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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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

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 2022 (the “**Reporting Period**” or the “**Period**”) prepared in accordance with International Financial Reporting Standards, together with comparative figures for the corresponding period in 2021. The interim results have been reviewed by the audit committee of the Company (the “**Audit Committee**”) and approved by the Board.

#### FINANCIAL HIGHLIGHTS

	For the Six months ended 30 June		
	2022 (Unaudited) RMB' 000	2021 (Unaudited) RMB' 000	Change Increase %
Revenue	1,258,509	1,080,769	16.4%
Gross Profit	634,707	513,116	23.7%
Net profit	365,699	275,965	32.5%
Net profit attributable to the owners of the Company	360,825	270,432	33.4%
Net cash from operating activities	363,255	258,567	40.5%
Earnings per share (parent company ordinary shareholders)			
– Basic (RMB: yuan)	0.19	0.14	35.7%
– Diluted (RMB: yuan)	0.18	0.14	28.6%

The following financial information is extracted from the unaudited condensed consolidated financial statements as set out in the 2022 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 2022*

	<i>NOTES</i>	<b>Six months ended 30 June</b>	
		<b>2022</b>	<b>2021</b>
		<b><i>RMB' 000</i></b>	<b><i>RMB' 000</i></b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
Revenue	3	<b>1,258,509</b>	1,080,769
Cost of sales		<b>(623,802)</b>	(567,653)
Gross profit		<b>634,707</b>	513,116
Other income	4	<b>81,207</b>	44,330
Other gains and losses	5	<b>3,978</b>	12,451
Selling and marketing expenses		<b>(46,552)</b>	(44,994)
Administration expenses		<b>(224,607)</b>	(194,273)
Finance costs	6	<b>(3,610)</b>	(2,528)
Impairment losses under expected credit loss model, net of reversal		<b>(7,386)</b>	(6,586)
Loss from changes in fair value of investment properties		<b>(61)</b>	(1,807)
Gain on acquisition of subsidiaries		–	521
Gain on disposal of an associate		<b>420</b>	–
Share of results of associates		<b>10,377</b>	(4,910)
Share of results of joint ventures		<b>18,358</b>	29,761
Profit before tax		<b>466,831</b>	345,081
Income tax expense	7	<b>(101,132)</b>	(69,116)
<b>Profit for the period</b>		<b>365,699</b>	<b>275,965</b>

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME (CONTINUED)**  
*FOR THE SIX MONTHS ENDED 30 JUNE 2022*

		<b>Six months ended 30 June</b>	
		<b>2022</b>	<b>2021</b>
	<i>NOTES</i>	<i>RMB'000</i>	<i>RMB'000</i>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Other comprehensive (expense) income</b>			
<i>Item that will not be reclassified to profit or loss:</i>			
Fair value (loss) gain on investments in equity instruments at fair value through other comprehensive income ("FVTOCI"), net of tax		<b>(58)</b>	4,464
		<u><b>365,641</b></u>	<u>280,429</u>
Total comprehensive income for the period			
Profit for the period attributable to:			
Owners of the Company		<b>360,825</b>	270,432
Non-controlling interests		<b>4,874</b>	5,533
		<u><b>365,699</b></u>	<u>275,965</u>
Total comprehensive income for the period attributable to:			
Owners of the Company		<b>360,767</b>	274,896
Non-controlling interests		<b>4,874</b>	5,533
		<u><b>365,641</b></u>	<u>280,429</u>
<b>EARNINGS PER SHARE</b>			
– Basic (RMB)	9	<u><b>0.19</b></u>	<u>0.14</u>
– Diluted (RMB)	9	<u><b>0.18</b></u>	<u>0.14</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

		As at 30 June 2022	As at 31 December 2021
	NOTES	RMB' 000 (Unaudited)	RMB' 000 (Audited)
<b>Non-Current Assets</b>			
Property, plant and equipment		102,724	102,082
Intangible assets	10	441,461	—
Right-of-use assets		18,414	16,516
Investment properties		46,896	46,956
Goodwill		981,761	769,241
Interests in associates		82,179	70,382
Interests in joint ventures		223,617	173,644
Equity instruments at FVTOCI		100,665	100,742
Other long-term receivables		190,000	238,000
Deferred tax assets		25,929	18,431
Deposits for acquisition of properties		62,351	7,080
		<u>2,275,997</u>	<u>1,543,074</u>
<b>Current Assets</b>			
Trade and other receivables	11	814,223	748,847
Contract assets		556,226	482,412
Financial assets at fair value through profit or loss (“FVTPL”)		71,103	75,031
Amounts due from related parties		227,098	240,049
Property classified as held for sale		—	4,600
Pledged bank deposits		19,030	12,502
Bank balances and cash		1,739,375	2,137,648
		<u>3,427,055</u>	<u>3,701,089</u>
<b>Current Liabilities</b>			
Trade and other payables	12	1,132,297	943,066
Amounts due to related parties		290,097	245,962
Dividends payable	8	31	—
Income taxes payable		173,227	179,070
Other taxes payable		42,777	85,504
Contract liabilities		396,106	384,863
Lease liabilities		7,431	5,422
		<u>2,041,966</u>	<u>1,843,887</u>
<b>Net Current Assets</b>		<u>1,385,089</u>	<u>1,857,202</u>
<b>Total Assets Less Current Liabilities</b>		<u><u>3,661,086</u></u>	<u><u>3,400,276</u></u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)***AS AT 30 JUNE 2022*

