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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

The Board of Directors (the "**Board**") of Greentown Management Holdings Company Limited ("**Greentown Management**" or the "**Company**") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2020 (the "**Reporting Period**" or the "**Period**") prepared in accordance with International Financial Reporting Standards, together with comparative figures for the corresponding period in 2019. The interim results have been reviewed by the audit committee of the Company (the "**Audit Committee**") and approved by the Board.

Financial Highlights

	Six months ended 30 June		
	2020	2019	Change Increase/
	(Unaudited)	*(Unaudited)*	(decrease)
	RMB'000	*RMB'000*	*%*
Revenue	**814,824**	1,035,629	(21.3)
Profit before tax	**199,891**	296,627	(32.6)
Net Profit from continuing operations	**153,063**	214,357	(28.6)
Profit for the period	**134,466**	192,981	(30.3)
Earnings per share from continuing operations (parent company ordinary shareholders)			
– Basic and diluted *(RMB: yuan)*	**0.10**	0.12	(16.7)

	30 June 2020	31 December 2019	Change Increase
	(Unaudited)	*(Unaudited)*	
	RMB'000	*RMB'000*	*%*
Total assets	**3,898,521**	3,759,707	3.7
Net assets	**1,807,924**	1,681,189	7.5

The following financial information is extracted from the unaudited condensed consolidated financial statements as set out in the 2020 Interim Report to be published by Group:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2020

		Six months ended 30 June	
		2020	2019
	NOTES	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Continuing operations			
Revenue	*3*	**814,824**	1,035,629
Cost of sales		**(474,988)**	(572,705)
Gross profit		**339,836**	462,924
Other income	*4*	**19,552**	4,915
Other gains and losses	*5*	**5,150**	4,426
Selling and marketing expenses		**(11,103)**	(13,709)
Administration expenses		**(118,342)**	(147,693)
Listing fee		**(33,944)**	–
Finance costs	*6*	**(603)**	(1,059)
Impairment losses under expected credit loss model, net of reversal		**(3,443)**	(4,615)
Gain from changes in fair value of investment properties		**155**	116
Share of results of associates		**(2,510)**	(1,158)
Share of results of joint ventures		**5,143**	(7,520)
Profit before tax		**199,891**	296,627
Income tax expense	*7*	**(46,828)**	(82,270)
Profit for the period from continuing operations		**153,063**	214,357
Discontinued operations			
Loss for the period from discontinued operations		**(18,597)**	(21,376)
Profit for the period		**134,466**	192,981

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2020

	NOTES	Six months ended 30 June **2020** ***RMB'000*** **(Unaudited)**	 2019 *RMB'000* (Unaudited)
Other comprehensive income			
Item that will not be reclassified to profit or loss:			
Fair value loss on:			
Investments in equity instruments at fair value through other comprehensive income ("FVTOCI"), net of tax		**(5,701)**	(1,603)
Total comprehensive income for the period		**128,765**	191,378
Profit for the period attributable to the owners of the Company			
– from continuing operations		**147,914**	174,961
– from discontinued operations		**(13,477)**	(18,111)
		134,437	156,850
Profit for the period attributable to the non-controlling interests			
– from continuing operations		**5,149**	39,396
– from discontinued operations		**(5,120)**	(3,265)
		29	36,131
		134,466	192,981
Total comprehensive income for the period attributable to:			
Owners of the Company		**128,736**	155,247
Non-controlling interests		**29**	36,131
		128,765	191,378
EARNING PER SHARE			
From continuing operations			
– Basic (RMB)	*9*	**0.10**	0.12
From continuing and discontinued operations			
– Basic (RMB)	*9*	**0.09**	0.11

