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## GREENTOWN MANAGEMENT HOLDINGS COMPANY LIMITED

### 綠城管理控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 09979)

## ANNOUNCEMENT OF THE ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

The board (the “**Board**”) of directors (the “**Directors**”) of Greentown Management Holdings Company Limited (“**Greentown Management**” or the “**Company**”) is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2020 (the “**Reporting Period**” or the “**Period**”) prepared in accordance with International Financial Reporting Standards, together with comparative figures for the previous financial year. The audited consolidated annual results have been reviewed by the audit committee of the Company (the “**Audit Committee**”) and approved by the Board.

A final dividend in respect of the year ended 31 December 2020 of RMB0.17 per share, in an aggregate amount of approximately RMB332,856,000, has been proposed by the Board and is subject to approval by the shareholders at the forthcoming general meeting.

### BUSINESS HIGHLIGHTS

|  | <b>2020</b><br><b>(Audited)</b><br><b>RMB'000</b> | <b>2019</b><br><b>(Audited)</b><br><b>RMB'000</b> | <b>Change</b> |
|--|---|---|---------------|
| Revenue  | <b>1,812,975</b>                                  | 1,993,892   | -9.1%         |
| Net profit   | <b>412,254</b>                                    | 370,718   | 11.2%         |
| Net profit attributable to owners of the Company                             | <b>439,325</b>                                    | 324,769   | 35.3%         |
| Net profit attributable to owners of the Company, excluding listing expenses | <b>469,004</b>                                    | 336,448   | 39.4%         |
| Cash inflows from operating activities                                       | <b>903,329</b>                                    | 121,116   | 645.9%        |
| Earnings per share from continuing and discontinued operations               |   |   |               |
| – Basic and diluted (2019: Basic) (RMB)                                      | <b>0.26</b>                                       | 0.23  | 13.0%         |
|  | <b>2020</b><br><b>Million sq.m.</b>               | <b>2019</b><br><b>Million sq.m.</b>               | <b>Change</b> |
| Total GFA of contracted projects   | <b>76.1</b>                                       | 67.5  | 12.7%         |
| Total GFA of new project management projects                                 | <b>18.7</b>                                       | 16.0  | 16.8%         |
|  | <b>2020</b><br><b>RMB' billion</b>                | <b>2019</b><br><b>RMB' billion</b>                | <b>Change</b> |
| Project management fee of new project management projects                    | <b>5.81</b>                                       | 4.75  | 22.3%         |

The following financial information is extracted from the audited annual consolidated financial statements as set out in the 2020 Annual Report to be published by the Group:

## CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

|  |       | Year ended 31 December |                |
|--|-------|------------------------|----------------|
|  |       | 2020                   | 2019           |
|  | Notes | RMB'000                | RMB'000        |
| <b>Continuing operations</b>   |       |                        |                |
| Revenue  | 3     | 1,812,975              | 1,993,892      |
| Cost of services   |       | (947,146)              | (1,112,321)    |
| Gross profit   |       | 865,829                | 881,571        |
| Other income   | 4     | 48,614                 | 17,928         |
| Other gains and losses   | 5     | (27,011)               | 10,962         |
| Selling and marketing expenses   |       | (48,302)               | (21,965)       |
| Administration expenses  |       | (330,611)              | (302,215)      |
| Listing fee  |       | (33,960)               | (15,572)       |
| Finance costs  | 6     | (1,465)                | (1,761)        |
| Impairment losses under expected credit loss model, net of reversal  |       | (1,378)                | (7,781)        |
| Loss from changes in fair value of investment properties   |       | (2,952)                | (974)          |
| Share of results of associates   |       | 3,403                  | (6,606)        |
| Share of results of joint ventures   |       | 52,767                 | (15,383)       |
| Profit before tax  | 7     | 524,934                | 538,204        |
| Income tax expense   | 8     | (117,414)              | (149,282)      |
| Profit for the year from continuing operations   |       | 407,520                | 388,922        |
| <b>Discontinued operations</b>   |       |                        |                |
| Gain (loss) for the year from discontinued operations  | 9     | 4,734                  | (18,204)       |
| <b>Profit for the year</b>   |       | <b>412,254</b>         | <b>370,718</b> |
| 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 ("FVTOCI"), net of tax |       | 4,674                  | 10,996         |
| Total comprehensive income for the year  |       | 416,928                | 381,714        |

|  | <i>Notes</i> | <b>Year ended 31 December</b> |                        |
|--|--------------|-------------------------------|------------------------|
|  |              | <b>2020</b>                   | <b>2019</b>            |
|  |              | <b><i>RMB' 000</i></b>        | <b><i>RMB' 000</i></b> |
| Profit (loss) for the year attributable to owners of the Company     |              |                               |                        |
| – from continuing operations   |              | <b>428,547</b>                | 339,880                |
| – from discontinued operations                                       |              | <b>10,778</b>                 | (15,111)               |
|  |              | <b><u>439,325</u></b>         | <u>324,769</u>         |
| Profit (loss) for the year attributable to non-controlling interests |              |                               |                        |
| – from continuing operations   |              | <b>(21,027)</b>               | 49,042                 |
| – from discontinued operations                                       |              | <b>(6,044)</b>                | (3,093)                |
|  |              | <b><u>(27,071)</u></b>        | <u>45,949</u>          |
|  |              | <b><u>412,254</u></b>         | <u>370,718</u>         |
| Total comprehensive income (expense) for the year attributable to:   |              |                               |                        |
| Owners of the Company  |              | <b>443,999</b>                | 335,765                |
| Non-controlling interests  |              | <b>(27,071)</b>               | 45,949                 |
|  |              | <b><u>416,928</u></b>         | <u>381,714</u>         |
| <b>EARNING PER SHARE</b>   |              |                               |                        |
| From continuing and discontinued operations                          |              |                               |                        |
| – Basic (RMB)  | <i>11</i>    | <b><u>0.26</u></b>            | <u>0.23</u>            |
| – Diluted (RMB)  | <i>11</i>    | <b><u>0.26</u></b>            | <u>N/A</u>             |
| From continuing operations   |              |                               |                        |
| – Basic (RMB)  | <i>11</i>    | <b><u>0.26</u></b>            | <u>0.24</u>            |
| – Diluted (RMB)  | <i>11</i>    | <b><u>0.25</u></b>            | <u>N/A</u>             |

# CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at 31 December 2020

|  |       | As at 31 December       |                         |
|--|-------|-------------------------|-------------------------|
|  |       | 2020                    | 2019                    |
|  | Notes | RMB'000                 | RMB'000                 |
| <b>Non-Current Assets</b>                                      |       |                         |                         |
| Property, plant and equipment                                  |       | 97,922                  | 107,253                 |
| Right-of-use assets  |       | 17,803                  | 15,934                  |
| Investment properties  |       | 53,361                  | 29,147                  |
| Goodwill   |       | 769,241                 | 769,241                 |
| Interests in associates  |       | 67,042                  | 55,554                  |
| Interests in joint ventures                                    |       | 93,742                  | 36,183                  |
| Equity instruments at FVTOCI                                   |       | 93,393                  | 87,161                  |
| Other long-term receivables                                    |       | 210,000                 | 99,912                  |
| Deferred tax assets  |       | 16,975                  | 16,360                  |
| Deposit for acquisition of properties                          |       | 7,080                   | 21,965                  |
|  |       | <u>1,426,559</u>        | <u>1,238,710</u>        |
| <b>Current Assets</b>  |       |                         |                         |
| Trade and other receivables                                    | 12    | 388,303                 | 312,842                 |
| Contract assets  |       | 316,795                 | 311,920                 |
| Amounts due from related parties                               |       | 202,720                 | 654,618                 |
| Pledged bank deposits  |       | 15,832                  | 14,963                  |
| Bank balances and cash   |       | 2,397,335               | 1,126,771               |
|  |       | <u>3,320,985</u>        | <u>2,421,114</u>        |
| Assets classified as held for sale                             |       | <u>–</u>                | <u>99,883</u>           |
|  |       | <u>3,320,985</u>        | <u>2,520,997</u>        |
| <b>Current Liabilities</b>                                     |       |                         |                         |
| Trade and other payables                                       | 13    | 818,670                 | 830,489                 |
| Amounts due to related parties                                 |       | 199,496                 | 800,753                 |
| Income tax payable   |       | 145,798                 | 84,346                  |
| Other taxes payable  |       | 50,841                  | 29,929                  |
| Contract liabilities   |       | 396,182                 | 239,580                 |
| Lease liabilities  |       | 8,504                   | 6,294                   |
|  |       | <u>1,619,491</u>        | <u>1,991,391</u>        |
| Liabilities associated with assets classified as held for sale |       | <u>–</u>                | <u>62,849</u>           |
|  |       | <u>1,619,491</u>        | <u>2,054,240</u>        |
| <b>Net Current Assets</b>                                      |       | <u>1,701,494</u>        | <u>466,757</u>          |
| <b>Total Assets Less Current Liabilities</b>                   |       | <u><u>3,128,053</u></u> | <u><u>1,705,467</u></u> |

|  | As at 31 December              |                                |
|--|--------------------------------|--------------------------------|
|  | 2020                           | 2019                           |
| <i>Notes</i>                                 | <b><i>RMB'000</i></b>          | <i>RMB'000</i>                 |
| <b>Capital and Reserves</b>                  |                                |                                |
| Share capital                                | <b>16,324</b>                  | 11,587                         |
| Reserves                                     | <b><u>3,058,875</u></b>        | <u>1,583,172</u>               |
| Equity attributable to owners of the Company | <b>3,075,199</b>               | 1,594,759                      |
| Non-controlling interests                    | <b><u>27,010</u></b>           | <u>86,430</u>                  |
| <b>Total Equity</b>                          | <b><u><u>3,102,209</u></u></b> | <b><u><u>1,681,189</u></u></b> |
| <b>Non-Current Liabilities</b>               |                                |                                |
| Deferred tax liabilities                     | <b>16,958</b>                  | 15,400                         |
| Lease liabilities                            | <b><u>8,886</u></b>            | <u>8,878</u>                   |
|  | <b><u>25,844</u></b>           | <u>24,278</u>                  |
| <b>Net Assets</b>                            | <b><u><u>3,102,209</u></u></b> | <b><u><u>1,681,189</u></u></b> |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 1. GENERAL

The Company was established in the Cayman Islands as an exempted company with limited liability on 12 December 2016. The Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 10 July 2020. The immediate and ultimate holding company of the Company is Greentown China, a company listed on the Main Board of the Stock Exchange and incorporated in the Cayman Islands.

The Company is an investment holding company. The principal activity of the Group is to provide project management services.

The functional currency of the Company is Renminbi ("**RMB**"), which is the same as the presentation currency of the consolidated financial statements.

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

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

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

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

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

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

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

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

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

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

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

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

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

The Directors of the Company anticipate that the application of all new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

## 3. REVENUE AND SEGMENT INFORMATION

(i) Disaggregation of revenue from contracts with customers is as follows:

|                                 | Year ended 31 December |                  |
|---------------------------------|------------------------|------------------|
|                                 | 2020                   | 2019             |
|                                 | <i>RMB'000</i>         | <i>RMB'000</i>   |
| Revenue recognised overtime:    |                        |                  |
| Commercial project management   | 1,312,454              | 1,470,763        |
| Governmental project management | 309,845                | 358,438          |
| Others                          | 190,676                | 164,691          |
|                                 | <b>1,812,975</b>       | <b>1,993,892</b> |

**(ii) Segment information**

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

The Group’s consolidated revenue and results are attributable to the market in the PRC (country of domicile) and all of the Group’s consolidated assets are located in the PRC.

No segment assets and liabilities are presented as they were not regularly provided to the CODM for the purpose of resource allocation and performance assessment.

The Group’s reportable segments under IFRS 8 Operating Segments are as follows:

- 1 Commercial project management-provide property development management service to project owner
- 2 Governmental project management-provide property development management service to government on resettlement housing property development projects and public infrastructure
- 3 Others (including consulting service and construction design service, etc.)

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

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

The CODM assesses the performance of the operating segments based on the post-tax profit of the group entities engaged in the respective segment activities, which includes share of results of associates and joint ventures, but exclude certain other income, administrative expenses, finance costs, exchange loss, listing fee and licensing fee.

An operating segment regarding the landscape design operation was discontinued in the current year. The segment information reported below does not include any amounts for these discontinued operations.



An analysis of the Group's revenue and results from continuing operations by reportable segment is as follow:

**For the year ended 31 December 2020**

**Continuing operations**

|                                     | Commercial<br>project<br>management<br><i>RMB'000</i> | Governmental<br>project<br>management<br><i>RMB'000</i> | Others<br><i>RMB'000</i> | Segment total<br><i>RMB'000</i> | Eliminations<br><i>RMB'000</i> | Total<br><i>RMB'000</i> |
|-------------------------------------|---|---|--------------------------|---------------------------------|--------------------------------|-------------------------|
| Segment revenue                     |   |   |                          |                                 |                                |                         |
| External revenue                    | 1,312,454   | 309,845   | 190,676                  | 1,812,975                       | –                              | 1,812,975               |
| Inter-segment revenue               | 37,661  | 168,739   | 2,150                    | 208,550                         | (208,550)                      | –                       |
| Total                               | <u>1,350,115</u>                                      | <u>478,584</u>  | <u>192,826</u>           | <u>2,021,525</u>                | <u>(208,550)</u>               | <u>1,812,975</u>        |
| Segment results                     | <u>382,290</u>  | <u>42,296</u>   | <u>89,876</u>            | <u>514,462</u>                  | <u>438</u>                     | <u>514,900</u>          |
| Unallocated other income            |   |   |                          |                                 |                                | 135                     |
| Unallocated administrative expenses |   |   |                          |                                 |                                | (20,430)                |
| Unallocated listing fee             |   |   |                          |                                 |                                | (33,960)                |
| Unallocated finance costs           |   |   |                          |                                 |                                | (92)                    |
| Unallocated exchange loss           |   |   |                          |                                 |                                | (38,649)                |
| Unallocated license fee             |   |   |                          |                                 |                                | (14,384)                |
| Profit for the year                 |   |   |                          |                                 |                                | <u>407,520</u>          |

**For the year ended 31 December 2019**

**Continuing operations**

|                                     | Commercial<br>project<br>management<br><i>RMB'000</i> | Governmental<br>project<br>management<br><i>RMB'000</i> | Others<br><i>RMB'000</i> | Segment total<br><i>RMB'000</i> | Eliminations<br><i>RMB'000</i> | Total<br><i>RMB'000</i> |
|-------------------------------------|---|---|--------------------------|---------------------------------|--------------------------------|-------------------------|
| Segment revenue                     |   |   |                          |                                 |                                |                         |
| External revenue                    | 1,470,763   | 358,438   | 164,691                  | 1,993,892                       | –                              | 1,993,892               |
| Inter-segment revenue               | –   | 179,173   | 20,464                   | 199,637                         | (199,637)                      | –                       |
| Total                               | <u>1,470,763</u>                                      | <u>537,611</u>  | <u>185,155</u>           | <u>2,193,529</u>                | <u>(199,637)</u>               | <u>1,993,892</u>        |
| Segment results                     | <u>342,684</u>  | <u>57,495</u>   | <u>19,542</u>            | <u>419,721</u>                  | <u>438</u>                     | <u>420,159</u>          |
| Unallocated other income            |   |   |                          |                                 |                                | 22                      |
| Unallocated administrative expenses |   |   |                          |                                 |                                | (15,560)                |
| Unallocated listing fee             |   |   |                          |                                 |                                | (15,572)                |
| Unallocated finance costs           |   |   |                          |                                 |                                | (127)                   |
| Profit for the year                 |   |   |                          |                                 |                                | <u>388,922</u>          |

