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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 2020

The board (the “**Board**”) of directors (the “**Directors**”) of Greentown Service Group Co. Ltd. (the “**Company**”) is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2020, together with the comparative figures for the year ended 31 December 2019, as follows.

HIGHLIGHTS

The Group’s financial performance

- Revenue was RMB10,105.6 million. Compared with that for the year of 2019, which was RMB8,581.9 million, the growth rate on year-on-year (“**Y/Y**”) basis reached 17.8%.
- 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 was still the Group’s largest source of revenue and profit, which reached RMB6,428.8 million, accounting for 63.6% of the Group’s revenue. Compared with RMB5,452.0 million in 2019, there was a Y/Y growth of 17.9%; (ii) revenue from community living services reached RMB2,177.0 million, accounting for 21.5% of the Group’s revenue. Compared with RMB1,912.8 million of the year of 2019, there was a Y/Y growth of 13.8%; and (iii) revenue from consulting services amounted to RMB1,499.9 million, accounting for 14.9% of the Group’s revenue. There was a Y/Y growth of 23.2% compared with RMB1,217.2 million for the year of 2019.

- Gross profit has reached RMB1,922.8 million, a growth of 24.3% compared with RMB1,547.1 million in 2019. Gross profit margin was 19.0%, increased by 1.0 percentage point compared with 18.0% for the year of 2019.
- Profit from operations was RMB969.6 million, representing a growth of 50.6% compared with RMB643.8 million for the year of 2019.
- Profit for the year was RMB740.7 million, representing an increase of 56.8% compared with RMB472.4 million for the year of 2019.
- Net profit margin for the year was 7.3%, an increase of 1.8 percentage points compared with 5.5% in 2019.
- As at 31 December 2020, cash and cash equivalents of the Group amounted to RMB4,437.2 million, increasing by 68.0% as compared to RMB2,641.3 million as at 31 December 2019.
- The Board recommended the payment of a final dividend for 2020 of HK\$0.120 per share (2019: HK\$0.075 per share) and a special dividend of HK\$0.080 per share (2019: Nil).

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

for the year ended 31 December 2020

(Expressed in Renminbi Yuan)

	<i>Note</i>	2020 RMB'000	2019 <i>RMB'000</i>
Revenue	2(a)	10,105,646	8,581,932
Cost of sales		<u>(8,182,812)</u>	<u>(7,034,823)</u>
Gross profit		1,922,834	1,547,109
Other revenue	3	137,977	39,316
Other net income	3	98,829	42,804
Selling and marketing expenses		(155,849)	(151,166)
Administrative expenses		(891,362)	(770,986)
Impairment loss on trade and other receivables		(99,599)	(41,723)
Other operating expenses		<u>(43,189)</u>	<u>(21,525)</u>
Profit from operations		<u>969,641</u>	<u>643,829</u>
Finance income		49,307	31,097
Finance costs		<u>(49,437)</u>	<u>(31,847)</u>
Net finance costs	4(a)	<u>(130)</u>	<u>(750)</u>
Share of profits less losses of associates		23,603	(4,896)
Share of profits less losses of joint ventures		4,596	2,272
(Loss)/gain on disposal of subsidiaries		(6,304)	2,816
Loss on disposal of a joint venture		–	(52)
Gain on disposal of associates		<u>11,605</u>	<u>–</u>
Profit before taxation	4	1,003,011	643,219
Income tax	5	<u>(262,354)</u>	<u>(170,860)</u>
Profit for the year		<u>740,657</u>	<u>472,359</u>
Attributable to:			
Equity shareholders of the Company		710,414	477,405
Non-controlling interests		<u>30,243</u>	<u>(5,046)</u>
Profit for the year		<u>740,657</u>	<u>472,359</u>

	<i>Note</i>	2020 RMB'000	2019 RMB'000
Other comprehensive income for the year (after tax and reclassification adjustments)			
<i>Item that will not be reclassified to profit or loss:</i>			
Share of other comprehensive income of a joint venture		176,021	(7,637)
Equity investments at FVOCI — net movement in fair value reserves		<u>(1,984)</u>	<u>(6,098)</u>
		<u>174,037</u>	<u>(13,735)</u>
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Share of other comprehensive income of a joint venture		(8,929)	(87)
Exchange differences on translation of financial statements of entities outside the mainland of the People's Republic of China (the "PRC")		<u>(324,469)</u>	<u>13,205</u>
		<u>(333,398)</u>	<u>13,118</u>
Other comprehensive income for the year		<u>(159,361)</u>	<u>(617)</u>
Total comprehensive income for the year		<u>581,296</u>	<u>471,742</u>
Attributable to:			
Equity shareholders of the Company		553,384	476,788
Non-controlling interests		<u>27,912</u>	<u>(5,046)</u>
Total comprehensive income for the year		<u>581,296</u>	<u>471,742</u>
Earnings per share	6		
Basic (RMB)		<u>0.23</u>	<u>0.17</u>
Diluted (RMB)		<u>0.23</u>	<u>0.17</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2020

(Expressed in Renminbi Yuan)

	<i>Note</i>	2020 RMB'000	2019 RMB'000
Non-current assets			
Investment properties		479,467	291,863
Property, plant and equipment		694,749	581,652
Right-of-use assets		746,914	689,866
Intangible assets		362,225	326,995
Goodwill		284,077	271,266
Interest in associates		453,911	137,996
Interest in joint ventures		226,922	68,862
Other financial assets		885,723	705,090
Deferred tax assets		200,789	180,231
Trade and other receivables	8	–	37,761
Prepayments		14,682	25,565
Time deposits		120,000	–
		4,469,459	3,317,147
Current assets			
Other financial assets		572,284	106,470
Inventories		345,505	337,593
Trade and other receivables	8	1,990,178	1,841,458
Restricted bank balances		283,512	257,435
Time deposits		980,664	20,000
Cash and cash equivalents		4,437,192	2,641,334
		8,609,335	5,204,290
Current liabilities			
Bank loans		6,000	46,822
Contract liabilities		1,112,286	970,679
Trade and other payables	9	2,963,378	2,626,841
Lease liabilities		163,730	148,832
Current taxation		404,411	327,912
Provisions		36,008	28,189
		4,685,813	4,149,275
Net current assets		3,923,522	1,055,015
Total assets less current liabilities		8,392,981	4,372,162

	<i>Note</i>	2020 RMB'000	2019 <i>RMB'000</i>
Non-current liabilities			
Bank loans		140,456	435,992
Trade and other payables	9	1,868	32,128
Lease liabilities		1,037,449	833,395
Deferred tax liabilities		75,821	85,120
Provisions		25,344	31,478
		<u>1,280,938</u>	<u>1,418,113</u>
NET ASSETS		<u>7,112,043</u>	<u>2,954,049</u>
CAPITAL AND RESERVES			
Share capital		28	24
Reserves		6,820,631	2,753,219
Total equity attributable to equity shareholders of the Company		6,820,659	2,753,243
Non-controlling interests		291,384	200,806
TOTAL EQUITY		<u>7,112,043</u>	<u>2,954,049</u>

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December 2020
(Expressed in Renminbi Yuan)

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Operating activities		
Cash generated from operations	1,536,891	1,070,440
Income tax paid	(220,897)	(151,001)
Net cash generated from operating activities	1,315,994	919,439
Investing activities		
Payments for the purchase of investment properties, property, plant and equipment, right-of-use assets and intangible assets	(347,572)	(236,791)
Proceeds from disposal of property, plant and equipment	3,494	4,576
Acquisition of subsidiaries, net of cash acquired	(6,315)	(237,699)
Disposal of subsidiaries, net of cash disposed	(1,082)	(7,723)
Payments for purchase of:		
— financial assets classified as fair value through profit or loss (“FVPL”)	(1,204,838)	(131,226)
— listed debt investments	(6,668)	(22,190)
Proceeds from redemption of:		
— FVPL	578,207	21,001
— listed debt investments	37,192	26,918
Payment for investment in associates and joint ventures	(308,859)	(2,250)
Proceeds from disposal of interest in associates and joint ventures	3,394	(52)
Investment income received from other financial assets	7,390	1,102
Dividends received from associates	1,553	2,957
Interest received	44,725	32,814
Placement of time deposits, net	(1,080,664)	(20,000)
Payments for loans and advances	(4,029)	(69,126)
Proceeds from repayment of loans and advances	19,760	36,000
Net cash used in investing activities	(2,264,312)	(601,689)