	<b>As at 30 June 2022 RMB' 000 (Unaudited)</b>	As at 31 December 2021 RMB' 000 (Audited)
<b>Capital and Reserves</b>		
Share capital	<b>16,769</b>	16,324
Reserves	<b>3,320,601</b>	3,324,936
	<hr/>	<hr/>
Equity attributable to owners of the Company	<b>3,337,370</b>	3,341,260
Non-controlling interests	<b>155,933</b>	30,451
	<hr/>	<hr/>
<b>Total Equity</b>	<b>3,493,303</b>	3,371,711
	<hr/>	<hr/>
<b>Non-Current Liabilities</b>		
Deferred tax liabilities	<b>129,143</b>	18,795
Lease liabilities	<b>9,089</b>	9,770
Financial liabilities at FVTPL	<b>29,551</b>	—
	<hr/>	<hr/>
	<b>167,783</b>	28,565
	<hr/>	<hr/>
	<b>3,661,086</b>	3,400,276
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# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE SIX MONTHS ENDED 30 JUNE 2022

### 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 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 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.

In addition, 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.

### 2. PRINCIPAL ACCOUNTING POLICIES

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

Other than additional accounting policies resulting from application of amendments to International Financial Reporting Standards ("**IFRSs**") , and application of certain accounting policies 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 2022 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2021.

#### **Business combinations or asset acquisitions**

##### *Business combinations*

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

## 2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

### Intangible assets

#### *Intangible assets acquired in a business combination*

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

### Financial instruments

#### *Financial liabilities and equity*

##### *Financial liabilities*

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

##### *Financial liabilities at FVTPL*

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which IFRS 3 applies, (ii) held for trading or (iii) it is designated as at FVTPL.

The financial liability at FVTPL held by the Group is the contingent consideration arising from the acquisition of a subsidiary, which is regarded as a business combination applied IFRS 3.

### Application of amendments to IFRSs

In the current interim period, the Group has applied the following amendments to IFRSs issued by the IASB, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2022 for the preparation of the Group's condensed consolidated financial statements:

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

The application of the amendments to IFRSs in the current interim 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 is as follows:

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
<b>Revenue recognised overtime:</b>		
Commercial project management	764,732	772,273
Governmental project management	381,287	219,745
Others	112,490	88,751
	<u>1,258,509</u>	<u>1,080,769</u>

(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 2022

	Commercial project management <i>RMB'000</i>	Governmental project management <i>RMB'000</i>	Others <i>RMB'000</i>	Segment total <i>RMB'000</i>	Eliminations <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue						
External revenue	764,732	381,287	112,490	1,258,509	–	1,258,509
Inter-segment revenue	<u>30,284</u>	<u>254,497</u>	<u>921</u>	<u>285,702</u>	<u>(285,702)</u>	<u>–</u>
Total	<u>795,016</u>	<u>635,784</u>	<u>113,411</u>	<u>1,544,211</u>	<u>(285,702)</u>	<u>1,258,509</u>
Segment results	<u>284,397</u>	<u>46,029</u>	<u>57,906</u>	<u>388,332</u>	<u>219</u>	<u>388,551</u>
Unallocated other income						9
Unallocated gain from changes in fair value of financial assets mandatorily measured at FVTPL						4,504
Unallocated administrative expenses						(7,795)
Unallocated finance costs						(7)
Unallocated exchange gains						273
Unallocated license fee						<u>(19,836)</u>
Profit for the period						<u>365,699</u>



