Greentown Service Group Co. Ltd.
綠城服務集團有限公司

(a company incorporated under the laws of the Cayman Islands with limited liability)

(Stock code: 2869)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

The board (the "**Board**") of directors (the "**Directors**") of Greentown Service Group Co. Ltd. (the "**Company**", "**Greentown Service**") is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2019, together with the comparative figures for the year ended 31 December 2018, as follows.

HIGHLIGHTS

The Group's financial performance

— Revenue was RMB8,581.9 million. Compared with that of the year of 2018, which was RMB6,709.9 million, the growth rate on year-on-year basis reached 27.9%.

— The Group's revenue comes from three major businesses: (i) property services, (ii) community living services, and (iii) consulting services. During the year, (i) revenue from the property services is still the Group's largest source of revenue and profit, which reached RMB5,452.0 million, accounting for 63.5% of the Group's revenue. Compared with RMB4,460.7 million in 2018, there was a year-on-year growth of 22.2%; (ii) revenue from community living services reached RMB1,912.8 million, accounting for 22.3% of the Group's revenue. Compared with RMB1,309.8 million of the year of 2018, there was a year-on-year growth of 46.0%, and (iii) revenue from consulting services amounted to RMB1,217.2 million, accounting for 14.2% of the Group's revenue. There was a year-on-year growth of 29.6% compared with RMB939.5 million for the year of 2018.

- Gross profit has reached RMB1,547.1 million, a growth of 29.2% compared with RMB1,197.7 million in 2018. Gross profit margin was 18.0%, increased by 0.2 percentage points compared with the year of 2018.

- Profit from operations was RMB643.8 million, representing a growth of 24.7% compared with RMB516.2 million for the year of 2018; the adjusted profit from operations (excluding equity-settled share-based payment expenses) was RMB706.6 million, representing an increase of 30.2% compared with 2018 (excluding equity-settled share-based payment expenses).

- Profit for the year was RMB472.4 million with an increase of 1.4% compared with RMB 465.7 million during the year of 2018; the adjusted profit (excluding equity-settled share-based payment expenses and after tax impact) for the year was RMB519.5 million, representing an increase of 7% compared with the year of 2018 (excluding equity-settled share-based payment expenses and after tax impact).

- Net profit margin for the year was 5.5%, a decrease of 1.4 percentage points compared with 6.9% in 2018. Adjusted net profit margin for the year (excluding equity-settled share-based payment expenses and after tax impact) was 6.1%, which decreased 1.2 percentage points from 7.2% (excluding equity-settled share-based payment expenses and after tax impact) in the year of 2018.

- In 2019, cash and cash equivalents of the Group amounted to RMB2,641.3 million, increasing by 21.2% as compared to RMB2,180.0 million as at 31 December 2018. The percentage increase is higher than the growth rate of net profit.

- The Board recommended the payment of a final dividend for 2019 of HK$0.075 per share (2018: HK$0.075 per share).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2019
(Unless otherwise stated, all amounts are expressed in RMB'000)

	Note	2019 RMB'000	2018 (Note) RMB'000
Revenue	4	**8,581,932**	6,709,906
Cost of sales		**(7,034,823)**	(5,512,253)
Gross profit		**1,547,109**	1,197,653
Other revenue	5	**39,316**	12,920
Other net income	5	**42,804**	23,187
Selling and marketing expenses		**(151,166)**	(59,367)
Administrative expenses		**(770,986)**	(597,319)
Other operating expenses		**(63,248)**	(60,900)
Profit from operations	6	**643,829**	516,174
Finance income		**31,097**	18,156
Finance costs		**(31,847)**	(23)
Net finance (costs)/income		**(750)**	18,133
Share of profits less losses of associates		**(4,896)**	(22,785)
Share of profits less losses of joint ventures		**2,272**	1,863
Gain on disposal of subsidiaries		**2,816**	–
Loss on disposal of a joint venture		**(52)**	–
Gain on disposal of associates		**–**	115,668
Profit before taxation		**643,219**	629,053
Income tax		**(170,860)**	(163,319)
Profit for the year		**472,359**	465,734
Attributable to:			
Equity shareholders of the Company		**477,405**	483,296
Non-controlling interests		**(5,046)**	(17,562)
Profit for the year		**472,359**	465,734

	Note	2019 RMB'000	2018 (Note) RMB'000
Attributable to:			
Equity shareholders of the Company		**477,405**	483,296
Non-controlling interests		**(5,046)**	(17,562)
Profit for the year		**472,359**	465,734
Other comprehensive income for the year (after tax and reclassification adjustments)			
Item that will not be reclassified to profit or loss:			
Share of other comprehensive income of the investees		**(7,637)**	–
Equity investments at FVOCI — net movement in fair value reserves		**(6,098)**	–
		(13,735)	–
Items that may be reclassified subsequently to profit or loss:			
Share of other comprehensive income of the investees		**(87)**	1,176
Exchange differences on translation of financial statements of entities outside the mainland of the People's Republic of China (the "**PRC**")		**13,205**	35,551
		13,118	36,727
Other comprehensive income for the year		**(617)**	36,727
Total comprehensive income for the year		**471,742**	502,461
Attributable to:			
Equity shareholders of the Company		**476,788**	520,023
Non-controlling interests		**(5,046)**	(17,562)
Total comprehensive income for the year		**471,742**	502,461
Earnings per share	*8*		
Basic *(RMB)*		**0.17**	0.17
Diluted *(RMB)*		**0.17**	0.17

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated. See note 1(c).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

(Unless otherwise stated, all amounts are expressed in RMB'000)

	Note	**2019**	2018
			(Note)
		RMB'000	*RMB'000*
Non-current assets			
Investment properties		**291,863**	–
Property, plant and equipment		**581,652**	371,906
Right-of-use assets		**689,866**	–
Intangible assets		**326,995**	74,419
Goodwill		**271,266**	82,071
Interest in associates		**137,996**	145,410
Interest in joint ventures		**68,862**	72,499
Other financial assets		**705,090**	620,469
Deferred tax assets		**180,231**	117,143
Trade and other receivables	*10*	**37,761**	–
Prepayments		**25,565**	22,060
		3,317,147	1,505,977
Current assets			
Other financial assets		**106,470**	15,736
Inventories		**337,593**	291,361
Trade and other receivables	*10*	**1,841,458**	1,202,201
Restricted bank balances		**257,435**	148,897
Time deposit		**20,000**	–
Cash and cash equivalents		**2,641,334**	2,180,021
		5,204,290	3,838,216
Current liabilities			
Bank loans		**46,822**	950
Contract liabilities		**970,679**	748,695
Trade and other payables	*11*	**2,626,841**	1,892,174
Lease liabilities		**148,832**	–
Current taxation		**327,912**	259,907
Provisions		**28,189**	20,700
		4,149,275	2,922,426
Net current assets		**1,055,015**	915,790
Total assets less current liabilities		**4,372,162**	2,421,767

	Note	**2019**	2018
			(Note)
	Note	***RMB'000***	*RMB'000*
Non-current liabilities			
Bank loans		**435,992**	–
Trade and other payables	*11*	**32,128**	–
Lease liabilities		**833,395**	–
Deferred tax liabilities		**85,120**	8,861
Provisions		**31,478**	8,143
		1,418,113	17,004
NET ASSETS		**2,954,049**	2,404,763
CAPITAL AND RESERVES			
Share capital		**24**	24
Reserves		**2,753,219**	2,328,738
Total equity attributable to equity shareholders of the Company		**2,753,243**	2,328,762
Non-controlling interests		**200,806**	76,001
TOTAL EQUITY		**2,954,049**	2,404,763

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated. See note 1(c).

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December 2019
(Unless otherwise stated, all amounts are expressed in RMB'000)

	2019	2018
		(Note)
	RMB'000	*RMB'000*
Operating activities		
Cash generated from operations	**1,070,440**	765,360
Income tax paid	**(151,001)**	(109,128)
Net cash generated from operating activities	**919,439**	656,232
Investing activities		
Payments for the purchase of property, plant and equipment, intangible assets, investment properties and right-of-use assets	**(236,791)**	(176,749)
Proceeds from disposal of property, plant and equipment	**4,576**	3,553
Payments for purchase of:		
— financial assets classified as fair value through profit or loss ("**FVPL**")	**(131,226)**	(54,150)
— financial assets classified as fair value through other comprehensive income ("**FVOCI**")	**–**	(12,000)
— listed debt investments	**(22,190)**	(16,811)
Proceeds from redemption:		
— FVPL	**21,001**	41,317
— listed debt investments	**26,918**	21,749
Investment income received from other financial assets	**1,102**	2,254
Acquisition of subsidiaries, net of cash acquired	**(237,699)**	(6,904)
Disposal of subsidiaries, net of cash disposed	**(7,723)**	–
Payment for investment in associates and joint ventures	**(2,250)**	(99,983)
Proceeds from disposal of interest in associates and joint ventures	**–**	80,488
Payments from disposal of interest in associates and joint ventures	**(52)**	–
Dividends received from associates	**2,957**	–
Interest received	**32,814**	18,154
Payments for purchase of time deposits	**(20,000)**	–
Payments for loans and advances	**(69,126)**	(20,000)
Proceeds from repayment of loans and advances	**36,000**	20,000
Net cash used in investing activities	**(601,689)**	(199,082)

