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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: 9979)

ANNOUNCEMENT OF THE ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

The board (the “**Board**”) of directors (the “**Directors**”) of Greentown Management Holdings Company Limited (“**Greentown Management**” or the “**Company**”) is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2022 (the “**Reporting Period**” or the “**Period**”) prepared in accordance with the International Financial Reporting Standards, together with comparative figures for the previous financial year. The audited consolidated annual results have been reviewed by the audit committee of the Company (the “**Audit Committee**”) and approved by the Board.

A final dividend in respect of the year ended 31 December 2022 of RMB0.30 per share and a special dividend of RMB0.08 per share, in an aggregate amount of approximately RMB763,800,000, have been proposed by the Board in recognition of shareholders’ unwavering support since the listing, and are subject to approval by the shareholders at the forthcoming annual general meeting.

BUSINESS HIGHLIGHTS			
	2022 (Audited) <i>RMB’000</i>	2021 (Audited) <i>RMB’000</i>	Change Increase %
Revenue	2,655,992	2,243,158	18.4%
Gross Profit	1,388,607	1,040,658	33.4%
Net profit attributable to owners of the Company	744,544	565,224	31.7%
Cash inflows from operating activities	724,655	565,656	28.1%
Basic Earnings per share (ordinary shareholders of the parent company) (RMB)	0.38	0.29	31.0%
Final dividend per share (RMB)	0.30	0.20	50.0%
Special dividend per share (RMB)	0.08	–	N/A
	2022 <i>Million sq.m.</i>	2021 <i>Million sq.m.</i>	Change %
Total GFA of contracted projects	101.4	84.7	19.8%
Area under construction	47.2	44.0	7.1%
Total GFA of newly contracted projects	28.2	22.8	23.9%
	2022 <i>RMB’ billion</i>	2021 <i>RMB’ billion</i>	Change %
Project management fee for the newly contracted projects	8.61	7.11	21.1%

The following financial information is extracted from the audited annual consolidated financial statements as set out in the 2022 Annual Report to be published by the Group:

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Notes	Year ended 31 December	
		2022	2021
		RMB'000	RMB'000
Revenue	3	2,655,992	2,243,158
Cost of services		(1,267,385)	(1,202,500)
Gross profit		1,388,607	1,040,658
Other income	4	166,246	116,322
Other gains and losses	5	(49,114)	2,222
Selling and marketing expenses		(120,195)	(92,761)
Administration expenses		(488,643)	(378,047)
Finance costs	6	(6,922)	(5,847)
Impairment losses under expected credit loss model, net of reversal		(22,516)	(11,083)
Loss from changes in fair value of investment properties		(1,315)	(1,685)
Gain on acquisition of subsidiaries		–	521
Gain on disposal of an associate		420	–
Share of results of associates		8,102	(660)
Share of results of joint ventures		49,931	52,602
Profit before tax	7	924,601	722,242
Income tax expense	8	(189,236)	(151,577)
Profit for the year		735,365	570,665

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the year ended 31 December 2022

		Year ended 31 December	
		2022	2021
	Notes	RMB'000	RMB'000
Other comprehensive (expense) income			
<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		(24,984)	5,512
Total comprehensive income for the year		710,381	576,177
Profit (loss) for the year attributable to:			
Owners of the Company		744,544	565,224
Non-controlling interests		(9,179)	5,441
		735,365	570,665
Total comprehensive income (expense) for the year attributable to:			
Owners of the Company		719,560	570,736
Non-controlling interests		(9,179)	5,441
		710,381	576,177
EARNINGS PER SHARE			
– Basic (RMB)	10	0.38	0.29
– Diluted (RMB)	10	0.38	0.29

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at 31 December 2022

		As at 31 December	
		2022	2021
	Notes	RMB'000	RMB'000
Non-Current Assets			
Property, plant and equipment		109,328	102,082
Intangible assets	11	412,354	—
Right-of-use assets		18,573	16,516
Investment properties		45,641	46,956
Goodwill		981,761	769,241
Interests in associates		79,962	70,382
Interests in joint ventures		236,821	173,644
Equity instruments at FVTOCI		67,430	100,742
Other long-term receivables		265,165	238,000
Deferred tax assets		27,529	18,431
Deposits for acquisition of properties		59,192	7,080
		<u>2,303,756</u>	<u>1,543,074</u>
Current Assets			
Trade and other receivables	12	823,930	748,847
Contract assets	13	573,892	482,412
Financial assets at fair value through profit or loss ("FVTPL")		75,430	75,031
Amounts due from related parties		298,289	240,049
Property classified as held for sale		—	4,600
Pledged bank deposits		152,923	12,502
Bank balances and cash		1,933,099	2,137,648
		<u>3,857,563</u>	<u>3,701,089</u>
Current Liabilities			
Trade and other payables	14	1,173,275	943,066
Amounts due to related parties		221,366	245,962
Income tax payable		217,264	179,070
Other taxes payable		34,556	85,504
Contract liabilities		432,867	384,863
Lease liabilities		7,870	5,422
		<u>2,087,198</u>	<u>1,843,887</u>
Net Current Assets		<u>1,770,365</u>	<u>1,857,202</u>
Total Assets Less Current Liabilities		<u><u>4,074,121</u></u>	<u><u>3,400,276</u></u>

