



卓越商企服務集團有限公司

EXCELLENCE COMMERCIAL PROPERTY & FACILITIES
MANAGEMENT GROUP LIMITED

(Incorporated in the Cayman Islands with Limited Liability)

Stock Code: 6989



INTERIM REPORT

2021

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Corporate Information

DIRECTORS

Executive Directors

Mr. Li Xiaoping (*Chairman*)

Ms. Guo Ying

Non-executive Directors

Mr. Wang Dou

Mr. Wang Yinhu

Independent non-executive Directors

Mr. Huang Mingxiang

Mr. Kam Chi Sing

Ms. Liu Xiaolan

JOINT COMPANY SECRETARIES

Mr. Lv Li

Ms. Chan Tsz Yu (*ACG, ACS*)

AUDIT COMMITTEE

Mr. Kam Chi Sing (*Chairman*)

Mr. Wang Dou

Mr. Huang Mingxiang

Ms. Liu Xiaolan

REMUNERATION COMMITTEE

Mr. Huang Mingxiang (*Chairman*)

Mr. Li Xiaoping

Mr. Kam Chi Sing

Ms. Liu Xiaolan

NOMINATION COMMITTEE

Mr. Li Xiaoping (*Chairman*)

Mr. Huang Mingxiang

Mr. Kam Chi Sing

Ms. Liu Xiaolan

AUTHORIZED REPRESENTATIVES

Mr. Li Xiaoping

Ms. Chan Tsz Yu (*ACG, ACS*)

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Corporate Information

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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:

	Six months ended 30 June	
	2021 (sq.m.'000)	2020 (sq.m.'000)
At the beginning of the period	32,018	23,529
New engagements	3,931	3,046
New acquisitions	–	–
Terminations	(751)	(32)
At the end of the period	35,198	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 (sq.m.'000)	Proportion of the GFA (%)	Revenue (RMB'000)	Proportion of the revenue (%)	GFA under management (sq.m.'000)	Proportion of the GFA (%)	Revenue (RMB'000)	Proportion of the revenue (%)
Greater Bay Area ⁽¹⁾	14,016	39.8	682,848	53.8	12,064	45.4	578,659	66.3
Yangtze River Delta Region ⁽²⁾	8,595	24.4	276,356	21.8	6,286	23.7	213,726	13.8
Other regions ⁽³⁾	12,587	35.8	309,972	24.4	8,193	30.9	218,020	19.9
Total	35,198	100.0	1,269,176	100.0	26,543	100.0	1,010,405	100.0

Management Discussion and Analysis

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		Revenue		GFA under management		Revenue	
	(sq.m.'000)	(%)	(RMB'000)	(%)	(sq.m.'000)	(%)	(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
Total	35,198	100.0	1,269,176	100.0	26,543	100.0	1,010,405	100.0

Management Discussion and Analysis

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:

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

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.

Management Discussion and Analysis

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

	2021		2020		Change	
	Amount (RMB'000)	(%)	Amount (RMB'000)	(%)	Amount (RMB'000)	Percentage
Revenue						
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)
Total revenue	1,652,847	100.0	1,162,038	100.0	490,809	42.2

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.

Management Discussion and Analysis

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
Total	488,877	29.6	312,432	26.9

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.

Management Discussion and Analysis



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.

Management Discussion and Analysis

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.

Management Discussion and Analysis



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.

Management Discussion and Analysis



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 and denominated in Renminbi at fixed interest rates.

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.

Management Discussion and Analysis



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.

Asset-liability Ratio

The asset-liability ratio was calculated as the total liabilities divided by total assets. As at 30 June 2021, the Group's asset-liability ratio was 35.2%, which remained stable as compared with 33.9% in the fiscal year ended 31 December 2020.

Corporate Governance/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	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

Corporate Governance/Other Information

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	2023		
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
				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.						

Corporate Governance/Other Information

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	2023		
		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.						
		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

Corporate Governance/Other Information

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	2023		
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: <ul style="list-style-type: none"> - 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. 	5.0%	67.0	50.5	50.5	0	168.0
General corporate purposes	10.0%	336.0	Working capital and general corporate purposes	-	10.0%	100.7	100.7	134.6	336.0	0

Corporate Governance/Other Information

Employees and Remuneration Policy

As at 30 June 2021, the Group had a total of 12,550 and 75 full-time employees (31 December 2020: 11,532 and 72) in the PRC and India, respectively. The Group provides its employees with competitive remuneration packages such as fees, salaries, allowances and benefits in kind, bonuses and contributions to pension schemes and social benefits. The Group contributes to social insurance such as medical insurance, work-related injury insurance, pension insurance, maternity insurance, unemployment insurance and housing provident fund for its employees.

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 interim report, 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.