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Financing activities		
Proceeds from new bank loans and other borrowings	6,000	371,740
Repayment of bank loans	(345,532)	(34,175)
Loan from a third party	–	31,046
Repayment of loan from a third party	(9,661)	–
Proceeds from issue of shares, net of issuing costs	3,647,785	–
Capital injection from non-controlling interests	29,343	28,162
Proceeds from exercise of share options	43,575	63,515
Capital element of lease rentals paid	(113,752)	(86,548)
Interest element of lease rentals paid	(35,530)	(20,481)
Proceeds from partial disposal of equity interests in subsidiaries	4,658	1,007
Payment for acquisition of non-controlling interests	(19,068)	(994)
Dividends paid to equity shareholders of the Company	(220,450)	(177,746)
Dividends paid to non-controlling interests	(2,933)	(12,636)
Interest paid	(7,415)	(10,389)
Net cash generated from financing activities	<u>2,977,020</u>	<u>152,501</u>
Net increase in cash and cash equivalents	2,028,702	470,251
Cash and cash equivalents at 1 January	2,641,334	2,180,021
Effect of foreign exchange rate changes	<u>(232,844)</u>	<u>(8,938)</u>
Cash and cash equivalents at 31 December	<u><u>4,437,192</u></u>	<u><u>2,641,334</u></u>

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

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 2020 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 Act (as 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 that are stated at their fair value as explained in the accounting policies set out below:

- investments in equity financial instruments measured at fair value
- derivative financial instruments

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 subsidiary 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.

(c) Changes in accounting policies

The Group has applied the following amendment to HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

- Amendments to HKFRS 3, *Definition of a Business*
- Amendment to HKFRS 16, *Covid-19-Related Rent Concessions*

Other than the Amendment to HKFRS 16, the Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of amended HKFRSs are discussed below:

Amendments to HKFRS 3, *Definition of a Business*

The amendments clarify the definition of a business and provide further guidance on how to determine whether a transaction represents a business combination. In addition, the amendments introduce an optional “concentration test” that permits a simplified assessment of whether an acquired set of activities and assets is an asset rather than business acquisition, when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The Group has applied the amendments prospectively to transactions for which the acquisition date is on or after 1 January 2020. The amendments have no material effect on the Group’s results and financial position for the current year.

Amendment to HKFRS 16, *COVID-19-Related Rent Concessions*

The amendment provides a practical expedient that allows a lessee to by-pass the need to evaluate whether certain qualifying rent concessions occurring as a direct consequence of the COVID-19 pandemic (“**COVID-19-related rent concessions**”) are lease modifications and, instead, account for those rent concessions as if they were not lease modifications.

The Group has elected to early adopt the amendments and applies the practical expedient to all qualifying COVID-19-related rent concessions granted to the Group during the year. Consequently, rent concessions received have been accounted for as negative variable lease payments recognised in profit or loss in the period in which the event or condition that triggers those payments occurred. There is no impact on the opening balance of equity at 1 January 2020.

2 REVENUE AND SEGMENT REPORTING

(a) 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 by major service line is as follows:

	2020 RMB'000	2019 RMB'000
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major service lines		
Property services	6,428,756	5,452,031
Consulting services	1,427,895	1,217,150
Community living services	2,177,001	1,912,751
	<u>10,033,652</u>	<u>8,581,932</u>
Revenue from other sources		
Consulting services — gross rentals from investment properties	71,994	—
	<u>10,105,646</u>	<u>8,581,932</u>

Disaggregation of revenue from contracts with customers within the scope of HKFRS 15 by timing of revenue recognition is as follows:

	2020 RMB'000	2019 RMB'000
Revenue recognised over time:		
Property services		
Property services	6,428,756	5,452,031
Community living services		
Community products and services	172,694	121,565
Home living services	147,241	116,239
Community space services	194,632	203,726
Property asset management services	130,992	158,490
Cultural & education services	316,840	191,675
	<u>962,399</u>	<u>791,695</u>

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Consulting services		
Property under construction services	1,189,722	983,283
Management consulting services	<u>238,173</u>	<u>233,867</u>
	<u>1,427,895</u>	<u>1,217,150</u>
	8,819,050	7,460,876
Revenue recognised at point in time:		
Community living services		
Community products and services	634,518	419,978
Property asset management services	<u>580,084</u>	<u>701,078</u>
	<u>1,214,602</u>	<u>1,121,056</u>
	<u>10,033,652</u>	<u>8,581,932</u>

Disaggregation of revenue from contracts with customers by geographical location is disclosed in note 2(b).

No revenue from transaction with single external customer amounts to 10% or more of the Group's revenue for each of the periods presented.

(b) 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 seven reportable segments.

- Region 1: Hangzhou (include Yuhang)
- Region 2: Yangtze River Delta Region (include Ningbo)
- Region 3: Pearl River Delta Region
- Region 4: Bohai Economic Rim Region
- Region 5: Australia
- Region 6: Other overseas and Hongkong Regions
- Region 7: Other mainland China Regions

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 2020 and 2019 is set out below:

	Year ended 31 December 2020									
	Hangzhou	Yangtze River Delta Region								Total
	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 Hongkong Regions RMB'000	Other mainland China Regions RMB'000	RMB'000
Revenue from external customers	2,940,990	446,525	3,112,391	670,681	582,696	1,310,678	278,058	-	763,627	10,105,646
Inter-segment revenue	54,204	11,766	15,099	2,463	430	7,481	-	895	1,515	93,853
Reportable segment revenue	2,995,194	458,291	3,127,490	673,144	583,126	1,318,159	278,058	895	765,142	10,199,499
Reportable segment profit/(loss)	184,403	28,491	340,856	99,216	63,645	72,894	59,547	60,527	93,432	1,003,011
Interest income	28,768	21	1,088	129	43	334	102	18,599	223	49,307
Interest expense (excluding expense capitalised)	(16,595)	(394)	(1,403)	(410)	(20)	(103)	(23,042)	(7,414)	(56)	(49,437)
Share of profits less losses of associates	15,329	-	-	-	-	(251)	-	8,525	-	23,603
Share of profits less losses of joint ventures	4,617	-	(21)	-	-	-	-	-	-	4,596
Gain on disposal of associates	11,605	-	-	-	-	-	-	-	-	11,605
Depreciation and amortisation for the year (excluding expense capitalised)	(176,385)	(7,597)	(12,891)	(7,200)	(2,132)	(11,340)	(64,095)	(285)	(3,307)	(285,232)
Reportable segment assets	6,142,606	416,854	3,104,150	898,641	841,642	1,212,627	1,235,169	3,882,146	947,120	18,680,955
Including:										
Interest in joint ventures	6,687	-	479	-	-	-	1,033	218,723	-	226,922
Interest in associates	182,204	-	149	-	-	-	-	271,558	-	453,911
Other financial assets	557,428	-	47,585	-	-	-	-	852,994	-	1,458,007
Additions to property, plant and equipment, right-of-use assets, investment properties and intangible assets during the year	353,333	15,695	54,042	6,293	4,993	25,502	269,372	518	4,323	734,071
Reportable segment liabilities	6,150,429	213,945	1,794,895	566,270	587,259	586,373	769,465	103,752	517,081	11,289,469

Year ended 31 December 2019

	Hangzhou		Yangtze River Delta Region							
			Yangtze River Region		Bohai Economic Rim Region		Other overseas and Hongkong Regions		Other mainland China Regions	Total
	Hangzhou (exclude Yuhang)	Yuhang Region	(exclude Ningbo)	Ningbo Region	Pearl River Delta Region	Rim Region	Australia			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	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

(c) Reconciliations of reportable segment revenues, profit or loss, assets and liabilities

	2020	2019
	RMB'000	RMB'000
Revenue		
Reportable segment revenue	10,199,499	8,665,419
Elimination of inter-segment revenue	(93,853)	(83,487)
Consolidated revenue	10,105,646	8,581,932
Profit		
Reportable segment profit	1,003,011	646,045
Elimination of inter-segment profits	–	(2,826)
Reportable segment profit derived from Group's external customers	1,003,011	643,219
Consolidated profit before taxation	1,003,011	643,219

	2020 RMB'000	2019 RMB'000
Assets		
Reportable segment assets	18,680,955	10,237,728
Elimination of inter-segment receivables	(5,802,950)	(1,896,522)
Deferred tax assets	200,789	180,231
	<u>13,078,794</u>	<u>8,521,437</u>
Consolidated total assets	<u>13,078,794</u>	<u>8,521,437</u>
	2020 RMB'000	2019 RMB'000
Liabilities		
Reportable segment liabilities	11,289,469	7,048,050
Elimination of inter-segment payables	(5,802,950)	(1,893,694)
Current taxation	404,411	327,912
Deferred tax liabilities	75,821	85,120
	<u>5,966,751</u>	<u>5,567,388</u>
Consolidated total liabilities	<u>5,966,751</u>	<u>5,567,388</u>

3 OTHER REVENUE AND OTHER NET INCOME

	2020 RMB'000	2019 RMB'000
Other revenue		
Government grants (note (i))	129,701	34,333
Others	8,276	4,983
	<u>137,977</u>	<u>39,316</u>

- (i) Government grants mainly represent unconditional discretionary financial support from local municipal government authorities.