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2022

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Capital and Reserves		
Share capital	16,769	16,324
Reserves	3,722,434	3,324,936
	<hr/>	<hr/>
Equity attributable to owners of the Company	3,739,203	3,341,260
Non-controlling interests	133,825	30,451
	<hr/>	<hr/>
Total Equity	3,873,028	3,371,711
	<hr/> <hr/>	<hr/> <hr/>
Non-Current Liabilities		
Deferred tax liabilities	103,088	18,795
Lease liabilities	9,138	9,770
Financial liabilities at FVTPL	88,867	—
	<hr/>	<hr/>
	201,093	28,565
	<hr/>	<hr/>
	4,074,121	3,400,276
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

The Company was established in the Cayman Islands as an exempted company with limited liability on 12 December 2016. The address of the registered office and the principal place of business of the Company are set out in the section headed “Corporate Information” of the annual report. The Company’s shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 10 July 2020. The immediate and ultimate holding company of the Company is Greentown China, a company listed on the Main Board of the Stock Exchange and incorporated in the Cayman Islands.

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

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

2. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“**IFRSs**”)

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board (“**IASB**”) for the first time, which are mandatorily effective for the annual period beginning on 1 January 2022 for the preparation of the consolidated financial statements:

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to IFRSs	Annual Improvements to IFRSs 2018-2020

The application of the amendments to IFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to IFRSs in issue but not yet effective

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

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts ¹
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback ³
Amendments to IAS 1	Classification of Liabilities as Current or Non-current ³
Amendments to IAS 1	Non-current Liabilities with Covenants ³
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to IAS 8	Definition of Accounting Estimates ¹
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹

¹ Effective for annual periods beginning on or after 1 January 2023.

² Effective for annual periods beginning on or after a date to be determined.

³ Effective for annual periods beginning on or after 1 January 2024.

Except for the new and amendments to IFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of IAS 12 *Income Taxes* so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

As disclosed in Note 3 to the consolidated financial statements, the Group applies IAS 12 requirements to the relevant assets and liabilities separately. Temporary differences on initial recognition of the relevant assets and liabilities are not recognised due to application of the initial recognition exemption.

Upon the application of the amendments, the Group will recognise a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with the right-of-use assets and the lease liabilities.

The amendments are effective for the Group's annual reporting periods beginning on 1 January 2023. As at 31 December 2022, the carrying amounts of right-of-use assets and lease liabilities which are subject to the amendments amounted to RMB18,573,000 and RMB17,008,000 respectively, in which the Group will recognise the related deferred tax assets and deferred tax liabilities of RMB3,684,000 and RMB4,081,000 respectively. The cumulative effect of initially applying the amendments will be recognised as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of the earliest comparative period presented.

3. REVENUE AND SEGMENT INFORMATION

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

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Revenue recognised overtime:		
Commercial project management	1,669,429	1,477,635
Governmental project management	781,054	571,759
Others	205,509	193,764
	<u>2,655,992</u>	<u>2,243,158</u>

(ii) Segment information

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

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

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

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

1. Commercial project management – provide property development management service to project owner.
2. Governmental project management – provide property development management service to government on resettlement housing property development projects and public infrastructure.
3. Others (including (i) project management service provided for certain governmental projects tendered by the Group before the grade 1 qualification was obtained by the Group in August 2020, and (ii) construction design and other consulting service, etc.).

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

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

The CODM assesses the performance of the operating segments based on the post-tax profit of the group entities engaged in the respective segment activities, which includes share of results of associates and joint ventures, but exclude certain other income, fair value changes in financial assets mandatorily measured at FVTPL, administrative expenses, finance costs, exchange gains and losses and licensing fee.

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

For the year ended 31 December 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	1,669,429	781,054	205,509	2,655,992	–	2,655,992
Inter- segment revenue	51,849	557,968	3,552	613,369	(613,369)	–
	<u>1,721,278</u>	<u>1,339,022</u>	<u>209,061</u>	<u>3,269,361</u>	<u>(613,369)</u>	<u>2,655,992</u>
Total	<u>1,721,278</u>	<u>1,339,022</u>	<u>209,061</u>	<u>3,269,361</u>	<u>(613,369)</u>	<u>2,655,992</u>
Segment results	<u>611,534</u>	<u>89,642</u>	<u>90,988</u>	<u>792,164</u>	<u>438</u>	<u>792,602</u>
Unallocated other income						28
Unallocated gain from changes in fair value of financial assets mandatorily measured at FVTPL						8,831
Unallocated administrative expenses						(25,401)
Unallocated finance costs						(6)
Unallocated exchange gain						1,435
Unallocated license fee						(42,124)
Profit for the year						<u>735,365</u>

For the year ended 31 December 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	1,477,635	571,759	193,764	2,243,158	–	2,243,158
Inter-segment revenue	54,851	351,191	3,696	409,738	(409,738)	–
Total	<u>1,532,486</u>	<u>922,950</u>	<u>197,460</u>	<u>2,652,896</u>	<u>(409,738)</u>	<u>2,243,158</u>
Segment results	<u>475,161</u>	<u>66,059</u>	<u>89,839</u>	<u>631,059</u>	<u>438</u>	<u>631,497</u>
Unallocated other income						249
Unallocated loss from changes in fair value of financial assets mandatorily measured at FVTPL						(550)
Unallocated administrative expenses						(21,897)
Unallocated finance costs						(140)
Unallocated exchange losses						(6,483)
Unallocated license fee						(32,011)
Profit for the year						<u>570,665</u>

