



# 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  
**2022**

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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

### COMPANY SECRETARIES

Mr. Lv Li  
Mr. Cheung Kai Cheong Willie

### 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

### STRATEGY & ESG COMMITTEE

Mr. Li Xiaoping (*Chairman*)  
Ms. Guo Ying  
Mr. Wang Yinhu  
Ms. Liu Xiaolan

### AUTHORIZED REPRESENTATIVES

Mr. Li Xiaoping  
Mr. Cheung Kai Cheong Willie

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## Corporate Information

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# Management Discussion and Analysis

## REVIEW OF INTERIM RESULTS

### I. Business Overview

*Principal Activities of Excellence Commercial Property & Facilities Management Group Limited (the “Company”) During the six months ended 30 June 2022 (the “Reporting Period”)*

**(I) Principal Activities of the Company and its subsidiaries (collectively the “Group” or “we” or “our”) During the Reporting Period**

The Group is a leading commercial real estate service operator in China, which is dedicated to the provision of customised one-stop comprehensive operation and management services for customers and offers full-life cycle asset maintenance and full-chain overall service solutions.

With its management experience accumulated over two decades, the Company has formed a complete comprehensive commercial property service model.

The Company focuses on commercial properties as its primary development path to achieve a diversified combination of full range of businesses covering high-end commercial office buildings, commercial complexes, high-tech industrial parks, government buildings and residential apartments. The Company offers real estate consulting, asset operation and management, comprehensive facility management, comprehensive administrative logistics and other services. The Company has expanded value-added business to help profit growth, innovated high-end business services, focused on the development and practice of commercial real estate, and developed a complete business chain of real estate life-cycle operation management services, striving to achieve the management goal of preserving and increasing its assets value. The Company has also established new pilot projects for medical services, urban services and government building services, in an effort to enhance overall competitive edges and accelerate business development by promoting the Company's large-scale operation through merger and acquisition (“M&A”) and cooperation.

During the Reporting Period, the Company has contracted Gross Floor Area (“GFA”) of more than 68.94 million sq.m., with business coverage spanning 2 countries, 15 provinces, and 530 management projects in 43 first-tier and regional key cities. Riding on its professional services and innovative mechanisms, the Company endeavours to establish an ecosystem where people, enterprises and real estate grow together, thus creating a leading commercial real estate service operator in China.

## Management Discussion and Analysis

### 1. *Comprehensive Property Management Services*

The comprehensive property management service business includes commercial property management (PM high-end commercial office buildings and FM comprehensive business parks), public properties and residential apartments.

#### (1) Commercial Real Estate Management:

##### • **PM Commercial Office Services**

The Company serves a large number of CBD landmark office buildings and high-tech enterprises and offers various services ranging from early intervention, marketing management, equipment selection to acceptance inspection, equipment and facility management, smart platform construction, space management, investment leasing, business management and more.

Signature projects: Shenzhen CES Building, Shenzhen One Excellence, Beijing Prosper Center, Qingdao Excellence Century Center, Shenzhen Centre, Shenzhen Excellence Times Square, Wuhan ICC International Trade Centre

##### • **FM Facility Management Services**

The Company mainly provides customised solutions for comprehensive facility management to industrial and commercial corporate customers which are engaged in high-tech, Internet, finance, industrial manufacturing, warehousing and logistics parks and other industries. The customers we serve are mainly Fortune 500 companies and high-tech enterprises.

We create a customised model of comprehensive facility management for enterprises, and our services include:

Through facility and equipment operation and maintenance services, we formulate scientific preventive maintenance strategies to ensure the safety and stability of equipment operation, build an E+FM smart cloud platform, establish an IT system for hardware integration of facilities and equipment and FM management and apply the same to operation and maintenance indicators and management systems, so as to realise intelligent management and monitoring of the entire life cycle of equipment and achieve both operating cost control and risk control. Through environmental services, we select advanced cleaning service tools, equipment and products to meet user service requirements. Through security services, we ensure personal, property and information security, and enhance customers' sense of security and efficient experience. Through administrative services, we support hotline service, home moving, shuttle bus, sports venue management and event assurance.

Signature projects: Sky City of DJI, Shenzhen OPPO Headquarters

## Management Discussion and Analysis

### (2) Public Property Services

The major customers of our public property services include government authorities, educational institutions, medical institutions, urban services and other functional bodies, and we offer a full range of public business operation service solutions. In addition to basic property services, special services are provided for various public projects, such as venue services which provide humanistic experience service, intelligent energy saving and cultural resource management; medical and nursing services which provide the control and monitoring of nosocomial infections, epidemic prevention and control, clinical support, etc.; and transportation services which provide city window creation, service area operation and customer experience.

The Company continuously improves its business capabilities in the field of government public construction property services in a professional, internationalisation-oriented, innovative and technical manner, and provides users with satisfactory and comfortable experiences by offering intelligent, safe, efficient and convenient services.

### (3) Residential Property Services

Relying on its 26 years of real estate development experience, Excellence Real Estate Group Co., Ltd. (卓越置業集團有限公司) and its subsidiaries (together, the “**Excellence Group**”) has developed high-end residential buildings in many cities across China and established standardised procedures for high-end residential community property services, including pre-intervention and takeover acceptance, owner occupancy management, decoration management, customer management, environmental management, equipment and facilities maintenance, order maintenance, fire management and other systematic services.

The Company spearheaded to introduce international service standards and launched “Five-heart” excellent butler (五心“悦”管家) services and “4Ins Good Life” (“4INS 美好生活”) services to reshape the physical space, cultural space, digital space and family space of the community regarding the customers’ satisfaction as the origin and center. Tapping into the needs of the owners, we provide individuals and families with safe, convenient, comfortable, healthy and joyful living experience, thus striving to build residential property services with high level of satisfaction and intelligence.

Signature projects: Shenzhen Cote d’Azur (深圳蔚藍海岸), Shenzhen Queen’s Road (深圳皇后道), Shenzhen Excellence Victoria Harbour (深圳卓越維港) and Hangzhou Blue Show (杭州蔚藍領秀)

## Management Discussion and Analysis

### 2. Value-added Services

Drawing upon Excellence Group's advantages in real estate development, the Group has integrated the resources of its back-end service business modules. The Group has gone deep into customer sites over the years by relying on basic properties, constantly gained insight into customers' needs, listened closely to customers' voices, and perceived their continuous extension and changes of business methods and lifestyles at present and in the future, continuously developing innovative value-added services with development focuses on assets services, construction and mechanical and electrical services, Zhuopin business services and more professional value-added services, which further improves the value chain of commercial property asset services and enterprise services.

#### (1) Asset Services

Commercial property consulting services: the Group provides preliminary property consulting services, pre-intervention in project planning and design, construction management and acceptance handover cost accounting to meet customer expectations for use functions, improve post-property operation efficiency and avoid operational risks.

Space management: the Group uses the interior and exterior space of buildings to attract investment and operate, and to create a space operation ecosystem. Combining on-site usage with customers' future needs, the Group plans the space use design in advance to improve the effective utilisation of space.

Leasing /Transfer: the Group provides customers with professional leasing and second-hand housing asset management services, and provides whole-process leasing value-added services to ensure maximised property occupancy rates and asset investment returns.

#### (2) Zhuopin Business Services

The Company's unique "one-stop service OTS for corporate comprehensive administration and logistics" provides high-standard one-stop business office supporting services for high-tech and Fortune 500 companies, including general office services, VIP services, conference services, high-end customised services, business event planning, corporate administrative procurement on behalf of customers and other diversified solutions.

#### (3) Construction and Mechanical and Electrical Services

Cooperating with its subsidiary, Shenzhen Shenghengda Electrical Equipment Co., Ltd. ("**Shenghengda Electrical Equipment**"), the Company has developed the "green & smart electromechanical" special service, built a community ecosystem by integrating the comprehensive "hardware + software + platform + service" solution, and achieved systematic development across multiple sectors, thus defining a large electromechanical ecosystem and driving performance growth by capturing technology and green opportunities.

## Management Discussion and Analysis

### (4) Professional Value-added Services

**Business Environment Services:** the business modules the Company provides for enterprises include daily cleaning, greening maintenance, disinfection, exterior wall cleaning, etc.. The Company is committed to the extension of characteristic environmental value-added services, and has launched a comprehensive environmental value-added service with high standards and high efficiency, including package for customer unit cleaning service, professional stone maintenance, high-end furniture care and other professional cleaning services. With rich practical experience, professional technical equipment, professional cleaner, and imported professional materials, customers can enjoy a more professional, flexible, high-quality and environmentally friendly value-added cleaning service.

**Real Estate Co-marketing Services:** approximately 70 real estate co-marketing projects are undertaken by the Company, including providing pre-intermediary to the field of residential development projects, preparatory services to the field, scene activity planning and coffee break services, and providing personalised solutions to field service for real estate companies.

### 3. *Joint Venture and M&A*

Drawing upon more than 20 years of successful experience in the field of high-end commercial property services, the Group focuses on the development and reform of real estate business services, and adopts a two-pronged strategy of organic growth and M&A. The Company has resolved to follow the development path of achieving nationwide business presence, improving influence of regional brand, improving competitive industrial chain and building industry competitive advantage through the “equity partnership” model.

Different from the “package” wholly-owned acquisition model, the Company attaches greater importance to long-term cooperation and common development with the original shareholders of acquiree. Under the diversified cooperation methods including acquisition of controlling rights and establishment of joint ventures with partners for joint operation, advanced management concepts and mature management systems are exported to the cooperative companies to standardise management, improve efficiency and break the development bottleneck of the cooperative companies, thereby promoting the development and growth of the cooperative company together with original shareholders.

The Company is currently joining hands with Henan Huangjin Property Management Co., Ltd. (河南黃錦物業管理有限公司), (“**Henan Huangjin**”) and Beijing Global Wealth Property Management Co., Ltd. (北京環球財富物業管理有限公司) (“**Beijing Global**”) to share resources and achieve win-win cooperation for sustainable development.

## Management Discussion and Analysis

### 4. *New Racetracks*

The Company has established an integrated market-oriented organisation framework, which mobilises and empowers the interaction between the headquarter and regional offices and forms a whole-process independent third-party market exploration mechanism. The Company develops government public infrastructures and urban services businesses following the marketisation of environment and hygiene, healthcare, education and logistics by multiple channels including M&As and joint ventures, so as to open up new tracks to boost growth and shape competitiveness.

#### (1) Medical Business Services

Excellence CM has achieved breakthroughs in the development of medical business racetrack by successfully tapping into and taking over logistics projects of various hospitals, providing medical staff and patients with intelligent, safe, efficient and convenient medical clinical auxiliary support and management services and in turn creating an orderly environment for treatment and curing.

The Company has built the “Excellence CM Medical (卓醫慧)” software system utilising modern science and technology with the foundation of traditional property management, which integrates professional technologies and services with management to achieve hospital intelligence, information digitalisation and cloud management. In the meantime, we spearheaded to introduce various smart devices, such as smart robots and contactless cleaning devices, which breaks the traditional mindsets towards hospital services, balances the operation costs with enhanced control and monitoring of nosocomial infections, and achieves enormous development for multi-scenario value-added services from online to offline. Currently, the Company’s health systems services have involved a comprehensive suite of businesses, including the operation and maintenance of facilities and equipment, central delivery, data centres, discipline maintenance, environment, caring and concierge services. With its commercial and residential resources, the Company is planning to achieve the extended coverage of surrounding projects and develops its multi-channel revenue model.

Signature projects: Shanxi Tianci Hospital (山西天慈醫院) and Suichang Rehabilitation Hospital (遂昌康復醫院)

## Management Discussion and Analysis

(2) Urban Construction Services

Excellence CM applies its service philosophies and innovative measures of property management to the urban segment, through which Excellence CM explores standards of urban comprehensive governance and services in the new era and achieves the refined, digitised, professional and integrated urban management. Meanwhile, we continuously enhance the core competitiveness of serving the city with technological innovation and the execution of operation and social livelihood for serving our city. We keep pace with the development trends of the property management industry, while exploring the new “property management + urban services” model in the new era.

### (II) Industry Landscapes

1. *Industry Situation*

In the first half of 2022, while the macro environment and the pandemic development kept changing, the property management industry was still within a rapid development stage. Riding on the launches of various advantageous policies from the national government and governments at all levels, the Company kept pace with market development and dug deep into the commercial property segment. The Company continuously focused on commercial complexes, corporate buildings, offices and R&D parks, expanded the management scale under the key account management model, and explored the businesses of new racetracks in healthcare, education, government public infrastructure and urban services to enhance its business diversity.

