with the same period last year. Profit attributable to owners of the Company for the period was approximately RMB106 million, representing a year-on-year decrease of approximately 93%. Cash and cash equivalents, including restricted cash, remained stable at approximately RMB6,787 million. The board of directors has resolved not to declare any dividend for the six months ended 30 June 2022.

During the period under review, the total GFA sold and delivered amounted to approximately 405,350 sq.m.. Average selling price was approximately RMB11,187 per sq.m.. Revenue derived from property sales was approximately RMB4,650 million, representing a decrease of approximately 64% from approximately RMB13,061 million during the same period last year. The key projects completed and delivered in the first half of 2022 are as follows:

Project	City	Approximate GFA sold and delivered in 1H2022 sq.m.	Approximate Sales recognized in 1H2022 RMB'000	Average selling price RMB/sq.m.
Property				
Greenland Yejin Mansion	Yangzhou	25,661	1,114,120	43,417
Greenland Dongmeng International Town	Nanning	101,894	509,953	5,005
Guangde Inter City Space	Xuancheng	75,231	498,817	6,630
Greenland Idyllic Mansion	Suzhou	19,069	460,599	24,154
Greenland Diamond Mansion	Wuxi	26,403	273,551	10,361
Greenland Ocean Masterland	Nantong	20,906	267,306	12,786
Greenland Xijiang Square	Foshan	20,322	235,190	11,573
Greenland Central Plaza	Jiaying	22,428	197,819	8,820
Guangqing International City	Qingyuan	25,226	174,729	6,927
Greenland Epoch Gate	Yiwu	4,160	171,646	41,261
Greenland Four Seasons Impression Garden	Maoming	24,466	147,042	6,010
Greenland Central Culture Center	Haikou	3,428	96,202	28,064
Greenland Lakeside Villa	Xuzhou	7,942	69,018	8,690
Haikou Greenland City	Haikou	5,065	64,337	12,702
Greenland Park City	Jiangmen	7,000	61,546	8,792
Greenland Center	Nanning	2,468	49,516	20,063
Greenland Xi Shui Dong	Wuxi	3,881	48,670	12,541

Project	City	Approximate GFA sold and delivered in 1H2022 <i>sq.m.</i>	Approximate Sales recognized in 1H2022 <i>RMB'000</i>	Average selling price <i>RMB/sq.m.</i>
Property				
Greenland Southeast Asia Headquarters	Kunming	2,006	33,824	16,861
Greenland Sky Tree	Wuxi	1,602	32,249	20,130
Others	Others	6,192	28,547	4,610
Sub-total		405,350	4,534,681	11,187

Project	City	Approximate sales recognized in 1H2022 <i>RMB'000</i>
Carparking lot		
Greenland Xi Shui Dong	Wuxi	32,987
Greenland Epoch Gate	Yiwu	15,339
Greenland Hai Chang Liu	Haikou	12,848
Greenland Center STGC	Shantou	9,560
Greenland Sky Tree	Wuxi	8,686
Greenland Xinli Haiyue Mansion	Zhanjiang	7,789
Guangde Inter City Space	Xuancheng	6,642
Greenland Central Culture Center	Haikou	5,376
Greenland Central Plaza	Jiaxing	4,505
Greenland Lakeside Villa	Xuzhou	4,011
Greenland Cifi City	Hangzhou	3,386
Others	Others	4,368
Sub-total		115,497
Total property sales		4,650,178

Contracted Sales and Operating Capability

During the period under review, on the keynote of focusing on destocking and innovating upon sales approach, the Group underwent some reforms for enhancing its sales and operating capability. Regarding innovation on sales and marketing, the Group focused on solidifying the integration and promotion of new media platform, uplifting online advertising, reshaping its innovative business model, and creating value for customers. By means of the aforesaid online interactions and functionalities to improve customer cohesion, the Group in turn channeled customers to our offline platform to improve our property sales.

Meanwhile, the Group also focused on the comprehensive analysis of its inventories, to foster the marketability adjustment of a batch of projects, implemented differentiated sales strategies of existing projects by updating product position. In addition, the Group attaches importance to promote product quality, with the further optimization and enhancement of display areas so that the quality of delivery can be showcased to customers well beforehand to attract customers' confidence in their purchases.

For the first six months of 2022, the contracted sales of the Company amounted to approximately RMB8,183 million, with the corresponding contracted GFA sold amounting to approximately 821,535 sq.m..

During the period under review, the contracted sales of the Group were mainly derived from projects located in key regions such as Guangdong, Jiangsu, Yunnan and Guangxi, which accounted for approximately 37%, 28%, 10% and 9% of the total contracted sales respectively.

Regarding cost reduction and efficiency enhancement, the Group strove to take care of a number of factors in the construction, technology development and materials costs of its projects under construction. Construction practices and node formation have been streamlined. Catering to the acceptance criteria in different regions, the Group further optimized the costs incurred in different projects by means of optimization of drawing, materials and craftsmanship and so forth, which effectively contributed to cost reduction and efficiency enhancement.

