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 TWELVE MONTHS ENDED 31 DECEMBER 2016

Greentown Service Group Co. Ltd's ("**the Company**") board of directors ("**the Board**") is pleased to announce the audited financial results of the Company and its subsidiaries ("**the Group**") for the year ended 31 December 2016, together with the comparative figures for the year ended 31 December 2015, as follows.

HIGHLIGHTS

The Group's financial performance

— Revenue achieved Renminbi ("**Rmb**") 3,721.9 million, a growth of 27.5% year-on-year ("**y/y**") from Rmb2,918.6 million of the same period in 2015. Yet, due to China's tax reform where business tax was replaced by value-added tax, this has caused a large part of business tax included in revenue being removed in 2016. This amounted to approximately Rmb110 million. Hence on a like-for-like basis where business tax was excluded for both years, the Group's revenue would have experienced a 31.3% y/y growth, this is also higher than 2016 interim's 30.5% y/y.

— The Group's revenue comprises of: (i) Property services revenue of Rmb2,619.9 million, an increase of 25.3% y/y from 2015's Rmb2,090.9 million; (ii) Consulting services revenue of Rmb618.0 million, rose by 12.2% y/y from 2015's Rmb550.8 million; and (iii) Community living services revenue of Rmb484.0 million, a consistent and strong increase of 74.8% y/y from 2015's Rmb276.9 million.

— Cost of sales was Rmb3,005.9 million, a rise of 25.9% y/y from the same period in 2015 of Rmb2,387.7 million. This percentage increase was also lower than 2015's 29.7% y/y, and also being lower than 2016 interim's 28.7%. This performance is a reflection of the management's adherence to strict cost control initiatives. The cost savings directly contributed to the Group's gross margin expansion.

— Gross profit reached Rmb716.0 million, rose by 34.9% y/y, compared to 2015's Rmb530.9 million. Gross margin, for the third consecutive year, continued to rise, reaching 19.2%, being 1.0 percentage point higher than 2015's 18.2%, and also above 2016 interim's 18.7%.

— Income tax for the year was Rmb123.8 million, an increase of 63.8% y/y from 2015's Rmb75.6 million.

— Profit for the year registered Rmb294.8 million, another year of strong increase of 45.5% y/y from the same period 2015's Rmb202.6 million. Profit attributable to equity shareholders of the Company was Rmb285.5 million, a growth of 44.3% y/y from 2015's Rmb197.8 million. Net margin, being profit attributable to equity shareholders of the Company divided by revenue, hit another record high in our operating history, to 7.7%. This is 0.9 percentage- points higher than the same period in 2015.

— Administrative expenses were Rmb274.9 million, an increase of 18.2% from 2015's Rmb232.6 million. This percentage increase was again much lower than the Group's revenue increase of 27.5% y/y. These expenses included listing expenses of Rmb25.7 million, whilst its Rmb18.2 million for 2015. Excluding both for comparison, the percentage increase was only 16.3% y/y, being even lower than the Group's revenue increase of 27.5%. Listing expenses will not be recurring in the Group's financial accounts going forward.

— Current assets reached Rmb2,853.1 million, more than doubled (107.2% y/y) from Rmb1,376.9 million in the same period 2015. Current liabilities increased mildly by 5.6% y/y to Rmb1,554.5 million, from 2015's Rmb1,472.3 million

— The main reason for the significant increase in the Group's current assets was due to the fact that the Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited in the year. We raised net IPO proceeds to the equivalent of Rmb1,265.8 million, taking our cash and cash equivalents to a new high of Rmb2,181.7 million at year end. And the Group used the IPO proceeds, in accordance with the usage outlined in the prospectus of the Company dated 28 June 2016, to repay Rmb230 million loan. Hence, excluding these two elements and on a like-for-like basis, the Group's cash and cash equivalents would approximate to Rmb1,145.9 million, a steep increase of 37.1% y/y from that of 2015's.

— Trade and other receivables recorded Rmb546.7 million, a hike of 30.2% y/y, from 2015's Rmb419.9 million in the same period 2015. Though this percentage increase was higher than the Group's revenue growth, in terms of percentage to revenue, its however very stable at 14.7% (2015 was 14.4%). The management believes the increase in our trade and other receivables is not a concern to our collection policy and execution capability.

— Total assets rose to Rmb3,322.7 million, more than doubled (102.4% y/y) from 2015's Rmb1,641.9 million. Such a significant increase in assets was mainly because of the IPO proceeds raised in the year, whilst borrowings were repaid. Therefore, net assets escalated from 2015's Rmb148.8 million to Rmb1,745.7 million at end of 2016.

— Earnings per share, both basic and diluted, was Rmb0.121, based on weighted average number of shares 2,367,637,290. After listing on 12 July 2016, the Company issued 777,776,000 shares, bringing the total issued share capital of the Company at end of 2016 to 2,777,776,000 shares.

Property services

— Revenue was Rmb2,619.9 million, increased by 25.3% from 2015's Rmb2,090.9 million. Gross profit was Rmb286.3 million, rose by 34.7% y/y from Rmb212.6 million in the same period in 2015. Gross margin moved up further from 2015's 10.2%, and 2016 interim's 10.4% to 10.9% at end of 2016. Though gross margin only increased by 0.7 percentage points in the year, this is the third consecutive year of rise, started from 2013's 5.6%. Despite the challenges along the way, the management believes this increase and the growth trend is satisfactory.

— Property services managed 809 projects by end of 2016, up 27.0% y/y from 2015's 637. Gross Floor Area ("**GFA**") under management also rose by a similar percentage of 27.1% y/y, to 105.2 million square meters (sq m) in the year from last year's 82.8 million sq m. Reserved GFA also rose in tandem, from 2015's 89.1 million sq m to 119.4 million sq m at end 2016, a 34.0% y/y increase or a net increase of 30.3 million sq m. This is the third year in a row that our reserved GFA exceeds that of managed GFA, strengthening our belief that delivery of projects in the future would continue to strongly support the growth in our managed GFA.

— Average management fee per sq m, per month in the year was Rmb3.08, a slight increase from Rmb3.06 at end of 2015 and June 2016.

— Our collection rate in the year reached another high at 97.4%, compared to the already high 96.6% in 2015.

Consulting services

— Revenue reached Rmb618.0 million, increased by 12.2% compared to 2015's Rmb550.8 million. The revenue is composed of: (i) Property under construction services revenue of Rmb522.5 million, a 9.8% y/y increase; (ii) Management consulting services revenue of Rmb95.5 million, a 27.6% y/y increase.

— Gross profit reached Rmb219.3 million, rose by 17.3% y/y from 2015's Rmb186.9 million. Gross margin expanded further from 2015's 33.9% to 35.5%.

— Property under construction services revenue was Rmb522.5 million, increased by only 9.8% y/y from 2015's Rmb475.9 million. Reasons for the slowdown are: (i) China's property market was particularly strong in 2016. This led to the shortening of both development cycle and sales phase. This resulted in ending the projects much earlier than expected. (ii) Most of the top 100 developers in the property industry have their own similar services division, therefore slowdown our business volume; and (iii) the Group has been proactively marketed our services and manage to bring in many more new projects, resulting in a 14.2% y/y in the number of new projects for the year. Yet, the decline in project value was also quite sharp to the extent that the increased in volume did not make up the decline. Hence the growth in this division was only 9.8% for the year.