Other segment information

For the year ended 31 December 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>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
Amounts included in the measure of segment profit or loss:						
Impairment losses under expected credit loss model, net of reversal	(19,024)	(1,587)	(1,905)	(22,516)	–	(22,516)
Loss from changes in fair value of investment properties	–	–	(1,315)	(1,315)	–	(1,315)
Share of results of associates	10,134	(985)	(1,047)	8,102	–	8,102
Share of results of joint ventures	15,967	(3,040)	37,004	49,931	–	49,931
Depreciation of property, plant and equipment	(7,627)	(6,484)	(744)	(14,855)	(698)	(15,553)
Amortisation of intangible assets	(53,363)	–	–	(53,363)	–	(53,363)
Depreciation of right-of-use assets	(5,228)	(1,365)	(1,383)	(7,976)	(392)	(8,368)

For the year ended 31 December 2021

	Commercial project management RMB'000	Governmental project management RMB'000	Others RMB'000	Segment total RMB'000	Unallocated RMB'000	Total RMB'000
Amounts included in the measure of segment profit or loss:						
Impairment losses under expected credit loss model, net of reversal	(10,413)	450	(1,120)	(11,083)	–	(11,083)
Loss from changes in fair value of investment properties	–	–	(1,685)	(1,685)	–	(1,685)
Share of results of associates	3,230	(686)	(3,204)	(660)	–	(660)
Share of results of joint ventures	11,568	–	41,034	52,602	–	52,602
Depreciation of property, plant and equipment	(7,247)	(5,544)	(1,054)	(13,845)	(477)	(14,322)
Depreciation of right-of-use assets	(7,534)	(658)	(1,490)	(9,682)	(979)	(10,661)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

4. OTHER INCOME

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Interest income from:		
– bank balances	46,961	43,599
– loans to third parties	68,586	55,017
– loans to related parties	8,153	1,370
	<u>123,700</u>	<u>99,986</u>
Dividends from equity instruments at FVTOCI	22,000	5,000
Government grants (<i>Note</i>)	19,958	10,346
Gross rental income from investment properties	413	592
Others	175	398
	<u>166,246</u>	<u>116,322</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

	Year ended 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Loss from changes in fair value of financial liabilities at FVTPL	(61,774)	—
Gain arising on financial assets at FVTPL	11,455	6,297
Exchange gain (loss)	1,435	(6,483)
(Loss) gain on disposal of investment properties	(452)	348
Gain on disposal/retirement of property, plant and equipment	103	1,196
Gain on early termination of leases	18	668
Others	101	196
	<u>(49,114)</u>	<u>2,222</u>

6. FINANCE COSTS

	Year ended 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Interest expenses on loans from third parties	(3,150)	(1,937)
Interest expenses on loans from related parties	(2,334)	(2,735)
Interest on lease liabilities	(1,004)	(1,035)
Arrangement fee for entrusted loans	(434)	(140)
	<u>(6,922)</u>	<u>(5,847)</u>

7. PROFIT BEFORE TAX

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

	Year ended 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Directors' remuneration	24,311	21,864
Salaries and other benefits	831,957	711,402
Retirement benefits scheme contributions	39,443	32,761
	<u>895,711</u>	<u>766,027</u>
Staff costs (including directors' emoluments)		
Depreciation of property, plant and equipment	15,553	14,322
Amortisation of intangible assets	53,363	—
Depreciation of right-of-use assets	8,368	10,661
Auditors' remuneration	5,107	4,013
	<u>182,981</u>	<u>29,006</u>

8. INCOME TAX EXPENSE

	Year ended 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Current tax:		
– PRC Enterprise Income Tax (“EIT”)	220,873	152,721
Under (over) provision in prior years:		
– EIT	1,269	(233)
Deferred tax:		
– Current year	(32,906)	(911)
	<u>189,236</u>	<u>151,577</u>

The Company is registered as an exempted company and as such is not subject to the 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.

Greentown Construction Management was accredited as a “High and New Technology Enterprise” on 4 December 2019 which was renewed on 24 December 2022 and it may entitle to a preferential tax rate of 15% for a three-year period commencing from the year of accreditation, subject to certain conditions. Accordingly, the applicable EIT rate of Greentown Construction Management for the year ended 31 December 2022 is 15% (2021: 15%).