Future Plans for Major Investments and Capital Assets

The Group intends to utilise the Net Proceeds raised from the Listing according to the plans set out in the section headed “Future Plans and Use of Proceeds” in the Prospectus. As at 30 June 2021, the Company had utilised 10% of the Net Proceeds for general corporate purposes, and the remaining Net Proceeds are currently held in the form of bank deposits.

Save as disclosed in the interim report, the Group did not have any other immediate plans for material investments and capital assets as at 30 June 2021.

Corporate Governance/Other Information



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 report.

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.

Corporate Governance/Other Information

INTEREST OF DIRECTORS IN SIGNIFICANT TRANSACTIONS, ARRANGEMENT OR CONTRACTS

During the Reporting Period and up to the date of this interim report, none of the Directors has a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company, any of its subsidiaries or fellow subsidiaries was a party.

CHANGE IN DIRECTORS' INFORMATION

As of the date of this interim report, there was no change in the Directors' information which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

SHARE OPTION SCHEME

1. Share Option Scheme

The share option scheme (the “**Share Option Scheme**”) was approved and adopted by the written resolutions of our Shareholders on 28 September 2020. The Share Option Scheme is established to recognize and acknowledge the contributions that the eligible participants had or may have made to our Group. The Share Option Scheme will provide the eligible participants an opportunity to have a personal stake in our Company with the view to achieving the following objectives: (i) motivate the eligible participants to optimize their performance efficiency for the benefit of our Group; and (ii) attract and retain or otherwise maintain an ongoing business relationship with the eligible participants whose contributions are or will be beneficial to the long-term growth of our Group. For further details on the Share Option Scheme, please refer to “Appendix IV- Statutory and General Information-D. Other Information-1. Share Option Scheme” in the Prospectus.

As at 30 June 2021, the Company had not granted any share options under the Share Option Scheme.

2. Pre-IPO Share Option Scheme

The pre-IPO share option scheme (the “**Pre-IPO Share Option Scheme**”) was approved and adopted by the written resolution of our Shareholders on 9 September 2020. The Pre-IPO Share Option Scheme is to enable the Company to grant options to pre-IPO eligible participants as incentives or rewards for their contribution or potential contribution to any member of our Group. For further details on the Pre-IPO Share Option Scheme, please refer to “Appendix IV – Statutory and General Information-D. Other Information-2. Pre-IPO Share Option Scheme” in the Prospectus.

On 9 September 2020, the Company granted the options in relation to a total of 28,200,000 Shares to the eligible persons in accordance with the terms of the Pre-IPO Share Option Scheme.

Corporate Governance/Other Information

For the six months ended 30 June 2021, details of the movements on the share option under the Pre-IPO Share Option Scheme are set out as follows:

Category and name of the Grantee	Outstanding as at 1 January 2021	Granted during the period	Granted during the period	Cancelled during the period	Lapsed during the period	Outstanding as at 30 June 2021	Exercise price per share (HK\$)
Directors							
Mr. Li Xiaoping	16,200,000	–	–	–	–	16,200,000	5.36
Ms. Guo Ying	1,200,000	–	–	–	–	1,200,000	5.36
Sub-total	17,400,000	–	–	–	–	17,400,000	
Other participants	10,800,000	–	–	–	–	10,800,000	5.36
Total	28,200,000	–	–	–	–	28,200,000	

Save as disclosed above, the Company has not entered into any other share option scheme.

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 interim report, 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.

Corporate Governance/Other Information

PUBLIC FLOAT

Based on the information publicly available to the Company and to the best of our Directors' knowledge, information and belief, the Company has maintained sufficient public float as approved by the Stock Exchange and as permitted under the Listing Rules during the six month ended 30 June 2021.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES

Interests in the Shares of the Company

Name of Director	Capacity/ Nature of interests	Number of Shares Held	Approximate Percentage of Interests in the Company	Long/Short Position
Mr. Li Xiaoping ("Mr. Li")	Interest of spouse	117,900,000 ⁽¹⁾	9.64%	Long position
	Beneficial owner	16,472,000 ⁽²⁾	1.35%	Long position
Ms. Guo Ying ("Ms. Guo")	Beneficial owner	1,275,000 ⁽³⁾	0.10%	Long position

Notes:

- (1) Mr. Li is the spouse of Ms. Xiao Xingping ("Ms. Xiao"). By virtue of the SFO, Mr. Li is deemed to be interested in the same number of Shares in which Ms. Xiao is interested.
- (2) 16,200,000 Shares are in the form of share options of our Company which have been granted but have not yet been exercised as at the date of this report.
- (3) 1,200,000 Shares are in the form of share options of our Company which have been granted but have not yet been exercised as at the date of this report.