Community living service

— Revenue for the service line continued to grow rapidly by 74.8% y/y to Rmb484.0 million, compared to 2015's full year of Rmb276.9 million. This is mainly due to: (i) Community products and services revenue that reached Rmb308.6 million, a phenomenal increase of 193.8% y/y, or by an amount of Rmb105.0 million from the same period in 2015; (ii) Home living services revenue was Rmb134.4 million, compared to 2015's Rmb145.7 million, declining slightly by 7.7% y/y; (iii) Community space services revenue was Rmb41.1 million, rose by a marked 56.2% from a mere Rmb26.3 million in the same period 2015.

— Gross profit was Rmb210.5 million, a fast increase 60.1% from 2015's Rmb131.4 million. Gross margin declined from 2015's 47.5% to 2016's 43.5%. The reasons for the decline were: i) as this division has grown in scale, and that we covered more communities, we have correspondingly increased our staff. This led to an increase in costs; and ii) incentives were applied so as to encourage staff to promote and sell more of community products and services.

— The Board recommended the payment of a final dividend for 2016 of HK$0.04 per share.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year end 31 December 2016
(Unless otherwise stated, all amounts are expressed in Rmb'000)

	Notes	**2016** *RMB'000*	2015 *RMB'000*
Revenue	*3*	**3,721,993**	2,918,627
Cost of sales		**(3,005,966)**	(2,387,702)
Gross profit		**716,027**	530,925
Other revenue	*4*	**16,228**	20,071
Other net income	*4*	**3,952**	154
Selling and marketing expenses		**(9,700)**	(5,690)
Administrative expenses		**(274,988)**	(232,578)
Other operating expenses		**(34,720)**	(29,116)
Profit from operations		**416,799**	283,766
Finance income		**5,297**	2,185
Finance costs		**(6,964)**	(9,254)
Net finance costs	*5(a)*	**(1,667)**	(7,069)
Share of profits less (losses) of associates		**4,428**	1,784
Share of profits less (losses) of joint ventures		**(1,018)**	(266)
Gain on acquisition of an associate		**46**	–
Loss on disposal of other financial assets		**–**	(89)
Profit before taxation		**418,588**	278,126
Income tax	*6*	**(123,801)**	(75,559)
Profit for the year		**294,787**	202,567
Attributable to:			
Equity shareholders of the Company		**285,540**	197,818
Non-controlling interests		**9,247**	4,749
Profit for the year		**294,787**	202,567
Earnings per share	*7*		
Basic and diluted (Rmb)		**0.121**	0.099
Profit for the year		**294,787**	202,567

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)
for the year end 31 December 2016
(Unless otherwise stated, all amounts are expressed in Rmb'000)

	Notes	**2016** **RMB'000**	2015 *RMB'000*
Other comprehensive income for the year (after tax and reclassification adjustments):			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of:			
— financial statements of overseas subsidiaries		**42,473**	(54)
Other comprehensive income for the year		**42,473**	(54)
Total comprehensive income for the year		**337,260**	202,513
Attributable to:			
Equity shareholders of the Company		**328,013**	197,764
Non-controlling interests		**9,247**	4,749
Total comprehensive income for the year		**337,260**	202,513

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 31 December 2016
(Unless otherwise stated, all amounts are expressed in Rmb'000)

	Notes	2016 RMB'000	2015 RMB'000
Non-current assets			
Property, plant and equipment		**264,471**	63,610
Interest in associates		**32,443**	11,946
Interest in joint ventures		**94,266**	3,104
Deferred tax assets		**50,704**	55,826
Prepayments		**27,759**	130,525
		469,643	265,011
Current assets			
Other financial assets		**–**	28,200
Inventories		**10,064**	2,045
Trade and other receivables	*9*	**546,666**	419,952
Restricted bank balances		**114,654**	90,780
Cash and cash equivalents		**2,181,692**	835,897
		2,853,076	1,376,874
Current liabilities			
Bank loans		**–**	180,000
Receipts-in-advance		**473,220**	338,246
Trade and other payables	*10*	**942,949**	847,430
Current taxation		**118,461**	88,495
Provisions		**19,890**	18,094
		1,554,520	1,472,265
Net current assets/(liabilities)		**1,298,556**	(95,391)
Total assets less current liabilities		**1,768,199**	169,620

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
at 31 December 2016
(Unless otherwise stated, all amounts are expressed in Rmb'000)

	Notes	**2016** **RMB'000**	2015 *RMB'000*
Non-current liabilities			
Deferred tax liabilities		**10,804**	2,502
Provisions		**11,659**	18,241
		22,463	20,743
NET ASSETS		**1,745,736**	148,877
CAPITAL AND RESERVES			
Share capital		**24**	8
Reserves		**1,718,974**	132,062
Total equity attributable to equity shareholders of the Company		**1,718,998**	132,070
Non-controlling interests		**26,738**	16,807
TOTAL EQUITY		**1,745,736**	148,877

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2016
(Unless otherwise stated, all amounts are expressed in Rmb'000)

	2016	2015
	RMB'000	*RMB'000*
Operating activities		
Cash generated from operations	**474,072**	575,796
Income tax paid	**(80,411)**	(64,974)
Net cash generated from operating activities	**393,661**	510,822
Investing activities		
Payments for the purchase of property, plant and equipment	**(84,112)**	(57,752)
Proceeds from disposal of property, plant and equipment	**2,684**	436
Payments for purchase of other financial assets	**(5,000)**	(33,500)
Proceeds from redemption of other financial assets	**33,200**	144,300
Investment income received from other financial assets	**334**	429
Payments for purchase of available-for-sale financial instruments	**(24,300)**	–
Acquisition of subsidiaries, net of cash acquired	**–**	817
Disposal of subsidiaries, net of cash disposed	**–**	80,000
Proceeds from disposal of interest in associates	**38,805**	–
Payment for investment in associates	**(21,787)**	(3,600)
Dividends received from associates	**2,010**	–
Payment for investment in joint ventures	**(92,180)**	(1,655)
Interest received	**3,482**	2,185
Net cash (used in)/generated from investing activities	**(146,864)**	131,660
Financing activities		
Capital contribution from non-controlling interests	**–**	50
Disposal of subsidiaries to non-controlling interests	**–**	675
Distribution to shareholders of a subsidiary	**(454)**	–
Payment arising on reorganisation	**–**	(50,000)
Proceeds from new bank loans	**130,000**	260,000
Repayment of bank loans	**(310,000)**	(180,000)
Net proceeds from issue of shares upon initial public offering, net of issuing costs	**1,265,840**	–
Interest paid	**(6,964)**	(9,254)
Dividend payment	**(21,897)**	(265,421)
Net cash generated from/(used in) financing activities	**1,056,525**	(243,950)
Net increase in cash and cash equivalents	**1,303,322**	398,532
Cash and cash equivalents at 1 January	**835,897**	437,419
Effect of foreign exchange rate changes	**42,473**	(54)
Cash and cash equivalents at 31 December	**2,181,692**	835,897