### 3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

#### (ii) Segment information (continued)

For the six months ended 30 June 2021

	Commercial project management <i>RMB'000</i>	Governmental project management <i>RMB'000</i>	Others <i>RMB'000</i>	Segment total <i>RMB'000</i>	Eliminations <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue						
External revenue	772,273	219,745	88,751	1,080,769	–	1,080,769
Inter-segment revenue	25,679	113,278	4,343	143,300	(143,300)	–
Total	<u>797,952</u>	<u>333,023</u>	<u>93,094</u>	<u>1,224,069</u>	<u>(143,300)</u>	<u>1,080,769</u>
Segment results	<u>231,888</u>	<u>29,833</u>	<u>41,331</u>	<u>303,052</u>	<u>219</u>	<u>303,271</u>
Unallocated other income						228
Unallocated gain from changes in fair value of financial assets mandatorily measured at FVTPL						173
Unallocated administrative expenses						(8,669)
Unallocated finance costs						(68)
Unallocated exchange loss						(3,970)
Unallocated license fee						(15,000)
Profit for the period						<u>275,965</u>

### 4. OTHER INCOME

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Interest income from:		
– bank balances	14,658	18,265
– loans to third parties	36,228	20,140
– loans to related parties	480	501
	<u>51,366</u>	<u>38,906</u>
Dividends from an equity instrument at FVTOCI	15,000	5,000
Government grants ( <i>Note</i> )	14,783	–
Gross rental income from investment properties	55	344
Others	3	80
	<u>81,207</u>	<u>44,330</u>

*Note:* The amounts were mainly accounted for (i) tax refunds and benefits, and (ii) enterprise development supports received from PRC government authorities, which have no condition imposed.

## 5. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2022	2021
	<i>RMB' 000</i>	<i>RMB' 000</i>
	(Unaudited)	(Unaudited)
Gain from changes in fair value of financial assets mandatorily measured at FVTPL	6,596	6,511
Loss from changes in fair value of financial liabilities at FVTPL	(2,458)	—
Exchange gains (losses)	273	(3,970)
(Loss) gain on disposal of property, plant and equipment	(48)	1,334
Gain on disposal of an investment property	—	348
Government grants	—	8,199
Others	(385)	29
	<u>3,978</u>	<u>12,451</u>

## 6. FINANCE COSTS

	Six months ended 30 June	
	2022	2021
	<i>RMB' 000</i>	<i>RMB' 000</i>
	(Unaudited)	(Unaudited)
Interest expenses on loan from third parties	(1,866)	(459)
Interest expenses on loan from related parties	(1,025)	(1,497)
Interests on lease liabilities	(454)	(541)
Others	(265)	(31)
	<u>(3,610)</u>	<u>(2,528)</u>

## 7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2022	2021
	RMB' 000	RMB' 000
	(Unaudited)	(Unaudited)
Current tax:		
– PRC Enterprise Income Tax (“EIT”)	113,426	78,210
Under (over) provision in prior years:		
– EIT	1,266	(233)
Deferred tax:		
– Current period	(13,560)	(8,861)
	<u>101,132</u>	<u>69,116</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 is entitled to a preferential tax rate of 15% for a three-year period commencing from the year of 2019, subject to certain conditions. Accordingly, the estimated applicable EIT rate of Greentown Construction Management for the six months ended 30 June 2022 is 15% (six months ended 30 June 2021: 15%).

## 8. DIVIDENDS

During the current interim period, a final dividend of RMB0.20 per share in respect of the year ended 31 December 2021 (six months ended 30 June 2021: RMB0.17 per share in respect of the year ended 31 December 2020) was declared to owners of the Company, in an aggregate amount of RMB391,595,000 (six months ended 30 June 2021: RMB338,907,000), including a dividend of RMB4,173,000 (six months ended 30 June 2021: RMB6,052,000) distributed to the treasury shares held by the Group for share award schemes. The final dividend was subsequently paid on 22 June 2022.

The directors of the Company have determined that no dividend will be declared in respect of the current interim period (six months ended 30 June 2021: RMB nil).

## 9. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<b>Earnings</b>		
Earnings for the purpose of basic and diluted earnings per share for the period attributable to owners of the Company	<u>360,825</u>	<u>270,432</u>
	'000	'000
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,937,080	1,922,145
Effect of dilutive potential ordinary shares: Share awards	<u>23,751</u>	<u>28,450</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>1,960,831</u>	<u>1,950,595</u>

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

## 10. INTANGIBLE ASSETS

The intangible assets held by the Group are the contractual rights from the project management contracts with the project owners, which were arisen from the acquisition of Greentown Shangli Construction Management Co., Ltd. 綠城嶺里建設管理有限公司, formerly named as Zhejiang Shangli Construction Management Co., Ltd. 浙江嶺里建設管理有限公司 from third parties during the current interim period. The fair value of the intangible assets acquired at the acquisition date was RMB465,717,000.