During the year ended 31 December 2020, the Group received the subsidy income of RMB45,003,000 (2019: Nil) from the relevant government in relation to the impact of the Coronavirus Disease 2019 (“COVID-19”) and value-added tax refund of RMB38,208,000 (2019: RMB22,514,000).

	2020 RMB'000	2019 RMB'000
Other net income		
Net loss on sale of property, plant and equipment	(371)	(576)
Net realised and unrealised gains/(losses) on FVPL		
— Convertible notes	18,381	16,964
— Unlisted equity investments	(6,660)	22,008
— Treasury products	4,381	36
— Listed trading securities	77,321	2,775
— Funds	3,076	—
Net foreign exchange gains	2,701	1,597
	<u>98,829</u>	<u>42,804</u>

4 PROFIT BEFORE TAXATION

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

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
(a) Net finance costs		
Interest income on listed debt instruments	(4,942)	(5,358)
Interest income on bank deposits	(44,365)	(25,739)
Interest expense on bank loans	13,907	11,366
Interest on lease liabilities	51,275	38,300
Less: interest expense capitalised into assets under construction*	(15,745)	(17,819)
	<u>130</u>	<u>750</u>

* The interest expense have been capitalised at a rate of 4.9% per annum (2019: 4.9%).

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
(b) Staff costs		
Salaries and other benefits	3,003,136	2,318,580
Equity-settled share-based payment expense	57,200	62,816
Contributions to defined contribution scheme (<i>note (i)</i>)	300,459	347,713
	<u>3,360,795</u>	<u>2,729,109</u>
Included in:		
— Cost of sales	2,695,355	2,150,084
— Administrative expenses	580,091	493,404
— Selling and marketing expenses	85,349	85,621
	<u>3,360,795</u>	<u>2,729,109</u>

- (i) Employees of the Group's PRC subsidiaries are required to participate in a defined contribution scheme administered and operated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated on certain percentages of the employee salary as agreed by the local municipal government to the scheme to fund the retirement benefits of the employees.

The Group has no other material obligation for the payment of retirement benefits associated with these schemes beyond the annual contributions described above.

Due to the impact of COVID-19, a number of policies including the relief of social insurance have been promulgated by the government since February 2020 to expedite resumption of economic activities, which resulted in the decrease of contributions to defined contribution scheme of RMB67,287,000 and other social insurance of RMB52,622,000 during the year ended 31 December 2020 (2019: Nil and Nil).

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
(c) Other items		
Impairment losses		
— interest in an associate	<u>16,000</u>	<u>—</u>
Depreciation charge		
— property, plant and equipment	109,306	98,016
— right-of-use assets	127,801	109,127
Amortisation charge		
— intangible assets	35,567	30,471
— investment properties	12,558	—
Expense relating to short-term leases and other leases with remaining lease term ended on or before 31 December 2019	89,039	74,864
Expense relating to leases of low-value assets, excluding short-term leases of low-value assets	210	170
Cost of inventories	492,130	283,223
Outsourcing labor costs	3,181,199	2,792,214
Auditors' remuneration		
— annual audit services	3,350	3,366
— review services	<u>1,150</u>	<u>900</u>

5 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(a) Taxation in the consolidated statement of profit or loss represents:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Current tax — PRC corporate income tax		
Provision for the year	279,492	209,490
Over-provision in respect of prior years	<u>(2,515)</u>	<u>(623)</u>
	----- 276,977	----- 208,867
Current tax — Overseas corporate income tax		
Provision for the year	12,757	4,601
Under-provision in respect of prior years	<u>—</u>	<u>974</u>
	----- 12,757	----- 5,575
Deferred tax		
Origination and reversal of temporary differences	<u>(27,380)</u>	<u>(43,582)</u>
	<u>262,354</u>	<u>170,860</u>

6 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 RMB710,414,000 (2019: RMB477,405,000) and the weighted average of 3,044,192,000 ordinary shares (2019: 2,779,932,000 shares) in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2020 '000	2019 '000
Issued ordinary shares at 1 January	2,789,485	2,777,776
Effect of share options exercised (7(a(ii)))	4,499	2,156
Effect of shares issued (7(a(iii)))	250,208	–
	<u>3,044,192</u>	<u>2,779,932</u>
Weighted average number of ordinary shares at 31 December	<u>3,044,192</u>	<u>2,779,932</u>

(b) Diluted earnings per share

The Company has issued potentially dilutive instrument such as equity settled share-based transaction in September 2018, January 2020 and September 2020 respectively. The share options granted in September 2018 have a dilutive effect on the earnings per share during the year ended 31 December 2020 while the share options granted in January 2020 and September 2020 have no dilutive effect on the earnings per share during the year ended 31 December 2020. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding by the assumption of the conversion of all potential dilutive ordinary shares arising from these equity settled share-based transactions.

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB710,414,000 (2019: RMB477,405,000) and the weighted average number of ordinary shares outstanding after adjusting of all dilutive potential ordinary shares amounting to 3,060,738,000 ordinary shares (2019: 2,779,932,000 shares), calculated as follows:

Weighted average number of ordinary shares (diluted)

	2020 '000	2019 '000
Weighted average number of ordinary shares at 31 December	3,044,192	2,779,932
Effect of equity settled share-based transactions	16,546	–
	<u>3,060,738</u>	<u>2,779,932</u>
Weighted average number of ordinary shares (diluted) at 31 December	<u>3,060,738</u>	<u>2,779,932</u>

7 CAPITAL AND DIVIDENDS

(a) Share capital

(i) Issued share capital

	2020		2019	
	'000	RMB'000	'000	RMB'000
Ordinary shares, issued and fully paid:				
At 1 January	2,789,484	24	2,777,776	24
Shares issued under share option scheme (<i>note (ii)</i>)	8,793	*	11,708	*
Issue of Shares (<i>note (iii)</i>)	421,809	4	—	—
At 31 December	<u>3,220,086</u>	<u>28</u>	<u>2,789,484</u>	<u>24</u>

* Amount less than 1,000.

(ii) Shares issued under share option scheme

During the year ended 31 December 2020, 8,793,000 (2019:11,708,000) share options under a share option scheme were exercised at exercise prices of HKD6.116 (2019: HKD6.116) per share. The proceeds of HKD88 (equivalent to RMB76) (2019: HKD117, equivalent to RMB103) representing the par value, were credited to the Company's share capital. The excess of proceeds totaling HKD48,620,000 (equivalent to RMB43,575,000) (2019: HKD71,609,000, equivalent to RMB63,515,000) were credited to share premium.

(iii) Issue of shares

On 7 May 2020 and 10 June 2020, the Company completed the issuance of 155,209,000 shares and 266,600,000 shares with par value of HKD0.00001 at a price of HKD8.3833 per share and HKD10.18 per share respectively to certain investors, who and whose ultimate beneficial owners are third parties independent of and not connected with the Company.

Excess of total proceeds over the par value of share capital of HKD4,218 (equivalent to RMB3,852) and issue costs directly related to the issuance, amounting to approximately HKD3,994,581,000 (equivalent to RMB3,647,781,000), was recognised in share premium.

(b) Dividends

(i) Dividends payable to equity shareholders of the Company attributable to the year:

	2020	2019
	RMB'000	RMB'000
A final dividend of HKD0.120 per ordinary share and a special dividend of HKD0.080 per ordinary share proposed after the end of reporting period (2019: a final dividend of HKD0.075 per ordinary share)	<u>542,030</u>	<u>191,156</u>

The final dividend and special 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.