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation of the financial statements

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

In order to rationalise the current structure of the Group in preparation for the Listing, the Company underwent a reorganisation ("**Reorganisation**") of the business comprising the Group, which was completed on 10 October 2015. Pursuant to the Reorganisation, the Company became the holding company of the companies now comprising the Group on 7 August 2015. Prior to the Reorganisation, the Group's businesses were conducted through Greentown Property Management Group Company Limited ("**Greentown PM**") and its subsidiaries. Greentown PM was owned as to 51% by Greentown Holdings Group Company Limited ("**Greentown Holdings**", a company controlled by Mr. Song Weiping, Mr. Shou Bainian and Ms. Xia Yibo), and 49% by Ms. Li Hairong. After the Reorganisation, Greentown PM was owned by the shareholders in the same proportionate share of ownerships as before. The Reorganisation only involved inserting certain non-operating companies as holding companies of Greentown PM and there was no change in business and operation of Greentown PM. Accordingly, no business combination has occurred. The Reorganisation has been accounted for using a principle similar to that for a reverse acquisition as set out in HKFRS 3, Business Combinations, with Greentown PM treated as the acquirer for accounting purposes.

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 financial assets classified as fair value through profit or loss and available-for-sale which are stated at their fair value.

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

b. Changes in accounting policies

The Hong Kong Institute of Certified Public Accountants (HKICPA) has issued a number of amendments to Hong Kong Financial Reporting Standards (HKFRSs) that are first effective for the current accounting period of the Group. None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

2. SEGMENT REPORTING

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

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

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

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

	Year ended 31 December 2016							
	Hangzhou		Yangtze River Delta Region		Pearl River Delta Region	Bohai Economic Rim Region	Other Regions	Total
	Hangzhou (exclude Yuhang)	Yuhang Region	Yangtze River Region (exclude Ningbo)	Ningbo Region				
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue from external customers	985,788	241,659	1,164,055	269,646	193,724	507,551	359,570	3,721,993
Inter-segment revenue	6,704	31	1,057	45	22	590	–	8,449
Reportable segment revenue	992,492	241,690	1,165,112	269,691	193,746	508,141	359,570	3,730,442
Reportable segment profit	69,372	33,751	143,271	42,563	21,544	83,890	49,851	444,242
Reportable segment assets	903,228	159,843	875,235	202,820	153,102	261,812	1,576,264	4,132,304
Reportable segment liabilities	1,187,308	90,745	567,586	133,260	101,602	71,138	156,368	2,308,007

	Year ended 31 December 2015							
	Hangzhou		Yangtze River Delta Region		Pearl River Delta Region	Bohai Economic Rim Region	Other Regions	Total
	Hangzhou (exclude Yuhang)	Yuhang Region	Yangtze River Region (exclude Ningbo)	Ningbo Region				
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue from external customers	823,502	166,876	917,464	231,165	132,419	383,946	263,255	2,918,627
Inter-segment revenue	8,774	86	3,640	902	9	179	12	13,602
Reportable segment revenue	832,276	166,962	921,104	232,067	132,428	384,125	263,267	2,932,229
Reportable segment profit	39,771	21,517	117,049	10,269	21,034	53,000	33,662	296,302
Reportable segment assets	694,790	94,137	741,951	160,621	80,504	179,314	148,382	2,099,699
Reportable segment liabilities	954,345	60,738	575,522	129,882	50,412	70,432	74,320	1,915,651

(ii) Reconciliation of reportable segment profit or loss

	2016	2015
	RMB'000	*RMB'000*
Revenue		
Reportable segment revenue	**3,730,442**	2,932,229
Elimination of inter-segment revenue	**(8,449)**	(13,602)
Consolidated revenue	**3,721,993**	2,918,627

	2016	2015
	RMB'000	*RMB'000*
Profit		
Reportable segment profit	**444,242**	296,302
Elimination of inter-segment profit	**–**	–
Reportable segment profit derived from Group's external customers	**444,242**	296,302
Listing expenses	**(25,654)**	(18,176)
Consolidated profit before taxation	**418,588**	278,126

3. REVENUE

	2016	2015
	RMB'000	*RMB'000*
Property services		
Property management services	**2,619,927**	2,090,872
Consulting services		
Property under construction services	**522,533**	475,957
Management consulting services	**95,503**	74,820
	618,036	550,777
Community living services		
Community products and services	**308,561**	105,023
Home living services	**134,442**	145,691
Community space services	**41,027**	26,264
	484,030	276,978

4. OTHER REVENUE AND OTHER NET INCOME

	2016	2015
	RMB'000	RMB'000
Other revenue		
Government grants	**10,511**	16,147
Others	**5,717**	3,924
	16,228	20,071
Other net income		
Net loss on sale of property, plant and equipment	**(619)**	(275)
Net realised gains on other financial assets	**334**	429
Net foreign exchange gains	**4,237**	–
	3,952	154

5. PROFIT BEFORE TAXATION

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

		2016 *RMB'000*	2015 *RMB'000*
(a)	Finance costs		
	Interest income on bank deposits	**5,297**	2,185
	Interest expense on bank loans	**(6,964)**	(9,254)
	Net finance costs	**(1,667)**	(7,069)
(b)	Staff costs		
	Salaries and other benefits	**1,097,631**	1,136,164
	Contributions to defined contribution scheme	**163,227**	150,451
		1,260,858	1,286,615
	Included in		
	— Cost of sales	**1,111,709**	1,151,540
	— Administrative expenses	**149,149**	135,075
		1,260,858	1,286,615
(c)	Other items		
	Impairment losses		
	— Trade and other receivables	**28,699**	22,321
	— Goodwill	**–**	649
		28,699	22,970
	Depreciation and amortisation	**14,793**	12,641
	Operating lease charges	**42,357**	28,804
	Auditors' remuneration		
	— audit services	**4,400**	4,327

6. INCOME TAX

Taxation in the consolidated statement of profit or loss represents:

	2016	2015
	RMB'000	*RMB'000*
Current tax		
PRC corporate income tax	**108,199**	81,605
Under-provision in respect of prior years	**2,178**	–
	110,377	81,605
Deferred tax		
Origination and reversal of temporary differences	**5,122**	(8,548)
Withholding tax on the profits of the Group's PRC subsidiaries	**8,302**	2,502
	13,424	(6,046)
	123,801	75,559

7. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB285,540,000 (2015: RMB197,818,000) and the weighted average of 2,367,637,290 ordinary shares (2015: 2,000,000,000 shares) in issue during the year, calculated as follows:

	2016	2015
Profit attributable to equity shareholders of the Company	**285,540,000**	197,818,000
Issued number of ordinary shares, weighted average	**2,367,637,290**	2,000,000,000
Earnings per ordinary shares, basic and diluted (Rmb)	**0.121**	0.099

There were no dilutive potential ordinary shares during the years ended 31 December 2016 and 2015 therefore, diluted earnings per share are the same as the basic earnings per share.