Save as disclosed above, as at 30 June 2021, none of the Directors or the chief executive of the Company had or was deemed to have any interest or short position in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or required to be recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this report, at no time during the six months ended 30 June 2021 were there rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Directors or their respective spouse or children under the age of 18, or were there any such rights exercised by the Directors; or was the Company, or any of its holding companies, fellow subsidiaries and subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

Corporate Governance/Other Information

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES

Interests in the Shares of the company

Name of Shareholder	Capacity/ Nature of interests	Number of Shares Held	Approximate Percentage of Interests in the Company	Long/Short Position
Mr. Li Wa	Interest in a controlled corporation	721,115,000 ⁽¹⁾	58.99%	Long position
Oriental Rich Holdings Group Limited (" Oriental Rich ")	Interest in a controlled corporation	721,115,000 ⁽¹⁾	58.99%	Long position
Urban Hero Investments Limited (" Urban Hero ")	Beneficial owner	721,115,000 ⁽¹⁾	58.99%	Long position
Ms. Xiao Xingping	Interest in a controlled corporation	117,900,000 ⁽²⁾	9.64%	Long position
Ever Rainbow Holdings Limited (" Ever Rainbow ")	Beneficial owner	117,900,000 ⁽²⁾	9.64%	Long position
Mr. Li Yuan	Interest in a controlled corporation	63,000,000 ⁽³⁾	5.15%	Long position
Autumn Riches Limited (" Autumn Riches ")	Beneficial owner	63,000,000 ⁽³⁾	5.15%	Long position

Notes:

- (1) Urban Hero is wholly owned by Oriental Rich, which is in turn wholly owned by Mr. Li Wa. By virtue of the SFO, each of Oriental Rich and Mr. Li Wa is deemed to be interested in the same number of Shares in which Urban Hero is interested.
- (2) Ever Rainbow is wholly owned by Ms. Xiao. By virtue of the SFO, Ms. Xiao is deemed to be interested in the same number of Shares in which Ever Rainbow is interested.
- (3) Autumn Riches is wholly owned by Mr. Li Yuan. By virtue of the SFO, Mr. Li Yuan is deemed to be interested in the same number of Shares in which Autumn Riches is interested.

Save as disclosed above, as at 30 June 2021, the Directors were not aware of any persons (who were not Directors or chief executives of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

EVENTS AFTER THE REPORTING PERIOD

No material events were undertaken by the Group subsequent to 30 June 2021 and up to the date of this interim report.

Review report to the board of directors of Excellence Commercial Property & Facilities Management Group Limited

(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 25 to 58 which comprises the consolidated statement of financial position of Excellence Commercial Property & Facilities Management Group Limited (the “**Company**”) as of 30 June 2021 and the related consolidated statement of profit or loss and other comprehensive income and statement of changes in equity and condensed consolidated cash flow statement for the six month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2021 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

KPMG

Certified Public Accountants

8th Floor, Prince’s Building
10 Chater Road
Central, Hong Kong

25 August 2021

Consolidated Statement of Profit or Loss and Other Comprehensive Income

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

		Six months ended 30 June	
		2021	2020
		RMB'000	RMB'000
	Note		
Revenue	4	1,652,847	1,162,038
Cost of sales		(1,163,970)	(849,606)
Gross profit		488,877	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		(89,978)	(85,397)
Profit from operations		402,823	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		4,241	3,673
Profit before taxation	6	397,244	240,569
Income tax	7	(106,633)	(56,165)
Profit for the period		290,611	184,404
Attributable to:			
Equity shareholders of the Company		270,508	168,797
Non-controlling interests		20,103	15,607
Profit for the period		290,611	184,404
Earnings per share (RMB cents)	8		
Basic		22.13	18.76
Diluted		22.07	18.76
Profit for the period		290,611	184,404
Other comprehensive income for the period			
(after tax and reclassification adjustments)			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
– Exchange differences on translation of financial statements of the Company and overseas subsidiaries		(31,573)	97
Total comprehensive income for the period		259,038	184,501
Attributable to:			
Equity shareholders of the Company		238,935	168,894
Non-controlling interests		20,103	15,607
Total comprehensive income for the period		259,038	184,501

The notes on pages 32 to 58 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 15(b).

Consolidated Statement of Financial Position

As at 30 June 2021-unaudited

(Expressed in Renminbi)

	Note	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Non-current assets			
Investment properties	9(a)	118,026	123,474
Property, plant and equipment	9(a)	63,974	64,258
Intangible assets		51,431	54,202
Goodwill		271,722	271,722
Other financial assets		2,118	2,118
Other receivables	10	112,500	–
Interest in an associate		5,715	4,871
Interests in joint ventures		46,396	46,429
Deferred tax assets		30,367	28,666
		702,249	595,740
Current assets			
Other financial assets		–	48,177
Inventories		10,726	2,310
Trade and other receivables	10	633,952	560,998
Prepaid tax		4,915	1,465
Loans receivable	11	344,749	368,536
Restricted deposits	12(a)	26,850	38,596
Cash and cash equivalents	12(b)	3,513,106	3,314,132
		4,534,298	4,334,214
Current liabilities			
Bank loans and other borrowings		178,762	193,790
Contract liabilities		167,298	81,628
Trade and other payables	13	1,112,893	892,849
Lease liabilities		15,088	17,509
Current taxation		102,566	57,214
		1,576,607	1,242,990

The notes on pages 32 to 58 form part of this interim financial report.