2. *Position in the Industry and Market Evaluation*

Established in October 1999, the Group is a holder of the national first-class property management qualification, and a director unit of China’s property management industry association. Over the past two decades, the Group constructed its competitive edges centering on its core principal businesses, while dedicating to various revenue streams to achieve growth at its full swing. Starting from property services and comprehensive facility management services, the Company continuously extends its business chain to asset services, construction and mechanical and electrical services, corporate services and other value-added business segments. It has become an international high-end commercial real estate operator and service provider. Currently, the Company serves various corporates from Fortune 500, including many reputed high-tech enterprises, internet enterprises, and financial enterprises. With leading comprehensive strength and service quality ahead of the industry, the Company was ranked 13th in the “2022 Top 100 Property Management Companies in China”, and named “2022 China Office Property Management Exceptional Companies” and “2022 China Leading Property Management Companies in terms of Characteristic Service – FM Business” by China Index Academy.

## Management Discussion and Analysis

### (III) Performance Overview

During the six months ended 30 June 2022, with the unremitting efforts of all staff of the Company, the Company achieved remarkable operating results, mainly represented by the rapid growth of operating income and profit, the continuous improvement of profit margins and the increase in the proportion of value-added services.

Of the Company's total revenue by business type during the six months ended 30 June 2022, commercial properties, public properties, residential properties, value-added services and other services accounted for 57.0%, 5.0%, 10.9%, 25.5% and 1.6%, respectively.

During the six months ended 30 June 2022, the Company's operating income reached RMB1,862.93 million with a year-on-year growth of 12.7%, of which the basic property service income from third parties accounted for 57.5% and posted a gross profit of RMB529.76 million, with an annual growth rate of 8.4%; and the comprehensive gross profit margin was 28.4%, representing a decrease of 1.2 percentage points as compared with the corresponding period in 2021. Net profit attributable to the parent company amounted to RMB311.01 million, up by 15.0% year-on-year; and net profit margin was 17.6%, remaining the same level as the corresponding period in 2021.

If exclude the impact of Zhejiang Gangwan Property Services Co., Ltd. and Wuhan Yuyang Property Management Co., Ltd., which were sold at the end of 2021, the revenue of the Company for the six months ended 30 June 2022 was increased by 32.8% as compared with the corresponding period, and the net profit attributable to equity shareholders was increased by 22.9% as compared with the corresponding period.

#### 1. *Continued High-quality Growth in Business Scale*

Focusing on the "1+1+X" strategy, Excellence CM dedicates its development in the Greater Bay Area, Yangtze River Delta Region, and other key first-tier and new first-tier cities. The Group is devoted to persistently increasing the project density in target cities. Besides, the Group deepens the development of valued-added services and extends its business presence under the development strategy of expanding the scope of commercial business segments, which demonstrates a strong development trend and rapid growth in contracted GFA and GFA under management by virtue of multiple driving forces.

For the six months ended 30 June 2022, our contracted GFA was approximately 68.94 million sq.m., representing an increase of approximately 35.1% over the corresponding period in 2021, with 627 contracted projects. For the six months ended 30 June 2022, the GFA under management amounted to approximately 50.08 million sq.m., representing an increase of approximately 42.3% as compared with the corresponding period in 2021 with 530 projects under management.

## Management Discussion and Analysis

The following table sets forth the changes in GFA under management for the six months ended 30 June 2022 and 2021, respectively.

	For the six months ended 30 June	
	2022 sq.m.' 000	2021 sq.m.' 000
At the beginning of the period	36,635	32,018
New engagements	11,493	3,931
New acquisitions	4,251	–
Terminations	(2,295)	(751)
<b>At the end of the period</b>	<b>50,084</b>	<b>35,198</b>

### 2. Strategic Upgrade of Geographical Distribution

Since the establishment of the Group, our business has expanded from Shenzhen to 65 cities in China during the six months ended 30 June 2022. Most of these cities are located in the most economically developed Greater Bay Area, Yangtze River Delta Region and regional key cities in China.

The following table sets out the total GFA under management as at the dates indicated and a breakdown of the total revenue from property management services by geographical area for the six months ended 30 June 2022 and 2021, respectively.

	For the six months ended 30 June							
	2022				2021			
	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 <sup>(1)</sup>	22,020	44.0	696,102	51.3	14,016	39.8	682,848	53.8
Yangtze River Delta Region <sup>(2)</sup>	9,951	19.9	182,270	13.4	8,595	24.4	276,356	21.8
Other Region <sup>(3)</sup>	18,113	36.1	480,015	35.3	12,587	35.8	309,972	24.4
<b>Total</b>	<b>50,084</b>	<b>100.0</b>	<b>1,358,388</b>	<b>100.0</b>	<b>35,198</b>	<b>100.0</b>	<b>1,269,176</b>	<b>100.0</b>

Notes:

- (1) Cities in which we provided property management services to properties in the Greater Bay Area include Shenzhen, Guangzhou, Zhuhai, Huizhou, Dongguan, Zhongshan, etc.
- (2) Cities in which we provided property management services to properties in the Yangtze River Delta Region include Shanghai, Nanjing, Hangzhou, Suzhou, Jiaxing, Yangzhou, Nantong, Wuxi, Taizhou, etc.
- (3) Cities in which we provided property management services to (i) properties in the other regions in China, including Beijing, Xi'an, Qingdao, Zhengzhou, Chongqing, Chengdu, Wuhan, Tianjin, Jinan, Shijiazhuang, Changsha, Fuzhou, Nanchang and Jinjiang; and (ii) projects in India.

## Management Discussion and Analysis

### 3. *Continued Improvement in Profitability*

The Group will continue to seek healthy and stable profitability of the basic property management services by persistently pursuing management efficiency improvement and increasing project density in target cities and other measures. The breakdown of the gross profit margin of the Group for the six months ended 30 June 2022 and 2021 is as follows:

	2022	2021
	%	%
<b>Gross profit margin</b>		
Commercial properties	25.5	26.9
– Projects developed by Excellence Group	46.5	47.9
– Projects developed by third parties	14.2	14.3
Public and industrial properties	12.1	14.9
Residential properties	17.7	22.2
<b>Total</b>	<b>23.4</b>	<b>24.7</b>

### 4. *Led by the Primary Development Path, Expand the Advantage of the Primary Business*

Commercial real estate management is our core business, while commercial properties are our most important competitive edges. We strengthened our leading edge in the commercial property market, and continued to expand our management scale in commercial office buildings and commercial complexes as well as industrial, commercial and high-tech parks. For the six months ended 30 June 2022, the revenue from commercial properties increased by 12.9% as compared to the same period in 2021.

The commercial property projects developed by Excellence Group act as the anchor of our property management portfolio. Our business presence in core regions and high-end product positioning lay a solid foundation for establishing a good brand image and cultivating a talent pipeline. The projects developed by Excellence Group will become the cornerstone for our stable growth. For the six months ended 30 June 2022, the revenue from commercial properties developed by Excellence Group increased by 5.4% as compared to the same period in 2021.

Excellence CM continued to strengthen its leading edge in the third-party market of the commercial property management. The Group's core competitive strength in FM segment facilitated the continued expansion of its businesses. By establishing a dedicated strategic customer division, the Group was able to maintain the organic growth of its newly developed business. In addition, with the brand advantages from the high-end commercial projects in the PM business segment, the Group has further constructed and optimised the comprehensive strength in asset management within the PM segment, and built the capability strength in asset services and corporate services, being well-prepared to capture the growth momentum of the PM business.

## Management Discussion and Analysis

For the six months ended 30 June 2022, the revenue from commercial property management developed from third-party markets increased by 17.4% as compared to the same period in 2021.

As a key part of our diversified businesses, public properties help increase our regional project density and ability to expand our offerings for government buildings. For the six months ended 30 June 2022, the revenue from public properties decreased by 47.8% as compared to the same period in 2021.

In terms of residential apartment business, as the real estate development volume of Excellence Group grows, we mainly provide services for high-end residential buildings in many cities across China, which is a stable source of our projects. For the six months ended 30 June 2022, the revenue from residential properties increased by 36.0% as compared to the same period in 2021.

	For the six months ended 30 June 2022				For the six months ended 30 June 2021			
	GFA under management		Revenue		GFA under management		Revenue	
	(sq.m.'000)	(%)	(RMB'000)	(%)	(sq.m.'000)	(%)	(RMB'000)	(%)
Commercial properties	23,027	46.0	1,061,228	78.1	16,941	48.1	940,190	74.0
– Excellence Group	2,906	5.8	373,918	27.5	2,791	7.9	354,618	27.9
– Third-party property developers	20,121	40.2	687,310	50.6	14,150	40.2	585,572	46.1
Public and industrial properties	8,585	17.1	93,711	6.9	6,510	18.5	179,410	14.1
Residential properties	18,472	36.9	203,449	15.0	11,747	33.4	149,576	11.8
<b>Total</b>	<b>50,084</b>	<b>100.0</b>	<b>1,358,388</b>	<b>100.0</b>	<b>35,198</b>	<b>100.0</b>	<b>1,269,176</b>	<b>100.0</b>

### 5. Organic Growth of Strategic Customer Business

Strategic customers of Excellence CM are mainly leaders in Internet, technology, finance and modern services in China. After years of cooperation, Excellence CM has gained a solid reputation and customer stickiness of its services. In 2022, through the establishment of a strategic customer division, the Company will fully tap the momentum of strategic cooperation and deeply bind, and the business scale will show exponential growth.

To cement the relationship with existing key customers, the Group optimised its strategic customer development mechanism, established a dedicated strategic customer business department, and set up an exclusive middle-office team to focus on supporting and managing strategic customers. We set up a strategic customer solution and implementation centre to offer whole-process, full-scenario and all-round support, thereby striving to facilitate rapid growth.

## Management Discussion and Analysis

We developed potential key customers, maintained the organic growth of new businesses, expedited market development through forward-looking arrangements for customers, business types and regions, and improved the market share and project density of the Company in terms of target key customers.

For the six months ended 30 June 2022, we secured 15 contracts with newly acquired strategic customers, with a total contract value from the newly acquired strategic customers of RMB636.64 million and a year-on-year annualised contract value of RMB164.52 million, accounting for 48.8% of the total contract value.

Taking the business with a domestic key Internet customer as an example. In fierce market competition in 2022, the Company won the bid for a customer's global headquarters, the Hangzhou Xixi Park Phase V Project covering a gross floor area of 960,000 sq.m. The cooperation was of far-reaching strategic significance for the expansion of the Company's overall business in China.

We will continue to create value for the shareholders of the Company (the "Shareholders") with the trust of strategic key customers in the full-cycle service ability and solid service quality of Excellence CM, good market demonstration effect, further improvement of market share of high-end commercial property.

### 6. *Value-added Services*

We are committed to providing customers with full-lifecycle property management services and full-chain comprehensive asset services. Value-added services are a business chain with huge development potential. In 2022, Excellence CM continuously innovated its value-added business based on the existing business, and further improved the content and business model of value-added services, thus promoting the Company's upgrade in business operations and redefining the value standards of commercial property services.

During the Reporting Period, revenue from value-added services amounted to approximately RMB475.63 million, an increase of approximately 32.5% compared to last year, and accounting for approximately 25.5% of the Company's overall revenue.

Our value-added services include asset services, Zhuopin business services, construction mechanical and electrical services and other professional value-added services.

For the six months ended 30 June 2022, value-added services witnessed diversified and rapid growth, of which, Zhuopin business services and construction mechanical and electrical services recorded a higher growth in performance with a double growth curve.

## Management Discussion and Analysis

Construction mechanical and electrical services are undergoing a transformation and upgrading geared towards “one central task and two basic points” and the business is growing at a high speed. For the six months ended 30 June 2022, revenue from construction mechanical and electrical increased by RMB118.89 million with a year-on-year growth rate of 125.0%. The increased revenue has consolidated the first growth curve of value-added services.

Through resource integration, the Company has developed a comprehensive solution of “hardware + software + platform + service”. Focusing on the two stages of construction and operation, it continuously expands mechanical and electrical engineering, construction materials, as well as smart community software and hardware supporting engineering. It taps into new external markets and expands its business scope by making breakthroughs, reshapes its structure and improves its team capacity to diversify its revenue structure, and supports the value-added, full-cycle supply chain to drive performance growth with technologies and green opportunities.

