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**E-Star Commercial Management Company Limited**  
**星盛商業管理股份有限公司**

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

**(Stock Code: 6668)**

**2020 ANNUAL RESULTS ANNOUNCEMENT**

**SUMMARY OF RESULTS**

- Revenue of the Group for the year ended 31 December 2020 amounted to approximately RMB442.0 million, representing an increase of approximately 14.1% as compared with approximately RMB387.3 million for the year ended 31 December 2019.
- Gross profit of the Group for the year ended 31 December 2020 amounted to approximately RMB248.6 million, representing an increase of approximately 23.9% as compared with approximately RMB200.6 million for the year ended 31 December 2019.
- Profit attributable to the owners of the Company for the year ended 31 December 2020 amounted to approximately RMB126.8 million, representing an increase of approximately 50.0% as compared with approximately RMB84.6 million for the year ended 31 December 2019. Excluding the listing expenses in relation to the Listing of the Company on the Stock Exchange of approximately RMB15.7 million, the core net profit attributable to the owners of the Company would amount to approximately RMB142.5 million for the year ended 31 December 2020.
- As at 31 December 2020, the contracted gross floor area (“GFA”)<sup>Note</sup> of the Group’s commercial operational services amounted to 3.28 million sq.m. (61.6% of which are developed, or owned by independent third party). As at 31 December 2020, the GFA<sup>Note</sup> in operation of the Group’s commercial operational services amounted to 1.57 million sq.m..
- The Board recommends the payment of a final dividend of HK\$0.045 per ordinary share and the payment of a special dividend of HK\$0.015 per ordinary share for the year ended 31 December 2020.

*Note:* Unless otherwise stated, all “GFA” of commercial properties referred to in this announcement include car parks.

## ANNUAL RESULTS

The board of directors (the “**Board**”) of E-Star Commercial Management Company Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2020, together with comparative figures for the year ended 31 December 2019, as follows.

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

		Year ended 31 December	
		2020	2019
	Notes	RMB'000	RMB'000
<b>Revenue</b>	4	<b>441,953</b>	387,314
Cost of services		<u>(193,318)</u>	<u>(186,711)</u>
<b>Gross profit</b>		<b>248,635</b>	200,603
Other income		<b>11,582</b>	18,807
Other gains and losses		<b>825</b>	5,040
Impairment losses under expected credit loss model, net of reversal		<b>(3,652)</b>	(4,245)
Selling expenses		<b>(5,663)</b>	(5,321)
Administrative expenses		<b>(56,775)</b>	(69,074)
Finance costs		<b>(4,145)</b>	(3,150)
Listing expenses		<u><b>(15,672)</b></u>	<u>(13,718)</u>
<b>Profit before tax</b>		<b>175,135</b>	128,942
Income tax expense	5	<u><b>(47,549)</b></u>	<u>(33,342)</u>
<b>Profit and total comprehensive income for the year</b>	6	<b>127,586</b>	95,600
<b>Profit for the year attributable to:</b>			
– Owners of the Company		<b>126,839</b>	84,632
– Non-controlling interests		<u><b>747</b></u>	<u>10,968</u>
		<u><b>127,586</b></u>	<u>95,600</u>
<b>Earnings per share</b>	7		
– Basic ( <i>RMB cents</i> )		<u><b>16.91</b></u>	<u>12.54</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Year ended 31 December	
		2020	2019
	Notes	RMB'000	RMB'000
<b>Non-current assets</b>			
Property and equipment		7,928	1,605
Investment properties		50,754	55,296
Finance lease receivables		7,188	7,672
Deferred tax assets		6,338	5,251
		<u>72,208</u>	<u>69,824</u>
<b>Current assets</b>			
Finance lease receivables		484	432
Trade and other receivables	9	36,613	23,338
Financial assets at fair value through profit or loss		187,910	65,995
Amounts due from related parties		2,305	1,835
Bank balances and cash		141,660	133,909
		<u>368,972</u>	<u>225,509</u>
<b>Current liabilities</b>			
Trade and other payables	10	170,233	162,294
Lease liabilities		4,684	1,503
Contract liabilities		3,382	9,017
Amounts due to related parties		4,881	686
Tax payable		25,322	18,582
		<u>208,502</u>	<u>192,082</u>
<b>Net current assets</b>		<u>160,470</u>	<u>33,427</u>
<b>Total assets less current liabilities</b>		<u>232,678</u>	<u>103,251</u>