Consolidated Statement of Financial Position

As at 30 June 2021-unaudited

(Expressed in Renminbi)

	Note	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Net current assets		2,957,691	3,091,224
Total assets less current liabilities		3,659,940	3,686,964
Non-current liabilities			
Bank loans and other borrowings		–	180,150
Other payables	13	114,023	102,280
Lease liabilities		131,258	132,169
Deferred tax liabilities		20,307	16,079
		265,588	430,678
NET ASSETS		3,394,352	3,256,286
CAPITAL AND RESERVES			
Share capital	15(a)	10,496	10,496
Reserves		3,321,712	3,173,391
Total equity attributable to equity shareholders of the Company		3,332,208	3,183,887
Non-controlling interests		62,144	72,399
TOTAL EQUITY		3,394,352	3,256,286

The notes on pages 32 to 58 form part of this interim financial report.

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2021-unaudited

(Expressed in Renminbi)

	Attributable to equity shareholders of the Company									
	Share capital	Share premium	PRC Statutory reserves	Share option reserves	Exchange reserve	Other reserves	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Note	15(a)									
Balance at 1 January 2020	8,561	-	64,502	-	24	(73,102)	390,523	390,508	65,367	455,875
Changes in equity for the six months ended 30 June 2020:										
Profit for the period	-	-	-	-	-	-	168,797	168,797	15,607	184,404
Other comprehensive income	-	-	-	-	97	-	-	97	-	97
Total comprehensive income	-	-	-	-	97	-	168,797	168,894	15,607	184,501
Disposal of a subsidiary	-	-	-	-	-	-	-	-	1,138	1,138
Capital reduction by a non-controlling shareholder of a subsidiary	-	-	-	-	-	-	-	-	(12,125)	(12,125)
Arising from reorganisation	(8,561)	80,049	-	-	-	(54,826)	-	16,662	(7,720)	8,942
Remeasurement of put option written to non-controlling interests	13(iv)	-	-	-	-	(15,503)	-	(15,503)	-	(15,503)
Dividend declared to then equity shareholder of a subsidiary	15(b)	-	-	-	-	-	(353,718)	(353,718)	-	(353,718)
Dividend declared to non-controlling interests		-	-	-	-	-	-	-	(2,719)	(2,719)
Balance at 30 June 2020 and 1 July 2020	-	80,049	64,502	-	121	(143,431)	205,602	206,843	59,548	266,391
Changes in equity for the six months ended 31 December 2020:										
Profit for the period	-	-	-	-	-	-	156,190	156,190	15,328	171,518
Other comprehensive income	-	-	-	-	(55,718)	-	-	(55,718)	-	(55,718)
Total comprehensive income	-	-	-	-	(55,718)	-	156,190	100,472	15,328	115,800
Remeasurement of put option written to non-controlling interests	13(iv)	-	-	-	-	(16,175)	-	(16,175)	-	(16,175)
Dividend declared to non-controlling interests		-	-	-	-	-	-	-	(2,669)	(2,669)
Capitalisation issue	7,729	(7,729)	-	-	-	-	-	-	-	-
Issue of ordinary shares upon initial public offering ("IPO"), net of issuing costs	2,767	2,877,316	-	-	-	-	-	2,880,083	-	2,880,083
Appropriations to statutory surplus reserves	-	-	31,293	-	-	-	(31,293)	-	-	-
Pre-IPO equity-settled share-based payment	14	-	-	12,664	-	-	-	12,664	192	12,856
Balance at 31 December 2020	10,496	2,949,636	95,795	12,664	(55,597)	(159,606)	330,499	3,183,887	72,399	3,256,286

The notes on pages 32 to 58 form part of this interim financial report.

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2021-unaudited

(Expressed in Renminbi)

	Attributable to equity shareholders of the Company									
	Share capital	Share premium	PRC Statutory reserves	Share option reserves	Exchange reserve	Other reserves	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Note	15(a)									
Balance at 1 January 2021	10,496	2,949,636	95,795	12,664	(55,597)	(159,606)	330,499	3,183,887	72,399	3,256,286
Changes in equity for the six months ended 30 June 2021:										
Profit for the period	-	-	-	-	-	-	270,508	270,508	20,103	290,611
Other comprehensive income	-	-	-	-	(31,573)	-	-	(31,573)	-	(31,573)
Total comprehensive income	-	-	-	-	(31,573)	-	270,508	238,935	20,103	259,038
Remeasurement of put option written to non-controlling interests	13(iv)	-	-	-	-	(11,743)	-	(11,743)	-	(11,743)
Dividend approved in respect of the previous year	13/15(b)	-	-	-	-	-	(97,793)	(97,793)	-	(97,793)
Dividend declared to non-controlling interests		-	-	-	-	-	-	-	(30,644)	(30,644)
Pre-IPO equity-settled share-based payment	14	-	-	-	18,922	-	-	18,922	286	19,208
Balance at 30 June 2021	10,496	2,949,636	95,795	31,586	(87,170)	(171,349)	503,214	3,332,208	62,144	3,394,352