Our high-end service brand “Zhuopin Business” achieved rapid revenue growth and accelerated value release for the six months ended 30 June 2022, with a year-on-year growth rate of 81.3%, thus cultivating the second growthcurve of value-added services in the future.

As the pandemic normalised in 2022, Zhuopin Business tapped deeper into the “near-field supporting” model for commercial offices, and developed lightweight small programmes such as one-stop service map and intelligent pandemic prevention management platform, so as to expand service coverage, facilitate access to services and focus on customer experience. Meanwhile, by gaining insights into the IFM demand scenarios and pain points of corporate customers, matching the supply chain and integrating external resources, Zhuopin Business created a diversified comprehensive service platform for enterprises and achieved business growth.

## Management Discussion and Analysis

### Analysis of the Company's Core Competence

#### (I) *High-quality Brand Image*

The Group has rich experience in commercial real estate management and brand awareness. With extensive experience accumulated in offering comprehensive services to different properties, the Group has gained an in-depth understanding of customers. Such experience and understanding have turned the Group into an industry leader in providing commercial property management services. In addition, after years of deep cultivation, the Company has successfully established a twin brand image represented by international high-end commercial real estate comprehensive services and urban noble residential services. At present, the Group provides services for a number of Fortune 500 companies including many well-known high-tech, Internet and financial enterprises, which has been well received and unanimously recognised by the industry.

#### (II) *Well-established Service Standards*

With years of successful experience in the field of high-end commercial property services, the Company has developed a comprehensive commercial property service operation model. The Company has also been certified with ISO 9001 quality management system, ISO 14001 environmental management system, ISO 45001 occupational health and safety management system, ISO 50001 energy management system and other management system certifications successively. Its standardised work flow, completed management system and solid accumulation of management technique provide strong support and assurance for the daily operation of existing projects and the undertaking of new projects.

The Company introduces advanced service concepts constantly to dock with international standards. The Company has been successively certified as a platinum member of the International Building Owners and Managers Association (BOMA), a member of the International Facility Management Association (IFMA) and a member of the Royal Institute of Chartered Surveyors (RICS).

#### (III) *Differentiated Strategic Positioning Advantages*

With its highly scalable development path supported by a two-pronged strategy and multiple modules, the Company is empowered to focus on growth in all directions. The three major business segments (i.e., FM, PM and residential) have established the growth strategy of differentiated competition barriers, while the three major extensions (i.e., the new track, value-added services, joint venture and M&A) help customers establish the whole value chain, thus continuously creating value for customers.

In 2022, value-added services recorded a rapid growth thanks to the effective TO B business model. With its customised service capabilities and high-end business service features, the Company creates differentiated competition barriers superior to peers, winning the favor of industry leading enterprises and bringing stable and high-quality long-term customer resources to the Group.

## Management Discussion and Analysis

### *(IV) Possessing a Professional Management Team in the Industry*

A professional management team in the industry: the Group possesses a group of outstanding professional management leaders in the industry. With its continuous innovation and development, the Company attaches importance to the integration of industry team building and international organisations. The continuous joining of a large number of outstanding management talents from Fortune 500 companies provides a strong and lasting impetus for its future development.

A professional service team: The Company's business is based on forward-looking positioning, and the professional competence of the Company is improved by the cohesion, cultivation and output of talents. The Company has independently established a training centre for senior talents in property management, i.e., Excellence Management College, which is ahead of domestic peers in terms of various fields including property market research, project feasibility experts and property management consulting.

Cultivation of an outstanding talent pool: In 2017, the Talent College was officially established, which focuses on improving the overall talent structure and promoting the ability training of talent teams at all levels, so as to continuously provide strategic talents and professional project teams with Excellence's characteristics, and add new impetus to the pursuit of our strategic goals.

### *(V) Technology Innovation*

The Group actively employs modern technology and applies IoT, cloud computing and big data technologies to create a two-pronged platform for E+FM smart building information management. While ensuring the quality of service, the Group continues to reduce costs and increase efficiency, and promotes the sustainable operation of smart cities with intelligent buildings.

The platform features real-time monitoring of equipment and data collection, eliminates equipment failures at the first time, reduces operating costs and energy consumption, and achieves fully standardised operation of property management by combining with the Internet-based operation model, which greatly improves the work efficiency of the organisation. In addition, mobile APPs, WeChat and other online platforms are used to provide diversified 24-hour online services, showcasing a more humanised customer experience. Through multi-dimensional data statistics and analysis, the system can effectively optimise the property management process and provide more accurate decision-making support.

For the six months ended 30 June 2022, with management and control through the intelligent information platform, the overall data indicators have increased by 31.0% year-on-year.

The Company is committed to building its core competitiveness based on science and technology, and promoting efficiency through technological innovation. Catering to the new industrial workplace demand of a strategic customer, the Company explored the new operation mode of replacing people with machines during the pandemic, and achieved the win-win goal of improving user experience and work efficiency through the application and promotion of indoor and outdoor robots.

## Management Discussion and Analysis

### OUTLOOK

#### (I) *Strategic Planning*

Looking ahead, the Group will focus on the vision of being “A leading commercial real estate service operator in China”, solidify its foundation through team building, business building and competence building, and support growth with its value distribution and culture management drives to facilitate diversified business development.

We will resolutely promote the business development strategies of focusing on commercial real estate as the main development path and developing value-added business to boost profit growth, building high-end residential apartment brands and sharpening overall competitive edges through M&A to accelerate business development, and tapping into pilot new arenas to seek the second growth curve, so as to provide customers with tailored one-stop comprehensive operation and management services in real estate, and develop a complete business chain of operation and management services in real estate throughout the life cycle, ultimately achieving the management goal of preserving and increasing its assets value.

#### (II) *Business Development Strategy*

By adhering to our long-term development philosophy, we will continue to push forward our business development in the second half of 2022 through strategic planning.

While maintaining sustainable and stable business growth as the main theme of our business development, the Company will get hold of existing opportunities in the post-epidemic era.

By establishing diversified arenas for business development through three business segments and three extensions, we aim to deliver satisfactory results in terms of the four growth-focused indicators: profit, contract retention rate, market share and brand effect.

In the three major business segments of FM comprehensive facility management services, PM high-end commercial office building services and residential apartment services, we will intensively push forward management measures in important fields and key areas:

**FM comprehensive facility management services:** we will continuously make every effort to cultivate strategic customers, and further boost our market share and contract retention rate by customer management throughout the life cycle, renewal of expiring contracts and launching benchmark projects in key regions.

**PM commercial office building services:** we will aim at achieving continuous enhancement in our business structure, intensively tap into the potential of value-added services while stepping up our business solicitation and leasing capabilities, and continue to consolidate our position and branding in high-end commercial office building services by operation planning throughout the life cycle our projects.

## Management Discussion and Analysis

**Residential apartment services:** we will ensure the stable delivery of projects, and adhere to our original and core aspiration of high customer satisfaction by improving service quality while serving as an exemplar in offering highly intelligent residential apartment services with high satisfaction.

We will continue to innovate our service contents and business models, and set up differentiated competition barriers through the multiple drivers of organic growth, third-party extended development capabilities and M&A strategies along the three major extended business chains of the Company's business development blueprint.

**New racetracks:** we will continue to make every effort in addressing challenges in urban services, introducing joint venture models, building incubation platforms, reforming incentive mechanisms and developing solutions for professional services.

**Value-added services:** we will continue to develop innovative value-added services, further extend service boundaries and continuously advance in the key direction of strong and stable extended development in core business arenas and new business areas, including integration of building services and the community, Zhuopin "near field" ancillary services and comprehensive service platforms for enterprises, so as to achieve upgrade of commercial property asset services and value chain for corporate services.

**Joint ventures and M&A:** the Company will vigorously promote the implementation of joint venture and M&A strategies, attach importance to reasonable valuation and pay more attention to the past performance and future growth of partners. We will actively review and enhance our existing presence by promoting our presence in first-tier and emerging first-tier cities and tapping into various arenas to help drive market development. Meanwhile, we will formulate an all-round plan with a complete perspective, control risks in advance, drive business with data, explore post-investment profit growth drivers, empower management efficiency through information technology and focus on boosting our capabilities in achieving good results, so as to establish a resilient relationship with shareholders, jointly leverage opportunities arising from market changes, and avoid the downside risks of the market.

### *(III) Development of Core Capabilities*

In the second half of 2022, looking at the big picture of its overall business strategy, the Company will pursue a four-pronged strategy combining talent strategy, organizational development and digital innovation with an incentive-driven approach to build up its core competitiveness.

## Management Discussion and Analysis

### Talent strategy

The rapid expansion of business and growth of performance require higher quality of our talent training and reserve. Talent development comes first among our core capabilities. It is the key to supporting the sustainable development of business and achieving our strategic goals.

The Company will select, train and retain key talents based on its future development strategy, and create an employee quality model based on different types of customers. We will further intensify the internal flow of personnel, establish key rotation-related mechanisms for, among other things, talent mining, internal mobility, and competition for positions, and continuously optimize the existing personnel training system and structure. In addition, we will look for competitive, excellent talents in the external talent market to empower our organizational and business development, support the expansion into new business areas, and facilitate sustainable business development.

In 2022, the Company planned and launched the Excellent Talent Scheme, a talent development project for project manager training which aims at nurturing certified high-level project managers, with a view to supporting the sustainable development of business in all respects, maintaining our leadership as a commercial enterprise, and accelerating our business development.

### Organizational development

Based on the development of management culture, the Company will build a cultural platform with “management regulations, operating rules, and performance evaluation incentives” to drive the translation of organizational capabilities into employee service capabilities and professional product strength, with a view to achieving its overall strategic plan for 2023. We will leverage organizational capabilities to optimize our business footprint and coordinate resources, so as to build a corporate brand centered on customer needs and user value.

### Digital innovation

With a technology-based approach, the Company will create a highly compatible information platform with human-machine interaction to improve management efficiency and further upgrade the level of intelligent management.

The Company will use the management platform “integrating industry and finance” to conduct one-stop management of all financial and business procedures, support quick business decision making, and enhance risk management capabilities from project investment and development to operations. We will develop a knowledge management platform called “Think Tank” to realize centralized management and real-time sharing of knowledge, improve knowledge collaboration, and empower employees to carry forward experience and copy capabilities, in a drive to help improve the professional capabilities of our team.

Through the ongoing implementation and application of E+FM Dual Smart Platforms, the Company will constantly enhance the level of intelligent operation and reduce costs and increase efficiency while ensuring service quality, so as to achieve the goal of improving user experience and on-site operational efficiency.

## Management Discussion and Analysis

### Incentive-driven approach

The Company will constantly innovate in performance evaluation, emphasize internal incentives as the driving force to stimulate organizational vitality, and establish a shared value community between the Company and its employees, with a view to promoting business sustainability.

Based on customer-centric core business lines, functions and strategies, we have established a performance system fully adaptive to the needs of employees. In accordance with the participants, vesting rules and detailed distribution rules, the Company establishes a complete set of incentive mechanisms including the employment evaluation mechanism with powers consistent with responsibilities, and the share incentive mechanism for senior management. We also conduct differentiated performance assessment based on post functions, fully motivate our teams with incentives, and vigorously support business development.

## FINANCIAL REVIEW

### Revenue

For the six months ended 30 June 2022, the revenue of the Group amounted to RMB1,862.93 million (the corresponding period in 2021: RMB1,652.85 million), representing an increase of 12.7% as compared with the corresponding period last year.

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

	For the six months ended 30 June					
	2022		2021		Change	
	Amount (RMB'000)	(%)	Amount (RMB'000)	(%)	Amount (RMB'000)	Percentage
<b>Revenue</b>						
Basic Property Management Services	1,358,388	72.9	1,269,176	76.8	89,212	7.0
Value-added Services	475,632	25.5	359,008	21.7	116,624	32.5
Other Businesses	28,913	1.6	24,663	1.5	4,250	17.2
<b>Total revenue</b>	<b>1,862,933</b>	<b>100.0</b>	<b>1,652,847</b>	<b>100.0</b>	<b>210,086</b>	<b>12.7</b>

During the Reporting Period, the revenue from basic property management services was RMB1,358.39 million (the corresponding period in 2021: RMB1,269.18 million), representing an increase of 7.0% as compared with the same period of last year, mainly attributable to the increase of 17.4% of revenue from third-party development projects of commercial properties compared with corresponding period of last year.

### Value-added Services

During the Reporting Period, the revenue from value-added services increased by 32.5% to RMB475.63 million from RMB359.01 million in the corresponding period of 2021, accounting for 25.5% (for the six months ended 30 June 2021: 21.7%) of the total revenue.