## Other segment information

For the year ended 31 December 2020

### Continuing operations

|   | Commercial<br>project<br>management<br><i>RMB'000</i> | Governmental<br>project<br>management<br><i>RMB'000</i> | Others<br><i>RMB'000</i> | Segment total<br><i>RMB'000</i> | Unallocated<br><i>RMB'000</i> | Total<br><i>RMB'000</i> |
|---|---|---|--------------------------|---------------------------------|-------------------------------|-------------------------|
| Amounts included in the measure of segment profit or loss:          |   |   |                          |                                 |                               |                         |
| Impairment losses under expected credit loss model, net of reversal | (5,970)   | 1,323   | 3,269                    | (1,378)                         | –                             | (1,378)                 |
| Loss from changes in fair value of investment properties            | –   | –   | (2,952)                  | (2,952)                         | –                             | (2,952)                 |
| Share of results of associates                                      | 5,195   | –   | (1,792)                  | 3,403                           | –                             | 3,403                   |
| Share of results of joint ventures                                  | 891   | 5,516   | 46,360                   | 52,767                          | –                             | 52,767                  |
| Depreciation of property, plant and equipment                       | (7,747)   | (5,954)   | (345)                    | (14,046)                        | (222)                         | (14,268)                |
| Depreciation of right-of-use assets                                 | (7,655)   | (144)   | (798)                    | (8,597)                         | (698)                         | (9,295)                 |

For the year ended 31 December 2019

### Continuing operations

|   | Commercial<br>project<br>management<br><i>RMB'000</i> | Governmental<br>project<br>management<br><i>RMB'000</i> | Others<br><i>RMB'000</i> | Segment total<br><i>RMB'000</i> | Unallocated<br><i>RMB'000</i> | Total<br><i>RMB'000</i> |
|---|---|---|--------------------------|---------------------------------|-------------------------------|-------------------------|
| Amounts included in the measure of segment profit or loss:          |   |   |                          |                                 |                               |                         |
| Impairment losses under expected credit loss model, net of reversal | (4,757)   | (2,189)   | (835)                    | (7,781)                         | –                             | (7,781)                 |
| Loss from changes in fair value of investment properties            | –   | –   | (974)                    | (974)                           | –                             | (974)                   |
| Share of results of associates                                      | (5,843)   | –   | (763)                    | (6,606)                         | –                             | (6,606)                 |
| Share of results of joint ventures                                  | (14,392)  | (1,563)   | 572                      | (15,383)                        | –                             | (15,383)                |
| Depreciation of property, plant and equipment                       | (13,817)  | (3,429)   | (3,828)                  | (21,074)                        | –                             | (21,074)                |
| Depreciation of right-of-use assets                                 | (7,403)   | (410)   | (3,060)                  | (10,873)                        | –                             | (10,873)                |

#### 4. OTHER INCOME

|  | Year ended 31 December |         |
|--|------------------------|---------|
|  | 2020                   | 2019    |
|  | RMB'000                | RMB'000 |
| <b>Continuing operations</b>                   |                        |         |
| Interest income from:                          |                        |         |
| – bank balances                                | 38,245                 | 16,140  |
| – loans to related parties                     | 5,441                  | 526     |
| – loans to third parties                       | 3,949                  | –       |
|  | 47,635                 | 16,666  |
| Gross rental income from investment properties | 490                    | 1,149   |
| Others   | 489                    | 113     |
|  | 48,614                 | 17,928  |

#### 5. OTHER GAINS AND LOSSES

|   | Year ended 31 December |         |
|---|------------------------|---------|
|   | 2020                   | 2019    |
|   | RMB'000                | RMB'000 |
| <b>Continuing operations</b>                                |                        |         |
| Government grants ( <i>Note</i> )                           | 8,552                  | 11,109  |
| Gain arising on financial assets at FVTPL                   | 3,362                  | –       |
| Gain on early termination of leases                         | 386                    | 426     |
| Exchange loss   | (38,649)               | (111)   |
| Loss on write off/disposal of property, plant and equipment | (618)                  | (453)   |
| Others  | (44)                   | (9)     |
|   | (27,011)               | 10,962  |

*Note:* The amounts represent government grants received from PRC government authorities in connection with the enterprise development supports, which have no condition imposed.

#### 6. FINANCE COSTS

|  | Year ended 31 December |         |
|--|------------------------|---------|
|  | 2020                   | 2019    |
|  | RMB'000                | RMB'000 |
| <b>Continuing operations</b>                   |                        |         |
| Interest on lease liabilities                  | (1,065)                | (1,743) |
| Arrangement fee for entrusted loan             | (69)                   | –       |
| Interest expenses on loan from related parties | (331)                  | –       |
| Others   | –                      | (18)    |
|  | (1,465)                | (1,761) |

## 7. PROFIT BEFORE TAX

Profit before tax for the year from continuing operations has been arrived at after charging:

|  | Year ended 31 December |                |
|--|------------------------|----------------|
|  | 2020                   | 2019           |
|  | RMB'000                | RMB'000        |
| Directors' remuneration                                  | 19,814                 | 9,090          |
| Salaries and other benefits                              | 584,930                | 571,650        |
| Retirement benefits scheme contributions ( <i>Note</i> ) | 4,739                  | 25,276         |
|  | <u>609,483</u>         | <u>606,016</u> |
| Staff costs (including Directors' emoluments)            |                        |                |
|  | <u>609,483</u>         | <u>606,016</u> |
| Depreciation of property, plant and equipment            | 14,268                 | 21,074         |
| Depreciation of right-of-use assets                      | 9,295                  | 10,873         |
| Auditors' remuneration                                   | 3,491                  | 1,124          |
|  | <u>3,491</u>           | <u>1,124</u>   |

*Note:* The government assistance have been implemented for the relief of the social insurance in respect of Novel Coronavirus (“COVID-19”). According to the notice issued by the Ministry of Social Affairs (2020) No.11, in order to minimise the impact of the COVID-19 on social and economic development, the government has reduced the social security fees for medium-sized enterprises from February to June 2020. The concession period has been extended to December 2020 according to the notice issued by the Ministry of Social Affairs (2020) No.49 afterwards.

## 8. INCOME TAX EXPENSE

|  | Year ended 31 December |                |
|--|------------------------|----------------|
|  | 2020                   | 2019           |
|  | RMB'000                | RMB'000        |
| Continuing operations                  |                        |                |
| Current tax:                           |                        |                |
| – PRC Enterprise Income Tax (“EIT”)    | 119,723                | 129,421        |
| (Over) under provision in prior years: |                        |                |
| – EIT                                  | (1,694)                | 1,075          |
| Deferred tax:                          |                        |                |
| – Current year                         | (615)                  | 18,786         |
|  | <u>117,414</u>         | <u>149,282</u> |

The Company is registered as an exempted company and as such is not subject to Cayman Islands taxation.

No provision for Hong Kong Profits Tax has been made as the Group did not have any assessable income subjected to Hong Kong Profits Tax.

