



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)

A large, glowing orange hexagonal outline is centered on the page. It is surrounded by several other hexagonal shapes in various shades of teal and blue, some with diagonal line patterns. The background is a light teal gradient with a subtle pattern of these hexagons.

2022
Interim Report



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Introduction

The Group is the pioneer and leader of China's real estate asset-light development model. Greentown Management was founded in 2010. It is a subsidiary of Greentown China and the main body for exporting the "Greentown" brand and project management model. In July 2020, Greentown Management was listed on the Main Board of The Hong Kong Stock Exchange, becoming the first project management stock in China. From 2017 to 2022, we had consecutively earned the accolade of a Leading Enterprise in Real Estate Project Management Operation 《中國房地產代建運營引領企業》 granted by China Real Estate Top 10 Research Team.

Greentown Management adheres to the core values of "quality, reliance, value and share", integrates resources, exports brand and standards through project management, and creates value for customers with customized solutions and high-quality services. The core business includes commercial project management, government project management and other services. As the pioneer of the Project Management 4.0 system and the "Greentown Star" standard setter, Greentown Management is committed to creating an ecological platform of "co-creating value and sharing benefits" for clients, owners, suppliers, employees and investors to build an exciting quality life.

As at 30 June 2022, the Group (by its own and through cooperation with business partners) had 390 project management projects located in 107 cities across 28 provinces, municipalities and autonomous regions in the PRC.



Greentown • Changzhou Jiangnanli



Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Li Jun (*Chief Executive Officer*)
Mr. Lin Sanjiu

Non-executive Directors

Mr. Guo Jiafeng (*Chairman*)
Mr. Zhang Yadong

Independent non-executive Directors

Mr. Lin Zhihong
Dr. Ding Zuyu
Mr. Chan Yan Kwan Andy

AUDIT COMMITTEE

Mr. Chan Yan Kwan Andy (*Chairman*)
Mr. Lin Zhihong
Dr. Ding Zuyu

REMUNERATION COMMITTEE

Dr. Ding Zuyu (*Chairman*)
Mr. Chan Yan Kwan Andy
Mr. Lin Zhihong

NOMINATION COMMITTEE

Mr. Lin Zhihong (*Chairman*)
Mr. Chan Yan Kwan Andy
Dr. Ding Zuyu

AUTHORIZED REPRESENTATIVES

Mr. Li Jun
Ms. Zhang Panpan

JOINT COMPANY SECRETARIES

Ms. Zhang Panpan
Ms. So Shuk Yi Betty

LEGAL ADVISORS

as to Hong Kong laws:

Latham & Watkins
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Hong Kong

as to Cayman Islands law:

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AUDITOR

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REGISTERED OFFICE

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HEADQUARTER

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The PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Wan Chai
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Maples Fund Services (Cayman) Limited
PO Box 1093
Boundary Hall
Cricket Square
Grand Cayman
KY1-1102
Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL BANKERS

Hua Xia Bank Co., Limited
Bank of Hangzhou Co., Ltd.
Standard Chartered Bank (Hong Kong) Limited
Agricultural Bank of China Limited
Industrial and Commercial Bank of China Limited

COMPANY'S WEBSITE

www.lcgljt.com

STOCK CODE

Hong Kong Stock Exchange: 09979

LISTING DATE

10 July 2020



Management Discussion and Analysis

Management Discussion and Analysis

BUSINESS REVIEW

I. Business Overview

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

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

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



Gaosu Greentown • Dongying Ideal City

II. The Macro Market

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

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

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

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



Affordable housing: Jiaxing Wenchang Garden

III. Company's Strengths

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

IV. Management Measures

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

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

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

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

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

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

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

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

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

3. *Strengthen business-to-business ("B2B") service capabilities and improve business performance*

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

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

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

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

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

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

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

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

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

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

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

BUSINESS OUTLOOK

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

Financial Analysis

Revenue

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

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

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

During the Reporting Period:

- (i) commercial project management is still the largest source of revenue and profit for the Group, with revenue of RMB764.7 million in the first half of 2022, accounting for 60.8% of total revenue, slightly decreased by RMB7.5 million or 1.0% compared with RMB772.3 million in the same period in 2021. The main reason for the decline was that due to the impacts of the pandemic, the revenue from projects in cooperation with business partners decreased by RMB 93.1 million in the first half of 2022 compared with the same period last year;

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- (ii) revenue from government project management reached RMB381.3 million, accounting for 30.3% of the overall revenue, representing an increase of 73.5% compared with RMB219.7 million in the same period in 2021. The main reasons were that: (1) driven by the CPC Central Committee's "common prosperity" policy, the demand for government project management was rapidly released, and the Company accelerated business expansion and further strengthened its nationwide presence. The increase in expansion projects and the successive commencement of construction have resulted in an increase in the project management area under the Company's management this year and a corresponding increase in revenue; and (2) the Company responded to market demand, innovated its business model, expanded its business scope, and diversified its business operations to drive revenue growth.
- (iii) revenue from other services was RMB112.5 million, accounting for 8.9% of the total revenue. The increase was mainly because a project tendered by Greentown Real Estate Group Co., Ltd. and managed by Greentown Project Management Group as the Company did not obtain the grade 1 qualification for real estate development prior to listing achieved a revenue of RMB95.7 million during the Period.

Costs of Services

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

Gross Profit

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

- The gross profit margins of the three business segments are: 49.7% for commercial project management, 42.2% for government project management and 83.6% for other services, compared to 45.1%, 44.7% and 75.0%, respectively, for the same period in 2021.
- The gross profit margin of commercial project management was 49.7%, representing an increase of 4.6 percentage points compared with 45.1% in the same period in 2021, mainly due to the strengthening of cost control and optimization of management model by the Company, thereby improving the overall gross profit margin of commercial project management.

- The gross profit margin of government project management was 42.2%, down by 2.5 percentage points from 44.7% in the same period in 2021, mainly due to an increase in the management cost per unit area and a decrease in the gross profit rate during the period due to the nationwide operation of the government project management.
- The gross profit margin of other services was 83.6%. The higher gross profit margin was mainly due to the revenue of RMB95.7 million derived from a project during the Period which was tendered by Greentown Real Estate Group and managed by Greentown Project Management Group as the Company did not obtain the grade 1 qualification for real estate development prior to its listing on the Stock Exchange, the service cost of the project was recorded at Greentown Real Estate Group, and the Company recognized the revenue based on the net gain of the project settled with Greentown Real Estate Group.

Other Income

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

Selling and Marketing Expenses

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

Administration Expenses

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

Profit during the Period

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

Trade and Other Receivables

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

Contract Assets

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

Trade and Other Payables

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

Capital Structure

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

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

Liquidity and Capital Resources

As at 30 June 2022, the Group had bank deposits and cash (not including pledged bank deposits) of RMB1,739.4 million (31 December 2021: RMB2,137.6 million); and the current ratio was 1.68 times (31 December 2021: 2.01 times). Gearing ratio (interest-bearing debt divided by total equity at the end of the same period) was 1.17% (31 December 2021: 1.22%). The cash flow was very abundant, providing strong support for the Company's future development.

During the Reporting Period, our liquidity was mainly tailored to meet the working capital needs. Internally generated cash flow was the main source of funding for our working capital, capital expenditures and other funding needs.

Debt

During the Reporting Period, the Group had no significant borrowings.

Foreign Exchange Risk

The Group conducts substantially all of its business in Mainland China and in Renminbi. Therefore, the Group is exposed to relatively low foreign exchange risk. However, the depreciation or appreciation of Renminbi and HKD against foreign currencies may have impact on the Group's financial performance. Currently, the Group does not hedge foreign exchange risks, but will continue to closely monitor its exposure to foreign exchange risks. The management will consider hedging foreign exchange risks when the Group becomes materially affected by such risks.

Contingent Liabilities

The Group did not have any significant contingent liabilities as at 30 June 2022.

Pledge of Assets

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

Asset Transactions and Significant Investments

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

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

Material Acquisitions and Disposals

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

Treasury Management

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

Employees and Remuneration Policies

During the Reporting Period, the Group provided diversified training and personal development plans to its employees according to the established human resources policies and systems. The remuneration package including basic salaries, allowances, bonuses, share award schemes and other employee benefits offered to the employees was determined by their duties and the prevailing market terms. Discretionary bonuses based on individual performance will be paid to employees as recognition of and reward for their contributions. Staff benefits, including pension, medical coverage, and provident funds are also provided to employees of the Group.

As at 30 June 2022, the Group had 1,468 employees, essentially the same as the total number of employees as of 31 December 2021. The Company's overall headcount remains stable.



Greentown • Shijiazhuang Yuhe Shangyuan



Corporate Governance

Corporate Governance

CORPORATE GOVERNANCE PRACTICES

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 business and operations are conducted in accordance with applicable laws and regulations and to enhance the transparency and accountability of the Board to all Shareholders. The Company's corporate governance practices are based on the principles and code provisions as set out in the CG Code. Save as disclosed herein, the Company has been in compliance with the code provisions set out in the CG Code during the Reporting Period.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as the code of conduct for the Directors to conduct securities transactions. After making specific enquiry to all the Directors of the Company, all the Directors confirmed that they have strictly complied with the required standard set out in the Model Code during the Reporting Period.

REVIEW OF INTERIM RESULTS

The announcement of interim results and interim report for the six months ended 30 June 2022 have been reviewed by the Audit Committee and approved by the Board. The auditor of the Company, Deloitte Touche Tohmatsu, has performed a review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" on the interim financial information of the Group for the six months ended 30 June 2022 prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting", and issued a review report dated 27 July 2022.



Affordable housing: Wenzhou Ouhai Fengchi Garden



Other Information

Other Information

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 30 June 2022, the interests and short positions of the Directors and chief executives of the Company in the shares of the Company, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which were required to be entered in the register pursuant to Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

(i) Long positions in the Shares and underlying shares

Name of Director or chief executive	Nature of interest	Number of ordinary Shares	Number of derivative Shares ⁽¹⁾	Total	Approximate percentage of interest in the Company
Mr. Guo Jiafeng	Beneficial owner	1,000,000	1,000,000	2,000,000	0.10%
Mr. Zhang Yadong	Beneficial owner	1,000,000	1,000,000	2,000,000	0.10%
Mr. Li Jun	Beneficial owner	15,738,000	5,450,000	21,188,000	1.05%
Mr. Lin Sanju	Beneficial owner	1,440,000	3,440,000	4,880,000	0.24%

Note:

(1) Such interests refer to the interests in the award share units granted under the Share Award Scheme.

