

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 2024

The board (the “**Board**”) of directors (the “**Directors**”) of Greentown Management Holdings Company Limited (“**Greentown Management**” or the “**Company**” or “**We**”) 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 2024 (the “**Reporting Period**” or the “**Period**”) prepared in accordance with International Financial Reporting Standards, together with comparative figures for the corresponding period in 2023. The interim results have been reviewed by the audit committee of the Company (the “**Audit Committee**”) and approved by the Board.

BUSINESS HIGHLIGHTS

	For the six months ended 30 June		Change Increase/(Decrease) %
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000	
Revenue	1,669,632	1,549,009	7.8%
Gross Profit	860,143	806,157	6.7%
Net profits	491,226	462,148	6.3%
Net profit attributable to owners of the Company	501,179	473,615	5.8%
Earnings per share (ordinary shareholders of the parent company)			
– Basic (RMB)	0.26	0.24	8.3%
– Diluted (RMB)	0.25	0.24	4.2%
	30 June 2024 Million sq.m.	30 June 2023 Million sq.m.	Change %
Total GFA of contracted projects	122.8	113.6	8.1%
Total GFA of newly contracted projects	17.4	17.3	1.1%
	Half-year 2024 RMB100 million	Half-year 2023 RMB100 million	Change %
Project management fee for the newly contracted projects	41.9	51.2	(18.1)%

The following financial information is extracted from the unaudited condensed consolidated financial information as set out in the 2024 Interim Report to be published by Group:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

		2024	2023
	<i>NOTES</i>	<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Unaudited)
REVENUE	5	1,669,632	1,549,009
Cost of sales		<u>(809,489)</u>	<u>(742,852)</u>
Gross profit		860,143	806,157
Other income	6	65,525	96,939
Other gains and losses	7	11,673	(52,438)
Selling and marketing expenses		(54,105)	(44,559)
Administrative expenses		(211,691)	(229,277)
Finance costs	8	(1,716)	(2,722)
Impairment losses under expected credit loss model, net		(40,534)	(1,323)
Loss from changes in fair value of investment properties		(3,371)	(708)
Net gain on disposal of joint ventures		2,599	–
Share of results of associates		18,970	(975)
Share of results of joint ventures		<u>4,814</u>	<u>22,726</u>
PROFIT BEFORE TAX		652,307	593,820
Income tax expense	9	<u>(161,081)</u>	<u>(131,672)</u>
PROFIT FOR THE PERIOD		<u><u>491,226</u></u>	<u><u>462,148</u></u>
Attributable to:			
Owners of the Company		501,179	473,615
Non-controlling interests		<u>(9,953)</u>	<u>(11,467)</u>
		<u><u>491,226</u></u>	<u><u>462,148</u></u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the six months ended 30 June 2024

	<i>NOTE</i>	2024 <i>RMB'000</i> (Unaudited)	2023 <i>RMB'000</i> (Unaudited)
PROFIT FOR THE PERIOD		<u>491,226</u>	<u>462,148</u>
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:			
Fair value gain/(loss) on equity investments designated at fair value through other comprehensive income for the period, net of tax		<u>6,188</u>	<u>(4,930)</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		<u>6,188</u>	<u>(4,930)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>497,414</u>	<u>457,218</u>
Attributable to:			
Owners of the Company		<u>507,367</u>	468,685
Non-controlling interests		<u>(9,953)</u>	<u>(11,467)</u>
		<u>497,414</u>	<u>457,218</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic	<i>11</i>	<u>RMB0.26</u>	<u>RMB0.24</u>
Diluted	<i>11</i>	<u>RMB0.25</u>	<u>RMB0.24</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2024

		30 June 2024	31 December 2023
	<i>NOTES</i>	<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		86,314	111,087
Investment properties		90,456	44,308
Right-of-use assets		12,740	10,643
Goodwill		981,761	981,761
Intangible assets	12	349,752	354,139
Interests in joint ventures		268,723	263,733
Interests in associates		119,562	100,264
Equity investments designated at fair value through other comprehensive income		66,555	56,625
Other long-term receivables		98,923	129,394
Deferred tax assets		49,988	45,603
Deposits for acquisition of properties		132,300	195,025
		<hr/>	<hr/>
Total non-current assets		2,257,074	2,292,582
CURRENT ASSETS			
Trade and other receivables, deposits and prepayments	13	908,416	823,908
Contract assets	14	1,231,943	890,602
Amounts due from related parties		554,077	474,422
Financial assets at fair value through profit or loss		–	41,324
Pledged bank deposits		228,951	165,436
Bank balances and cash		2,152,065	2,044,377
		<hr/>	<hr/>
Total current assets		5,075,452	4,440,069
CURRENT LIABILITIES			
Trade and other payables	15	1,063,140	1,257,219
Contract liabilities		483,557	507,614
Amounts due to related parties		684,018	395,246
Income tax payable		238,890	229,835
Other taxes payable		41,320	26,140
Lease liabilities		4,464	4,233
Financial liabilities at fair value through profit or loss		109,037	–
Dividend payable		1,007,402	–
		<hr/>	<hr/>
Total current liabilities		3,631,828	2,420,287