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

	Year ended 31 December	
	2022	2021
	RMB'000	<i>RMB'000</i>
Profit before tax	924,601	722,242
Income tax expense calculated at 25% (2021: 25%)	231,150	180,561
Tax effect of share of results of associates	(2,026)	165
Tax effect of share of results of joint ventures	(12,483)	(13,150)
Effect of income that are non-taxable	(5,500)	(1,380)
Effect of expenses that are not-deductible	24,541	14,950
Effect of unused tax losses not recognised as deferred tax assets	1,082	230
Effect of deductible temporary differences not recognised as deferred tax assets	244	161
Utilisation of unused tax losses previously not recognised	(3,757)	(1,702)
Utilisation of deductible temporary differences previously not recognized	(206)	(99)
Effect of preferential EIT rate applied to deferred tax and current tax	(45,078)	(27,926)
Under (over) provision in prior years	1,269	(233)
	<hr/>	<hr/>
Income tax expenses recognised in profit or loss	189,236	151,577
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9. DIVIDENDS

During the year, a final dividend for the year ended 31 December 2021 of RMB0.20 per share (2021: RMB0.17 per share) amounting to RMB391,595,000 (2021: RMB332,855,000) in aggregate was declared to the shareholders of the Company, including a dividend of RMB4,173,000 (2021: RMB6,052,000) distributed to the treasury shares held by the Group for share award schemes. The final dividend was wholly paid on 22 July 2022.

Subsequent to the end of the year, a final dividend of RMB0.30 per share (2021: RMB0.20 per share) and a special dividend of RMB0.08 per share (2021: nil) in respect of the year ended 31 December 2022, in an aggregate amount of approximately RMB763,800,000 (2021: RMB391,595,000) to the shareholders of the Company, including a dividend to the treasury shares held by the Group for share award schemes, has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming general meeting.

10. EARNINGS PER SHARE

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

Earnings figures are calculated as follows:

	Year ended 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Earnings		
Earnings for the purpose of basic and diluted earnings per share for the year attributable to owners of the Company	<u>744,544</u>	<u>565,224</u>
	<i>'000</i>	<i>'000</i>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,937,354	1,922,472
Effect of dilutive potential ordinary shares:		
Share awards	<u>37,701</u>	<u>28,813</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u><u>1,975,055</u></u>	<u><u>1,951,285</u></u>

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

11. INTANGIBLE ASSETS

**Contractual rights
from the project
management contracts**
RMB'000

COST

At 1 January 2021 and 31 December 2021	–
Acquired on acquisition of a subsidiary	465,717
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At 31 December 2022	465,717
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AMORTISATION

At 1 January 2021 and 31 December 2021	–
Charge for the year	(53,363)
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At 31 December 2022	(53,363)
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CARRYING VALUES

At 31 December 2022	412,354
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At 31 December 2021	–
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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. 綠城嶗里建設管理有限公司 (“**Greentown Shangli**”), formerly named as Zhejiang Shangli Construction Management Co., Ltd. 浙江嶗里建設管理有限公司 from third parties during the year. 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 approximately eight years, which is the estimated weighted average remaining contractual period of the project management contracts acquired.

12. TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	216,948	145,384
Less: allowance for credit losses	(27,716)	(19,848)
Trade receivables, net of allowance for credit losses	<u>189,232</u>	<u>125,536</u>
Other receivables	600,957	604,492
Less: allowance for credit losses	(3,367)	(2,201)
Other receivables, net of allowance for credit losses	<u>597,590</u>	<u>602,291</u>
Prepayments	<u>37,108</u>	<u>21,020</u>
	<u>823,930</u>	<u>748,847</u>

Included in the trade receivables were bills receivables amounted to RMB25,166,000 (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 at the end of each reporting period end:

	As at 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Within 180 days	123,689	100,916
180-365 days	39,392	12,958
Over 365 days	26,151	11,662
	<u>189,232</u>	<u>125,536</u>

13. CONTRACT ASSETS

	As at 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Project management service		
Contract assets	613,751	514,316
Less: allowance for credit losses	(39,859)	(31,904)
	<u>573,892</u>	<u>482,412</u>

14. TRADE AND OTHER PAYABLES

	As at 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	15,893	7,767
Other payables	889,833	726,278
Payroll payable	240,455	175,468
Dividend payable	618	239
Provision for share of losses of joint ventures exceeded interests invested	26,418	33,314
Provision for share of losses of associates exceeded interests invested	58	—
	<u>1,173,275</u>	<u>943,066</u>

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

	As at 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	14,989	5,997
1-2 years	807	—
2-3 years	—	316
More than 3 years	97	1,454
	<u>15,893</u>	<u>7,767</u>

MANAGEMENT DISCUSSION AND ANALYSIS

The Board is pleased to announce the audited annual results of the Group for 2022 together with comparative figures. The annual results have been reviewed by the Audit Committee.

FINAL DIVIDEND AND SPECIAL DIVIDEND

The Board recommended the payment of a final dividend for 2022 of RMB0.30 and a special dividend of RMB0.08 (equivalent to a final dividend of HKD0.34 and a special dividend of HKD0.09 based on the prevailing exchange rate of HKD1.00 to RMB0.87969 published by the People's Bank of China on 17 March 2023) per share to shareholders, subject to shareholders' approval at the annual general meeting to be convened on Thursday, 25 May 2023. The dividend payable to shareholders will be declared in RMB and paid in HKD based on the average exchange rate published by the People's Bank of China for the 5 business days prior to the date of the annual general meeting.

The proposed final dividend and special dividend are expected to be paid to shareholders on or before 28 July 2023.