(ii) Associated Corporation of the Company

Name of Director	Name of associated corporation of the Company	No. of Shares (including Share Options or Award Shares Granted)	% of issued share capital of the associated corporation ⁽³⁾
Mr. Guo Jiafeng	Greentown China	4,153,140 ⁽¹⁾	0.17%
Mr. Zhang Yadong	Greentown China	13,502,387 ⁽²⁾	0.54%

Notes:

(1) It represents (i) 4,000,000 share options under the Greentown China 2016 Share Option Scheme; and (ii) 153,140 shares of Greentown China held as beneficial owner.

(2) It represents (i) 12,600,000 share options under the Greentown China 2016 Share Option Scheme and (ii) 902,387 shares of Greentown China held as beneficial owner.

(3) Calculated based on the relevant individual's interest in the relevant shares and the total number of issued shares of Greentown China as at 30 June 2022.

Save as disclosed above, as at 30 June 2022, none of the Directors and chief executives of the Company (including their spouses and children under the age of 18) had any interest in, or had been granted any right to subscribe for the Shares and options of the Company and its associated corporations (within the meaning of the SFO), or had exercised any such rights.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 30 June 2022, as set out in the register kept under Section 336 of the SFO, the following companies and persons (other than the Directors and chief executives of the Company) had interest or short position in the Shares and underlying shares which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO:

Name of substantial shareholder	Nature of interest	Number of ordinary Shares	Approximate percentage of interest in the Company
Greentown China	Beneficial owner	1,432,660,000	71.28%

Save as disclosed above, as at 30 June 2022, our Directors are not aware of any other person (other than Directors and chief executive of the Company) who have any interest and/or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

SHARE AWARD SCHEME

The Company has adopted two share award schemes, namely the 2020 Share Award Scheme and the 2022 Share Award Scheme, in which eligible participants of the Group (including any directors) will be entitled to participate.

2020 Share Award Scheme

On 28 October 2020, the Company adopted the share award scheme (the “**2020 Share Award Scheme**”), pursuant to which the ordinary shares of the Company (the “**Shares**”) to be awarded will be purchased by the trustee from the open market out of cash contributed by the Group and held on trust for the selected employees until such Shares are vested with the relevant selected employees in accordance with the provisions of the 2020 Share Award Scheme. The scheme is valid and effective for a period of ten (10) years commencing on the adoption date. The Company did not grant any award share under the 2020 Share Award Scheme during the six months ended 30 June 2022.

2022 Share Award Scheme

On 24 April 2022, the Company adopted the 2022 share award scheme (the “**2022 Share Award Scheme**”) to issue and allot new shares to the trustee pursuant to the specific mandate and in accordance with the terms of the scheme rules. The new shares to be issued will be held on trust for the grantees until the end of each vesting condition which may differ among the grantees and be transferred to the grantees upon satisfaction of the relevant vesting conditions as may be specified by the Board in the award letter.

Other Information

On 24 April 2022, it has approved, subject to (i) the approval of the specific mandate at the extraordinary general meeting (the “EGM”), and (ii) the acceptance of the grantees and other conditions, the proposed grant of 52,024,000 award shares in aggregate to the grantees, of which (i) 42,524,000 award shares are proposed to be granted to 69 employee grantee (who are not connected persons of the Company); and (ii) 9,500,000 award shares are proposed to be granted to 4 connected grantees (who are connected persons of the Company). The above matter has been considered and approved at the EGM held by the Company on 8 June 2022.

As at 30 June 2022, the Company had a total of 67,375,000 outstanding award shares, the details of which are as follows:

Name of directors	Date of grant	As at 1 January 2022	Number of Award Shares			As at 30 June 2022
			Granted during the period	Vested during the period	Lapsed during the period	
Connected Grantees						
(Note 1)						
Mr. GUO Jiafeng	24 December 2020	1,000,000	–	–	–	1,000,000
Mr. ZHANG Yadong	24 December 2020	1,000,000	–	–	–	1,000,000
Mr. LI Jun	24 December 2020	1,950,000	–	–	–	1,950,000
	24 April 2022	–	3,500,000	–	–	3,500,000
Mr. LIN Sanjiu	24 December 2020	1,440,000	–	–	–	1,440,000
	24 April 2022	–	2,000,000	–	–	2,000,000
Others	24 December 2020	5,380,000	–	–	360,000	5,020,000
Subsidiary Directors						
Ms. ZHAN Liying	24 April 2022	–	2,000,000	–	–	2,000,000
Mr. LUO Yi	24 April 2022	–	2,000,000	–	–	2,000,000
Non-connected Grantees						
32 grantees ^(note 2)	24 December 2020	6,165,000	–	–	–	6,165,000
69 employees	24 April 2022	–	42,524,000	–	1,224,000	41,300,000
Total		16,935,000	52,024,000	–	1,584,000	67,375,000

Note 1: Among the connected grantees, Mr. Guo Jiafeng, Mr. Zhang Yadong, Mr. Li Jun and Mr. Lin Sanjiu are the executive directors/non-executive directors of the Company. Other grantees include seven directors of certain subsidiaries of the Company.

Note 2: Selected participants who are not connected with the Company or a connected person of the Company.

USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING

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

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

Use of proceeds	Allocation of use of the net proceeds (as amended) (HKD million)	Percentage of total net proceeds (as amended)	Actual use as of 30 June 2022 (HKD million)	Unutilised net proceeds as at 30 June 2022 (HKD million)
Scale up through strategic acquisitions	229.0	20%	229.0	–
Development of commercial project management with capital contribution	166.0	14.5%	166.0	–
Repayment of the indebtedness to Greentown China	590.2	51.5%	590.2	–
Development of ecosystem	45.4	4%	39.1	6.3
General working capital	114.5	10%	114.5	–
Total	1,145.1	100%	1,138.8	6.3

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

SHARE OPTION SCHEME

As at the end of the Reporting Period, the Company did not have any share option scheme.

EQUITY-LINKED AGREEMENTS

During the Reporting Period, the Company did not enter into nor the existence of any equity-linked agreements, nor provisions requiring the Company to enter into any agreements, which would lead to or might lead to the issue of new Shares of the Company.

UPDATES ON DIRECTORS' INFORMATION

As at 30 June 2022, there are no updates on directors' information required to be disclosed under 13.51(2) paragraphs (a) to (e) and paragraph (g) of the Listing Rules.

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

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

INTERIM DIVIDEND

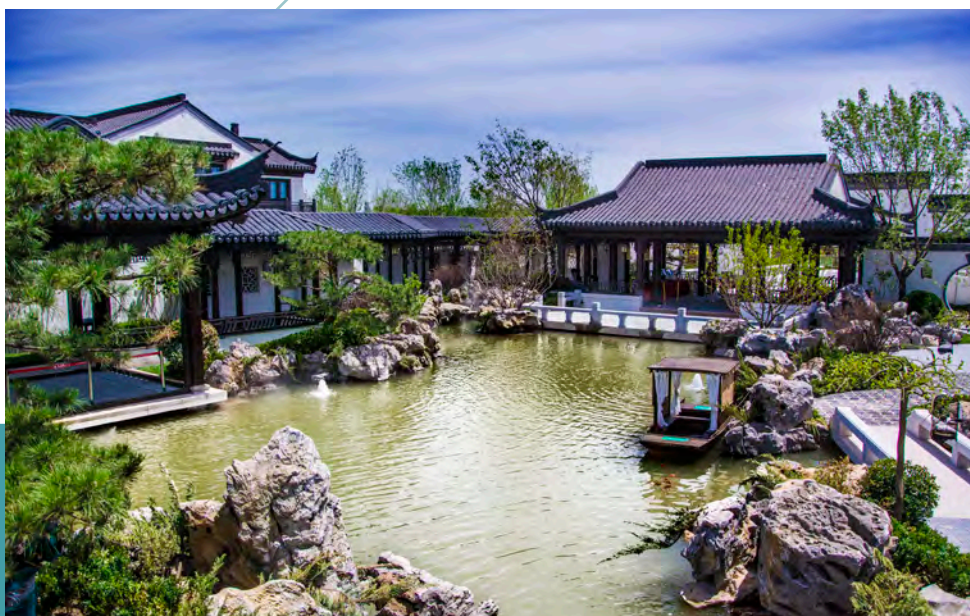
The Board unanimously resolved not to declare any interim dividend for the six months ended 30 June 2022.

