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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 2021

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 2021 (the “**Reporting Period**” or the “**Period**”) prepared in accordance with International Financial Reporting Standards, together with comparative figures for the corresponding period in 2020. 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		
	2021	2020	Change
	(Unaudited)	(Unaudited)	Increase
	RMB' 000	RMB' 000	%
Revenue	1,080,769	814,824	32.6%
Gross Profit	513,116	339,836	51.0%
Net profit from continuing operations	275,965	153,063	80.3%
Net profit from continuing operations attributable to the owners of the Company	270,432	147,914	82.8%
Net cash from (used in) operating activities	258,567	(48,982)	627.9%
Earnings per share from continuing operations (parent company ordinary shareholders)			
– Basic and diluted (RMB: yuan)	0.14	0.10	40.0%
	30 June	30 June	Change
	2021	2020	%
	Million	Million	
	square meters	square meters	
Total GFA of contracted projects	84.0	73.3	14.6%
Total GFA of developing	43.7	38.8	12.6%

The following financial information is extracted from the unaudited condensed consolidated financial statements as set out in the 2021 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 2021*

	<i>NOTES</i>	<b>Six months ended 30 June</b>	
		<b>2021</b>	<b>2020</b>
		<b><i>RMB' 000</i></b>	<b><i>RMB' 000</i></b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Continuing operations</b>			
Revenue	3	1,080,769	814,824
Cost of sales		(567,653)	(474,988)
Gross profit		513,116	339,836
Other income	4	44,330	19,552
Other gains and losses	5	12,451	5,150
Selling and marketing expenses		(44,994)	(11,103)
Administration expenses		(194,273)	(118,342)
Listing fee		—	(33,944)
Finance costs	6	(2,528)	(603)
Impairment losses under expected credit loss model, net of reversal		(6,586)	(3,443)
(Loss) gain from changes in fair value of investment properties		(1,807)	155
Gain on acquisition of subsidiaries		521	—
Share of results of associates		(4,910)	(2,510)
Share of results of joint ventures		29,761	5,143
Profit before tax		345,081	199,891
Income tax expense	7	(69,116)	(46,828)
Profit for the period from continuing operations		275,965	153,063
<b>Discontinued operations</b>			
Loss for the period from discontinued operations		—	(18,597)
<b>Profit for the period</b>		<b>275,965</b>	<b>134,466</b>

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME (CONTINUED)**  
*FOR THE SIX MONTHS ENDED 30 JUNE 2021*

		<b>Six months ended 30 June</b>	
		<b>2021</b>	<b>2020</b>
<i>NOTES</i>	<i>RMB' 000</i>	<i>RMB' 000</i>	
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	
<b>Other comprehensive income</b>			
<i>Item that will not be reclassified to profit or loss:</i>			
Fair value gain (loss) on investments in equity instruments at fair value through other comprehensive income ("FVTOCI"), net of tax		<b>4,464</b>	(5,701)
Total comprehensive income for the period		<b>280,429</b>	128,765
Profit for the period attributable to the owners of the Company			
– from continuing operations		<b>270,432</b>	147,914
– from discontinued operations		–	(13,477)
		<b>270,432</b>	134,437
Profit for the period attributable to the non-controlling interests			
– from continuing operations		<b>5,533</b>	5,149
– from discontinued operations		–	(5,120)
		<b>5,533</b>	29
		<b>275,965</b>	134,466
Total comprehensive income for the period attributable to:			
Owners of the Company		<b>274,896</b>	128,736
Non-controlling interests		<b>5,533</b>	29
		<b>280,429</b>	128,765
<b>EARNINGS PER SHARE</b>			
From continuing and discontinued operations			
– Basic (RMB)	9	<b>0.14</b>	0.09
– Diluted (RMB)	9	<b>0.14</b>	N/A
From continuing operations			
– Basic (RMB)	9	<b>0.14</b>	0.10
– Diluted (RMB)	9	<b>0.14</b>	N/A