	2019	2018
		(Note)
	RMB'000	*RMB'000*
Financing activities		
Proceeds from new bank loans	**371,740**	4,450
Repayment of bank loans	**(34,175)**	(3,500)
Interest of bank loans paid	**(10,389)**	(23)
Capital element of lease rentals paid	**(86,548)**	–
Interest element of lease rentals paid	**(20,481)**	–
Capital injection from non-controlling interests	**28,162**	20,766
Proceeds from exercise of share options	**63,515**	–
Proceeds from partial disposal of equity interests in subsidiaries	**1,007**	–
Payment for acquisition of non-controlling interests	**(994)**	–
Dividends paid to equity shareholders of the Company	**(177,746)**	(134,368)
Dividends paid to non-controlling interests	**(12,636)**	(7,232)
Loan from a third party	**31,046**	–
Net cash generated from/(used in) financing activities	**152,501**	(119,907)
Net increase in cash and cash equivalents	**470,251**	337,243
Cash and cash equivalents at 1 January	**2,180,021**	1,836,467
Effect of foreign exchange rate changes	**(8,938)**	6,311
Cash and cash equivalents at 31 December	**2,641,334**	2,180,021

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated. See note 1(c).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Significant accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2019 comprise the Company and its subsidiaries (together referred to as the "**Group**") and the Group's interest in associates and joint ventures.

The Company was incorporated in the Cayman Islands on 24 November 2014 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The Company's shares were listed on the Main Board on the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 12 July 2016 (the "**Listing**").

The consolidated financial statements are presented in Renminbi ("**RMB**"), rounded to the nearest thousand, which is the presentation currency. It is prepared on the historical cost basis except for certain financial assets are stated at their fair value as explained in the accounting policies set out below:

— investments in equity financial instruments measured at fair value

RMB is the functional currency for the Company's subsidiaries established in the mainland China. The functional currency of the Company and the Company's subsidiaries outside the mainland China are Hong Kong dollars and Australia dollars, respectively.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 2.

(c) Changes in accounting policies

The HKICPA has issued a new HKFRS, HKFRS 16, *Leases*, and a number of amendments to HKFRSs that are first effective for the current accounting period of the Group.

Except for HKFRS 16, *Leases*, none of the developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

HKFRS 16, Leases

HKFRS 16 replaces HKAS 17, *Leases*, and the related interpretations, HK(IFRIC) 4, Determining whether an arrangement contains a lease, HK(SIC) 15, *Operating leases — incentives*, and HK(SIC) 27, *Evaluating the substance of transactions involving the legal form of a lease*. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("short-term leases") and leases of low-value assets. The lessor accounting requirements are brought forward from HKAS 17 substantially unchanged.

HKFRS 16 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

The Group has initially applied HKFRS 16 as from 1 January 2019. The Group has elected to use the modified retrospective approach. Comparative information has not been restated and continues to be reported under HKAS 17.

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

a. New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after 1 January 2019. For contracts entered into before 1 January 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases. Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

b. Lessee accounting and transitional impact

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets which are exempt. As far as the Group is concerned, these newly capitalised leases are primarily in relation to property, plant and equipment.

At the date of transition to HKFRS 16 (i.e. 1 January 2019), the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates at 1 January 2019. The weighted average of the incremental borrowing rates used for determination of the present value of the remaining lease payments was 4.87%.

To ease the transition to HKFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of HKFRS 16:

(i) the Group elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of HKFRS 16, i.e. where the lease term ends on or before 31 December 2019;

(ii) when measuring the lease liabilities at the date of initial application of HKFRS 16, the Group applied a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment); and

(iii) when measuring the right-of-use assets at the date of initial application of HKFRS 16, the Group relied on the previous assessment for onerous contract provisions as at 31 December 2018 as an alternative to performing an impairment review.

The following table reconciles the operating lease commitments as at 31 December 2018 to the opening balance for lease liabilities recognised as at 1 January 2019:

	1 January 2019 *RMB'000*
Operating lease commitments at 31 December 2018	301,263
Less: commitments relating to leases exempt from capitalisation:	
— short-term leases and other leases with remaining lease term ended on or before 31 December 2019	(19,455)
— leases of low-value assets	(66)
	281,742
Less: total future interest expenses	(32,293)
Present value of remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019	249,449
Total lease liabilities recognised at 1 January 2019	249,449

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position at 31 December 2018.

The following table summarises the impacts of the adoption of HKFRS 16 on the Group's consolidated statement of financial position:

	Carrying amount at 31 December 2018	**Capitalisation of operating lease contracts**	**Carrying amount at 1 January 2019**
	RMB'000	*RMB'000*	*RMB'000*
Line items in the consolidated statement of financial position impacted by the adoption of HKFRS 16:			
Right-of-use assets	–	262,527	262,527
Total non-current assets	1,505,977	262,527	1,768,504
Trade and other receivables	1,202,201	(13,078)	1,189,123
Current assets	3,838,216	(13,078)	3,825,138
Lease liabilities (current)	–	67,649	67,649
Current liabilities	2,922,426	67,649	2,990,075
Net current assets	915,790	(80,727)	835,063
Total assets less current liabilities	2,421,767	181,800	2,603,567
Lease liabilities (non-current)	–	181,800	181,800
Total non-current liabilities	17,004	181,800	198,804
Net assets	2,404,763	–	2,404,763

c. *Impact on the financial result of the Group*

After the initial recognition of right-of-use assets and lease liabilities as at 1 January 2019, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. This results in a negative impact on the reported profit for the year in the Group's consolidated statement of profit or loss, as compared to the results if HKAS 17 had been applied during the year.

The following tables give an indication of the estimated impact of the adoption of HKFRS 16 on the Group's financial result for the year ended 31 December 2019, by adjusting the amounts reported under HKFRS 16 in these consolidated financial statements to compute estimates of the hypothetical amounts that would have been recognised under HKAS 17 if this superseded standard had continued to apply in 2019 instead of HKFRS 16, and by comparing these hypothetical amounts for 2019 with the actual 2018 corresponding amounts which were prepared under HKAS 17.

	2019				2018
	Amounts reported under HKFRS 16 (A) *RMB'000*	**Add back: HKFRS 16 Depreciation and interest expense (B)** *RMB'000*	**Deduct: Estimated amounts related to operating leases as if under HKAS 17 (C)** *RMB'000*	**Hypothetical amounts for 2019 as if under HKAS 17 (D=A+B-C)** *RMB'000*	Compared to amounts reported for 2018 under HKAS 17 *RMB'000*
Financial result for year ended 31 December 2019 impacted by the adoption of HKFRS 16:					
Profit from operations	**643,829**	**109,127**	**114,758**	**638,198**	516,174
Finance costs	**(31,847)**	**20,481**	**–**	**(11,366)**	(23)
Profit before taxation	**643,219**	**129,608**	**114,758**	**658,069**	629,053
Profit for the year	**472,359**	**129,608**	**114,758**	**487,209**	465,734

2. ACCOUNTING JUDGEMENT AND ESTIMATES

The preparation of the financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in applying the Group's accounting policies, which are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The following critical accounting policies involve the most significant judgements and estimates used in the preparation of the financial statements.

The key sources of estimation uncertainty are as follows:

(i) Impairment for trade and other receivables

The impairment allowances for trade and other receivables are based on assumptions about risk of expected credit loss rates. The Group adjusts judgement in making these assumption and selecting inputs for computing such impairment loss, broadly based on the available customers' historical data, existing market conditions including forward looking estimates at the end of each reporting period. Any change in such assumptions and judgement would affect the expected credit loss to be recognised and hence the net profit in future years.

(ii) Recognition of deferred tax assets

Deferred tax assets in respect of tax losses carried forward and deductible temporary differences are recognised and measured based on the expected manner of realisation or settlement of the carrying amount of the relevant assets and liabilities, using tax rates enacted or substantively enacted at the end of each reporting date. In determining the carrying amounts of deferred tax assets, expected taxable profits are estimated which involves a number of assumptions relating to the operating environment of the Group and require a significant level of judgement exercised by the directors. Any change in such assumptions and judgement would affect the carrying amounts of deferred tax assets to be recognised and hence the net profit in future years.

(iii) Impairment of non-current assets

If circumstances indicate that the carrying amounts of property, plant and equipment, right-of-use assets, intangible assets, goodwill, interest in associates, interest in joint ventures and investment properties may not be recoverable, the assets may be considered impaired and are tested for impairment. An impairment loss is recognised when the asset's recoverable amount has declined below its carrying amount. The recoverable amount is the greater of the fair value less costs to sell and value in use. In determining the recoverable amount which requires significant judgements, the Group estimates the future cash flows to be derived from continuing use and ultimate disposal of the asset and applies an appropriate discount rate to these future cash flows.