APPRECIATION

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

By order of the Board
Chief Executive Officer and Executive Director
Li Jun

Hangzhou, the PRC
27 July 2022



Greentown • Yinchuan Peach Garden

Report on Review of Condensed Consolidated Financial Statements

TO THE BOARD OF DIRECTORS OF GREENTOWN MANAGEMENT HOLDINGS COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Greentown Management Holdings Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 28 to 72, which comprise the condensed consolidated statement of financial position as of 30 June 2022 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" ("HKSRE 2410") issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
27 July 2022

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

(For the six months ended 30 June 2022)

	Notes	Six months ended 30 June	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Revenue	3	1,258,509	1,080,769
Cost of sales		(623,802)	(567,653)
Gross profit		634,707	513,116
Other income	4	81,207	44,330
Other gains and losses	5	3,978	12,451
Selling and marketing expenses		(46,552)	(44,994)
Administration expenses		(224,607)	(194,273)
Finance costs	6	(3,610)	(2,528)
Impairment losses under expected credit loss model, net of reversal	16	(7,386)	(6,586)
Loss from changes in fair value of investment properties	11	(61)	(1,807)
Gain on acquisition of subsidiaries	21	–	521
Gain on disposal of an associate		420	–
Share of results of associates		10,377	(4,910)
Share of results of joint ventures		18,358	29,761
Profit before tax	7	466,831	345,081
Income tax expense	8	(101,132)	(69,116)
Profit for the period		365,699	275,965
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		(58)	4,464
Total comprehensive income for the period		365,641	280,429
Profit for the period attributable to:			
Owners of the Company		360,825	270,432
Non-controlling interests		4,874	5,533
		365,699	275,965
Total comprehensive income for the period attributable to:			
Owners of the Company		360,767	274,896
Non-controlling interests		4,874	5,533
		365,641	280,429
EARNINGS PER SHARE			
– Basic (RMB)	10	0.19	0.14
– Diluted (RMB)	10	0.18	0.14

Condensed Consolidated Statement of Financial Position

(As at 30 June 2022)

	Notes	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Non-Current Assets			
Property, plant and equipment	11	102,724	102,082
Intangible assets	12	441,461	–
Right-of-use assets	11	18,414	16,516
Investment properties	11	46,896	46,956
Goodwill	21	981,761	769,241
Interests in associates		82,179	70,382
Interests in joint ventures		223,617	173,644
Equity instruments at FVTOCI	20	100,665	100,742
Other long-term receivables	13	190,000	238,000
Deferred tax assets		25,929	18,431
Deposits for acquisition of properties	23	62,351	7,080
		2,275,997	1,543,074
Current Assets			
Trade and other receivables	14	814,223	748,847
Contract assets	15	556,226	482,412
Financial assets at fair value through profit or loss ("FVTPL")	20	71,103	75,031
Amounts due from related parties	22(ii)	227,098	240,049
Property classified as held for sale	11	–	4,600
Pledged bank deposits		19,030	12,502
Bank balances and cash		1,739,375	2,137,648
		3,427,055	3,701,089
Current Liabilities			
Trade and other payables	17	1,132,297	943,066
Amounts due to related parties	22(ii)	290,097	245,962
Dividends payable	9	31	–
Income taxes payable		173,227	179,070
Other taxes payable		42,777	85,504
Contract liabilities		396,106	384,863
Lease liabilities		7,431	5,422
		2,041,966	1,843,887
Net Current Assets		1,385,089	1,857,202
Total Assets Less Current Liabilities		3,661,086	3,400,276

Condensed Consolidated Statement of Financial Position

(As at 30 June 2022)

	Notes	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Capital and Reserves			
Share capital	18	16,769	16,324
Reserves		3,320,601	3,324,936
Equity attributable to owners of the Company		3,337,370	3,341,260
Non-controlling interests		155,933	30,451
Total Equity		3,493,303	3,371,711
Non-Current Liabilities			
Deferred tax liabilities		129,143	18,795
Lease liabilities		9,089	9,770
Financial liabilities at FVTPL	20	29,551	–
		167,783	28,565
		3,661,086	3,400,276

The condensed consolidated financial statements on pages 28 to 72 were approved and authorised for issue by the Board of Directors on 27 July 2022 and are signed on its behalf by:

Li Jun
DIRECTOR

Lin Sanjiu
DIRECTOR

Condensed Consolidated Statement of Changes in Equity

(For the six months ended 30 June 2022)

	Equity attributable to owners of the Company											
	Share capital	Share premium	Shares held for				FVTOCI	Share-based payments	Retained earnings	Attributable to owners of the Company	Non-controlling interests	Total
			Statutory reserve	share award scheme	Merge reserve	Special reserve						
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
At 1 January 2022 (Audited)	16,324	2,933,656	198,751	(58,266)	(1,470,994)	79,384	56,394	9,542	1,576,469	3,341,260	30,451	3,371,711
Profit for the period	-	-	-	-	-	-	-	-	360,825	360,825	4,874	365,699
Other comprehensive expense for the period	-	-	-	-	-	-	(58)	-	-	(58)	-	(58)
Total comprehensive income for the period	-	-	-	-	-	-	(58)	-	360,825	360,767	4,874	365,641
Transfer to statutory reserve	-	-	445	-	-	-	-	-	(445)	-	-	-
Issue of ordinary shares	445	-	-	(445)	-	-	-	-	-	-	-	-
Recognition of equity-settled share-based payments	-	-	-	-	-	-	-	22,765	-	22,765	-	22,765
Dividends recognised as distribution (Note 9)	-	-	-	-	-	-	-	-	(387,422)	(387,422)	-	(387,422)
Acquisition of a subsidiary (Note Z1)	-	-	-	-	-	-	-	-	-	-	143,048	143,048
Liquidation of a subsidiary	-	-	(3)	-	-	-	-	-	3	-	(22,440)	(22,440)
At 30 June 2022 (Unaudited)	16,769	2,933,656	199,193	(58,711)	(1,470,994)	79,384	56,336	32,307	1,549,430	3,337,370	155,933	3,493,303

	Equity attributable to owners of the Company											
	Share capital	Share premium	Shares held for				FVTOCI	Share-based payments	Retained earnings	Attributable to owners of the Company	Non-controlling interests	Total
			Statutory reserve	share award scheme	Merge reserve	Special reserve						
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
At 1 January 2021 (Audited)	16,324	2,961,194	125,997	(99,910)	(1,470,994)	79,384	50,882	1,520	1,410,802	3,075,199	27,010	3,102,209
Profit for the period	-	-	-	-	-	-	-	-	270,432	270,432	5,533	275,965
Other comprehensive income for the period	-	-	-	-	-	-	4,464	-	-	4,464	-	4,464
Total comprehensive income for the period	-	-	-	-	-	-	4,464	-	270,432	274,896	5,533	280,429
Recognition of equity-settled share-based payments	-	-	-	-	-	-	-	10,848	-	10,848	-	10,848
Dividends recognised as distribution (Note 9)	-	-	-	-	-	-	-	-	(332,855)	(332,855)	-	(332,855)
Liquidation of a subsidiary	-	-	(2,500)	-	-	-	-	-	2,500	-	-	-
At 30 June 2021 (Unaudited)	16,324	2,961,194	123,497	(99,910)	(1,470,994)	79,384	55,346	12,368	1,350,879	3,028,088	32,543	3,060,631

Condensed Consolidated Statement of Cash Flows

(For the six months ended 30 June 2022)

	Note	Six months ended 30 June	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
OPERATING ACTIVITIES			
Operating cash flows before movements in working capital		435,563	305,766
(Increase) decrease in trade and other receivables		(4,475)	60,346
Increase in contract assets		(78,382)	(89,595)
Decrease (increase) in amounts due from related parties		4,045	(25,559)
Increase in trade and other payables		72,236	6,950
Increase in amounts due to related parties		43,562	72,146
Increase in contract liabilities		11,243	20,807
Cash generated from operations		483,792	350,861
Income taxes paid		(120,537)	(92,294)
NET CASH FROM OPERATING ACTIVITIES		363,255	258,567
INVESTING ACTIVITIES			
Interest received		44,008	37,439
Dividends received from joint ventures		8,781	7,975
Dividends received from an equity instrument at FVTOCI		–	5,000
Proceeds on disposal of interest in an associate		1,000	–
Proceeds on disposal of property, plant and equipment		328	2,054
Proceeds on disposal of an investment property		4,600	1,576
Investments in associates		(2,000)	(1,450)
Investments in joint ventures		(30,000)	(12,240)
Purchases of property, plant and equipment		(7,775)	(8,479)
Payments for right-for-use assets		(802)	–
Payments for rental deposits		–	(365)
Withdraw of rental deposits		73	–
Advance of other long-term receivables		–	(280,000)
Payment for arrangement fee for other long-term receivables		–	(240)
Repayment from other long-term receivables		8,000	–
Advance of loan to related parties		(4,000)	(2,000)
Repayment from loan to related parties		6,300	3,000
Advance of loan to third parties		–	(157,000)
Repayment from loan to third parties		–	16,000
Net cash (outflow) inflow arising from acquisition of subsidiaries	21	(400,000)	8,235
Withdraw of pledged bank deposits		2,467	1,638
Placement of pledged bank deposits		(8,995)	–
Proceeds from disposal of financial assets at FVTPL		320,524	1,481,338
Purchases of financial assets at FVTPL		(310,000)	(1,584,155)
NET CASH USED IN INVESTING ACTIVITIES		(367,491)	(481,674)

Condensed Consolidated Statement of Cash Flows

(For the six months ended 30 June 2022)

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
FINANCING ACTIVITIES		
Interest paid	(3,110)	(1,606)
Dividends paid	(387,391)	(3,811)
Advance from third parties	–	25,000
Repayments of lease liabilities	(3,809)	(5,550)
NET CASH (USED IN) FROM FINANCING ACTIVITIES	(394,310)	14,033
Effect of foreign exchange rate changes	273	(3,970)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(398,273)	(213,044)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	2,137,648	2,397,335
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	1,739,375	2,184,291

Notes to the Condensed Consolidated Financial Statements

(For the six months ended 30 June 2022)

1. GENERAL INFORMATION AND BASIS OF PREPARATION

The Company was established in the Cayman Islands as an exempted company with limited liability on 12 December 2016. The Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 10 July 2020. The immediate and ultimate holding company of the Company is Greentown China Holdings Limited ("Greentown China"), a company listed on the Main Board of the Stock Exchange and incorporated in the Cayman Islands.

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

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

In addition, the condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Board (the "IASB") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange.

2. PRINCIPAL ACCOUNTING POLICIES

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

Other than additional accounting policies resulting from application of amendments to International Financial Reporting Standards ("IFRSs"), and application of certain accounting policies which became relevant to the Group in the current interim period, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2022 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2021.

Business combinations or asset acquisitions

Business combinations

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

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Business combinations or asset acquisitions (Continued)

Business combinations (Continued)

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

Intangible assets

Intangible assets acquired in a business combination

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

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

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

Financial instruments

Financial liabilities and equity

Financial liabilities

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

Financial liabilities at FVTPL

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

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

Notes to the Condensed Consolidated Financial Statements

(For the six months ended 30 June 2022)

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)**Application of amendments to IFRSs**

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

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

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

3. REVENUE AND SEGMENT INFORMATION**(i) Disaggregation of revenue from contracts with customers is as follows:**

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

Note: During the current interim period, revenue from other services include (i) project management service provided for certain governmental projects amounting to RMB95,680,000 (six months ended 30 June 2021: RMB73,260,000), which were tendered by the subsidiaries of Greentown China and managed by the Group as the Group did not obtain the grade 1 qualification for real estate development prior to August 2020. Such arrangements are no longer entered by the Group since the grade 1 qualification was obtained by the Group in August 2020. As a result, the Group presented the revenue from certain projects as "others" in the disaggregation of revenue; and (ii) construction design and other consulting service amounting to RMB16,810,000 (six months ended 30 June 2021: RMB15,491,000). Revenue from each of other service is less than 10% of the total revenue of the Group. Therefore, all other services are aggregated into one reportable segment as below.

