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## **EXCELLENCE COMMERCIAL PROPERTY & FACILITIES MANAGEMENT GROUP LIMITED**

**卓越商企服務集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 6989)**

### **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2021**

#### **HIGHLIGHTS**

- 1. Revenue of the Group for the six months ended 30 June 2021 was approximately RMB1,652.85 million, representing an increase of 42.2% from approximately RMB1,162.04 million for the corresponding period of 2020.*
- 2. Gross profit of the Group for the six months ended 30 June 2021 was approximately RMB488.88 million, representing an increase of 56.5% from approximately RMB312.43 million for the corresponding period of 2020.*
- 3. Profit of the Group for the six months ended 30 June 2021 was approximately RMB290.61 million, representing an increase of 57.6% from approximately RMB184.40 million for the corresponding period of 2020. Profit attributable to equity shareholders of the Company for the six months ended 30 June 2021 was approximately RMB270.51 million, representing an increase of 60.3% from approximately RMB168.80 million for the corresponding period of 2020.*
- 4. The Board recommended the payment of an interim dividend of HK18.62 cents per share of the Company for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).*

## RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Excellence Commercial Property & Facilities Management Group Limited (the “**Company**”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively the “**Group**” or “**we**” or “**our**”) for the six months ended 30 June 2021 (the “**Reporting Period**”), together with the comparative figures for the same period of last year as follows:

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

for the six months ended 30 June 2021-unaudited  
(Expressed in Renminbi Yuan)

	Note	Six months ended 30 June	
		2021	2020
		RMB'000	RMB'000
<b>Revenue</b>	4	<b>1,652,847</b>	1,162,038
Cost of sales		<u>(1,163,970)</u>	<u>(849,606)</u>
<b>Gross profit</b>		<b>488,877</b>	312,432
Other revenue	5(a)	19,514	14,415
Other net (loss)/income	5(b)	(7,467)	11,361
Selling and marketing expenses		(8,123)	(3,149)
Administrative expenses		<u>(89,978)</u>	<u>(85,397)</u>
<b>Profit from operations</b>		<b>402,823</b>	249,662
Finance costs	6(a)	(10,664)	(13,291)
Share of profit of an associate		844	525
Share of profits less losses of joint ventures		<u>4,241</u>	<u>3,673</u>
<b>Profit before taxation</b>	6	<b>397,244</b>	240,569
Income tax	7	<u>(106,633)</u>	<u>(56,165)</u>
<b>Profit for the period</b>		<b>290,611</b>	184,404
<b>Attributable to:</b>			
Equity shareholders of the Company		270,508	168,797
Non-controlling interests		<u>20,103</u>	<u>15,607</u>
<b>Profit for the period</b>		<b>290,611</b>	184,404
<b>Earnings per share (RMB cents)</b>	8		
Basic		<u>22.13</u>	<u>18.76</u>
Diluted		<u>22.07</u>	<u>18.76</u>

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

for the six months ended 30 June 2021-unaudited

(Expressed in Renminbi Yuan)

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
<b>Profit for the period</b>	<b>290,611</b>	184,404
<b>Other comprehensive income for the period (after tax and reclassification adjustments)</b>		
Items that are or may be reclassified subsequently to profit or loss:		
– Exchange differences on translation of financial statements of the Company and overseas subsidiaries	<u>(31,573)</u>	<u>97</u>
Total comprehensive income for the period	<u><b>259,038</b></u>	<u>184,501</u>
<b>Attributable to:</b>		
Equity shareholders of the Company	<b>238,935</b>	168,894
Non-controlling interests	<u><b>20,103</b></u>	<u>15,607</u>
<b>Total comprehensive income for the period</b>	<u><b>259,038</b></u>	<u>184,501</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION***at 30 June 2021-unaudited**(Expressed in Renminbi Yuan)*

	<i>Note</i>	<b>At 30 June 2021 RMB'000</b>	<b>At 31 December 2020 RMB'000</b>
<b>Non-current assets</b>			
Investment properties		<b>118,026</b>	123,474
Property, plant and equipment		<b>63,974</b>	64,258
Intangible assets		<b>51,431</b>	54,202
Goodwill		<b>271,722</b>	271,722
Other financial assets		<b>2,118</b>	2,118
Other receivables	<i>9</i>	<b>112,500</b>	–
Interest in an associate		<b>5,715</b>	4,871
Interests in joint ventures		<b>46,396</b>	46,429
Deferred tax assets		<b>30,367</b>	28,666
		<b>702,249</b>	595,740
<b>Current assets</b>			
Other financial assets		–	48,177
Inventories		<b>10,726</b>	2,310
Trade and other receivables	<i>9</i>	<b>633,952</b>	560,998
Prepaid tax		<b>4,915</b>	1,465
Loans receivable	<i>10</i>	<b>344,749</b>	368,536
Restricted deposits		<b>26,850</b>	38,596
Cash and cash equivalents		<b>3,513,106</b>	3,314,132
		<b>4,534,298</b>	4,334,214
<b>Current liabilities</b>			
Bank loans and other borrowings		<b>178,762</b>	193,790
Contract liabilities		<b>167,298</b>	81,628
Trade and other payables	<i>11</i>	<b>1,112,893</b>	892,849
Lease liabilities		<b>15,088</b>	17,509
Current taxation		<b>102,566</b>	57,214
		<b>1,576,607</b>	1,242,990
<b>Net current assets</b>		<b>2,957,691</b>	3,091,224

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION***at 30 June 2021-unaudited**(Expressed in Renminbi Yuan)*

	<i>Note</i>	<b>At 30 June 2021 RMB'000</b>	At 31 December 2020 RMB'000
<b>Total assets less current liabilities</b>		<b>3,659,940</b>	3,686,964
<b>Non-current liabilities</b>			
Bank loans and other borrowings		–	180,150
Other payables	<i>11</i>	<b>114,023</b>	102,280
Lease liabilities		<b>131,258</b>	132,169
Deferred tax liabilities		<b>20,307</b>	16,079
		<b>265,588</b>	430,678
<b>NET ASSETS</b>		<b>3,394,352</b>	3,256,286
<b>CAPITAL AND RESERVES</b>			
Share capital		<b>10,496</b>	10,496
Reserves		<b>3,321,712</b>	3,173,391
<b>Total equity attributable to equity shareholders of the Company</b>		<b>3,332,208</b>	3,183,887
<b>Non-controlling interests</b>		<b>62,144</b>	72,399
<b>TOTAL EQUITY</b>		<b>3,394,352</b>	3,256,286

## NOTES

*(Expressed in Renminbi Yuan unless otherwise indicated)*

### 1 GENERAL INFORMATION

Excellence Commercial Property & Facilities Management Group Limited (the “**Company**”) was incorporated in the Cayman Islands on 13 January 2020 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as combined and revised) of the Cayman Islands. The Company’s shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) on 19 October 2020. The address of the Company’s registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111 Cayman Islands.

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of property management services and related value-added services in the People’s Republic of China (the “**PRC**”). The ultimate controlling company is Oriental Rich Holdings Group Limited (“**Oriental Rich**”). The ultimate controlling shareholder of the Group is Mr. Li Wa (“**Mr. Li**” or the “**Ultimate Controlling Shareholder**”).

### 2 BASIS OF PREPARATION

The interim results set out in the announcement do not constitute the interim report for the six months ended 30 June 2021 of the Group but are extracted from the report.

This unaudited interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange, including compliance with Hong Kong Accounting Standard (HKAS) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (HKICPA). It was authorised for issue on 25 August 2021.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2020 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2021 annual financial statements. Details of any changes in accounting policies are set out in note 3.