## Management Discussion and Analysis

The increase of value-added services mainly arose from: (i) increase of the revenue from electrical and mechanical installation service; (ii) the increase of high-end business services and services on corporate administrative welfare platform; and (iii) increase of other value-added services.

### 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 increased 17.2% to RMB28.91 million from RMB24.66 million for the corresponding period of 2021, mainly attributable to the increase of revenue from financial services compared with the corresponding period of last year.

### Cost of Sales

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

During the Reporting Period, the Group's cost of sales amounted to RMB1,333.18 million (the corresponding period in 2021: RMB1,163.97 million), representing an increase of 14.5% over the corresponding period of 2021, which was primarily due to an increase in staff costs and the repair and maintenance 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			
	2022		2021	
	Gross profit (RMB'000)	Gross profit margin (%)	Gross profit (RMB'000)	Gross profit margin (%)
Basic Property Management Services	318,421	23.4	313,885	24.7
Value-added Services	190,244	40.0	160,495	44.7
Other Businesses	21,093	73.0	14,497	58.8
<b>Total</b>	<b>529,758</b>	<b>28.4</b>	<b>488,877</b>	<b>29.6</b>

During the Reporting Period, the Group's gross profit was RMB529.76 million, representing an increase of 8.4% from RMB488.88 million for the corresponding period in 2021. The gross profit margin decreased slightly to 28.4% in the Reporting Period from 29.6% for the corresponding period in 2021, which remains at a good level.

## Management Discussion and Analysis

The gross profit margin of basic property management services was 23.4% (the corresponding period in 2021: 24.7%), representing a decrease of 1.3 percentage points from the corresponding period last year, mainly due to: (i) decrease in gross profit margin of public and industrial properties of the Group after disposal of equity interest in Shenzhen Excellence Operation Management Co., Ltd. (深圳市卓越運營管理有限公司), (“**Shenzhen Excellence Operation**”) in December 2021; and (ii) decrease in gross profit margin of residential properties of the Group as compared with the corresponding period of last year.

The gross profit margin of value-added services was 40.0% (the corresponding period in 2021: 44.7%), representing a decrease of 4.7 percentage points from the corresponding period of last year, mainly attributable to the significant increase in the proportion of revenue from electrical and mechanical installation services during the Reporting Period, which has a relatively low gross profit margin.

The gross profit margin of other businesses was 73.0% (the corresponding period in 2021: 58.8%), representing an increase of 14.2 percentage points from the corresponding period of last year, mainly attributable to the increase in gross profit margin as a result of the decrease in the comprehensive capital cost for financial services.

### Other Revenue

The Group’s other revenue mainly consisted of interest income and government grants.

During the Reporting Period, other revenue was RMB30.74 million (the corresponding period in 2021: RMB19.51 million), representing an increase of 57.6% from last year, mainly attributable to the increase of interest income from bank deposit.

### 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 increased to RMB8.19 million (the corresponding period in 2021: other net loss of RMB7.47 million), which was mainly due to the increase in impairment loss from the expansion of receivables during the Reporting Period.

### Selling and Marketing Expenses

During the Reporting Period, the selling and marketing expenses amounted to RMB10.88 million (the corresponding period in 2021: RMB8.12 million), representing an increase of 34.0% from the corresponding period of last year, which was mainly due to the increase in development staff costs for searching better business targets, as well as the increase in expenses for business development.

### Administrative Expenses

During the Reporting Period, administrative expenses amounted to RMB84.49 million (the corresponding period in 2021: RMB89.98 million), representing a decrease of 6.1% from the corresponding period last year, which was mainly due to constantly improving the organization management mode and promoting regional integration by the Group, resulting in decrease in the administrative expenses.

## Management Discussion and Analysis

### Finance Costs

During the Reporting Period, our finance costs amounted to RMB5.59 million (the corresponding period in 2021: RMB10.66 million), representing a decrease of 47.6% from the corresponding period last year, which was mainly due to the repayment of bank loans and other borrowings during the Reporting Period, resulting in a decrease in interest on borrowings.

### Share of Profits of Joint Ventures

During the Reporting Period, the share of profits of joint ventures amounted to RMB0.89 million (the corresponding period in 2021: RMB4.24 million), representing a decrease of 79.0% from the corresponding period of last year, mainly due to the fact that the Group has acquired the controlling interest of Henan Huangjin in January 2022, and Henan Huangjin has become a subsidiary of the Group instead of a joint venture.

### Share of Profits of Associates

During the Reporting Period, the share of profits of associates amounted to RMB0.43 million (the corresponding period in 2021: RMB0.84 million), representing a decrease of 48.8% from the corresponding period of last year, mainly due to the decrease in the profit of Suzhou Industrial Park Comprehensive Insurance Property Management Co., Ltd. compared with the corresponding period of last year.

### Income Tax

During the Reporting Period, income tax was RMB124.27 million (the corresponding period in 2021: RMB106.63 million), representing an increase of 16.5% from the corresponding period in last year, mainly due to an increase of total profit before tax during the Reporting Period, resulting in an increase of income tax expense.

### Profit for the Period

During the Reporting Period, the Group's net profit amounted to RMB328.39 million (the corresponding period in 2021: RMB290.61 million), representing an increase of 13.0% from the corresponding period in last year.

During the Reporting Period, the profit attributable to equity shareholders of the Company amounted to RMB311.01 million (the corresponding period in 2021: RMB270.51 million), representing an increase of 15.0% from the corresponding period in last year.

During the Reporting Period, the net profit margin was 17.6% (the corresponding period in 2021: 17.6%).

### 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 2022, the Group's investment properties amounted to RMB107.04 million, representing a decrease of RMB5.45 million from RMB112.49 million as of 31 December 2021, 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 2022, the Group's net book value of property, plant and equipment amounted to RMB49.19 million, representing an increase of RMB1.65 million from RMB47.54 million as of 31 December 2021, which was mainly due to the increase of office facilities and other fixed assets.

### Intangible Assets

The Group's intangible assets mainly consisted of property management contracts and software arisen from corporate mergers and acquisitions. The Group's intangible assets increased by RMB192.05 million from RMB34.06 million as of 31 December 2021 to RMB226.11 million as of 30 June 2022, which was primarily due to the Group's acquisitions of the equity of Henan Huangjin and Beijing Global during the Reporting Period.

### Goodwill

The Group's goodwill increased by RMB139.37 million from RMB41.44 million as of 31 December 2021 to RMB180.81 million as of 30 June 2022, which was primarily due to the Group's completion of acquisition projects including Henan Huangjin and Beijing Global during the Reporting Period.

The Group's goodwill was mainly related to the acquisitions of the equity interests in Wuhan Huanmao Property Management Co., Ltd., Henan Huangjin and Beijing Global. As of 30 June 2022, the management was not aware of any significant risk of impairment of goodwill.

### Trade and Other Receivables

Trade and other receivables mainly consisted of trade receivables and other receivables.

As of 30 June 2022, the Group's net trade and other receivables (including current and non-current receivables) amounted to approximately RMB1,266.45 million, representing an increase of approximately RMB105.10 million from approximately RMB1,371.55 million as of 31 December 2021, mainly due to the net trade receivables increased by approximately RMB315.56 million as compared with 31 December 2021, resulting from the growth of the Group's revenue, which was partially offset by the decrease in the Group's net other receivables by approximately RMB208.82 million as compared with 31 December 2021, mainly due to the recovery of other receivables of RMB294.00 million arising from the sale of equity of Shenzhen Excellence Operation during the Reporting Period.

### Trade and Other Payables

As of 30 June 2022, the Group's trade and other payables (including current and non-current payables) amounted to RMB1,447.01 million, representing an increase of approximately RMB368.87 million from approximately RMB1,078.14 million as of 31 December 2021, mainly due to (i) the increase in the Group's total procurement volume resulted in an increase of trade payables of approximately RMB166.99 million as compared with 31 December 2021; (ii) the Group's 2021 final dividend payable of RMB181.38 million; and (iii) additional financial guarantee of RMB14.60 million due to acquisition of Beijing Global during the Reporting Period <sup>Note</sup>.

## Management Discussion and Analysis

### Note:

Preceding to the acquisition of Beijing Global Wealth Property Management Co., Ltd (“**Beijing Global Wealth**”) by the Group (the “**Acquisition**”), one of the vendors (being a former shareholder of Beijing Global Wealth) had an outstanding loan amount (the “**Loan**”) owed to a financial institution (the “**Lender**”). Both the vendor and the Lender are independent third parties of the Company. Pursuant to the relevant agreements, Beijing Global Wealth and certain related entities of the vendor provided joint and several guarantee for the principal of the Loan and the interest thereon (“**Personal Guarantee**”), while one of the security providers provided security over its properties to secure a part of the Loan (“**Property Guarantee**”). Pursuant to the information available to the Company, as at 31 March 2021, the outstanding principal and interest, and penalty payment of the Loan amounted to RMB280.35 million in total. At the request of the vendors, on 29 April 2021, the Group paid RMB100 million to the Lender as part of the consideration of the Acquisition. As such, as at 29 April 2021, the total principal of the Loan had decreased to approximately RMB180 million.

Based on the information available to the Company, on 15 June 2022, the outstanding principal of the Loan and the interest thereon were RMB209.62 million in total, and the Loan was past due and remained outstanding. Having considered the opinions of the Company’s PRC legal advisers, as the securities provided for the Loan include both Property Guarantee and Personal Guarantee, creditors generally are more likely to first enforce the security of the Property Guarantee (although the possibility that the creditors may first or simultaneously enforce the Personal Guarantee cannot be excluded). Based on valuation conducted by an independent valuer, as at 30 June 2022, the value for sale under repossession of the properties under the Property Guarantee was approximately RMB194.90 million. To the best knowledge of the Company, the Lender holds first priority security interest over the properties under the Property Guarantee. Therefore, considering the credit risks of the Loan and other relevant factors, the Directors estimated that the fair value of the Personal Guarantee borne by the Group after the Acquisition as at 30 June 2022 was approximately RMB14.60 million.

### 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 2022, the Group’s contract liabilities amounted to approximately RMB169.30 million, representing a decrease of 21.7% from RMB216.24 million as of 31 December 2021.

### Borrowings

As of 30 June 2022, the Group had no bank and other borrowings (31 December 2021: RMB75.00 million, which was unsecured and unguaranteed borrowings of Shenzhen Zhuotou Micro-lending Co., Ltd (深圳市卓投小額貸款有限公司) (“**Shenzhen Zhuotou**”).

### 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 2022, the Group’s asset-liability ratio was 34.5% (31 December 2021: 31.7%).

### Pledged Assets

As of 30 June 2022, the Group did not pledge any assets (31 December 2021: Nil).

### Contingent Liabilities

Save as disclosed in this interim report, as of 30 June 2022, the Group did not have any significant contingent liabilities or guarantees (31 December 2021: Nil).

## Management Discussion and Analysis

### Liquidity, Reserves and Capital Structures

The Group maintained a good financial position during the Reporting Period. As of 30 June 2022, the Group's cash and equivalents amounted to RMB3,407.30 million, representing an increase of 13.3% from RMB3,007.30 million as of 31 December 2021, mainly due to the Group's increasing operating cash inflow.

As of 30 June 2022, the Group's total equity was RMB3,658.89 million, representing an increase of RMB192.46 million or 5.6% from RMB3,466.43 million as of 31 December 2021, primarily due to the profit contribution realized during the Reporting Period.

### Exchange Rate Risks

The main business of the Group is conducted in China, and our transactions are mainly denominated in Renminbi. As at 30 June 2022, non-RMB assets and liabilities were mainly cash and cash equivalents, 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.

## 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 on 19 October 2020 (the “Listing Date”), 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 proceeds raised from the listing are approximately HK\$3,359.5 million. As of 30 June 2022, the Company had utilized approximately HK\$854.7 million of the net proceeds.