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

		As at 30 June 2021	As at 31 December 2020
	NOTES	RMB' 000 (Unaudited)	RMB' 000 (Audited)
<b>Non-Current Assets</b>			
Property, plant and equipment		100,176	97,922
Right-of-use assets		18,940	17,803
Investment properties		50,326	53,361
Goodwill		769,241	769,241
Interests in associates		63,582	67,042
Interests in joint ventures		119,530	93,742
Equity instruments at FVTOCI		99,345	93,393
Other long-term receivables		490,000	210,000
Deferred tax assets		26,380	16,975
Deposit for acquisition of properties		7,080	7,080
		<u>1,744,600</u>	<u>1,426,559</u>
<b>Current Assets</b>			
Trade and other receivables	10	490,547	388,303
Contract assets		406,381	316,795
Financial assets at fair value through profit or loss ("FVTPL")		109,328	—
Amounts due from related parties		229,251	202,720
Pledged bank deposits		14,194	15,832
Bank balances and cash		2,184,291	2,397,335
		<u>3,433,992</u>	<u>3,320,985</u>
<b>Current Liabilities</b>			
Trade and other payables	11	880,822	818,670
Amounts due to related parties		272,163	199,496
Dividends payable	8	332,855	—
Income taxes payable		131,694	145,798
Other taxes payable		40,526	50,841
Contract liabilities		423,226	396,182
Lease liabilities		8,945	8,504
		<u>2,090,231</u>	<u>1,619,491</u>
<b>Net Current Assets</b>		<u>1,343,761</u>	<u>1,701,494</u>
<b>Total Assets Less Current Liabilities</b>		<u><u>3,088,361</u></u>	<u><u>3,128,053</u></u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)***AS AT 30 JUNE 2021*

	<b>As at 30 June 2021 <i>RMB'000</i> (Unaudited)</b>	<b>As at 31 December 2020 <i>RMB'000</i> (Audited)</b>
<b>Capital and Reserves</b>		
Share capital	<b>16,324</b>	16,324
Reserves	<b>3,011,764</b>	3,058,875
	<hr/>	<hr/>
Equity attributable to owners of the Company	<b>3,028,088</b>	3,075,199
Non-controlling interests	<b>32,543</b>	27,010
	<hr/>	<hr/>
<b>Total Equity</b>	<b>3,060,631</b>	3,102,209
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<b>Non-Current Liabilities</b>		
Deferred tax liabilities	<b>18,448</b>	16,958
Lease liabilities	<b>9,282</b>	8,886
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	<b>27,730</b>	25,844
	<hr/>	<hr/>
	<b>3,088,361</b>	3,128,053
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# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE SIX MONTHS ENDED 30 JUNE 2021

### 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**") , the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June are the same as those presented in the Group's annual financial statements for the year ended 31 December 2020.

#### Application of amendments to IFRSs

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

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

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 from continuing operations is as follows:

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
<b>Revenue recognised overtime:</b>		
Commercial project management	772,273	610,010
Governmental project management	219,745	186,997
Others	88,751	17,817
	<u>1,080,769</u>	<u>814,824</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 2021

Continuing operations

	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	<u>25,679</u>	<u>113,278</u>	<u>4,343</u>	<u>143,300</u>	<u>(143,300)</u>	<u>–</u>
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						<u>(15,000)</u>
Profit for the period						<u>275,965</u>

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

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

For the six months ended 30 June 2020

#### Continuing operations

	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	610,010	186,997	17,817	814,824	–	814,824
Inter-segment revenue	<u>15,510</u>	<u>98,803</u>	<u>546</u>	<u>114,859</u>	<u>(114,859)</u>	<u>–</u>
Total	<u>625,520</u>	<u>285,800</u>	<u>18,363</u>	<u>929,683</u>	<u>(114,859)</u>	<u>814,824</u>
Segment results	<u>128,758</u>	<u>53,851</u>	<u>11,557</u>	<u>194,166</u>	<u>219</u>	<u>194,385</u>
Unallocated administrative expenses						(7,039)
Unallocated listing fee						(33,944)
Unallocated finance costs						<u>(339)</u>
Profit for the period						<u>153,063</u>

### 4. OTHER INCOME

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Continuing operations		
Interest income from:		
– bank balances	18,265	13,808
– loans to third parties	20,140	–
– loans to related parties	<u>501</u>	<u>4,893</u>
	38,906	18,701
Dividends from an equity instrument at FVTOCI	5,000	–
Gross rental income from investment properties	344	362
Others	<u>80</u>	<u>489</u>
	<u>44,330</u>	<u>19,552</u>