BUSINESS REVIEW

I. Business Overview

In 2022, China's real estate market faced pressure in general, and state-owned enterprises, central enterprises and local urban investment companies have become the main land acquirers. Land acquisition projects of urban investment companies in search for professional development services has become the major trend. China has begun to accelerate the construction of affordable housing for low-income and middle-income groups and young people, and the government has started to promote its project management model nationwide. Under the policy of "ensure the delivery of properties (保交樓)", financial institutions accelerated the development and construction of non-performing projects, and the bailout market was large. Therefore, investment in China's real estate market has shown a decentralization trend. As a development model that can better undertake the decentralization of investment, project management has welcomed a new round of development opportunities.

With its first-mover advantages, leading effects and nationwide presence, and on the basis of full assessment of the market, the Company has upgraded its business model, optimized customer structure, focused on regional structure, enhanced the building of capability, continued to improve three main project management operations (government project management, commercial project management and capital owner project management) and three major supporting services (financial services, industrial and urban services, and industrial chain services), as well as provided higher-quality customized services to B-end customers with "Climbing Model (登山模型)" and created better community services for C-end owners with "Fortunate Community".

During the Reporting Period, revenue from continuing operations reached RMB2,656.0 million, representing an increase of 18.4% from RMB2,243.2 million for the corresponding period of last year. The gross profit was RMB1,388.6 million, representing an increase of 33.4% from RMB1,040.7 million for the corresponding period of last year; the comprehensive gross profit margin rate during the Period reached 52.3%, an increase of 5.9 percentage points over 46.4% in the same period last year; the net profit attributable to shareholders of the Company was RMB744.5 million, representing an increase of 31.7% compared with RMB565.2 million for the corresponding period of last year. The net cash flow from operating activities of the Company reached RMB724.7 million during the Reporting Period, and the Company had no liabilities and sufficient cash flow.

II. The Macro Market

China's real estate investment has demonstrated 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, thus the trend of separation of investment and development was more evident.

Government services: Many provinces and cities (such as Beijing, Jiangsu, Zhejiang, Guangdong, Shandong, Hainan, Fujian) across the country have successively introduced policies to increase the scale of affordable housing construction, as well as published the administrative measures for project management of government's investment projects. 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 begun to emerge.

Urban investment services: The results and development of land supply in the past two years indicate that the proportion of land acquisition by local urban investment has increased yet the operating rate was low, and they have accumulated a large pool of construction lands in the past which needs professional project management service to undertake their development capability and accelerate the development progress, so that the operating goals such as process compliance, preservation and appreciation of state-owned assets, and social benefits will be realized.

Capital owner services: At present, the scale of bailout projects related to real estate and lands has increased rapidly, the "ensure the delivery of properties (保交樓)" policy has become an important measure to stabilize market expectations. Through methods such as brand renewal, sales activation, resumption of work and production, and guaranteed delivery of quality products, the project management model has provided solutions to original developers, financial institutions, owners, supply chains, and government regulatory bodies, which has achieved win-win situation for all parties.

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 seven consecutive years. It has a strong brand reputation and market credibility and can provide customers with high premium brand empowerment.
- 2. Corporate credit:** The Company has the credit endorsement of central state-owned enterprises coupled with a market operation mechanism, and it has obtained the real estate first-class development qualification and has been accredited the status of High and New Technology Enterprise, which help the Company to gain 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, which includes the government, state-owned enterprises, local urban investment companies, financial institutions, private enterprises, and other high-quality clients). In addition, it has accumulated high-quality C-end clients across the country in the past 29 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:** Relying on the core regional layout, the Company has improved customer service responsiveness through distribution management, and it currently has more than 5,000 employees. The core management team has many years of experience in 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 of entrusted projects, but also gives the Company a voice in industry standard output and industry development.
- 6. Supply chain:** The Company has strong strategic partners. At present, there are more than 1,200 cooperating suppliers, covering products, services, industries, finance and other fields. In addition, through a platform-based cooperation mechanism, the Company and its suppliers realize mutual diversion and empowerment, as well as value creation ability sharing.
- 7. Financial synergy:** The Company has fully understood the financial attributes of real estate. It is capable of finding matching financial institutions and capital strengths for clients and projects, as well providing financial collaboration services to ensure the stable and sound operations of related projects.

IV. Management Measures

Based on the analysis of the macro-market and the Company's core strengths above, we adopted the following measures in 2022:

1 Maintain its industry leadership with nationwide business presence

In 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 seven consecutive years.

As of 31 December 2022, the Company's project management projects were distributed in 120 major cities in 28 provinces, municipalities and autonomous regions in China. The total GFA of the contracted projects was 101.4 million square meters, representing an increase of 19.8% over the corresponding period last year; the area under construction was 47.2 million square meters, an increase of 7.1% 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 RMB482.1 billion, accounting for 74.1% of the total saleable value, among which projects in the Yangtze River Delta Economic Zone of RMB225.0 billion accounted for 34.7%, projects in the Bohai Rim Economic Zone and Beijing-Tianjin-Hebei urban agglomeration of RMB138.8 billion accounted for 21.3%, projects in the Pearl River Delta Economic Zone of RMB104.4 billion accounted for 16.0%, and projects in Chengdu-Chongqing urban agglomeration of RMB13.9 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. It continuously deepens business opportunities in state-owned enterprises, financial institutions and other fields, and keeps consolidating its own strengths and industry influence.