PRC EIT is recognised based on management's best estimate of the annual income tax rate expected for the full financial year. Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the EIT rate of the PRC subsidiaries is 25%, with the exception of Greentown Construction Management Co., Ltd. 綠城建設管理集團有限公司 (“Greentown Construction Management”).

Greentown Construction Management was accredited as a “High and New Technology Enterprise” on 4 December 2019 and it may entitle to a preferential tax rate of 15% for a three-year period commencing from the year of 2019, subject to certain conditions. Accordingly, the applicable EIT rate of Greentown Construction Management for the year ended 31 December 2020 is 15% (2019: 25%).

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

|   | <b>Year ended 31 December</b> |                |
|---|-------------------------------|----------------|
|   | <b>2020</b>                   | <b>2019</b>    |
|   | <b>RMB'000</b>                | <b>RMB'000</b> |
| Profit before tax   | <b>524,934</b>                | 538,204        |
| Income tax expense calculated at 25% (2019: 25%)                          | <b>131,234</b>                | 134,551        |
| Tax effect of share of results of associates                              | <b>(851)</b>                  | 1,651          |
| Tax effect of share of results of joint ventures                          | <b>(13,192)</b>               | 3,846          |
| Effect of expenses that are not-deductible                                | <b>17,614</b>                 | 2,118          |
| Effect of unused tax losses not recognised as deferred tax assets         | <b>2,007</b>                  | 5,296          |
| Effect of deductible temporary differences                                |                               |                |
| not recognised as deferred tax assets                                     | <b>200</b>                    | 854            |
| Utilisation of unused tax losses previously not recognised                | <b>(169)</b>                  | –              |
| Utilisation of deductible temporary differences previously not recognised | <b>(859)</b>                  | (109)          |
| Effect of preferential EIT rate applied to deferred tax and current tax   | <b>(16,876)</b>               | –              |
| (Over) under provision in prior years                                     | <b>(1,694)</b>                | 1,075          |
|   | <b>117,414</b>                | 149,282        |

## 9. DISCONTINUED OPERATIONS

On 30 September 2019, the Directors of the Company resolved to dispose of all of the Group's landscape design operations. Negotiations with interested party have been subsequently taken place. The assets and liabilities attributable to the business, which are expected to be sold within 12 months, have been classified as a disposal group held for sale and are presented separately in the consolidated statement of financial position (see below). The disposal had been completed in September 2020.

The profit (loss) for the year from the discontinued landscape design operation is set out below:

|  | <b>Year ended 31 December</b> |                |
|--|-------------------------------|----------------|
|  | <b>2020</b>                   | <b>2019</b>    |
|  | <b>RMB'000</b>                | <b>RMB'000</b> |
| Loss for the period/year                       | <b>(20,876)</b>               | (18,204)       |
| Gain on disposal of landscape design operation | <b>25,610</b>                 | –              |
|  | <b>4,734</b>                  | (18,204)       |

The loss for the nine months ended 30 September 2020 (2019: full year of 2019) from the discontinued landscape design operation is set out below:

|   | <b>For the<br/>nine months<br/>ended<br/>30 September<br/>2020<br/>RMB'000</b> | For the<br>year ended<br>31 December<br>2019<br>RMB'000 |
|---|--|---|
| Revenue   | <b>103,065</b>   | 228,536   |
| Cost of sales   | <b>(107,542)</b>   | (232,472)   |
| Gross loss  | <b>(4,477)</b>   | (3,936)   |
| Other income  | <b>16</b>  | 54  |
| Other gains and losses  | <b>39</b>  | (54)  |
| Administration expenses   | <b>(1,750)</b>   | (8,512)   |
| Finance costs   | <b>(2,961)</b>   | (2,521)   |
| Impairment losses under expected credit loss model, net of reversal | <b>(11,743)</b>  | (2,786)   |
| Loss before tax   | <b>(20,876)</b>  | (17,755)  |
| Income tax expense  | <b>–</b>   | (449)   |
| Loss for the period/year  | <b>(20,876)</b>  | (18,204)  |

|  | <b>For the<br/>nine months<br/>ended<br/>30 September<br/>2020<br/>RMB'000</b> | For the<br>year ended<br>31 December<br>2019<br>RMB'000 |
|--|--|---|
|--|--|---|

**Loss for the period/year from discontinued operations includes the following:**

|  |               |        |
|--|---------------|--------|
| Cost of inventories recognised as an expense                   | <b>12,101</b> | 52,977 |
| Interest on lease liabilities                                  | <b>11</b>     | 24     |
| Gain on disposal of property, plant and equipment              | <b>–</b>      | (62)   |
| Depreciation and amortisation of property, plant and equipment | <b>–</b>      | 944    |
| Depreciation of right-of-use assets                            | <b>–</b>      | 551    |
| Auditor's remuneration   | <b>–</b>      | 77     |

During the nine months ended 30 September 2020, the landscape design operation paid RMB10,893,000 (2019: received RMB12,940,000) in respect of operating activities, paid RMB141,000 (2019: paid RMB148,000) in respect of investing activities and paid RMB69,000 (2019: paid RMB12,880,000) in respect of financing activities.

The major classes of assets and liabilities of the landscape design operation as at 31 December 2019, which have been presented separately in the consolidated statement of financial position, are as follows:

|   | <b><i>RMB'000</i></b> |
|---|-----------------------|
| Property, plant and equipment                 | 4,340                 |
| Right-of-use assets                           | 401                   |
| Inventories                                   | 4,761                 |
| Trade and other receivables                   | 27,310                |
| Amounts due from related parties              | 42,807                |
| Contract assets                               | 7,873                 |
| Bank balances and cash                        | 12,391                |
|   | <hr/>                 |
| Total assets classified as held for sale      | 99,883                |
|   | <hr/> <hr/>           |
| Trade and other payables                      | 61,563                |
| Contract liabilities                          | 864                   |
| Amounts due to related parties                | 52                    |
| Lease liabilities                             | 370                   |
|   | <hr/>                 |
| Total liabilities classified as held for sale | 62,849                |
|   | <hr/> <hr/>           |

#### **10. DIVIDENDS**

Subsequent to the end of the year, a final dividend in respect of the year ended 31 December 2020 of RMB0.17 (2019: RMB nil) per ordinary share, in an aggregate amount of approximately RMB332,856,000 (2019: RMB nil), has been proposed by the Directors of the Company and is subject to approval by the shareholders at the forthcoming general meeting.

## 11. EARNINGS PER SHARE

### From continuing operations

The calculation of the basic and diluted earnings per share (2019: basic earnings per share) attributable to the owners of the Company is based on the following data:

Earnings figures are calculated as follows:

|  | <b>Year ended 31 December</b> |                |
|--|-------------------------------|----------------|
|  | <b>2020</b>                   | <b>2019</b>    |
|  | <b>RMB'000</b>                | <b>RMB'000</b> |
| <b>Earnings</b>  |                               |                |
| Profit for the year attributable to owners of the Company  | <b>439,325</b>                | 324,769        |
| Less:  |                               |                |
| Profit (loss) for the year from discontinued operations attributable to owners of the Company                                | <b>10,778</b>                 | (15,111)       |
| Earnings for the purpose of basic and diluted earnings per share (2019: basic earnings per share) from continuing operations | <b>428,547</b>                | 339,880        |
|  | <b>'000</b>                   | <b>'000</b>    |
| <b>Number of shares</b>  |                               |                |
| Weighted average number of ordinary shares for the purpose of basic earnings per share                                       | 1,679,767                     | 1,432,660      |
| Effect of dilutive potential ordinary shares:  |                               |                |
| Over-allotment options   | 1,121                         | N/A            |
| Share awards   | 512                           | N/A            |
| Weighted average number of ordinary shares for the purpose of diluted earnings per share                                     | <b>1,681,400</b>              | <b>N/A</b>     |

No diluted earnings per share for 2019 was presented as there was no potential ordinary shares in issue for 2019.