## 5. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2021	2020
	<i>RMB' 000</i> (Unaudited)	<i>RMB' 000</i> (Unaudited)
<b>Continuing operations</b>		
Government grants ( <i>Note</i> )	8,199	4,109
Gain from changes in fair value of financial assets mandatorily measured at FVTPL	6,511	1,225
Gain (loss) on disposal of property, plant and equipment	1,334	(266)
Gain on disposal of an investment property	348	—
Exchange losses	(3,970)	(319)
Gain on early termination of lease	—	386
Others	29	15
	<u>12,451</u>	<u>5,150</u>

*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	
	2021	2020
	<i>RMB' 000</i> (Unaudited)	<i>RMB' 000</i> (Unaudited)
<b>Continuing operations</b>		
Interests on lease liabilities	(541)	(603)
Arrangement fee for entrusted loan	(31)	—
Interest expenses on loan from related parties	(1,497)	—
Interest expenses on loan from third parties	(459)	—
	<u>(2,528)</u>	<u>(603)</u>

## 7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<b>Continuing operations</b>		
Current tax:		
– PRC Enterprise Income Tax (“EIT”)	78,210	45,365
Over provision in prior years:		
– EIT	(233)	(2,361)
Deferred tax:		
– Current period	(8,861)	3,824
	<u>69,116</u>	<u>46,828</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 2021 is 15% (six months ended 30 June 2020: 15%).

## 8. DIVIDENDS

During the current interim period, a final dividend of RMB0.17 per share in respect of the year ended 31 December 2020 (six months ended 30 June 2020: RMB nil per share in respect of the year ended 31 December 2019) was declared to owners of the Company. The aggregate amount of the 2020 final dividend of RMB332,855,000 (six months ended 30 June 2020: RMB nil) was subsequently paid on 26 July 2021.

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 2020: RMB nil).

## 9. EARNINGS PER SHARE

### From continuing and discontinued operations

The calculation of basic and diluted earnings per share (six months ended 30 June 2020: basic earnings per share) from continuing and discontinued operations attributable to owners of the Company is based on the following data:

	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Earnings</b>		
Earnings for the purpose of basic and diluted earnings per share (six months ended 30 June 2020: basic earnings per share) for the period attributable to owners of the Company	<b>270,432</b>	134,437
	<b>'000</b>	<b>'000</b>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>1,922,145</b>	1,432,660
Effect of dilutive potential ordinary shares: Share awards	<b>28,450</b>	N/A
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<b>1,950,595</b>	N/A

No diluted earnings per share from continuing and discontinued operations for six months ended 30 June 2020 was presented as there was no potential ordinary shares in issue for six months ended 30 June 2020.

### From continuing operations

The calculation of basic and diluted earnings per share (six months ended 30 June 2020: basic earnings per share) attributable to owners of the Company is based on the following data:

	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Earnings figures are calculated as follow:		
Profit for the period attributable to owners of the Company	<b>270,432</b>	134,437
Less: loss for the period from discontinued operations attributable to owners of the Company	<b>—</b>	(13,477)
Earnings for the purpose of basic and diluted earnings per share (six months ended 30 June 2020: basic earnings per share) from continuing operations	<b>270,432</b>	147,914

## 9. EARNINGS PER SHARE (CONTINUED)

The denominators used are the same as those detailed above for both basic and diluted earnings per share (six months ended 30 June 2020: basic earnings per share).

No diluted earnings per share from continuing operations for six months ended 30 June 2020 was presented as there was no potential ordinary shares in issue for six months ended 30 June 2020.

### From discontinued operations

Basic loss per share for the discontinued operations is RMB0.94 cent per share based on the loss for six months ended 30 June 2020 from the discontinued operations of RMB13.48 million and the denominators used are the same as those detailed above for basic earnings per share.

No diluted earnings per share from discontinued operations for six months ended 30 June 2020 was presented as there was no potential ordinary shares in issue for six months ended 30 June 2020.