In preparation for the listing of the shares of the Company on the Main Board of the Stock Exchange, the Company, together with its subsidiaries and its other acquired companies (the “**Group**”), now comprising the Group have undergone a reorganisation (the “**Group Reorganisation**”) before its listing, further details were included in the Group’s annual report for the year ended 31 December 2020. For the details of the principle steps of the Group Reorganisation, please refer to the annual report of the Group for the year ended 31 December 2020. The Group comprising the Company and its subsidiaries resulting from the Group Reorganisation is regarded as a continuing entity.

The consolidated statement of profit or loss and other comprehensive income of the Group for the six months ended 30 June 2020 which include the results of the companies comprising the Group has been prepared as if the current group structure had been in existence throughout the six months ended 30 June 2020, or since their respective dates of incorporation/establishment, where is a shorter period, except for a subsidiary acquired by the Group during the period, which are included in the condensed consolidated financial statements since the date of its acquisition.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

### 3 CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendments to HKFRSs issued by the HKICPA to this interim financial report for the current accounting period:

- Amendment to HKFRS 16, *Covid-19-related rent concessions beyond 30 June 2021*
- Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, *Interest rate benchmark reform – phase 2*

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 the amended HKFRSs are discussed below:

- Amendment to HKFRS 16, *Covid-19-related rent concessions beyond 30 June 2021 (2021 amendment)*

The Group previously applied the practical expedient in HKFRS 16 such that as lessee it was not required to assess whether rent concessions occurring as a direct consequence of the COVID-19 pandemic were lease modifications, if the eligibility conditions are met. One of these conditions requires the reduction in lease payments affect only payments originally due on or before a specified time limit. The 2021 amendment extends this time limit from 30 June 2021 to 30 June 2022.

The Group has early adopted the 2021 amendment in this financial year. There is no impact on the opening balance of equity at 1 January 2021.

## 4 REVENUE AND SEGMENT REPORTING

### (a) Revenue

The principal activities of the Group are the provision of basic property management services, value-added services, finance service and other services. Further details regarding the Group's principal activities are disclosed in Note 4(b).

Disaggregation of revenue from contracts with customers by each significant category for the six months ended 30 June 2021 and 2020 recognised in the consolidated statement of profit or loss and other comprehensive income are as follows:

	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
<b>Property management services</b>		
Basic property management services		
– Commercial property	940,190	743,073
– Public and industrial property	179,410	164,814
– Residential property	149,576	102,518
	<u>1,269,176</u>	1,010,405
Value-added services	<u>359,008</u>	119,528
	<b>1,628,184</b>	1,129,933
<b>Other services</b>	<u>–</u>	511
	<u><b>1,628,184</b></u>	<u>1,130,444</u>
<b>Revenue from other sources</b>		
Finance services income	19,161	28,990
Gross rental income from investment properties	5,502	2,604
	<u>24,663</u>	<u>31,594</u>
	<u><b>1,652,847</b></u>	<u>1,162,038</u>

For the six months ended 30 June 2021, the revenue from Excellence Real Estate Group Co., Ltd. (卓越置業集團有限公司) and its subsidiaries (together, the “**Excellence Group**”), a related party of the Group, accounted for 15.6% (six months ended 30 June 2020: 9.8%) of the Group's revenue. The Group has a large number of customers in addition to Excellence Group, but none of them accounted for 10% or more of the Group's revenue during the period.



**(b) Segment reporting**

The Group manages its businesses by divisions, which are organised by a mixture of business lines. 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 three reportable segments:

- Property management services: this segment mainly provides basic property management services or system supply and installation services to property developers, property owners and tenants, and value-added services to such customers, including asset services which includes preliminary property consulting services, property leasing and sales agency services, asset-light property operation services and space operation services, and corporate services.
- Finance services: this segment mainly provides micro-lending to small and medium enterprises, individual business proprietors and individuals.
- Other services: this segment mainly provides software development and apartment rental services.

**(i) Segment results, assets and liabilities**

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible and intangible assets managed directly by the segments excluding prepaid tax, deferred tax assets and certain non-trade receivables due from related parties not attributable to the individual segments. Segment liabilities include bank loans and other borrowings (excluding bank loans borrowed for related parties' use) contract liabilities, trade and other payables, lease liabilities and other financial liability attributable to the operating activities of the individual segments and managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to revenues generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. Segment profit includes the Group's share of profit arising from the activities of the Group's associate and joint ventures.

The measure used for reporting segment profit is profit before taxation excluding gain on disposal of a subsidiary, interest income from certain related parties, interests on certain bank loans and unallocated head offices and corporate expenses. In addition to receiving segment information concerning profit before taxation, management is provided with segment information concerning interest income and expense from cash balances and bank loans and other borrowings managed directly by the segments, depreciation and amortisation, impairment loss on trade and other receivables and loans receivable in their operations. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

Disaggregation of revenue from contracts with customers, revenue from other sources as well as 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 six months ended 30 June 2021 and 2020 is set out below.

For the six months ended	Property management services		Finance services		Others		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Disaggregated by timing of revenue recognition</b>								
Over time	1,431,020	1,120,395	19,161	28,990	5,502	4,999	1,455,683	1,154,384
Point in time	197,164	9,538	-	-	-	-	197,164	9,538
<b>Reportable segment revenue</b>	<b>1,628,184</b>	<b>1,129,933</b>	<b>19,161</b>	<b>28,990</b>	<b>5,502</b>	<b>4,999</b>	<b>1,652,847</b>	<b>1,163,922</b>
Inter-segment revenue	-	-	-	-	-	(1,884)	-	(1,884)
<b>Revenue from external customers</b>	<b>1,628,184</b>	<b>1,129,933</b>	<b>19,161</b>	<b>28,990</b>	<b>5,502</b>	<b>3,115</b>	<b>1,652,847</b>	<b>1,162,038</b>
<b>Reportable segment profit/(loss)</b>	<b>391,145</b>	<b>199,291</b>	<b>4,752</b>	<b>12,413</b>	<b>2,881</b>	<b>(2,369)</b>	<b>398,778</b>	<b>209,335</b>
Interest income from bank deposits	10,983	368	-	-	6	17	10,989	385
Finance costs	(4,006)	(6,113)	(3,175)	(411)	(3,483)	(3,598)	(10,664)	(10,122)
Depreciation and amortisation	(15,715)	(15,072)	(1,013)	(821)	(6,346)	(6,113)	(23,074)	(22,006)
Impairment loss on loans receivable	-	-	(3,211)	(9,753)	-	-	(3,211)	(9,753)
Impairment loss on trade and other receivables	(4,681)	(13,989)	-	-	(6)	-	(4,687)	(13,989)
As at 30 June/31 December								
<b>Reportable segment assets</b>	<b>4,597,610</b>	<b>4,366,887</b>	<b>408,521</b>	<b>377,477</b>	<b>170,864</b>	<b>175,419</b>	<b>5,176,995</b>	<b>4,919,783</b>
<b>Reportable segment liabilities</b>	<b>1,503,600</b>	<b>1,436,029</b>	<b>69,378</b>	<b>58,718</b>	<b>146,346</b>	<b>125,592</b>	<b>1,719,324</b>	<b>1,620,339</b>

**(ii) Reconciliations of reportable segment profit or loss**

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Reportable segment profit	398,778	209,335
Interest income from related parties	-	2,866
Interests on bank loans and other borrowings	-	(3,169)
Gain on disposal of a subsidiary (Note 5(b))	-	31,539
Unallocated head offices and corporate expenses	(1,534)	(2)
Consolidated profit before taxation	<b>397,244</b>	<b>240,569</b>

**(iii) Geographic information**

The major operating entities of the Group are domiciled in Mainland China. Accordingly, majority of the Group's revenues were derived in Mainland China during the six months ended 30 June 2021 and 2020.