(iv) Determining the lease term

The lease liability is initially recognised at the present value of the lease payments payable over the lease term. In determining the lease term at the commencement date for leases that include renewal options exercisable by the Group, the Group evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Group to exercise the option, including favourable terms, leasehold improvements undertaken and the importance of that underlying asset to the Group's operation. The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Group's control. Any increase or decrease in the lease term would affect the amount of lease liabilities and right-of-use assets recognised in future years.

3. SEGMENT REPORTING

The Group manages its businesses by geographical location. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following reportable segments.

Currently, the Group's activities are mainly carried out in the PRC.

(i) Information about reportable segment profit or loss, assets and liabilities

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2019 and 2018 is set out below:

	Year ended 31 December 2019									
	Hangzhou		Yangtze River Delta Region							
	Hangzhou (exclude Yuhang) *RMB'000*	Yuhang Region *RMB'000*	Yangtze River Region (exclude Ningbo) *RMB'000*	Ningbo Region *RMB'000*	Pearl River Delta Region *RMB'000*	Bohai Economic Rim Region *RMB'000*	Australia *RMB'000*	Other overseas and Hong Kong Regions *RMB'000*	Other mainland China Regions *RMB'000*	Total *RMB'000*
Revenue from external customers	2,601,246	405,159	2,465,360	590,864	474,446	1,087,617	133,811	–	823,429	8,581,932
Inter-segment revenue	22,748	42,138	7,207	4,929	1,711	2,349	–	–	2,405	83,487
Reportable segment revenue	**2,623,994**	**447,297**	**2,472,567**	**595,793**	**476,157**	**1,089,966**	**133,811**	**–**	**825,834**	**8,665,419**
Reportable segment profit/(loss)	**83,853**	**35,293**	**213,931**	**51,081**	**55,529**	**79,171**	**10,240**	**(2,128)**	**119,075**	**646,045**
Interest income	19,248	19	639	35	29	350	1,967	8,634	176	31,097
Interest expense (excluding expense capitalised)	(11,447)	(385)	(1,471)	(440)	(13)	(53)	(11,465)	(6,531)	(42)	(31,847)
Share of profits less losses of associates	8,554	–	–	–	–	–	–	(13,450)	–	(4,896)
Share of profits less losses of joint ventures	2,272	–	–	–	–	–	–	–	–	2,272
Loss on disposal of a joint venture	–	–	–	–	–	(52)	–	–	–	(52)
Depreciation and amortisation for the year (excluding expense capitalised)	(156,634)	(8,568)	(24,421)	(7,006)	(1,669)	(10,149)	(24,739)	(1,182)	(3,246)	(237,614)
Reportable segment assets	**3,185,531**	**346,821**	**2,300,212**	**500,560**	**452,841**	**909,803**	**897,945**	**804,598**	**839,417**	**10,237,728**
Including:										
Interest in joint ventures	11,916	–	–	–	–	–	–	56,946	–	68,862
Interest in associates	81,202	–	–	–	–	–	–	56,794	–	137,996
Other financial assets	120,759	–	–	–	–	–	–	690,801	–	811,560
Additions to property, plant and equipment, right-of-use assets, investment properties and intangible assets during the year	856,298	2,800	22,399	18,117	1,794	12,666	882,970	–	7,049	1,804,093
Reportable segment liabilities	**3,294,753**	**168,179**	**1,435,821**	**282,000**	**258,060**	**477,961**	**693,043**	**38,671**	**399,562**	**7,048,050**

	Year ended 31 December 2018 *(Note)*								
	Hangzhou		Yangtze River Delta Region						
	Hangzhou (exclude Yuhang)	Yuhang Region	Yangtze River Region (exclude Ningbo)	Ningbo Region	Pearl River Delta Region	Bohai Economic Rim Region	Other overseas and Hong Kong Regions	Other mainland China Regions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue from external customers	2,019,983	378,085	1,990,160	379,619	371,825	943,220	–	627,014	6,709,906
Inter-segment revenue	43,495	30,163	3,763	473	20	38	–	378	78,330
Reportable segment revenue	2,063,478	408,248	1,993,923	380,092	371,845	943,258	–	627,392	6,788,236
Reportable segment profit	64,040	35,557	155,199	56,152	48,051	80,138	87,587	102,329	629,053
Interest income	8,330	23	536	146	74	335	8,530	182	18,156
Interest expense (excluding expense capitalised)	(23)	–	–	–	–	–	–	–	(23)
Share of profits less losses of associates	3,811	–	–	–	–	–	(26,596)	–	(22,785)
Share of profits less losses of joint ventures	1,863	–	–	–	–	–	–	–	1,863
Gain on disposal of associates/joint ventures	12,000	–	–	–	–	–	103,668	–	115,668
Depreciation and amortisation for the year (excluding expense capitalised)	(61,279)	(1,559)	(7,028)	(2,713)	(1,906)	(4,241)	(6)	(1,950)	(80,682)
Reportable segment assets	1,832,484	292,832	1,815,516	354,161	318,293	617,114	974,796	590,222	6,795,418
Including:									
Interest in joint ventures	9,644	–	–	–	–	–	62,855	–	72,499
Interest in associates	75,166	–	–	–	–	–	70,244	–	145,410
Other financial assets	56,100	–	–	–	–	–	580,105	–	636,205
Additions to property, plant and equipment and intangible assets during the year	122,665	3,587	14,766	8,042	2,952	14,694	–	1,707	168,413
Reportable segment liabilities	1,960,519	148,745	1,189,004	194,157	180,149	270,276	11,832	284,348	4,239,030

Note: The Group has initially applied HKFRS 16 using the modified retrospective approach. Under this approach, the comparative information is not restated. See note 1(c).

(ii) Reconciliation of reportable segment revenues, profit or loss, assets and liabilities

	2019	2018
	RMB'000	*RMB'000*
Revenue		
Reportable segment revenue	**8,665,419**	6,788,236
Elimination of inter-segment revenue	**(83,487)**	(78,330)
Consolidated revenue	**8,581,932**	6,709,906

	2019	2018
		(Note)
	RMB'000	*RMB'000*
Profit		
Reportable segment profit	**646,045**	629,053
Elimination of inter-segment profits	**(2,826)**	–
Reportable segment profit derived from Group's external customers	**643,219**	629,053
Consolidated profit before taxation	**643,219**	629,053

	2019	2018
		(Note)
	RMB'000	*RMB'000*
Assets		
Reportable segment assets	**10,237,728**	6,795,418
Elimination of inter-segment receivables	**(1,896,522)**	(1,568,368)
Deferred tax assets	**180,231**	117,143
Consolidated total assets	**8,521,437**	5,344,193

	2019	2018
		(Note)
	RMB'000	*RMB'000*
Liabilities		
Reportable segment liabilities	**7,048,050**	4,239,030
Elimination of inter-segment payables	**(1,893,694)**	(1,568,368)
Current tax liabilities	**327,912**	259,907
Deferred tax liabilities	**85,120**	8,861
Consolidated total liabilities	**5,567,388**	2,939,430

Note:

The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated. See note 1(c).

4. REVENUE

The principal activities of the Group are provision of property services, consulting services and community living services.

(i) Disaggregation of revenue

Disaggregation of revenue from customers that fall within HKFRS 15 by each significant category as follows:

	2019	2018
	RMB'000	*RMB'000*
Disaggregated by service lines:		
Property services	**5,452,031**	4,460,669
Consulting services	**1,217,150**	939,479
Community living services	**1,912,751**	1,309,758
	8,581,932	6,709,906

Disaggregation of revenue from customers that fall within HKFRS 15 by timing of revenue recognition are as follows:

	2019	2018
	RMB'000	*RMB'000*
Revenue recognised over time:		
Property services		
Property services	**5,452,031**	4,460,669
	5,452,031	4,460,669
Consulting services		
Property under construction services	**983,283**	787,735
Management consulting services	**233,867**	151,744
	1,217,150	939,479
Community living services		
Community products and services	**121,565**	24,212
Home living services	**116,239**	84,432
Community space services	**203,726**	228,654
Property asset management services	**158,490**	158,709
Cultural & education services	**191,675**	35,738
	791,695	531,745
	7,460,876	5,931,893

	2019	2018
	RMB'000	*RMB'000*
Revenue recognised at point in time:		
Community living services		
Community products and services	**419,978**	217,702
Property asset management services	**701,078**	560,311
	1,121,056	778,013
	8,581,932	6,709,906

5. OTHER REVENUE AND OTHER NET INCOME

	2019	2018
	RMB'000	*RMB'000*
Other revenue		
Government grants	**11,819**	8,018
Value added tax refund	**22,514**	–
Others	**4,983**	4,902
	39,316	12,920

	2019	2018
	RMB'000	*RMB'000*
Other net income		
Net (loss)/gain on sale of property, plant and equipment	**(576)**	52
Net realised and unrealised gains on FVPL		
— Convertible notes	**16,964**	17,979
— Unlisted equity investments	**22,008**	5,525
— Treasury products	**36**	193
— Listed trading securities	**2,775**	(124)
Net foreign exchange gains/(losses)	**1,597**	(438)
	42,804	23,187

6. PROFIT BEFORE TAXATION

Profit before taxation for the year is arrived at after charging/(crediting):

	2019	2018
		(Note)
	RMB'000	*RMB'000*
(a) Net finance costs/(income)		
Interest income on listed debt instruments	**(5,358)**	(3,886)
Interest income on bank deposits	**(25,739)**	(14,270)
Interest expense on bank loans	**11,366**	23
Interest on lease liabilities	**38,300**	–
Less: interest expense capitalised into assets under construction*	**(17,819)**	–
Net finance costs/(income)	**750**	(18,133)

* The interest expense have been capitalised at a rate of 4.9% per annum.