Earnings per share calculation, base and dilutive based on profit attributable to equity shareholders, is calculated as follows.

Total number of shares used in calculating basic and dilutive earnings per share is based on the weighted average number of ordinary shares.

	2016	2015
Issued ordinary shares at 1 January	**1,000,000,000**	100,000
Effect of issue of share upon Reorganisation on 7 August 2015	**–**	999,900,000
Effect of capitalisation issue on 12 July 2016	**1,000,000,000**	1,000,000,000
Effect of issue of share upon initial public offering on 12 July 2016	**367,637,290**	–
Weighted average number of ordinary shares at 31 December	**2,367,637,290**	2,000,000,000

The weighted average number of shares in issue during the year ended 31 December 2015 and 2016 is determined based on the assumption that 2,000,000,000 ordinary shares of the Company were in issue, comprising 1,000,000,000 shares in issue and 1,000,000,000 shares issued pursuant to a capitalisation issue, as if these shares were outstanding throughout the year of 2015 and the period from 1 January 2016 to 12 July 2016, being the date on which the Company was listed on the Stock Exchange (the "Listing Date").

8. DIVIDEND

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

	2016	2015
	HKD'000	*HKD'000*
Proposed final dividend for 0.04 per ordinary share	**111,111.0**	–

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

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

No dividend attributable to the previous financial year was approved and paid in 2016 (2015: RMB230,000,000).

The Board recommended to pay final dividend for the year ended 31 December 2016 of HK$0.04 per ordinary share, subject to approval by the shareholders at the Annual General Meeting ("AGM") to be held on 29 May 2017.

9. TRADE AND OTHER RECEIVABLES

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

	2016	2015
	RMB'000	*RMB'000*
Within one year	**309,440**	206,811
One to two years	**55,749**	49,393
Over two years	**10,186**	1,604
Trade and bills receivable	**375,375**	257,808
Less: Allowance for impairment of trade and bills receivables	**(24,320)**	(23,156)
	351,055	234,652
Other receivables	**102,026**	60,473
Deposits and prepayments	**75,527**	51,038
Amounts due from related parties	**14,282**	71,485
Amounts due from other staff	**3,776**	2,304
	546,666	419,952

Trade and bills receivables are due when the receivables are recognised. We do not provide a credit period to any debtor of other receivables. We assess the recoverability of other receivables on an individual basis taking into account the historical collection experience, the financial condition of the relevant debtor, and the aging of such other receivables and establish provisions when we have objective evidence that a specific debtor will default.

10. TRADE AND OTHER PAYABLES

	2016 *RMB'000*	2015 *RMB'000*
Within 1 month or on demand	**47,235**	7,040
After 1 month but within 3 months	**3,818**	2,454
After 3 months	**7,992**	3,160
Total billed trade payables	**59,045**	12,654

	2016 *RMB'000*	2015 *RMB'000*
Trade payables	**118,964**	119,602
— Billed trade payables	**59,045**	12,654
— Accrued trade payables	**59,919**	106,948
Deposits	**128,093**	80,384
Other taxes and charges payable	**49,871**	38,154
Accrued payroll and other benefits	**185,270**	160,059
Escrow funds held on behalf of customers	**61,516**	43,155
Cash collected on behalf of the owners associations	**45,813**	43,290
Other payables and accruals	**60,450**	39,313
Dividend payable	**–**	21,897
Receipts on behalf of residents	**285,040**	247,302
Amounts due to related parties	**7,932**	4,274
Amount due to a third party	**–**	50,000
	942,949	847,430

11. NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

(a) Acquisition of a subsidiary — Jilin Tianshun Property Service Company Limited (吉林天順物業服務有限公司) ("Tianshun Property Service")

On 19 December 2016, the Group entered into an equity transfer agreement and supplementary agreement with Jilin Tianshun Agency Company Limited to acquire its 70% equity interests in Tianshun Property Service for a cash consideration of RMB18,000,000. After the acquisition, Tianshun Property Service became a subsidiary of the Group, which provided the property management service. The acquisition was completed on 13 March 2017.

(b) Final dividend

Subsequent to the end of the reporting period, the directors proposed a final dividend. Further details are disclosed in note 8.

CHAIRMAN STATEMENT

Dear Shareholders,

On behalf of the Board, I am pleased to report the full year results for the twelve months ended 31 December 2016.

2016 was the year that we were first listed on the Hong Kong Stock Exchange. With support from our shareholders, in a market where demand has been expanding, and through the hard work of our staff, our results for the year have come in tandem with our development and growth, stable and rising.

Being China's leading high-end property management service provider, Greentown Service has evolved markedly from mere basic property service offering, at the forefront we have Consulting services targeting property developers, whilst at the user end we make available a variety of products and services for better living. These three business service lines form our core business triangle, which have proven to work well so far and creating synergy, will continue to power the Company forward.

Not too long ago, China announced its 2016 set of economic data, evidenced that it has once again made it back to be top economic performing nation amongst major powers. One of the notable trends is: China's service industries that already accounted for a high 51.6% of China's GDP, increased by 1.4 percentage points, internet penetration reached 53.2%, whilst online retail sales rose by 26.2% y/y, express courier volume struck a staggering 31.3 billion units, and urbanisation continued its uptrend by a 1.3 percentage points to 43.2%. Our interpretation of the above data, is that it bears resemblance to our business development last year. As a service operator covering 99 cities in China, providing property and related products to serve residents' living needs, we have longed for the internet usage continued to rise, in turn solidifying their online purchase habit. This would facilitate our property service efficiency improvement. At the same time, this would also expand the scope of our community living service. In reality, through the rapid growth in our community living service, our expansion has succumbed to the national trend, and with the assistance of increased internet usage our business growth has outpaced that of the nation's. We have already positioned our development in advance, expanding our investment in smart property management. This would boost our own technological capability, while becoming better adapted to the Internet+ led property management. Greentown Service is proud to achieve a 97% rate where residents acknowledge their courier collection online.

As China's urbanisation continues to rise, the property industry remains a key driver for China's economy. In the year, many property developers whom our Company has long been collaborating with, and since received positive market recognition, successfully purchased land in the economically well-off regions. This serves as a secured source of growth opportunities for the Group, servicing the high end property market. In spite of such, the Group has been utilising our strong brandname in exploring opportunities to partner with State owned enterprises, that have abundant landbank and strong development power. We have already established a strategic cooperation with Zhongchu Property Development Company, providing our full set of services from property management to consulting services to their developed and developing property projects. Meanwhile, as part of our endeavour to develop in the Bohai Economic Rim thoroughly, we worked with the Jinan High-tech Development

Zone Authority, successfully signed contracts in one of the important business and finance districts, “HanYuJinGu Commercial Centre, with a large GFAs of 2.9 million sq m. On community living services, we aim to understand better mid-high end property owners on their evolving needs in daily living, through detailed servicing. On such knowledge, we then can adequately amass suppliers that could provide related products and services. And through our “Happy Greentown” online apps, we can effectively promote these offerings to our customers. And since most of our customers are in urban areas, this suggests a target audience of greater consumption power. This has since attracted better known industry names such Red Star Macalline in home renovation, and Suning in home electrical appliances. We have since signed and launched related services.