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(CONTINUED)**

30 June 2024

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
NET CURRENT ASSETS	<u>1,443,624</u>	<u>2,019,782</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>3,700,698</u>	<u>4,312,364</u>
NON-CURRENT LIABILITIES		
Financial liabilities at fair value through profit or loss	–	122,208
Lease liabilities	4,423	3,344
Deferred tax liabilities	<u>49,079</u>	<u>53,206</u>
Total non-current liabilities	<u>53,502</u>	<u>178,758</u>
NET ASSETS	<u><u>3,647,196</u></u>	<u><u>4,133,606</u></u>
EQUITY		
Equity attributable to owners of the Company		
Share capital	16,769	16,769
Reserves	<u>3,498,364</u>	<u>3,978,978</u>
	3,515,133	3,995,747
Non-controlling interests	<u>132,063</u>	<u>137,859</u>
TOTAL EQUITY	<u><u>3,647,196</u></u>	<u><u>4,133,606</u></u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

1. GENERAL INFORMATION

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 its subsidiaries (together with the Company referred to as the "**Group**") is to provide project management services in the People's Republic of China (the "**PRC**").

2. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with International Accounting Standards ("**IAS**") 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2023.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following revised International Financial Reporting Standards ("**IFRSs**") for the first time for the current period's financial information.

Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current</i> (the " 2020 Amendments ")
Amendments to IAS 1	<i>Non-current Liabilities with Covenants</i> (the " 2022 Amendments ")
Amendments to IAS 7 And IFRS 7	<i>Supplier Finance Arrangements</i>

The nature and impact of the revised IFRSs are described below:

- (a) Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of IFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

The nature and impact of the revised IFRSs are described below: (continued)

- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the interim condensed consolidated financial information.

4. OPERATING 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 2024

	Commercial project management <i>RMB'000</i> (Unaudited)	Governmental project management <i>RMB'000</i> (Unaudited)	Others <i>RMB'000</i> (Unaudited)	Segment total <i>RMB'000</i> (Unaudited)	Eliminations <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
Segment revenue						
External revenue	1,308,343	331,689	29,600	1,669,632	-	1,669,632
Inter-segment revenue	85,262	205,599	853	291,714	(291,714)	-
Total	<u>1,393,605</u>	<u>537,288</u>	<u>30,453</u>	<u>1,961,346</u>	<u>(291,714)</u>	<u>1,669,632</u>
Segment results	<u>483,725</u>	<u>63,024</u>	<u>2,731</u>	<u>549,480</u>	<u>8,058</u>	<u>557,538</u>
Unallocated other income						70
Unallocated loss from changes in fair value of financial assets at fair value through profit or loss ("FVTPL")						519
Unallocated administrative expenses						(11,929)
Unallocated finance costs						(13)
Unallocated exchange losses						(1,735)
Unallocated withholding tax						(25,000)
Unallocated license fee						<u>(28,224)</u>
Profit for the period						<u>491,226</u>

4. OPERATING SEGMENT INFORMATION (CONTINUED)

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

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Commercial project management <i>RMB'000</i> (Unaudited)	Governmental project management <i>RMB'000</i> (Unaudited)	Others <i>RMB'000</i> (Unaudited)	Segment total <i>RMB'000</i> (Unaudited)	Eliminations <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
Segment revenue						
External revenue	1,064,837	395,187	88,985	1,549,009	–	1,549,009
Inter-segment revenue	88,643	317,897	1,585	408,125	(408,125)	–
Total	<u>1,153,480</u>	<u>713,084</u>	<u>90,570</u>	<u>1,957,134</u>	<u>(408,125)</u>	<u>1,549,009</u>
Segment results	<u>393,538</u>	<u>71,399</u>	<u>57,006</u>	<u>521,943</u>	<u>219</u>	<u>522,162</u>
Unallocated other income						7
Unallocated losses from changes in fair value of financial assets at FVTPL						(9,616)
Unallocated administrative expenses						(10,123)
Unallocated finance costs						(19)
Unallocated exchange losses						(16,872)
Unallocated license fee						<u>(23,391)</u>
Profit for the period						<u><u>462,148</u></u>

No segment assets and liabilities are presented as they were not regularly provided to the Group's chief operating decision maker for the purpose of resource allocation and performance assessment.

5. REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Revenue from contracts with customers	<u>1,669,632</u>	<u>1,549,009</u>

Disaggregated revenue information for revenue from contracts with customers

Geographical markets

The Group's consolidated revenue is mainly attributable to the market in the PRC (country of domicile).

Timing of revenue recognition

	For the six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Revenue recognised over time:		
Commercial project management	1,308,343	1,064,837
Governmental project management	331,689	395,187
Others	<u>29,600</u>	<u>88,985</u>
Total	<u>1,669,632</u>	<u>1,549,009</u>

6. OTHER INCOME

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Interest income from:		
– bank balances	29,074	19,757
– loans to related parties	22,341	21,095
– loans to third parties	12,067	21,115
	<u>63,482</u>	<u>61,967</u>
Government grants	1,756	12,507
Gross rental income from investment properties	61	465
Dividends from an equity investments designated at fair value through other comprehensive income (“FVTOCI”)	–	22,000
Others	226	–
	<u>65,525</u>	<u>96,939</u>
Total	<u><u>65,525</u></u>	<u><u>96,939</u></u>

7. OTHER GAINS AND LOSSES

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Foreign exchange losses, net	(1,735)	(16,872)
Loss on disposal of investment properties	(1,383)	–
Net gain on disposal of property, plant and equipment and right-of-use assets	1,271	105
Gain/(loss) from changes in fair value of financial assets measured at FVTPL	519	(8,901)
Gain/(loss) from changes in fair value of financial liabilities measured at FVTPL	13,171	(27,000)
Gain on early termination of leases	–	215
Others	(170)	15
	<u>11,673</u>	<u>(52,438)</u>
Total	<u><u>11,673</u></u>	<u><u>(52,438)</u></u>

8. FINANCE COSTS

	For the six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Interest expenses on loans from third parties	(1,050)	(1,501)
Interest expenses on loans from related parties	(375)	(750)
Interests on leases	(291)	(426)
Others	—	(45)
	<u> </u>	<u> </u>
Total	<u>(1,716)</u>	<u>(2,722)</u>

9. INCOME TAX EXPENSE

The major components of the Group's income tax expense are as follows:

	For the six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Current tax:		
– PRC enterprise income tax	170,632	153,852
Under/(over) provision in prior years:		
– PRC enterprise income tax	1,023	(3,172)
Deferred tax:	<u>(10,574)</u>	<u>(19,008)</u>
	<u> </u>	<u> </u>
Total	<u>161,081</u>	<u>131,672</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.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% or 15%. Greentown Construction Management Co., Ltd., Greentown Shangli Construction Management Co., Ltd. are new technology enterprises and the applicable income tax rate is 15% for the current period.

Certain subsidiaries of the Group operating in the PRC meet the eligibility criteria set for small and low-profit enterprises in this year, which are eligible for preferential corporate income tax policy. The EIT of those eligible PRC subsidiaries is calculated based on 25% of the taxable profit amount and a preferential tax rate of 20% is applied, thus the actual effective EIT rate of those PRC subsidiaries for current period is 5%. The qualification of small and low-profit enterprises is reassessed annually through the annual EIT filling process.

10. DIVIDENDS

On 13 June 2024, the final dividend of RMB0.40 per share and a special dividend of RMB0.10 per share were approved by the Company's shareholders at the annual general meeting. The aggregate amount of dividends was HK\$1,103,760,000 (equivalent to RMB1,005,000,000), among which HK\$23,669,000 (equivalent to RMB21,551,000) of dividend was distributed to the treasury shares held by the Group for share award schemes. The dividend was subsequently paid on 15 July 2024.

On 25 May 2023, the final dividend of RMB0.30 per share and a special dividend of RMB0.08 per share were approved by the Company's shareholders at the annual general meeting. The aggregate amount of dividends was HK\$850,661,000 (equivalent to RMB766,361,000), among which HK\$20,351,000 (equivalent to RMB18,334,000) of dividend was distributed to the treasury shares held by the Group for share award schemes. The dividend was subsequently paid on 26 July 2023.

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 2023: Nil).

11. EARNINGS PER SHARE

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,963,776,000 (2023: 1,954,670,000) in issue during the period. The number of shares for the current period has been arrived at after eliminating the shares of the Company held under the share award schemes.

The calculation of the diluted earnings per share amount is based on the profit for the six months ended 30 June 2024 attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued on the deemed exercise of all dilutive potential ordinary shares arising from share options granted by the Company.