### From continuing and discontinued operations

The calculation of the basic and diluted earnings per share (2019: basic earnings per share) from continuing and discontinued operations attributable to the owners of the Company is based on the following data:

|   | <b>Year ended 31 December</b> |                |
|---|-------------------------------|----------------|
|   | <b>2020</b>                   | <b>2019</b>    |
|   | <b>RMB'000</b>                | <b>RMB'000</b> |
| <b>Earnings</b>   |                               |                |
| Earnings for the purpose of basic and diluted earnings per share (2019: basic earnings per share) | <b>439,325</b>                | 324,769        |

The denominators used are the same as those detailed above for both basic and diluted earnings per share (2019: basic earnings per share).

No diluted earnings per share for 2019 was presented as there was no potential ordinary shares in issue for 2019.



## From discontinued operations

Basic earnings per share for the discontinued operations is RMB0.64 cent per share (2019: RMB1.05 cents loss per share) and diluted earnings per share for the discontinued operations is RMB0.64 cent per share (2019: N/A), based on the profit for the year from the discontinued operations of approximately RMB10.78 million (2019: loss for the year of RMB15.11 million) and the denominators detailed above for both basic and diluted loss per share (2019: basic loss per share).

## 12. TRADE AND OTHER RECEIVABLES

|   | As at 31 December |          |
|---|-------------------|----------|
|   | 2020              | 2019     |
|   | RMB'000           | RMB'000  |
| Trade receivables                                     | 159,035           | 155,095  |
| Less: allowance for credit losses                     | (17,437)          | (17,383) |
| Trade receivables, net of allowance for credit losses | 141,598           | 137,712  |
| Other receivables                                     | 156,736           | 135,627  |
| Less: allowance for credit losses                     | (2,562)           | (2,642)  |
| Other receivables, net of allowance for credit losses | 154,174           | 132,985  |
| Prepayments   | 43,829            | 2,337    |
| Deferred issue cost                                   | —                 | 4,226    |
| Input value-added tax                                 | 48,702            | 35,582   |
|   | 388,303           | 312,842  |

Included in the trade receivables were bills receivables amounted to RMB29,806,000 (2019: RMB10,692,000). All bills received by the Group are with a maturity period of less than one year.

The Group does not normally allow a credit period to its customers. The following is an age analysis of trade receivables (including bills receivables), net of allowance for credit losses, presented based on the invoice date at the end of each reporting period end:

|                 | As at 31 December |         |
|-----------------|-------------------|---------|
|                 | 2020              | 2019    |
|                 | RMB'000           | RMB'000 |
| Within 180 days | 126,968           | 121,670 |
| 180-365 days    | 14,583            | 14,983  |
| Over 365 days   | 47                | 1,059   |
|                 | 141,598           | 137,712 |

### 13. TRADE AND OTHER PAYABLES

|  | As at 31 December |                |
|--|-------------------|----------------|
|  | 2020              | 2019           |
|  | <i>RMB'000</i>    | <i>RMB'000</i> |
| Trade payables   | 25,220            | 23,741         |
| Other payables   | 626,873           | 565,147        |
| Payroll payable  | 117,505           | 191,197        |
| Dividend payable   | 3,966             | –              |
| Provision for share of losses of joint ventures<br>exceeded interests invested | 45,106            | 50,404         |
|  | <b>818,670</b>    | <b>830,489</b> |

The following is an aged analysis of trade payables presented based on the invoice date.

|                   | As at 31 December |                |
|-------------------|-------------------|----------------|
|                   | 2020              | 2019           |
|                   | <i>RMB'000</i>    | <i>RMB'000</i> |
| Within 1 year     | 5,311             | 21,646         |
| 1-2 years         | 18,385            | 970            |
| 2-3 years         | 970               | 1,071          |
| More than 3 years | 554               | 54             |
|                   | <b>25,220</b>     | <b>23,741</b>  |

### MANAGEMENT DISCUSSION AND ANALYSIS

The Board is pleased to announce the audited annual results of the Group for 2020 together with comparative figures. The annual results have been reviewed by the Audit Committee.

#### Final Dividend

The Board recommended the payment of a final dividend for 2020 of RMB0.17 (equivalent to HKD0.20 based on the prevailing exchange rate of HKD1.00 to RMB0.84 published by the People's Bank of China on 22 March 2021) per share to shareholders, subject to shareholders' approval at the annual general meeting to be convened on 21 June 2021. The dividend payable to shareholders will be declared in RMB and paid in HKD based on the average exchange rate published by the People's Bank of China for the 5 business days prior to the date of the annual general meeting.

The proposed final dividend is expected to be paid to shareholders on or before 28 July 2021.

## BUSINESS REVIEW

### Overview

The Company has lost almost two months of revenue due to the COVID-19 pandemic outbreak during the early 2020. However, under the correct leadership of the government and the Company's management, the Company has managed to catch up with the construction schedule and sales progress for its project management business promptly and accomplished all business targets. In addition, with the return reaped from investment companies and industry chain incubation business as part of the Company's strategic deployment, net profit attributable to shareholders of the Company after excluding listing expenses for 2020 increased by 39.4% over the previous year. Meanwhile, estimated project management fee for newly contracted projects under the Company's management increased by 22.3% over the previous year. The customer structure is well balanced, with state-owned property developers and government entities accounting for over 70% of the area under construction. In addition, leveraging its first-mover advantage and economies of scale in project management, the Company has been emerging success in the upstream and downstream companies it incubated in the industry chain. The investment income from such business has become the second growth driver of the Company.

As a professional service provider delivering brand value, management expertise and resources sharing, the Company provides customized real estate development services for different customers, making it an exceptional and unique asset-light investment target in the real estate industry in Asian capital markets. The number of projects managed by the Company was increased from 260 as at 31 December 2019 to 296 as at 31 December 2020, and the total GFA of contracted projects was 76.1 million square meters, representing an increase of 12.7% over the 67.5 million square meters in the previous year. According to the Company's business breakdown by region, the total GFA in the main economic areas was 64.9 million square meters, accounting for more than 85% of the total. Notably, the Yangtze River Delta Economic Zone had a GFA of 41.8 million square meters, accounting for over 55.0% of the total; the Bohai Rim Economic Zone and Beijing-Tianjin-Hebei urban agglomeration had a GFA of 15.6 million square meters, accounting for over 20.5% of the total; the Pearl River Delta Economic Zone had a GFA of 6.3 million square meters, representing over 8.3% of the total; and the Chengdu-Chongqing urban agglomeration had a GFA of 1.2 million square meters, accounting for over 1.5% of the total.

During the year, the Company's revenue from continuing operations was RMB1,813.0 million, a decrease of 9.1% from RMB1,993.9 million in the previous year; its gross profit was RMB865.8 million, a decrease of 1.8% from RMB881.6 million in the previous year. However, with the optimization of its organizational structure and the continuous improvement of its project management, the Company's comprehensive gross profit margin during the year has reached 47.8%, an increase of 3.6 percentage points over 44.2% in the previous year. The net profit attributable to shareholders of the Company reached RMB439.3 million, an increase of 35.3% over RMB324.8 million in the previous year; the net profit attributable to shareholders of the Company after excluding listing expenses reached RMB469.0 million, an increase of 39.4% over RMB336.4 million in the previous year.

During the year, the Company's net cash flow from operating activities amounted to RMB903.3 million, an increase of 645.9% from RMB121.1 million in the previous year. As an asset-light service provider, the Company has no liabilities and is with sufficient cash flow.