The intangible assets have finite useful lives and are amortised on a straight-line basis over a period of eight years, which is the estimated remaining contractual period of the project management contracts acquired. The amortisation of the intangible assets charged for the current interim period is RMB24,256,000.

## 11. TRADE AND OTHER RECEIVABLES

	As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
Trade receivables	153,285	145,384
Less: allowance for credit losses	(22,981)	(19,848)
	<u>130,304</u>	<u>125,536</u>
Trade receivables, net of allowance for credit losses		
Other receivables	658,423	604,492
Less: allowance for credit losses	(1,997)	(2,201)
	<u>656,426</u>	<u>602,291</u>
Other receivables, net of allowance for credit losses		
Dividends receivables	15,000	—
Prepayments	10,959	21,020
Input value-added tax	1,534	—
	<u>814,223</u>	<u>748,847</u>

Included in the trade receivables were bills receivables amounted to RMB599,000 as at 30 June 2022 (31 December 2021: RMB66,051,000). 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 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
Within 180 days	112,314	100,916
180-365 days	14,369	12,958
Over 365 days	3,621	11,662
	<u>130,304</u>	<u>125,536</u>
Total		

## 12. TRADE AND OTHER PAYABLES

	As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
Trade payables	18,817	7,767
Other payables	894,275	726,278
Payroll payable	182,380	175,468
Dividends payable to minority interests	—	239
Provision for share of losses of joint ventures exceeded interests invested	36,825	33,314
	<u>1,132,297</u>	<u>943,066</u>

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

	As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
Within 1 year	17,060	5,997
1-2 years	67	—
2-3 years	—	316
More than 3 years	1,690	1,454
	<u>18,817</u>	<u>7,767</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

#### *I. Business Overview*

Under the general policy of “common prosperity”, China’s real estate market has ushered in changes. The government services expanded; the land acquisition by local state-owned enterprises surged; the market for disposal of non-performing assets from financial institutions became developed and huge. These market players are increasingly assuming a dominant position in real estate investment, but the majority of them are not specialized in project development and construction. Therefore, project management companies with corporate credit, brand benefits, management capabilities and rich development experience will enter an era of development opportunities.

With its light asset-oriented, anti-cyclical, highly profitable and debt-free nature, the Company has become an exemplar which maintained its growth against the downward trend in the industry’s volatile period. On the basis of the first-mover advantages and leading effects, the Company has continuously improved the “3+3” business model, adding three supporting services (financial services, industrial and urban services, and industrial chain services) on top of three main operations (government project management, commercial project management and capital owner project management). The scale of new business grew steadily, with its revenue and profit continuing to increase. The Company has continued to maintain its absolute leading position in the project management industry.

During the Reporting Period, revenue reached RMB1,258.5 million, representing an increase of 16.4% from RMB1,080.8 million for the corresponding period of last year. The gross profit was RMB634.7 million, representing an increase of 23.7% from RMB513.1 million for the corresponding period of last year; the comprehensive gross profit margin rate during the Period reached 50.4%, an increase of 2.9 percentage points over 47.5% in the same period last year; the net profit attributable to shareholders of the Company was RMB360.8 million, representing an increase of 33.4% compared with RMB270.4 million for the corresponding period of last year. Besides, the net cash flow from operating activities of the Company reached RMB363.3 million during the Reporting Period, and the Company had no liabilities and sufficient cash flow.

#### *II. The Macro Market*

**Decentralization:** In the future, China’s real estate investment will demonstrate a decentralization trend, with more and more business opportunities from clients such as the government, state-owned enterprises, local urban investment companies, and financial institutions, which will form a diversified investment landscape.

**Government services:** Many cities across the country have introduced measures to increase the scale of affordable housing construction. Apart from the traditional resettlement housing, the demands for public rental housing, talent apartments, co-ownership property housing and other new types of affordable housing construction increased. Business opportunities for diversified urban services such as industrial parks, urban and industrial integration, and municipal facilities have also rapidly grown.

**State-owned enterprise services:** The results of multiple rounds of centralized land supply illustrate that the proportion of land acquisition by state-owned enterprises and local urban investment has increased, and they have accumulated a large pool of construction lands in the past. This type of land owners needs professional project management service providers, so that high-quality development goals will be attained, and preservation and appreciation of state-owned assets will be realized.

**Capital owner services:** During the volatility period of the real estate industry, the non-performing assets involving real estate and land have grown rapidly. Bailout projects require services such as debt restructuring, brand renewal, and supply chain reorganization. Project management companies can accommodate such business needs and provide professional development and consulting services for financial institutions and asset management companies.