11. EARNINGS PER SHARE (CONTINUED)

The calculations of basic and diluted earnings per share attributable to ordinary equity holders of the Company are based on the following data:

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings		
Earnings for the purpose of basic and diluted earnings per share	<u>501,179</u>	<u>473,615</u>
	For the six months ended 30 June	
	2024	2023
	'000	'000
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares		
for the purpose of basic earnings per share calculation	1,963,776	1,954,670
Effect of dilutive potential ordinary shares:		
Share awards	<u>32,681</u>	<u>39,226</u>
Weighted average number of ordinary shares for		
the purpose of diluted earnings per share	<u>1,996,457</u>	<u>1,993,896</u>

12. INTANGIBLE ASSETS

The intangible assets held by the Group are mainly the contractual rights from the project management contracts with the project owners, which arose from the acquisition of Greentown Shangli Construction Management Co., Ltd. (“**Greentown Shangli**”) from third parties during 2022. The fair value of the intangible assets acquired at the acquisition date was RMB465,717,000. The contractual rights from the management contracts with the project owners 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.

The amortisation of the intangible assets charged for the current interim period is RMB32,284,000 (six months ended 30 June 2023: RMB29,108,000).

13. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Trade receivables	294,718	221,623
Less: Allowance for credit losses	(31,716)	(23,840)
	263,002	197,783
Other receivables	631,318	642,589
Less: Allowance for credit losses	(32,231)	(24,664)
	599,087	617,925
Prepayments and deposits	46,327	8,200
Total	908,416	823,908

Included in the trade receivables were bills receivable amounted to RMB7,777,000 as at 30 June 2024 (31 December 2023: RMB28,664,000). All bills received by the Group are with a maturity period of less than one year.

Included in other receivables were loans to third parties amounting to RMB385,000,000 (31 December 2023: RMB405,700,000) (collectively with interest receivable of RMB45,848,000 (31 December 2023: RMB38,750,000)) as at 30 June 2024. The loans are expected to be recovered within one year which carries fixed interest rate from 6% to 15% (31 December 2023: 6% to 15%) per annum. The loans are pledged with collaterals such as land use rights, shareholders' interests, constructions in progress and trade receivables of the borrowers. The Group is not permitted to sell or repledge the collaterals in the absence of default by the borrowers. Among certain secured loans to third parties, the balances of RMB185,000,000 (2023: RMB205,700,000) are not past due as at the reporting date, and there have not been any significant changes in the debtors' credit quality and their related collaterals pledged for these advances. Therefore, the directors of the Company are in the view that there have been no significant increase in credit risk nor default of abovementioned receivables as at the reporting date.

13. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

The Group does not normally allow a credit period to its customers. For the receivables balance which have been past due for more than 90 days, the directors of the Group consider certain past due balances are not in default since certain balances could be recovered based on the historical repayment pattern of overdue receivables and the financial conditions of the corresponding customers.

The following is an ageing analysis of trade receivables (including bills receivable), net of allowance for credit losses, presented based on the invoice date:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Within 180 days	160,028	163,934
180 to 365 days	72,042	13,725
Over 365 days	30,932	20,124
	<hr/>	<hr/>
Total	263,002	197,783
	<hr/> <hr/>	<hr/> <hr/>

14. CONTRACT ASSETS

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Project management service		
Contract assets	1,320,733	954,749
Less: Allowance for credit losses	(88,790)	(64,147)
	<hr/>	<hr/>
Total	1,231,943	890,602
	<hr/> <hr/>	<hr/> <hr/>

15. TRADE AND OTHER PAYABLES

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Trade payables	20,571	34,073
Other payables	911,072	937,211
Payroll payable	116,551	270,435
Provision for share of losses of joint ventures exceeded interests invested	<u>14,946</u>	<u>15,500</u>
Total	<u>1,063,140</u>	<u>1,257,219</u>

The following is an ageing analysis of trade payables presented based on the invoice date:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Within 1 year	17,133	32,431
1 to 2 years	2,754	870
2 to 3 years	588	676
More than 3 years	<u>96</u>	<u>96</u>
Total	<u>20,571</u>	<u>34,073</u>

MANAGEMENT DISCUSSION AND ANALYSIS

I. Business Overview

In the first half of 2024, China's real estate industry remained in a downward cycle, with real estate investment, sales and construction declining year-on-year. In order to sustain economic activity and safeguard employment upstream and downstream of the industrial chain, governments at all levels have launched a combination of policies in the real estate market to promote the construction of affordable housing, reduce property inventory, and address challenges in the delivery of properties. Being a light asset development service, the project management model is fully adapted to the current demand. However, the growth rate has decelerated due to the overall economic situation, demonstrating a trend towards upper-part concentration and internal diversification.