As at 30 June 2022, the Group’s planned use and actual use of the net proceeds was as follows:

Major Categories	% of Total Proceeds	Sub-Amount (HK\$ million)	Sub-categories	Specific Plans	% of Total Proceeds	Timeframe			Actual amount of proceeds utilized as at 30 June 2022 (HK\$ million)	Amount of proceeds unutilized as at 30 June 2022 (HK\$ million)
						2021 (HK\$ million)	2022 (HK\$ million)	2023 (HK\$ million)		
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	369.7	1,646.1
				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 Total Proceeds	Amount (HK\$ million)	Sub-categories	Specific Plans	% of Total Proceeds	Timeframe			Actual amount of proceeds utilized as at 30 June 2022 (HK\$ million)	Amount of proceeds unutilized as at 30 June 2022 (HK\$ million)
						2021 (HK\$ million)	2022 (HK\$ million)	2023 (HK\$ million)		
Development of information technology system	10.0%	134.3	Develop FM smart management information platform	<p>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.</p> <p>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.</p> <p>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.</p>	4.0%	40.3	53.8	40.2	1.7	132.6

## Corporate Governance/Other Information

Major Categories	% of Total Proceeds	Sub-categories	Specific Plans	% of Total Proceeds	Timeframe			Actual amount of proceeds utilized as at 30 June 2022 (HK\$ million)	Amount of proceeds unutilized as at 30 June 2022 (HK\$ million)	
					2021 (HK\$ million)	2022 (HK\$ million)	2023 (HK\$ million)			
		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	0.0	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	7.6	59.6
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	14.5	153.5

## Corporate Governance/Other Information

Major Categories	% of Total Proceeds	Sub-Amount (HK\$ million)	Specific Plans	% of Total Proceeds	Timeframe			Actual amount of proceeds utilized as at 30 June 2022 (HK\$ million)	Amount of proceeds unutilized as at 30 June 2022 (HK\$ million)
					2021 (HK\$ million)	2022 (HK\$ million)	2023 (HK\$ million)		
Attracting and nurturing talent	5.0%	168.0	<p>We plan to:</p> <ul style="list-style-type: none"> <li>- provide trainings to our employees at key positions and identify and train up our future team leaders.</li> <li>- recruit key personnel strategically to support our business growth.</li> </ul>	5.0%	67.0	50.5	50.5	125.2	42.8
General corporate purposes	10.0%	336.0	Working capital and general corporate purposes	10.0%	100.7	100.7	134.6	336.0	0.0

Affected by the downturn in the domestic real estate market, the Company is more cautious in strategic expansion. Outbreak of COVID-19 further slowed the pace of the Company's merger and acquisition, several projects are still under investigation and negotiation and the payment has not been officially released. As to the development of information technology system, several systems are currently under early stages of development and most of the payment were yet to be paid. The remaining net proceeds of the proceeds from the listing are currently deposited in banks in Hong Kong and mainland China and are planned to be used in accordance with the Company's strategy.

## Corporate Governance/Other Information

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

On 15 May 2020, Shenzhen Excellence Property Management Co., Ltd. (深圳市卓越物業管理有限責任公司) (“**Excellence Property Management**”), an indirect wholly-owned subsidiary of the Company (as seller), entered into the Shenzhen Zhuotou Framework Agreement with Shenzhen Zhuoyue Venture Capital Co., Ltd. (深圳市卓越創業投資有限責任公司) (as purchaser), pursuant to which the Group has conditionally agreed to transfer the entire equity interests in Shenzhen Zhuotou to the purchaser after 3 May 2021. On 3 November 2021, Excellence Property Management and the purchaser entered into the share transfer agreement, pursuant to which Excellence Property Management has conditionally agreed to sell, and the purchaser has conditionally agreed to purchase, the entire equity interests in Shenzhen Zhuotou at the cash consideration of RMB305.1 million. At the extraordinary general meeting held on 30 December 2021, the resolution on the aforesaid matters was officially passed by independent Shareholders by poll. On 19 January 2022, Shenzhen Zhuotou has submitted the materials regarding change of Shareholder to the Shenzhen Financial Supervision Bureau for verification and approval. As of the date of this interim report, the official reply was yet to be obtained.

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.

### EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2022, the Group had a total of 15,610 and 66 full-time employees (30 June 2021: 12,550 and 75) 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.

### SHARE OPTION SCHEME

#### 1. 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 subject to the requirements under Chapter 17 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”). No options have been granted under the Share Option Scheme from the date of its adoption up to the date of this interim report. 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.

The remaining life of the Share Option Scheme is around 8 years.

#### 2. 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. 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.



## Corporate Governance/Other Information

Category and name of the Grantee	Date of Grant	Vesting period	Exercise period	Outstanding as at 1 January 2022	Granted during the Reporting Period	Exercised during the Reporting Period	Lapsed during the Reporting Period	Cancelled during the Reporting Period	Outstanding as at 30 June 2022	Exercise price per share (HK\$)
Ms. Guo Ying	9 September 2020	(i) one third of the total number of the share options will be vested after the date of the publication of the annual report of the Group for the year ended 31 December 2021;	within 5 years after the vesting date	1,200,000	-	-	400,000	-	800,000	5.36
		(ii) one third of the total number of the share options will be vested after the date of the publication of the annual report of the Group for the year ended 31 December 2022; and								
		(iii) one third of the total number of the share options will be vested after the date of the publication of the annual report of the Group for the year ended 31 December 2023.								
<b>Subtotal</b>				<u>17,400,000</u>	<u>-</u>	<u>-</u>	<u>5,800,000</u>	<u>-</u>	<u>11,600,000</u>	
Other participants	9 September 2020	(i) one third of the total number of the share options will be vested after the date of the publication of the annual report of the Group for the year ended 31 December 2021;	within 5 years after the vesting date	8,305,159	-	-	4,129,159	-	4,176,000	5.36
		(ii) one third of the total number of the share options will be vested after the date of the publication of the annual report of the Group for the year ended 31 December 2022; and								
		(iii) one third of the total number of the share options will be vested after the date of the publication of the annual report of the Group for the year ended 31 December 2023.								
<b>Total</b>				<u>25,705,159</u>	<u>-</u>	<u>-</u>	<u>9,929,159</u>	<u>-</u>	<u>15,776,000</u>	

## Corporate Governance/Other Information

### 3. Summary of the Share Option Schemes

	Pre-IPO Share Option Scheme	Share Option Scheme
<b>Purpose</b>	To enable the Company to grant options to Pre-IPO Eligible Participants (as defined below) as incentives or rewards for their contribution or potential contribution to any member of our Group.	To recognize and acknowledge the contributions that the Eligible Participants (as defined below) 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: <ul style="list-style-type: none"> <li>(i) motivate the Eligible Participants to optimize their performance efficiency for the benefit of our Group; and</li> <li>(ii) attract and retain or otherwise maintain an on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of our Group.</li> </ul>
<b>Who may join</b>	The Board may at its discretion grant options to persons who satisfy the following eligibility criteria (" <b>Pre-IPO Eligible Participant(s)</b> "): <ul style="list-style-type: none"> <li>(i) any full-time employee, administrative personnel, and senior staff of an member of our Group;</li> <li>(ii) any director (including non-executive director and independent non-executive director) of any member of our Group;</li> <li>(iii) any other eligible person who, in the discretion of our Board and its authorized person, has made contributions or will make contributions to our Group.</li> </ul>	The Board may, at its discretion, offer to grant an option to the following persons (collectively the " <b>Eligible Participants</b> "): <ul style="list-style-type: none"> <li>(i) any full-time or part-time employees, executives or officers of our Company or any of our subsidiaries;</li> <li>(ii) any directors (including non-executive directors and independent non-executive directors) of our Company or any of our subsidiaries; and</li> <li>(iii) any advisors, consultants, suppliers, customers, distributors and such other persons who, in the sole opinion of the Board, will contribute or have contributed to our Company and/or any of our subsidiaries.</li> </ul>

## Corporate Governance/Other Information

	Pre-IPO Share Option Scheme	Share Option Scheme
<b>Maximum number of Shares available for issue</b>	<p>The maximum number of Shares in respect of which options may be granted under the Pre-IPO Share Option Scheme is 25,705,159 Shares, representing 2.14% and 2.11% of the issued share capital of our Company as at the Listing Date and the date of this report respectively.</p> <p>No further option could be granted under the Pre-IPO Share Option Scheme.</p> <p>As at the beginning of the Reporting Period, the total number of Shares available for issue under the Pre-IPO Share Option Scheme was 25,705,159 Shares, representing approximately 2.10% of the total number of issued Shares as at the beginning of the Reporting Period. During the Reporting Period, 9,929,159 options have lapsed and the number of Shares available for issue under the Pre-IPO Share Option Scheme as at the date of this report was 15,776,000 Shares, representing approximately 1.29% of the total number of issued Shares as at the date of this report.</p>	<p>The maximum number of Shares in respect of which options may be granted under the Share Option Scheme and any other share option scheme of the Company is 120,000,000 Shares, representing 10% and 9.83% of the issued share capital of our Company as at the Listing Date and the date of this report respectively.</p> <p>The maximum number of Shares that may be issued upon exercise of all outstanding options granted and yet to be granted under the Share Option Scheme and any other schemes must not in aggregate exceed 30% of the total number of Shares in issue from time to time.</p> <p>As at the date of this report, the total number of Shares available for issue under the Share Option Scheme was 120,000,000 Shares, representing approximately 9.83% of the total number of issued Shares as at the date of this report.</p>
<b>Maximum entitlement of each participant</b>	<p>The respective entitlement of each participant as granted on 9 September 2020.</p>	<p>1% of the issued share capital of the Company from time to time within any 12-month period up to the date of offer.</p>
<b>Acceptance of an offer of options</b>	<p>An offer shall be deemed to have been accepted when the duplicate letter comprising acceptance of the offer is duly signed by the Grantee, together with a payment of HK\$1.00 by way of consideration for the grant thereof, is received by our Company.</p> <p>To the extent that the offer is not accepted within 30 days from the offer date, it will be deemed to have been irrevocably declined.</p>	<p>An option shall be deemed to have been granted and accepted by the grantee and to have taken effect when the duplicate offer document constituting acceptances of the options duly signed by the grantee, together with a remittance or payment in favor of our Company of HK\$1.00 by way of consideration for the grant thereof, is received by our Company on or before the relevant acceptance date.</p>

## Corporate Governance/Other Information

	Pre-IPO Share Option Scheme	Share Option Scheme
<b>Option period</b>	An option may be exercised according to the terms of the Pre-IPO Share Option Scheme in whole or in part by the Grantee subject to fulfillment the vesting conditions determined by the Board but before the expiry of five years after the grant date.	The Board may in its absolute discretion determine the period during which an option may be exercised or specify any performance targets at the time of grant of options which shall be satisfied by the grantee before his options may be exercised.
<b>Exercise Price</b>	The exercise price per Share in respect of any particular option granted under the Pre-IPO Share Option Scheme is HK\$5.36, which was determined with reference to the fair value of the Shares as at 3 August 2020, based on a valuation report prepared by an independent valuer appointed by our Company.	Exercise price shall be at least the higher of: (i) the official closing price of our Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities; (ii) the average of the official closing prices of our Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of a Share.
<b>Other condition</b>	Within one year after the date of exercise of the option, a Grantee shall not sell, offer to sell, contract or agree to sell, transfer, mortgage, charge, pledge or otherwise dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares which have been issued to him/her pursuant to his/her exercise of any option granted to and vested on him/her under the Pre-IPO Share Option Scheme.	–

The Pre-IPO Share Option Scheme is not subject to the provision of Chapter 17 of the Listing Rules. No further options will be granted under the Pre-IPO Share Option Scheme.

The Share Option Scheme shall be valid and effective for a period of 10 years from the Listing Date, i.e. until 18 October 2030.

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

## Corporate Governance/Other Information

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

During the six months ended 30 June 2022, the Company completed the cancellation of 2,142,000 Shares (purchased by the Company on the Stock Exchange in December 2021) on 24 January 2022. Save as disclosed above, 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 HK14.60 cents per ordinary share of the Company (the “Share(s)”) for the six months ended 30 June 2022. Such interim dividend will be paid on 29 November 2022 to the Shareholders whose names appear on the register of members of the Company on 15 November 2022.

### 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 2021, 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 2022 to 15 November 2022 (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 2022.

### 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 to the Listing Rules on the Stock Exchange as its own corporate governance code.

During the six months ended 30 June 2022, 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.

## Corporate Governance/Other Information

### 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 2022, and the Company is not aware of any incident of non-compliance by the Directors during the Reporting Period.