### ***III. Company's Strengths***

1. **Brand asset:** The Company continues to extend the influence of the Greentown brand. As a leader in the project management industry, it has been ranked no. 1 in China's project management industry for six consecutive years. It has a strong brand reputation and brand credibility, and provides customers with high premium brand empowerment.
2. **Corporate credit:** Greentown China Holdings Limited, the parent company, has the credit endorsement of central state-owned enterprises, and has been operating steadily with a good market reputation for years. Coupled with the Company's industry status and excellent track record, the Company gains competitive advantages in businesses with the government, state-owned enterprises and financial institutions.
3. **Client assets:** The Company has served more than 1,000 groups of outstanding B-end clients with diverse business backgrounds. In addition, it has accumulated high-quality C-end clients in more than 200 cities across the country in the past 28 years relying on the Greentown brand. It has laid a solid foundation for the national development of the Company's project management business.
4. **Team capacity:** The Company has more than 5,000 employees under management, with more than 2,000 employees at the supervisor level or above. The core management team has many years of experience in Greentown group and project management industry, and possesses cultural identity, excellent professional qualities and a solid professional foundation.
5. **Knowledge system:** With years of experience in the industry, the Company has formed a set of all-round work standards and a sound knowledge system in the project management industry. Not only does it further improve the development quality and operating efficiency, but also gives the Company a voice in industry standard output and future industry development.



6. **Supply chain:** The Company has strong strategic cooperation resources. At present, there are more than 1,200 qualified suppliers, covering products, services, industries, finance and other fields. By building development and services platforms, the Company and its suppliers realize mutual diversion and empowerment, as well as value creation ability sharing.

#### *IV. Management Measures*

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 2022:

##### *1. Maintain its industry leadership with nationwide business presence*

In the first half of 2022, the Company maintained its No. 1 position in the field of real estate asset-light development. It has maintained a market share of over 20% in the project management market for six consecutive years, and was awarded the “2022 Leading Enterprise in Real Estate Project Management Operation in China” (「2022 中國房地產代建運營引領企業」) and “2022 Leading Enterprise in Real Estate Project Management Operation for the Government in China” (「2022 中國房地產政府代建運營引領企業」) by the China Index Academy.

As of 30 June 2022, the Company has 390 project management projects in 107 major cities in 28 provinces, municipalities and autonomous regions in China. The total GFA of the contracted projects was 94.3 million square meters, representing an increase of 12.3% over the corresponding period last year; the area under construction was 44.8 million square meters, an increase of 2.7% over the corresponding period last year.

With nationwide presence, major economic regions (including: Bohai Rim Economic Zone, Beijing-Tianjin-Hebei urban agglomeration, Yangtze River Delta Economic Zone, Pearl River Delta Economic Zone, and Chengdu-Chongqing urban agglomeration) continued to maintain a relatively large project proportion: the estimated total saleable value of these contracted projects reached RMB440.0 billion, accounting for 75.1% of the total saleable value, among which projects in the Yangtze River Delta Economic Zone of RMB186.5 billion accounted for 31.9%, projects in the Bohai Rim Economic Zone and Beijing-Tianjin-Hebei urban agglomeration of RMB143.0 billion accounted for 24.4%, projects in the Pearl River Delta Economic Zone of RMB98.1 billion accounted for 16.7%, and projects in Chengdu-Chongqing urban agglomeration of RMB12.4 billion accounted for 2.1%.

##### *2. Diversified customer structure to help growth against the downward trend*

The Company adapts to changes in the industry and adjusts its business structure in a timely manner. On the basis of maintaining the business entrusted by traditional private enterprises, it continuously deepens the business entrusted by state-owned enterprises, vigorously develops business opportunities in financial institutions and other fields, and keeps consolidating its own strengths and industry influence.

In the first half of 2022, the Company's new business scale expansion maintained its growth against the downward trend. The total contracted GFA of new project management projects was 13.2 million square meters, representing an increase of approximately 9.9% over the corresponding period last year; among them, the government, state-owned enterprises and financial institutions accounted for approximately 70%. The estimated project management fee of new project was RMB4.06 billion, an increase of approximately 26.1% over the corresponding period last year; among them, the government, state-owned enterprises and financial institutions accounted for approximately 60%.

As of 30 June 2022, according to the area under construction during the same period, the area of projects entrusted by the governments were 13.5 million square meters, accounting for 30.2%; the area of projects entrusted by state-owned enterprise were 19.5 million square meters, accounting for 43.6%; the area of the projects entrusted by private enterprises were 10.8 million square meters, accounting for 24.1%; and the projects entrusted by financial institutions were 1.0 million square meters, accounting for 2.1%.