Note: The Group has initially applied HKFRS 16 using the modified retrospective approach. Under this approach, the comparative information is not restated. See note 1(c).

	2019	2018
	RMB'000	*RMB'000*
(b) Staff costs		
Salaries and other benefits	**2,318,580**	1,798,064
Equity-settled share-based payment expense	**62,816**	26,430
Contributions to defined contribution scheme	**347,713**	269,330
	2,729,109	2,093,824
Included in:		
— Cost of sales	**2,150,084**	1,668,692
— Administrative expenses	**493,404**	396,295
— Selling and marketing expenses	**85,621**	28,837
	2,729,109	2,093,824

	2019	2018
	RMB'000	*RMB'000*
(c) Other items		
Impairment losses		
— trade and other receivables	**41,723**	49,432
Depreciation charge		
— property, plant and equipment	**98,016**	50,540
— right-of-use assets*	**109,127**	–
Amortisation of intangible assets	**30,471**	30,142
Total minimum lease payments for leases previously classified as operating leases under HKAS 17*	**–**	115,320
Expense relating to short-term leases and other leases with remaining lease term ended on or before 31 December 2019	**74,864**	–
Expense relating to leases of low-value assets, excluding short-term leases of low-value assets	**170**	–
Cost of inventories	**283,223**	230,454
Outsourcing labor costs	**2,792,214**	2,332,247
Auditors' remuneration		
— annual audit services	**3,366**	3,000
— review services	**900**	900

* The Group has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 January 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under HKAS 17. After initial recognition of right-of-use assets at 1 January 2019, the Group as a lessee is required to recognise the depreciation of right-of-use assets, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. Under this approach, the comparative information is not restated. See note 1(c).

7. INCOME TAX

Taxation in the consolidated statement of profit or loss represents:

	2019	2018
	RMB'000	*RMB'000*
Current tax — PRC corporate income tax		
Provision for the year	**209,490**	199,282
(Over)/under-provision in respect of prior years	**(623)**	2,282
	208,867	201,564
Current tax — Overseas corporate income tax		
Provision for the year	**4,601**	–
Under-provision in respect of prior years	**974**	–
	5,575	–
Deferred tax		
Origination and reversal of temporary differences	**(43,582)**	(38,245)
	170,860	163,319

8. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB477,405,000 (2018: RMB483,296,000) and the weighted average of 2,779,932,000 ordinary shares (2018: 2,777,776,000 shares) in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2019	2018
	'000	*'000*
Issued ordinary shares at 1 January	**2,777,776**	2,777,776
Effect of share options exercised	**2,156**	–
Weighted average number of ordinary shares at 31 December	**2,779,932**	2,777,776

(b) Diluted earnings per share

The Company has issued potentially dilutive instrument such as equity settled share-based transaction in September 2018. However, the Company did not include this instrument in its calculation of diluted earnings per share during both years, because the effect of such inclusion would be anti-dilutive. Therefore, diluted earnings per share are the same as the basic earnings per share.

9. DIVIDENDS

Dividends payable to equity shareholders of the Company attributable to the year:

	2019	**2019 equivalent**	2018	2018 equivalent
	HKD'000	***RMB'000***	*HKD'000*	*RMB'000*
Proposed final dividend for HKD0.075 (2018: HKD0.075) per ordinary share	**209,211**	**191,156**	208,333	177,746

The final dividend proposed for shareholders' approval after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year:

The dividend amounting to RMB177,746,000 attributable to the previous financial year was approved and paid in 2019 (2018: RMB134,368,000).

10. TRADE AND OTHER RECEIVABLES

	2019	2018
	RMB'000	*RMB'000*
Trade receivables from third parties	**1,127,119**	735,369
Less: Allowance for impairment of trade receivables	**(92,526)**	(69,697)
	1,034,593	665,672
Less: trade receivables due after one year, net of loss allowance	**(37,761)**	–
	996,832	665,672
Other receivables, net of loss allowance	**324,686**	227,196
Receivables from disposal of an associate	**30,696**	30,198
Amounts due from related parties		
— trade nature	**7,255**	11,152
— non-trade nature	**45,581**	15,219
Amounts due from other staff	**11,903**	9,540
Financial assets measured at amortised cost	**1,416,953**	958,977
Deposits and prepayments	**424,505**	243,224
	1,841,458	1,202,201

As at the end of reporting period, the aging analysis of trade receivables from third parties (which are included in trade and other receivables) based on the date of revenue recognition and net of allowance for impairment of trade receivables is as follow:

	2019	2018
	RMB'000	*RMB'000*
Within 1 year	**910,630**	597,732
1 to 2 years	**121,205**	64,897
Over 2 years	**2,758**	3,043
	1,034,593	665,672

For certain property asset management services, the Group allows certain customers with appropriate credit standing to make payments over a maximum period of 24 months ("**instalment payment method**"). For other provision of services and sales of goods, trade receivables are due when the receivables are recognised.

11. TRADE AND OTHER PAYABLES

	2019	2018
	RMB'000	*RMB'000*
Trade payables	**690,842**	535,570
— Billed trade payables	**609,162**	458,031
— Accrued trade payables	**81,680**	77,539
Bills payable	**129,786**	–
	820,628	535,570
Less: trade payables due after one year	**(32,128)**	–
Trade payables (current)	**788,500**	535,570
Refundable deposits	**353,229**	242,915
Accrued payroll and other benefits	**356,487**	307,643
Escrow funds held on behalf of customers	**77,683**	49,198
Cash collected on behalf of the owners' associations	**170,212**	94,093
Other payables and accruals	**179,642**	115,650
Temporary receipts	**468,789**	407,380
Amounts due to related parties	**11,890**	6,190
Loan from a third party	**31,046**	–
Dividends payables	**340**	–
Financial liabilities measured at amortised cost	**2,437,818**	1,758,639
Other tax and charges payable	**189,023**	133,535
	2,626,841	1,892,174

As of the end of each reporting period, the aging analysis of billed trade payables based on invoice date is as follows:

	2019	2018
	RMB'000	*RMB'000*
within 1 month	**473,557**	318,111
after 1 month but within 3 months	**52,465**	88,303
after 3 months but within one year	**83,140**	51,617
	609,162	458,031

12. NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

(a) Subsequent to the end of the reporting period, the directors proposed a final dividend. Further details are disclosed in note 9.

(b) On 23 January 2020 (the "**Second Date of Offer**"), an aggregate of 33,150,000 shares option at an exercise price of HKD9.214 to subscribe for shares of the Company will be granted to certain employees of the Group ("**the Second Grantees**"), subject to acceptance of the Second Grantees under the Share Option Scheme. The options have vesting periods of 3 years commencing after 12 months from the date on which the Second Grantees have achieved the length of service in the Group and have a contractual life of 10 years. Each option gives the holders the right to subscribe for one ordinary share in the Company.

(c) In early 2020, the outbreak of the novel coronavirus (COVID-19) spread across the PRC and globally. The PRC and overseas governments have taken various emergency measures to prevent the spread of the epidemic. The Group has been closely monitoring the impact of the developments on the Group's businesses.

For cultural & education services, as the situation is fluid and rapidly evolving, the Group will need to perform a more detailed and continued analysis to determine the extent of the impact on operations of cultural & education services for the financial year ending 31 December 2020.

CHAIRMAN'S STATEMENT

At the time of joint prevention and control of the COVID-19, looking back to the consolidated history of the annual results of the Company for 2019, we are more willing to re-evaluate the order of the intrinsic values of the industry from the perspective of source and essence.

At the outbreak of the epidemic, in order to defense against the epidemic, numerous municipal governments successively launched response plans to address the major public health emergency and mobilized various service resources with medical resources as pioneer. As a property service provider stationed at the gate of home life, leveraging our existing services, we took initiative to prevent and control the epidemic. Supported by the synergic effect of the communities and the resources of the government, we made fruitful achievements and received high recognition to the industry from property owners, media, the society, etc. With the adoption of a package of incentive measures by the government subsequently, the industry has been added value at a tremendous speed and to a large extent, which has in turn inspired the whole industry. This circumstance during such emergency period has highlighted the value of the industry in the social public service field.

Those who are good at fighting are good at capturing opportunities in the tough times. The excellent service performance of the Company during this public health emergency, coupled with its development momentum in 2019, enabled the Company to perform steady in an unscheduled service. In 2019, the Company recorded revenue of RMB8,581.9 million, representing a year-on-year increase of 27.9%. Revenue from the property services was RMB5,452.0 million, representing a year-on-year increase of 22.2%; revenue from the community living services was RMB1,912.8 million, representing a year-on-year increase of 46.0%; revenue from the consulting services was RMB1,217.2 million, representing a year-on-year increase of 29.6%. Our development momentum has helped increase our morale, not only our senior management but also our frontline staff held fast to their positions during the Chinese New Year Holidays. After the outbreak of the epidemic, all of our staff while still on leave, returned to work and were well prepared to meet the dual requirements of property owners and the government.