## Analysis of the Macro Market

Viewing from the industry perspective, project management originated from the developed countries of Europe and America where the separation of the property investment and development is practiced. With the evolution of China's real estate industry, the project management industry is expanding with increasing market demands.

Firstly, China's real estate market has shifted from the land dividend-focused and finance-driven stage to the management-driven stage, which is in favor of professional project management companies with a high brand premium and strong development capacity. Secondly, the clients of project management projects are diversifying. Service providers mainly served small and medium-sized developers before are now switching to clients such as state-owned enterprises, government departments and financial institutions. The land bank resources of these clients are mostly from the existing market where land is not traded through tendering, public auction or listing-for-sale process and thus are less affected by the regulatory policies for the industry. Thirdly, as our asset-light model is not affected by relevant regulatory policies such as the "three red lines" and "centralized tender, auction and listing-for-sale of land use rights", service providers can obtain project management projects across industry cycles and take the initiative to control the development pace, so as to achieve stable service income.

In conclusion, the Company's project management business will benefit from the development of the industry and the segregation of management functions. The relevant regulatory policies will help increase the penetration of the project management model in the entire real estate industry and facilitate steady growth of the Company.

Based on the macro market analysis above, the following management measures have been executed in 2020:

### **(1) *Absolute industry leadership***

In 2020, the Company maintained its leading position in the industry. Thanks to its diverse business models, nationwide presence, customized service system and diversified customer structure, the Company has achieved record highs both in the annual sales volume and the value of new projects in the midst of drastic market changes.

In 2020, the total GFA of newly contracted projects under the Company's management reached 18.7 million square meters, an increase of approximately 16.8% over the previous year; the estimated amount of project management fee for the newly contracted projects was RMB5.81 billion, an increase of approximately 22.3% over the same period of the previous year.

The number of projects managed by the Company was increased from 260 as at 31 December 2019 to 296 as at 31 December 2020; the total GFA of contracted projects was 76.1 million square meters, an increase of 12.7% over the previous year; the area under construction was 40.5 million square meters, an increase of 8.0% over the previous year; the annual sales amounted to RMB74.5 billion, an increase of 12.2% from the previous year.

The existing projects can ensure the sustained growth of our business performance in the next three years.

## **(2) *Initial results in industry chain incubation***

Based on its established strategic objectives, the Company continued to incubate upstream and downstream companies in the industry chain in 2020 with a focus on acquiring asset-light industry chain players which command a high profit margin and are engaged in core segments of the real estate industry.

During the Reporting Period, the investment income from such industry chain incubation increased substantially. The investment return from incubation of industry chain companies was RMB46.0 million, an increase of RMB47.4 million as compared to a loss of RMB1.4 million in 2019.

Looking forward, the Company will intensify its acquisition of industry chain companies such as product design, development consulting, commercial property management and property management companies in order to convert the Company's economies of scale into income flows from the upstream and downstream at a faster pace, creating a second growth driver.

## **(3) *Anti-cyclical diversified customer base***

The Company has established a national presence and enjoys a diversified and growing high-quality customer base.

As at 31 December 2020, the Company had 296 management projects in 89 cities across 28 provinces of China. In terms of the area under construction in the current year, the projects entrusted by private enterprises covered 11.5 million square meters, accounting for 28.3% of the total; the projects entrusted by state-owned enterprises covered 16.4 million square meters, accounting for 40.5%; the projects entrusted by the government covered 12.7 million square meters, accounting for 31.2%.

The Company is capable of providing differentiated management services for different regions and various types of clients. Its asset-light model can alleviate and avert the impacts originated from different cities, different industries and various financial policies on the Company's business and is able to withstand the cyclical risks of the real estate industry.

## FINANCIAL ANALYSIS

The Group has achieved:

### Revenue

Revenue of RMB1,813.0 million, representing a decrease of 9.1% compared with RMB1,993.9 million in 2019. Revenue is derived from three types of businesses: (i) commercial project management; (ii) government project management; and (iii) other services, which are listed by business segment as follows:

|   | 2020                    |                       | As at 31 December 2019  |                       | Change<br>Increase/<br>(Decrease) |
|---|-------------------------|-----------------------|-------------------------|-----------------------|-----------------------------------|
|   | RMB'000<br>(Audited)    | % of total<br>revenue | RMB'000<br>(Audited)    | % of total<br>revenue |                                   |
| <b>From commercial project management</b> | <b>1,312,454</b>        | <b>72.4</b>           | 1,470,763               | 73.8                  | (158,309)                         |
| (1) Self-operated                         | <b>691,699</b>          | <b>38.2</b>           | 795,201                 | 39.9                  | (103,502)                         |
| (2) Cooperation with business partners    | <b>620,755</b>          | <b>34.2</b>           | 675,562                 | 33.9                  | (54,807)                          |
| <b>From government project management</b> | <b>309,845</b>          | <b>17.1</b>           | 358,438                 | 18.0                  | (48,593)                          |
| (1) Self-operated                         | <b>303,463</b>          | <b>16.7</b>           | 348,735                 | 17.5                  | (45,272)                          |
| (2) Cooperation with business partners    | <b>6,382</b>            | <b>0.4</b>            | 9,703                   | 0.5                   | (3,321)                           |
| <b>Other services</b>                     | <b>190,676</b>          | <b>10.5</b>           | 164,691                 | 8.2                   | 25,985                            |
| <b>Total</b>                              | <b><u>1,812,975</u></b> | <b><u>100.0</u></b>   | <b><u>1,993,892</u></b> | <b><u>100.0</u></b>   | <b>(180,917)</b>                  |

During the Reporting Period:

- (i) commercial project management is still the largest source of revenue and profit for the Group, with revenue of RMB1,312.5 million during the year, accounting for 72.4% of the total revenue, down by 10.8% compared with RMB1,470.8 million in 2019. The main reason for the decrease is that the COVID-19 pandemic has delayed the progress of sales and development of some commercial project management projects;
- (ii) revenue from government project management reached RMB309.8 million, accounting for 17.1% of the total revenue, down by 13.6% compared with RMB358.4 million in 2019. The main reason for the decrease is that the Company proactively reduced business services for traditional government project management and intensified exploration of new government project management with higher service fees as it upgraded its business model; and
- (iii) revenue from other services was RMB190.7 million, accounting for 10.5% of the total revenue, mainly due to the revenue of RMB150.9 million derived from a project during the Reporting Period which was tendered by Greentown Real Estate Group Co., Ltd. (“**Greentown Real Estate Group**”) and managed by Greentown Project Management Group Co., Ltd. (“**Greentown Project Management Group**”) as the Company did not obtain the grade 1 qualification for real estate development prior to listing.

## **Costs of Services**

During the Reporting Period, costs of services was RMB947.1 million, representing a decrease of 14.8% from RMB1,112.3 million in 2019. The decrease was mainly because the Company reduced the proportion of high-cost business and improved operating efficiency and profitability through adjustment of business model and operating strategy.

## **Gross Profit**

During the Reporting Period, the gross profit was RMB865.8 million, representing a decrease of 1.8% from RMB881.6 million in 2019. The gross profit margin was 47.8%, representing an increase of 3.6 percentage points compared with 44.2% for 2019.