### **3. *Strengthen business-to-business (“B2B”) service capabilities and improve business performance***

As a service industry, the project management business continuously improve the clients' satisfaction, which is the basis of the business model of the project management sector.

The Company regards the re-entrustment rate and satisfaction of the B-end clients as the core assessment indicators at all levels of the organization, in order to strengthen the B-end service awareness, adhere to the principle of “refining the headquarters, strengthening the region, and winning at the front line”, and comprehensively enhance the support for B-end clients. It also sets flexible reward and punishment measures for performance, linking rewards to the operating results of the project management projects.

The Company has also further improved the communication mechanism for the clients in the whole cycle of project management and the standardized customer service mechanism in the whole cycle of the project, so as to strengthen the clients' trust in us. The Company continues to increase the construction of the information platform “Digital Honeycomb (數字蜂巢)”, and continues to provide basis for decision-making for various professions through data, thereby improving operational efficiency and effectiveness.

### **4. *Integrate project management resources and enhance core capabilities***

The Company completed the equity acquisition of Zhejiang Shangli Construction Management Company Limited (浙江熵里建設管理有限公司) at the beginning of the year. The core targets of the acquisition are the management team and its project management business, and are to agree on business goals in the form of “guaranteed profit”. At present, its operation is in good condition and the acquisition target has been achieved in stages.

In the first half of 2022, the Company entered into strategic cooperation agreements with Guangzhou Assets (廣州資產), SUPCON Group (中控集團), Zhejiang Construction Engineering (浙建工), Zhongji Urban Investment (中基城投), North Valley Finance (北谷金融), Xishen Fund Management (喜神資產) and other companies. In the future, the Company will continue to promote the urban renewal business in the Guangdong-Hong Kong-Macao Greater Bay Area, government urban investment projects, project management business in industrial parks, non-performing assets and bailout projects, etc., actively innovating business models and service content. At the same time, we will further expand the membership scale of the Asset Light Alliance, continue to promote industry exchanges, and create an industry environment of “co-construction, sharing, and co-prosperity”.

In the future, the Company will continue to integrate the upstream and downstream asset-light enterprises in the industry chain, the core team of project management and the innovative business, aiming to promote the construction of the project management ecosystem, strengthen the construction of core capabilities, and release the value of the asset-light model.

#### **5. *Optimize incentive policies and focus on business development***

The Company completed a new round of share award scheme in the first half of the year, and changed the management’s bonuses in the next three years to the form of issuing shares via “accrued bonuses for award shares + three-year installments”, so as to achieve long-term stability of the core team. Through strict vesting conditions and exercise price arrangements, the plan encourages the management to give full play to their enthusiasm, competitiveness and creativity, which will effectively improve the Company’s operational quality and performance.

At the same time, the Company focuses on the development of the frontline business, advocates value creators as the foundation, and conduct the assessment of the management team pursuant to the business development of the area. By increasing the proportion of dividends from project operation, it is encouraged to favor excellent managers and teams with good performances.

The Company will further strengthen the promotion of its core values, guide employees’ behaviours through the “bee spirit”, and operate as a simple and altruistic enterprise, in the hope of gaining appreciation for its ingenuity, services and contributions.

## **BUSINESS OUTLOOK**

Looking ahead, China’s real estate industry will usher in greater changes, with investment and development being further separated. As a leading enterprise in project management, Greentown Management has strong first-mover advantages and will share more policy dividends and development opportunities.

## FINANCIAL ANALYSIS

### Revenue

For the six months ended 30 June 2022, the Group has achieved:

Revenue of RMB1,258.5 million, representing a year-on-year increase of 16.4% compared with RMB1,080.8 million in the same period in 2021. Revenue is derived from three types of businesses: (i) commercial project management; (ii) government project management; and (iii) other services, which are listed as follows by business segments:

Revenue	For the six months ended 30 June				Change(%) Increase/ (Decrease)
	2022 RMB'000 (Unaudited)	% of total revenue	2021 RMB'000 (Unaudited)	% of total revenue	
<b>From commercial project management</b>	<b>764,732</b>	<b>60.8</b>	772,273	71.4	-1.0
(1) Self-operated	461,102	36.7	375,500	34.7	22.8
(2) Cooperation with business partners	303,630	24.1	396,773	36.7	-23.5
<b>From government project management</b>	<b>381,287</b>	<b>30.3</b>	219,745	20.4	73.5
(1) Self-operated	354,632	28.2	219,745	20.4	61.4
(2) Cooperation with business partners	26,655	2.1	—	0.0	N/A
<b>Other services</b>	<b>112,490</b>	<b>8.9</b>	88,751	8.2	26.7
<b>Total</b>	<b>1,258,509</b>	<b>100.0</b>	1,080,769	100.0	16.4