Being a prominent enterprise in the industry, the Company leverages the reputable Greentown brand and the credit endorsement of central state-owned enterprises, combined with the diversified customer structure and national business layout, it continues to improve its core competence and expand its project management operations. The Company aims to fulfil the operational commitments for the B-end customers with the "M Climbing Model" and create a better life for the C-end customers with the "M Fortunate Community". Through the guidance of the China Association of Project Management Industry, the Company has solidified its market position as a top brand with the highest market value.

During the Reporting Period, the revenue of the Company reached RMB1,669.6 million, representing an increase of 7.8% from RMB1,549.0 million for the corresponding period of last year; the gross profit was RMB860.1 million, representing an increase of 6.7% from RMB806.2 million for the corresponding period of last year; the comprehensive gross profit margin rate during the Period reached 51.5%, representing a decrease of 0.5% from 52.0% for the corresponding period of last year; the net profit attributable to shareholders of the Company was RMB501.2 million, representing an increase of 5.8% compared with RMB473.6 million for the corresponding period of last year; the net cash flow from operating activities of the Company reached RMB77.5 million during the Reporting Period, and the Company had no bank liabilities.

II. The Macro Market

In 2024, the overall new construction area within the project management industry experienced slow growth as compared to the corresponding period of last year. The main opportunities arise from clients such as the government, state-owned enterprises, urban investment companies, and financial institutions. Structural opportunities such as the "three mega projects" and "ensure the delivery of properties" are highlighted, thus the trend of separation of investment and development was more evident.

Government Services: Different regions are actively advancing the construction of the “three mega projects”, accelerating the construction of various types of affordable housing and urban village transformation, fostering industry-city integration, and improving municipal supporting facilities. The regulatory documents concerning project management released by the major provincial and municipal governments are progressively enhancing, and market-oriented development of project management services has become the service procurement model recommended by the government.

State-owned Enterprise Services: Over the past two years, central state-owned enterprises and urban investment companies have become the prominent players in the land market. The urban investment companies possess larger land reserves and lower construction rates. The professional project management services provider becomes the important development services platform that connects the aforementioned land enterprises and home buyers . The project management model has also become a vital method for realizing the value of land assets while enhancing the value of state-owned assets.

Capital Owner Services: Across the nation, the “urban real estate financing coordination mechanism” has basically been established, with regular releases of “white lists”, making financing avenues increasingly accessible for housing and land-related projects with difficulties. The project management model can assist distressed projects to start sales through various methods such as credit empowerment, brand renewal, and industrial chain reorganization, so as to help investors repair their balance sheets and achieve the goals of preserving asset prices, ensuring completion and delivery, and protecting the development team.

III. Management Measures

Based on the analysis of the macro-market and the Company’s core strengths above, we adopted the following measures in the first half of 2024:

1 *Laying out nationwide business and focusing on developed areas*

In the first half of 2024, the Company maintained its No. 1 position in the field of real estate development services. It has maintained a market share of over 20% in the project management industry for eight consecutive years, and was awarded various honors including the “2024 China Real Estate Project Management Operation Leading Enterprises TOP 1”, “Project Management Comprehensive Capability” List TOP 1, “2024 China Project Management Enterprises Comprehensive Strength TOP 1” and “2024 China Real Estate Project Management Enterprises Brand Top 10 NO. 1”.

As of 30 June 2024, the Company’s project management projects were distributed in 128 major cities in 30 provinces, municipalities and autonomous regions in China. The total GFA of the contracted projects was 122.8 million square meters, representing a growth of 8.1% 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 RMB674.7 billion, accounting for 75.6% of the total saleable value, among which projects in the Yangtze River Delta Economic Zone of RMB293.6 billion accounted for 32.9%, projects in the Bohai Rim Economic Zone and Beijing-Tianjin-Hebei urban agglomeration of RMB222.0 billion accounted for 24.9%, projects in the Pearl River Delta Economic Zone of RMB115.9 billion accounted for 13.0%, and projects in Chengdu-Chongqing urban agglomeration of RMB43.1 billion accounted for 4.8%.

2 *Optimising customer structure and diversifying business development*

The Company adapts to the changes in the industry and adjusts its customer structure and business scope in a timely manner. It continuously deepens project management cooperation in the government, the state-owned enterprises and financial institutions, and keeps consolidating its own strengths and industry influence.