## 10. TRADE AND OTHER RECEIVABLES

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Trade receivables	147,401	159,035
Less: allowance for credit losses	(19,878)	(17,437)
Trade receivables, net of allowance for credit losses	127,523	141,598
Other receivables	297,908	156,736
Less: allowance for credit losses	(3,337)	(2,562)
Other receivables, net of allowance for credit losses	294,571	154,174
Prepayments	25,152	43,829
Input value-added tax	43,301	48,702
	490,547	388,303

Included in the trade receivables were bills receivables amounted to RMB19,478,000 as at 30 June 2021 (31 December 2020: RMB29,806,000). 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.

# 10. TRADE AND OTHER RECEIVABLES (CONTINUED)

	As at 30 June 2021 <i>RMB'000</i> (Unaudited)	As at 31 December 2020 <i>RMB'000</i> (Audited)
Within 180 days	87,989	126,968
180 – 365 days	39,209	14,583
Over 365 days	325	47
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Total	<b>127,523</b>	<b>141,598</b>
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# 11. TRADE AND OTHER PAYABLES

	As at 30 June 2021 <i>RMB'000</i> (Unaudited)	As at 31 December 2020 <i>RMB'000</i> (Audited)
Trade payables	11,881	25,220
Other payables	686,054	626,873
Payroll payable	146,091	117,505
Dividends payable to minority interests	155	3,966
Provision for share of losses of joint ventures exceeded interests invested	36,641	45,106
	<hr/>	<hr/>
	<b>880,822</b>	<b>818,670</b>
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The following is an aged analysis of trade payables presented based on the invoice date.

	As at 30 June 2021 <i>RMB'000</i> (Unaudited)	As at 31 December 2020 <i>RMB'000</i> (Audited)
Within 1 year	635	5,311
1-2 years	9,692	18,385
2-3 years	998	970
More than 3 years	556	554
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	<b>11,881</b>	<b>25,220</b>
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## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

#### *Overview*

In the first half of 2021, the overall impact brought by the pandemic on the Company has generally been eliminated. The Company operated in good condition, with a slight increase in gross profit margin and net profit margin, and the net profit attributable to the parent of the Company from continuing operations has increased significantly over the same period last year. With the strengthening of the regulation on real estate market in China, the asset-light model has shown counter-cyclical characteristics, and the Company has been exposed to more demand for project management, where the structure of clients and demand were more diversified. For example, government departments that lead the urban renewal, state-owned enterprises with abundant land resources, and financial institutions with large amounts of non-performing assets have become the major clients of the Company. At the same time, the government project management business had expanded out of Zhejiang to developed provinces and cities, and the quality of new projects had improved significantly over the same period last year. The industry chain acquisition businesses have also showed notable progress compared with the same period last year.

According to the analysis of data from the China Index Academy, the proportion of the project management market will grow rapidly at an average annual rate of 21.3%. The penetration rate of the project management industry is expected to reach 12.5% by 2025, compared with a penetration rate of only 4.8% in 2021. As the leading company in China's project management industry, the Company has maintained a continuous growth in the volume of management projects, and its scale of construction area management continues to lead the industry. As at 30 June 2021, the number of projects under the Company's management had increased to 334 projects from 268 projects in the same period last year. The total GFA of the contracted projects was 84.0 million square meters, representing an increase of 14.6% over the 73.3 million square meters in the same period last year. The national business of the Company continued to develop, with its business distribution expanding to 96 cities in 28 provinces, municipalities and autonomous regions in China. The total GFA of the management projects in major economic area reached 66.9 million square meters, accounting for approximately 80% of the total GFA of the contracted projects. Specifically, the Yangtze River Delta Economic Zone had a GFA of 44.0 million square meters, accounting for approximately 52.4% of the total; the Bohai Rim Economic Zone and Beijing-Tianjin-Hebei urban agglomeration had a GFA of 15.2 million square meters, accounting for approximately 18.1% of the total; the Pearl River Delta Economic Zone had a GFA of 6.5 million square meters, representing approximately 7.7% of the total; and the Chengdu-Chongqing urban agglomeration had a GFA of 1.2 million square meters, accounting for approximately 1.5% of the total.