Under the vision of the happy life service provider, "Befriend and Help Each Other" is the due norm of a happy life. In 2019, the community volunteer organization "Happiness Community" sponsored and established by us covered 1,046 projects under management nationwide, recruited more than 110,000 volunteering property owners and organized over 15,000 volunteer activities. We improved our services by serving people, and incited feelings by sharing with people. Faced with the COVID-19, the "Happiness Community" cooperated with us in defending against the epidemic effectively, making us a striking focus among all.

To prevent and control the epidemic in communities, many property owners were grounded at home for over one month. Another more challenge we faced was how to deliver living supplies safely and timely. As the Company has steadily developed our "Fresh Green Orange" plan and cooperated with CenturyMart in 2019, our services were mutely became "internet celebrity" level services during the epidemic, which benefited from the function of the frontline warehouses within the community. In addition to the "Orange Community", a community served by the "Fresh Green Orange" plan, we have also updated our service app — "Greentown Living APP". As of 31 December 2019, the number of registered users reached 1,000,000, representing an increase of 30.8% compared with that of the corresponding period in the last year; the number of online payments of living expenses reached 470,000, representing an increase of 100% compared with that of the corresponding period in the last year; the number of door-openings via Bluetooth reached 3,870,000, representing an increase by 11 times over that of the corresponding period in the last year; the number of temporary online payments reached 1,790,000, representing an increase of 10 times over that of to the corresponding period in the last year. The growth in the rate of usage of technological platforms by property owners provided the foundation for our precise service demand algorithm.

When the epidemic prevention and control shifted from communities to workplaces, our technical staff of the commercial office building service team worked overtime to develop the epidemic service platform for communities, which was described by the media as an "artifact for work resumption" and used in the work resumption and epidemic prevention of many industrial (creative) parks, commercial office buildings, and government administrative service centers in Hangzhou. The launch of the customized technology product demonstrated the value of the cloud service system released by the Company for commercial office buildings in 2019. It also helped us in expanding new business forms such as Guangzhou Nansha International Cruise Home Port (廣州南沙國際郵輪母港) and the Enlight (Yangzhou) China Film World (揚州光線小鎮影視城). As of 31 December 2019, the Company's managed gross floor area ("**GFA**") and reserved GFA recorded a new high, reaching 212.4 million square meters and 233.2 million square meters, respectively.

Services connected with technology make life safer and more convenient. In 2019, we focused on strengthening scientific and technical cooperation and applications in smart communities and actively participated in the construction of future communities in Zhejiang Province, which included working with SenseTime to study smart community solutions based on graphic recognition, and signing a cooperation agreement with Alibaba Cloud to explore the "platform + steward" business model; we also reached a strategic cooperation with Hikvision to set up a joint laboratory for internet of things to plan and build products and services such as smart fire protection and smart security systems jointly, integrating with community scene services closely.

FUTURE OUTLOOK

After the eventful year of 2019, we have steadily taken another big step forward and are standing at the starting point of a new track. Confronted with the epidemic windstorm while forging ahead, we see a situation full of both challenges and opportunities. We are faced with a new battle amidst the recovery of the service industry, and in turn, our management need to lead all of our staff to prepare and take action to understand the situation, apply technological means, improve our servicing ability, and promote our business development, so as to achieve our shared growth. Over the past few years, as the famous saying goes — listen to the spring thunder in silence, we have been determined to deploy our businesses in education, healthcare, new retails, etc. in our strategic cycle.

There may be numerous trials and hardship ahead. In despite of this, we must act aggressively and adventurously with prudence kept in mind and strive to seek breakthroughs in our industry while flexibly avoiding risks and proactively seizing market share, so as to create a brighter future for service providers. We are not only a partner in the service undertaking, but also part of the service industry with a common destiny. In facing over 300 brand new days ahead in the service-oriented working scenario, we will, as the public would expect, be committed to moving forward steadily in the same direction and on the same road without losing our efforts and corporate cultural.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is a leading happy living service provider nationwide. In the "2019 China Property Service Top 100 Enterprises Research Results Conference" organized by China Index Academy (a professional independent third-party Real Estate Research Organization in China), we maintain the first place of "China's top 100 leading enterprises in terms of Property Service Satisfaction", which is the praise of our services, and is the solid foundation of the continuous expansion of our management scale and sustained growth of financial performance.

FINANCIAL REVIEW

For the year ended 31 December 2019, the Group achieved:

Revenue

Revenue was RMB8,581.9 million. Compared with that of the year of 2018, which was RMB6,709.9 million, the growth rate on year-on-year basis reached 27.9%.

The Group's revenue comes from three major businesses: (i) property services, (ii) community living services, and (iii) consulting services. During the year, (i) the revenue from the property services was still the Group's largest source of revenue and profit, which reached RMB5,452.0 million, accounting for 63.5% of the Group's revenue. Compared with RMB4,460.7 million in the year of 2018, there was a year-on-year growth of 22.2%; (ii) community living services revenue reached RMB1,912.8 million, accounting for 22.3% of the Group's revenue. Compared with RMB1,309.8 million in the year of 2018, there was a year-on-year growth of 46.0%; (iii) the revenue of consulting services amounted to RMB1,217.2 million, which accounting for 14.2% of the Group's revenue. There was a year-on-year growth of 29.6% compared with RMB939.5 million of the year of 2018.

	2019		2018		
	RMB'000	*% of the total revenue*	*RMB'000*	*% of the total revenue*	*Y/Y%*
Property services					
Property services	**5,452,031**	**63.5%**	4,460,669	66.5%	22.2%
	5,452,031	**63.5%**	4,460,669	66.5%	22.2%
Community living services					
Community products & services	**541,543**	**6.3%**	241,914	3.6%	123.9%
Home living services	**116,239**	**1.4%**	84,432	1.3%	37.7%
Community space services	**203,726**	**2.4%**	228,654	3.4%	–10.9%
Property asset management services	**859,568**	**10.0%**	719,020	10.7%	19.5%
Cultural & education services	**191,675**	**2.2%**	35,738	0.5%	436.3%
	1,912,751	**22.3%**	1,309,758	19.5%	46.0%
Consulting services					
Property under construction services	**983,283**	**11.5%**	787,735	11.7%	24.8%
Management consulting services	**233,867**	**2.7%**	151,744	2.3%	54.1%
	1,217,150	**14.2%**	939,479	14.0%	29.6%
	8,581,932	**100.0%**	6,709,906	100.0%	27.9%

Cost of sales

During the year, the cost of sales was RMB7,034.8 million, which was an increase of 27.6% compared with that of RMB5,512.3 million in the year of 2018 and it was basically in line with the Group's revenue growth rate being 27.9%. This was mainly due to the scale expansion of business. We will continue to improve and promote the Group's cost control measures while expanding the coverage and increasing the efficiency of automated and intelligent devices in providing services.

Gross profit margin

— Gross profit has reached RMB1,547.1 million, a growth of 29.2% compared with RMB1,197.7 million in 2018. Gross profit margin was 18.0%, increased by 0.2 percentage points compared with the year of 2018.

— Gross profit margin for property service was 11.4%, as same as that in 2018. Despite the intensified competition in the property services market and the increasing labor costs, the Group has achieved continuous expansion in management scale and steady improvement in operating efficiency by leveraging on high-quality services and strong capabilities in market expansion.

— Gross profit margin for community living services was 27.1%, a slightly increase as compared to 25.5% in 2018. Our community living services continued to focus on core business operation capacity establishment, and improvement in gross profit margin was achieved in terms of community products and services, community space services, and cultural & education services during the year.

— Gross profit margin for consulting service was 33.6%, slightly lower than 38.0% in 2018 by 4.4 percentage points. The main reason was that gross profit margin from management consulting services decreased.

Selling and marketing expenses

Selling and marketing expenses was RMB151.2 million, an increase of 154.5% compared with RMB59.4 million in 2018. The increase was primarily due to the increase in number of sales staff and venue rental costs (including expenses relating to short-term leases and depreciation of right-of-use assets) as a result of the expansion of new retail, education and property asset management services of the Group, and the increased expenses after acquisition of subsidiaries in education and other services.

Administrative expenses

The Group's administrative expenses were RMB771.0 million, an increase of 29.1% compared with RMB597.3 million in 2018. This growth rate was slightly higher than the revenue growth rate of 27.9% for the year, but represents a decline of 14.5 percentage points from 43.6% over the year of 2018. In terms of cost and expenditure, the Group continued to strengthen control and adopted effective internal control measures. In addition, in 2019, the Group's equity-settled share-based payment expenses were RMB62.8 million, an increase of RMB36.4 million compared with the year of 2018. After excluding equity-settled share-based payment expenses, our administrative expenses increased by 24.0%, which was lower than the increase in revenue of the Group. Since 2017, the Group continued to establish a data-driven, intelligent and efficient peer-to-peer management system which provides platform services and automatic supervision in order to realize the "penetration" of vertical business and the "connection" of horizontal business through its sharing centre with an aim to achieve the objectives of efficient management and convenient services. The effect of this strategy is becoming more visible.