The notes on pages 32 to 58 form part of this interim financial report.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2021-unaudited

(Expressed in Renminbi)

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Operating activities		
Cash generated from operations	576,185	229,043
Corporate Income Tax paid	(62,206)	(75,413)
Net cash generated from operating activities	513,979	153,630
Investing activities		
Loans repaid by related parties	–	455,000
Payments for purchase of property, plant and equipment and intangible assets	(11,255)	(3,290)
Proceeds from disposal of property, plant and equipment	666	587
Net cash outflow from disposals of a subsidiary	–	(5,167)
Advances from a related party for disposal of a subsidiary	–	300,000
Advances to a third party for acquisition of a subsidiary	(112,500)	–
Payments for purchase of wealth management products	(2,378,453)	(4,223,390)
Proceeds from redemption of wealth management products	2,427,606	4,323,398
Net cash generated from investing activities	9,669	13,139
Net cash (used in)/generated from investing activities	(64,267)	860,277

Condensed Consolidated Statement of Cash Flows

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

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Financing activities		
Proceeds from bank loans and other borrowings	78,763	324,630
Repayment of bank loans and other borrowings	(273,941)	(366,850)
Dividends paid to a non-controlling interest	(10,000)	–
Dividends paid to then equity shareholders of a subsidiary	–	(458,458)
Advances from related parties	–	104,300
Repayment of advances from related parties	–	(546,926)
Other cash flows used in financing activities	(18,474)	(33,920)
Net cash used in financing activities	(223,652)	(977,224)
Net increase in cash and cash equivalents	226,060	36,683
Cash and cash equivalents at 1 January	3,314,132	447,103
Effect of foreign exchange rate changes	(27,086)	–
Cash and cash equivalents at 30 June	3,513,106	483,786

The notes on pages 32 to 58 form part of this financial statements.

Notes to the Financial Statements

(Expressed in Renminbi 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 (“**Listing Date**”). 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 GROUP REORGANISATION AND BASIS OF PREPARATION

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 was 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 statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and condensed consolidated statements of cash flows of the Group for the period ended 30 June 2020 which include the results, changes in equity and cash flows of the companies comprising the Group have been prepared as if the current group structure had been in existence throughout the period 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 acquisition.

This 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 of Hong Kong Limited, 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.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

2 GROUP REORGANISATION AND BASIS OF PREPARATION *(continued)*

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.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2020 annual financial statements. The condensed consolidated financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with HKFRSs.

The interim financial report is unaudited, but has 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 on page 25.

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.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

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:

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

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.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING *(continued)*

(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.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING *(continued)*

(b) Segment reporting *(continued)*

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

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.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

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

	Property management services		Finance services		Others		Total	
	2021 RMB'000	2020 RMB'000	2021 RMB'000	2020 RMB'000	2021 RMB'000	2020 RMB'000	2021 RMB'000	2020 RMB'000
For the six months ended								
Disaggregated by timing of revenue recognition								
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
Reportable segment revenue	1,628,184	1,129,933	19,161	28,990	5,502	4,999	1,652,847	1,163,922
Inter-segment revenue	-	-	-	-	-	(1,884)	-	(1,884)
Revenue from external customers	1,628,184	1,129,933	19,161	28,990	5,502	3,115	1,652,847	1,162,038
Reportable segment profit/(loss)	391,145	199,291	4,752	12,413	2,881	(2,369)	398,778	209,335
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								
Reportable segment assets	4,597,610	4,366,887	408,521	377,477	170,864	175,419	5,176,995	4,919,783
Reportable segment liabilities	1,503,600	1,436,029	69,378	58,718	146,346	125,592	1,719,324	1,620,339

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING *(continued)*

(b) Segment reporting *(continued)*

(ii) Reconciliations of reportable segment profit or loss

	Six months ended 30 June	
	2021 RMB'000	2020 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 <i>(Note 5(b))</i>	–	31,539
Unallocated head offices and corporate expenses	(1,534)	(2)
Consolidated profit before taxation	397,244	240,569

(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.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

5 OTHER REVENUE AND NET INCOME

(a) Other revenue

		Six months ended 30 June	
		2021	2020
		RMB'000	RMB'000
	Note		
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
		19,514	14,415

(b) Other net (loss)/income

		Six months ended 30 June	
		2021	2020
		RMB'000	RMB'000
	Note		
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	9(b)	12	1
Gain on disposal of a subsidiary	(ii)	–	31,539
Others		(557)	(210)
		(7,467)	11,361