- The gross profit margins of the three business segments are: 44.1% for commercial project management, 45.4% for government project management and 76.8% for other services, compared to 46.2%, 43.3% and 28.3%, respectively, for 2019.
- The gross profit margin of commercial project management was 44.1%, down from 46.2% in 2019, mainly due to the delay in the progress of sales and development and decrease in revenue of Company's commercial project management projects in the wake of the impacts of the COVID-19 pandemic while fixed expenses such as labour cost remained payable.
- The gross profit margin of government project management was 45.4%, up by 2.1 percentage points from 43.3% in 2019, mainly due to the economies of scale as the per capita management and control area increased.
- The gross profit margin of other services was 76.8%, representing a significant increase from 28.3% for 2019. This is because a project tendered by Greentown Real Estate Group and managed by Greentown Project Management Group as the Company did not obtain the grade 1 qualification for real estate development prior to listing achieved a revenue of RMB150.9 million during the Reporting Period; the service cost of the project was expensed at Greentown Real Estate Group, and the Company recognized the revenue based on the net gain of the project settled with Greentown Real Estate Group, leading to a higher gross profit margin.

## **Other Income**

During the Reporting Period, other income of the Group was RMB48.6 million, a significant increase from RMB17.9 million in 2019. The increase in net other income was mainly due to the increase in the Company's weighted average fund balance and the Company's strengthening of the management of return on investment funds during the Reporting Period. The average deposit interest rate increased from 2.41% in 2019 to 2.5% in 2020. At the same time, the Company's provision of financial services for project management projects and other non-related parties resulted in an income of RMB9.4 million.



## **Other Gains/Losses**

The other gains/losses of the Group decreased from a gain of RMB11.0 million for the year ended 31 December 2019 to a loss of RMB27.0 million for the year ended 31 December 2020, mainly due to the exchange loss of RMB38.6 million from the Company's offshore deposits as a result of the decline in the exchange rate of HKD to RMB.

## **Selling and Marketing Expenses**

Selling and marketing expenses were RMB48.3 million, representing an increase of 119.5% from RMB22.0 million in 2019. The increase was mainly due to the payment of trademark license fees of RMB14.4 million (pursuant to a trademark license agreement, trademark license fees shall be paid to Greentown China Holdings Limited (“**Greentown China**”) from July 2020) and the increase in advertising and promotion expenses in 2020 by the Company to enhance market influence.

## **Administrative Expenses**

Administrative expenses were RMB330.6 million, representing an increase of 9.4% from RMB302.2 million in 2019. The main reason for the increase was that the Company retained management talents in reserve for future development during the Reporting Period.

## **Share of Results of Joint Ventures**

During the Reporting Period, our share of results of joint ventures was gain of RMB52.8 million, an increase from a loss of RMB15.4 million last year. The increase was mainly because the upstream and downstream investment business along the industry chain achieved significant increase in gains and the operations of the commercial project management cooperative investment companies were on track and experienced a turnaround from loss to profit during the Reporting Period.

## **Income Tax Expense**

All companies paid income tax on an individual legal entity basis. Pursuant to the Law of the People's Republic of China on Enterprise Income Tax, Greentown Construction Management Co., Ltd., a subsidiary of the Group, was accredited as a high and new technology enterprise, and is entitled to preferential treatment under corporate income tax policies and subject to the statutory rate of 15%.

The income tax expense of the Group decreased by 21.4% from approximately RMB149.3 million for the year ended 31 December 2019 to approximately RMB117.4 million for the year ended 31 December 2020. Such decrease was mainly because Greentown Construction Management Co., Ltd., a subsidiary of the Group, was accredited as a high and new technology enterprise, and is entitled to preferential treatment under income tax policies and subject to corporate income tax rate of 15% for 2020.



## **Profit during the Year**

During the Reporting Period, the net profit of the Group was RMB412.3 million, representing an increase of 11.2% from RMB370.7 million in 2019. After excluding listing expenses, the adjusted net profit during the Period attributable to the owners of the Company was RMB469.0 million, representing an increase of 39.4% from RMB336.4 million in 2019.

## **Trade and Other Receivables**

Trade and other receivables amounted to RMB388.3 million, representing an increase of 24.1% from RMB312.8 million in 2019. This was mainly attributable to an increase of RMB16.2 million in the project management fee and deposit receivable for the Asian Games Media Village Project, an increase of RMB13.1 million in the undeducted input value-added tax, and an increase of RMB41.5 million in the management service fee previously prepaid to business partners in commercial project management as per contracts.

## **Amounts due from Related Parties**

As at 31 December 2020, the balance of amounts due from related parties was RMB202.7 million, representing a decrease of 69.0% from RMB654.6 million in 2019, mainly due to the recovery of advances of RMB413.4 million to the Asian Games Media Village Project and the recovery of temporary transaction amount of RMB28.9 million from Greentown Real Estate Group and its subsidiaries.

## **Amounts due to Related Parties**

As at 31 December 2020, the balance of amounts due to related parties was RMB199.5 million, representing a decrease of 75.1% from RMB800.8 million in 2019, mainly due to the repayment of temporary advances of RMB626.0 million to Greentown China and its subsidiaries during the Reporting Period.

## **Contract Liabilities**

Contract liabilities amounted to RMB396.2 million, representing an increase of 65.4% from RMB239.6 million at the end of 2019. This increase represents that the Company's actual collection was faster than the completion of its service delivery.

## **Capital Structure**

As at 31 December 2020, the total equity of the Group reached approximately RMB3,102.2 million, representing an increase of approximately RMB1,421.0 million from RMB1,681.2 million at the beginning of 2020. Specifically, (a) equity attributable to shareholders was approximately RMB3,075.2 million, representing an increase of approximately RMB1,480.4 million from RMB1,594.8 million at the beginning of 2020, mainly due to the profit of approximately RMB439.3 million for the year ended 31 December 2020 and the net capital reserve of approximately RMB1,134.9 million arising from the initial public offering of the Company, offset by the repurchase of approximately RMB99.9 million of shares under the share incentive scheme of the Company; and (b) equity attribute to minority shareholders decreased by approximately RMB59.4 million mainly due to the distribution of cash dividends by subsidiaries to minority shareholders.

As at 31 December 2020, the Company had a total of 1,957,976,000 shares in issue, and had a total market capitalization of approximately HKD6.5 billion (based on the closing price of shares on 31 December 2020).

### **Liquidity and Capital Resources**

As at 31 December 2020, the Group had bank deposits and cash (not including pledged bank deposits) of RMB2,397.3 million (31 December 2019: RMB1,139.2 million); and the current ratio was 2.05 times (31 December 2019: 1.23 times). Gearing ratio (interest-bearing debt divided by total equity at the end of the same period) was 0.5% (31 December 2019: 0%). The cash flow was very abundant, providing strong support for the Company's future development.

During the Reporting Period, our liquidity was mainly tailored to meet the working capital needs. Internally generated cash flow was the main source of funding for our working capital, capital expenditures and other funding needs.

During the Period, cash inflows from operating activities were RMB903.3 million, representing a RMB491.0 million difference from the net profit of RMB412.3 million. The difference was mainly attributable to the recovery of advances of RMB413.4 million to the Asian Games Media Village Project for working capital in 2019, and increase in management service fee for project management of RMB156.3 million received in advance.

### **Debt**

During the Reporting Period, the Group had no significant borrowings.

### **Foreign Exchange Risk**

The Group conducts substantially all of its business in Mainland China and in Renminbi. Therefore, the Group is exposed to low foreign exchange risks. However, the depreciation or appreciation of RMB and HKD against foreign currencies may have impact on the Group's financial performance. Currently, the Group does not hedge foreign exchange risks, but will continue to closely monitor its exposure to foreign exchange risks. The management will consider hedging foreign exchange risks when the Group becomes materially affected by such risks.

### **Contingent Liabilities**

The Group did not have any significant contingent liabilities as at 31 December 2020.

### **Pledge of Assets**

During the Reporting Period, the Group had no pledge of assets.