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	NOTES	**As at 30 June 2020** ***RMB'000*** **(Unaudited)**	As at 31 December 2019 *RMB'000* (Audited)
Non-Current Assets			
Property, plant and equipment		**102,003**	107,253
Right-of-use assets		**16,501**	15,934
Investment properties		**35,678**	29,147
Goodwill		**769,241**	769,241
Interests in associates		**53,558**	55,554
Interests in joint ventures		**39,964**	36,183
Equity instruments at FVTOCI		**79,559**	87,161
Deferred tax assets		**12,537**	16,360
Loan to a related party		**–**	99,912
Deposit for acquisition of property, plant and equipment		**21,965**	21,965
		1,131,006	1,238,710
Current Assets			
Trade and other receivables	*10*	**387,793**	312,842
Contract assets		**348,555**	311,920
Amounts due from related parties		**708,041**	654,618
Pledged bank deposits		**16,289**	14,963
Bank balances and cash		**1,203,359**	1,126,771
		2,664,037	2,421,114
Assets classified as held for sale		**103,478**	99,883
		2,767,515	2,520,997
Current Liabilities			
Trade and other payables	*11*	**901,124**	830,489
Amounts due to related parties		**723,554**	800,753
Income taxes payable		**56,104**	84,346
Other taxes payable		**27,498**	29,929
Contract liabilities		**266,492**	239,580
Lease liabilities		**7,369**	6,294
		1,982,141	1,991,391
Liabilities associated with assets classified as held for sale		**86,003**	62,849
Net Current Assets		**2,068,144**	2,054,240
Total Assets Less Current Liabilities		**699,371**	466,757
		1,830,377	1,705,467

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 30 JUNE 2020

	As at 30 June 2020 *RMB'000* **(Unaudited)**	As at 31 December 2019 *RMB'000* (Audited)
Capital and Reserves		
Share capital	**11,587**	11,587
Reserves	**1,711,908**	1,583,172
Equity attributable to owners of the Company	**1,723,495**	1,594,759
Non-controlling interests	**84,429**	86,430
Total Equity	**1,807,924**	1,681,189
Non-Current Liabilities		
Deferred tax liabilities	**13,501**	15,400
Lease liabilities	**8,952**	8,878
	22,453	24,278
Net Assets	**1,807,924**	1,681,189

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020

1. GENERAL INFORMATION AND BASIS OF PREPARATION

The Company was established in the Cayman Islands as an exempted company with limited liability on 12 December 2016. The immediate and ultimate holding company of the Company is Greentown China Holdings Limited ("**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 condensed consolidated financial statements.

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 ("**IAS 34**") "Interim Financial Reporting" issued by the International Accounting Standards Board (the "**IASB**") as well as with 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 the application of certain accounting policies stated below which became relevant to the Group in the current interim period, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2020 are the same as those presented in the Group's consolidated financial statements for the year ended 31 December 2019.

Financial instruments

Financial assets

Classification and subsequent measurement of financial assets

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

The financial assets at FVTPL held by the Group during the current interim period were the structured deposits purchased from bank.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Application of amendments to International Financial Reporting Standards ("IFRSs")

In the current interim period, the Group has applied the Amendments to References to the Conceptual Framework in IFRS Standards and the following amendments to IFRSs issued by the 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 Group's condensed 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 period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

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

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue recognised overtime:		
Commercial project management	**610,010**	796,817
Governmental project management	**186,997**	155,662
Others	**17,817**	83,150
	814,824	1,035,629

3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(ii) Segment information

An analysis of the Group's revenue and results by reportable and operating segments for the interim period is as follows:

For the six months ended 30 June 2020

Continuing operations

	Commercial project management *RMB'000*	**Governmental project management** *RMB'000*	**Others** *RMB'000*	**Segment total** *RMB'000*	**Eliminations** *RMB'000*	**Total** *RMB'000*
Segment revenue						
External revenue	**610,010**	**186,997**	**17,817**	**814,824**	**–**	**814,824**
Inter-segment revenue	**15,510**	**98,803**	**546**	**114,859**	**(114,859)**	**–**
Total	**625,520**	**285,800**	**18,363**	**929,683**	**(114,859)**	**814,824**
Segment results	**128,758**	**53,851**	**11,557**	**194,166**	**219**	**194,385**
Unallocated administrative expenses						**(7,039)**
Unallocated listing fee						**(33,944)**
Unallocated finance costs						**(339)**
Profit for the period						**153,063**