	<b>Year ended 31 December</b>	
	<b>2020</b>	<b>2019</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Capital and reserves		
Share capital	— <sup>#</sup>	— <sup>#</sup>
Reserves	<u>159,752</u>	<u>32,913</u>
Equity attributable to owners of the Company	<b>159,752</b>	32,913
Non-controlling interests	<u>3,503</u>	<u>2,756</u>
<b>Total equity</b>	<b><u>163,255</u></b>	<b><u>35,669</u></b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	696	466
Lease liabilities	<u>68,727</u>	<u>67,116</u>
	<u>69,423</u>	<u>67,582</u>
	<b><u>232,678</u></b>	<b><u>103,251</u></b>

<sup>#</sup> *Less than RMB1,000.*

## NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

### 1. GENERAL INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 13 September 2019 and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 26 January 2021. The addresses of the Company’s registered office is 71 Fort Street, PO Box 500, George Town, Grand Cayman, KY1-1106, Cayman Islands and principal place of business is 32nd Floor, Building A Galaxy World, 1 Yabao Road, Longgang District, Shenzhen Guangdong Province, the People’s Republic of China (the “**PRC**”).

The immediate holding company and the ultimate holding company of the Company are Go Star Investment Holding Limited (“**Go Star**”) and Long Harmony Holding Limited (“**Long Harmony**”) respectively. Go Star was incorporated in the British Virgin Islands (“**BVI**”) with limited liability. Long Harmony was incorporated in the BVI by TMF (Cayman) Ltd., the trustee of the family trust. The family trust is a discretionary trust established on 4 December 2019 by Mr. Huang Chu-Long (“**Mr. Huang**”) as the settlor, with TMF (Cayman) Ltd. acting as the trustee, and Mr. Huang acting as the protector. The beneficiaries of the family trust are Mr. Huang’s family members.

The Group is principally engaged in provision of commercial property operational services to either property owners or tenants in respect of commercial properties primarily including shopping centers, shopping streets and commercial complexes, and leasing commercial spaces to tenants in the PRC.

The functional currency of the Company is Renminbi (“**RMB**”), which is the same as the presentation currency of the consolidation financial information.

### 2. BASIS OF PREPARATION AND PRESENTATION OF THE CONSOLIDATED FINANCIAL INFORMATION

The consolidated financial information has been prepared based on the accounting policies which conform with the Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the principles of merger accounting under Accounting Guideline 5 “Merger Accounting for Common Control Combination” issued by the HKICPA. In addition, the consolidated financial information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and by the Hong Kong Companies Ordinance.

The consolidated financial information has been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

### 3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

The Group has consistently applied Hong Kong Accounting Standards (“**HKAS**”), HKFRSs and amendments issued by the HKICPA, which are effective for the accounting period beginning on 1 January 2020 throughout the years ended 31 December 2020 and 2019.

#### **New and amendments to HKFRSs in issue but not yet effective**

The Group has not early applied the following new and amendments to HKFRSs which have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and the related Amendments <sup>1</sup>
Amendment to HKFRS 16	COVID-19-Related Rent Concessions <sup>4</sup>
Amendments to HKFRS 3	Reference to the Conceptual Framework <sup>2</sup>
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2 <sup>5</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>1</sup>
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use <sup>2</sup>
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract <sup>2</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020 <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2023

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2022

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined

<sup>4</sup> Effective for annual periods beginning on or after 1 June 2020

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2021

Except as described below, the directors of the Company anticipates that the application of other new and amendments to HKFRSs will have no material impact on the consolidated financial information in the foreseeable future.

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

The amendment is effective for annual periods beginning on or after 1 June 2020.

The amendment introduces a new practical expedient for lessees to elect not to assess whether a COVID-19-related rent concession is a lease modification. The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 that meets all of the following conditions:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 if the changes were not a lease modification. Forgiveness or waiver of lease payment are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs. The Group has not received any COVID-19-related rent concessions since 1 June 2020 and up to the end of the reporting period. Accordingly, in the opinion of the directors of the Company, the impact about application of this amendment to the Group cannot be estimated as at 31 December 2020.