And what made us even more proud was the appointment by the Hangzhou municipal government to officially provide part of project management services to a global event, the G20 Hangzhou Summit 2016, held in Hangzhou. This is an unequivocal recognition of our service quality, and on top of the economic benefit gained, we build our brandname further.

In the year, we focused on property management quality, introduced both online and offline evaluation system. And from the results so far, our service standards have been well maintained. Our management fee collection rate reached 97.4% in 2016, reflecting that our customers are willing to pay for quality service. And this safeguarding customer’s trust, through maintaining service quality, is what Greentown Service set out to achieve, a stance that our business relies on.

In less than a year of Listing, we are honoured to receive many recognition from the capital markets, namely the inclusion into the MSCI China Small Cap Index, and two awards by “Golden Hong Kong Connect Stocks”: “Listed company with the most investment value” and “Listed company with the highest growth potential”.

We keep our corporate motto close to hearts: sincerity, well-intentioned, impeccability, and perfection. As we are still far from perfection, we ought to remain humble, using our wisdom to do a good job. And we produce growth to reward shareholders and investors.

RESULTS REVIEW

For the twelve months ended 31 December 2016, the Group’s revenue increased by 27.5% to Rmb3,721,993,000. Property services revenue was Rmb2,619,927,000, Consulting services revenue was Rmb618,036,000, and Community living services revenue was Rmb484,030,000.

OUTLOOK

We have actively participated in tenders in cities like Shanghai, Hangzhou, and Suzhou for second-hand property management projects (in contrast to first time projects arise from brand new property) . We have since made progress, signing contracts in Xujiahui, one of city centres in Shanghai, area close to the G20 venue in Hangzhou, and Suzhou Industry Development Park. Given they are projects currently available, we service them immediately hence start contributing to both revenue and managed GFA for the Group.

In 2017, property developers that we have strategic co-operation, will continue to develop and pre-sale their property hence become a major source for the Group in getting new projects. And as usual, the Group will continue to provide services throughout their products life-cycle, from consulting services at the construction stage, to the provision of a variety of products in the community living service category, like turnkey furnishing service. The State has recently adjusted the policy stance on the property market, in that apartment is for living but not for speculating. As property service provider, we will benefit from this new stance for speculation will often lead to many vacant flats, to which not only we could not market our products and services, it would also make management fee collection time consuming. A high occupancy property project would allow us to match our services to tenants needs.

The Group will continue to consolidate our competitive advantages in the existing markets, the Yangtze River Delta and Bohai Economic Rim. We will also make inroads into mid-western cities, such as Chongqing, Chengdu, Xi'an and Kunming. We believe these cities are the next in line to grow in China's interest, hence we would seize the opportunity, to build on our limited presence there and expanding further. In the Pearl River Delta region, we believe we can make progress with few targets already in mind.

Throughout the 18 years of working in property services, we have accumulated vast reserve of experience. Whilst we do not intend to be overly conservative, yet we would well use our industry position pushing for growth in accordance with our development plan. And when the opportunity arises, we might make use of the capital market to acquire or cooperate with targets that fit our criteria.

MANAGEMENT DISCUSSION AND ANALYSIS

We are a leading high-end residential property management service provider in China. According to the study of an independent property research organization, China Index Academy, on China's top 100 property management service providers, we ranked No.2 in overall strength amongst the top 100 players for six consecutive years since 2010. And in 2015, we were ranked No.2 by the Academy for being China's property management company with the largest growth potential. We believe our industry leadership is most apparent in the scale of our managed high end residential properties, the wide penetration of our management across the nation, and our sustainable growth in our financial strength.

In this annual results announcement, the Company has renamed its three major business service lines and a fee item from (i) "property management services"; (ii) "management consulting services"; (iii) "community value-added services", and (iv) "property management fee" to (i) "property services"; (ii) "consulting services"; (iii) "community living services", and (iv) "property service fee". Such changes were made after the Board's thorough and lengthy discussion within the Group and taking into consideration the recommendation from third party management consultant after extended study. The Group believes that the renaming of the business service lines can provide more flexibility to the Group in relation to its future positioning in the kind of services it can and will provide in future. The scope of business under each of the business service lines remained the same in 2016, hence shareholders and investors can directly compare the financial performance under the renamed business segments for the year 2016 with that under the corresponding business service lines in the previous financial results. In case the Group engages in any addition business activities under any of the business service lines in future, the Group will disclose the same in 2017's interim results announcement to inform the shareholders and investors accordingly.

RESULTS REVIEW

The Group's revenue arises from three service lines: (i) property services; (ii) consulting services; and (iii) community living services.

Property services — 70.4% of the Group's revenue

We operate our property management service on lump sum basis for the dominant majority of our projects. We charge, and are paid by our resident owners quarterly or semi-annually or annually of our property service fees. We believe our strength, accumulated since inception 18 years ago, amongst others, lies in the execution and cost control in managing properties. This strength has since helped improve our financial returns and brought us steady income stream and consistent growth in profit. For 2016:

	2016		2015	
	% of property management revenue	**% of managed GFA**	%of property managed revenue	% of managed GFA
Contracted GFA				
— Residential	**72.3**	**76.2**	74.8	83.2
— Non-residential	**27.7**	**23.8**	25.2	16.8
Total	**100**	**100**	100	100

— GFA under management for the year reached a high of 105.2 million sq m, increased by 27.1% y/y from 2015's 82.8 million sq m, or a net area increase of 22.4 million sq m. This is also 15.1% higher than 91.4 million sq m at 2016 interims. This net increase in GFA reached a record high (2015: 16.9 million sq m) for the Group. It's this very capability of getting new projects that forms a key part of our core competitiveness. This in turn drives our organic growth on a consistent basis.

— Reserved GFA of which we define as properties that we have signed service contracts with various property developers providing property management service and upon the delivery of these projects, the reserve GFA would then become our contracted GFA contributing and expanding our revenue base in the future.

  In the year, reserved GFA reached 119.4 million sq m, grew by 33.9% y/y compared to the 89.1 million sq m in 2015. This was 20.6% higher than the 99.0 million sq m at 2016 interims. This is the third year in a row that the reserved GFA again exceeded the managed GFA, suggesting that the magnitude of adding new projects does not only more than replenish the delivered ones in the year, it further expanded the entire reserve. Given the trend, and the number of projects on hand, the management is confident of this division's future growth for years to come.

— Of both managed and reserved GFAs, the split between residential and non-residentials, is 76%–74% and 24%–26% respectively. The non-residential percentage has risen considerably from 2015's 17% to 2016's 25%–24%. This is part of the Group's medium term strategy, proactively shifting the project targets, expanding more into higher management fee projects, and in turn improving our entire portfolio with average management fee lifted. This also raises our profile and brand awareness in the non-residential segment too.