For the six months ended 30 June 2019

Continuing operations

	Commercial project management *RMB'000*	Governmental project management *RMB'000*	Others *RMB'000*	Segment total *RMB'000*	Eliminations *RMB'000*	Total *RMB'000*
Segment revenue						
External revenue	796,817	155,662	83,150	1,035,629	–	1,035,629
Inter-segment revenue	–	86,281	16,228	102,509	(102,509)	–
Total	796,817	241,943	99,378	1,138,138	(102,509)	1,035,629
Segment results	198,478	16,785	6,018	221,281	219	221,500
Unallocated other income						1
Unallocated administrative expenses						(7,112)
Unallocated finance costs						(32)
Profit for the period						214,357

4. OTHER INCOME

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Continuing operations		
Interest income on bank balances	**13,808**	4,574
Interest income on loan to a related party	**4,893**	–
Gross rental income from investment properties	**362**	341
Others	**489**	–
	19,552	4,915

5. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Continuing operations		
Government grants *(Note)*	**4,109**	4,341
Gain arising on financial assets at FVTPL	**1,225**	–
Gain on early termination of lease	**386**	125
Exchange losses	**(319)**	(22)
(Loss) gain on disposal of property, plant and equipment	**(266)**	70
Others	**15**	(88)
	5,150	4,426

Note: The amounts represent government grants received from People's Republic of China ("**PRC**") government authorities in connection with the enterprise development supports, which have no condition imposed.

6. FINANCE COSTS

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Continuing operations		
Interests on lease liabilities	**(603)**	(1,059)

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Continuing operations		
Current tax:		
– PRC Enterprise Income Tax ("EIT")	**45,365**	60,158
(Over) under provision in prior years:		
– EIT	**(2,361)**	1,075
Deferred tax:		
– Current period	**3,824**	21,037
	46,828	82,270

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 is entitled to a preferential tax rate of 15% for a three-year period commencing from the year of 2019. Accordingly, the applicable EIT rate of Greentown Construction Management for the six months ended 30 June 2020 is 15% (six months ended 30 June 2019: 25%).

8. DIVIDENDS

No dividends were paid, declared or proposed during the interim period. The directors of the Company have determined that no dividend will be paid in respect of the interim period.

9. EARNINGS PER SHARE

From continuing operations

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

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings		
Profit for the period attributable to owners of the Company	**134,437**	156,850
Less:		
Loss for the period from discontinued operations attributable to owners of the Company	**(13,477)**	(18,111)
Earnings for the purpose of basic earnings per share from continuing operations	**147,914**	174,961
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,432,660**	1,432,660

From continuing and discontinued operations

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

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings		
Profit for the period attributable to owners of the Company	**134,437**	156,850

The denominators used are the same as those detailed above for basic earnings per share.

From discontinued operations

Basic loss per share for the discontinued operations is RMB0.94 cent per share (six months ended 30 June 2019: RMB1.26 cent per share) based on the loss for the period from the discontinued operations of RMB13.48 million (six months ended 30 June 2019: RMB18.11 million) and the denominators used are the same as those detailed above for basic earnings per share.

No diluted earnings per share for the six months ended 30 June 2019 and 2020 were presented as there were no potential ordinary shares in issue for the relevant periods.

10. TRADE AND OTHER RECEIVABLES

	As at 30 June 2020 *RMB'000* **(Unaudited)**	As at 31 December 2019 *RMB'000* (Audited)
Trade receivables	**177,286**	155,095
Less: allowance for credit losses	**(19,661)**	(17,383)
Trade receivables, net of allowance for credit losses	**157,625**	137,712
Other receivables	**171,418**	135,627
Less: allowance for credit losses	**(4,491)**	(2,642)
Other receivables, net of allowance for credit losses	**166,927**	132,985
Prepayments	**1,544**	2,337
Deferred issue cost	**13,806**	4,226
Input value-added tax	**47,891**	35,582
	387,793	312,842

Included in the trade receivables were bills receivables amounted to RMB21,077,000 as at 30 June 2020 (31 December 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.