In the first half of 2024, the Company's newly expanded businesses maintained its No. 1 position. The total GFA of new contracted project management projects was 17.4 million square meters, representing an increase of approximately 1.1% over the corresponding period last year; among them, the government, state-owned enterprises and financial institutions accounted for 70.5%. The estimated project management fee of new project management project was RMB4.19 billion, a decrease of approximately 18.1% over the corresponding period last year; among them, the government, state-owned enterprises and financial institutions accounted for 72.6%.

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

3 *Focusing on operating realisation to achieve mutual wining situations*

In the downturn of the industry, the Company is committed to its own development to drive multiple parties through the cycle and achieve a mutual wining situation.

By leveraging the ‘M Climbing Model’ and the ‘Greentown M’ APP, which amalgamate twelve years of experience in project management services, the Company has standardised, systematised and normalized the execution of the project management services and processes. It improved the Company’s operational effectiveness and per capita performance, which guaranteed that the projects’ operating procedures were under control and that their outcomes were realized. Thus, it successfully raised the entrusted parties’ degree of satisfaction.

In the first half of 2024, the Company achieved a total sales amount of RMB41.1 billion, representing a year-on-year growth of 14% against the downward trend, thereby actualizing operational value for B-end customers. The Company completed the delivery of 29,900 households and 6,545,000 square metres, with the successful delivery of two relief projects, offering wonderful homes to C-end owners.

4 *Optimising the organisational structure to enhance the local competitiveness*

For the diversified business models and expanding control areas, the Company has enhanced its competitiveness in local areas through organisational structure optimisation.

In the first half of 2024, the Company was engaged with over 500 imminent project management projects. In this regard, the Company has further initiated organisational structure reform. By subdividing the original regional market, establishing additional city corporations, and implementing localized project management for governmental entities, the management radius will be decreased, service response times expedited, and customized service capabilities will be enhanced for clients. Externally, the Company has continued to launch the Inclusive Recruitment Program. Against the backdrop of massive downsizing in the real estate industry, the Company introduced urban partners through a diversified cooperation model to attract outstanding teams and premium project management projects.

In order to remain unbeaten in the fierce competition of the market environment, the Company aims to establish a platform-based organisation for development guidance, ongoing organisational reform, resource integration and development fusion, dynamic ecological platform construction, and the construction of service-oriented organisations.

5 *Promoting industry cooperation and leading the development of the industry.*

As an industry leader, the Company is committed to promoting the common development of the project management industry and the overall transformation of the real estate industry.

On the basis of leading the establishment of the China Project Management Association, the Company has actively promoted the development of industry standards based on the association. The Company currently led the introduction of the “Industry Convention” and the “Contract Model Text”, and the “Evaluation Standards for the Competence of Project Management Enterprises” has been formally approved. Meanwhile, the Company has arranged several meetings and discussions among association members to foster unity within the industry and further its ideals.

In the future, the Company will rely on the industry association to actively communicate with governments at all levels and real estate authorities to promote the project management business model. The Company will also connect more peers in the project management industry and upstream and downstream enterprises in the industry chain through methods such as open source knowledge systems, building ecological platforms, to promote the healthy and orderly development of the project management industry.

IV. Business Outlook

The Company anticipates that by referencing European and American real estate development models with China’s existing framework of the real estate industry, the medium-term development scale of China’s real estate market will remain at approximately 1 billion square meters annually in the future. It will also present a dual-track system of the development of affordable and commercial housing, along with the two major trends of the separation of investment and development.

With ongoing optimization of the policies and a steady rise in market demand, the project management industry will transform from scale expansion to high-quality development following a short adjustment period. The industry’s penetration rate is expected to stabilize around 30%.

The Company’s project management business model aligns seamlessly with the real estate development trends and current market demands. Moving forward, the Company will continue to maintain its leading position in the industry, fully utilized to the endorsement of central enterprises and the credit of listed companies, keep abreast of policies and trends, give full play to the advantages of the business model, realise the strategic innovation and development, and reward the stakeholders with excellent performance.

The Company is committed to be the largest real estate development service provider in China.

FINANCIAL ANALYSIS

For the six months ended 30 June 2024, the Group has achieved:

Revenue

Revenue of RMB1,669.6 million, representing a year-on-year increase of 7.8% compared with RMB1,549.0 million in January to June 2023. Revenue is derived from three types of businesses: (i) commercial project management; (ii) government project management; and (iii) other services, which are listed as follows by business segments:

Revenue	2024		For the six months ended 30 June 2023		Change (%) Increase/ (Decrease)
	RMB'000 (Unaudited)	% of total revenue	RMB'000 (Unaudited)	% of total revenue	
From commercial project management	1,308,343	78.3	1,064,837	68.8	22.9
(1) Self-operated	982,654	58.8	670,951	43.3	46.5
(2) Cooperation with business partners	325,689	19.5	393,886	25.5	(17.3)
From government project management	331,689	19.9	395,187	25.5	(16.1)
(1) Self-operated	328,733	19.7	381,161	24.6	(13.8)
(2) Cooperation with business partners	2,956	0.2	14,026	0.9	(78.9)
Other services	29,600	1.8	88,985	5.7	(66.7)
Total	1,669,632	100.0	1,549,009	100.0	7.8

During the Period:

- (i) commercial project management is still the largest source of revenue and profit for the Group, with revenue of RMB1,308.3 million from January to June 2024, accounting for 78.3% of the total revenue, increased by RMB243.5 million or 22.9% compared with RMB1,064.8 million in the same period of 2023. The growth was mainly attributable to the Company's utilization of its brand, management, and resource integration advantages to offer comprehensive support for crucial real estate sector operations, such as reducing inventory and guaranteeing delivery of buildings, as well as actively engaging in project management services for bailout and urban investment underpinning projects, thereby contributing to the revenue growth.
- (ii) revenue from government project management reached RMB331.7 million, accounting for 19.9% of the overall revenue, representing a decrease of 16.1% compared with RMB395.2 million in the same period in 2023. The decrease primarily resulted from the reduced project management fees of the government's newly contracted project management projects and the Company's focus on selecting higher-quality districts and projects within numerous affordable housing construction projects.
- (iii) revenue from other services was RMB29.6 million, accounting for 1.8% of the total revenue. The increase was mainly because a project tendered by Greentown Real Estate Group Co., Ltd. and managed by Greentown Project Management Group as the Company did not obtain the grade one qualification for real estate development prior to listing achieved a revenue of RMB12.1 million and the industry chain service revenue of RMB14.9 million during the Period.

Costs of Services

During the Period, the costs of services were RMB809.5 million, representing an increase of 9.0% from RMB742.9 million in the same period in 2023. The increase was mainly attributable to the increase of the commercial project management business and the costs of project services.

Gross Profit

The gross profit was RMB860.1 million, representing an increase of 6.7% from RMB806.2 million in the same period in 2023. The gross profit margin was 51.5%, representing a decrease of 0.5 percentage points compared with 52.0% in the same period in 2023.

- The gross profit margins of the three business segments are: 54.2% for commercial project management, 40.4% for government project management and 59.3% for other services, compared to 51.5%, 44.8% and 90.7%, respectively, for the same period in 2023.

- The gross profit margin of commercial project management was 54.2%, representing an increase of 2.7 percentage points compared with 51.5% in the same period in 2023. This was mainly due to the Company’s differentiated nationwide business strategy based on its brand strengths, thereby focusing on business development in developed regions, prioritising projects with higher quality, and improving its business fulfillment of project management.
- The gross profit margin of government project management was 40.4%, a decrease of 4.4 percentage points from 44.8% in the same period in 2023. It was primarily attributed to the decrease in project management fees for new projects of government project management.
- The gross profit margin of other services was 59.3%. The higher gross profit margin was mainly due to the revenue of RMB12.1 million derived from a project during the Period which was tendered by Greentown Real Estate Group Co., Ltd. and managed by Greentown Project Management Group as the Company did not obtain the grade one qualification for real estate development prior to its listing, the service cost of the project was recorded at Greentown Real Estate Group Co., Ltd., and the Company recognized the revenue based on the net gain of the project settled with Greentown Real Estate Group Co., Ltd.. Meanwhile, the revenue from industrial chain service projects is mainly from consulting projects.

Other Income

During the Period, other income of the Group was RMB65.5 million, a decrease of 32.4% from RMB96.9 million in the same period in 2023. The decrease in other income was mainly due to the decrease of RMB10.8 million in income from government grants for the Period as compared to the corresponding period of the previous year, and the decrease of RMB22.0 million in dividends distributed from financial assets at FVTOCI in the Period as compared to the corresponding period of the previous year.

Other Gains/Losses

During the Period, the other gains of the Group were RMB11.7 million. The gains were mainly due to a decrease of RMB13.2 million in the fair value of the contingent consideration payables for the Shangli acquisition.

Administrative Expenses

Administrative expenses were RMB211.7 million, representing a decrease of 7.7% from RMB229.3 million in the same period in 2023. The decrease was mainly due to the Company’s efforts to improve management efficiency by streamlining management levels and consolidating departments or positions, thereby reducing labour costs and related expenses.

Profit during the Period

During the Period, the net profit was RMB491.2 million, representing an increase of 6.3% from RMB462.1 million in the same period in 2023. The net profit during the Period attributable to the shareholders of the Company was RMB501.2 million, representing an increase of 5.8% from the net profit attributable to shareholders of the Company of RMB473.6 million in the same period in 2023.