— The number of projects under management in the year reached 809, covering 23 provinces, municipalities and autonomous regions, and 99 cities across the country. In 2015, and 2016 interims, we only had 637 and 686 projects respectively.

— Average property service fee, per sq m, per month, was Rmb3.08, slightly above that of Rmb3.06 at end 2015 and 2016 interims. This mild increase is mainly due to the fast expansion into cities that generally have average management fee lower than our overall average, despite the fact that those projects are already regarded as high end locally. This drags our overall average down. Hence year-on-year comparison of the Group's average management fee might not accurately reflect our strength in getting high management fee projects, but may be affected by the seasonal factor in the year. Therefore, the management would advice shareholders and investors to not just focus on our average management fee, but more so on our ability to expand our gross margin in the year. This should reflect more of the management's execution capability.

— Our collection rate in the year reached another high at 97.4%, compared to the already high 96.6% in 2015.

— Greentown China Holdings Limited (3900.HK) is not only our shareholder (5% interest), it's also our largest customer and long term business partner. In the year, based on revenue, they accounted for 4.7% of our revenue. Since our inception, the Group has always been an independent operator, actively seeking projects from all kinds of potential customers across the country. Hence customers concentration is not a concern for the Group.

— Our mode of operation has always been, and remains to be predominately lump-sum basis, accounting for 97.6% of our total contract value. This is in line with the historical trend.

— Geographical breakdown: The breakdown of our contracted GFA and revenue by geographical locations as at 31 December 2016 were as follows:

	2016		2015	
	% of managed GFA	***% of revenue***	*% of managed GFA*	*% of revenue*
Hangzhou	**19.9**	**26.6**	18.6	28.4
— YuHang	**6.6**	**6.5**	8.3	5.7
Greater Hangzhou	**26.5**	**33.1**	26.9	34.1
— Ningbo	**8.3**	**7.2**	8.7	7.9
— Yangtze River Delta	**37.0**	**31.2**	35.3	31.4
— Bohai Economic Rim	**10.6**	**13.6**	11.5	13.1
— Pearl River Delta	**5.5**	**5.2**	4.8	4.5
— Others	**12.1**	**9.7**	12.8	9.0
	100	**100**	100	100

Consulting services — 16.6% of the Group's revenue

This business service line is made up of two divisions: (i) Property under construction services, comprising display unit management services, and construction site security services; and (ii) Management consulting services, comprising property development consulting services providing, amongst others, project design at development stage, and various property management consulting services after the delivery of the property.

— Revenue was Rmb618.0 million, an increase of 12.2% y/y from 2015's Rmb550.8 million. The moderation in this division's growth rate from the past trend, is solely due to its largest revenue contributor, property under construction services (84.5% of segment's revenue)recorded only a revenue of Rmb522.5 million, a mild growth of 9.8% y/y. Growth in the other contributor, management consulting services, however continued to grow as expected in line with the past trend, up 27.6% y/y to Rmb95.5 million.

— Property under construction services revenue was Rmb522.5 million, increased by only 9.8% y/y from 2015's Rmb475.9 million. Reasons for the slowdown are: (i) China's property market was particularly strong in 2016, where property developers experienced fast sales. This led to the shortening of both development cycle and sales phase. This resulted in ending the projects that we were servicing as flats were completely sold out much earlier than expected. In the first half of 2016, we had as many as 201 projects ended, and then into the 2H we had yet another 159 projects ended early. Therefore this slowed down our business growth in the 2H as well as for the whole year of 2016; (ii) The majority of land auction was won by the top 100 developers in the property industry. And most of these top enterprises already have there own similar services division, hence taking on such services themselves. This exacerbated the shortage of new projects coming to the market. In general, of the land won through auction in the 1H of the year, we could start performing our services as early as in the 2H of the same year. Since most land were purchased by the top 100 enterprises in 2016, therefore the slowdown in our business volume into the 2H was even more marked; (iii) in spite of the above, the Group has proactively marketed our services and managed to bring in many more new projects, resulting in a 14% y/y increase in the number of new projects for the year. Yet, the decline in project value was also quite sharp to the extent that the increase in volume did not make up the decline. Hence the growth in this division was only 9.8% for the year.

— The Group realises that the market has changed and its likely to be structural and a trend here to stay. In respond to this change, the Group has proceeded to an upgrade. On one hand, we speedily expanded the variety of service categories on offer, without limiting to the traditional type of services in order to meet clients evolving demand. Meanwhile, we have also expanded our target audience, focusing on non-property nature clients. We have already made progress on this front.

— On the other hand, the Group has already positioned for a business transformation — Greentown Alliance, moving from the historical practice of consigning out our standard service package and staff management, towards the new direction where we provide diversified and varied services to other property management companies that joined our alliance. In 2016, we have already achieved some success in this new initiative. We further prepared to roll out a series of new services including "Greentown Smart Community Construction" as well as other programmes. The management believes the results of all these initiatives would have noticeable results towards the 2H of 2017.

	2016			2015		
	Revenue *Rmb'000*	*% of total*	*Y/Y %*	Revenue *Rmb'000*	*% of total*	Y/Y %
Project under construction	**522,533**	**84.5**	**9.8**	475,957	86.4	25.9
Management consulting	**95,503**	**15.5**	**27.6**	74,820	13.6	21.5
Total	**618,036**	**100**	**12.2**	550,777	100	25.3

	2016			2015		
	No of projects yr end	**Y/Y %**	**Avg income/ project** *Rmb'000*	Y/Y %	Nos of projects yr end	Avg income/ project *Rmb'000*
Project under construction	**242**	**14.2%**	**2,159**	–1.9%	212	2,200
Management consulting	**210**	**23.5%**	**572**	30.0%	170	440

— In addition, management consulting services had a revenue of Rmb95.5 million in 2016, an increase of 27.6% y/y compared to the same period of 2015.This growth is in line with the historical trend.

Community living services — 13.0% of the Group's revenue

We first started providing value-added services in 2007 to selected communities we managed, aiming at providing convenience to our residents. We since expanded and offered our value added services to include home living services such as property repair and maintenance, as well as housekeeping services. The value-added service has lifted the loyalty level of our customers. In September 2014, on the back of "Internet+" launched our first version of "Happy Greentown" mobile application in selected communities under our management, residents can screen and pre-book various services in their communities. They may also purchase various products and value-added services on this platform.

This service line is made up of three sub-service lines: (i) community products and services; (ii) home living services and (iii) community space services.