	As at 30 June 2020 *RMB'000* **(Unaudited)**	As at 31 December 2019 *RMB'000* (Audited)
Within 180 days	**140,621**	121,670
180 – 365 days	**9,394**	14,983
Over 365 days	**7,610**	1,059
Total	**157,625**	137,712

11. TRADE AND OTHER PAYABLES

	As at 30 June 2020 *RMB'000* **(Unaudited)**	As at 31 December 2019 *RMB'000* (Audited)
Trade payables	**25,950**	23,741
Other payables	**699,450**	565,147
Payroll payable	**123,508**	191,197
Provision for share of losses of associates exceeded interests invested	**514**	–
Provision for share of losses of joint ventures exceeded interests invested	**51,702**	50,404
	901,124	830,489

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

	As at 30 June 2020 *RMB'000* **(Unaudited)**	As at 31 December 2019 *RMB'000* (Audited)
Within 1 year	**6,302**	21,646
1-2 years	**18,120**	970
2-3 years	**970**	1,071
More than 3 years	**558**	54
	25,950	23,741

MANAGEMENT DISCUSSION AND ANALYSIS

In the first half of 2020, due to the impact of the epidemic, the Company experienced a decrease in overall revenue. However, the net profit attributable to shareholders of the Company after excluding listing expenses increased slightly compared with the same period last year, primarily due to the continued improvement in the management of the Company's projects. From the perspective of the Company's business strategy, commercial project management projects are showing counter-cyclical characteristics, and the quality of new projects have improved significantly over the same period last year. The Company continued to adjust its regional strategy and penetrate into higher-tier cities, and the average selling prices of projects have increased. The Company's push for customer optimization is generating positive effects, as reflected in the gradual increase in the area under construction for projects relating to state-owned enterprises and government clients. The Company's financial collaboration services and industry chain acquisition businesses have also showed signs of progress compared with the same period last year.

The real estate project management market has opportunities for rapid development due to the evolution in the policy and trend in China's real estate market. Due to the strong demand for clients favoring the asset-light model, the volume of the Company's management projects continued to grow, and the scale of construction area under its management continued to lead the industry. As at 30 June 2020, the number of projects under the Company's management had increased to 268 projects from 245 projects in the same period last year, of which 155 were commercial project management projects, accounting for 57.8% of the total number of projects; and 113 were government project management projects, accounting for 42.2% of the total number of projects. As of 30 June 2020, the total gross floor area ("GFA") of the contracted projects was 73.31 million square meters, representing an increase of 6.9% over the 68.59 million square meters in the same period last year; the area under construction was 38.82 million square meters, representing an increase of 26.2% over the 30.77 million square meters in the same period last year.

The Company has three business segments: commercial project management, government project management and other services. During the Reporting Period, revenue from continuing operations was RMB814.8 million, representing a decrease of 21.3% from RMB1,035.6 million in the same period last year; the gross profit was RMB339.8 million, representing a decrease of 26.6% from RMB462.9 million in the same period last year; and the profit from continuing operations for the Period was RMB153.1 million, representing a decrease of 28.6% from RMB214.4 million in the same period last year. Due to the impact of the COVID-19 outbreak, the construction and sales progress of the Company's project management projects was delayed by one to two months. The Company records project management revenue according to the construction progress. Therefore, the project management projects were affected by the epidemic as the construction and sales progress were delayed. As a result, the revenue, gross profit and net profit decreased compared with the same period last year. However, as the Company is an asset-light project management service provider, the effect in the delay in construction and sales would be different from traditional property developers, who are faced with reduced sales revenue, increased operating costs and cash flow pressure etc. A delay in the construction and sales progress would affect revenue of the Company for the current period, yet the record of the underlying revenue has not dissipated but postponed to the next project management cycle.

Facing a decline in project management business revenue, the Company maintained its overall operating performance in the first half of 2020 through measures such as strengthening cost control and attempts in growing its financial collaboration services business. The net profit attributable to the shareholders of the Company after excluding listing expenses was RMB163.3 million, representing an increase of 4.1% from RMB156.9 million in the same period last year.