During the Reporting Period:

- (i) commercial project management is still the largest source of revenue and profit for the Group, with revenue of RMB764.7 million in the first half of 2022, accounting for 60.8% of total revenue, slightly decreased by RMB7.5 million or 1.0% compared with RMB772.3 million in the same period in 2021. The main reason for the decline was that due to the impacts of the pandemic, the revenue from projects in cooperation with business partners decreased by RMB 93.1 million in the first half of 2022 compared with the same period last year;
- (ii) revenue from government project management reached RMB381.3 million, accounting for 30.3% of the overall revenue, representing an increase of 73.5% compared with RMB219.7 million in the same period in 2021. The main reasons were that: (1) driven by the CPC Central Committee’s “common prosperity” policy, the demand for government project management was rapidly released, and the Company accelerated business expansion and further strengthened its nationwide presence. The increase in expansion projects and the successive commencement of construction have resulted in an increase in the project management area under the Company’s management this year and a corresponding increase in revenue; and (2) the Company responded to market demand, innovated its business model, expanded its business scope, and diversified its business operations to drive revenue growth.
- (iii) revenue from other services was RMB112.5 million, accounting for 8.9% of the total revenue. The increase was mainly because a project tendered by Greentown Real Estate Group Co., Ltd. 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 RMB95.7 million during the Period.

### ***Costs of Sales***

During the Reporting Period, the costs of services were RMB623.8 million, representing an increase of 9.9% from RMB567.7 million in the same period in 2021. The increase was mainly attributable to: (1) the increase in the scale of revenue from the self-operated commercial project management and the increase in project service costs; and (2) the increase in the area of government project management under the Company’s management and nationwide operations leading to an increase in management costs.

### ***Gross Profit***

During the Reporting Period, the gross profit was RMB634.7 million, representing an increase of 23.7% from RMB513.1 million in the same period in 2021. The gross profit margin was 50.4%, representing an increase of 2.9 percentage points compared with 47.5% in the same period in 2021.

- The gross profit margins of the three business segments are: 49.7% for commercial project management, 42.2% for government project management and 83.6% for other services, compared to 45.1%, 44.7% and 75.0%, respectively, for the same period in 2021.
- The gross profit margin of commercial project management was 49.7%, representing an increase of 4.6 percentage points compared with 45.1% in the same period in 2021, mainly due to the strengthening of cost control and optimization of management model by the Company, thereby improving the overall gross profit margin of commercial project management.
- The gross profit margin of government project management was 42.2%, down by 2.5 percentage points from 44.7% in the same period in 2021, mainly due to an increase in the management cost per unit area and a decrease in the gross profit rate during the period due to the nationwide operation of the government project management.
- The gross profit margin of other services was 83.6%. The higher gross profit margin was mainly due to the revenue of RMB95.7 million derived from a project during the Period which was 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 its listing on the Stock Exchange, the service cost of the project was recorded 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.

### ***Other Income***

During the Reporting Period, other income of the Group was RMB81.2 million, an increase of 83.2% from RMB44.3 million in the same period in 2021. The increase in other income was mainly due to an increase in revenue from providing financial services for project management projects during the period by RMB16.1 million compared with the corresponding period of last year, and an increase in dividend received by the Company from financial assets at fair value through other comprehensive income for the period by RMB10.0 million compared with the corresponding period of last year.

### ***Selling and Marketing Expenses***

Selling and marketing expenses were RMB46.6 million, representing an increase of 3.6% from RMB45.0 million in the same period in 2021. The main reason for the increase was that the Company expanded the business development team of regional companies during the Period, resulting in an increase in employees' compensation.

### ***Administration Expenses***

Administration expenses were RMB224.6 million, representing an increase of 15.6% from RMB194.3 million in the same period in 2021. The increase was mainly due to the fact that the Company has increased management personnel reserves for strengthening the region; and in April 2022, the Company implemented a new round of equity incentive plan, and cost sharing of the equity incentive plan led to an increase in administrative expenses during the Period.

### ***Profit during the Period***

During the Period, the net profit was RMB365.7 million, representing an increase of 32.5% from RMB276.0 million in the same period in 2021. The net profit during the Period attributable to the shareholders of the Company was RMB360.8 million, representing an increase of 33.4% from the net profit attributable to shareholders of the Company of RMB270.4 million in the same period in 2021.

### ***Trade and Other Receivables***

As at 30 June 2022, trade and other receivables amounted to RMB814.2 million, representing an increase of 8.7% from RMB748.8 million at the end of 2021. The increase was mainly due to the reclassification of long-term receivables due within one year of RMB40.0 million.