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 Excellence Group for a consideration of RMB9,500,000, which resulted in a gain on disposal of a subsidiary of RMB31,539,000.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Finance costs

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

(b) Staff costs

	Six months ended 30 June	
	2021 RMB'000	2020 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
	620,769	534,801
Included in:		
– Cost of sales	545,627	482,808
– Selling and marketing expenses	4,426	1,546
– Administrative expenses	70,716	50,447
	620,769	534,801

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.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

6 PROFIT BEFORE TAXATION (continued)

(c) Other items

		Six months ended 30 June	
		2021	2020
		RMB'000	RMB'000
	Note		
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
		23,074	22,006
Variable lease payment included in the measurement of lease liabilities		30,331	23,787
Impairment losses			
– Trade and other receivables	10	4,687	13,989
– Loans receivable	11	3,211	9,753
		7,898	23,742
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
		(54)	2,874

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

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:

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

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.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

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 issue 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.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

9 INVESTMENT PROPERTIES

(a) Investment properties, property, plant and equipment and right-of-use asset

The Group leased certain service apartments located in Shenzhen, the PRC, from property owners and subleased to tenants through operating leases to earn rental income. The right-of-use assets of the leases are determined to meet the definition of investment property. As at 30 June 2021, the fair value of the Group's investment properties was approximately RMB137,000,000 (31 December 2020: RMB139,700,000) with reference to the valuation performed, using the income approach, by Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("JLL"), an independent qualified professional valuer.

(b) Acquisitions and disposal of owned assets

During the six months ended 30 June 2021, the Group acquired items of property, plant and equipment with a cost of RMB7,349,000 (six months ended 30 June 2020: RMB3,100,000). Items of property, plant and equipment with a net book value of RMB654,000 were disposed of during the six months ended 30 June 2021 (six months ended 30 June 2020: RMB586,000), resulting in a gain on disposal of RMB12,000 (six months ended 30 June 2020: RMB1,000).

(c) Right-of-use assets

During the six months ended 30 June 2021, the Group entered into a number of lease arrangements for use of office spaces and dormitory and therefore recognized the additions to right-of-use assets of RMB3,970,000 (six months ended 30 June 2020: RMB4,217,000)

During the six months ended 30 June 2021, certain property leases contain variable lease payment terms that are linked to revenue generated from the operation of these properties, and majority of the lease payments are on the basis of the lease payment terms with percentages ranging from 30% to 70% (six months ended 30 June 2020: 50% to 60%) of revenue generated. Variable lease payment terms are used for a variety of reasons, including minimising the fixed costs base. Variable lease payments that depend on revenue are recognised in profit or loss in the period in which the conditions that triggers those payments occurs.

For the six months ended 30 June 2021, a 5% increase in revenue generated from the operation in these properties in the Group with such variable lease contracts would increase total lease payments by approximately RMB1,517,000 (six months ended 30 June 2020: RMB1,189,000).

As disclosed in note 3, the Group has early adopted the Amendment to HKFRS 16, *Covid-19-related rent concessions beyond 30 June 2021*, and applies the practical expedient to all eligible rent concessions received by the Group during the period.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

10 TRADE AND OTHER RECEIVABLES

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

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 period ended 30 June 2021, the Group intended 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.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

10 TRADE AND OTHER RECEIVABLES *(continued)*

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
	493,006	460,921

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.

11 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
Gross loans receivable	364,394	384,970
Less: loss allowance	(19,645)	(16,434)
	344,749	368,536

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.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

11 LOANS RECEIVABLE *(continued)*

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			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total 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	325,552	8,977	10,220	344,749

	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	354,667	2,335	11,534	368,536

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.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

12 RESTRICTED DEPOSITS AND CASH AND CASH EQUIVALENTS

(a) Restricted deposits

	Note	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Cash collected on behalf of the property owners' associations (i)	13	18,054	17,852
Housing maintenance funds received (ii)	13	7,602	19,550
Other restricted deposits		1,194	1,194
		26,850	38,596

Notes:

- (i) The Group has collected cash on behalf of the property owners' associations in its property services business. Since the property owners' associations often face difficulties in opening their own bank accounts, the Group opens and manages these bank accounts on behalf of the property owners' associations.
- (ii) Housing maintenance funds received mainly represent the cash deposits in banks as housing maintenance funds which were owned by the property owners but were deposited in the bank accounts in the name of the Group.

(b) Cash and cash equivalents comprise:

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Cash in hand	126	177
Cash at banks and other financial institutions (Note)	3,512,980	3,313,955
	3,513,106	3,314,132

Note: At 30 June 2021, cash at banks of HKD2,250,138,000 (equivalent to RMB1,872,295,000) mainly as IPO proceeds received were deposited in overseas banks and held by the Company (31 December 2020: HKD3,366,348,000).