## **Asset Transactions and Significant Investments**

During the Reporting Period, the Group had no asset transactions or significant investments other than its ordinary business activities.

As of the end of the Reporting Period, the Group has no plans for significant investments or acquisitions of capital asset. However, in the event of any future potential investment plans, the Group will conduct a feasibility study and consider whether the investment opportunities will be beneficial to the Group and to the shareholders of the Company as a whole.

## **Material Acquisitions and Disposals**

During the Reporting Period, the Group had no material acquisition and disposal.

## **Treasury Management**

Our treasury function undertakes the responsibility of cash management, liquidity planning and control, provision of cost-efficient financing for the Group, liaison with banks and other related institutions, investment in financial products, as well as mitigation of financial risks such as interest and foreign exchanges risks. Our treasury function is designed to align with the long-term and short-term needs of the Group and comply with good governance standard.

## **BUSINESS OUTLOOK**

As the project management model will be in line with the future segregation of duties in the industry, and it is asset-light and anti-cyclical in nature, its growth momentum will become stronger under the current real estate macro environment and the expectations of tightening regulation. We anticipate that there will be more leading real estate companies venturing into this new sector, and they will join us to scale up the project management business and increase the penetration in the industry.

The Company is poised to benefit from the solid growth momentum of the project management industry. To this end, the Company will further optimize its nationwide strategic deployment, and leverage its leading position over the past decade to build a project management ecosystem across the industry chain. In addition, the Company will maintain its industry leadership and continue to lead the development of the industry through an array of measures, including promoting the establishment a strategic alliance for the project management industry, developing industry standards, strengthening core capabilities and improving service quality.

## **OTHER INFORMATION**

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities from the Listing Date to 31 December 2020.

### **EMPLOYEES AND REMUNERATION POLICIES**

During the Reporting Period, the Group provided diversified training and personal development plans to its employees according to established human resources policies and systems. The remuneration package offered to the staff was in line with their duties and the prevailing market terms. Discretionary bonuses based on individual performance will be paid to employees as recognition of and reward for their contributions. Staff benefits, including pension, medical coverage, and provident funds are also provided to employees of the Group.

As at 31 December 2020, the Group had 1,531 employees, representing a decrease of 15.5% from 31 December 2019, which was mainly attributable to the fact that some design institutes were no longer covered in the scope of the report.

### **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

For the year ended 31 December 2020, we had no material acquisition or disposal of subsidiaries, associates and joint ventures.

### **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

The Company is committed to maintaining and promoting stringent corporate governance. The principle of the Company's corporate governance is to promote effective internal control measures, uphold a high standard of ethics, transparency, responsibility and integrity in all aspects of business, to ensure that its affairs are conducted in accordance with applicable laws and regulations and to enhance the transparency and accountability of the Board to all shareholders. During the year ended 31 December 2020, the Company has adopted the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

### **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its code of conduct regarding dealings in the securities of the Company since the Listing Date. Having made specific enquiry of all the Directors of the Company, all the Directors confirmed that they have strictly complied with the required standards set out in the Model Code during the Reporting Period.

The Board has also adopted the Model Code to regulate all dealings by relevant employees who are likely to be in possession of unpublished inside information of the Company in respect of securities in the Company as referred to in code provision A.6.4 of the CG Code. Having made reasonable enquiry, no incident of non-compliance with the Model Code by the Company's relevant employees has been noted during the Reporting Period.

## USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING

The Company successfully listed on the Main Board of the Stock Exchange on 10 July 2020 (the “**Listing Date**”). After the over-allotment option was fully exercised, a total of 525,316,000 new shares were issued pursuant to the global offering. After deducting underwriting fees, commission and other estimated listing expenses, the net proceeds were approximately HK\$1,145.1 million. These proceeds have been and will be applied in accordance with the prospectus dated 29 June 2020 (the “**Prospectus**”) and the announcement of the offer price and allotment results published on 9 July 2020. The following table sets out the intended use and actual use of the net proceeds as of 31 December 2020:

| Use of proceeds  | Revised allocation of use of the net proceeds<br>(HKD million) | Revised percentage of total net proceeds | Actual use as of 31 December 2020<br>(HKD million) | Unutilised net proceeds as at 31 December 2020<br>(HKD million) |
|--|--|--|--|---|
| Scale up through strategic acquisitions                                | 229.0  | 20%                                      | –  | 229.0   |
| Development of commercial project management with capital contribution | 166.0  | 14.5%                                    | 166.0  | –   |
| Repayment of the indebtedness to Greentown China                       | 590.2  | 51.5%                                    | 590.2  | –   |
| Development of ecosystem   | 45.4   | 4%                                       | 6.8  | 38.6  |
| General working capital  | 114.5  | 10%                                      | 114.5  | –   |
| <b>Total</b>   | <b>1,145.1</b>   | <b>100%</b>                              | <b>877.5</b>                                       | <b>267.6</b>  |

The Company expects to utilise the remaining proceeds of approximately HK\$267.6 million in the coming two years according to the prospectus.

## CLOSURE OF REGISTER OF MEMBERS

### (a) For determining the entitlement of the shareholders to attend and vote at the AGM

The register of members of the Company will be closed from 16 June 2021 to 21 June 2021 (both days inclusive), during which period no transfer of shares will be effected. In order to determine the identity of members who are entitled to attend and vote at the AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 15 June 2021.

### (b) For determining the entitlement to the 2020 proposed final dividend

The register of members of the Company will be closed from 6 July 2021 to 9 July 2021 (both days inclusive), during which no transfer of shares of the Company will be registered. In order to be eligible for the 2020 proposed final dividend, unregistered holders of shares of the Company should ensure that all transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on 5 July 2021.

## **AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS**

We have established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules. The Audit Committee consists of three independent non-executive Directors, namely Mr. Chan Yan Kwan Andy, Mr. Lin Zhihong and Dr. Ding Zuyu. Mr. Chan Yan Kwan Andy has been appointed as the chairman of the Audit Committee.

The Audit Committee has reviewed the Group's annual results for the year ended 31 December 2020, and confirms that the applicable accounting principles, standards and requirements have been complied with, and that adequate disclosures have been made. The Audit Committee has also discussed the auditing, internal control and financial reporting matters.

## **AUDITOR'S PROCEDURES PERFORMED ON THIS RESULTS ANNOUNCEMENT**

The figures in respect of the announcement of the Company's results (excluding the adjusted net profit from continuing operations attributable to equity holders of the Company and adjusted basic and diluted earnings per share) for the year ended 31 December 2020 have been agreed by the Auditor to the amounts as set out in the Company's audited consolidated financial statements for the year. The work performed by the Auditor in this respect did not constitute an audit, review or other assurance engagement, and consequently no assurance has been expressed by the Auditor on this announcement.

## **SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD**

No significant events have taken place subsequent to 31 December 2020 and up to the date of this announcement.

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

This announcement was published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.lcgljt.com](http://www.lcgljt.com)). The annual report for the year ended 31 December 2020 will be dispatched to shareholders in due course and published on the websites of the Stock Exchange and the Company.

## APPRECIATION

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

By order of the Board  
**Greentown Management Holdings Company Limited**  
**Li Jun**  
*Chief executive officer and executive director*

Hangzhou, PRC, 22 March 2021

*As at the date of this announcement, the Board of the Company comprises Mr. Guo Jiafeng, Mr. Zhang Yadong and Mr. Liu Wensheng as non-executive Directors, Mr. Li Jun and Mr. Lin Sanjiu as executive Directors, and Mr. Lin Zhihong, Dr. Ding Zuyu and Mr. Chan Yan Kwan Andy as independent non-executive Directors.*