In the first half of 2021, the total contracted GFA of the new project management reached 12.0 million square meters, representing an increase of approximately 22.7% over the same period last year; the project management fee receivable from new project management is estimated to be RMB3.22 billion, which is basically the same as the same period last year.

During the Reporting Period, revenue from continuing operations was RMB1,080.8 million, representing an increase of 32.6% from RMB814.8 million in the same period last year; the gross profit was RMB513.1 million, representing an increase of 51.0% from RMB339.8 million in the same period last year; the comprehensive gross profit margin rate during the Period reached 47.5%, an increase of 5.8 percentage points over 41.7% in the same period last year; the net profit from continuing operations attributable to shareholders of the Company reached RMB270.4 million, an increase of 82.8% over RMB147.9 million in the same period last year; and the net profit from continuing operations rate attributable to shareholders of the Company reached 25.0%, an increase of 6.8 percentage points over 18.2% in the same period last year. Besides, the Company's net cash flow from operating activities amounted to RMB260.0 million during the Reporting Period, and the Company has sufficient cash flow.

### ***Analysis of the Macro Market***

1. The state continues to regulate and control the financial, land, and consumer aspects of real estate. The light-asset model of “separation of investment and development” is in line with this policy trend and shows a higher growth trend;
2. Governments, state-owned enterprises, financial institutions, etc. have gradually become the main players in the real estate market. There is a huge demand for professional development services, which highlights the value of professional services;
3. Affected by supply-side structural reform, the improvement of China's real estate quality and service upgrades have become the future direction of development, and the real estate development requires more professional management and quality building capability;
4. Policies are favourable for urban renewal, rental housing construction, industrial operations and other urban services, which can support the Company to form new growth points.

### ***Analysis of the Company's Strengths***

1. As the earliest, largest project management company in China with an independent corporate operation, the Company has accumulated over 10 years of project management experience and possess a complete knowledge system for knowledge, brand reputation and supplier system accumulation;
2. Based on the counter-cyclical characteristics and nationwide deployment of the project management model, the expansion of new projects shows a positive trend, and the Company will continue to maintain its industry leadership;
3. As the largest service provider for public housing construction in China, the Company continues to track and study policy hotspots related to government construction and urban services, and will continue to expand the service boundary in the future;
4. 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 will implement a more active management authorization and talent development system.
5. Based on the huge business flow brought by the main business, the Company will build a real estate project management ecosystem platform across the industry chain through mergers and acquisitions of industries with high profits and value proposition from upstream and downstream.

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 2021:

### **1 *Nationwide Regional Strategy***

In the first half of 2021, the Company continued to maintain its industry leadership and increase its business scale based on its rich business model, nationwide strategic deployment, on-demand customized service system and diversified customer base.

As at 30 June 2021, the Group had 334 project management projects located in 96 cities across 28 provinces, municipalities and autonomous regions in the PRC. The total GFA of the contracted projects was 84.0 million square meters, representing an increase of 14.6% over the 73.3 million square meters in the same period last year. The total GFA of the contracted commercial project management projects was 47.9 million square meters, representing an increase of 8.1% as compared to the same period last year, and that of the contracted government project management projects was 36.1 million square meters, representing an increase of 24.5% as compared to the same period last year. The area under construction was 43.7 million square meters, representing an increase of 12.6% over the 38.8 million square meters in the same period last year. The area under construction of the commercial project management projects was 17.3 million square meters, representing an increase of 18.1% as compared to the same period last year, and that of the government project management projects was 26.4 million square meters, representing an increase of 9.0% as compared to the same period last year.

### **2 *Diversified Customer Base***

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

For the six months ended 30 June 2021, in terms of the area under management, the projects entrusted by private enterprises covered 35.7 million square meters, accounting for 42.5% of the total; the projects entrusted by state-owned enterprises covered 30.0 million square meters, accounting for 35.7%; the projects entrusted by the government covered 18.3 million square meters, accounting for 21.7%.

In terms of the area under construction in the current period, the projects entrusted by private enterprises covered 11.4 million square meters, accounting for 26.1% of the total; the projects entrusted by state-owned enterprises covered 19.2 million square meters, accounting for 43.9%; the projects entrusted by the government covered 13.1 million square meters, accounting for 30.0%.