	2016			2015		
	Revenue Rmb'000	***% of total***	***Y/Y %***	*Revenue Rmb'000*	*% of total*	*Y/Y %*
Community products & services	**308,561**	**63.7**	**193.8**	105,023	37.9	157.0
Home living services	**134,442**	**27.8**	**–7.7**	145,691	52.6	72.4
Community space services	**41,027**	**8.5**	**56.2**	26,264	9.5	62.2
Total	**484,030**	**100**	**74.8**	276,978	100	95.7

— Revenue was Rmb484.0 million, a rapid growth of 74.8% y/y from 2015's Rmb276.9 million. This growth rate was much faster than 2016 interim's 68.4%, due to: (i) community products and services, being the largest contributor in the segment, revenue reached Rmb308.6 million, rose by almost two folds 193.8% from 2015's Rmb105.0 million; (ii) home living services revenue was Rmb134.4 million, a slight decline of 7.7% y/y from 2015's Rmb145.7 million; (iii) community space services revenue was Rmb41.1 million, another strong increase of 56.2% y/y from 2015's a mere of Rmb26.3 million.

— Gross profit was Rmb210.5 million, a fast increase 60.1% from 2015's Rmb131.4 million. Gross margin declined from 2015's 47.5% to 2016's 43.5%. The reason for the decline were: i) as this division has grown in scale, and that we covered more communities, we have correspondingly increased and staff. This led to an increase in costs; and ii) incentives were applied so as to encourage staff to promote and sell more of community products and services.

— The reasons for the big jump in growth rate of 193.8% y/y was mainly due to our well-thought out planning and detailed execution. We enriched our supplies with full variety of products and services, whilst at the other end the expansion in our customers. This facilitated our transformation from aiming to supply only low value products but at a high frequency, to that of contrary, where products, through our research, are closely matching our customers needs, and in some cases our exclusive products. This would enhance the stickiness of our customers to our products and services. There are over 3,000 products now, and that include many seasonal products. Another business division is Greentown property agency, where it handles sales and purchases, as well as rental of both brand new properties as well as second hand properties. Given the strong property market in most parts last year, this agency business had a record year where its revenue jumped 80% y/y.

— Home living services revenue declined in the year, mainly because we changed our operation strategy in one of the divisions. We did not operate hotel accommodation and clubhouses on a standalone basis. This led to a decline in revenue for both hotel, and food and beverage income, and that in turn contributed to the decline in the overall revenue. Our focus in 2016 was housing leaseback activities, consolidating vacant apartments mostly in communities we manage. This would then fuel the growth and expansion in one of the major development targets: short and long term leasing of owners apartment to third parties. We actively source these apartments, renovate them according to our standards, and then leasing them out.

— Community space services revenue is mainly advertising income in the public space, and to a smaller extent vehicle parking fee. The fast increase in this business is directly related to the rapid increase in the number of projects that we manage in the year, and that contributed to the gross margin as well.

Cost of sales

This amounted to Rmb3,005.9 million, a rise of 25.9% y/y from 2015's Rmb2,387.7 million. The increase was slower than the Group's revenue 27.5% y/y increase, and this directly contributed to the expansion in the Group's gross margin. Main factors for the increase in this item are: (i) the majority of the Group's security services was outsourced to third parties in 2H 2015, hence the expense was only recorded for half of the financial year then. But it was for the full year in 2016, therefore the rather large difference was for the purpose of booking the accounts. The Group experienced a similar large increase in outsourcing costs due to the timing difference in booking, when we outsourced our cleaning services in 2H 2014. It then normalised and we expect the same for the security services outsourcing expense; (ii) the tax reform in China that replaced business tax with value-added tax also brought cost savings to the Group, as our business tax expense was down by 60.7% y/y. This however is only one-off in nature. One of the major cost savings initiative the Group implemented was power usage, as we replaced most of the lighting to energy-saving lights. This brought meaningful cost reduction to the Group, and lent support to one of the Group's philosophy: that we should adopt and apply readily available and inexpensive technology in our process of managing property through enhanced automation. This would lead to cost savings and efficiency improvement.

Administrative expenses

These expenses amounted to Rmb274.9 million, an increase of 18.2% from 2015's Rmb232.6 million. The magnitude of increase is still noticeably below that of the Group's revenue rate of increase. This is the result of our management's diligent execution of costs control initiatives. In addition, if we exclude the listing expenses for both years of 2015 and 2016, the increase was further reduced to 16.3% y/y. Amongst the total, salary and wages (mainly of the management staff) only increased by a mere 10.4% y/y, this is again way below that of the Group's revenue increase. There was also an increase of office expenses due to the delivery of the Group's headquarters in 2016. This is one-off in nature, hence the management is of the view the increase in expenses is both reasonable and within control.

Net finance costs

Finance income was Rmb5.3 million, more than doubled (140.9%) from that of 2015's Rmb2.2 million. This is because our working capital for the year had a noticeable increase, and that the Company was listed on the Hong Kong Stock Exchange and raised a sizeable amount of proceeds and the bank interest had sharply increased. Also, our finance costs declined by 24.7% y/y as the Group used the IPO proceeds to repay bank loans, in accordance with the stipulation in the prospectus of the Company dated 28 July 2016. This led to a noticeable decline in finance costs in the year.

Income tax

Our income tax for the year was Rmb123.8 million, an increase of 63.8% y/y from 2015's Rmb75.6 million.

	2016	2015
	RMB'000	*RMB'000*
Current tax		
PRC corporate income tax	**108,199**	81,605
Under-provision in respect of prior years	**2,178**	–
	110,377	81,605
Deferred tax		
Origination and reversal of temporary differences	**5,122**	(8,548)
Withholding tax on the profits of the Group's PRC subsidiaries	**8,302**	2,502
	13,424	(6,046)
	123,801	75,559

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

The income tax rate applicable to group entities incorporated in Hong Kong for the income subject to Hong Kong Profits Tax during the periods is 16.5%. No provision for Hong Kong Profits Tax was made for the twelve months ended 31 December 2016 as the Group did not earn any income which is subject to Hong Kong Profits Tax.

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

Among the subsidiaries of the Group, the respective tax authorities in Hangzhou and Ningbo of the PRC have approved an income tax rate of 20% for Hangzhou Greentown Vocational Training School and Ningbo Greentown Advertisement Company Limited for the year ended 31 December 2016.

Profit for the year

Profit for the year was Rmb294.8 million, an increase of 45.5% y/y from Rmb202.6 million in the same period of 2015. Profit attributable to equity shareholders of the Company was Rmb285.5 million, a rise of 44.3% y/y from 2015's Rmb197.8 million. Net margin, defined as profit attributable to equity shareholders of the Company divided by the Group's revenue, reached a record high of 7.7%, being 0.9 percentage points higher than 2015's 6.8%.

Liquidity, reserves and capital structure

The Group achieved strong financial position in the year. Current assets were Rmb2,853.1 million, a strong increase of 107.2% y/y from 2015's Rmb1,376.9. The Group's cash and cash equivalents reached Rmb2,181.7 million, a strong increase of 161% y/y from 2015's Rmb835.9 million. This mainly due to the Company's successful listing on the Stock Exchange of Hong Kong in 2016, excluding expenses, raising HK$1,472 million, or equivalent to Rmb1,265.8 million. Current ratio in the year was 1.83, higher than 2015's 0.94.