Profit from operations

Profit from operations was RMB643.8 million, a growth of 24.7% compared with RMB516.2 million for the year of 2018; the adjusted profit from operations (excluding equity-settled share-based payment expenses) was RMB706.6 million, an increase of 30.2% compared with the year of 2018 (excluding equity-settled share-based payment expenses).

Operating profit margin was 7.5%, a decrease of 0.2 percentage point compared to 7.7% in 2018; the adjusted operating profit margin (excluding equity-settled share-based payment expenses) was 8.2%, an increase of 0.1 percentage point compared to 8.1% in 2018.

Net finance (costs)/income

The net finance costs during the year was RMB0.8 million, decreasing by 104.1% compared with the net income of RMB18.1 million in the year of 2018. This was mainly due to the combined impacts of increased interest income on bank deposits, increased interest expense on new bank loans and the addition of finance costs on lease liabilities as a result of the initial application of new lease standards.

	2019	2018	
	RMB'000	*RMB'000*	*Y/Y%*
Interest income on listed debt instruments	**5,358**	3,886	37.9%
Interest income on bank deposits	**25,739**	14,270	80.4%
Interest expense on bank loans	**(11,366)**	(23)	>100.0%
Interest expense on lease liabilities	**(38,300)**	—	N/A
Less: interest expense capitalised into assets under construction	**17,819**	—	N/A
Net finance (costs)/income	**(750)**	18,133	–104.1%

Share of profits less losses of associates and joint ventures

In 2019, losses of associates amounted to RMB4.9 million, an decrease of RMB17.9 million compared to the losses of RMB22.8 million in the year of 2018. This was mainly because the operations of the losses of the associates were back on track during the year with a gradual decrease in losses.

The share of profit of joint ventures amounted to RMB2.3 million, a year-on-year increase of RMB0.4 million compared with the profit of RMB1.9 million in the year of 2018. This was mainly because the further increase in profits of some joint ventures.

Income Tax

The income tax for the year was RMB170.9 million, increasing by 4.7% from RMB163.3 million during the year of 2018. The effective income tax rate increased 0.6 percentage points from 26.0% in 2018 to 26.6%, which was mainly due to the fact that income tax rate on the equity transfer income from the disposal of one associate in 2018 was lower than the overall tax rate of the Group, which lowered the overall tax rate in 2018.

Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands ("**BVI**"), the Group is not subject to any income tax in the Cayman Islands and the BVI.

The income tax rate applicable to Group entities incorporated in Hong Kong for the income subject to Hong Kong Profits Tax is 16.5%. A two-tiered profits tax rates regime was introduced in 2018 whereby the first HKD 2 million in assessable profits earned by a company will be taxed at half of the current tax rate (8.25%) while the remaining profits will continue to be taxed at 16.5%. No provision for Hong Kong Profits Tax has been made as the Group did not earn any income subject to Hong Kong Profits Tax during the years ended 31 December 2019 and 2018.

The income tax rate applicable to Group entities incorporated in Australia for the income subject to Income Tax Assessment Act 1997 during the reporting period is 30%.

Individual companies within the Group in the PRC are generally subject to Corporate Income Tax at 25% on taxable income determined according to the relevant income tax rules and regulations of the PRC unless otherwise specified.

For the Group's subsidiary, Hangzhou Greentown Vocational Training School (杭州市綠城職業培訓學校) is recognised as a small profit enterprise from 1 January 2019 to 31 December 2021. The portion of annual taxable income amount, which does not exceed RMB1 million, shall be computed at a discounted rate of 25% as taxable income amount, and be subject to enterprise income tax at 20%. And the portion of annual taxable income, which exceeds RMB1 million but does not exceed RMB3 million, shall be computed at a discounted rate of 50% as taxable income amount, and be subject to enterprise income tax at 20%.

Pursuant to Chapter 28 of the Law of the People's Republic of China on Enterprise Income Tax, enterprises are entitled to a preferential income tax rate of 15% after the recognition of high and new technology enterprise. The Group's subsidiary, Hangzhou Greentown Information and Technology Company Limited (杭州綠城信息技術有限公司) has obtained a high and new technology enterprise certification in 2018 and is entitled to a preferential income tax rate of 15% from 2018 to 2020.

Profit for the year

Profit for the year was RMB472.4 million with an increase of 1.4% compared with RMB 465.7 million during the year of 2018; the adjusted profit (excluding equity-settled share-based payment expenses and after tax impact) for the year was RMB519.5 million, representing an increase of 7.0% compared with the year of 2018 (excluding equity-settled share-based payment expenses and after tax impact).

Net profit margin for the year was 5.5%, a decrease of 1.4 percentage points compared with 6.9% in 2018. Adjusted net profit margin for the year (excluding equity-settled share-based payment expenses and after tax impact) was 6.1%, which decreased 1.1 percentage points from 7.2% (excluding equity-settled share-based payment expenses and after tax impact) in the year of 2018.

Liquidity, reserves and capital structure

The Group maintained a good financial condition during the year. The current assets for the year was RMB5,204.3 million, increasing by 35.6% compared to RMB3,838.2 million in 2018. The Group's cash and cash equivalents amounted to RMB2,641.3 million in 2019, increasing year-on-year by 21.2% compared with RMB2,180.0 million in 2018. Net cash generated from operating activities remained a stable upward trend, amounting to RMB919.4 million during the year, grew year-on-year by 40.1% from RMB656.2 million in 2018. Net cash used in investing activities amounted to RMB601.7 million, up by 202.2% compared with 2018. Net cash generated from financing activities was RMB152.5 million, up 227.2% from 2018, which was mainly due to an increase of RMB371.7 million in bank loans.

References are made to the announcements of the Company dated 29 March 2019, 11 April 2019, 21 June 2019 and 5 July 2019. On 21 June 2019, Greentown Education Holding Group Co. Ltd ("**Greentown Education**"), a wholly owned subsidiary of the Company, as the borrower and the Group and a subsidiary of the Group, as the guarantors entered into a facility agreement with Standard Chartered Bank (Hong Kong) Limited, as the lender in relation to a loan facility in the principal amount of USD49.0 million with a term of three years (the "**Loan**"). The Loan was used to fund the purchase price of the acquisition of 7,057 shares of Montessori Academy Group Holdings Pty Ltd. (the "**MAG**"), representing approximately 56% of the issued share capital of the Target Company at the time of the acquisition by Greentown Education (the "**Acquisition**"), pursuant to the share purchase agreement dated 29 March 2019. In addition, the subsidiary acquired during the year previously made a loan from banks with a total amount of AUD28.0 million for the purpose of supplementing the working capital. The total amount of these two loans was approximately RMB477.8 million.

The debt ratio (total liabilities/total assets) of the Group was 65.3%, an increase of 10.3 percentage points compared with 55.0% at the end of 2018. This was mainly due to the increase in bank loans during the year and the simultaneous increase in the Group's assets and liabilities as a result of the application of the new lease standards.

Property, plant and equipment and right-of-use assets

As at 31 December 2019, the value of property, plant and equipment and right-of-use assets amounted to RMB1,271.5 million, which increased by 241.9% from RMB371.9 million as at 31 December 2018. The increase was primarily attributable to the recognition of an increase in right-of-use assets of RMB689.9 million under the new lease standards. The right-of-use assets were mainly used in the Group's new retail, cultural and education and property assets management services businesses. Excluding the changes resulting from the new lease standards, the value of property, plant and equipment amounted to RMB581.7 million, representing an increase of 56.4%, mainly due to the increase in the leasehold improvements as a result of the new acquisition of MAG during the year and the increase in the leasehold improvements of the newly opened education park, both of which were normal operational expenses required.

Intangible assets

As at 31 December 2019, intangible assets amounted to RMB327.0 million, representing an increase of 339.5% compared with RMB74.4 million as at 31 December 2018, which was due to the consolidated impact after the Acquisition by the Group, resulting in the additional evaluation value of the new MAG brand.

Trade and other receivables

As at 31 December 2019, current trade and other receivables amounted to RMB1,841.5 million, increasing by 53.2%, from RMB1,202.2 million as at 31 December 2018. Among them, the largest proportion of current trade receivables amounted to RMB1,034.6 million, an increase of 55.4% from RMB665.7 million as at 31 December 2018, which was higher than the total revenue growth rate of 27.9%. This was mainly due to the impact of the macro environment and the increase in trade receivables as a result from the slowdown in collection from developer subsidies and the increase in community service business scale affected by the macro environment.

Trade and other payables

As at 31 December 2019, current trade and other payables amounted to RMB2,626.8 million, increasing by 38.8% from RMB1,892.2 million as at 31 December 2018. This was mainly because the procurement volume grew with income gains; meanwhile, the payment of procurement funds was further appropriately controlled due to the launch of the Procurement Sharing Funds Collection system.