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

	2020 RMB'000	2019 RMB'000
Final dividend in respect of the previous financial year, approved and paid during the year, of HKD0.075 per share (2019: HKD0.075)	220,450	177,746

The dividends approved during the year ended 31 December 2020 and 2019 were paid on 14 July 2020 and 16 July 2019 respectively.

8 TRADE AND OTHER RECEIVABLES

	2020 RMB'000	2019 RMB'000
Trade receivables from third parties	1,395,209	1,127,119
Less: Allowance for impairment of trade receivables	(137,085)	(92,526)
	1,258,124	1,034,593
Less: trade receivables due after one year, net of loss allowance	–	(37,761)
	1,258,124	996,832
Other receivables, net of loss allowance	377,727	324,686
Receivables from disposal of an associate, net of loss allowance	–	30,696
Amounts due from related parties		
— trade nature	6,478	7,255
— non-trade nature	24,036	45,581
Amounts due from other staff	12,806	11,903
Financial assets measured at amortised cost	1,679,171	1,416,953
Deposits and prepayments	311,007	424,505
	1,990,178	1,841,458

Trade receivables are primarily related to revenue recognised from the provision of property services, consulting services and community living services.

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. For other provision of services and sales of goods, trade receivables are due when the receivables are recognised.

Aging analysis

As of the end of the reporting period, the aging analysis of trade receivables due from third parties based on the date of revenue recognition and net of allowance for impairment of trade receivables, is as follows:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Within 1 year	1,137,070	910,630
1 to 2 years	107,550	121,205
Over 2 years	13,504	2,758
	<u>1,258,124</u>	<u>1,034,593</u>

9 TRADE AND OTHER PAYABLES

	Note	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Trade payables		922,290	690,842
— Billed trade payables	(a)	812,322	609,162
— Accrued trade payables		109,968	81,680
Bills payable		<u>25,491</u>	<u>129,786</u>
		947,781	820,628
Less: trade payables due after one year		<u>(1,868)</u>	<u>(32,128)</u>
Trade payables (current)		945,913	788,500
Refundable deposits	(b)	370,529	353,229
Accrued payroll and other benefits		405,046	356,487
Escrow funds held on behalf of customers		71,582	77,683
Cash collected on behalf of the owners' associations		199,368	170,212
Other payables and accruals		150,016	179,642
Temporary receipts	(c)	554,940	468,789
Amounts due to related parties		3,295	11,890
Loan from a third party		21,385	31,046
Dividends payables to non-controlling interests		<u>10,551</u>	<u>340</u>
Financial liabilities measured at amortised cost		<u>2,732,625</u>	<u>2,437,818</u>
Other tax and charges payable		<u>230,753</u>	<u>189,023</u>
		<u>2,963,378</u>	<u>2,626,841</u>

- (a) Trade payables mainly represent payables arising from sub-contracting services including cleaning, landscaping, maintenance and security services provided by suppliers, and payable for the purchase of goods and car parking places.

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

	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 month	625,026	473,557
After 1 month but within 3 months	74,959	52,465
After 3 months but within one year	112,337	83,140
	<u>812,322</u>	<u>609,162</u>

- (b) Refundable deposits represent miscellaneous decoration deposits received from property owners during the decoration period.
- (c) Temporary receipts represent utility charges received from residents on behalf of utility companies.

10 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, the directors proposed a final dividend and a special dividend. Further details are disclosed in note 7(b).

CHAIRMAN'S STATEMENT

On behalf of the Board, I hereby present the annual results of the Group for the year 2020.

In March 2021, the property owners spanning across the 1,759 managed projects located in 187 cities and 30 provinces served by the Group have sent us photos of the community through online platform, showing us sprouting willow branches, blossoming buds, and smiles blooming on faces, all filling up the frames with heart-warming and fuzzy feeling. During this time in 2020, a few ten thousand employees of the Group were defending against the pandemic together with millions of property owners. All frontline employees and managers were working hand in hand during that darkest period to efficiently integrate the government's community protection measures and concentrate on the health and living needs of the property owners. We gave our best, and were determined until we succeeded. Although, as usual, spring this year is not particularly energetic, the fact that our services are trusted by the property owners and that we have come all the way to the front of the industry with social recognition make us more excited than ever, and make us cherish what we have.

There is a saying that goes, "only the toughest grass can withstand the strongest wind". After 2020, a year intertwined with the pandemic and changes of the century, we understand that crisis is a powerful motivator to test the stability of the system of a country and the operational resilience of a company. During this year, the gross domestic product in China reached approximately RMB101.6 trillion, representing an increase of 2.3% compared to last year, making it the only major economy in the world to achieve positive growth. The property industry, as one of the service industries closest to people's livelihood, was able to make a breakthrough despite the great responsibility it bore during this year, and continuously make the value of our services stand out. Ten national ministries have jointly issued a policy, which is a rare occurrence, to encourage the exploration of the "property service + living service" model. The industry's development prospects and space for imagination have been opened up further, and we are very proud to be a part of it.

This year, we focused on the vision of being a "happy life service provider" more than ever. We gathered our strengths and continued to work hard to refine and strengthen the internal impetus of property services, and we concentrated on this to create basic units that received valuable feedback from the community and the market: the annual revenue exceeded RMB10,000 million to reach RMB10,105.6 million. What motivated us even more were the trust and encouragement from our property owners that overwhelmed us, and that they continued to give us good ratings for our services during this extraordinary time, once again leading us to be recognized as one of the "2020 China Top 100 Leading Property Management Company in Terms of Customer Satisfaction" (China Index Academy) and to win the first place in "2020 China Top 10 Property Management Company in Terms of Pandemic Prevention Satisfaction" (China Property Management Association). It also helped us to successfully increase our property service fees for 168 projects; the percentage and magnitude of price appreciation increase year after year. We also responded to expectations and took over high-end existing projects such as Shanghai Qinfengyayuan and Huafutiandi at a premium; our fully commissioned projects increased by 9,680 square meters during the year, among them are brand new business forms including high-tech research parks and landmark buildings in key planned national economic bay areas, and managed gross floor area ("GFA")

under our office property brand of “Greentown Cloud Sharing” reached 25.0 million square meters. As of 31 December 2020, the managed GFA of the Group reached 250.5 million square meters, and the reserved GFA reached 284.3 million square meters, providing a solid foundation for the Company to achieve economies of scale and upgrade of living services.

This year, we understand better than ever that “being closer to life and serving for life” is the new symbol of this industry, and is also a shortcut to our continuous innovation. Concentrating on the core demands of the human life cycle, we have deployed education, elderly care, new retail, cultural asset (housing) services as living services, which are in line with the expectations of the new national policy and have grown, building on the solid foundation we have built in the past, in accordance with our strategic plan. Our elderly care business has been selected as a “Smart Health Management” supplier for the nine scenarios of future communities in Zhejiang Province, and our product line of childcare business is progressively implemented to provide childcare centres at locations including old neighborhoods, hospitals and research institutes. We also extended our countermeasures used during the pandemic as innovations for living services. We expanded and improved our online new retail and live stream spaces, and worked together with CenturyMart to create a well-established offline “Happy Marketplace” that is operated with light assets and connects online and offline services to turn the “doorstep” into a “pool for traffic”. Currently, the community retail network integrating online and offline stores, warehouses, counters, stations and marketplaces, covering the points frequently contacted by property owners. Despite the strong impact of the pandemic on the main segment of cultural and education services, the Group’s revenue from the community living services segment grew by 13.8% to reach RMB2,177.0 million for the year, making a significant breakthrough in both total revenue and revenue share, and continued to rank among the top in the industry.

This year, we were more determined than ever. Technology is the core approach for our industry to break through bottlenecks, to seize the high grounds of the new wave of development and to establish new competitive advantages. As pioneers, we worked hard even amidst the uncertainties. We have been building up our strength in technology since 2013 and have developed three national high-tech enterprises, which became partners of Ali, Huawei and Hikvision in succession, expanding our market-oriented plans of the technology industry. We continued to use our well-established and personalized technology achievements to participate in the construction of platform for technological transformation and intelligent security in future communities and old neighborhoods, and export intelligent management and operation capabilities, intelligent community construction capabilities and intelligent living service capabilities to other industries. Technology has arrived in our industry, the first ones to master it would succeed first, and this day is just around the corner.