In 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 28.2 million square meters, representing an increase of approximately 23.9% over the corresponding period last year; among them, the government, state-owned enterprises and financial institutions accounted for 76.5%. The estimated project management fee of new project management project was RMB8.61 billion, an increase of approximately 21.1% over the corresponding period last year; among them, the government, state-owned enterprises and financial institutions accounted for 70.3%.

Besides residential projects, new diversified businesses also include industry parks, public rental housing, talent apartments, co-ownership property housing, future communities, municipal facilities, commercial, hotels, offices, and others.

As of 31 December 2022, according to the total GFA of contracted projects, the government projects were 33.0 million square meters, accounting for 32.6%; the projects entrusted by state-owned enterprise were 28.7 million square meters, accounting for 28.3%; the projects entrusted by private enterprises were 34.7 million square meters, accounting for 34.1%; and the projects entrusted by financial institutions were 5.0 million square meters, accounting for 5.0%.

3 Strengthen service capabilities and improve business performance

The project management business continuously improves the clients' satisfaction, which is the basis of the business model of the project management sector.

The Company continues to optimize the organizational structure, enhances capability building in core city groups, forms distributed management system by way of methods such as strengthening regional companies and pilot urban companies, further keeps updated with the market, and enhances service influence.

In 2022, 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 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 system standards such as the communication mechanism for the clients in the whole cycle and the standardized customer service mechanism, 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)", as well as continues to provide basis for decision-making for various clients 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 first year's operation indicators has been successfully completed.

In 2022, through integrating social resources, the Company continued 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 innovated 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 values, improve industry standards together, and practice new development model of real estate industry.

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 and changed the management's bonuses in the next three years to the form of issuing shares via "accrued bonuses and award shares + three-year installments", so as to achieve long-term stability of the core team. The plan links to the vesting conditions of operation goals, organizational performance and personal KPI, and it has set up selling preconditions such as stock prices, 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 conducts 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

We predict that the development scale of China's real estate market during the medium term will maintain at around 1 billion square meters, and will form into the following three types of business structure:

1. The new supply of government-led affordable housing and rental properties will account for over 30%. Such sector mainly addresses the housing needs of low-income groups and young people. Moreover, during the market's downward cycle, local urban investment companies increased land acquisitions in stages. The above two subjects both require professional development and project management service.

2. With the adjustment of real estate policies and the improvement in industry liquidity, the business related to bailout projects under the “ensure the delivery of properties (保交樓)” policy has rapidly grown. In the future, the proportion of main real estate investment made by the financial institutions will further increase, and it is expected to reach approximately 20%. The bailout and development projects led by the financial institutions also need professional project management service.
3. The remaining 50% of the market will be led by state-owned enterprises and central enterprises under the traditional development model, thus causing the concentration effect of leading companies.

We estimate that as the real estate development projects led by the government and financial institutions increased, the demand of corresponding project management service will steadily grow as well, and the penetration rate of China’s project management industry will reach 30% or above.

FINANCIAL ANALYSIS

As at 31 December 2022, the Group has achieved:

Revenue

Revenue of RMB2,656.0 million, representing a year-on-year increase of 18.4% compared with RMB2,243.2 million 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 by business segment as follows:

	As at 31 December				% Change Increase/ (Decrease)
	2022		2021		
	RMB'000 (Audited)	% of total revenue	RMB'000 (Audited)	% of total revenue	
From commercial					
project management	1,669,429	62.9	1,477,635	65.9	13.0
(1) Self-operated	1,038,861	39.2	710,651	31.7	46.2
(2) Cooperation with business partners	630,568	23.7	766,984	34.2	(17.8)
From government project					
management	781,054	29.4	571,759	25.5	36.6
(1) Self-operated	739,314	27.8	554,932	24.7	33.2
(2) Cooperation with business partners	41,740	1.6	16,827	0.8	148.1
Other services	205,509	7.7	193,764	8.6	6.1
Total	2,655,992	100.0	2,243,158	100.0	18.4

During the Reporting Period:

- (i) commercial project management is still the largest source of revenue and profit for the Group, with revenue of RMB1,669.4 million during the year, accounting for 62.9% of the total revenue, increased by 13.0% compared with RMB1,477.6 million in 2021. The main reason for the increase was the (1) the increase in both the land acquisition of local state-owned enterprises and urban investment as well as the business of state-owned enterprises/city investments. At the same time, under the government’s policy of “ensure the delivery of properties” (保交樓), the Company leveraged the advantages of its own brand, management and resources integration and actively participated in the bailout project management services, thus demonstrating a trend-bucking growth in revenue; (2) the Company acquired 60% of the equity in Zhejiang Shangli Construction Management Company Limited (浙江嶠里建設管理有限公司) (“**Shangli Company**”) on 27 January 2022, and the increase in the revenue of self-operated projects by RMB181.3 million due to the inclusion of Shangli Company into the scope of consolidation in 2022.
- (ii) revenue from government project management reached RMB781.1 million, accounting for 29.4% of the total revenue, increased by 36.6% compared with RMB571.8 million in 2021. The main reasons were that: (1) driven by the CPC Central Committee’s “common prosperity” policy, the demand for affordable housing construction was accelerated during the “14th Five-Year Plan”. The Company seized this opportunity to expand nationwide, leading to the significant growth in the revenue from government project management; 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; and
- (iii) revenue from other services was RMB205.5 million, accounting for 7.7% of the total revenue, mainly due to the revenue of RMB165.0 million derived from a project during the Reporting Period which was tendered by Greentown Real Estate Group Co., Ltd. (“**Greentown Real Estate Group**”) and managed by Greentown Project Management Group Co., Ltd. (“**Greentown Project Management Group**”) as the Company did not obtain the grade 1 qualification for real estate development prior to listing.