Lease liabilities

During the year, the increase in lease liabilities was recognized in accordance with the new lease standards. Lease liabilities payable due within one year, which were included in current liabilities, were RMB148.8 million, while lease liabilities payable due after one year, which were included in long-term lease liabilities, were RMB833.4 million.

Property Services — accounting for 63.5% of total revenue, and 40.1% of total gross profit

Property services are the Group's largest revenue and margin source. The Group has been mainly adopting the overall rationing system for service charging. Based on our management experience and cost control capability over the past 20 years, property services provide us with stable revenue and profit, as well as good reputation, and is the cornerstone of the Group's implementation of its living services strategy. Throughout 2019:

— Revenue reached RMB5,452.0 million, an increase of 22.2% compared with RMB4,460.7 million in the year of 2018. As the revenue base of property services continues to increase, the growth of this segment is expected to stabilize in the future.

— Gross profit reached RMB619.9 million, up 22.3% from RMB507.0 million in 2018 compared to the year of 2018. Gross profit margin was 11.4% in line with that of in 2018.

	2019		2018	
	% of property service revenue	**% of managed GFA**	% of property service revenue	% of managed GFA
Contracted GFA				
— Residential	**70.2**	**78.8**	70.3	78.0
— Non-residential	**29.8**	**21.2**	29.7	22.0
Total	**100.0**	**100.0**	100.0	100.0

— The managed GFA reached 212.4 million square meters, an increase of 24.6% compared with 170.4 million square meters in 2018, or net increase of 42.0 million square meters, net increased by 28.2 million square meters compared with 184.2 million square meters in the interim period of 2019. We not only pay attention to the increase of management area, but also focus on the improvement of service quality and the acquisition of more high-quality projects. We optimize the project portfolio constantly, improve the service experience of the property owners, but also bring about the increase of the proportion of property service fee and the expansion of brand effect, which brings strong internal impetus for the continuous growth of performance.

— Reserve area, as an important source of the future management area, reached a new height during the year, at 233.2 million square meters, an increase of 21.4% compared with 192.1 million square meters in 2018, or a net increase of 41.1 million square meters. This was the sixth consecutive year that the Group's reserve area was higher than the managed GFA, greatly increasing certainty of the Group's future stable growth.

— managed projects reached 1,454, covering 147 cities in 29 provinces, municipalities and autonomous regions in China.

— Regional distribution: as at 31 December 2019, our managed GFA and revenue by region were distributed as follows:

	2019		2018	
	% of managed GFA	**% of revenue**	% of managed GFA	% of revenue
— Hangzhou	**15.3**	**30.3**	16.6	30.1
— Yuhang	**5.9**	**5.2**	6.9	5.6
Greater Hangzhou	**21.2**	**35.5**	23.5	35.7
Ningbo	**6.6**	**6.9**	6.9	5.7
Yangtze River Delta	**38.7**	**28.5**	37.0	29.7
Bohai Economic Rim	**14.6**	**12.6**	15.4	14.1
Pearl River Delta	**8.0**	**5.5**	6.5	5.5
Others	**10.9**	**11.0**	10.7	9.3
	100	**100**	100	100

Community living services — accounting for 22.3% of our total revenue, and 33.5% of our total gross profit

During the year, the community living service continues to grow and has gained revenue of RMB1,912.8 million, an increase of 46.0% compared with RMB1,309.8 million in 2018. Among them,

(1) The community products and services (accounting for 28.3% of the community living service income): in 2019, the annual revenue reached RMB541.5 million, a year-on-year increase of 123.9% compared with RMB241.9 million in 2018.

(2) Home living services (accounting for 6.1% of the community living service income): in 2019, the annual revenue reached RMB116.2 million, an increase of 37.7% compared with RMB84.4 million in 2018.

(3) Community space services (accounting for 10.7% of the community living service income): in 2019, the annual revenue reached RMB203.7 million, a decrease of 10.9%, compared with RMB228.7 million in 2018.

(4) Property asset management services (accounting for 44.9% of the income from community living services): in 2019, the revenue reached RMB859.6 million, increasing by 19.5% compared with RMB719.0 million in the year of 2018.

(5) Cultural and education services (accounting for 10.0% of the income from the community living services): in 2019, the revenue reached RMB191.7 million, an increase of 436.3% compared with RMB35.7 million in the year of 2018.

	2019 Revenue *RMB'000*	% of total	Y/Y %	2018 Revenue *RMB'000*	% of total
Community products & service	**541,543**	**28.3**	123.9	241,914	18.5
Home living services	**116,239**	**6.1**	37.7	84,432	6.4
Community space services	**203,726**	**10.7**	–10.9	228,654	17.5
Property asset management services	**859,568**	**44.9**	19.5	719,020	54.9
Cultural & education services	**191,675**	**10.0**	436.3	35,738	2.7
Total	**1,912,751**	**100.0**	46.0	1,309,758	100.0

Community living services offer systematic product and service solutions for all life service scenes of property owners throughout the life cycle of real estate. They are an extension of property services and an important part of our strategic vision of being a "happy living service provider". During the year, by deepening our research based on the strategy of living services, we built a virtuous ecological circle of discovering needs, matching resources, connecting effectively and forming states. By adopting technology and focusing on community scenarios, we promoted the upgrading of our products and improved the competitive strength of our services and products.

— **Community products and services**

During the year, the rapid growth of our community products and services was primarily due to our consistently outstanding capacity of supply of community products and the advance strategic layout of the new retail system. Based on the daily needs and demand for quality of property owners, while maintaining the standard function of supplying traditional community products (including rice, seasonal fruits, fresh food and traditional festival-oriented products, etc.), we launched the business model of "GreenMart" ("fresh food store + front warehouse + community immediate delivery") by virtue of a property service company's innate advantage of having "efficient access to customers". Meanwhile, through strategic cooperation with a leading local supply chain, we expanded our product portfolio, improved our product supply chain system, and established a high-quality living service platform closest to the lives of property owners, which maintained and improved the stickiness of the property owners.

— **Home living services**

During the year, based on the accumulated data on our platform, we improved the property owner profile identification system, which was fully applied to the home service platform called "Four Seasons Housekeeping", a high-quality living platform that provides comprehensive, one-stop solutions on various matters in the lives of property owners, to provide effective data support for our business development and achieve a steady improvement in the performance of our home living services. For the next step, we will fully integrate the various home living service demand data within the Group, including high-end elderly care, housekeeping, cleaning, air conditioning repair and maintenance, and furnishing services to conduct effective data analysis on demand, integrate high-quality service resources, and provide property owners with more refined and convenient living services based on their demand on living services.

— **Community space services**

During the year, the failure to renew an advertising business contract by a subsidiary of the Group affected the growth of the revenue from community space services. We believe that such advertising business contract is not one of the core services of the community space services and cannot represent the growth trend of the community space services. However, taking into account the current growth bottlenecks encountered by traditional advertising investment and operation business in the community space services, that is, affected by the marketing costs of upstream companies and the impact of new media advertising placement, the offline advertising business has been shrinking. This, coupled with the impact of the novel coronavirus epidemic in 2020, means that the Group's advertising business development in brand operations and sales planning activities will also be limited to a certain extent, and the growth rate of the community space services business in the next year will be affected. However, we will continue to increase efforts in the integration of community space resources, enrich the product content of community space services, and enhance the bargaining advantage. In the meantime, we intended to develop variable advertising forms such as pop-up shops that take communities as basic support and community businesses as templates to provide property owners with products and services that fully meet their daily needs, increase the conversion rate of advertising in the community space, and continue to promote the upgrade and transformation of our community space service products.

— **Property asset management services**

Affected by the conditions and related policies in the real estate industry in 2019, the popularity of second-hand housing purchases continued to decline steadily. Property agency income remained the largest source of income of this segment. During the year, by implementing the strategy of the National Greentown Rental and Sales Centre, and establishing cooperation with the third parties, such as Lianjia.com, we continued to promote the second-hand housing business while focusing on the first-hand housing and agency services for the sale of remaining units, which has achieved initial success. Although the growth in revenue for property agency segment has slowed down, its gross profit margin has increased by approximately 4.4 percentage points compared with the year of 2018. For other asset management services (e.g. parking space business), we also continuously improved our professional operation capabilities and expanded new services models, such as parking lot operations. In the future, we will continue to focus on the management and operation services for high-quality property assets in Tiers 1 and 2 cities to develop a stable business operation model.

— **Cultural and education services**

During the year, the revenue and gross profit margin of this segment improved significantly, which was due to the combined impacts of the following factors: on the one hand, MAG, a company incorporated in Australia, became our subsidiary after the completion of the Acquisition. The business growth of MAG is in line with expectations after the Acquisition and has made positive contribution to the increase in revenue and profit of the education segment. On the other hand, we focused on the development of the early childhood education brand of "Wonderful Garden", the core competitiveness of which was improved by implementing our strategy "standardized institutional setup, scientific education system, diversified curriculum design and personalized care service" after communication and cooperation with outstanding onshore and offshore early childhood education service institutions. After the business ramp-up period, its average occupancy rate increased significantly compared with the year of 2018. For the next step, in addition to the introduction of MAG's advanced education concept and empowerment of its high-quality curriculum system on our self-operated early childhood education business, we will try to explore the new model in the cultural and education business that offers professional teachers and curriculum systems by relying on the venue and hardware resources of the client. Taking into account of the impact and duration of the novel coronavirus epidemic, the short-term business development of this segment in 2020 will be affected to a certain extent.