### **3 *Substantial Market Potential of Government Project Management***

With the scale effect of the government project management business and the impact of favourable policies, the operating efficiency of this business mode has steadily increased.



The Company, the largest service provider for public housing construction in China, currently has the total contracted GFA and the area under construction of public housing of 36.1 million square meters and 26.4 million square meters, respectively. At the same time, benefiting from a series of policies to encourage urban renewal and housing transformation, the government project management will enjoy a vast market in the future.

In the first half of the year, the total GFA of the new contracted government project management projects was 6.1 million square meters, which was more than 5 times the expansion scale of the same period last year. Besides, the Company launched projects in major cities outside Zhejiang province such as Jiangsu, Fujian, Shanxi, and Jiangxi for the first time .

#### **4     *Initial Results in Industry Chain Incubation***

Based on its established strategic objectives, the Company continued to incubate upstream and downstream companies in the industry chain in 2021 with a focus on acquiring asset-light industry chain players which command a high profit margin and are engaged in core segments of the real estate industry.

During the Reporting Period, the investment income from such industry chain incubation increased substantially, and its share of results of joint ventures reached RMB29.8 million. Specifically, gains from Commercial Project Management Platform Companies has increased RMB9.7 million (same period in 2020: loss of RMB1.4 million); and the investment return from incubation of industry chain companies was RMB21.5 million, representing an increase of 133.7% as compared to RMB9.2 million in the same period in 2020.

#### **5     *Prominent Industry Leadership***

The Company continues to consolidate its leading position in the industry and lead the innovation and development of the project management industry. It has consecutively earned the accolade of a Leading Enterprise in Real Estate Project Management Operation (「中國房地產代建運營引領企業」) for five years.

On 27 May 2021, the Company took the lead to hold the first China Project Management Value Summit (中國代建價值峰會) together with leading companies in project management industry such as Modern Management, China Resources Land, Gemdale management, Agile Real Estate Management, and Central China Management. According to the calculations of the China Index Academy, the enterprises of project management alliance account for 56.8% of the market share of the entire project management industry. The alliance for project management will promote the transformation and upgrading of the real estate development model, regulate self-discipline of the industry, and jointly create the standard for the industry in the future.

The Company was the first executive member for the summit, and our Chief Executive Officer Li Jun was elected as the first rotating chairman, which brought obvious brand effects and business flow to the Company.

## BUSINESS OUTLOOK

Looking forward, the room for development of the project management industry will continue to expand. The Company is confident that it will maintain its leading position in the industry and continuously improve the “Greentown Star” standard of the project management industry. In addition, it will steadily implement an on-demand customized service system, and is committed to building an asset-light model ecological platform.

## Financial Analysis

### Revenue

For the six months ended 30 June 2021, the Group has achieved:

Revenue of RMB1,080.8 million, representing a year-on-year increase of 32.6% compared with RMB814.8 million in the same period in 2020. 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:

For the six months ended 30 June					
Revenue	2021 RMB'000 (Unaudited)	% of total revenue	2020 RMB'000 (Unaudited)	% of total revenue	Change Increase/ (Decrease)
<b>Commercial project management</b>	<b>772,273</b>	<b>71.4%</b>	610,010	74.8%	26.60%
attributable to: Self-operated	375,500	34.7%	333,560	40.9%	12.57%
Cooperation with business partners	396,773	36.7%	276,450	33.9%	43.52%
<b>Government project management</b>	<b>219,745</b>	<b>20.4%</b>	186,997	23.0%	17.51%
attributable to: Self-operated	219,745	20.4%	182,893	22.5%	20.17%
Cooperation with business partners	—	0.0%	4,104	0.5%	(100.00%) <sup>1</sup>
<b>Other services</b>	<b>88,751</b>	<b>8.2%</b>	17,817	2.2%	398.13%
<b>Total</b>	<b>1,080,769</b>	<b>100.0%</b>	814,824	100.0%	32.64%

During the Reporting Period:

- (i) commercial project management is still the largest source of revenue and profit for the Group, with revenue of RMB772.3 million for the six months ended 30 June 2021, accounting for 71.4% of total revenue, increased by 26.60% compared with RMB610.0 million in the same period in 2020. The main reason for the increase is that some of the Company's businesses being affected by the epidemic which led to delay during the same period of last year and affected revenue recognition, whereas the impact of the epidemic this year has been basically eliminated. Meanwhile, the number of projects in cooperation with business partners increased and have started operation in succession, which led to a substantial increase in revenue;
- (ii) revenue from government project management reached RMB219.7 million, accounting for 20.4% of the overall revenue, representing an increase of 17.5% compared with RMB187.0 million in the same period in 2020. The increase was mainly due to the acquisition of three companies, including Hangzhou Greentown Binfeng Construction Management Company Limited (杭州綠城濱峰建設管理有限公司), Hangzhou Greentown Jiangbin Construction Management Company Limited (杭州綠城江濱建設管理有限公司) and Hangzhou Greentown Jiangjing Construction Management Company Limited (杭州綠城江景建設管理有限公司), which engage in government project management business by the Company during the Period, resulting in the expansion of business scale; and
- (iii) revenue from other services was RMB88.8 million, accounting for 8.2% of the total revenue, increased by 398.13% compared with RMB17.8 million in the same period in 2020. 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 RMB73.3 million during the Period.

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

During the Reporting Period, the costs was RMB567.7 million, representing an increase of 19.5% from RMB475.0 million in the same period in 2020. The increase was mainly attributable to: (1) the increase in income from commercial project management projects in cooperation with business partners, resulting in an increase in service fees that should be allocated to cooperating business partners; (2) the increase in the number of government project management projects and the area under management, leading to increase in staff and increase in labour cost.

### ***Gross Profit***

During the Reporting Period, the gross profit was RMB513.1 million, representing an increase of 51.0% from RMB339.8 million in the same period in 2020. The gross profit margin was 47.5%, representing an increase of 5.8 percentage points compared with 41.7% in the same period in 2020, and a decrease of 0.3 percentage points compared with 47.8% for the full year of 2020.

- The gross profit margins of the three business segments are: 45.1% for commercial project management, 44.7% for government project management and 75.0% for other services, compared to 39.9%, 46.5% and 53.3%, respectively, for the same period in 2020.
- The gross profit margin of commercial project management was 45.1%, up from 39.9% in the same period in 2020 and 44.1% for the full year of 2020. The increase was mainly attributable to certain of the Company's businesses being affected by the epidemic which led to delay during the same period of last year and affected revenue recognition, whereas the impact of the epidemic this year has been basically eliminated. Meanwhile, the number of projects in cooperation with business partners increased and have started working, which led to a substantial increase in revenue, thereby increasing the overall gross profit margin for commercial project management business.
- The gross profit margin of government project management was 44.7%, which was lower than 46.5% in the same period in 2020 and 45.4% for the full year of 2020. The decrease of the overall gross profit margin of the government project management projects was mainly attributable to the increase of the government's newly developed project management projects during the Period, and most of those new projects were at an early stage in which revenue has not yet been realized.
- The gross profit margin of other services was 75.0%, representing a significant increase from 53.3% in the same period in 2020 and a slight decrease from 76.8% for the full year of 2020. This is 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 RMB73.3 million during the Period; the service cost of the project was expensed at Greentown Real Estate Group, and the Company recognized the revenue based on the net gain of the project settled with Greentown Real Estate Group, leading to a higher gross profit margin.

### ***Other Income***

During the Period, other income of the Group was RMB44.3 million, representing an increase of 126.7% from RMB19.6 million for the same period in 2020. The increase in other income was mainly because: (1) the income from the provision of financial services for project management projects during the Period increased by RMB13.4 million over the same period of last year; (2) the Company obtained sufficient funds after the listing, and such increase in fund balance has led to the interest income from bank deposits to increase by RMB4.5 million over the same period of last year; (3) the receipt of dividend distribution of RMB5.0 million from financial assets at fair value through other comprehensive income during the Period.

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

Selling and marketing expenses were RMB45.0 million, representing an increase of 305.2% from RMB11.1 million in the same period in 2020. The increase was mainly (1) the government reduced the fees for social security of enterprises due to the epidemic in the same period of last year, which led to a reduction of the Company's social security expenditures; (2) the government project management business expanded the number of staff to accelerate business development; (3) according to the Company's arrangement on trademark license at its listing, the selling and marketing expenses for the Period newly added trademark license fees of RMB15 million payable to the parent company.