Notes to the Condensed Consolidated Financial Statements

(For the six months ended 30 June 2022)

3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(ii) Segment information

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

For the six months ended 30 June 2022

	Commercial project management RMB'000	Governmental project management RMB'000	Others RMB'000	Segment total RMB'000	Eliminations RMB'000	Total RMB'000
Segment revenue						
External revenue	764,732	381,287	112,490	1,258,509	-	1,258,509
Inter-segment revenue	30,284	254,497	921	285,702	(285,702)	-
Total	795,016	635,784	113,411	1,544,211	(285,702)	1,258,509
Segment results	284,397	46,029	57,906	388,332	219	388,551
Unallocated other income						9
Unallocated gain from changes in fair value of financial assets mandatorily measured at FVTPL						4,504
Unallocated administrative expenses						(7,795)
Unallocated finance costs						(7)
Unallocated exchange gains						273
Unallocated license fee (Note 22(i)(f))						(19,836)
Profit for the period						365,699

Notes to the Condensed Consolidated Financial Statements

(For the six months ended 30 June 2022)

3. REVENUE AND SEGMENT INFORMATION (CONTINUED)**(ii) Segment information (Continued)***For the six months ended 30 June 2021*

	Commercial project management RMB'000	Governmental project management RMB'000	Others RMB'000	Segment total RMB'000	Eliminations RMB'000	Total RMB'000
Segment revenue						
External revenue	772,273	219,745	88,751	1,080,769	–	1,080,769
Inter-segment revenue	25,679	113,278	4,343	143,300	(143,300)	–
Total	797,952	333,023	93,094	1,224,069	(143,300)	1,080,769
Segment results	231,888	29,833	41,331	303,052	219	303,271
Unallocated other income						228
Unallocated gain from changes in fair value of financial assets mandatorily measured at FVTPL						173
Unallocated administrative expenses						(8,669)
Unallocated finance costs						(68)
Unallocated exchange loss						(3,970)
Unallocated license fee (Note 22(i)(f))						(15,000)
Profit for the period						275,965

Notes to the Condensed Consolidated Financial Statements

(For the six months ended 30 June 2022)

4. OTHER INCOME

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest income from:		
– bank balances	14,658	18,265
– loans to third parties	36,228	20,140
– loans to related parties (Note 22(i)(d))	480	501
	51,366	38,906
Dividends from an equity instrument at FVTOCI	15,000	5,000
Government grants (Note)	14,783	–
Gross rental income from investment properties	55	344
Others	3	80
	81,207	44,330

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

5. OTHER GAINS AND LOSSES

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

Notes to the Condensed Consolidated Financial Statements

(For the six months ended 30 June 2022)

6. FINANCE COSTS

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest expenses on loan from third parties	(1,866)	(459)
Interest expenses on loan from related parties (Note 22(i)(g))	(1,025)	(1,497)
Interests on lease liabilities	(454)	(541)
Others	(265)	(31)
	(3,610)	(2,528)

7. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Directors' remuneration	7,795	8,669
Salaries and other benefits	423,268	375,669
Retirement benefits scheme contributions	18,513	9,542
Staff costs (including directors' emoluments)	449,576	393,880
Depreciation of property, plant and equipment	6,756	7,397
Amortisation of intangible assets	24,256	–
Depreciation of right-of-use-assets	4,041	5,248

Notes to the Condensed Consolidated Financial Statements

(For the six months ended 30 June 2022)

8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax:		
– PRC Enterprise Income Tax (“EIT”)	113,426	78,210
Under (over) provision in prior years:		
– EIT	1,266	(233)
Deferred tax:		
– Current period	(13,560)	(8,861)
	101,132	69,116

The Company is registered as an exempted company and as such is not subject to Cayman Islands taxation.

No provision for Hong Kong Profits Tax has been made as the Group did not have any assessable income subjected to Hong Kong Profits Tax.

PRC EIT is recognised based on management’s best estimate of the annual income tax rate expected for the full financial year. Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the EIT rate of the PRC subsidiaries is 25%, with the exception of Greentown Construction Management Co., Ltd. 綠城建設管理集團有限公司 (“Greentown Construction Management”).

Greentown Construction Management was accredited as a “High and New Technology Enterprise” on 4 December 2019 and it is entitled to a preferential tax rate of 15% for a three-year period commencing from the year of 2019, subject to certain conditions. Accordingly, the estimated applicable EIT rate of Greentown Construction Management for the six months ended 30 June 2022 is 15% (six months ended 30 June 2021: 15%).

Notes to the Condensed Consolidated Financial Statements

(For the six months ended 30 June 2022)

9. DIVIDENDS

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

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

10. EARNINGS PER SHARE

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

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

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

Notes to the Condensed Consolidated Financial Statements

(For the six months ended 30 June 2022)

11. PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND INVESTMENT PROPERTIES

During the current interim period, the Group incurred additional expenditure on property, plant and equipment in the amount of RMB7,775,000 (six months ended 30 June 2021: RMB8,479,000).

During the current interim period, the Group entered into several new lease agreements with lease terms ranged from two to three years for office premises. The Group is required to make fixed monthly payments. On lease commencement, the Group recognised right-of-use assets of RMB5,939,000 (six months ended 30 June 2021: RMB6,385,000) and lease liabilities of RMB5,137,000 (six months ended 30 June 2021: RMB6,385,000).

The Group's investment properties as at the end of the current interim period were valued by the directors of the Company. The directors of the Company used market approach to determine the fair value of all the investment properties held by the Group, based on market observable transactions of similar properties and adjusted to reflect the locations and conditions of the subject properties. The resulting decrease in fair value of investment properties of RMB61,000 (six months ended 30 June 2021: RMB1,807,000) has been recognised directly in profit or loss for the six months ended 30 June 2022.

In addition, during the current interim period, the Group completed the disposal of an investment property classified as held for sale with the carrying amount of RMB4,600,000 (six months ended 30 June 2021: RMB1,228,000) for cash proceeds of RMB4,600,000 (six months ended 30 June 2021: RMB1,576,000), no gain or loss recognised on disposal (six months ended 30 June 2021: gain of RMB348,000).

12. INTANGIBLE ASSETS

The intangible assets held by the Group are the contractual rights from the project management contracts with the project owners, which were arisen from the acquisition of Greentown Shangli Construction Management Co., Ltd. 綠城熻里建設管理有限公司 ("Greentown Shangli") formerly named as Zhejiang Shangli Construction Management Co., Ltd 浙江熻里建設管理有限公司 from third parties during the current interim period. The fair value of the intangible assets acquired at the acquisition date was RMB465,717,000. The details of the acquisition are set out in Note 21.

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

Notes to the Condensed Consolidated Financial Statements

(For the six months ended 30 June 2022)

13. OTHER LONG-TERM RECEIVABLES

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Fixed interest rate other long-term receivables:		
– secured and guaranteed loans to third parties (Note)	230,000	238,000
Analysed as		
Current	40,000	–
Non-current	190,000	238,000
	230,000	238,000

Note: As at 30 June 2022, the carrying amount of loans to third parties is amounting to RMB230,000,000 (31 December 2021: RMB238,000,000) with terms of two to two and half years (31 December 2021: two to two and a half years) and repayable in full on the respective maturity dates. The fixed interest rate of loans is 6% (31 December 2021: 6%) per annum. The loans are pledged with collaterals such as land use rights, shareholders' interests 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. There has not been any significant changes in the debtors' credit quality and their related collateral pledged for the other long-term receivables. The Group did not recognised a loss allowance for the other long-term receivables as a result of these collaterals.

The directors of the Company are in the view that there have been no significant increase in credit risk nor default because no Group's other long-term receivables balance is past due as at the reporting date.

Details of impairment assessment of other long-term receivables are set out in Note 16.

Notes to the Condensed Consolidated Financial Statements

(For the six months ended 30 June 2022)

14. TRADE AND OTHER RECEIVABLES

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

Included in the trade receivables were bills receivables amounted to RMB599,000 as at 30 June 2022 (31 December 2021: RMB66,051,000). All bills received by the Group are with a maturity period of less than one year.

Included in other receivables were secured and guaranteed advances to a third party of RMB495,000,000 (31 December 2021: RMB455,000,000) as at 30 June 2022. The advances are expected to be recovered within one year which carry interest from 6% to 15% (31 December 2021: 6% to 15%) per annum. The advances are pledged with collaterals comprised by 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 borrower. There has not been any significant changes in the debtors' credit quality and their related collateral pledged for such advance. Therefore, the directors of the Company are in the view that there have been no significant increase in credit risk nor default because the balance of advances is not past due as at the reporting date.

Besides abovementioned advances, there were unsecured and unguaranteed advances to third parties of RMB272,000 (31 December 2021: RMB nil) included in other receivables as at 30 June 2022. The advances are with an interest rate of 10% (31 December 2021: nil) per annum, which are expected to be recovered within one year.

Notes to the Condensed Consolidated Financial Statements

(For the six months ended 30 June 2022)

14. TRADE AND OTHER RECEIVABLES (CONTINUED)

The Group does not normally allow a credit period to its customers. The following is an age analysis of trade receivables (including bills receivables), net of allowance for credit losses, presented based on the invoice date.

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Within 180 days	112,314	100,916
180 – 365 days	14,369	12,958
Over 365 days	3,621	11,662
Total	130,304	125,536

Details of the impairment assessment are set out in Note 16.

15. CONTRACT ASSETS

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Project management service		
Contract assets	592,698	514,316
Less: allowance for credit losses	(36,472)	(31,904)
	556,226	482,412

Details of the impairment assessment are set out in Note 16.