Consulting services — accounting for 14.2% of the total revenue, 26.4% of the total gross profit

During the year, we continued to focus on the full life cycle of real estate, deeply analyzed our clients' needs, and continuously improved the organic growth and strengthened core competitive advantages of our consulting services through methods such as the integration of quality resources, construction of a standardized system and business innovation, for the whole year of 2019:

— The income reached RMB1,217.2 million, an increase rate of 29.6% compared with the year of 2018, and compared with the growth rate of 30.0% in mid-year of 2019, the growth rate is basically flat.

— Our gross profit increased by 14.4% to RMB408.6 million from RMB357.2 million in the year of 2018. Our gross profit margin decreased slightly to 33.6% from 38.0% in the year of 2018. This was mainly due to the impact of gross profit margin from the decrease in management consulting services, but the overall gross profit margin from consulting services remained at a high level.

	2019			2018	
	Revenue *RMB'000*	**% of total**	*Y/Y* %	Revenue *RMB'000*	% of total
Project under construction services	**983,283**	**80.8**	24.8	787,735	83.8
Management consulting services	**233,867**	**19.2**	54.1	151,744	16.2
Total	**1,217,150**	**100.0**	29.6	939,479	100.0

— In face of the changes in the consulting service market conditions, we actively responded to the changes and continuously implemented service innovation. During the year, we focused on the commercial and office scene, and launched a commercial and office properties cloud sharing service system supported by the "operation system + service system + standard system" to facilitate the development of industry services. Relying on the property projects and management resources, we tried to explore the use of real estate consultation services to fully meet customer service needs. We also continuously enhanced the core competitiveness of the "Green Alliance", deepened the output of the management system and the service system, and continuously promoted the development of our consulting services by virtue of the advantage of the synergy between the property services and community living services of the Group.

— Property Under Construction Services

Our revenue reached RMB983.3 million, an increase of 24.8% compared with the year of 2018, basically in line with the 27.6% increase in the mid of 2019. Based on the analysis of customer needs, we upgraded the traditional field services to better life experience services. With the goal of achieving "better life", we explored and provided courses for different levels, different systems, and different needs, to improve the professional capabilities of service personnel in various aspects, and create a team of "better life designers". In the meantime, we built a commercial and office properties brand of "Greentown Cloud Sharing" via service and product segments, which facilitated sales services for non-residential properties and promoted the steady business development of this segment.

— **Management Consulting Services**

Our revenue reached RMB233.9 million, an increase of 54.1% compared with the year of 2018, which is significantly higher than the 42.0% increase in the mid of 2019. This was due to the combined impacts of the followings: on the one hand, we relied on the client resources from property consulting projects to deeply develop and provide real estate consulting services, enhancing the customer value. On the other hand, the "Green Alliance" services, by giving full play to its leading quality advantage in the property service market, provided smart community living services, training and quality certification services, which further enhanced its core competitiveness. Such long-term, diversified, superimposed and sustainable cooperation model has been recognized by many customers, and the number of service output targets has further increased.

	2019			2018		
	No. of projects year end	**Y/Y**	**Average revenue/ project**	No. of projects year end	Y/Y	Average revenue/ project
		%	***RMB'000***		%	*RMB'000*
Project under construction services	**597**	**36.3**	**1,647**	438	47.5	1,798
Management consulting services	**599**	**47.2**	**390**	407	49.6	373

Dividend distribution

At the Board meeting held on 31 March 2020, the Board recommended the payment of a final dividend of HK$0.075 per ordinary share of the Company, subject to approval by the shareholders at the Annual General Meeting ("**AGM**") to be held on 19 June 2020. The final dividend will be paid on or before 15 July 2020.

The Board is of the view that the Group has generated considerable cash from its remarkable operating performance in the year, and gave effect to the Group's firm belief in sharing the positive return from the Group's growth with its shareholders through dividend distribution. The Board has fully taken account of the impact of the novel coronavirus epidemic on the Group's operations. After the dividend payment, the Group continues to keep a large amount of cash, which is sufficient for normal operations and battle against the epidemic.

ANNUAL GENERAL MEETING

The AGM will be held on 19 June 2020 and a notice convening the AGM will be published and dispatched in the manner as required by the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") in due course.

CLOSURE OF REGISTER OF MEMBERS

(a) For the purpose of determining the qualification of the shareholders of the Company to attend and vote at the AGM, the register of members of the Company will be closed from 16 June 2020 to 19 June 2020, both days inclusive. In order to qualify to attend and vote at the AGM, all transfer documents are required to be lodged accompanied by the relevant share certificates with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre,183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 15 June 2020.

(b) For the purpose of determining the entitlement to the proposed final dividend (subject to the approval of the shareholders of the Company at the AGM), the register of members of the Company will be closed from 29 June 2020 to 30 June 2020, both days inclusive. In order to qualify for the entitlement to the proposed final dividend, unregistered holders of shares of the Company are required to lodge all transfer documents accompanied by the relevant share certificates with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 26 June 2020.

FOREIGN EXCHANGE RISKS

The Group conducts substantially all of its business in Mainland China and in Renminbi. Therefore, the Group is exposed to limited foreign currency exchange rate risk. The Group has not entered into any foreign exchange hedging arrangement during the year. However, due to the Acquisition and the Loan, the depreciation or appreciation of the US dollar and the Australian dollar and the adjustment of interest rates will have impact on the Group's performance. The Group will continue to closely monitor its exposure to exchange rate and interest rate risks and actively explore foreign exchange hedging options with major banks, and may employ derivative financial instruments to hedge against risks when necessary.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 31 December 2019.

EMPLOYEES AND REMUNERATION POLICIES

Our Group adheres to its philosophy of "people-oriented and service-oriented" and regards our employees as its top asset. We aim to add partnership-sourced income to the compensation system and provide diversified training and personal development platforms to our employees. The remuneration package offered to the staff was in line with their duties and the prevailing market terms. Discretionary bonuses based on individual performance will be paid to employees as recognition of and reward for their contributions. Staff benefits, including pension, medical coverage, provident funds are also provided to employees of the Group.

As at 31 December 2019, our group had 29,152 employees, an increase of 16.7%. The total staff cost was RMB2,729.1 million, an increased rate of 30.3% compared with the year of 2018. The increase of managed GFA and revenue were 24.6% and 27.9% correspondently.

CORPORATE GOVERNANCE CODE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the shareholders of the Company and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code and the Corporate Governance Report (the "**Corporate Governance Code**") contained in Appendix 14 to the Listing Rules as its own code of corporate governance.

During the year, the Company was in compliance with all code provisions set out in the Corporate Governance Code, and has adopted most of the recommended best practices set out in the Corporate Governance Code.

APPOINTMENT OF DIRECTORS AND CHANGES IN COMPOSITION OF BOARD COMMITTEES

Reference is made to the announcement of the Company dated 6 January 2020. The appointment of Mr. Wang Guangjian (王光建) as a non-executive Director and the appointment of Ms. Wu Aiping (吳愛萍) as an independent non-executive Director and a member of each of the audit committee, remuneration committee and nomination committee of the Company took effect from 6 January 2020.

AUDIT COMMITTEE AND REVIEW OF ANNUAL RESULTS

The Company has established an audit committee (the "**Audit Committee**"). The Audit Committee currently consists of four independent non-executive Directors, namely Mr. Poon Chiu Kwok (Chairman), Mr. Wong Ka Yi, Mr. Li Feng and Ms. Wu Aiping. The primary duties of the Audit Committee are to review and supervise the Company's financial reporting process and internal controls.

The consolidated financial statements of the Group for the year ended 31 December 2019 have been reviewed by the Audit Committee.

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated cash flow statement and the related notes thereto for the year ended 31 December 2019 as set out in the preliminary announcement have been compared by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the auditor.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors and its employees (the "**Securities Dealing Code**"). The Company had made specific enquiry with all Directors as to whether they have complied with the required standard set out in the Model Code and all Directors confirmed in writing that they have complied with the Model Code and the Securities Dealing Code throughout the reporting period.

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

For the year ended 31 December 2019, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.lvchengfuwu.com). The annual report of the Company for the year ended 31 December 2019 containing all the information required by the Listing Rules will be dispatched to the Company's shareholders and published on the above websites in due course.

By order of the Board
Greentown Service Group Co. Ltd.
LI Hairong
Chairman

Hangzhou, the PRC
31 March 2020

As at the date of this announcement, the executive directors of the Company are Ms. LI Hairong (Chairman), Mr. YANG Zhangfa, Mr. WU Zhihua and Mr. CHEN Hao; the non-executive directors of the Company are Mr. SHOU Bainian, Ms. XIA Yibo and Mr. WANG Guangjian; and the independent non-executive directors of the Company are Mr. LI Feng, Mr. POON Chiu Kwok, Mr. WONG Ka Yi and Ms. WU Aiping.