As at 30 June 2021 and 2020, most of the non-current assets of the Group were located in Mainland China.

## 5 OTHER REVENUE AND NET INCOME

### (a) Other revenue

	Notes	Six months ended 30 June	
		2021 RMB'000	2020 RMB'000
Interest income from bank deposits		10,989	385
Interest income from related parties		–	5,480
Government grants	(i)	8,231	8,402
Others		294	148
		<u>19,514</u>	<u>14,415</u>

### (b) Other net (loss)/income

	Notes	Six months ended 30 June	
		2021 RMB'000	2020 RMB'000
Impairment losses on trade and other receivables		(4,687)	(13,989)
Impairment losses on loans receivable		(3,211)	(9,753)
Net gain on investment in wealth management products		976	3,268
Fair value loss on financial asset measured at FVTPL		–	505
Gain on disposals of property, plant and equipment		12	1
Gain on disposal of a subsidiary	(ii)	–	31,539
Others		(557)	(210)
		<u>(7,467)</u>	<u>11,361</u>

#### Notes:

- (i) During the six months ended 30 June 2021 and 2020, the government grants received by the Group are mainly related to subsidies for staff retention and taxation benefit of 10% additional deduction on input tax in the industries of living services according to current policy in Mainland China.
- (ii) During the six months ended 30 June 2020, the Group disposed its entire 95% equity interest in a subsidiary, Shenzhen Zhenglian Haodong Technology Development Co., Ltd. (“**Zhenglian Haodong**”) to the Excellence Group for a consideration of RMB9,500,000, which resulted in a gain on disposal of a subsidiary of RMB31,539,000.

## 6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

### (a) Finance costs

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Interests on bank loans and other borrowings	6,687	9,346
Interests on lease liabilities	3,977	3,945
	<u>10,664</u>	<u>13,291</u>

### (b) Staff costs

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Salaries, wages and other benefits	570,159	525,718
Equity-settled share-based payment	19,208	–
Contributions to defined contribution scheme (Note)	31,402	9,083
	<u>620,769</u>	<u>534,801</u>
<b>Included in:</b>		
– Cost of sales	545,627	482,808
– Selling and marketing expenses	4,426	1,546
– Administrative expenses	70,716	50,447
	<u>620,769</u>	<u>534,801</u>

*Note:* Employees of the Group's PRC subsidiaries are required to participate in a defined contribution scheme administered and operated by the local municipal governments. 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 an outbreak 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 contributed to the relief of certain cost of defined contribution scheme during the six months ended 30 June 2020.

(c) Other items

		Six months ended 30 June	
	Note	2021	2020
		RMB'000	RMB'000
Depreciation and amortisation charges			
– Owned property, plant and equipment		6,835	5,082
– Right-of-use assets in property, plant and equipment		4,114	5,016
– Leasehold improvements for investment properties		434	434
– Right-of-use assets in investment properties		5,014	5,044
– Intangible assets		6,677	6,430
		<u>23,074</u>	<u>22,006</u>
Variable lease payment included in the measurement of lease liabilities		30,331	23,787
Impairment losses			
– Trade and other receivables	9	4,687	13,989
– Loans receivable	10	3,211	9,753
		<u>7,898</u>	<u>23,742</u>
Subcontracting costs		167,098	101,800
Listing expenses		–	19,247
Rental receivables from investment properties less direct outgoings:			
– Rentals receivable from investment properties generating rental income		(5,502)	(2,604)
– Less: direct outgoings from investment properties generating rental income		2,913	1,607
– Less: direct outgoings from investment properties not generating rental income		2,535	3,871
		<u>(54)</u>	<u>2,874</u>

7 **INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

(a) **Taxation in the consolidated statement of profit or loss and other comprehensive income represents:**

	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Current tax</b>		
Corporate Income Tax	<b>104,106</b>	65,054
<b>Deferred tax</b>		
Origination and reversal of temporary differences	<u><b>2,527</b></u>	<u>(8,889)</u>
	<b><u>106,633</u></b>	<b><u>56,165</u></b>

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

No provision for Hong Kong Profits Tax was made as the Group did not earn any income subject to Hong Kong Profits Tax during the year.

The Group’s PRC subsidiaries are subject to Corporate Income Tax (“CIT”) at a statutory rate of 25% on their respective taxable income during the year.

Withholding taxes are levied on dividend distributions arising from profit of the PRC subsidiaries within the Group earned after 1 January 2008 at the applicable tax rates.

8 **EARNINGS PER SHARE**

(a) **Basic earnings per share**

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB270,508,000 (six months ended 30 June 2020: RMB168,797,000) and the weighted average of 1,222,490,000 ordinary shares (six months ended 30 June 2020: 900,000,000 shares) in issue during the six months ended 30 June 2021.

The weighted average number of ordinary shares for the six months ended 30 June 2020 has been adjusted on the assumption that the reorganisation and the capitalisation had been effective on 1 January 2019.

(b) **Diluted earnings per share**

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB270,508,000 (six months ended 30 June 2020: RMB168,797,000) and the weighted average number of 1,225,565,000 ordinary shares (six months ended 30 June 2020: 900,000,000 shares) during the six months ended 30 June 2021.

## 9 TRADE AND OTHER RECEIVABLES

	<i>Notes</i>	<b>At 30 June 2021 RMB'000</b>	At 31 December 2020 RMB'000
<b>Current</b>			
Trade receivables	<i>(i)</i>		
– Related parties		33,810	88,138
– Third parties		<u>501,615</u>	<u>410,515</u>
		<b>535,425</b>	498,653
Less: loss allowance		<u>(42,419)</u>	<u>(37,732)</u>
		<u><b>493,006</b></u>	<u>460,921</u>
Other receivables, net of loss allowance			
– Related parties	<i>(ii)</i>	29,330	6,678
– Third parties		<u>34,796</u>	<u>20,908</u>
		<u><b>64,126</b></u>	<u>27,586</u>
Financial assets measured at amortised cost			
Deposits and prepayments	<i>(iii)</i>	557,132	488,507
		<u>76,820</u>	<u>72,491</u>
		<u><b>633,952</b></u>	<u>560,998</u>
<b>Non-current</b>			
Advances related to consideration for proposed acquisition of a subsidiary	<i>(iv)</i>	<u><b>112,500</b></u>	<u>–</u>

### Notes:

- (i) Trade receivables are primarily related to revenue recognised from the provision of basic property management services and value-added services.
- (ii) As at 30 June 2021, other receivables include dividend receivable amounting to RMB5,594,000 declared by the Group's joint venture, Henan Huangjin Property Management Co., Ltd..
- (iii) As at 30 June 2021 and 31 December 2020, deposit and prepayments mainly represented prepayment for future project cooperation, prepaid tax and deposits for lease arrangements.
- (iv) During the six months ended 30 June 2021, the Group has conditionally agreed to acquire 75% equity interests of Beijing Global Wealth Property Management Co., Ltd. from independent third parties and made a first installment amounting to RMB112,500,000 under the agreed payment schedule.

## Ageing analysis

As at 30 June 2021, the ageing analysis of trade receivables (net of loss allowance) based on the date of revenue recognition and net of loss allowance, is as follows:

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Within 6 months	444,850	411,416
6 months to 1 year	29,178	29,482
1 to 2 years	14,232	16,274
2 to 3 years	4,746	3,749
	<u>493,006</u>	<u>460,921</u>

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly.