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

13 TRADE AND OTHER PAYABLES

		At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Current			
Trade payables	(i)		
– Related parties		33,724	36,432
– Third parties		225,381	156,152
		<u>259,105</u>	<u>192,584</u>
Other payables			
– 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	15(b)	97,793	–
Cash collected on behalf of property owners' association	12(a)	18,054	17,852
Housing maintenance funds held on behalf of property owners	12(a)	7,602	19,550
Interest payable		164	671
Financial liabilities measured at amortised cost		<u>553,864</u>	350,986
Advance related to consideration for proposed disposal of a subsidiary	(ii)	300,000	300,000
Accrued payroll and other benefits		155,968	148,062
Deposits	(iii)	88,402	82,733
Accrued charges		14,659	11,068
		<u>1,112,893</u>	<u>892,849</u>
Non-current			
Other payables	(iv)	114,023	102,280

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

13 TRADE AND OTHER PAYABLES *(continued)*

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:

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

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

14 PRE-IPO SHARE OPTION SCHEME

The Company has a Pre-IPO Share Option Scheme whereby the directors of the Company are authorised, at their discretion, to invite employees of the Group, including directors of any company in the Group, to take up options at consideration of HK\$1 per grant to subscribe for shares of the Company. On 9 September 2020, a total number of 28,200,000 ordinary share options were granted under the Pre-IPO Share Option Scheme. The options will fully vest after three years from the Listing Date or, as the case may be, the first anniversary date of the employment commencement date of the relevant grantees and are then exercisable within a period of 5 years from the date of grant. The exercise price per share is HK\$5.36. Each option gives the holder the right to subscribe for one ordinary share in the Company and is settled gross in shares.

No options were exercised during the six months ended 30 June 2021.

15 CAPITAL, RESERVES AND DIVIDENDS

(a) Share capital

Authorised share capital

On 13 January 2020, the Company was incorporated in the Cayman Islands as an exempted company with limited liability. The authorised share capital of the Company is HKD380,000 divided into 38,000,000 shares of a par value of HK\$0.01 each. Pursuant to the shareholders' resolutions of the Company dated 28 September 2020, the authorised share capital of the Company is increased from HKD380,000 divided into 38,000,000 shares of a par value of HK\$0.01 each to HKD50,000,000 divided into 5,000,000,000 shares with the par value of HK\$0.01 each.

Issued share capital

	At 30 June 2021			At 31 December 2020		
	No. of shares	HK\$	RMB	No. of shares	HK\$	RMB
Ordinary shares of HK\$0.01 each, issued:						
At 1 January/13 January (date of incorporation)	1,222,490,000	12,224,900	10,496,360	-	-	-
Issuance of shares (i)	-	-	-	1,000	10	9
Capitalisation issue (ii)	-	-	-	899,999,000	8,999,990	7,729,000
Issuance of ordinary shares upon IPO (iii)	-	-	-	300,000,000	3,000,000	2,576,591
Exercise of overallotment option (iv)	-	-	-	22,490,000	224,900	190,760
At 30 June/31 December	1,222,490,000	12,224,900	10,496,360	1,222,490,000	12,224,900	10,496,360

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

15 CAPITAL, RESERVES AND DIVIDENDS *(continued)*

(a) Share capital *(continued)*

Issued share capital (continued)

Notes:

- (i) After the incorporation, 799 ordinary shares were allotted and issued to Urban Hero, a BVI company indirectly wholly-owned by Mr. Li Wa, the controlling shareholder, 70 Shares were allotted and issued to Autumn Riches Limited, a BVI company wholly-owned by Mr. Li Yuan, and 131 Shares were allotted and issued to Ever Rainbow Holdings Limited, a BVI company wholly-owned by Ms. Xiao Xingping, respectively. Each issued share is with a par value of HK\$0.01 each. Upon the completion of such allotment and issue, the Company became owned as to 79.9% by Mr. Li Wa, 7.0% by Mr. Li Yuan and 13.1% by Ms. Xiao Xingping respectively.
- (ii) Capitalisation issue

On 28 September 2020, 899,999,000 ordinary shares were issued by way of capitalisation with a par value HK\$0.01 each, the corresponding share capital amount was HK\$8,999,990 (equivalent to approximately RMB7,729,000).
- (iii) Issuance of ordinary shares upon IPO

On 19 October 2020, upon its listing on the Hong Kong Stock Exchange, the Company issued 300,000,000 new ordinary shares with a par value HK\$0.01 each at HK\$10.68 per share for a total cash consideration of HK\$3,204,000,000 (equivalent to approximately RMB2,751,595,000). The corresponding share capital amount was approximately RMB2,576,000 and share premium arising from the issuance was approximately RMB2,683,788,000, net of the share issuance costs. The share issuance costs paid and payable mainly include share underwriting commissions, lawyers' fees, reporting accountant's fee and other related costs, which are incremental costs directly attributable to the issuance of the new shares. These costs amounting to RMB65,231,000 were treated as a deduction against the share premium arising from the issuance.
- (iv) Exercise of the over-allotment option