Costs of Services

During the Reporting Period, costs of services was RMB1,267.4 million, representing an increase of 5.4% from RMB1,202.5 million in 2021. The main reasons for the increase were: (1) the increase in the scale of revenue from 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 RMB1,388.6 million, representing an increase of 33.4% from RMB1,040.7 million in 2021. The gross profit margin was 52.3%, representing an increase of 5.9 percentage points compared with 46.4% for 2021.

- The gross profit margins of the three business segments are: 53.8% for commercial project management, 40.8% for government project management and 84.0% for other services, compared to 44.9%, 40.9% and 74.2%, respectively, for 2021.
- The gross profit margin of commercial project management was 53.8%, increased by 8.9 percentage points from 44.9% in 2021, mainly due to the Company responded to the market demand, actively optimized its management model, expanded its service scope and tightened cost control simultaneously, thereby improving the overall gross profit margin of commercial project management.
- The gross profit margin of government project management was 40.8%, decreased by 0.1 percentage points from 40.9% in 2021, the gross profit margin of government project management remained stable.
- The gross profit margin of other services was 84.0%. The higher gross profit margin was mainly due to the revenue of RMB165.0 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 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 RMB166.2 million, an increase of 42.9% from RMB116.3 million in 2021. The increase in other income was mainly due to (1) an increase in revenue from providing financial services for project management projects during the period by RMB13.6 million compared with 2021; (2) the government subsidy received during the Period increased by RMB9.6 million as compared to 2021; and (3) a dividend received by the Company from financial assets at fair value through other comprehensive income for the period increased by RMB17.0 million as compared to 2021.

Other Gains/Losses

During the Reporting Period, the other losses of the Group was RMB49.1 million, the losses were mainly due to the equity acquisition of Shangli Company may have caused an increase in the evaluation value of the consideration.

Selling and Marketing Expenses

Selling and marketing expenses were RMB120.2 million, representing an increase of 29.6% from RMB92.8 million in 2021. The main reasons for the increase were that: The scale expansion of government project management business during the Period, in which the expansion expenses, such as project scheme design expenses, increased by RMB12.9 million, and the trademark license fee payable to the parent company Greentown China during the year increased by RMB10.1 million.

Administration Expenses

Administration expenses were RMB488.6 million, representing an increase of 29.3% from RMB378.0 million in 2021. The increase was mainly due to the fact that the Company implemented a new round of equity incentive plan in April 2022 and cost sharing of equity incentive expenses led to an increase in administrative expenses during the Period; at the same time, regional companies increased the management personnel reserve in order to expand the scale of the Group and optimize organization structure.

Profit for the Year

During the Reporting Period, the net profit of the Group was RMB735.4 million, representing an increase of 28.9% from RMB570.7 million in 2021. The net profit during the period attributable to the owners of the Company was RMB744.5 million, representing an increase of 31.7% from net profit of RMB565.2 million in 2021.

Trade and Other Receivables

As at 31 December 2022, trade and other receivables reached RMB823.9 million, representing an increase of 10.0% from RMB748.8 million at the end of 2021. The Company strengthened the management of receivables in 2022. The turnover ratio of trade receivables remained stable at 14.7 times in both 2022 and 2021.

Contract Assets

As at 31 December 2022, the Group's contract assets amounted to RMB573.9 million, representing an increase of 19.0% from RMB482.4 million at the end of 2021. The contract assets reflected the amounts related to certain projects where the Company have fulfilled its obligations but have not yet reached the management fee collection milestone as agreed in the contract. The increase during the year was mainly due to the expansion of the Company's operating scale, which such project will be transferred to cash inflows from the Company's operating activities in the future.

Trade and Other Payables

As at 31 December 2022, trade and other payables amounted to RMB1,173.3 million, representing an increase of 24.4% from RMB943.1 million at the end of 2021. The increase was mainly attributable to the increase of RMB53.7 million of the deposits in project management projects, an increase of RMB90.7 million of the construction costs payable by the Village Project of Asian Games, and an increase of RMB65.0 million of employees' compensation payables.

Capital Structure

As at 31 December 2022, the total equity of the Group reached approximately RMB3,873.0 million, representing an increase of approximately RMB501.3 million from RMB3,371.7 million at the beginning of 2022. Specifically, equity attributable to shareholders was approximately RMB3,739.2 million, representing an increase of approximately RMB397.9 million from RMB3,341.3 million at the beginning of 2022, mainly due to the facts that: (1) the Company achieved a net profit attributable to the shareholders of listed companies of RMB744.5 million in 2022 led to the increase in equity attributable to shareholders; (2) the cost sharing of options of RMB65.8 million led to the increase in equity attributable to shareholders; and (3) the distribution of cash dividends to shareholders during the Period led to the equity attributable to shareholders decreased by RMB387.4 million.