All values are man-made. As always, we insist that employees are the essence of an enterprise, and hold on to the core idea of “the best products are people”. We have reached strategic cooperation with the Golden Key International Alliance and China Property Management Association to develop service standards for the property industry, establish industry talent evaluation and recognition standards, focus on the original quality of property services, enhance the service beliefs and capabilities of our staff and assist small and medium-sized property enterprises to improve efficiency comprehensively together in a mutual beneficial alliance to break down the walls and redefine the scale. We targeted at frontline employees to

improve their income, and implemented the “Shared Prosperity” plan to drive online work order and offline workers, in order to keep the income of frontline employees at a competitive level in the industry and to provide a solid guarantee for service quality.

FUTURE OUTLOOK

The freezing cold winter has faded away as the spring breezes of the new year arrive. The new journey will refine the new development and will reshape our lives. We have positioned 2021 as the year of upgrades of living services, and will renew our service portfolio with a methodology that is more pragmatic, professional, insightful and performance-oriented to show our customers our reasonable, justified, all-rounded and flexible services.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is a leading happy living service provider nationwide. In the “2020 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 maintained 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 2020, the Group achieved:

Revenue

Revenue was RMB10,105.6 million. Compared with that of the year of 2019, which was RMB8,581.9 million, the growth rate on Y/Y basis reached 17.8%.

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 RMB6,428.8 million, accounting for 63.6% of the Group’s revenue. Compared with RMB5,452.0 million in 2019, there was a Y/Y growth of 17.9%; (ii) revenue from community living services reached RMB2,177.0 million, accounting for 21.5% of the Group’s revenue. Compared with RMB1,912.8 million of the year of 2019, there was a Y/Y growth of 13.8%; and (iii) revenue from consulting services amounted to RMB1,499.9 million, accounting for 14.9% of the Group’s revenue. There was a Y/Y growth of 23.2% compared with RMB1,217.2 million for the year of 2019.

	2020		2019		
	<i>RMB'000</i>	<i>% of the total revenue</i>	<i>RMB'000</i>	<i>% of the total revenue</i>	<i>Y/Y%</i>
Property services					
Property services	<u>6,428,756</u>	<u>63.6%</u>	<u>5,452,031</u>	<u>63.5%</u>	<u>17.9%</u>
	<u>6,428,756</u>	<u>63.6%</u>	<u>5,452,031</u>	<u>63.5%</u>	<u>17.9%</u>
Community living services					
Community products & services	<u>807,212</u>	<u>8.0%</u>	<u>541,543</u>	<u>6.3%</u>	<u>49.1%</u>
Home living services	<u>147,241</u>	<u>1.5%</u>	<u>116,239</u>	<u>1.4%</u>	<u>26.7%</u>
Community space services	<u>194,632</u>	<u>1.9%</u>	<u>203,726</u>	<u>2.4%</u>	<u>-4.5%</u>
Property asset management services	<u>711,076</u>	<u>7.0%</u>	<u>859,568</u>	<u>10.0%</u>	<u>-17.3%</u>
Cultural & education services	<u>316,840</u>	<u>3.1%</u>	<u>191,675</u>	<u>2.2%</u>	<u>65.3%</u>
	<u>2,177,001</u>	<u>21.5%</u>	<u>1,912,751</u>	<u>22.3%</u>	<u>13.8%</u>
Consulting services					
Property under construction services	<u>1,189,722</u>	<u>11.8%</u>	<u>983,283</u>	<u>11.5%</u>	<u>21.0%</u>
Management consulting services	<u>310,167</u>	<u>3.1%</u>	<u>233,867</u>	<u>2.7%</u>	<u>32.6%</u>
	<u>1,499,889</u>	<u>14.9%</u>	<u>1,217,150</u>	<u>14.2%</u>	<u>23.2%</u>
	<u>10,105,646</u>	<u>100.0%</u>	<u>8,581,932</u>	<u>100.0%</u>	<u>17.8%</u>

Cost of sales

During the year, the cost of sales was RMB8,182.8 million, which was an increase of 16.3% compared with that of RMB7,034.8 million in the year of 2019. The increase in the percentage of the cost of sales is slightly lower than increase of the overall revenue, which was mainly due to the Group's continuous improvement and implementation of relevant cost management measures and development of meticulous management and supplier management for performance improvement, to further expand and enhance the coverage and efficiency of automated and intelligent equipment when rendering services, as well as the partial reduction of the cost of social security for employees supported by the government during the COVID-19 pandemic.

Gross profit margin

- Gross profit has reached RMB1,922.8 million, a growth of 24.3% compared with RMB1,547.1 million in 2019. Gross profit margin was 19.0%, increasing by 1.0 percentage point compared with 18.0% of the year of 2019.
- Gross profit margin for property service was 12.8%, increasing by 1.4 percentage points compared with 11.4% in the year of 2019, which was mainly due to the Group's effective measures for strengthening the cost control, supplier management, and the gradual appearance of the effect of technology empowerment, as well as the partial reduction of social security costs for employees supported by the government during the COVID-19 pandemic.
- Gross profit margin for community living services was 28.2%, increased by 1.1 percentage points as compared with 27.1% in the year of 2019, which was mainly because our community living services focused on core business operation capacity establishment, which optimized product structure and promoted business model transformation, and improvement in gross profit margin was achieved in terms of community products and services and community space services.
- Gross profit margin for consulting service was 32.6%, slightly lower than 33.6% in 2019 by 1.0 percentage point, which was mainly affected by the business structure adjustment of management consulting services.

Selling and marketing expenses

Selling and marketing expenses was RMB155.8 million, an increase of 3.0% compared with RMB151.2 million in 2019. The growth rate was significantly lower than 154.5% for the full year of 2019, which was mainly due to the gradual maturation of the Group's community living services business segment and the focus on internal operational capacity enhancement and business model optimization during the year, as well as the overall slowdown of community living services business expansion during the COVID-19 pandemic.

Administrative expenses

The Group's administrative expenses were RMB891.4 million, an increase of 15.6% compared with RMB771.0 million in 2019. This growth rate was slightly lower than the revenue growth rate of 17.8% for the year. The main reasons being that the Group has adopted a series of cost reduction and efficiency enhancement measures to continuously strengthen the control of costs and expenses, the business sectors related to community living services are also gradually on the right track, and the administrative expenses were effectively controlled. The Group is in the process of establishing and refining 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 businesses and the "connection" of horizontal businesses through its sharing center with the aim to achieve the objectives of efficient management and convenient services. The effect is gradually becoming visible.

Other operating expenses

Other operating expenses increased by 100.9% to RMB43.2 million for the year from RMB21.5 million for the year of 2019, primarily due to the increased provision of impairment on certain associates as a result of the COVID-19 pandemic.

Profit from operations

Profit from operations was RMB969.6 million, a growth of 50.6% compared with RMB643.8 million for the year of 2019.

Operating profit margin was 9.6%, an increase of 2.1 percentage points compared to 7.5% in 2019.

Net finance costs

The net finance costs during the year was RMB0.1 million, decreasing by 87.5% compared with the net costs of RMB0.8 million in the year of 2019. The Group relied on the financial sharing centre to strengthen its fund management. Interest income on bank deposits for the year was RMB44.4 million, representing an increase of 72.8% as compared to RMB25.7 million for the full year of 2019. In addition, interest expense on the lease liabilities increased due to the increase in the leased properties required by the business during the year.

	2020 RMB'000	2019 RMB'000	Y/Y%
Interest income on listed debt instruments	(4,942)	(5,358)	-7.8%
Interest income on bank deposits	(44,365)	(25,739)	72.4%
Interest expense on bank loans	13,907	11,366	22.4%
Interest expense on lease liabilities	51,275	38,300	33.9%
Less: interest expense capitalised into assets under construction	(15,745)	(17,819)	-11.6%
Net finance costs	130	750	-82.7%

Share of profits less losses of associates and joint ventures

Share of profit of associates for the year amounted to RMB23.6 million, an increase of RMB28.5 million compared to the losses of RMB4.9 million in the year of 2019. This was mainly due to the improvement of the operations of certain associates and the earning contribution by new associates during the year.

Share of profit of joint ventures for the year amounted to RMB4.6 million, a Y/Y increase of RMB2.3 million compared with the profit of RMB2.3 million in the year of 2019. This was mainly due to continued improvement in profitability for certain joint ventures.

Income Tax

The income tax for the year was RMB262.4 million, increasing by 53.5% from RMB170.9 million for the year of 2019. The effective income tax rate decreased by 0.4 percentage points from 26.6% in 2019 to 26.2%.

Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands (“BVI”), the Group was not subject to any income tax in the Cayman Islands and the BVI during the year.