Notes to the Condensed Consolidated Financial Statements

(For the six months ended 30 June 2022)

16. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Impairment losses (recognised) reversed on:		
– contract assets	(4,568)	(4,688)
– trade receivables	(3,133)	(2,450)
– other receivables	204	(1,137)
– amounts due from related parties	111	1,689
	(7,386)	(6,586)

During the current interim period, the Group did not write-off any trade receivables and other receivables (six months ended 30 June 2021: the Group wrote-off certain trade receivables and other receivables amounted to RMB10,000 and RMB360,000 respectively).

The basis of determining the inputs and assumptions and the estimation techniques used in the condensed consolidated financial statements for the six months ended 30 June 2022 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021.

17. TRADE AND OTHER PAYABLES

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

Included in other payables were unsecured and unguaranteed advances from third parties of RMB25,000,000 (31 December 2021: RMB25,000,000) as at 30 June 2022. The advances are expected to be settled within one year which carry interest at 12% to 15% (31 December 2021: 12% to 15%) per annum.

Notes to the Condensed Consolidated Financial Statements

(For the six months ended 30 June 2022)

17. TRADE AND OTHER PAYABLES (CONTINUED)

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

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

18. SHARE CAPITAL

	Number of shares	Amount Hong Kong Dollars ("HKD")
Authorised		
Ordinary shares of HKD0.01 each		
At 1 January 2021, 30 June 2021, 1 January 2022 and 30 June 2022	100,000,000,000	1,000,000,000
	Number of shares	Amount HKD
		Shown in the condensed consolidated statement of financial position as RMB'000
Issued and fully paid		
At 1 January 2021 and 30 June 2021 (Note (i))	1,957,976,000	19,579,760
At 1 January 2022 (Note (ii))	1,957,976,000	19,579,760
New shares issued through allotment (Note (iii))	52,024,000	520,240
At 30 June 2022	2,010,000,000	20,100,000

Notes to the Condensed Consolidated Financial Statements

(For the six months ended 30 June 2022)

18. SHARE CAPITAL (CONTINUED)

Notes:

- (i) Included in number of shares as at 1 January 2021 and 30 June 2021 are 35,830,961 shares amounted to HKD118,363,000 (equivalent to approximately RMB99,910,000) repurchased from market for the 2020 Share Award Scheme, which are presented as “shares held for share award scheme” in the condensed consolidated statement of changes in equity.
- (ii) Included in number of shares as at 1 January 2022 are 20,895,961 shares amounted to HKD69,027,000 (equivalent to approximately RMB58,266,000) repurchased from market for share award scheme, which are presented as “shares held for share award scheme” in the consolidated statement of changes in equity.
- (iii) On 20 June 2022, the Company issued and allotted 52,024,000 ordinary shares of HKD0.01 each for the 2022 Share Award Scheme to Computershare Hong Kong Trustees Limited, the trustee and administrator of the 2022 Share Award Scheme. The amounts of the new shares issued and allotted are equivalent to approximately RMB445,000, which are presented as “shares held for share award scheme” in the condensed consolidated statement of changes in equity.

19. SHARE-BASED PAYMENTS**Share award scheme***2020 Share Award Scheme*

The Company’s share award scheme (the “2020 Share Award Scheme”) was adopted pursuant to a board resolution passed on 28 October 2020 for the primary purpose of providing incentives to directors of the Company and eligible employees to retain them for the continual operation and development of the Group, and will expire on 27 October 2030.

The table below discloses movement of the 2020 Share Award Scheme:

	Number of award shares
Outstanding as at 1 January 2022	16,935,000
Forfeited during the period	(360,000)
Outstanding as at 30 June 2022	16,575,000

In the current interim period, no share awards were granted or exercised under the 2020 Share Award Scheme.

19. SHARE-BASED PAYMENTS (CONTINUED)

Share award scheme (Continued)

2022 Share Award Scheme

The Company's 2022 share award scheme (the "2022 Share Award Scheme") was adopted pursuant to a board resolution passed on 24 April 2022 for the primary purpose of providing incentives to directors and eligible employees to retain them for the continual operation and development of the Group, and will expire on 23 April 2032. Under the 2022 Share Award Scheme, the board of the Company or an authorised person may grant share awards to eligible employees, including directors of the Company. Pursuant to the 2022 Share Award Scheme, the award shares will be satisfied by the issue and allotment of new shares to a trust constituted the trust deed to service the 2022 Share Award Scheme (the "Trust"), and the Company appointed an independent trustee, Computershare Hong Kong Trustees Limited (the "Trustee") acted as the administrator of the Company's 2022 Share Award Scheme.

The total number of the award shares made pursuant to the 2022 Share Award Scheme shall not exceed 2.657% of the total number of issued shares as at 24 April 2022.

As at 30 June 2022, the Company issued and allotted 52,024,000 awards shares to the Trustee, which were all granted by the Group to its 73 directors and eligible employees (the "Grantee") pursuant to the 2022 Share Award Scheme on 24 April 2022. Subject to the satisfaction of the vesting criteria and conditions of the award letter, the award shares shall be vested in three tranches, (i) 30% of the award shares shall vest on the first anniversary date of the grant date, (ii) 30% of the award shares shall vest on the second anniversary date of the grant date, and (iii) 40% of the award shares shall vest on the third anniversary date of the grant date. When the relevant Grantee has satisfied all vesting conditions and become entitled to the shares forming the subject of the award, the Trustee shall transfer the relevant granted shares to the Grantee in accordance with the scheme rules. Each of the Grantees further agreed to the Company that, upon vesting of the award shares, the vested award shares can only be sold when the latest closing price per share stated on the daily quotation sheet of the Stock Exchange is no less than HKD6.5 per share.

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19. SHARE-BASED PAYMENTS (CONTINUED)**Share award scheme (Continued)***2022 Share Award Scheme (Continued)*

The Company has the power to direct the relevant activities of the Trust and it has the ability to use its power over the Trust to affect its exposure to returns. Therefore, the assets and liabilities of the Trust are included in the Group's condensed consolidated statement of financial position and the ordinary shares held for the Scheme were regarded as treasury shares and presented as a deduction in equity as "shares held for share award scheme".

Movement in the number of award shares outstanding is as follows:

	Number of award shares
At 1 January 2022	–
Granted	52,024,000
Forfeited during the period	(1,224,000)
At 30 June 2022	50,800,000

The estimated fair value of the award shares granted on 24 April 2022 was HKD228,000,000 (equivalent to approximately RMB187,735,000). The fair value of award shares was calculated using the Binomial model.

The following assumptions were used to calculate the fair values of share awards:

Key inputs	24 April 2022
Share price	HKD5.75
Condition of sale	HKD6.50
Expected life	10 years
Expected volatility	38.330%
Expected dividend yield	4.217%
Risk-free interest rate	2.784%

Expected volatility was determined by using the historical average annualised daily volatility of the Company and comparable companies within the same industry. The expected life used in the model is in accordance with the vesting condition term as described above.

The Binomial model has been used to estimate the fair value of the share awards. The variables and assumptions used in computing the fair value of the share awards are based on the directors' and valuer's best estimate. Changes in variables and assumptions may result in changes in the fair value of the share awards.

19. SHARE-BASED PAYMENTS (CONTINUED)

Share award scheme (Continued)

2022 Share Award Scheme (Continued)

At the end of each interim period, the Group revises its estimates of the number of share awards under the 2020 Share Award Scheme and the 2022 Share Award Scheme that are expected to vest ultimately. The impact of the revision of the estimates, if any, is recognised in profit and loss, with a corresponding adjustment to the share-based payments reserve.

20. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are based on quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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20. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

Financial instrument	Fair value	Fair value hierarchy	Valuation technique and key inputs	Significant unobservable inputs
Unquoted equity investments	Equity instruments at FVTOCI: RMB22,790,000 (31 December 2021: RMB21,989,000)	Level 3	Income approach – in this approach, the discounted cash flow method was used to capture the present value of the expected dividend income and ultimate disposal proceed.	Discount rate of 6.0% (31 December 2021: 5.6%). (Note (i))
	Equity instrument at FVTOCI: RMB49,860,000 (31 December 2021: RMB50,708,000)	Level 3	Market approach – in this approach, the value of an asset or security is based upon development of ratios of market prices which investors are paying for similar assets or securities in the market place.	Adjusted price earnings ratio ("P/E ratio"), determined by reference to the P/E ratio of listed entities in similar industries, of 6.7 (31 December 2021: 6.4). (Note (ii))
				Discount for lack of marketability, determined by reference to the share price of listed entities in similar industries, of 31.1% (31 December 2021: 30.2%). (Note (iii))

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20. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)**Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)**

Financial instrument	Fair value	Fair value hierarchy	Valuation technique and key inputs	Significant unobservable inputs
	Equity instruments at FVTOCI: RMB28,015,000 (31 December 2021: RMB28,045,000)	Level 3	The value of underlying net assets is based on the expected net realisable value of properties under development calculated by the discounted future income generated from the sales of such properties under development in the future less costs to be incurred to reach the sales condition, plus adjusted value of other identifiable assets and liabilities of the underlying net assets.	Discount rate, used to determine the value of properties under development, taking into account weighted average cost of capital (WACC) determined by using a Capital Asset Pricing Model, of 10.1% (31 December 2021: 10.1%). (Note (i)) Expected price per square meter, used to determine the value of properties under development, ranging from RMB6,800 to RMB33,000 (31 December 2021: RMB7,900 to RMB33,500) (Note (iv))
Structured deposits	Financial assets at FVTPL: RMB71,103,000 (31 December 2021: RMB75,031,000)	Level 3	Income approach – in this approach, the discounted cash flow method was used to capture the present value of the expected interest income and ultimate disposal proceed.	Discount rate of 2.0% (31 December 2021: 2.2%). (Note (i))
Contingent consideration in a business combination	Financial liabilities at FVTPL: RMB29,551,000	Level 3	Discounted cash flow method was used to capture the present value of the expected future economic benefits that will flow out of the Group arising from the contingent consideration, based on an appropriate discount rate.	Discount rate of 4.6% (Note (i))

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20. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)**Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)**

Notes:

- (i) An increase in the discount rate used in isolation would result in a decrease in the fair value measurement of the financial assets and financial liabilities at FVTPL, and vice versa.
- (ii) An increase in the adjusted P/E ratio used in isolation would result in an increase in the fair value measurement of the unquoted equity investments, and vice versa.
- (iii) An increase in the discount for lack of marketability used in isolation would result in a decrease in the fair value measurement of the unquoted equity investments, and vice versa.
- (iv) An increase in the expected price per square meter used in isolation would result in an increase in the fair value measurement of the unquoted equity investments, and vice versa.