## 10 LOANS RECEIVABLE

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Unguaranteed and unsecured	–	84,633
Guaranteed and unsecured	7,150	125,010
Unguaranteed and secured	204,830	77,727
Guaranteed and secured	152,414	97,600
	<u>364,394</u>	<u>384,970</u>
Gross loans receivable	364,394	384,970
Less: loss allowance	(19,645)	(16,434)
	<u>344,749</u>	<u>368,536</u>

*Note:* As at 30 June 2021, loans provided by the Group to third parties from micro-lending business are interest bearing at rates ranging from 7.3%–25.55% (31 December 2020: 3.60%–28.80%) per annum, and recoverable within one year.



As at 30 June 2021, the aging analysis of loans receivable based on due date and credit quality is set out below:

	As at 30 June 2021			Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	
Current (not past due)	334,494	–	–	334,494
Overdue within 1 month	4,800	–	–	4,800
Overdue over 1 month but within 3 months	–	10,500	–	10,500
Overdue over 3 months but within 6 months	–	–	–	–
Overdue over 6 months but within one year	–	–	2,600	2,600
Overdue over one year	–	–	12,000	12,000
Subtotal	339,294	10,500	14,600	364,394
Less: loss allowance	(13,742)	(1,523)	(4,380)	(19,645)
Total	<u>325,552</u>	<u>8,977</u>	<u>10,220</u>	<u>344,749</u>
		As at 31 December 2020		
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
Current (not past due)	365,893	–	–	365,893
Overdue over 1 month but within 3 months	–	2,600	–	2,600
Overdue over 3 months but within 6 months	–	–	4,477	4,477
Overdue over 6 months but within one year	–	–	12,000	12,000
Subtotal	365,893	2,600	16,477	384,970
Less: loss allowance	(11,226)	(265)	(4,943)	(16,434)
Total	<u>354,667</u>	<u>2,335</u>	<u>11,534</u>	<u>368,536</u>

*Notes:*

- (i) Overdue loans represent loans receivable, of which the whole or part of the principal or interest was overdue for one day or more.
- (ii) As at 30 June 2021, loans receivable classified at Stage 2 of RMB8,300,000 (31 December 2020: RMB2,600,000) and at Stage 3 of RMB5,600,000 (31 December 2020: RMB3,000,000) were guaranteed and secured by properties held by customers, loans receivable of RMB2,200,000 (31 December 2020: Nil) classified at Stage 2 and RMB9,000,000 (31 December 2020: RMB13,477,000) classified at Stage 3 were unguaranteed and secured by properties held by customers.

## 11 TRADE AND OTHER PAYABLES

	<i>Notes</i>	At 30 June 2021 <i>RMB'000</i>	At 31 December 2020 <i>RMB'000</i>
<b>Current</b>			
<b>Trade payables</b>			
	<i>(i)</i>		
– Related parties		33,724	36,432
– Third parties		225,381	156,152
		<u>259,105</u>	<u>192,584</u>
<b>Other payables</b>			
– Related parties		34,276	19,828
– Third parties		110,838	95,113
		<u>145,114</u>	<u>114,941</u>
Dividend payable to non-controlling interests		26,032	5,388
Dividends payable to equity shareholders of the Company	<i>12(b)</i>	97,793	–
Cash collected on behalf of property owners' association		18,054	17,852
Housing maintenance funds held on behalf of property owners		7,602	19,550
Interest payable		164	671
		<u>553,864</u>	<u>350,986</u>
Advance related to consideration for proposed disposal of a subsidiary	<i>(ii)</i>	300,000	300,000
Accrued payroll and other benefits		155,968	148,062
Deposits	<i>(iii)</i>	88,402	82,733
Accrued charges		14,659	11,068
		<u>1,112,893</u>	<u>892,849</u>
<b>Non-current</b>			
Other payables	<i>(iv)</i>	114,023	102,280

*Notes:*

- (i) Trade payables mainly represent payables arising from sub-contracting services including cleaning, security, landscaping and maintenance services provided by suppliers and payables relating to facilities or car parks leasing.
- (ii) In May 2020, the Group entered into a framework agreement with a related party to transfer 100% equity interests in Shenzhen Zhuotou Micro-Lending Co., Ltd. (“**Shenzhen Zhuotou**”), a subsidiary of the Group principally engaged in micro-lending business, and received an advance payment of RMB300,000,000 for the proposed transfer. The final consideration for the transfer will be determined with reference to the valuation performed by an independent external valuer on the date of transfer. The transfer is expected to be completed in the second half of 2021 after the 3-year transfer restrictive period for the disposal of Shenzhen Zhuotou, subject to the substantial approval of the relevant authorities and fulfilment of certain requirements. The advance received was interest-free.
- (iii) Deposits mainly represent miscellaneous decoration deposits received from property owners and tenants during the decoration period.
- (iv) The payables represent a put option (“**NCI Put Option**”) written to the non-controlling interests of Zhejiang Gangwan Group, a subsidiary of the Group, upon the acquisition. In 2019, the Group acquired certain subsidiaries and wrote a put option to the vendors of Zhejiang Gangwan Group, who is currently the non-controlling interests and owned 40% equity interests in Zhejiang Gangwan Group. In accordance with the terms of the NCI Put Option, the non-controlling interests have the right to sell its remaining 40% interests in Zhejiang Gangwan Group to the Group at the agreed price-earning ratio after three years from the acquisition date if Zhejiang Gangwan Group meets certain profit targets. The present value of the estimated amount that may become payable is initially recognised as other liability with a corresponding charge directly to other reserves within equity. The amount is subsequently accrete to the estimated amount to be paid up to the date of exercise of the put option and the change of remeasurement of the amount is recorded into other reserve.

As at 30 June 2021, the ageing analysis of trade payables, based on invoice date is as follows:

	<b>At 30 June 2021 RMB'000</b>	At 31 December 2020 RMB'000
Within 1 month	<b>133,880</b>	118,069
1 to 3 months	<b>68,760</b>	30,931
3 to 6 months	<b>17,210</b>	4,979
6 to 12 months	<b>10,252</b>	10,101
Over 12 months	<b>29,003</b>	28,504
	<b>259,105</b>	192,584

## 12 DIVIDENDS

(a) Dividends payable to equity shareholders attribute to the six months ended 30 June 2021:

	<b>Six months ended 30 June 2021 RMB'000</b>
Interim dividend declared and paid after the interim period of HK18.62 cents (equivalent to RMB15.52 cents) per ordinary share	<u><u>189,773</u></u>

(b) Dividends payable to equity shareholders of the Company attributable to the year ended 31 December 2020, approved during the six months ended 30 June 2021:

	<b>Six months ended 30 June 2021 RMB'000</b>
Final dividend in respect of the previous financial year, approved during the six months ended 30 June 2021, of HK9.51 cents (equivalent to RMB7.91 cents) per ordinary share	<u><u>97,793</u></u>

In May 2020, Shenzhen Dongrunze declared dividend of RMB353,718,000 to Oriental Rich, the then equity shareholder of Shenzhen Dongrunze, an entity controlled by Mr. Li Wa. The above declared dividend was paid in May 2020.

## MANAGEMENT DISCUSSION AND ANALYSIS

### REVIEW OF INTERIM RESULTS

#### Property Management Services

##### *Continued growth in gross floor area (“GFA”) and scale*

During the Reporting Period, adhering to the strategic goal of expanding GFA under management, the Group achieved rapid growth in GFA under management by virtue of multiple driving forces. As of 30 June 2021, our contracted GFA was approximately 51.04 million sq.m., representing an increase of approximately 37.8% from the corresponding period in 2020. As of 30 June 2021, our GFA under management was approximately 35.20 million sq.m., representing an increase of approximately 32.6% from the corresponding period in 2020.