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 HKD2 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 2020.

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

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.

Hangzhou Greentown Vocational Training School (杭州市綠城職業培訓學校), a subsidiary of the Group, was recognised as a small profit enterprise in 2019 and 2020. The portion of annual taxable income amount which did not exceed RMB1 million shall be computed at a reduced rate of 25% as taxable income amount, and be subject to enterprise income tax at 20%. The portion of annual taxable income which exceeded RMB1 million but did not exceed RMB3 million, shall be computed at a reduced 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 being recognised as high and new technology enterprises. Hangzhou Greentown Information and Technology Company Limited (杭州綠城信息技術有限公司), a subsidiary of the Group, obtained a high and new technology enterprise certification in 2018 and was entitled to a preferential income tax rate of 15% from 2018 to 2020.

Lvman Technology Company Limited (綠漫科技有限公司) (“**Lvman Technology**”), a subsidiary of the Group, obtained a high and new technology enterprise certification in 2016 and renewed the qualification in 2019. It is entitled to a preferential income tax rate of 15% from 2019 to 2021.

Zhejiang Huixiang Information and Technology Company Limited (浙江慧享信息科技有限公司), a subsidiary of the Group, obtained a high and new technology enterprise certification in 2020 and is entitled to a preferential income tax rate of 15% from 2020 to 2022.

Pursuant to the Law of the People's Republic of China on Enterprise Income Tax and its relevant regulations, additional tax deduction is allowed for qualified research and development costs.

Profit before taxation

For the year, profit before taxation reached RMB1,003.0 million, increased 55.9% from RMB643.2 million for the same period of 2019, which was mainly due to the steady growth of the managed projects and managed GFA of the Group, effective cost control, as well as the effective improvement of the profitability of part of the community living services business.

Profit for the year

Profit for the year was RMB740.7 million, representing an increase of 56.8% compared with RMB472.4 million for the year of 2019.

The profit attributable to equity shareholders of the Company for the year was RMB710.4 million, representing an increase of 48.8% as compared with RMB477.4 million for the year of 2019.

Net profit margin for the year was 7.3%, an increase of 1.8 percentage points compared with 5.5% in 2019, which was mainly because the Group adopted effective measures to increase revenue and reduce expense to effectively control administrative expenses and improve the operational efficiency of property services and community living services.

Major investments, major acquisitions and disposals

On 14 June 2020, the Company entered into a subscription agreement with Zhong Ao Home Group Limited ("**Zhong Ao Home**") (whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited ("**Stock Exchange**"), stock code: 1538), in relation to the subscription of 36,928,000 shares of Zhong Ao Home by the Company (the "**Zhong Ao Share Subscription**"), at the subscription price of HK\$0.98 per share of Zhong Ao Home. The Zhong Ao Share Subscription was completed on 19 June 2020.

References are made to the announcements of the Company dated 23 June 2020, 29 June 2020 and 17 July 2020, respectively. On 23 June 2020, the Company entered into (i) a sale and purchase agreement with Central Oscar Holdings Limited, which related to the purchase of 81,452,650 shares of Zhong Ao Home held by Central Oscar by the Company, (the "**First Acquisition**"); and (ii) a sale and purchase agreement with Decision Holdings Limited, which related to the purchase of 41,190,650 shares of Zhong Ao Home held by Decision Holdings by the Company (the "**Second Acquisition**"), each at the sale price of HK\$1.80 per share of Zhong Ao Home.

The completion of the First Acquisition and the Second Acquisition took place on 29 June 2020 and 17 July 2020, respectively.

Save as disclosed above, for the year ended 31 December 2020, the Group had no major investment, major acquisitions and disposals.

Subscription and placing of shares

Subscription of new shares of the Company (the “Shares”) under general mandate

References are made to the announcements of the Company dated 24 April 2020 and 7 May 2020, respectively. The Company allotted and issued 155,208,702 Shares to Sail Link Holdings Limited at the subscription price of HK\$8.3833 per Share (the “**Subscription**”). Completion of the Subscription took place on 7 May 2020.

Placing of new Shares under general mandate

References are made to the announcements of the Company dated 3 June 2020 and 10 June 2020, respectively. The Company placed 266,600,000 Shares to certain investors through placing agents (the “**Placing**”) at the placing price of HK\$10.18 per Share. Completion of the Placing took place on 10 June 2020.

Save as disclosed above, there was no issue or placing of Shares during the year.

Proceeds from financing and the usage plan

References are made to the announcements of the Company dated 24 April 2020, 7 May 2020, 3 June 2020 and 10 June 2020, respectively (the “**Announcements**”). The Company placed a total of 421,808,702 new Shares through the Subscription and the Placing (“**Such Financing**”). After deducting financing costs and related expenses, the net proceeds raised by Such Financing were approximately HK\$3,994.6 million (equivalent to RMB3,647.8 million).

As of 31 December 2020, HK\$1,327.9 million has been used for acquisition, repayment of loans, working capital and general purposes. The remaining net proceeds raised amounted to HK\$2,666.7 million.

The Group will use the proceeds as disclosed in the Announcements, mainly for loan repayment, potential future strategic investments, working capital and general purposes.

Liquidity, reserves and capital structure

The Group maintained a good financial condition during the year. The current assets as at 31 December 2020 amounted to RMB8,609.3 million, increasing by 65.4% compared to RMB5,204.3 million as at 31 December 2019. The Group’s cash and cash equivalents amounted to RMB4,437.2 million as at 31 December 2020, increasing Y/Y by 68.0% compared with RMB2,641.3 million as at 31 December 2019. Net cash generated from operating activities remained a stable upward trend, amounting to RMB1,316.0 million during the year, grew Y/Y by 43.1% from RMB919.4 million in 2019. Net cash used in investing activities amounted to RMB2,264.3 million, up by 276.3% compared with RMB601.7 million in 2019. Net cash generated from financing activities was RMB2,977.0 million, up 1,852.1% from RMB152.5 million in 2019, which was mainly due to the significant increase of the cash generated from Such Financing.

References are made to the announcements of the Company dated 29 March 2019, 11 April 2019, 21 June 2019 and 5 July 2020. 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**”) by Greentown Education (the “**Acquisition**”). The Loan was fully repaid on 3 July 2020.

The debt ratio (total liabilities/total assets) of the Group was 45.6%, a decrease of 19.7 percentage points compared with 65.3% at the end of 2019. This was mainly due to the significant increase of the cash generated from Such Financing.

Investment properties, property, plant and equipment and right-of-use assets

As at 31 December 2020, the value of investment properties, property, plant and equipment and right-of-use assets amounted to RMB1,921.1 million, which increased by 22.9% from RMB1,563.4 million as at 31 December 2019. Among which, investment property amounted to RMB479.5 million, representing an increase of 64.3% from RMB291.9 million as at 31 December 2019. The increase was mainly due to the addition of investment properties and right-of-use assets of education projects and the increase in expenditure for the renovation of property, plant and equipment during the year.

Intangible assets

As at 31 December 2020, intangible assets amounted to RMB362.2 million, representing an increase of 10.8% compared with RMB327.0 million as at 31 December 2019, which was due to the increase of intangible assets related to daily business activities, such as software.

Trade and other receivables

As at 31 December 2020, trade and other receivables amounted to RMB1,990.2 million, increasing by 5.9%, from RMB1,879.2 million as at 31 December 2019. Among them, the largest proportion of trade receivables amounted to RMB1,258.1 million, an increase of 21.6% from RMB1,034.6 million as at 31 December 2019, which was slightly higher than the total revenue growth rate of 17.8%, which is lower than the growth rate of 56.3% in 2019. The main reason was that the Group maintained a good collection rate and strengthened the cash flow control at the end of the year.

Trade and other payables

As at 31 December 2020, trade and other payables amounted to RMB2,965.2 million, increasing by 11.5% from RMB2,659.0 million as at 31 December 2019. This was mainly due to the expansion of procurement volume resulting from the growth of business scale.

Lease liabilities

As at 31 December 2020, lease liabilities due within one year, which were included in current liabilities, were RMB163.7 million, increasing by 10.0%, from RMB148.8 million as at 31 December 2019. The lease liabilities due after one year, which were included in long-term lease liabilities, were RMB1,037.4 million, representing an increase of 24.5% compared with RMB833.4 million as at 31 December 2019, which was mainly due to the increase of new rental properties of retail business, cultural and education business and industrial operation service.