Analysis of the Macro Market

In the first half of 2020, with the domestic epidemic under initial control, the real estate market gradually recovered. Under the current macro-economic environment, it is expected that the growth trend in the real estate market will remain steady. Under city-specific policies, regional structure differentiation is obvious and the real estate market of core urban agglomerations is expected to continue to grow. As the financial regulators continue to strengthen risk management and oversight on financing activities, this will result in further deleveraging in the industry. It is expected that the demand for better-quality housing will increase after the epidemic. In addition, a series of policies to encourage urban renewal and housing transformation have recently been introduced.

Analysis of the Company's Strengths

1. Under the current expectation of a stable economy, the Company's project management business has gradually recovered. As the Company continues to procure new projects, it is expected that the operating conditions in the second half of 2020 will soon return to the same level as that in 2019.

2. The Company has actively adjusted its regional strategy and customer structure to strengthen its strategic investment in the Beijing-Tianjin-Hebei area, the Yangtze River Delta and the Pearl River Delta, and increase the resource allocation in the three corresponding regional companies.

3. Operating in an asset-light service industry, the Company has no debt and is not affected by financial deleveraging. At the same time, it has a sound understanding of the financing pressure faced by small and medium property developers, thus the Company launched its financial collaboration services to obtain more business opportunities, which is expected to become a source of income growth in the future.

4. The Company is fully immersed in the high-end residential segment which commands a premium price. This helps the Company maintain a leading advantage as the demand for better-quality housing will increase after the epidemic.

5. Combined with the "supply-side reform" policy, it is expected that the future government policies will favor urban renewal and community reconstruction. The Company currently has 24.188 million square meters of government project management projects under construction, representing an increase of 38.9% as compared to 17.417 million square meters in the same period last year, making it China's largest service provider for public housing construction. This business can counter market cycle risks due to its long implementation duration, significant market and consistency with reform policies.

Based on the analysis of the macro-market and the Company's core strengths above, we adopted the following measures in the first half of 2020:

Optimizing our Regional Strategy

In the first half of 2020, the Company adhered to the strategic direction and principle of "optimizing regional strategy" and focused on quality projects in core and higher-tier cities. The newly contracted project management projects have laid a solid foundation for sustainable growth in the Group's operating performance.

In the first half of 2020, we had 29 newly contracted commercial project management projects. The sales volume of the projects was RMB81.1 billion, representing an increase of 33.0% compared with the RMB61 billion in the same period in 2019. The total amount of project management fee for the projects was RMB3.23 billion, representing an increase of 28.7% from RMB2.51 billion in the same period in 2019.

Under the optimization of the Company's regional strategy, the unit price of its projects has also increased. In the first half of 2020, the Company's equity-owned projects achieved contracted sales of approximately RMB25.1 billion, which was largely equal to the contracted sales of RMB24.9 billion in the same period in 2019; and the projects achieved contracted sales area of approximately 1.66 million square meters, representing a decrease of 19.4% compared with that of 2.06 million square meters in the same period in 2019. The unit selling price of projects was approximately RMB15,100 per square meter, representing an increase of 24.8% from RMB12,100 per square meter in the same period last year.

Adjusting our Customer Structure

Despite the spread of the global epidemic, the Company has continued to diversify and expand its high-quality customer base. The Company provides different types of clients with all-rounded project management services for real estate projects. During the six months ended 30 June 2020, we had 268 projects; among which, in terms of total GFA under management, 33.31 million square meters were procured from private property developers, accounting for 45.4% of the total GFA during such period; 25.66 million square meters were procured from state-owned property developers, accounting for 35.0% of the total GFA during such period; and 14.34 million square meters were procured from the government entities, accounting for 19.6% of the total GFA during such period.

In terms of the area under construction, 10.68 million square meters were procured from private property developers, accounting for 27.5% of the total GFA under construction during such period; 17.47 million square meters were procured from state-owned property developers, accounting for 45.0% of the total GFA under construction during such period; and 10.67 million square meters were procured from the government entities, accounting for 27.5% of the total GFA under construction during such period.