Redefining the Leasing Market by Adopting an Innovative Business Model

The Group has successfully built up the “Elite Home” brand of long-term leasing apartments, striving to provide high-quality, cozy and trendy living space and socializing vibe for young people in cities. In October 2021, Elite Home – Renhe branch in Guangzhou was officially opened. This signified the expansion of “Elite Home” beyond Shanghai and into the Guangzhou market, on the back of an innovative “Leasing + Internet + X” business model.

During the period under review, the four “Elite Home” branches of Greenland Hong Kong reported growth amidst stable operation as a whole, with an occupancy rate of more than 90%. Going forward, the Elite Home brand will focus on first- and new first-tier cities, covering Shanghai, Beijing, Guangzhou, Shenzhen and so forth, striving to build up a leading and innovative apartment leasing and life services platform in the PRC.

Land Bank

Under the general environment of comprehensive deleveraging in the industry, the Group prudently invested and observed the market, focus on core urban areas in the Yangtze River Delta and the Greater Bay Area, with the vertically deepened development of the “Two Wings and One Core” strategic layout. As of 30 June 2022, the Group held an abundant land bank of approximately 23 million sq.m. mainly strategically located in the key core cities with promising population growth in the PRC, which is sufficient to support its development in the next two to three years. Going forward, the Group will attach even greater importance to investing in projects in first-tier cities and will continue to seek additional high-quality land projects with promising development potential.

Outlook

Looking at the whole year of 2022, while ensuring the continuous optimization of capital structure, leading real estate enterprises will optimize the structure of land bank, deepen regional development and city layout, 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 a pillar industry supporting the national economy, the real estate sector will continue to play a pivotal role in economic development and services for people’s livelihood. Driven by government policies, it is believed that the industry will speed up in growing towards a new stage, a new approach, and upon a new landscape. As the effective coordination of the prevention and control of the COVID-19 pandemic vis-à-vis economic and social development continues to work well, and the effect of macro policies further unleashes, the Group holds firm to the confidence in its business development for the second half of the year.

High-quality development and stable operation will remain the keys to the Group’s strategic development in the future. Going forward, with the mission of “creating a better lifestyle”, Greenland Hong Kong will consistently focus on its real estate business to strive to achieve high-quality development, adhere to a prudent investment strategy, pay attention to investment opportunities in first-tier cities, and penetrate into the core cities in Yangtze River Delta and Pan-Pearl River Delta. Further, with its persistent adherence to sound approach in financial management, Greenland Hong Kong will continue to strengthen cash flow management, closely monitor the financial return and cash collection of property projects, ensure the sufficiency of cash, optimize the debt structure, and maintain a healthy level of financial position. 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.

III. FINANCIAL PERFORMANCE

Revenue

The revenue of the Group for the first half of 2022 was approximately RMB5,023 million, representing a decrease of approximately 63% compared with approximately RMB13,449 million for the same period of 2021.

Sales of properties, as the core business activity of the Group, generated revenue of approximately RMB4,650 million for the first half of 2022 (1H2021: approximately RMB13,061 million), accounting for approximately 93% of the total revenue and representing a year-on-year decrease of approximately 64%. 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.

The decrease in the Group's revenue was mainly attributable to the decrease in the recognised GFA of properties delivered by the Group by approximately 58% from 971,743 sq.m. for the six months ended 30 June 2021 to 405,350 sq.m. for the six months ended 30 June 2022.

	1H2022 <i>RMB'000</i>	1H2021 <i>RMB'000</i>	Change <i>RMB'000</i>
Sales of properties and construction management services	4,650,178	13,061,471	-8,411,293
Property management and other services	243,682	245,555	-1,873
Hotel and related services	31,310	48,691	-17,381
Rental income	97,931	93,136	+4,795
Total	<u>5,023,101</u>	<u>13,448,853</u>	<u>-8,425,752</u>

Cost of Sales

Cost of sales decreased by approximately 56% to approximately RMB4,094 million from approximately RMB9,321 million for the first half of 2021. 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 RMB930 million from approximately RMB4,128 million for the first half of 2021. The gross profit margin decreased to 19% from 31%, primarily due to the overall weak real estate environment and the Group's delivery of different portfolios of properties in 1H2022 as compared with 1H2021.

Other Income, Gains and Losses, and Other Operating Expenses

Other income, gains and losses, and other operating expenses increased to approximately RMB50 million in 1H2022 from a gain of approximately RMB580,000 in the first half of 2021, mainly attributable to the net effect of the disposal of the Huangshan Project and foreign exchange loss during the period under review.

Operating Expenses

Due to the effective management over expenditure control of the Group, administrative expenses and selling and marketing costs decreased to RMB269 million and RMB321 million, respectively, representing a decrease of approximately 35% and 42% as compared with the same period last year. In 1H2021, they were RMB416 million and RMB552 million respectively.

Finance Costs

Finance costs decreased from RMB118 million in the first half of 2021 to RMB99 million in the first half of 2022.