### ***Administrative Expenses***

Administrative expenses were RMB194.3 million, representing an increase of 64.2% from RMB118.3 million in the same period in 2020. The main reason for the increase was that the Company made adjustment in its three-tier management structure, and appropriately increased staff reserve in regional companies to enhance strengths in regional companies; and also under the impact of factors such as decrease in the Company's social security expenses as the government reduced fees, such as social security contributions, of enterprises due to the epidemic in the same period of 2020.

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

Our share of results in joint ventures was RMB29.8 million, an increase from a profit of RMB5.1 million in the same period in 2020. The increase was mainly because the upstream and downstream investment business along the industry chain achieved significant increase in gains and the operations of the commercial project management platform companies were on track and experienced a turnaround from loss to profit during the Period.

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

During the Period, the net profit from continuing operations was RMB276.0 million, representing an increase of 80.3% from RMB153.1 million in the same period in 2020. The net profit from continuing operations during the Period attributable to the shareholders of the Company was RMB270.4 million, representing an increase of 82.8% from RMB147.9 million in the same period in 2020.

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

Trade and other receivables amounted to RMB490.5 million, representing an increase of 26.3% from RMB388.3 million at the end of 2020. The Company strengthened the collection management of trade receivables in the current period. Trade receivables decreased from RMB141.6 million at the end of 2020 to RMB127.5 million at 30 June 2021; the increase in other receivables was mainly attributable to the addition of new external borrowings of RMB120.0 million for the expansion of project management business during the Period.

### ***Contract Assets***

As at 30 June 2021, the Group's contract assets were RMB406.4 million, representing an increase of 28.3% from RMB316.8 million at the end of 2020. 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 attributable to the increase in contract assets for government projects management projects and cooperation projects with business partners, which will be transferred to cash inflows for the Company's operating activities in the future.

### ***Financial Assets at Fair Value through Profit or Loss***

As at 30 June 2021, the Group's financial assets at fair value through profit or loss amounted to RMB109.3 million, which were structured investment products purchased by the Company to increase gain on idle funds.

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

As at 30 June 2021, trade and other payables amounted to RMB880.8 million, representing an increase of 7.6% from RMB818.7 million at the end of 2020. The increase was mainly attributable to an increase of RMB30.9 million in the deposit received from new projects, which reflected the increase of our newly contracted commercial project management projects and the increase in compensation payable to employee by RMB28.6 million.

### ***Contract Liabilities***

Contract liabilities amounted to RMB423.2 million, representing an increase of 6.8% from RMB396.2 million at the end of 2020. This increase represents that certain projects of 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 2021, the Group had bank deposits and cash (not including pledged bank deposits) of RMB2,184.3 million (31 December 2020: RMB2,397.3 million); and the current ratio was 1.64 times (31 December 2020: 2.05 times). Gearing ratio (interest-bearing debt divided by total equity at the end of the same period) was 1.3% (31 December 2020: 0.5%). 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 2021.

### ***Pledge of Assets***

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

### ***Asset Transactions and Significant Investments***

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

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

### ***Material Acquisitions and Disposals***

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

### ***Treasury Management***

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



## ***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 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 2021, the Group had 1,481 employees, representing a decrease of 3.3% from 31 December 2020. 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 2021.

## **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 2021:

Use of proceeds	Allocation of use of the net proceeds (HKD million)	Percentage of total net proceeds (HKD million)	Actual use as of 30 June 2021 (HKD million)	Unutilised net proceeds as at 30 June 2021 (HKD million)
Scale up through strategic acquisitions	229.0	20%	16.5	212.5
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%	15.3	30.1
General working capital	114.5	10%	114.5	–
<b>Total</b>	<b>1,145.1</b>	<b>100%</b>	<b>902.4</b>	<b>242.7</b>

The Company expects to utilise the remaining proceeds of approximately HK\$242.7 million in the coming two years according to 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 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 2021.

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 2021 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 2021 prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting”, and issued a review report dated 29 July 2021.

## **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 2021 (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, 29 July 2021

*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.*