Upgrade in Business Model

In the first half of 2020, the Company researched and expanded into the financial collaboration services and industry chain acquisition businesses to complement its core business. Among them, income from financial collaboration services was RMB4.9 million in the first half of 2020; and the investment income of the upstream and downstream acquisition business along the industry chain has also increased. Such businesses can create barriers to competition for the Company and support the development of the Company's core business. In the first half of 2020, the profit attributable to return on investments in acquisitions along the industry chain was RMB9.2 million, representing an increase of 171% from RMB3.4 million recorded in the same period in 2019.

Business Outlook

We believe that, due to macro-economic measures and industry deleveraging, the asset-light business model will continue to increase in proportion to China's overall real estate development, and companies under such model will display stronger anti-cyclical characteristics. At the same time, the Company is expected to reduce the impact of the epidemic in the second half of 2020 through reasonable construction scheduling and accelerated delivery of service, striving to achieve various operational targets for full year 2020.

The Company will seek to maintain its leading position in the industry, maintain steady growth in its business scale and improve the quality of the regional structure and customer structure. The Company will continue to provide "commercial project management, government project management and other businesses" as its three main services, adhere to the principles of "optimizing its regional strategy" and "adjusting its customer structure", promote financial collaboration services based on customer needs, incubate businesses with high profits and value proposition from upstream and downstream businesses in the real estate industry, build a shield for the project management industry, and establish an ecosystem for the real estate project management industry.

Financial Analysis

For the six months ended 30 June 2020, the Group has achieved:

Revenue

Revenue of RMB814.8 million, representing a year-on-year decrease of 21.3% compared with RMB1,035.6 million in the same period 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 as follow by business segments:

Revenue	For the six months ended 30 June				Change
	2020	**% of total**	2019	% of total	**Increase/**
	RMB'000	**revenue**	*RMB'000*	revenue	**(Decrease)**
	(Unaudited)		*(Unaudited)*		
Commercial project management	**610,010**	**74.8%**	796,817	77.0%	(23.4%)
attributable to: Self-operated	**333,560**	**40.9%**	455,910	44.0%	(26.8%)
Cooperation with business partners	**276,450**	**33.9%**	340,907	33.0%	(18.9%)
Government project management	**186,997**	**23.0%**	155,662	15.0%	20.1%
attributable to: Self-operated	**182,893**	**22.5%**	148,955	14.4%	22.8%
Cooperation with business partners	**4,104**	**0.5%**	6,707	0.6%	(38.8%)
Other services	**17,817**	**2.2%**	83,150	8.0%	(78.6%)
Total	**814,824**	**100.0%**	1,035,629	100.0%	(21.3%)

During the Reporting Period,

(i) commercial project management is still the largest source of revenue and profit for the Group, with revenue of RMB610.0 million from January to June 2020, accounting for 74.8% of total revenue, representing a decrease of 23.4% compared with RMB796.8 million in the same period in 2019. The main reason for the decrease is that the epidemic has delayed the sales and development plans of some commercial project management projects;

(ii) revenue from government project management reached RMB187.0 million, accounting for 23.0% of the overall revenue, representing an increase of 20.1% compared with RMB155.7 million in the same period in 2019. The increase was mainly due to the increase in the area under management and innovation in business model; and

(iii) revenue from other services was RMB17.8 million, accounting for 2.2% of the total revenue, representing a decrease of 78.6% compared with RMB83.2 million in the same period in 2019. The decrease was mainly because the Group no longer had control over most of its previous industry chain investment businesses since September 2019, and revenue from such businesses is no longer accounted as the Company's revenue since then.

Costs of Sales

During the Reporting Period, the costs of sales was RMB475.0 million, representing a decrease of 17.1% from RMB572.7 million in the same period in 2019. The decrease was mainly attributable to the decrease in revenue from commercial project management in cooperation with business partners and other services, which resulted in the corresponding decrease in costs of sales.

Gross Profit

During the Reporting Period, the gross profit was RMB339.8 million, representing a decrease of 26.6% from RMB462.9 million in the same period in 2019. The gross profit margin was 41.7%, representing a decrease of 3.0 percentage points compared with 44.7% in the same period in 2019, and a decrease of 2.5 percentage points compared with 44.2% for the full year of 2019.