### 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.

### 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 2022.

### 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 months ended 30 June 2022.

## Corporate Governance/Other Information

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

As at 30 June 2022, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which have been 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 which were recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix 10 to the Listing Rules were as follows:

#### Interests in the Shares

Name of Director	Capacity/ Nature of interests	Number of Shares Held	Approximate Percentage of Interests in the Company <sup>(4)</sup>	Long/Short Position
Mr. Li Xiaoping	Interest of spouse	118,120,000 <sup>(1)</sup>	9.68%	Long position
	Beneficial owner	11,072,000 <sup>(2)</sup>	0.91%	Long position
Ms. Guo Ying	Beneficial owner	875,000 <sup>(3)</sup>	0.07%	Long position

Notes:

- (1) Mr. Li Xiaoping is the spouse of Ms. Xiao Xingping ("Ms. Xiao"). By virtue of the SFO, Mr. Li Xiaoping is deemed to be interested in the same number of Shares in which Ms. Xiao is interested.
- (2) Including 10,800,000 share options of our Company which have been granted under the Pre-IPO Share Option Scheme but have not yet been exercised as at the date of this interim report.
- (3) Including 800,000 share options of our Company which have been granted under the Pre-IPO Share Option Scheme but have not yet been exercised as at the date of this interim report.
- (4) The percentage is calculated on the basis of 1,220,348,000 Shares in issue as at 30 June 2022.

Save as disclosed above, as at 30 June 2022, 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 2022 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

As at 30 June 2022, as far as the Directors are aware, the following persons (other than the Directors and chief executives of the Company) had interests or short positions in the shares or underlying shares of the Company which were required to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, and which were required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO:

#### Interests in the Shares

Name of Shareholder	Capacity/ Nature of interests	Number of Shares Held	Approximate Percentage of Interests in the Company <sup>(5)</sup>	Long/Short Position
Mr. Li Wa <sup>(1)</sup>	Interest in a controlled corporation	722,440,000	59.20%	Long position
Oriental Rich Holdings Group Limited (" <b>Oriental Rich</b> ") <sup>(1)</sup>	Interest in a controlled corporation	722,440,000	59.20%	Long position
Urban Hero Investments Limited (" <b>Urban Hero</b> ") <sup>(1)</sup>	Beneficial owner	722,440,000	59.20%	Long position
Ms. Xiao Xingping <sup>(2) (3)</sup>	Interest in a controlled corporation	117,900,000	9.66%	Long position
	Beneficial owner	220,000	0.02%	Long position
	Interest of spouse	11,072,000 <sup>(3)</sup>	0.91%	Long position
Ever Rainbow Holdings Limited (" <b>Ever Rainbow</b> ") <sup>(2)</sup>	Beneficial owner	117,900,000	9.66%	Long position
Mr. Li Yuan <sup>(4)</sup>	Interest in a controlled corporation	63,000,000	5.16%	Long position
Autumn Riches Limited (" <b>Autumn Riches</b> ") <sup>(4)</sup>	Beneficial owner	63,000,000	5.16%	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) Ms. Xiao is the spouse of Mr. Li Xiaoping. By virtue of the SFO, Ms. Xiao is deemed to be interested in the same number of Shares in which Mr. Li Xiaoping is interested. The interests owned by Mr. Li Xiaoping include the form of 10,800,000 share options of our Company which have been granted under the Pre-IPO Share Option Scheme but have not yet been exercised as at the date of this report.
- (4) 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.
- (5) The percentage is calculated on the basis of 1,220,348,000 Shares in issue as at 30 June 2022.

Save as disclosed above, as at 30 June 2022, 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.

## Corporate Governance/Other Information

### EVENTS AFTER THE REPORTING PERIOD

Except for the declaration of the interim dividend and the continuing connected transactions which are subject to independent Shareholders' approval as disclosed in the Company's announcement dated 22 July 2022, no material events were undertaken by the Group subsequent to 30 June 2022 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 45 to 72 which comprises the consolidated statement of financial position of the Company as of 30 June 2022 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 months 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 2022 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

29 August 2022

## Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2022—unaudited

(Expressed in Renminbi)

	Note	Six months ended 30 June	
		2022 RMB'000	2021 RMB'000
<b>Revenue</b>	3	<b>1,862,933</b>	1,652,847
Cost of sales		<b>(1,333,175)</b>	(1,163,970)
<b>Gross profit</b>		<b>529,758</b>	488,877
Other revenue	4(a)	<b>30,739</b>	19,514
Other net loss	4(b)	<b>(8,188)</b>	(7,467)
Selling and marketing expenses		<b>(10,883)</b>	(8,123)
Administrative expenses		<b>(84,490)</b>	(89,978)
<b>Profit from operations</b>		<b>456,936</b>	402,823
Finance costs	5(a)	<b>(5,591)</b>	(10,664)
Share of profits of associates		<b>429</b>	844
Share of profits less losses of joint ventures		<b>885</b>	4,241
<b>Profit before taxation</b>	5	<b>452,659</b>	397,244
Income tax	6	<b>(124,272)</b>	(106,633)
<b>Profit for the period</b>		<b>328,387</b>	290,611
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>311,009</b>	270,508
Non-controlling interests		<b>17,378</b>	20,103
<b>Profit for the period</b>		<b>328,387</b>	290,611

The notes on pages 53 to 72 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in note 15(b).

## Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2022—unaudited

(Expressed in Renminbi)

		Six months ended 30 June	
		2022	2021
		RMB'000	RMB'000
<b>Earnings per share (RMB cents)</b>			
Basic	7	25.49	22.13
Diluted		25.49	22.07
<b>Profit for the period</b>		<b>328,387</b>	290,611
<b>Other comprehensive loss for the period</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
– Exchange differences on translation of financial statements of entities not using Renminbi (“RMB”) as functional currency		(9,350)	(31,573)
<b>Total comprehensive income for the period</b>		<b>319,037</b>	259,038
<b>Attributable to:</b>			
Equity shareholders of the Company		301,659	238,935
Non-controlling interests		17,378	20,103
<b>Total comprehensive income for the period</b>		<b>319,037</b>	259,038

The notes on pages 53 to 72 form part of this interim financial report.

## Consolidated Statement of Financial Position

At 30 June 2022–unaudited

(Expressed in Renminbi)

	Note	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
<b>Non-current assets</b>			
Investment properties	8	107,040	112,488
Property, plant and equipment	8	49,191	47,541
Intangible assets		226,105	34,061
Goodwill		180,814	41,438
Interests in associates		13,189	12,609
Interests in joint ventures		6,795	45,382
Other receivables	9	–	236,582
Deferred tax assets		31,821	29,016
		<b>614,955</b>	<b>559,117</b>
<b>Current assets</b>			
Inventories		25,475	4,886
Contract assets	10	18,263	15,684
Trade and other receivables	9	1,266,449	1,134,969
Prepaid tax		1,793	770
Loans receivable	11	209,720	316,014
Restricted deposits	12(a)	42,412	33,396
Cash and cash equivalents	12(b)	3,407,296	3,007,300
		<b>4,971,408</b>	<b>4,513,019</b>
<b>Current liabilities</b>			
Bank loans and other borrowings		–	75,000
Contract liabilities		169,296	216,236
Trade and other payables	13	1,446,206	1,077,341
Lease liabilities		14,201	14,006
Current taxation		122,856	90,896
		<b>1,752,559</b>	<b>1,473,479</b>

The notes on pages 53 to 72 form part of this interim financial report.

## Consolidated Statement of Financial Position

At 30 June 2022—unaudited

(Expressed in Renminbi)

	Note	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
<b>Net current assets</b>		<b>3,218,849</b>	3,039,540
<b>Total assets less current liabilities</b>		<b>3,833,804</b>	3,598,657
<b>Non-current liabilities</b>			
Other payables	13	800	800
Lease liabilities		113,863	117,741
Deferred tax liabilities		60,247	13,684
		<b>174,910</b>	132,225
<b>NET ASSETS</b>		<b>3,658,894</b>	3,466,432
<b>CAPITAL AND RESERVES</b>			
Share capital	15(a)	10,479	10,496
Reserves		3,572,145	3,435,052
<b>Total equity attributable to equity shareholders of the Company</b>		<b>3,582,624</b>	3,445,548
<b>Non-controlling interests</b>		<b>76,270</b>	20,884
<b>TOTAL EQUITY</b>		<b>3,658,894</b>	3,466,432

The notes on pages 53 to 72 form part of this interim financial report.

# Consolidated Statement of Changes in Equity

For the six months ended 30 June 2022—unaudited

(Expressed in Renminbi)

	Attributable to equity shareholders of the Company										
	Share capital	Share premium	PRC Statutory reserves	Share option reserves	Treasury shares	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	RMB'000
Note	15(a)										
<b>Balance at 1 January 2021</b>	10,496	2,949,636	95,795	12,664	-	(55,597)	(159,606)	330,499	3,183,887	72,399	3,256,286
<b>Changes in equity for the six months ended 30 June 2021:</b>											
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	-	-	-	-	-	-	(11,743)	-	(11,743)	-	(11,743)
2020 final dividend declared in respect of the previous year	-	-	-	-	-	-	-	(97,793)	(97,793)	-	(97,793)
Dividend declared to non-controlling interests	-	-	-	-	-	-	-	-	-	(30,644)	(30,644)
Pre-IPO equity-settled share-based payment	-	-	-	18,922	-	-	-	-	18,922	286	19,208
<b>Balance at 30 June 2021 and 1 July 2021</b>	10,496	2,949,636	95,795	31,586	-	(87,170)	(171,349)	503,214	3,332,208	62,144	3,394,352
<b>Changes in equity for the six months ended 31 December 2021:</b>											
Profit for the period	-	-	-	-	-	-	-	239,580	239,580	17,290	256,870
Other comprehensive income	-	-	-	-	-	(34,452)	-	-	(34,452)	-	(34,452)
Total comprehensive income	-	-	-	-	-	(34,452)	-	239,580	205,128	17,290	222,418
Remeasurement of put option written to non-controlling interests	-	-	-	-	-	-	(10,569)	-	(10,569)	-	(10,569)
Disposal of subsidiaries	-	-	-	-	-	-	124,592	-	124,592	(58,155)	66,437
2021 interim dividend declared in respect of the current year	-	-	-	-	-	-	-	(188,840)	(188,840)	-	(188,840)
Appropriations to statutory surplus reserves	-	-	47,132	-	-	-	-	(47,132)	-	-	-
Pre-IPO equity-settled share-based payment	14	-	-	(2,264)	-	-	-	-	(2,264)	(232)	(2,496)
Forfeit of share options	14	-	-	(6,607)	-	-	-	-	(6,607)	(163)	(6,770)
Repurchase of shares	-	-	-	-	(8,100)	-	-	-	(8,100)	-	(8,100)
<b>Balance at 31 December 2021</b>	10,496	2,949,636	142,927	22,715	(8,100)	(121,622)	(57,326)	506,822	3,445,548	20,884	3,466,432

The notes on pages 53 to 72 form part of this interim financial report.

## Consolidated Statement of Changes in Equity

For the six months ended 30 June 2022—unaudited

(Expressed in Renminbi)

		Attributable to equity shareholders of the Company										
		Share capital	Share premium	PRC Statutory reserves	Share option reserves	Treasury shares	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	RMB'000
	Note	15(a)										
Balance at 1 January 2022		10,496	2,949,636	142,927	22,715	(8,100)	(121,622)	(57,326)	506,822	3,445,548	20,884	3,466,432
Changes in equity for the six months ended 30 June 2022:												
Profit for the period		-	-	-	-	-	-	-	311,009	311,009	17,378	328,387
Other comprehensive loss		-	-	-	-	-	(9,350)	-	-	(9,350)	-	(9,350)
Total comprehensive income		-	-	-	-	-	(9,350)	-	311,009	301,659	17,378	319,037
Acquisition of subsidiaries		-	-	-	-	-	-	-	-	-	37,957	37,957
2021 Final dividend declared in respect of the previous year	15(b)	-	-	-	-	-	-	-	(172,801)	(172,801)	-	(172,801)
Pre-IPO equity-settled share-based payment		-	-	-	8,218	-	-	-	-	8,218	51	8,269
Cancellation of repurchased own shares	15(a)	(17)	(8,083)	-	-	8,100	-	-	-	-	-	-
Balance at 30 June 2022		10,479	2,941,553	142,927	30,933	-	(130,972)	(57,326)	645,030	3,582,624	76,270	3,658,894

The notes on pages 53 to 72 form part of this interim financial report.

## Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2022—unaudited

(Expressed in Renminbi)

		Six months ended 30 June	
		2022	2021
Note		RMB'000	RMB'000
<b>Operating activities</b>			
	Cash generated from operations	265,727	576,185
	Corporate Income Tax paid	(110,260)	(62,206)
	<b>Net cash generated from operating activities</b>	<b>155,467</b>	<b>513,979</b>
<b>Investing activities</b>			
	Repayment from disposed subsidiaries	295,321	–
	Payments for purchase of property, plant and equipment and intangible assets	(7,007)	(11,255)
	Proceeds from disposal of property, plant and equipment	90	666
	Acquisition of subsidiaries, net of cash acquired	27,109	–
16	Advances to a third party for acquisition of a subsidiary	–	(112,500)
	Other net cash flows arising from investing activities	19,186	58,822
	<b>Net cash generated from/(used in) investing activities</b>	<b>334,699</b>	<b>(64,267)</b>

## Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2022—unaudited  
(Expressed in Renminbi)

	Note	Six months ended 30 June	
		2022 RMB'000	2021 RMB'000
<b>Financing activities</b>			
Proceeds from bank loans and other borrowings		–	78,763
Repayment of bank loans and other borrowings		(75,000)	(273,941)
Dividends paid to a non-controlling interest		–	(10,000)
Other cash flows used in financing activities		(14,403)	(18,474)
<b>Net cash used in financing activities</b>		<b>(89,403)</b>	<b>(223,652)</b>
<b>Net increase in cash and cash equivalents</b>		<b>400,763</b>	<b>226,060</b>
<b>Cash and cash equivalents at 1 January</b>		<b>3,007,300</b>	<b>3,314,132</b>
<b>Effect of foreign exchange rate changes</b>		<b>(767)</b>	<b>(27,086)</b>
<b>Cash and cash equivalents at 30 June</b>		<b>3,407,296</b>	<b>3,513,106</b>

The notes on pages 53 to 72 form part of this interim financial report.

# Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

## 1 BASIS OF PREPARATION

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 29 August 2022.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2021 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2022 annual financial statements. Details of any changes in accounting policies are set out in note 2.

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 2021 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“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 44.

## 2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Group:

- Amendments to HKFRS 3, *Reference to the Conceptual Framework*
- Amendments to HKAS 16, *Property, plant and equipment: Proceeds before intended use*
- Amendments to HKAS 37, *Provisions, contingent liabilities and contingent assets: Onerous contracts – cost of fulfilling a contract*
- Annual Improvements to *HKFRSs 2018-2020 Cycle*

None of these developments have had a material effect on how the group’s results and financial position for the current or prior periods have been prepared or presented in this interim financial report. The group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

# Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

## 3 REVENUE AND SEGMENT REPORTING

### (a) Revenue

The principal activities of the Group are the provision of basic property management services, value-added services, finance services and other services. Further details regarding the Group's principal activities are disclosed in note 3(b).

Disaggregation of revenue from contracts with customers by each significant category is as follows:

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
<b>Property management services</b>		
Basic property management services		
– Commercial property	1,061,228	940,190
– Public and industrial property	93,711	179,410
– Residential property	203,449	149,576
	<u>1,358,388</u>	1,269,176
Value-added services	475,632	359,008
	<u>1,834,020</u>	1,628,184
<b>Revenue from other sources</b>		
Finance services income	22,852	19,161
Gross rental income from investment properties	6,061	5,502
	<u>28,913</u>	24,663
	<u>1,862,933</u>	1,652,847

For the six months ended 30 June 2022, the revenue from Excellence Group, a related party that included companies that were owned or under significant influenced by controlling shareholder and chairman of the board of the Group, accounted for 23.3% (six months ended 30 June 2021: 15.6%) 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 Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

### 3 REVENUE AND SEGMENT REPORTING *(Continued)*

#### (b) Segment reporting

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 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, construction material trading 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, business planning consultation 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 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, contract liabilities, trade and other payables and lease liabilities 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 associates and joint ventures.

The measure used for reporting segment profit is profit before taxation excluding 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.

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

## 3 REVENUE AND SEGMENT REPORTING (Continued)

## (b) Segment reporting (Continued)

## (i) Segment results, assets and liabilities (Continued)

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 period is set out below.

	Property management		Finance services		Others		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
For the six months ended	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Disaggregated by timing of revenue recognition</b>								
Over time	1,744,198	1,431,020	22,852	19,161	6,061	5,502	1,773,111	1,455,683
Point in time	89,822	197,164	-	-	-	-	89,822	197,164
<b>Reportable segment revenue</b>	<b>1,834,020</b>	1,628,184	<b>22,852</b>	19,161	<b>6,061</b>	5,502	<b>1,862,933</b>	1,652,847
Inter-segment revenue	-	-	-	-	-	-	-	-
<b>Revenue from external customers</b>	<b>1,834,020</b>	1,628,184	<b>22,852</b>	19,161	<b>6,061</b>	5,502	<b>1,862,933</b>	1,652,847
<b>Reportable segment profit</b>	<b>433,975</b>	391,145	<b>18,876</b>	4,752	<b>3,317</b>	2,881	<b>456,168</b>	398,778
Interest income from bank deposits	22,751	10,983	59	-	4	6	22,814	10,989
Finance costs	-	(4,006)	(2,075)	(3,175)	(3,516)	(3,483)	(5,591)	(10,664)
Depreciation and amortisation	(26,672)	(15,715)	(499)	(1,013)	(5,581)	(6,346)	(32,752)	(23,074)
Reversals of/(Impairment losses) on loans receivable	-	-	3,527	(3,211)	-	-	3,527	(3,211)
(Impairment losses)/reversals of on trade and other receivables	(16,544)	(4,681)	-	-	35	(6)	(16,509)	(4,687)
Impairment losses on contract assets	(53)	-	-	-	-	-	(53)	-
As at 30 June/31 December								
<b>Reportable segment assets</b>	<b>5,096,654</b>	4,502,088	<b>330,891</b>	392,318	<b>125,204</b>	147,676	<b>5,552,749</b>	5,042,082
<b>Reportable segment liabilities</b>	<b>1,619,925</b>	1,298,833	<b>5,314</b>	80,896	<b>119,127</b>	121,272	<b>1,744,366</b>	1,501,001

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

### 3 REVENUE AND SEGMENT REPORTING *(Continued)*

#### (b) Segment reporting *(Continued)*

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

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Reportable segment profit	456,168	398,778
Unallocated head offices and corporate expenses	(3,509)	(1,534)
Consolidated profit before taxation	452,659	397,244

##### (iii) Geographic information

The major operating entities of the Group are domiciled in the mainland China. Accordingly, majority of the Group's revenues were derived in the mainland China during the six months ended 30 June 2022 and 2021.

As at 30 June 2022 and 2021, most of the non-current assets of the Group were located in the mainland China.

### 4 OTHER REVENUE AND NET LOSS

#### (a) Other revenue

	Note	Six months ended 30 June	
		2022 RMB'000	2021 RMB'000
Interest income from bank deposits		22,814	10,989
Government grants	(i)	7,045	8,231
Others		880	294
		30,739	19,514

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

### 4 OTHER REVENUE AND NET LOSS (Continued)

#### (b) Other net loss

		Six months ended 30 June	
		2022	2021
		RMB'000	RMB'000
		<b>(16,509)</b>	(4,687)
		<b>3,527</b>	(3,211)
		<b>(53)</b>	–
		<b>4,499</b>	–
		<b>153</b>	976
		<b>1</b>	12
		<b>194</b>	(557)
		<b>(8,188)</b>	(7,467)

*Notes:*

- (i) During the six months ended 30 June 2022 and 2021, the government grants received by the Group are mainly related to subsidies for staff retention and taxation benefit of 10% additional deduction on value added tax in the industries of living services according to current policy in mainland China.
- (ii) After Henan Huangjin has been controlled by the Group (see note 16), the difference between the fair value and the carrying amount of the Group's previously held interest of net identifiable assets at the acquisition date was recognised in profit or loss.

# Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

## 5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

### (a) Finance costs

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Interests on bank loans and other borrowings	2,075	6,687
Interests on lease liabilities	3,516	3,977
	<b>5,591</b>	10,664

### (b) Staff costs

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Salaries, wages and other benefits	674,927	570,159
Equity-settled share-based payment	8,269	19,208
Contributions to defined contribution scheme (Note)	36,340	31,402
	<b>719,536</b>	620,769
<b>Included in:</b>		
– Cost of sales	643,636	545,627
– Selling and marketing expenses	7,460	4,426
– Administrative expenses	68,440	70,716
	<b>719,536</b>	620,769

*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.



## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

### 6 INCOME TAX *(Continued)*

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 period.

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 period.

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 period.

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.

### 7 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 RMB311,009,000 (six months ended 30 June 2021: RMB270,508,000) and the weighted average of 1,220,348,000 ordinary shares (six months ended 30 June 2021: 1,222,490,000 ordinary shares) in issue during the six months ended 30 June 2022.

#### (b) Diluted earnings per share

For the six months ended 30 June 2022, the effect of conversion of share option scheme of the Group was anti-dilutive.

For the six months ended 30 June 2021, the diluted earnings per share was calculated based on the profit attributable to ordinary equity shareholders of the Company of RMB270,508,000 and 1,225,565,000 shares which is the weighted average number of shares in issue during the period plus the weighted average number of 3,075,000 shares deemed to be issued at no consideration if all outstanding options had been exercised.

### 8 INVESTMENT PROPERTIES AND OTHER PROPERTY, PLANT AND EQUIPMENT

#### (a) Investment properties

The Group leased certain service apartments located in Shenzhen, the PRC, from property owners and sub-leased 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 2022, the fair value of the Group’s investment properties was approximately RMB126,500,000 (31 December 2021: RMB131,200,000) 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.

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

### 8 INVESTMENT PROPERTIES AND OTHER PROPERTY, PLANT AND EQUIPMENT *(Continued)*

#### (b) Acquisitions and disposal of owned assets

During the six months ended 30 June 2022, the Group acquired items of property, plant and equipment with a cost of RMB6,156,000 (six months ended 30 June 2021: RMB7,349,000). Items of property, plant and equipment with a net book value of RMB89,000 were disposed of during the six months ended 30 June 2022 (six months ended 30 June 2021: RMB654,000), resulting in a gain on disposal of RMB1,000 (six months ended 30 June 2021: RMB12,000).

#### (c) Right-of-use assets

During the six months ended 30 June 2022, the Group entered into a number of lease arrangements for use of office spaces and dormitory and therefore recognised the additions to right-of-use assets of RMB4,953,000 (six months ended 30 June 2021: RMB3,970,000).

### 9 TRADE AND OTHER RECEIVABLES

	Note	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Trade receivables	(i)		
– Related parties		331,477	140,680
– Third parties		562,026	420,757
		893,503	561,437
Less: loss allowance		(59,723)	(43,214)
		833,780	518,223
Other receivables, net of loss allowance			
– Related parties		15,858	20,152
– Third parties	(ii)	298,864	503,391
		314,722	523,543
Financial assets measured at amortised cost		1,148,502	1,041,766
Deposits and prepayments	(iii)	117,947	93,203
		1,266,449	1,134,969
<b>Non-current</b>			
Prepayment for proposed acquisition of a subsidiary	16	–	166,582
Consideration receivables related to disposal of subsidiaries		–	70,000
		–	236,582

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

### 9 TRADE AND OTHER RECEIVABLES (Continued)

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 2022, other receivables mainly included consideration receivable of RMB245,000,000 in respect of disposal of Shenzhen Excellence Operation and its subsidiaries. RMB70,000,000 of the consideration receivable was received subsequent to period end.
- (iii) Deposits and prepayments mainly represented prepayment for future project cooperation and deposits for lease arrangements.

#### Ageing analysis

As at 30 June 2022, 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 2022 RMB'000	At 31 December 2021 RMB'000
Within 6 months	730,891	452,372
6 months to 1 year	72,748	43,055
1 to 2 years	26,818	20,393
2 to 3 years	3,323	2,403
	<b>833,780</b>	<b>518,223</b>

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.

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

### 10 CONTRACT ASSETS

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
<b>Contract assets</b>		
Arising from performance under construction contracts	18,636	16,004
Less: loss allowance	(373)	(320)
	<u>18,263</u>	<u>15,684</u>
Receivables from contracts with customers within the scope of HKFRS 15, which are included in "Trade and other receivables" (note 9)	<u>129,495</u>	<u>77,587</u>

The Group entered into certain property management agreements with its related parties to provide equipment installation services and recognised contract assets of RMB18,636,000 (31 December 2021: RMB15,684,000) from its related parties as at 30 June 2022.