Property Services — accounting for 63.6% of total revenue, and 42.7% 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 2020:

- Revenue reached RMB6,428.8 million, an increase of 17.9% compared with RMB5,452.0 million in the year of 2019. 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 RMB821.2 million, up 32.5% from RMB619.9 million in 2019. Gross profit margin for property service was 12.8%, increased by 1.4 percentage points compared with 11.4% in the year of 2019. This was mainly due to further improvement to management efficiency as a result of the Group's effective cost control in various aspects of business development: project allocation optimization, technology platform support, internal incentive for wealth sharing. During the COVID-19 pandemic in 2020, some social security expenses for employees were reduced under the relevant national policies.

	2020		2019	
	% of property service revenue	% of managed GFA	% of property service revenue	% of managed GFA
Contracted GFA				
— Residential	69.5	78.1	70.2	78.8
— Non-residential	30.5	21.9	29.8	21.2
Total	100.0	100.0	100.0	100.0

- The managed GFA reached 250.5 million square meters, representing an increase of 17.9% or net increase of 38.1 million square meters compared with 212.4 million square meters in 2019, or a net increase of 24.6 million square meters compared with 225.9 million square meters in the interim period of 2020. Due to the impact of the pandemic, there were delays in the planned delivery of projects. The delivery of incremental projects and the expansion of existing projects have provided us with growth momentum and are the main sources of continuous increase in revenue and profits from property services. We not only pay attention to the increase of managed GFA, but also focus on the improvement of service quality. We continue to refine our service capabilities by operating under separate brands in segments of the target markets. We have established E.O housekeeper and cloud sharing for commercial and office properties to expand the brand effect in the industry.
- Reserve GFA, as a major source of the future managed GFA, reached a new height during the year, reaching 284.3 million square meters, an increase of 21.9% compared with 233.2 million square meters in 2019, or a net increase of 51.1 million square meters. This demonstrates that the Group's project reserves remain adequate and will continue to provide a solid foundation for the Group's future growth. During the year, we focused on the core cities and, with our good reputation and high service level, signed many new first- and second-tier high-end residential projects and developed many urban landmark projects, such as Southern Yangtze Global Harbor, Guangzhou CCCC Huitong Center, Zhuhai Hengqin Plaza and Lishui Yintai City. We have also made significant breakthroughs in urban services, signing a contract for national-level research experiments, namely Zhijiang Laboratory. We joined hands with Greentown China Holdings Limited to build the Quzhou Lixian Future Community. We have also reached strategic cooperation with our government and corporate partners, Chengdu Urban Investment and Yuexing Group, to accelerate the development for urban services. Under the impact of the pandemic, the annual expansion volume still exceeded 95.0 million square meters.
- Managed projects reached 1,759, covering 187 cities in 30 provinces, municipalities and autonomous regions in China.
- Regional distribution: as at 31 December 2020, our managed GFA and revenue by region were distributed as follows:

	2020		2019	
	% of managed GFA	% of revenue	% of managed GFA	% of revenue
Greater Hangzhou	20.2	33.9	21.2	35.5
— Hangzhou	14.5	29.4	15.3	30.3
— Yuhang	5.7	4.5	5.9	5.2
Ningbo	6.7	6.6	6.6	6.9
Yangtze River Delta	39.0	30.7	38.7	28.5
Bohai Economic Rim	14.1	12.9	14.6	12.6
Pearl River Delta	7.3	5.7	8.0	5.5
Others	12.7	10.2	10.9	11.0
	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

Community living services — accounting for 21.5% of our total revenue, and 31.9% of our total gross profit

During the year, the community living services continued to grow and gained revenue of RMB2,177.0 million, an increase of 13.8% compared with RMB1,912.8 million in 2019. Among them:

- (1) The community products and services (accounting for 37.1% of the income from community living services): in 2020, the annual revenue reached RMB807.2 million, a Y/Y increase of 49.1% compared with RMB541.5 million in 2019.
- (2) Home living services (accounting for 6.8% of the income from community living services): in 2020, the annual revenue reached RMB147.2 million, an increase of 26.7% compared with RMB116.2 million in 2019.
- (3) Community space services (accounting for 8.9% of the income from community living services): in 2020, the annual revenue reached RMB194.6 million, a decrease of 4.5%, compared with RMB203.7 million in 2019.
- (4) Property asset management services (accounting for 32.7% of the income from community living services): in 2020, the revenue reached RMB711.1 million, decreasing by 17.3% compared with RMB859.6 million in the year of 2019.
- (5) Cultural and education services (accounting for 14.5% of the income from the community living services): in 2020, the revenue reached RMB316.8 million, an increase of 65.3% compared with RMB191.7 million in the year of 2019.

	2020			2019	
	Revenue RMB'000	% of total	Y/Y %	Revenue RMB'000	% of total
Community products & services	807,212	37.1	49.1	541,543	28.3
Home living services	147,241	6.8	26.7	116,239	6.1
Community space services	194,632	8.9	-4.5	203,726	10.7
Property asset management services	711,076	32.7	-17.3	859,568	44.9
Cultural & education services	316,840	14.5	65.3	191,675	10.0
Total	<u>2,177,001</u>	<u>100.0</u>	<u>13.8</u>	<u>1,912,751</u>	<u>100.0</u>

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, we continued to optimize the capacity of supply of community products and the layout of community retail system, using stores, warehouses, counters, stations, and markets as carriers to build a full range of consumption scenes for property owners in the community. We also provide better products and service experience to the property owners through “live broadcast” and other forms according to the gradual change of their living and consumption habits. In the next step, we will continue to promote businesses such as “GreenMart” and “Happy markets” and continuously provide high-quality products and service experience for property owners.

During the pandemic, as a people’s livelihood guarantee and supply enterprise, we restored our operation as soon as possible to solve the problem of property owners’ difficulty in shopping for groceries during the quarantine period, and provided safe and convenient fresh products by relying on the previous layout of “GreenMart”.

— *Home living services*

We will continue to rely on the home service platform called “Four Seasons Housekeeping” to integrate high-quality resources and to build a home service system driven by customer data, with daily cleaning, home appliance maintenance and high-end nursing care as our core businesses. For the next step, with the national encouragement for property service enterprises to develop “property service + home-based elderly care service”, we plan to further develop community home-based elderly care service pilot sites in the community to provide safe and professional healthcare services for elderly people.

— *Community space services*

Advertising business of community space experienced a relatively significant decline during the year. We have gradually developed self-operated space business to reduce the dependence of community space services on upstream companies for advertising placement. At the same time, based on the research of community businesses and implementation of “future communities” in Zhejiang Province, we plan to integrate our own life service business forms, build community space solutions and realize the output of service capabilities to third-party customers.

— *Property asset management services*

Property replacement services and asset management (e.g. parking space business) are the largest sources of income of this segment. As affected by the pandemic during the year, the growth of the development of our replacement services and parking space sales business were affected to a certain extent. At the same time, the Company has slowed down its parking space business to “select high-quality asset operation as the goal and be asset-light as the strategic orientation”. Our asset-light operation model of “Uhome” brand in the housing rental/hosting service business has achieved initial success, which has reduced the impact of the pandemic on the profit to a certain extent. In the future, we

will continue to focus on the management and operation services for high-quality assets in first- and second-tier cities based on our existing business model, continuously optimize the business structure and operational mode of this segment.

— *Cultural and education services*

The segment's business growth was mainly driven by the performance contribution brought about by the Acquisition. Due to the impact of the pandemic, the operation of the domestic business only resumed gradually in the second quarter of 2020; the impact by this business segment was comparatively significant. Overseas kindergarten businesses benefited from the Australian government's support policies for education enterprises and employees. While its business development was affected by the pandemic to a certain extent, the impact of this on the profit of the Group's overall education sector was limited.

Currently, the enrollment rate and the community capacity have steadily recovered. We will continue to pay close attention to relevant government policies, strictly fulfill safety and control requirements and maintain teaching quality. With the government's emphasis on early childcare, we will further optimize the business model of this sector, enhance cooperation with governments, universities and high-quality enterprises so as to become an asset-light and low-risk operation service provider.

Consulting services — accounting for 14.9% of the total revenue, 25.4% of the total gross profit

During the year, we continued to focus on the full life cycle of real estate products, deeply analyzed our clients' needs, and continuously extended our service content and types 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 2020:

- The income reached RMB1,499.9 million, an increase rate of 23.2% compared with RMB1,217.2 million in the year of 2019.