The following table sets forth the changes in our GFA under management for the six months ended 30 June 2021 and 30 June 2020, respectively:

	<b>Six months ended June 30</b>	
	<b>2021</b>	2020
	<i>(sq.m. '000)</i>	<i>(sq.m. '000)</i>
At the beginning of the period	<b>32,018</b>	23,529
New engagements	<b>3,931</b>	3,046
New acquisitions	–	–
Terminations	<b>(751)</b>	(32)
	<b>35,198</b>	26,543

##### *Geographical Distribution*

The following table sets out the breakdown, by geographical area, of the Group’s GFA under management as at the dates indicated and the total revenue from basic property management services for the six months ended 30 June 2021 and 2020, respectively:

	As at 30 June or for the six months ended 30 June							
	2021				2020			
	GFA under management	Proportion of the GFA	Revenue	Proportion of the revenue	GFA under management	Proportion of the GFA	Revenue	Proportion of the revenue
	<i>(sq.m. '000)</i>	<i>(%)</i>	<i>(RMB '000)</i>	<i>(%)</i>	<i>(sq.m. '000)</i>	<i>(%)</i>	<i>(RMB '000)</i>	<i>(%)</i>
Greater Bay Area <sup>(1)</sup>	14,016	39.8	682,848	53.8	12,064	45.4	578,659	66.3
Yangtze River Delta Region <sup>(2)</sup>	8,595	24.4	276,356	21.8	6,286	23.7	213,726	13.8
Other regions <sup>(3)</sup>	12,587	35.8	309,972	24.4	8,193	30.9	218,020	19.9
<b>Total</b>	<b>35,198</b>	<b>100.0</b>	<b>1,269,176</b>	<b>100.0</b>	<b>26,543</b>	<b>100.0</b>	<b>1,010,405</b>	<b>100.0</b>

Notes :

- (1) Cities in which we provided property management services to properties in the Greater Bay Area, including Shenzhen, Guangzhou, Foshan, Zhuhai, Zhongshan, Dongguan, Huizhou and Zhanjiang, etc.
- (2) Cities in which we provided property management services to properties in the Yangtze River Delta Region, including Shanghai, Nanjing, Hangzhou, Suzhou, Jiaxing, Wuxi, Tonglu, Jinhua, Xiaoshan, Ningbo, Shaoxing, Wenzhou, Taizhou, Zhenjiang, Nantong, Yiwu, Cixi, Yuyao, Yancheng, Lianyungang and Huzhou, etc.
- (3) Cities in which we provided property management services to properties in the other regions in China, including Beijing, Xi'an, Qingdao, Kunming, Tianjin, Wuhan, Changsha, Zhengzhou, Chengdu, Chongqing, Jinan, Fuzhou, Harbin, Nanchang, Taiyuan, Hefei, Jinjiang, Zhangzhou, Yuxi, Linyi and Hebi, etc., and projects in India.

### ***Diversified Management Portfolios and Market Development Strategies***

Our basic property management services target a wide range of properties, including commercial properties, public and industrial properties and residential properties. We have extensive experience in managing commercial properties such as office buildings and business complexes, corporate buildings and office and R&D parks. During the Reporting Period, we continued to adhere to the diversified management portfolios and market development strategies, further strengthened the external expansion capabilities of our commercial properties, public and industrial properties, and appropriately undertook the residential properties developed by the Excellence Group. As a result, all business segments showed a trend of steady growth.

The following table sets out the breakdown, by business segments, of the Group's GFA under management as at the dates indicated and the total revenue from basic property management services for six months ended 30 June 2021 and 30 June 2020, respectively:

	As at 30 June or for the six months ended 30 June							
	2021				2020			
	GFA under management (sq.m.'000)	(%)	Revenue (RMB'000)	(%)	GFA under management (sq.m.'000)	(%)	Revenue (RMB'000)	(%)
Commercial properties	16,941	44.5	940,190	74.0	14,145	53.3	743,073	73.6
– Excellence Group	2,791	7.3	354,618	27.9	2,817	10.6	276,754	27.4
– Third-party property developers	14,150	37.2	585,572	46.1	11,328	42.7	466,319	46.2
Public and industrial properties	6,510	24.2	179,410	14.2	4,151	15.6	164,814	16.3
Residential properties	11,747	31.3	149,576	11.8	8,247	31.1	102,518	10.1
<b>Total</b>	<b>35,198</b>	<b>100.0</b>	<b>1,269,176</b>	<b>100.0</b>	<b>26,543</b>	<b>100.0</b>	<b>1,010,405</b>	<b>100.0</b>

### ***Sustained profitability***

In 2020, the State Council of China carried out a national social security reduction policy to mitigate the impact of COVID-19 on enterprises. During the Reporting Period, such policy has ceased, which posed a certain negative impact on the Company's gross profit margin during the Reporting Period. The Company will strive to improve management efficiency and strengthen the application of technology, aiming to continue to improve the Company's profitability while improving customer experience in the future.

The following table sets forth a breakdown of the gross profit margin of the property management services of the Group for the periods indicated:

	<b>For the six months ended 30 June 2021 (%)</b>	For the six months ended 30 June 2020 (%)
Commercial properties	<b>26.9</b>	29.3
– Excellence Group	<b>47.9</b>	50.0
– Third-party property developers	<b>14.3</b>	17.9
Public and industrial properties	<b>14.9</b>	13.8
Residential properties	<b>22.2</b>	12.4
<b>Total</b>	<b>24.7</b>	<b>25.1</b>

### **Value-added services**

Our value-added services include asset services, corporate services and professional value-added services. During the Reporting Period, revenue from value-added services amounted to approximately RMB359.01 million, an increase of approximately 200.4% compared to the corresponding period last year, accounting for approximately 21.7% of the Company's overall revenue.

## FINANCIAL REVIEW

### Revenue

For the six months ended 30 June 2021, the revenue of the Group amounted to RMB1,652.85 million (six months ended 30 June 2020: RMB1,162.04 million), representing an increase of 42.2% as compared with the corresponding period last year.

The revenue of the Group was derived from three main businesses: (i) basic property management services; (ii) value-added services; and (iii) other businesses.

	For the six months ended 30 June				Change	
	2021		2020		Amount	Percentage
	Amount (RMB'000)	(%)	Amount (RMB'000)	(%)	(RMB'000)	
<b>Revenue</b>						
Basic Property Management Services	1,269,176	76.8	1,010,405	86.9	258,771	25.6
Value-added Services	359,008	21.7	119,528	10.3	239,480	200.4
Other Businesses	24,663	1.5	32,105	2.8	(7,442)	(23.2)
<b>Total revenue</b>	<b>1,652,847</b>	<b>100.0</b>	<b>1,162,038</b>	<b>100.0</b>	<b>490,809</b>	<b>42.2</b>

During the Reporting Period, the revenue from basic property management services was RMB1,269.18 million (six months ended 30 June 2020: RMB1,010.41 million), representing an increase of 25.6% as compared with the corresponding period last year.

### Value-added Services

During the Reporting Period, the revenue from value-added services increased by 200.4% to RMB359.01 million from RMB119.53 million in the corresponding period of 2020, accounting for 21.7% (six months ended 30 June 2020: 10.3%) of the total revenue.

The increase of value-added services mainly arose from: (i) the increase of high-end business services and services on corporate administrative welfare platform; (ii) the increase of rental and sales agency services for properties; (iii) the increase of the revenue from the service fees paid by Excellence Group entrusting the Group to provide pre-referral and undertaking inspection services since 2020; (iv) increase of the revenue from electrical and mechanical installation service; and (v) increase of the property sales assistance service.