### ***Contract Assets***

As at 30 June 2022, the Group's contract assets were RMB556.2 million, representing an increase of 15.3% from RMB482.4 million at the end of 2021. Contract assets reflect the amount of the Company's part of the project that has fulfilled its obligations but has not yet reached the collection point agreed in the contract. The increase in the year was mainly due to the fact that the pandemic led to an increase in contract assets of commercial project management projects, which will be transferred to cash inflows from the Company's operating activities in the future.

### ***Trade and Other Payables***

As at 30 June 2022, trade and other payables amounted to RMB1,132.3 million, representing an increase of 20.1% from RMB943.1 million at the end of 2021. The increase was mainly attributable to an increase of the unpaid construction costs payable by the Media Village Project of Asian Games and an increase of the deposits for project management projects.

### ***Capital Structure***

As at 30 June 2022, the total equity of the Group reached approximately RMB3,493.3 million, representing an increase of approximately RMB121.6 million from RMB3,371.7 million at the beginning of 2022. Specifically, equity attributable to shareholders was approximately RMB3,337.4 million, representing a decrease of approximately RMB3.9 million from RMB3,341.3 million at the beginning of 2022, mainly due to the fact that the net profit reached approximately RMB365.7 million for the six months ended 30 June 2022 and the distribution of cash dividends to shareholders decreased by RMB387.4 million during the period.

As at 30 June 2022, the Company had a total of 2,010,000,000 shares in issue, and had a total market capitalization of approximately HKD12,181 million (based on the closing price on 30 June 2022).

## ***Liquidity and Capital Resources***

As at 30 June 2022, the Group had bank deposits and cash (not including pledged bank deposits) of RMB1,739.4 million (31 December 2021: RMB2,137.6 million); and the current ratio was 1.68 times (31 December 2021: 2.01 times). Gearing ratio (interest-bearing debt divided by total equity at the end of the same period) was 1.17% (31 December 2021: 1.22%). 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.

## ***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 relatively low 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 2022.

## ***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.

The Group acquired a 60% equity interests in Zhejiang Shangli Construction Management Co., Ltd on 27 January 2022. The consideration for this acquisition includes: (1) a fixed consideration of RMB400 million; (2) adjusted incremental consideration determined by the future chargeable service fees for the target company's new project management projects during the three-year period after the completion of the acquisition. The maximum amount of the adjusted incremental consideration is RMB200 million.



### ***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.

### ***Employees and Remuneration Policies***

During the Reporting Period, the Group provided diversified training and personal development plans to its employees according to the established human resources policies and systems. The remuneration package including basic salaries, allowances, bonuses, share award schemes and other employee benefits offered to the employees was determined by 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 2022, the Group had 1,468 employees, essentially the same as the total number of employees as of 31 December 2021. The Company's overall headcount remains stable.

### ***Interim Dividend***

The Board unanimously resolved not to declare any interim dividend for the six months ended 30 June 2022.

### **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.

The following table sets out the intended use and actual use of the net proceeds as of 30 June 2022:

Use of proceeds	Allocation of use of the net proceeds (as amended) <i>(HKD million)</i>	Percentage of total net proceeds (as amended)	Actual use as of 30 June 2022 <i>(HKD million)</i>	Unutilised net proceeds as at 30 June 2022 <i>(HKD million)</i>
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%	39.1	6.3
General working capital	114.5	10%	114.5	–
<b>Total</b>	<b>1,145.1</b>	<b>100%</b>	<b>1,138.8</b>	<b>6.3</b>

The Company expects to fully utilise the remaining net proceeds by 31 December 2022.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the period.

## **CORPORATE GOVERNANCE**

### **Corporate Governance Practices**

The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of its shareholders and to enhance its corporate value and accountability. The Board and the management of the Company are committed to maintaining good corporate governance practices and procedures.

The Company has adopted the corporate governance code (the “**Corporate Governance Code**”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) as its own code on the corporate governance. To the best knowledge of the Directors, the Company has complied with all applicable code provisions under the Corporate Governance Code for the six months ended 30 June 2022.

The Directors will use their best endeavours to procure the Company to continue to comply with the Corporate Governance 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 during the period.

## **REVIEW OF INTERIM RESULTS**

The announcement of interim results for the six months ended 30 June 2022 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 2022 prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting”, and issued a review report dated 27 July 2022.

## **PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM 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 interim report for the six months ended 30 June 2022 (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 consultants and 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, 27 July 2022

*As at the date of this announcement, the Board of the Company comprises Mr. Guo Jiafeng and Mr. Zhang Yadong 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.*