	2020			2019	
	Revenue RMB'000	% of total	Y/Y%	Revenue RMB'000	% of total
Project under construction services	1,189,722	79.3	21.0	983,283	80.8
Management consulting services	310,167	20.7	32.6	233,867	19.2
Total	<u>1,499,889</u>	<u>100.0</u>	<u>23.2</u>	<u>1,217,150</u>	<u>100.0</u>

- Our gross profit increased by 19.5% to RMB488.3 million from RMB408.6 million in the year of 2019. Our gross profit margin decreased slightly to 32.6% from 33.6% in the year of 2019. This was mainly due to the decrease in gross profit margin for management consulting services, but the overall gross profit margin from consulting services remained at a high level.

	2020			2019		
	No. of projects year end	Y/Y %	Average revenue/ project RMB'000	No. of projects year end	Y/Y %	Average revenue/ project RMB'000
Project under construction services	891	49.2	1,335	597	36.3	1,647
Management consulting services	669	11.7	464	599	47.2	390

- Confronted with the change of the consulting services market environment, we continued to study the development trend of real estate market and the application of new technologies in the above-mentioned business sector, and fully integrate them with the development strategies of each business segment to maintain the advantages of the Group's own services and products. Based on the changes in demand for consulting services of developers, we have begun to cultivate operational technology capacity of non-residential properties, including industrial parks, office buildings and commercial complexes. We have determined to coordinate the development of consulting services and property services based on a “consultation+operation+property” model.

— *Property Under Construction Services*

Our revenue reached RMB1,189.7 million, an increase of 21.0% compared with RMB983.3 million in the year of 2019. Following the upgrade of our traditional field services to better life experience services in 2018, we have further empowered our employees through methods such as hierarchical training system, centralised accreditation, live training and skills contests. We focus on creating a team of “better life designers”, who are confident, keen, altruistic and yearning for a better life. We have continuously innovated and upgraded the high-end and ultra-high-end projects to customized seven-second high-end service experience. For the top four service scenarios where prospective property owners spend more time in experience centers, we specially designed and customized a high-end service system, presenting more refined, professional service procedures and qualities that exceeded expectations, to provide ultimate service experience and pursue quality high-end services. As a result, our services have achieved high service awareness and recognition, and our business has developed rapidly.

— *Management Consulting Services*

Our revenue reached RMB310.2 million, an increase of 32.6% compared with RMB233.9 million in year of 2019, maintaining a relatively high growth rate. 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, joined hands with associations and branch companies to organize alliance lectures, which significantly expanded the brand influence in the Yangtze River Delta region. At the same time, we focused on the key cities to form a regional scale and

establish a systematic urban operation model; focused on the development of state-owned enterprises, continued to understand needs through customer relationships and expand customer sources; focused on the integration of business management empowerment and technology to create a quality cloud platform with alliance-empowered logic. We provided management/technology solutions for property customers.

DIVIDEND DISTRIBUTION

At the Board meeting held on 26 March 2021, the Board recommended the payment of a final dividend for 2020 of HK\$0.120 per Share (2019: HK\$0.075 per Share) and a special dividend of HK\$0.080 per share (2019: Nil), subject to approval by the shareholders at the annual general meeting (“AGM”) to be held on 18 June 2021. The final dividend and special dividend will be paid on or before 13 July 2021.

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 pandemic 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 pandemic.

ANNUAL GENERAL MEETING

The AGM will be held on 18 June 2021 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 15 June 2021 to 18 June 2021, 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 Friday, 11 June 2021.
- (b) For the purpose of determining the entitlement to the proposed final dividend and special dividend (both subject to the approval of the shareholders of the Company at the AGM), the register of members of the Company will be closed from 24 June 2021 to 25 June 2021, both days inclusive. In order to qualify for the entitlement to the proposed final dividend and special 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 Wednesday, 23 June 2021.

THE RISK OF BUSINESS OPERATION BEING AFFECTED BY THE COVID-19 PANDEMIC

As the duration of the COVID-19 pandemic cannot be ascertained, it exists uncertainty of its impact on the operation of the Group. We will closely monitor the situation of the COVID-19 pandemic in the main business operation locations, including local policies, etc., to assess its impacts on the Group's business, financials and operations, and formulate corresponding response strategies. In the meantime, we will enforce strictly the prevention and control measures in accordance with the requirements of the pandemic situation, continue to fulfil various business management tasks, and use our best efforts to ensure the continuous and stable operation of the Group.

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 Such Financing, the depreciation or appreciation of the Hong Kong 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 2020.

TREASURY POLICY

To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

EMPLOYEES AND REMUNERATION POLICIES

Our Group adheres to its philosophy of “people-oriented and service-oriented” and regards our employees as its top product. We aim to add partnership-sourced income to the compensation system, and provide diversified training and personal development platforms for employees. The Group has established the College of Better Life Services, with secondary professional colleges and city branches in safety, housekeeping, quality, engineering, consulting and living, and has reached strategic cooperation with Golden Key International Alliance to empower key talents, innovate professional talents and build a people-oriented talent moat. 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. The Group also provides its employees with staff benefits, including pension, medical coverage, and provident funds.

On 23 January 2020, the Company granted an aggregate of 33,150,000 share options to subscribe for ordinary Shares to an associate of an independent non-executive Director, a senior management of the Company and certain employees of the Group, subject to acceptance of the grantees, under the share option scheme of the Company adopted on 25 May 2018. For more details, please refer to the announcement of the Company dated 23 January 2020.

On 14 September 2020, the Company further granted an aggregate of 25,770,000 share options to subscribe for ordinary Shares to an associate of an independent non-executive Director and certain employees of the Group, subject to acceptance of the grantees, under the share option scheme of the Company adopted on 25 May 2018. For more details, please refer to the announcement of the Company dated 14 September 2020.

As at 31 December 2020, our group had 31,911 employees, an increase of 9.5% compared with the year of 2019, which was lower than the growth rate of 17.9% in managed GFA during the year. The total staff cost was RMB3,360.8 million, an increased rate of 23.1% compared with the year of 2019, which was mainly due to the increase in the number and the average wages of employees and extra spending in pandemic subsidies and overtime expenses during the COVID-19 pandemic.

PLEDGED ASSETS OF THE GROUP

References are made to the announcements of the Company dated 29 March 2019, 11 April 2019 and 21 June 2019, respectively, in relation to the entry into a facility agreement (the “**Facility Agreement**”) between Greentown Education and Standard Chartered Bank (Hong Kong) Limited (the “**Lender**”), in respect of Loan. The Group pledged to the Lender 100% equity interest in Greentown Education, together with all ancillary rights and claims associated with the equity interest (the “**Pledge**”). The Loan was fully repaid on 3 July 2020 and the Pledge was deregistered on 10 September 2020.

As referred to in the 2019 Annual Report of the Company, MAG has obtained a loan of AUD28.0 million (equivalent to approximately RMB136.2 million) from a bank for the purpose of supplementing its working capital, and has secured certain property, plant and equipment held by it with a carrying amount of AUD58.2 million (equivalent to approximately RMB291.8 million) as of 31 December 2020 as collateral.

Save as disclosed above, during the year, there was no pledged asset of the Group.

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.

CHANGE OF DIRECTOR'S AND SENIOR MANAGEMENT'S INFORMATION

Mr. Poon Chiu Kwok (“**Mr. Poon**”) resigned as an independent non-executive director of TUS International Limited (a company listed on the Stock Exchange, stock code: 872) on 17 July 2020. Mr. Poon is an independent non-executive director of Tonly Electronics Holdings Limited (whose shares were formerly listed on the Stock Exchange until 8 March 2021) .

Save as disclosed above, the Directors confirmed that no information is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

APPOINTMENT OF DIRECTORS AND CHANGES IN COMPOSITION OF BOARD COMMITTEES

On 6 January 2020, Mr. Wang Guangjian (王光建) was appointed as a non-executive Director and Ms. Wu Aiping (吳愛萍) was appointed as an independent non-executive Director and a member of each of the audit committee (the “**Audit Committee**”), remuneration committee and nomination committee of the Company. For more details, please refer to the announcement of the Company dated 6 January 2020.

AUDIT COMMITTEE AND REVIEW OF ANNUAL RESULTS

The Company has established the Audit Committee. The Audit Committee currently consists of four independent non-executive Directors, namely Mr. Poon (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 2020 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 2020 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 year 2020.

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

For the year ended 31 December 2020, 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 2020 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
26 March 2021

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