– The gross profit margins of the three business segments are: 39.9% for commercial project management, 46.5% for government project management and 53.3% for other services, compared to 47.9%, 41.2% and 20.7%, respectively, for the same period in 2019.

– The gross profit margin of commercial project management was 39.9%, down from 47.9% in the same period in 2019 and 46.2% for the full year of 2019. The decrease was mainly attributable to the decrease in the Company's revenue from commercial project management projects due to the impact of the epidemic.

– The gross profit margin of government project management was 46.5%, which was higher than 41.2% in the same period in 2019 and 43.3% for the full year of 2019. The increase was mainly attributable to the increase in the area under the government project management projects, the innovation in business models and the initial occurrence of economies of scale. At the same time, there was no sale of properties associated with government projects, and the impact of the epidemic on the construction period was largely eliminated in the first half of 2020 thus resulting in a steady increase in gross profit margin.

– The gross profit margin of other services was 53.3%, representing a significant increase from 20.7% in the same period in 2019 and 28.3% for the full year of 2019. This is because the Group no longer had control over most of the design businesses since September 2019, and the consulting and other businesses have improved during the Reporting Period.

Selling and Marketing Expenses

Selling and marketing expenses were RMB11.1 million, representing a decrease of 19.0% from RMB13.7 million in the same period in 2019. The decrease was mainly attributable to the reduction in marketing activities caused by the epidemic, the slowdown in business development and the decrease in travel expenses and conference fees for sales and marketing staff.

Administrative Expenses

Administrative expenses were RMB118.3 million, representing a decrease of 19.9% from RMB147.7 million in the same period in 2019. The main reason for the decrease was that the Group no longer had control over most of its previous industry chain investment businesses since September 2019, thus decreasing its management expenses on such investment businesses. Meanwhile, the Company strengthened the management and control of project management business expenses, which resulted in a significant drop in management expenses compared with the same period in 2019.

Other Income

During the Reporting Period, other income of the Group was RMB19.6 million, increasing from RMB4.9 million for the same period in 2019. The increase in other income was mainly due to the Company's strengthening of the management of return on investment funds during the Period. The average deposit interest rate increased from 2.2% in the same period of 2019 to 2.5% in the first half of 2020. At the same time, the provision of financial services for project management projects resulted in an income of RMB4.9 million.

Share of Results in Joint Ventures

During the Reporting Period, our share of results in joint ventures was RMB5.1 million, an increase from a loss of RMB7.5 million in the same period in 2019. The increase was mainly because the operations of the joint ventures were on track and turned into profit stage.

Profit during the Period

During the Reporting Period, the net profit was RMB134.5 million, representing a decrease of 30.3% from RMB193.0 million in the same period in 2019. After excluding listing expenses, the adjusted net profit during the Period attributable to the owners of the Company was RMB163.3 million, representing an increase of 4.1% from the same period in 2019.

Trade and Other Receivables

Trade and other receivables amounted to RMB387.8 million, representing an increase of 24.0% from RMB312.8 million at the end of 2019. This was mainly attributable to an increase of RMB34.9 million in the project management fee receivable for the Asian Games Media Village Project, an increase of RMB21.9 million in the deferred issue cost and the undeducted input value-added tax of the Asian Games Media Village Project from the end of 2019. During the Period, due to the pandemic, the balance of trade receivables increased by 14.5% from RMB137.7 million at the end of 2019 to RMB157.6 million at the end of June 2020.

Contract Assets

As at 30 June 2020, the Group's contract assets were RMB348.6 million, representing an increase of 11.8% from RMB311.9 million at the end of 2019. This was mainly attributable to the increase in contract assets for government project management projects, which will be transferred to cash inflows for the Company's operating activities in the future.

Trade and Other Payables

Trade and other payables amounted to RMB901.1 million, representing an increase of 8.5% from RMB830.5 million at the end of 2019. Among them, other payables increased by RMB134.3 million, and salaries payable decreased by RMB67.7 million. The increase in other payables was mainly attributable to: (1) an increase of RMB58.5 million in the construction fees payable for the Asian Games Media Village Project; (2) an increase of RMB29.3 million in listing expenses payable; and (3) an increase of RMB60.4 million in the deposit received from new projects, which reflected the increasing number of newly contracted commercial project management projects.