### Other Businesses

The revenue from other businesses mainly arose from financial services and apartment leasing services.

During the Reporting Period, the revenue from other businesses decreased slightly to approximately RMB24.66 million from approximately RMB32.11 million for the corresponding period of 2020. This was primarily due to the Group's intention to dispose of Shenzhen Zhuotou upon three years from registration and establishment, being 3 May 2021. There was no further expansion of Shenzhen Zhuotuo's business operations during the Reporting Period, and the financial service income declined compared with the corresponding period last year.



## Cost of Sales

The Group's cost of sales mainly consisted of staff costs, subcontracting costs, cleaning costs, repair and maintenance costs, utility costs, carpark expenses, office expenses, depreciation and amortization, rental expenses and others.

During the Reporting Period, the Group's cost of sales amounted to RMB1,163.97 million (six months ended 30 June 2020: RMB849.61 million), representing an increase of 37.0% over the corresponding period of 2020, which was primarily due to the continuous expansion of the Group's revenue-bearing GFA, resulting in an increase in staff costs and other costs.

## Gross profit and gross profit margin

The table below sets forth a breakdown of the gross profit and gross profit margin of the Group by business line for the periods indicated:

	For the six months ended 30 June			
	2021		2020	
	Gross Profit (RMB'000)	Gross profit margin (%)	Gross Profit (RMB'000)	Gross profit margin (%)
Basic Property Management Services	313,885	24.7	253,282	25.1
Value-added Services	160,495	44.7	36,943	30.9
Other Businesses	14,497	58.8	22,207	69.2
<b>Total</b>	<b>488,877</b>	<b>29.6</b>	<b>312,432</b>	<b>26.9</b>

During the Reporting Period, the Group's gross profit was RMB488.88 million, representing an increase of 56.5% from RMB312.43 million for the corresponding period in 2020. The gross profit margin increased to 29.6% for the Reporting Period from 26.9% for the corresponding period of 2020.

During the Reporting Period, the gross profit margin of basic property management services was 24.7% (six months ended 30 June 2020: 25.1%), representing a decrease of 0.4 percentage points from the corresponding period last year, mainly attributable to the cessation of the reduction or exemption of social insurance contributions under the regulatory support policy put in place in the first half of 2020 to mitigate the impact of the COVID-19 pandemic.

During the Reporting Period, the gross profit margin of value-added services was 44.7% (six months ended 30 June 2020: 30.9%), representing an increase of 13.8 percentage points from the corresponding period of last year, mainly attributable to (i) the increased proportion of the Group's value-added businesses that generated relatively high gross profit margin; and (ii) strengthened cost control to achieve effect of economies of scale and improve gross profit effectively.

During the Reporting Period, the gross profit margin of other services was 58.8% (six months ended 30 June 2020: 69.2%), representing a decrease of 10.4 percentage points from the corresponding period of last year, mainly attributable to the decreased gross profit margin of micro-lending services.

## **Other Income and Revenue**

The Group's other revenue mainly consisted of interest income and government subsidies.

During the Reporting Period, other revenue was RMB19.51 million (six months ended 30 June 2020: RMB14.42 million), representing an increase of 35.3% from the corresponding period last year, mainly attributable to the increase of interest income.

## **Other Net (Loss)/Income**

The Group's other net (loss)/income mainly consisted of impairment losses on trade and other receivables, impairment losses on loans receivables, gain on wealth management investments and gain on disposal of assets.

During the Reporting Period, other net loss was RMB7.47 million (six months ended 30 June 2020: other net income of RMB11.36 million). The change was mainly due to there being a gain of approximately RMB31.54 million from the disposal of a subsidiary, namely Zhenglian Haodong during the corresponding period in 2020, as well as the decrease in impairment loss of RMB15.84 million during the Reporting Period from the corresponding period in 2020.

## **Selling and Marketing Expenses**

During the Reporting Period, the selling and marketing expenses amounted to RMB8.12 million (six months ended 30 June 2020: RMB3.15 million), representing an increase of 157.8% from last year, which was mainly due to the increase in development staff costs for searching better business targets and continuing to acquire and expand third-party businesses, as well as the increase in expenses for business development.

## **Administrative Expenses**

During the Reporting Period, administrative expenses amounted to RMB89.98 million (six months ended 30 June 2020: RMB85.40 million), representing an increase of 5.4% from the corresponding period last year, which was mainly due to the employment of new employees to support business expansion and rapid development of the Group, resulting in the increase in salary and benefits of our employees as compared with the corresponding period last year.

## **Finance Costs**

During the Reporting Period, our finance costs amounted to RMB10.66 million (six months ended 30 June 2020: RMB13.29 million), representing a decrease of 19.8% from the corresponding period last year, which was mainly due to the decrease in interest on bank loans.

## **Share of Profits of Joint Ventures**

During the Reporting Period, the share of profits of joint ventures amounted to RMB4.24 million (six months ended 30 June 2020: RMB3.67 million), representing an increase of 15.5% from the corresponding period last year.

## **Share of Profits of Associates**

During the Reporting Period, the share of profits of associates amounted to RMB0.84 million (six months ended 30 June 2020: RMB0.53 million), representing an increase of 58.5% from the corresponding period last year.

## **Income Tax**

During the Reporting Period, income tax was RMB106.63 million (six months ended 30 June 2020: RMB56.17 million), representing an increase of 89.8% from the corresponding period last year. During the Reporting Period, the effective tax rate was 26.8% (six months ended 30 June 2020: 23.3%), representing an increase of 3.5 percentage points from the corresponding period last year, which was mainly because the pre-tax deduction of the equity incentive expenses was prohibited and due to the provision of withholding tax on dividend.

## **Profit for the Period**

During the Reporting Period, the Group's net profit amounted to RMB290.61 million (six months ended 30 June 2020: RMB184.40 million), representing an increase of 57.6% from the corresponding period last year. Excluding equity-settled share-based payment expense and income tax effects, adjusted profit for the Reporting Period was RMB305.04 million, representing an increase of 65.4% from the corresponding period last year.

During the Reporting Period, the profit attributable to shareholders of the Company amounted to RMB270.51 million (six months ended 30 June 2020: RMB168.80 million), representing an increase of 60.3% from last year. Excluding equity-settled share-based payment expense and income tax effects, adjusted profit for the Reporting Period was RMB284.72 million, representing an increase of 68.7% from the corresponding period last year.

During the Reporting Period, the net profit margin was 17.6% (six months ended 30 June 2020: 15.9%), representing an increase of 1.7 percentage points from the corresponding period last year. Excluding equity-settled share-based payment expense and income tax effects, adjusted profit margin for the Reporting Period was 18.5%, representing an increase of 2.6 percentage points from the corresponding period last year.

## **Investment Properties**

The Group's investment properties mainly included two apartment leasing projects (for long-term rental) in Shenzhen, which gained rental income from apartment operation and leasing. As of 30 June 2021, the Group's investment properties amounted to RMB118.03 million, representing a decrease of RMB5.44 million from RMB123.47 million as of 31 December 2020, which was mainly due to the depreciation and amortization during the Reporting Period.

## **Property, Plant and Equipment**

The property, plant and equipment of the Group mainly consisted of leasehold improvement, right-of-use assets, office equipment and furniture, machinery equipment and other fixed assets. As of 30 June 2021, the Group's net book value of property, plant and equipment amounted to RMB63.97 million, representing a decrease of RMB0.29 million from RMB64.26 million as of 31 December 2020, which was mainly due to the depreciation and amortization during the Reporting Period.