Reconciliation of Level 3 fair value measurements of financial assets:

	Financial assets at FVTOCI RMB'000	Financial assets at FVTPL RMB'000	Financial liabilities at FVTPL RMB'000
At 1 January 2021 (Audited)	93,393	–	–
Fair value gain:			
– in profit or loss	–	6,511	–
– in other comprehensive income	5,952	–	–
Purchased	–	1,584,155	–
Disposals	–	(1,481,338)	–
At 30 June 2021 (Unaudited)	99,345	109,328	–
At 1 January 2022 (Audited)	100,742	75,031	–
Fair value gain (loss):			
– in profit or loss	–	6,596	(2,458)
– in other comprehensive expense	(77)	–	–
Acquisition of a subsidiary (Note 21)	–	–	(27,093)
Purchased	–	310,000	–
Disposals	–	(320,524)	–
At 30 June 2022 (Unaudited)	100,665	71,103	(29,551)

20. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

Of the total gains or losses for the period included in profit or loss, an unrealised gain of RMB4,407,000 relates to financial assets at FVTPL held at the end of current reporting period (six months ended 30 June 2021: RMB173,000). Fair value gains or losses on financial assets at FVTPL are included in "other gains and losses".

All gains and losses were included in other comprehensive income related to unquoted equity instruments at FVTOCI held at the end of current and comparable reporting periods and were reported as changes of FVTOCI reserve. Dividends from an equity instrument at FVTOCI of RMB15,000,000 (six months ended 30 June 2021: RMB5,000,000) for current interim period has been recognised in "other income" line item in the condensed consolidated statement of profit or loss and other comprehensive income.

Of the total gains or losses for the period included in profit or loss, an unrealised loss of RMB2,458,000 relates to financial liabilities at FVTPL held at the end of current reporting period (six months ended 30 June 2021: RMB nil). Fair value gains or losses on financial liabilities at FVTPL are included in "other gains and losses".

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.

Notes to the Condensed Consolidated Financial Statements

(For the six months ended 30 June 2022)

21. ACQUISITION OF SUBSIDIARIES

Particulars of the subsidiaries acquired during the six months ended 30 June 2022 were as follows:

Acquired company	Principal activities	Acquisition date	Equity interest acquired	Consideration RMB'000
Greentown Shangli (Note)	Project management	27 January 2022	60%	427,093

Note: Greentown Real Estate Construction Management Group Co., Ltd. 綠城房地產建設管理集團有限公司 ("Greentown Construction Management Group"), a wholly-owned subsidiary of the Company acquired 60% equity interest of Greentown Shangli at a fixed cash consideration of RMB400,000,000 with a contingent consideration arrangement. Based on the relevant agreement, the Group is required to pay an additional adjusted incremental consideration determined according to the service fee receivable from the new project management projects of Greentown Shangli during a three-year period following completion of the acquisition. The maximum amount of the additional adjusted consideration is RMB200,000,000. The fair value of the contingent consideration at the acquisition date is RMB27,093,000. As at 30 June 2022, the Group had settled the cash consideration of RMB400,000,000 and the condition of the contingent consideration had not been fulfilled yet. The Group acquired Greentown Shangli so as to continue the expansion of the Group's commercial project management operations.

Particulars of the subsidiaries acquired during the six months ended 30 June 2021 were as follows:

Acquired company	Principal activities	Acquisition date	Equity interest acquired	Consideration RMB'000
杭州綠城江濱建設管理有限公司 Hangzhou Greentown Jiangbin Construction Management Co., Ltd. ("Greentown Jiangbin") (Note (a))	Project management	1 January 2021	100%	10,000
杭州綠城江景建設管理有限公司 Hangzhou Greentown Jiangjing Construction Management Co., Ltd. ("Greentown Jiangjing") (Note (a))	Project management	1 January 2021	100%	-
杭州綠城濱峰建設管理有限公司 Hangzhou Greentown Binfeng Construction Management Co., Ltd. ("Greentown Binfeng") (Note (b))	Project management	1 January 2021	49%	-

Notes to the Condensed Consolidated Financial Statements

(For the six months ended 30 June 2022)

21. ACQUISITION OF SUBSIDIARIES (CONTINUED)

Notes:

- (a) Greentown Construction Management Group acquired 100% equity interest of Greentown Jiangbin at cash consideration of RMB10,000,000. Greentown Jiangjing is a wholly-owned subsidiary of Greentown Jiangbin, therefore, it has also been consolidated into the Group as a subsidiary subsequent to the acquisition. The Group acquired Greentown Jiangbin and Greentown Jiangjing so as to continue the expansion of the Group's governmental project management operations.
- (b) Greentown Binfeng was previously a 51%-owned joint venture of the Group. After an acquisition of additional 49% equity interest of Greentown Binfeng by Greentown Construction Management Group, Greentown Binfeng became a wholly-owned subsidiary of the Group. The Group acquired Greentown Binfeng so as to continue the expansion of the Group's governmental project management operations.

A summary effect of acquisition of the subsidiaries is as follows:

	Six months ended 30 June	
	2022	2021
	Total	Total
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Fair value of assets and liabilities recognised at the date of acquisition		
Property, plant and equipment	–	2,113
Intangible assets	465,717	–
Deferred tax assets	–	545
Trade and other receivables	56,983	23,194
Contract assets	–	4,679
Amounts due from parent company	–	10,000
Bank balances and cash	–	8,235
Trade and other payables	(48,650)	(30,323)
Income tax payable	–	(213)
Other taxes payable	–	(1,472)
Contract liabilities	–	(6,237)
Deferred tax liabilities	(116,429)	–
	357,621	10,521
Non-controlling interests	(143,048)	–
	214,573	10,521
Less:		
Gain on acquisition of subsidiaries	–	521
	214,573	10,000

Notes to the Condensed Consolidated Financial Statements

(For the six months ended 30 June 2022)

21. ACQUISITION OF SUBSIDIARIES (CONTINUED)

	Six months ended 30 June	
	2022	2021
	Total	Total
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Consideration transferred, satisfied by:		
Cash	400,000	–
Contingent consideration arrangement	27,093	–
Consideration payable	–	10,000
	427,093	10,000
Goodwill arising on acquisition:		
Consideration transferred	427,093	10,000
Less: recognised amounts of net assets acquired	214,573	10,000
	212,520	–
Net cash (outflow) inflow arising on acquisition:		
Cash paid	(400,000)	–
Bank balances and cash acquired	–	8,235
	(400,000)	8,235

The receivables acquired (which principally comprised trade and other receivables) with a fair value of RMB56,983,000 at the date of acquisition had gross contractual amounts of RMB56,983,000, which were expected to be fully collected for Greentown Shangli.

The acquisition of the subsidiaries has been accounted for using the acquisition method.

Goodwill arose on the acquisition of Greentown Shangli because the acquisition included the assembled workforce of Greentown Shangli and some potential contracts which are still under negotiation with prospective new customers as at the date of acquisition. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. None of the goodwill arising on these acquisitions is expected to be deductible for tax purposes.

The non-controlling interests recognised at the acquisition date were measured by reference to the proportionate share of the recognised amounts of net assets of the subsidiary and amounted to RMB143,048,000.

21. ACQUISITION OF SUBSIDIARIES (CONTINUED)

The contingent consideration amounting to RMB27,093,000 in relation to acquisition of Greentown Shangli was subsequently measured at FVTPL. During the current interim period, loss from changes in fair value of contingent consideration for RMB2,458,000 was included in the "other gains or losses".

Acquisition-related costs were insignificant and have been excluded from the cost of acquisition and were recognised as expense in the period incurred within the "administration expenses" line item in the condensed consolidated statements of profit or loss and other comprehensive income.

Included in the profit for the interim period is RMB44,140,000 attributable to the additional business generated by Greentown Shangli. Revenue for the interim period includes RMB108,435,000 generated from Greentown Shangli.

Had the acquisition of Greentown Shangli been completed on 1 January 2022, revenue for the interim period of the Group would have been RMB108,435,000, and the profit for the interim period would have been RMB44,140,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2022, nor is it intended to be a projection of future results.

In determining the 'pro-forma' revenue and profit of the Group had Greentown Shangli been acquired at the beginning of the interim period, the directors of the Company calculated amortisation of intangible assets based on the recognised amounts of intangible assets at the date of the acquisition.