Investment Properties

As at 30 June 2022, The Group had 27 investment properties with total GFA of approximately 1,149,343 sq.m.. Investment properties mainly comprised Yiwu Greenland Epoch Gate, Shanghai Greenland Seaside City, Holiday Inn Shanghai Pudong Kangqiao, Suzhou Global 188, Suzhou Greenland Jiangnan Huafu, Jiaxing Greenland Central Plaza, Naning Greenland Center and Nanning Greenland Central Plaza, etc. The Group recorded fair value loss on investment properties of approximately RMB14 million for 1H2022 due to market fluctuation.

Income Tax Expenses

Income tax expenses decreased by approximately 77% from approximately RMB1,593 million in the first half of 2021 to approximately RMB373 million for the same period of 2022, mainly attributable to the decrease in the revenue for the period under review.

Profit for the Period and Attributable to Owners of the Company

Profit for the period and attributable to owners of the Company decreased to approximately RMB12 million and RMB106 million, respectively, representing a year-on-year decrease of approximately 99% and 93%, as compared with approximately RMB1,434 million and approximately RMB1,427 million for the same period of 2021.

Financial Position

As at 30 June 2022, the Group's total equity was approximately RMB22,736 million (31 December 2021: approximately RMB23,604 million), total assets amounted to approximately RMB164,346 million (31 December 2021: approximately RMB168,746 million) and total liabilities amounted to approximately RMB141,610 million (31 December 2021: approximately RMB145,142 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 applied in business operations and investment in development projects.

As at 30 June 2022, net gearing ratio (total borrowings less cash and cash equivalents (including restricted cash) divided by total equity) was approximately 44% (31 December 2021: approximately 39%) and total cash and cash equivalents (including restricted cash) amounted to approximately RMB6,787 million, with total borrowings of approximately RMB16,701 million and an equity base of approximately RMB22,736 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 2022, the Group has pledged properties, land use rights and time deposits with a carrying value of approximately RMB28,091 million to secure bank facilities, and the total secured loan balance outstanding amounted to approximately RMB13,115 million.

Financial Guarantees

As at 30 June 2022, the Group provided guarantees to banks for:

	30 June 2022	31 December 2021
	<i>RMB'000</i>	<i>RMB'000</i>
Mortgage	22,211,700	29,661,792

Capital Commitments

	30 June 2022	31 December 2021
	RMB'000	RMB'000
	(unaudited)	(audited)
Property under development and investment properties under development contracted but not provided in the condensed consolidated financial statements	<u>30,876,705</u>	<u>26,779,952</u>

Financial Management

On 3 June 2022, the Group's bonds in the amount of USD150 million had been redeemed in full by their maturity, inclusive of a total of USD18.5 million redeemed in advance as at 27 May 2022. The aforesaid redemption of the bonds will improve the Company's gearing position and reduce the Company's interest expense.

Human Resources

As at 30 June 2022, the Group employed a total of 3,250 employees (31 December 2021: 4,007), among which 1,702 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. 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 declare any interim dividends for the six months ended 30 June 2022.

MATERIAL CHANGES

Save as disclosed in this announcement, there have been no material changes in respect of matters relating to the business developments, financial position and future prospects of, and important events affecting, the Group since the publication of the Company's 2021 Annual Report.

CORPORATE GOVERNANCE

During the six months ended 30 June 2022, the Company had complied with the code provisions set out in Part 2 of the Corporate Governance Code (“**CG Code**”) contained in Appendix 14 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited, except for code provisions C.2.1 and F.2.2 as described below.

Code provision C.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 2022 to 30 June 2022, 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 F.2.2 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 2022 due to other business commitments.

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

As of 27 May 2022, the Company repurchased the 9.625 per cent. bonds due 2022 (the “**Bonds**”) in an aggregate principal amount of US\$18.50 million, details of which are set out in the announcement of the Company dated 30 May 2022. On 3 June 2022, the Company redeemed all the outstanding Bonds in full, details of which are set out in the announcement of the Company dated 7 June 2022.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 June 2022.

REVIEW OF THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements of the Company for the six months ended 30 June 2022 were not audited but have been reviewed by the Audit Committee. In connection with such review, the Audit Committee has discussed with the management of the Company and the Company’s external auditors on the accounting principles and policies adopted for the preparation of the said financial statements. Based on that review and discussions, the Audit Committee was satisfied that the unaudited condensed consolidated financial statements were prepared in accordance with applicable accounting standards and fairly present the Group’s financial position and results for the six months ended 30 June 2022.

PUBLICATION OF 2022 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 2022 interim report will be available on the HKEXnews website and the Company's website and despatched to Shareholders on or before 30 September 2022.

By Order of the Board
Greenland Hong Kong Holdings Limited
Chen Jun
Chairman and Chief Executive Officer

Hong Kong, 31 August 2022

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, Ms. Wang Xuling and Dr. Li Wei; and the independent non-executive directors are Mr. Fong Wo, Felix, JP, Mr. Kwan Kai Cheong and Dr. Lam, Lee G..