Trade and Other Receivables, Deposits and Prepayments

As at 30 June 2024, trade and other receivables amounted to RMB908.4 million, representing an increase of 10.3% from RMB823.9 million at the end of 2023. The increase was mainly due to the impact of the overall market trends within the real estate industry, with lagging sales realization in certain regions, which subsequently affected the collection of project management fees. The turnover days increased from 24 days in 2023 to 28 days in the Period. It is due to the impact of the market, which is lagging behind in the collection of the project management fee.

Contract Asset

As at 30 June 2024, the Group's contract assets were RMB1,231.9 million, representing an increase of 38.3% from RMB890.6 million at the end of 2023. 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 project will be transferred to cash inflows from the Company's operating activities in the future.

Trade and Other Payables

As at 30 June 2024, the Group's trade and other payables amounted to RMB1,063.1 million, representing a decrease of 15.4% from RMB1,257.2 million at the end of 2023. The decrease was mainly due to the decrease in the balance of staff remuneration payable by RMB153.9 million.

Capital Structure

As at 30 June 2024, the total equity of the Group reached approximately RMB3,647.2 million, representing a decrease of RMB486.4 million from RMB4,133.6 million at the end of 2023. Specifically, equity attributable to shareholders of the Company was approximately RMB3,515.1 million, representing a decrease of approximately RMB480.6 million from RMB3,995.7 million at the beginning of 2024, mainly due to the fact that (1) the Company achieved net profits of approximately RMB491.2 million in January to June 2024; (2) the cost sharing of the grant of award shares of RMB17.0 million led to the increase in equity attributable to shareholders of the Company; and (3) the distribution of cash dividends to shareholders of the Company during the Period resulted in a decrease of RMB1,005.0 million in equity attributable to shareholders of the Company.

As at 30 June 2024, the Company had a total of 2,010,000,000 shares in issue, and had a total market capitalization of approximately HKD9,791 million (based on the closing price on 30 June 2024).

Liquidity and Capital Resources

As at 30 June 2024, the Group had bank deposits and cash (not including pledged bank deposits) of RMB2,152.1 million (31 December 2023: RMB2,044.4 million); and the current ratio was 1.40 times (31 December 2023: 1.83 times). Gearing ratio (interest-bearing debt divided by total equity at the end of the same period) was 0.8% (31 December 2023: 0.9%). The cash flow was 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 2024.

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.

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 employees was determined by their duties and the prevailing market terms. Discretionary bonuses based on individual performance will be paid to employees as recognition of and reward for their contributions. Staff benefits, including pension, medical coverage, and provident funds are also provided to employees of the Group.

As at 30 June 2024, the Group had 2,382 employees, representing an increase of 15.9% as compared with the total number of employees of 2,056 as of 31 December 2023, mainly due to the increase in project personnel required for the newly acquired project and cadre in Baichuan for talent reserve upgrade.

Interim Dividend

The Board unanimously resolved not to declare any interim dividend for the six months ended 30 June 2024 (for the six months ended 30 June 2023: Nil).

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 Reporting 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 code provisions in the Corporate Governance Code (the “**CG Code**”) as set out in Part 2 of Appendix C1 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 CG Code for the six months ended 30 June 2024.

The Directors will use their best endeavours to procure the Company to continue to comply with the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as its code of conduct regarding Directors’ dealings in the securities of the Company. Having made specific enquiry of all the Directors, all the Directors confirmed that they have strictly complied with the required standards set out in the Model Code during the 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 Appendix C3 to the Listing Rules. Having made reasonable enquiry, no incident of non-compliance with the Model Code by the Company’s relevant employees has been noted during the Period.

REVIEW OF INTERIM RESULTS

The announcement of interim results for the six months ended 30 June 2024 has been reviewed by the Audit Committee and approved by the Board. The auditor of the Company, Ernst & Young, 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 2024 prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting”, and issued a review report dated 23 August 2024.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement was published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.lcgljt.com). The interim report for the six months ended 30 June 2024 will be published on the websites of the Stock Exchange and the Company in due course.

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
Guo Jiafeng
Co-Chairman and Non-Executive Director

Hong Kong, PRC, 23 August 2024

As at the date of this announcement, the Board comprises Mr. Guo Jiafeng and Mr. Zhang Yadong as non-executive Directors; Mr. Wang Junfeng and Ms. Nie Huanxin as executive Directors; and Mr. Lin Zhihong, Dr. Ding Zuyu and Mr. Chan Yan Kwan Andy as independent non-executive Directors.