Notes to the Condensed Consolidated Financial Statements

(For the six months ended 30 June 2022)

22. RELATED PARTY DISCLOSURES

(i) During the current interim period, in addition to those disclosed in other notes to the condensed consolidated financial statements, the Group entered into the following transactions with related parties:

(a) Provided project management service to related parties

	Notes	Six months ended 30 June	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
溫州綠城樂居項目管理有限公司 Wenzhou Greentown Leju Project Management Co., Ltd. ("Wenzhou Leju Project Management")	(1)	38,709	22,040
杭州錢江綠星樂居建設管理有限公司 Hangzhou Qianjiang Lvxing Leju Construction Management Co., Ltd. ("Hangzhou Qianjiang")	(1)	29,032	17,276
溫州綠城樂居企業管理有限公司 Wenzhou Greentown Leju Enterprise Management Co., Ltd. ("Wenzhou Leju Enterprise Management")	(1)	21,185	23,878
杭州綠城鼎力建設管理有限公司 Hangzhou Greentown Dingli Construction Management Co., Ltd. ("Greentown Dingli")	(3)	15,344	–
浙江綠城時代建設管理有限公司 Zhejiang Greentown Shidai Construction Management Co., Ltd. ("Zhejiang Shidai")	(3)	9,495	18,464
山東綠新萬合房產管理有限公司 Shandong Lvxin Wanhe Construction Management Co., Ltd. ("Lvxin Wanhe")	(3)	9,023	4,222
杭州綠興工程項目管理有限公司 Hangzhou Lvxing Project Management Co., Ltd. ("Hangzhou Lvxing Project Management")	(1)	4,265	3,841
麗水綠星樂居建設管理有限公司 Lishui Lvxing Leju Construction Management Co., Ltd. ("Lishui Lvxing Leju")	(1)	2,967	7,032
綠城景豐房地產建設管理有限公司 Greentown Jingfeng Real Estate Construction Management Co., Ltd. ("Greentown Jingfeng")	(3)	47	2,171
綠城長裕建設管理有限公司 Greentown Changyu Construction Management Co., Ltd. ("Greentown Changyu")	(3)	–	2,785
綠城房地產集團有限公司 Greentown Real Estate Group Co., Ltd. ("Greentown Real Estate Group")	(1)	–	2,682
杭州方氏織造有限公司 Hangzhou Fangshi Weaving Co., Ltd. ("Hangzhou Fangshi")	(1)	–	670
Others		1,107	685
		131,174	105,746

Notes to the Condensed Consolidated Financial Statements

(For the six months ended 30 June 2022)

22. RELATED PARTY DISCLOSURES (CONTINUED)

(i) During the current interim period, in addition to those disclosed in other notes to the condensed consolidated financial statements, the Group entered into the following transactions with related parties: (Continued)

(b) Provided construction design and education consulting service to related parties

	Notes	Six months ended 30 June	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
浙江綠城都會建築規劃設計有限公司 Zhejiang Greentown Metropolis Architecture Planning and Design Co., Ltd. ("Zhejiang Greentown Duhui")	(3)	1,161	–
青島綠城華川置業有限公司 Qingdao Greentown Huachuan Real Estate Co., Ltd. ("Qingdao Greentown")	(1)	85	170
浙江綠城利普建築設計有限公司 Zhejiang Greentown Lipu Architectural Design Co., Ltd. ("Zhejiang Greentown Lipu")	(3)	70	392
西南綠城房地產開發有限公司 Southwest Greentown Real Estate Development Co., Ltd.	(3)	–	52
Others		–	50
		1,316	664

(c) Rental income arising from a related party

	Note	Six months ended 30 June	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
浙江星鏈營銷策劃有限公司 Zhejiang Xinglian Marketing Planning Management Co., Ltd. ("Zhejiang Xinglian")	(3)	–	344

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(For the six months ended 30 June 2022)

22. RELATED PARTY DISCLOSURES (CONTINUED)

(i) During the current interim period, in addition to those disclosed in other notes to the condensed consolidated financial statements, the Group entered into the following transactions with related parties: (Continued)

(d) Interest income arising from loans to related parties

	Notes	Six months ended 30 June	
		2022	2021
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
浙江綠城坤業房產建設管理有限公司 Zhejiang Greentown Shenye Real Estate Construction Management Co., Ltd. ("Zhejiang Shenye")	(3)	377	–
浙江綠城景道園林工程有限公司 Zhejiang Greentown Landscape Garden Project Co., Ltd. ("Greentown Landscape Garden")	(3)	–	120
Others		103	381
		480	501

(e) Received consulting and other service from related parties

	Notes	Six months ended 30 June	
		2022	2021
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Zhejiang Shidai 綠城北方建設管理有限公司 Greentown Northern Construction Management Co., Ltd. ("Greentown Northern")	(3)	47,869	52,872
Zhejiang Greentown Lipu 上海輔秦建設工程管理有限公司 Shanghai Fuqin Construction Project Management Co., Ltd. ("Shanghai Fuqin")	(3)	33,466	32,368
Zhejiang Greentown Lipu 上海輔秦建設工程管理有限公司 Shanghai Fuqin Construction Project Management Co., Ltd. ("Shanghai Fuqin")	(3)	27,935	14,128
綠城綠明建設管理有限公司 Greentown Lvming Construction Management Co., Ltd. ("Greentown Lvming")	(3)	23,362	21,702
綠城田園城市建設發展有限公司 Greentown Tianyuan City Construction Development Co., Ltd. ("Greentown Tianyuan")	(3)	19,928	42,747
綠城田園城市建設發展有限公司 Greentown Tianyuan City Construction Development Co., Ltd. ("Greentown Tianyuan")	(3)	15,987	16,673

Notes to the Condensed Consolidated Financial Statements

(For the six months ended 30 June 2022)

22. RELATED PARTY DISCLOSURES (CONTINUED)

(i) During the current interim period, in addition to those disclosed in other notes to the condensed consolidated financial statements, the Group entered into the following transactions with related parties: (Continued)

(e) Received consulting and other service from related parties (Continued)

	Notes	Six months ended 30 June	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
綠城創新建設管理有限公司 Greentown Innovation Construction Management Co., Ltd. ("Greentown Innovation")	(3)	15,720	19,628
Zhejiang Greentown Duhui	(3)	15,327	–
Zhejiang Shenye	(3)	13,282	39,165
綠城正弘(北京)建設管理有限公司 Greentown Zhenghong (Beijing) Construction Management Co., Ltd. ("Greentown Zhenghong")	(3)	12,981	14,267
海南綠城綠明建設管理有限公司 Hainan Greentown Lvming Construction Management Co., Ltd. ("Hainan Lvming")	(3)	11,058	575
浙江綠城匠信建設管理有限公司 Zhejiang Greentown Jiangxin Construction Management Co., Ltd. ("Zhejiang Jiangxin")	(3)	7,072	4,517
Greentown Changyu	(3)	6,757	14
新疆綠城創景建設管理有限公司 Xinjiang Greentown Chuangjing Construction Management Co., Ltd. ("Xinjiang Chuangjing")	(3)	5,345	8,346
Lvxin Wanhe	(3)	792	211
Wenzhou Leju Enterprise Management	(1)	–	5,213
Wenzhou Leju Project Management	(1)	–	4,667
Others		116	6,298
		256,997	283,391

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(For the six months ended 30 June 2022)

22. RELATED PARTY DISCLOSURES (CONTINUED)

(i) During the current interim period, in addition to those disclosed in other notes to the condensed consolidated financial statements, the Group entered into the following transactions with related parties: (Continued)

(f) Licensing fee

On 24 February 2020, the Company and Greentown China entered into a license agreement in respect of certain “綠城” (“Greentown”) or related trademarks for a term commencing from its effective date on 24 February 2020 for an initial term of ten years after the listing date. Pursuant to the license agreement, there are licensing fees charged by Greentown China to the Company upon 10 July 2020, the listing date of the Company in the following manner: (i) for the first year: RMB30,000,000; (ii) for the second year: RMB40,000,000; (iii) for the third year: RMB50,000,000; (iv) for each of the fourth to tenth year: RMB60,000,000; and (v) for each of the eleventh to twentieth year: RMB60,000,000 if applicable, calculated on a pro-rated basis for less than an entire calendar year. The licensing fee for the first to tenth year shall also be subject to a lower amount that may be agreed by Greentown China and the Company, and the licensing fee for the eleventh to twentieth year may also be adjusted as agreed by Greentown China and the Company.

For the six months ended 30 June 2022, the Group has accrued licensing fee of RMB19,836,000 (six months ended 30 June 2021: RMB15,000,000) pursuant to the license agreement and were presented as “selling and marketing expenses” in the condensed consolidated statement of profit or loss and other comprehensive income.

(g) Interest expenses on loans from related parties

	Notes	Six months ended 30 June	
		2022	2021
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
浙江綠城佳園建設工程管理有限公司			
Zhejiang Greentown Jiayuan Construction Engineering Management Co., Ltd.			
(“Greentown Jiayuan”)	(3)	625	999
Greentown Zhenghong	(3)	400	498
		1,025	1,497

Notes to the Condensed Consolidated Financial Statements

(For the six months ended 30 June 2022)

22. RELATED PARTY DISCLOSURES (CONTINUED)

(ii) The Group had balances with related parties, which are all unsecured, as follows:

	Notes	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Amounts due from related parties			
<u>Trade related</u>			
Greentown Real Estate Group	(1)	5,234	5,234
Greentown Landscape Garden	(3)	700	700
Qingdao Greentown	(1)	90	–
Zhejiang Greentown Lipu	(3)	74	377
Others		21	21
		6,119	6,332
<u>Non-trade related</u>			
Zhejiang Shenye	(3)	41,598	44,827
Greentown Tianyuan	(3)	32,638	29,610
Zhejiang Shidai	(3)	30,857	32,857
Greentown Northern	(3)	16,886	22,181
Shanghai Fuqin	(3)	14,256	16,900
Xinjiang Chuangjing	(3)	13,897	13,897
山東綠城萬合房地產建設管理有限公司 Shandong Greentown Wanhe Real Estate Construction Management Co., Ltd. ("Shandong Wanhe")	(3)	13,745	11,803
Greentown Zhenghong	(3)	12,663	12,114
Greentown Innovation	(3)	11,900	7,100
Hainan Lvming	(3)	9,000	8,026
Zhejiang Jiangxin	(3)	8,301	5,299
北京雲溪綠城房地產開發有限公司 Beijing Yunxi Greentown Real Estate Development Co., Ltd. ("Beijing Yunxi Greentown")	(1)	6,473	7,973
Greentown Lvming	(3)	6,114	6,114
寧波杭州灣新區綠開建設管理有限公司 Ningbo Hangzhou Bay New District Lvcai Construction Management Co., Ltd.	(3)	2,000	–
Greentown Real Estate Group	(1)	1,487	1,417
浙江綠城繁星控股集團有限公司 Zhejiang Greentown Fanxing Management Consulting Co., Ltd. ("Greentown Fanxing")	(3)	656	619
Greentown Changyu	(3)	408	468
Greentown Landscape Garden	(3)	365	5,365

Notes to the Condensed Consolidated Financial Statements

(For the six months ended 30 June 2022)

22. RELATED PARTY DISCLOSURES (CONTINUED)

(ii) The Group had balances with related parties, which are all unsecured, as follows: (Continued)