## **Intangible Assets**

The Group's intangible assets mainly consisted of property management contracts and software arising from corporate mergers and acquisitions. The Group's intangible assets decreased by RMB2.77 million from RMB54.20 million as of 31 December 2020 to RMB51.43 million as of 30 June 2021, which was primarily due to the amortization of property management contracts.

## **Goodwill**

As of 30 June 2021, the Group recorded goodwill of the amount of RMB271.72 million, which remained the same as compared with that as of 31 December 2020 (RMB271.72 million).

The Group's goodwill was mainly related to the acquisitions in 2019 of certain equity interests in Wuhan Yuyang Property Management Co., Ltd., Zhejiang Gangwan Property Services Co., Ltd. and Wuhan Huanmao Property Management Co., Ltd.. As of 30 June 2021, the management did not find any significant risk of impairment of goodwill.

## **Trade and Other Receivables**

Trade and other receivables mainly consisted of trade receivables and non-trade receivables due from related parties.

As of 30 June 2021, the Group's net trade and other receivables (including current and non-current receivables) amounted to approximately RMB746.45 million, representing an increase of approximately RMB185.45 million from approximately RMB561.00 million as of 31 December 2020, mainly due to (i) the advanced payments for the Group's proposed acquisition of a subsidiary; (ii) the dividends receivable from the Group's joint ventures; and (iii) the significant increase in the total revenue of the Group, resulting in an increase in trade receivables.

## **Trade and Other Payables**

As of 30 June 2021, the Group's trade and other payables (including current and non-current payables) amounted to RMB1,226.92 million, representing an increase of approximately RMB231.79 million from approximately RMB995.13 million as of 31 December 2020, mainly due to (i) the addition of the Group's equity dividend payable at the end of 2020; and (ii) increase in trade payables as a result of the increase in the Group's total purchases.

## **Lease Liabilities**

During the Reporting Period, the increase in lease liabilities was recognised according to new leasing standards. The lease liabilities payable within one year of RMB15.09 million were recognised in current liabilities, and the lease liabilities payable over one year of RMB131.26 million were recognised in long-term lease liabilities.

## **Contract Liabilities**

Our contract liabilities mainly represented prepayments from customers of the Group's commercial operation services and residential property management services. As of 30 June 2021, the Group's contract liabilities amounted to approximately RMB167.30 million, representing an increase of 104.9% from RMB81.63 million as of 31 December 2020, mainly due to the expansion of business scale.

## **Borrowings**

As of 30 June 2021, the Group's bank loans and other borrowings amounted to RMB178.76 million (31 December 2020: RMB373.94 million), all of which were unsecured borrowings.

## **Asset-liability Ratio**

The asset-liability ratio was calculated as the total liabilities divided by total assets of the same date. As of 30 June 2021, the Group's asset-liability ratio was 35.2% (31 December 2020: 33.9%).

## **Pledged Assets**

As of 30 June 2021, the Group did not pledge any assets (31 December 2020: Nil).

## **Contingent Liabilities**

As of 30 June 2021, the Group did not have any significant contingent liabilities or guarantees (31 December 2020: Nil).

## **Liquidity, Reserves and Capital Structures**

The Group maintained a good financial position during the Reporting Period. As of 30 June 2021, the Group's cash and equivalents amounted to RMB3,513.11 million, representing an increase of 6.0% from RMB3,314.13 million as of 31 December 2020, mainly due to the Group's increasing operating cash inflow.

As of 30 June 2021, the Group's total equity was RMB3,394.35 million, representing an increase of RMB138.06 million or 4.24% from RMB3,256.29 million as of 31 December 2020, primarily due to the profit contribution realized during the year.

## **Cash Flows**

For the six months ended 30 June 2021, the Group's net cash generated from operating activities was approximately RMB513.98 million, as compared with RMB153.63 million in the corresponding period of 2020, mainly due to net increase in operating profits, other trade payables and contract liabilities as a result of the expansion of the Group's operating scale. Excluding the impact of financial business, the adjusted net cash inflow from operating activities was approximately RMB493.40 million (six months ended 30 June 2020: RMB47.96 million).

For the six months ended 30 June 2021, the Group's net cash outflow from investment activities was approximately RMB64.27 million, while the net cash inflow in the corresponding period of 2020 was RMB860.28 million, primarily attributable to the repayment of advances of RMB455.00 million by related parties, the receipt of transfer prepayment of RMB300.00 million for the transfer of Zhuotou Micro-lending, and the payment for the Group's proposed acquisition of subsidiaries in the first half of 2021.

For the six months ended 30 June 2021, the Group's net cash outflow from financing activities was approximately RMB223.65 million, while the net cash outflow from the corresponding period of 2020 was approximately RMB977.22 million, primarily attributable to the payment of dividends of RMB458.46 million to equity shareholders during the corresponding period of 2020 and the repayment of advances from related parties.

## **Exchange Rate Risks**

The main business of the Group is conducted in China, and our business is mainly denominated in Renminbi. As at 30 June 2021, non-RMB assets and liabilities were mainly cash and cash equivalents and dividend payables to the equity shareholders, which were denominated in Hong Kong dollars.

The management of the Group believes that the Group is not exposed to significant foreign exchange risks, and therefore no forward foreign exchange contracts have been entered into to hedge foreign exchange risks. The management will continue to monitor foreign exchange risks and adopt prudent measures to minimize foreign exchange risks.

## **OTHER INFORMATION**

### **Use of Proceeds from the Listing**

The Company issued 300,000,000 new shares listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 19 October 2020, and partially exercised the over-allotment options on 11 November 2020 and issued 22,490,000 new shares. After the partial exercise of the over-allotment options and deducting underwriting fees and related expenses, the total net proceeds raised from the listing (the “**Net Proceeds**”) are approximately HK\$3,359.5 million. As of 30 June 2021, the Company had utilized approximately HK\$350.0 million of the Net Proceeds. The remaining Net Proceeds from the listing will be allocated and utilized in accordance with the purposes and schedule as stated in the prospectus (the “**Prospectus**”) of the Company dated 7 October 2020.

As at 30 June 2021, the Group's planned use and actual use of the Net Proceeds was as follows:

Major Categories	% of Net Proceeds	Amount (HK\$ in millions)	Sub-categories	Specific Plans	% of Net Proceeds	Timeframe			Actual amount of proceeds utilized as at 30 June 2021 (HK\$ in millions)	Amount of proceeds unutilized as at 30 June 2021 (HK\$ in millions)
						2021	2022 (HK\$ in millions)	2023		
Business expansion	70.0%	2,351.7	Strategic acquisitions and investments	We plan to strategically acquire or invest in majority interests in property management companies with sizeable operations in our target cities or holding landmark projects in first-tier and new first-tier cities.	60.0%	638.5	671.8	705.5	14.0	2,001.8
				We plan to acquire or invest in majority interests in third party service providers to provide specialized value-added services, such as mechanical and electrical services, indoor air treatment services and services to intelligence buildings when opportunities arise.	10.0%	100.7	100.7	134.5	0	335.9
Development of information technology system	10.0%	134.3	Develop FM smart management information platform	We plan to increase the coverage of the FM smart management information platform, which covered about 80 out of over 300 projects we managed as at 30 June 2020, to cover all the projects under our management in satisfactory conditions within the next two to three years through (i) expanding our hardware infrastructures to the uncovered projects; (ii) continuing to develop and upgrade our software system of the FM smart management information platform; and (iii) strengthening internal training on the operation of FM smart management information platform.	4.0%	40.3	53.8	40.2	0	134.3

Major Categories	% of Net Proceeds	Sub-Amount (HK\$ in millions)	Sub-categories	Specific Plans	% of Net Proceeds	Timeframe			Actual amount of proceeds utilized as at 30 June 2021 (HK\$ in millions)	Amount of proceeds unutilized as at 30 June 2021 (HK\$ in millions)
						2021	2022 (HK\$ in millions)	2023		
				We plan to use IoT technologies to connect all the facilities under our management to our FM smart management information platform in order to collect operating data from these facilities.						
				See “Business – Competitive Strengths – Technology-backed Services to Enhance Customer Experience and Management Efficiency” in the Prospectus for details on the functions of our FM smart management information platform.						
		134.3	Develop “O+” platform	We will (i) continue to upgrade the “O+” platform; (ii) secure quality supplies to enrich the offerings on the “O+” platform; and (iii) organize events for and provide benefits to customers to increase their loyalty.	4.0%	53.8	40.3	40.2	0	134.3
				See “Business – Competitive Strengths – Technology-backed Services to Enhance Customer Experience and Management Efficiency” in the Prospectus for details on the functions of our “O+” platform.						