Contract Liabilities

Contract liabilities amounted to RMB266.5 million, representing an increase of 11.2% from RMB239.6 million at the end of 2019. This increase represents that the Company's actual collection was faster than the status of completion of its delivery of services.

Liquidity and Capital Resources

As at 30 June 2020, the Group had bank deposits and cash (not including pledged bank deposits) of RMB1,207.8 million (31 December 2019: RMB1,139.2 million); and the current ratio was 1.34 times (31 December 2019: 1.23 times). Gearing ratio (interest-bearing debt divided by total equity at the end of the same period) was 0.03% (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 outflows from operating activities were RMB49.0 million, representing a RMB183.5 million difference from the net profit of RMB134.5 million. The difference was mainly attributable to the increase in payment for year-end bonuses in 2019, daily operating expenses of projects and working capital for the Asian Games Media Village Project. In July 2020, the Group recovered the advances of RMB461.4 million for the Asian Games Media Village Project incurred in 2019 and during January to June in 2020. The Company's net cash flow from operating activities is expected to improve significantly in the full year of 2020.

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 minimal foreign exchange risk. However, the depreciation or appreciation of Renminbi 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 30 June 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.

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 30 June 2020, the Group had 1,427 employees, representing a decrease of 11% from the same period in 2019, which was mainly attributable to the fact that some design institutes were no longer covered in the scope of the report.

Interim Dividend

The Board unanimously resolved not to declare any interim dividend for the six months ended 30 June 2020.

Proceeds from Listing

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 total proceeds were approximately HK$1,213.1 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;

- 22.8% will be used to scale up our business through organic growth and strategic acquisitions of selected businesses along downstream of the value chain of project management to develop the Group as a comprehensive project management platform through enriching our services along the value chain;

- 13.9% will be used for our development of commercial project management with capital contribution;

- 48.7% will be used to repay the indebtedness to Greentown China Holdings Limited in the amount of RMB540.0 million. Such funds have been fully applied and utilised;

- 4.6% will be used to develop the Group's ecosystem, in which 2.3% will be used to build platforms for knowledge and standard sharing and industry participants certification, and 2.3% will be used to optimize our "Greentown Star" standard for our products, operations and services, and suppliers in the property development;

- 10.0% will be used for working capital, marketing and other general corporate purposes.

For the expected timetable for the intended use of the proceeds, please refer to the execution plan as set out in the Prospectus.

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities from the Listing Date to the date of this announcement.

CORPORATE GOVERNANCE

Corporate Governance Practices

The Company's shares have been listed on the Stock Exchange since the Listing Date. The Group is committed to maintaining high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability.

As at 30 June 2020, the Company was not listed on the Main Board of the Hong Kong Stock Exchange, the Corporate Governance Code and Corporate Governance Report (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**") was not applicable to the Company. The Company has adopted the CG Code and complied with the code provisions set out in the CG Code with no deviation throughout the period from the Listing Date up to the date of this announcement.

The Company will continue to review and enhance its corporate governance practices, and identify and formalize appropriate measures and policies, to ensure compliance with the CG Code.

Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its code of conduct regarding Directors' dealings in the securities of the Company. Having made specific enquiry to 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 since the Listing Date and up to the date of this announcement.

Review of Interim Results

The announcement of interim results for the six months ended 30 June 2020 has been reviewed by the Audit Committee and approved by the Board. The auditor of the Company, Deloitte Touche Tohmatsu, has performed a review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" on the interim financial information of the Group for the six months ended 30 June 2020 prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting", and issued a review report dated 27 August 2020.

Publication of Interim Results Announcement and Interim Report

This announcement was published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.lcgljt.com). The interim report for the six months ended 30 June 2020 (containing all the information required by Appendix 16 of the Listing Rules) 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, banks, professional parties and employees for their continuous patronage and support to the Group.

By order of the Board
Greentown Management Holdings Company Limited
Mr. Li Jun
Chief Executive Officer and Executive Director

Hangzhou, PRC, 27 August 2020

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.