As at 31 December 2022, the Company had a total of 2,010,000,000 shares in issue, and had a total market capitalization of approximately HKD12,060.0 million (based on the closing price on 31 December 2022).

Liquidity and Capital Resources

As at 31 December 2022, the Group had bank deposits and cash (not including pledged bank deposits) of RMB1,933.1 million (31 December 2021: RMB2,137.6 million); and the current ratio was 1.85 times (31 December 2021: 2.01 times). Gearing ratio (interest-bearing debt divided by total equity at the end of the same period) was 0.9% (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 low foreign exchange risks. However, the depreciation or appreciation of RMB and HKD against foreign currencies may have impact on the Group's financial performance. Currently, the Group does not hedge foreign exchange risks, but will continue to closely monitor its exposure to foreign exchange risks. The management will consider hedging foreign exchange risks when the Group becomes materially affected by such risks.

Contingent Liabilities

The Group did not have any significant contingent liabilities as at 31 December 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 Company Limited (the “**Target Company**”) 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 save as disclosed in this announcement.

Treasury Management

Our treasury management 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 corporate governance standard.

OTHER INFORMATION

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

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

EMPLOYEES AND REMUNERATION POLICIES

During the Reporting Period, the Group provided diversified training and personal development plans to its employees according to established human resources policies and systems. The remuneration package 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 31 December 2022, the Group had 1,529 employees, of which the number of male and female employees are 1,158 and 371, respectively (accounted for 75.7% and 24.3% respectively), which representing an increase of 4.06% from 31 December 2021, the overall headcount of the Company remained stable.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

For the year ended 31 December 2022, we had no material acquisition or disposal of subsidiaries, associates and joint ventures save as disclosed in this announcement.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to maintaining and promoting stringent corporate governance. The principle of the Company's corporate governance is to promote effective internal control measures, uphold a high standard of ethics, transparency, responsibility and integrity in all aspects of business, to ensure that its affairs are conducted in accordance with applicable laws and regulations and to enhance the transparency and accountability of the Board to all shareholders. During the year ended 31 December 2022, the Company has adopted the code provisions in the Corporate Governance Code (the "**CG Code**") as set out in Part 2 of Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

The Board has also adopted the Model Code to regulate all dealings by relevant employees who are likely to be in possession of unpublished inside information of the Company in respect of securities in the Company as referred to in code provision C.1.3 of the Part 2 of the CG Code. Having made reasonable enquiry, no incident of non-compliance with the Model Code by the Company's relevant employees has been noted during the Reporting Period.

USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING

The Company successfully listed on the Main Board of the Stock Exchange on 10 July 2020 (the “**Listing Date**”). After the over-allotment option was fully exercised, a total of 525,316,000 new shares were issued pursuant to the global offering. After deducting underwriting fees, commission and other estimated listing expenses, the net proceeds were approximately HK\$1,145.1 million. The following table sets out the actual use of the net proceeds as of 31 December 2022:

	Revised allocation of use of the net proceeds (as amended) (HKD million)	Revised percentage of total net proceeds (as amended)	Actual use as of 31 December 2022 (HKD million)	Unutilised net proceeds as at 31 December 2022 (HKD million)
Use of proceeds				
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%	45.4	—
General working capital	114.5	10%	114.5	—
Total	1,145.1	100%	1,145.1	—

The Company has fully utilised the remaining net proceeds by 31 December 2022.

CLOSURE OF REGISTER OF MEMBERS

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

The register of members of the Company will be closed from Monday, 22 May 2023 to Thursday, 25 May 2023 (both days inclusive), during which period no transfer of shares will be effected. In order to determine the identity of members who are entitled to attend and vote at the AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 19 May 2023.

(b) For determining the entitlement to the 2022 proposed final dividend and special dividend

The register of members of the Company will be closed from Tuesday, 11 July 2023 to Friday, 14 July 2023 (both days inclusive), during which no transfer of shares of the Company will be registered. In order to be eligible for the 2022 proposed final dividend and special dividend, unregistered holders of shares of the Company should ensure that all transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Monday, 10 July 2023.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

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

The Audit Committee has reviewed the Group's annual results for the year ended 31 December 2022, and confirms that the applicable accounting principles, standards and requirements have been complied with, and that adequate disclosures have been made. The Audit Committee has also discussed the auditing, internal control and financial reporting matters.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2022 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board of Directors on 17 March 2023. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this announcement, no significant events have taken place subsequent to 31 December 2022 and up to the date of this announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement was published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.lcgljt.com). The annual report for the year ended 31 December 2022 will be dispatched to shareholders in due course and published on the websites of the Stock Exchange and the Company.

APPRECIATION

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

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

Hong Kong, PRC, 17 March 2023

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, Mr. Lin Sanjiu and Mr. Wang Junfeng as executive Directors, and Mr. Lin Zhihong, Dr. Ding Zuyu and Mr. Chan Yan Kwan Andy as independent non-executive Directors.