Major Categories	% of Net Proceeds	Sub-categories	Specific Plans	% of Net Proceeds	Timeframe			Actual amount of proceeds utilized as at 30 June 2021 (HK\$ in millions)	Amount of proceeds unutilized as at 30 June 2021 (HK\$ in millions)	
					2021	2022 (HK\$ in millions)	2023			
		67.2	Upgrade our information technology infrastructure to enhance internal control and management efficiency	We plan to upgrade our business management systems, including human resource system, finance system and business process management system, and develop business intelligence tools, to enhance our internal control and management efficiency.	2.0%	20.2	27.0	20.0	0	67.2
Facility upgrades for the properties under our management	5.0%	168.0	Upgrading facilities for development of intelligent communities to enhance our operational efficiency and customers' satisfaction level	We plan to upgrade the facilities in some old residential properties under our management to develop intelligent communities. For example, we may install automatic entry control and face identification and entry control facilities in these residential properties, with an aim to save our labor costs and create a more convenient living environment for the residents.	5.0%	33.6	67.3	67.1	0	168.0
Attracting and nurturing talent	5.0%	168.0		We plan to:	5.0%	67.0	50.5	50.5	0	168.0
				– provide trainings to our employees at key positions and identify and train up our future team leaders.						
				– recruit key personnel strategically to support our business growth.						
General corporate purposes	10.0%	336.0	Working capital and general corporate purposes	–	10.0%	100.7	100.7	134.6	336.0	0

## **SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

On 1 April 2021, Shenzhen Excellence Operation Management Co., Ltd. (the “**Purchaser**”), an indirect wholly-owned subsidiary of the Company, as purchaser entered into an agreement with Beijing Shiyuan Guanghua Real Estate Development Co., Ltd.\* (北京世源光華房地產開發有限公司) and Beijing Guanghua Road No. 5 Trading Co., Ltd.\* (北京光華路五號貿易有限公司) as vendors (the “**Vendors**”), Mr. Wei Ping (衛平) as guarantor, Beijing Global Wealth Property Management Co., Ltd.\* (北京市環球財富物業管理有限公司) (the “**Target Company**”) as target company and Shanghai Wanxing Investment Consulting Co., Ltd.\* (上海萬興投資顧問有限公司) as the remaining shareholder of the Target Company, pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendors have conditionally agreed to sell, the interest, representing 75% equity interest in the Target Company, for a consideration of RMB225.0 million. The Target Company is principally engaged in commercial property management services in Beijing, PRC. The acquisition will further consolidate the Group’s leading position in commercial property management and expand growth by seeking business opportunities in Beijing’s central business district.

As at 30 June 2021, as not all necessary legal procedures required for the registration of the transfer of the 75% equity interest in the Target Company to the Purchaser have been completed, the completion of the acquisition has not yet taken place. For details regarding the acquisition, please refer to the announcement of the Company dated 6 April 2021.

Save as disclosed in this announcement, the Company did not hold any significant investments and did not conduct any material acquisitions or disposals of subsidiaries, associates or joint ventures during the Reporting Period.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

During the six months ended 30 June 2021, the Group did not purchase, sell or redeem any listed securities of the Company.

## **INTERIM DIVIDEND**

The Board has resolved to declare the payment of an interim dividend of HK18.62 cents per ordinary share of the Company (the “**Share(s)**”) for the six months ended 30 June 2021. Such interim dividend will be paid on 29 November 2021 to the shareholders of the Company (the “**Shareholders**”) whose names appear on the register of members of the Company on 15 November 2021.

## **MISCELLANEOUS**

The Board is of the opinion that there have been no material changes to the information published in the Company’s annual report for the year ended 31 December 2020, other than those disclosed in this interim results announcement.

## **CLOSURE OF REGISTER OF MEMBERS**

For the purpose of determining the identity of the Shareholders entitled to receive the interim dividend, the register of members of the Company will be closed from 11 November 2021 to 15 November 2021 (both days inclusive), during which period no transfer of Shares will be effected. In order to be eligible for receiving the interim dividend, all completed share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar, 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 10 November 2021.

## **CORPORATE GOVERNANCE PRACTICES**

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 (the "**CG Code**") contained in Appendix 14 the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange as its own corporate governance code.

During the six months ended 30 June 2021, the Company has complied with all applicable code provisions under the CG Code. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

## **MODEL CODE FOR SECURITIES TRANSACTIONS CONDUCTED BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions conducted 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 conducted by the Directors. Having made specific enquiries to all Directors, each of them has confirmed that he/she has complied with the required standards set out in the Model Code during the six months ended 30 June 2021, and the Company is not aware of any incident of non-compliance by the Directors during the Reporting Period.

## **AUDIT COMMITTEE**

The Board has established an audit committee (the "**Audit Committee**") with written terms of reference in compliance with the Listing Rules and the CG Code. As at the date of this announcement, the Audit Committee consists of four members, including one non-executive Director, namely Mr. Wang Dou, and three independent non-executive Directors, namely Mr. Kam Chi Sing, Mr. Huang Mingxiang and Ms. Liu Xiaolan. Mr. Kam Chi Sing is the chairman of the Audit Committee. The primary duties of the Audit Committee are to review and supervise the financial reporting system, risk management and internal control of the Company.

The Audit Committee has reviewed and approved with the senior management of the Company the accounting principles and practices adopted by the Group, as well as the review of the unaudited consolidated interim results for the six months ended 30 June 2021.

## **REVIEW OF INTERIM RESULTS**

The condensed interim financial statements are unaudited, but have been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, Review of interim financial information performed by the independent auditor of the entity, issued by the HKICPA. KPMG's independent review report to the Board of Directors is included in the interim report to be sent to shareholders.

## **EVENTS AFTER THE REPORTING PERIOD**

Except for the declaration of the interim dividend, no material events were undertaken by the Group subsequent to 30 June 2021 and up to the date of this announcement.

## **PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND DESPATCH INTERIM REPORT**

This interim results announcement is published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([www.excepm.com](http://www.excepm.com)), and the Company's interim report for the six months ended 30 June 2021 containing all information required by the Listing Rules will be despatched to the Shareholders and published on the websites of the Stock Exchange and the Company in due course.

By order of the Board  
**Excellence Commercial Property & Facilities Management Group Limited**  
**Li Xiaoping**  
*Chairman*

Hong Kong, 25 August 2021

*As at the date of this announcement, the executive Directors are Mr. Li Xiaoping and Ms. Guo Ying; the non-executive Directors are Mr. Wang Dou and Mr. Wang Yinhu; and the independent non-executive Directors are Mr. Huang Mingxiang, Mr. Kam Chi Sing and Ms. Liu Xiaolan.*