	Notes	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Amounts due from related parties			
<u>Non-trade related</u>			
杭州綠城都會建築設計有限公司 Hangzhou Greentown Duhui Architectural Design Co., Ltd. ("Greentown Duhui")	(3)	–	7,116
綠城楊柳郡房地產有限公司 Greentown Yangliujun Real Estate Co., Ltd. ("Greentown Yangliujun")	(1)	–	1,477
杭州綠星原力企業管理諮詢有限公司 Hangzhou Lvxing Yuanli Enterprise Management Co., Ltd. ("Lvxing Yuanli")	(2)	–	501
Others		71	500
		223,315	236,164
		229,434	242,496

Except for the non-trade related amounts due from Greentown Tianyuan of RMB8,000,000 (31 December 2021: RMB5,000,000) (collectively with interest receivable of RMB322,000 (31 December 2021: RMB151,000)) and Zhejiang Shenye of RMB8,000,000 (31 December 2021: RMB8,000,000) (collectively with interest receivable of RMB377,000 (31 December 2021: RMB149,000)), Greentown Landscape Garden of RMB nil (31 December 2021: RMB5,000,000) (collectively with interest receivable of RMB365,000 (31 December 2021: RMB365,000)), Greentown Duhui of RMB nil (31 December 2021: RMB6,885,000) (collectively with interest receivable of RMB nil (31 December 2021: RMB231,000)), Lvxing Yuanli of RMB nil (31 December 2021: RMB300,000) (collectively with interest receivable of RMB nil (31 December 2021: RMB1,000)) are unsecured advances to related parties, which carry interest at 10% (31 December 2021: 10%) per annum and are expected to be recovered within 12 months, the other abovementioned non-trade related amounts due from related parties are mainly related to the performance deposits paid to the related parties and funds paid in advance to the related parties in connection with the project management business which are all expected to be received on demand or within normal operating cycle are all interest free.

The above amounts due from related parties are presented before accumulative impairment losses of RMB2,336,000 (31 December 2021: RMB2,447,000). Details of impairment assessment of the amounts due from related parties are set out in Note 16.

Notes to the Condensed Consolidated Financial Statements

(For the six months ended 30 June 2022)

22. RELATED PARTY DISCLOSURES (CONTINUED)

(ii) The Group had balances with related parties, which are all unsecured, as follows: (Continued)

The following is an aged analysis of gross amounts of trade related amounts due from related parties presented based on the invoice dates.

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Within 180 days	164	931
180 – 365 days	554	–
Over 365 days	5,401	5,401
	6,119	6,332

	Notes	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Prepayments (included in trade and other receivables)			
Greentown Northern	(3)	8,000	17,020
Greentown Lvming	(3)	508	–
Greentown Changyu	(3)	–	468
		8,508	17,488

	Notes	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Contract assets to related parties			
Wenzhou Leju Project Management	(1)	3,033	–
Greentown Real Estate Group	(1)	2,601	2,601
Hainan Lvming	(3)	–	298
		5,634	2,899

The above contract assets to related parties are presented before accumulative impairment losses of RMB628,000 (31 December 2021: RMB360,000).

Notes to the Condensed Consolidated Financial Statements

(For the six months ended 30 June 2022)

22. RELATED PARTY DISCLOSURES (CONTINUED)

(ii) The Group had balances with related parties, which are all unsecured, as follows: (Continued)

	Notes	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Amounts due to related parties			
<u>Trade related</u>			
Zhejiang Shenye	(3)	34,431	33,047
Greentown Lvming	(3)	28,643	22,337
Greentown Tianyuan	(3)	25,689	17,102
Greentown Zhenghong	(3)	20,434	15,989
Greentown Real Estate Group	(1)	20,420	583
Zhejiang Greentown Lipu	(3)	17,160	–
Xinjiang Chuangjing	(3)	11,567	4,454
Zhejiang Shidai	(3)	9,363	25,321
Zhejiang Greentown Duhui	(3)	6,830	10,000
Shanghai Fuqin	(3)	6,715	4,183
Zhejiang Jiangxin	(3)	6,454	1,357
Greentown Innovation	(3)	6,355	3,353
Shandong Wanhe	(3)	6,311	14,007
Greentown Changyu	(3)	4,779	–
Hainan Lvming	(3)	4,605	871
Lvxin Wanhe	(3)	3,594	3,594
Greentown Jingfeng	(3)	1,847	6,674
Greentown Duhui	(3)	685	–
Others		318	–
		216,200	162,872

Notes to the Condensed Consolidated Financial Statements

(For the six months ended 30 June 2022)

22. RELATED PARTY DISCLOSURES (CONTINUED)

(ii) The Group had balances with related parties, which are all unsecured, as follows: (Continued)

	Notes	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Amounts due to related parties			
<u>Non-trade related</u>			
Zhejiang Shidai	(3)	17,760	18,460
Greentown Yangliujun	(1)	13,827	487
Greentown Jiayuan	(3)	12,175	11,550
Greentown Zhenghong	(3)	6,034	6,086
Lvxin Wanhe	(3)	4,586	4,586
Greentown Jingfeng	(3)	4,353	–
浙江綠城市政基礎設施建設管理有限公司 Zhejiang Greentown Public City Garden Construction Co., Ltd. ("Greentown Public City Garden")	(3)	2,970	2,970
Greentown Dingli	(3)	2,800	7,800
Greentown China	(4)	2,412	2,400
Xinjiang Chuangjing	(3)	2,146	5,821
成都綠晟置業有限公司 Chengdu Lvsheng Real Estate Co., Ltd.	(1)	2,063	–
Greentown Northern	(3)	1,447	1,447
Zhejiang Xinglian	(3)	546	798
海南島三亞日出觀光有限公司 Hainan Sanya Sunrise Sightseeing Co., Ltd.	(1)	–	20,000
Others		778	685
		73,897	83,090
		290,097	245,962

Except for the non-trade related amounts due to Greentown Jiayuan of RMB10,000,000 (31 December 2021: RMB10,000,000) (collectively with interest payable of RMB2,175,000 (31 December 2021: RMB1,550,000)) and Greentown Zhenghong of RMB6,000,000 (31 December 2021: RMB6,000,000) (collectively with interest payable of RMB34,000 (31 December 2021: RMB86,000)) are advances from related parties, which carry interest at 15% (31 December 2021: 15%) and 16% (31 December 2021: 16%) per annum respectively, the other advances are interest free. All of the abovementioned non-trade related amounts due to related parties are unsecured and repayable on demand.

Notes to the Condensed Consolidated Financial Statements

(For the six months ended 30 June 2022)

22. RELATED PARTY DISCLOSURES (CONTINUED)

(ii) The Group had balances with related parties, which are all unsecured, as follows: (Continued)

The following is an aged analysis of trade related amounts due to related parties presented based on the invoice dates.

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Within 1 year	215,725	159,469
1 – 2 years	–	2,928
2 – 3 years	–	–
More than 3 years	475	475
	216,200	162,872

Notes:

- (1) Fellow subsidiaries of the Group
- (2) Associates or joint ventures of the controlling shareholder of the Group
- (3) Associates or joint ventures of the Group
- (4) Parent company

(iii) Compensation of key management personnel

The remuneration of the directors of the Company and other members of key management of the Group during the six months ended 30 June 2022 was as follows:

	Six months ended 30 June 2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Salaries, directors' fees and other benefits	6,590	6,598
Performance-based bonus	2,550	2,280
Retirement benefits scheme contributions	428	368
Share-based payments	8,349	6,416
Termination benefits	–	157
	17,917	15,819

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

23. MAJOR NON-CASH TRANSACTIONS

During the current interim period, the Group entered into agreements with the project owners to settle the trade receivables of RMB55,271,000 from certain project owners with the properties developed by them. Since the transfers of certain properties had not been completed as at the reporting date, the amounts were classified as “deposits for acquisition of properties” and were presented separately as current assets in the condensed consolidated statement of financial position as at 30 June 2022.

Agreed by a shareholders’ resolution dated 29 April 2022 of Greentown Duhui, a joint venture of the Group, Greentown Construction Management Group as one of the shareholder of Greentown Duhui capitalised the loan receivables of RMB6,885,000 from Greentown Duhui as an additional investment in this joint venture. After such additional investment, Greentown Duhui is still accounted for a joint venture of the Group.

Definition

In this interim report, unless the context otherwise requires, the following expressions have the following meanings:

"Articles" or "Articles of Association"	the Articles of Association of the Company with effect from 10 July 2020, as amended or supplemented from time to time (as amended and restated)
"Audit Committee"	the audit committee of the Company
"Auditor"	Deloitte Touche Tohmatsu, the independent auditor of the Company
"Board"	the board of directors of the Company
"CG Code"	the Corporate Governance Code set out in Appendix 14 of the Listing Rules
"China" or "PRC"	the People's Republic of China, for the purposes of this report only, excluding Hong Kong and Macau Special Administrative Region and Taiwan
"Company", "Greentown Management" or "the Company"	Greentown Management Holdings Company Limited (綠城管理控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Hong Kong Stock Exchange (Stock code: 09979)
"Companies Law"	the Companies Law of the Cayman Islands, Cap. 22 (Law 3 of 1961, as consolidated and revised), as amended or supplemented or otherwise modified from time to time
"Connected Person(s)"	has the meaning prescribed to it under the Listing Rules
"Controlling Shareholder(s)"	has the meaning prescribed to it under the Listing Rules
"Director(s)"	the director(s) of the Company
"GFA"	gross floor area
"Greentown China"	Greentown China Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 03900), our Controlling Shareholder

Definition

“Group”, “the Group”, “we”, “us”, or “our”	the Company and its subsidiaries
“HKD”, “HK\$”, or “Hong Kong Dollar”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“IFRS”	International Financial Reporting Standards
“Listing Date”	10 July 2020, being the date on which the Shares of the Company were listed on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
“Prospectus”	the prospectus of the Company dated 29 June 2020
“Reporting Period” or “Period”	the six-month period ended 30 June 2022
“RMB” or “Renminbi”	Renminbi Yuan, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Share Award Scheme”	the share award scheme for the award of Shares to eligible participant, adopted by the Company on 28 October 2020, pursuant to the announcement made by the Company on 28 October 2020
“Stock Exchange” or “Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary(ies)”	has the meaning prescribed to it under the Listing Rules
“Substantial Shareholder(s)”	has the meaning prescribed to it under the Listing Rules
“USD” or “US\$” or “US dollars”	United States dollars, the lawful currency of the United States of America