In 2016, the Group's cash and cash equivalents amounted to Rmb2,181.7 million. Excluding the one-off IPO proceeds from listing equivalent to Rmb1,265.8 million, and the application of the proceeds to repay borrowings of Rmb230 million (not including the revolving debt of Rmb80 million), the cash balance would be approximately Rmb1,145.9 million. This is 37.1% y/y higher, than 2015's Rmb835.9 million, or a net increase of Rmb310 million.

The Group's net assets was Rmb1,745.7 million, an increase of 10.7 folds from 2015's Rmb148.9 million. This is mainly due to the listing proceeds that expanded our reserves massively. The Group had no debt at the end of 2016, compared to 2015's debt-to-net asset ratio of 136%. This is mainly because the Group used IPO proceeds to repay bank loans as stipulated in the Prospectus.

	2016	2015
Trade and other receivables days	**35.3**	32.0
Trade and other payables days	**15.2**	18.1
Current ratio	**1.8**	0.9

Property, plant and equipment

In the year, this amounted to Rmb264.5 million, a sharp rise of 315.8% from 2015's Rmb63.6 million. This is attributed to the fact that the Group used its internal cash to purchase a new office headquarter in 2014. And delivery was made in 2016. Hence there was also an increase in corresponding expense for office equipment for the headquarters. In addition, as the number of our projects under management increased by 172, or 27% y/y, the Group had to invest in equipment for managing the projects and office equipment. This is in the course of normal business environment.

Trade and other receivables

The total amount of trade and other receivables during the year reached Rmb546.7 million, a net increase of Rmb126.7 million or a 30.2% y/y increase from 2015's Rmb419.9 million. Though the magnitude of increase seems high, being above the growth rate of the Group's revenue, yet in terms of percentage of revenue, 2015 and 2016 both remain in a stable range of 14–15% (2015: 14.4%). Similarly, trade and bills receivables (mainly consists of management fee) still stay in the range of 8–9% of the Group's revenue. The management is of the view that both the stable percentage range to the Group's revenue, and the large increase in the receipts-in-advance suggests that our collection policy and execution capability is sound. There is no need to make adjustment.

Trade and other payables

This amounted to Rmb942.9 million, rose by 11.3% y/y from 2015's Rmb847.4 million. This is attributed to the rise in two deposit items: (i) deposits required when we put in new bids for property management contracts, and (ii) escrow funds held on behalf of property agency customers. This increase is directly in relation to the rising volume in our business hence it's normal and positive.

IPO proceeds

The Company was successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited on 12 July 2017, issued 777,776,000 new shares, and after deducting underwriting and related expenses, the net IPO proceeds amounted to HK$1,472 million (equivalent to Rmb1,265.8 million). At the time of this results announcement, the unused IPO proceeds amounted to HK$1,233 million. These unused proceeds will be applied in accordance with the prospectus of the Company dated on 28 June 2016, as follows:

— 49% for acquisitions of property management companies and companies providing value-added services

— 22% for developing and promoting our "smart community" project and our community products and services

— 19% for loan repayment (already used as specified)

— 10% for working capital and general corporate purpose

Dividend distribution

At the Board meeting held on 23 March 2017, the Board recommended the payment of a final dividend of HK$0.04 per ordinary share of the Company. The final dividend will be paid on 23 June, 2017.

The Board is of the view that the Group's operating performance in the year was remarkable, and through such generated large cash reserve, and this is in spite of the outstanding bank loan was already repaid. At the other end, the Group does not foresee any major capital requirement on the operating front. The Board's always believes in sharing the positive return from the Group's growth through dividend distribution, hence the resolution. The payout ratio is approximately 35% of after tax profit, being higher than that was disclosed in the prospectus dated 28 June 2016 in that the payout ratio will not be less than 25% of after tax profit.

ANNUAL GENERAL MEETING

The AGM will be held on 29 May 2017 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 SEHK (the "**Listing Rules**") in due course.

CLOSURE OF REGISTER OF MEMBERS

(a) For the purpose of determining the qualification as shareholders of the Company to attend and vote at the AGM, the register of members of the Company will be closed from Wednesday, 24 May 2017 to Monday, 29 May 2017, both days inclusive. In order to qualify as shareholders of the Company to attend and vote at the AGM, 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 Tuesday, 23 May 2017.

(b) For the purpose of determining the entitlement to the proposed final dividend (subject to the approval of the shareholders at the AGM), the register of members of the Company will be closed from Monday, 5 June 2017 to Wednesday, 7 June 2017, both days inclusive. In order to qualify for the entitlement to the proposed final dividend, unregistered holders of shares of the Company are required to lodge all transfer documents accompanied by the relevant share certificates with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 2 June 2017.

FOREIGN EXCHANGE RISKS

The Group conducts substantially its business in China and in Renminbi. Therefore, the Group is exposed to minimal foreign currency exchange rate risk. Depreciation or appreciation of the Renminbi and Hong Kong dollar against foreign currencies can affect the Group's results. The Group currently does not hedge our foreign exchange risk, but continuous monitoring on the foreign exchange exposure is carried out and the management will consider hedging the foreign exchange exposure if it has material impact to the Group.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 31 December 2016.

EMPLOYEES AND REMUNERATION POLICIES

The Group has established its human resources policies and procedures with a view to deploying the incentives and rewards of the remuneration system which include a wide range of training and personal development programmes to its employees. The remuneration package offered to the staff was in line with the duties and the prevailing market terms. Discretionary bonuses based on individual performance will be paid to employees as recognition of and reward for their contributions. Staff benefits, including pension, medical coverage, provident funds are also provided to employees of the Group.

As at 31 December 2016, the Group had 16,691 employees.

CORPORATE GOVERNANCE CODE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders 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.

From 12 July 2016, being the date on which the Company was Listed on The Stock Exchange (the "Listing Date") until the date of this results announcement, 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.

AUDIT COMMITTEE AND REVIEW OF ANNUAL RESULTS

The Company has established an audit committee (the "**Audit Committee**"). The Audit Committee currently consists of three members, namely Mr. Poon, Chiu Kwok (Chairman), Mr. Tian, Zai Wei, and Mr. Wong, Ka Yi. All of them are independent non-executive Directors. The primary duties of the Audit Committee are to review and supervise the Company's financial reporting process and internal controls.

The audited consolidated financial statements of the Company for the year ended 31 December 2016 had been reviewed by the Audit Committee.

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2016 as set out in the preliminary announcement have been agreed by the Group's auditor, KPMG, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by KPMG in this respect did not constitute an 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 KPMG on the preliminary announcement.

CHANGE OF DIRECTORS' INFORMATION

Mr. Poon Chou Kwok was appointed independent non-executive director of Jinchuan Group International Resource Co. Ltd. (stock code: 2362) (a company listed on The Stock Exchange) on 21 March 2017.

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

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 employees (the "**Securities Dealing Code**"). The Company had made specific enquiry with all Directors whether they have complied with the required standard set out in the Model Code from the Listing Date until 31 December 2016 and all Directors confirmed that they have complied with the Model Code and the Securities Dealing Code from the Listing Date to 31 December 2016.

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

From the Listing Date until 31 December 2016, neither the Company nor any of its subsidiaries was 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 2016 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, 23 March 2017

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