On 11 November 2020, the over-allotment option has been partially exercised and the Company allotted and issued 22,490,000 additional ordinary shares with a par value HK\$0.01 each at HK\$10.68 per share for a total cash consideration of HK\$240,193,200 (equivalent to approximately RMB203,732,000). The corresponding share capital amount was approximately RMB191,000 and share premium arising from the issuance was approximately RMB198,880,000, net of the share issuance costs. The share issuance costs paid and payable mainly include share underwriting commissions and other related costs, which are incremental costs directly attributable to the issuance of the new shares. These costs amounting to RMB4,661,000 were treated as a deduction against the share premium arising from the issuance.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

15 CAPITAL, RESERVES AND DIVIDENDS *(continued)*

(b) Dividends

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

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

- (ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved during the six months ended 30 June 2021:

	Six months ended 30 June 2021 RMB'000
Final dividend in respect of the previous financial year, approved during the period, of HKD9.51 cents (equivalent to RMB7.91 cents) per ordinary share	97,793

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.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

16 FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

(a) Financial assets measured at fair value

HKFRS 13, Fair value measurement, requires the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

	30 June 2021			31 December 2020		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurements						
Assets:						
– Wealth management products	-	-	-	-	-	48,177
– Receivables due from a third party	-	-	2,118	-	-	2,118

Note: For wealth management products issued by banks that are measured at fair value through profit and loss, the fair value is determined by calculating based on the discounted cash flow method.

The main level 3 inputs used by the Group for receivables due from a third party are revenue growth rates during the profit guaranteed period. At 30 June 2021, if the revenue growth rates during the profit guaranteed period had been 1% higher/lower, the Group's profit after tax and retained profits would have been RMB463,000 (six months ended 30 June 2020: RMB462,000) lower/higher respectively.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

16 FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

(continued)

(b) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial assets and liabilities carried at cost or amortised cost are not materially different from their fair values at 30 June 2021 and 31 December 2020.

17 COMMITMENTS

Capital commitments outstanding not provided for in the financial statements were as follows:

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Contracted for and authorised but not contracted for	126,991	9,144

As at 30 June 2021 and 2020, capital commitments mainly represented capital expenditure for purchase of a subsidiary, software and improvement of IT system.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

18 RELATED PARTY TRANSACTIONS

(a) Significant related party transactions

During the six months ended 30 June 2021, the Group entered into significant related parties transactions with Excellence Group, its associates and joint ventures and other related parties controlled, jointly controlled or significant influenced by Mr. Li Wa, the Controlling Shareholder.

The particulars of significant transactions between the Group and the above related parties during the year are as follows:

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Basic property management services income		
– Excellence Group	55,039	48,999
– Other related parties	3,371	2,693
Value added services income		
– Excellence Group	202,423	65,044
– Other related parties	2,176	5,599
Payment of lease liabilities		
– Excellence Group	1,371	1,216
– Other related parties	204	210
Interest expenses charged on lease liabilities		
– Excellence Group	131	202
– Other related parties	11	4
Acquisition of right-of-use assets		
– Excellence Group	–	1,863
Interest income		
– Other related parties	–	5,480
Loans repaid by related parties		
– Other related parties	–	455,000
Expense relating to variable lease payments		
– Excellence Group	28,203	22,638
– Other related party	2,128	1,149
Cost relating to procurement and maintenance		
– Excellence Group	1,993	1,149
– Other related parties	–	9,496
Advances from a related party for disposal of a subsidiary		
– Excellence Group	–	300,000

Notes to the Financial Statements

*(Expressed in Renminbi unless otherwise indicated)***18 RELATED PARTY TRANSACTIONS** *(continued)*

All of the transactions above were carried out in the normal course of the Group's business and on terms as agreed between the transacting parties.

(b) Balances with related parties

The balances of transactions with related parties are set out as follows:

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Amounts due from		
Excellence Group		
– Trade nature	32,193	87,490
– Non-trade nature	20,855	5,173
Other related parties		
– Trade nature	1,617	648
– Non-trade nature	2,881	1,504
Amounts due to		
Excellence Group		
– Trade nature	32,996	36,026
– Non-trade nature	34,147	19,621
Other related parties		
– Trade nature	728	406
– Non-trade nature	129	207
Dividend receivable from a joint venture	5,594	–
Advances related to disposal of a subsidiary		
– Excellence Group	300,000	300,000
Contract liabilities	86,278	17,327
Lease liabilities	5,385	6,818

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

19 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, the board of the directors proposed interim dividends. Further details are disclosed in note 15(b)(i).

20 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

At 30 June 2021, the directors consider the ultimate controlling party and the immediate parent of the Group is Mr. Li Wa and Urban Hero respectively.