Contract assets mainly represent unbilled revenue of equipment installation services. The unbilled revenue of equipment installation services for the communities is managed by the Group. The Group's installation contracts include payment schedules which require stage payments over the installation period once milestones are reached. These payment schedules prevent the build-up of significant contract assets. The Group typically agrees to a retention period ranging from 12-month period to 24-month period for 2% to 5% of the contract value. This amount is included in the retention receivables until the end of the retention period as the Group's entitlement to this final payment is conditional on the Group's work satisfactorily passing inspection. When the retention period is due and the right to the retention is unconditional, this amount is included in the trade receivables.

### 11 LOANS RECEIVABLE

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Unguaranteed and unsecured	–	18,000
Unguaranteed and secured	35,680	43,810
Guaranteed and secured	189,413	273,104
Gross loans receivable	<u>225,093</u>	<u>334,914</u>
Less: loss allowance	(15,373)	(18,900)
	<u>209,720</u>	<u>316,014</u>

*Note:* As at 30 June 2022, loans provided by the Group to third parties from micro-lending business are interest bearing at rates ranging from 7.20% – 18.00% (31 December 2021: 7.20% – 24.00%) per annum, and recoverable within one year.

## Notes to the Unaudited Interim Financial Report

*(Expressed in Renminbi unless otherwise indicated)***11 LOANS RECEIVABLE** *(Continued)*

As at 30 June 2022, the aging analysis of loans receivable based on due date and credit quality is set out below:

	As at 30 June 2022			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
Current (not past due)	193,943	–	–	193,943
Overdue over 3 months but within 6 months	–	–	17,000	17,000
Overdue over 6 months but within one year	–	–	9,350	9,350
Overdue over one year	–	–	4,800	4,800
Subtotal	193,943	–	31,150	225,093
Less: loss allowance	(6,028)	–	(9,345)	(15,373)
Total	187,915	–	21,805	209,720

	As at 31 December 2021			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
Current (not past due)	315,864	–	–	315,864
Overdue but within 1 month	400	–	–	400
Overdue over 1 month but within 3 months	–	2,750	–	2,750
Overdue over 3 months but within 6 months	–	–	8,900	8,900
Overdue over 6 months but within one year	–	–	7,000	7,000
Subtotal	316,264	2,750	15,900	334,914
Less: loss allowance	(13,480)	(650)	(4,770)	(18,900)
Total	302,784	2,100	11,130	316,014

*Note:* Overdue loans represent loans receivable, of which the whole or part of the principal or interest was overdue for one day or more.

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

### 12 RESTRICTED DEPOSITS AND CASH AND CASH EQUIVALENTS

#### (a) Restricted deposits

		At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Cash collected on behalf of the property owners' associations (i)	13	21,451	26,604
Housing maintenance funds received (ii)	13	11,692	6,792
Other restricted deposits (iii)		9,269	–
		<b>42,412</b>	<b>33,396</b>

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.
- (iii) Other restricted deposits mainly represent the amounts collected on behalf of the customers in Group's property management service business and guaranteed deposits which will be released after completion of the related property management services.

#### (b) Cash and cash equivalents comprise:

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Cash in hand	1,334	119
Cash at banks and other financial institutions (Note)	3,405,962	3,007,181
	<b>3,407,296</b>	<b>3,007,300</b>

Note: As of the end of the reporting period, cash and cash equivalents situated in the mainland China amounted to RMB3,331,208,000 (31 December 2021: RMB2,489,923,000). Remittance of funds out of the mainland China is subject to relevant rules and regulations of foreign exchange control.

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

## 13 TRADE AND OTHER PAYABLES

	Notes	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
<b>Current</b>			
Trade payables	(i)		
– Related parties		42,687	38,895
– Third parties		452,979	289,783
		<u>495,666</u>	<u>328,678</u>
Other payables			
– Related parties		21,572	27,497
– Third parties		70,174	77,503
		<u>91,746</u>	<u>105,000</u>
Considerations payable for business combinations		39,685	15,400
Dividends payable to equity shareholders of the Company		181,384	–
Cash collected on behalf of property owners' association	12(a)	21,451	26,604
Housing maintenance funds held on behalf of property owners	12(a)	11,692	6,792
Interest payable		–	196
Financial liabilities measured at amortised cost		<u>841,624</u>	<u>482,670</u>
Payments received for proposed disposal of a subsidiary	(ii)	305,095	305,095
Accrued payroll and other benefits		153,846	177,439
Deposits	(iii)	106,468	90,128
Accrued charges		24,573	22,009
Financial guarantee issued	16(ii)	14,600	–
		<u>1,446,206</u>	<u>1,077,341</u>
<b>Non-current</b>			
Payable related to purchase for a joint venture		800	800

## Notes:

- (i) Trade payables mainly represent payables arising from sub-contracting services including cleaning, security, landscaping, engineering materials or facilities and maintenance services provided by suppliers and payables relating to facilities or car parks leasing.
- (ii) The balance represents receipt in advance in relation to the proposed transfer 100% equity interests in Shenzhen Zhuotou.
- (iii) Deposits mainly represent miscellaneous decoration deposits received from property owners and tenants during the decoration period.

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

### 13 TRADE AND OTHER PAYABLES (Continued)

As at 30 June 2022, the ageing analysis of trade payables, based on invoice date is as follows:

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Within 1 month	207,382	202,950
1 to 3 months	91,453	59,079
3 to 6 months	50,397	25,057
6 to 12 months	107,297	9,282
Over 12 months	39,137	32,310
	<b>495,666</b>	<b>328,678</b>

### 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 2022 (2021: nil).

A total number of 9,929,159 ordinary share options were forfeited during the six months ended 30 June 2022 (2021: 2,494,841 ordinary share options).

### 15 CAPITAL AND DIVIDENDS

#### (a) Share capital

	At 30 June 2022		At 31 December 2021	
	HK\$	RMB	HK\$	RMB
Issued and fully paid:				
1,220,348,000 (2021: 1,222,490,000)				
ordinary shares of HK\$0.01 each	12,203,480	10,478,919	12,224,900	10,496,360

*Note:* In 2021, the Company repurchased its own ordinary shares on Main Board of The Stock Exchange of Hong Kong Limited in cash. On 24 January 2022, the Company completed the cancellation procedures for all the repurchased own shares.

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

### 15 CAPITAL AND DIVIDENDS (Continued)

#### (b) Dividends

- (i) Dividends payable to equity shareholders attribute to the interim period:

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Interim dividend declared and paid after the interim period of HK14.60 cents (equivalent to RMB12.74 cents) per ordinary share (2021: HK18.62 cents (equivalent to RMB15.52 cents) per ordinary share)	155,472	189,773

The interim dividend has not been recognised as a liability at the end of the reporting period.

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

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Final dividend in respect of the previous financial year, approved during the period, of HK17.38 cents (equivalent to RMB14.16 cents) per ordinary share (2021: HK9.51 cents (equivalent to RMB7.91 cents) per ordinary share)	172,801	97,793

### 16 BUSINESS COMBINATIONS

- (i) In 2021, the Group entered into a sale and purchase agreement with independent third parties (the “Vendors”) for the acquisition of 75% of equity interest in Beijing Global (the “Acquiree”) with an aggregate cash consideration of RMB225,000,000. According to the supplemental agreement, the Vendors agreed to offset the purchase consideration by net amount due from the Vendors of RMB36,213,000 in January 2022. The transaction was completed in January 2022.
- (ii) The Group previously held 49% equity interest in Henan Huangjin (the “Acquiree”) been accounted as a joint venture using equity method. In January 2022, the Group obtained control of Henan Huangjin through purchase additional 2% equity interests from a third party with cash consideration of RMB2,080,000, which was settled subsequent to period end.

The above Acquirees are engaged in the provision of property management services. The business combinations were made as part of the Group’s strategy to expand its market share of property management operation in the PRC.

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

### 16 BUSINESS COMBINATIONS (Continued)

The effect of these acquisitions on the Group's assets and liabilities is set out as below:

	Notes	RMB'000
Cash and cash equivalents		27,109
Restricted deposits		11,289
Property, plant and equipment		4,843
Intangible assets	(i)	206,978
Interest in an associate		490
Trade and other receivables		29,549
Deferred tax assets		713
Trade and other payables		(63,950)
Contract liabilities		(5,601)
Deferred tax liabilities		(51,710)
Lease liabilities		(2,651)
Financial guarantee issued	(ii)	14,600
Current taxation		(9,686)
Non-controlling interests	(iii)	(37,957)
Fair value of net identified assets acquired, net of non-controlling interests		94,816
Goodwill arising from the acquisitions	(iv)	139,376
Fair value of the Group's previously held equity interest at the date of acquisition		(43,325)
Total cash consideration		190,867

*Notes:*

- (i) Intangible assets including identified uncompleted property management contracts of approximately RMB14,675,000 and customer relationships of approximately RMB192,166,000 in relation to the acquisitions have been recognised by the Group respective.
- (ii) Before the acquisition of Beijing Global, one of the Vendors borrowed a loan from a financial institute with a principal amount of RMB180,000,000. The principal of the loan and accrued interest was jointly guaranteed by Beijing Global and several other entities related to that vendor and secured by a property held by one of the other guarantors. The guarantee still existed upon the acquisition of Beijing Global. By reference of valuation of external valuer, the Directors estimated that the fair value of the financial guarantee as at the acquisition date was RMB14,600,000, which is recorded as part of the identifiable liabilities upon acquisition.
- (iii) The Group recognised the non-controlling interests based on their proportionate interest in the recognised amounts of the assets and liabilities of the Acquirees.
- (iv) The goodwill arose from the acquisitions was mainly attributable to the expected synergies from combining the operations of the Group and the Acquirees.

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

### 16 BUSINESS COMBINATIONS (Continued)

Analysis of net cash inflow of cash and cash equivalents in respect of the acquisition of subsidiaries as at acquisition dates:

	RMB'000
Total cash consideration	190,867
Less: consideration prepaid in 2021 (note 9)	(166,582)
Less: consideration payables to be paid subsequent to period end	(24,285)
Consideration paid during the period	–
Less: cash and cash equivalents acquired	(27,109)
Net cash inflow on acquisitions	27,109

The above subsidiaries contributed an aggregate revenue of RMB118,114,000 and net profit attributable to the equity shareholders of the Company of RMB11,213,000 to the Group for the period ended 30 June 2022.

### 17 COMMITMENTS

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

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Contracted for and authorised but not contracted for		
– acquisition of property, plant and equipment	14,871	21,287
– acquisition of intangible assets	4,246	9,101
	19,117	30,388

### 18 RELATED PARTY TRANSACTIONS

In addition to the related party transactions and balances disclosed elsewhere in the interim financial report, the Group also had the following related party transactions and related balances.

- (i) The Group rendered properties management services and value-added services to Excellence Group and other related parties that included companies that were owned or under significant influence by controlling shareholder and chairman of the board of the Group. The properties management service and value-added services revenue for the six months ended 30 June 2022 was RMB57,555,000 (the six months ended 30 June 2021: RMB58,410,000) and RMB385,676,000 (the six months ended 30 June 2021: RMB204,599,000) respectively. The amount of trade receivables and contract liabilities at 30 June 2022 was RMB331,477,000 (31 December 2021: RMB140,680,000) and RMB69,148,000 (31 December 2021: RMB126,413,000) respectively.

## Notes to the Unaudited Interim Financial Report

*(Expressed in Renminbi unless otherwise indicated)*

### 18 RELATED PARTY TRANSACTIONS *(Continued)*

- (ii) The Group purchased maintenance and other services or goods from Excellence Group and other related parties that included companies that were owned or under significant influence by controlling shareholder and chairman of the board of the Group. The cost relating to procurement, maintenance and other services for the six months ended 30 June 2022 was RMB3,081,000 (the six months ended 30 June 2021: RMB1,993,000) and the amount payable at 30 June 2022 was RMB464,000 (31 December 2021: RMB234,000).
- (iii) The Group entered into leases in respect of certain leasehold properties from Excellence Group and other related parties that included companies that were owned or under significant influence by controlling shareholder and chairman of the board of the Group, with lease terms ranging from two years to five years. During the six months ended 30 June 2022, the amounts of rent payable by the Group under these leases were RMB650,000 (the six months ended 30 June 2021: RMB1,575,000).

In addition, the Group entered into property leases agreements containing variable lease payment terms with Excellence Group and other related parties that included companies that were owned or under significant influence by controlling shareholder and chairman of the board of the Group. Variable lease payments that depend on revenue were recognised RMB42,834,000 (the six months ended 30 June 2021: RMB30,331,000) in profit or loss account for the six months ended 30 June 2022. The outstanding rent payable at 30 June 2022 was RMB40,053,000 (31 December 2021: RMB38,661,000).

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.