#### 4. REVENUE AND SEGMENT INFORMATION

The Group generates revenue primarily from provision of commercial property operational services to either owners or tenants in respect of commercial properties in the PRC under three commercial property operational models as described below:

- Entrusted management service model;
- Brand and management output service model; and
- Sublease service model.

##### Revenue from commercial property operational services by type of operational model

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Entrusted management services	308,821	294,970
Brand and management output services	113,920	72,606
Sublease services	19,212	19,738
	<b>441,953</b>	<b>387,314</b>
Comprise of:		
– Revenue from contracts with customers	430,987	375,286
– Revenue from leases	10,966	12,028
	<b>441,953</b>	<b>387,314</b>

(i) *Disaggregation of revenue from contracts with customers:*

	2020 RMB'000	2019 RMB'000
Commercial property operational services:		
– Positioning, construction consultancy and tenant sourcing services	78,350	26,850
– Operational management services	293,973	279,066
– Value-added services	58,664	69,370
	<u>430,987</u>	<u>375,286</u>

(ii) *Leases*

The revenue from leases arises from the lease agreements entered into between the Group and tenants under sublease service model. The Group enters into a lease agreement with the property owner of a commercial property and subleases the commercial spaces within the commercial property to tenants.

	2020 RMB'000	2019 RMB'000
For operating leases:		
Lease payments that are fixed	8,549	8,918
Variable lease payments	2,113	2,791
	<u>10,662</u>	<u>11,709</u>
For finance leases:		
Finance income on the net investment in the lease	304	319
Total revenue arising from leases	<u>10,966</u>	<u>12,028</u>

**Segment information**

The Group's operations are solely derived from provision of commercial property operational services in the PRC. For the purposes of resources allocation and performance assessment, the chief operating decision maker (i.e. the chief executive of the Group) reviews the overall results and financial position of the Group as a whole prepared based on same accounting policies. Accordingly, the Group has only one single operating segment and no further analysis of this single segment is presented.



## Geographical information

No geographical segment information is presented as the Group's operation is mainly in the PRC and all its non-current assets are situated in the PRC. All of the Group's revenue from external customers is attributable to the group entities' place of domicile (i.e. the PRC).

### *Information about major customers*

Revenue from customers contributing over 10% of the Group's total revenue during both years are as follows:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Customer A	<u>126,082</u>	<u>95,152</u>

*Note:* Customer A represents a group of related parties of the Group.

## 5. INCOME TAX EXPENSES

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Current tax:		
PRC Enterprise Income Tax	48,406	34,578
Deferred tax	<u>(857)</u>	<u>(1,236)</u>
	<u>47,549</u>	<u>33,342</u>

## 6. PROFIT FOR THE YEAR

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Profit for the year has been arrived at after charging (crediting):		
Auditor's remuneration:		
– Auditor of the Company	1,100	–
– Other auditor	1,478	2,246
	<u>2,578</u>	<u>2,246</u>
Depreciation of property and equipment	4,149	1,383
Depreciation of investment properties	3,244	2,638
Staff costs (including directors' emoluments):		
Salaries and other benefits	106,100	108,308
Retirement benefits schemes contributions	5,244	6,972
	<u>111,344</u>	<u>115,280</u>
Total staff costs		
Gain on disposal of a subsidiary (included in other gains and losses)	–	(4,403)
Gain on fair value changes of financial assets at fair value through profit or loss (included in other gains and losses)	(920)	(995)
Loss on disposal of property and equipment (included in other gains and losses)	129	–
Gross rental income from investment properties	10,966	12,028
Less: direct operating expenses incurred for investment properties during the year	(4,946)	(4,914)
	<u>6,020</u>	<u>7,114</u>

## 7. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

### Earnings

	2020 RMB'000	2019 RMB'000
Earnings for the purpose of calculating basic earnings per share:		
Profit for the year attributable to owners of the Company	<u>126,839</u>	<u>84,632</u>

### Number of shares

	2020 '000	2019 '000
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	<u>750,000</u>	<u>674,744</u>

The number of ordinary shares for the purpose of calculating basic earnings per share has been determined on the assumption that (i) the Company had been the holding company of the subsidiaries with shares issued and outstanding consistent with the basis of consolidation throughout the years ended 31 December 2020 and 2019; (ii) and the reorganisation of the Group was completed as described in the section headed “History, Reorganisation and Corporate Structure” to the prospectus of the Company dated 14 January 2021 had been effective on 1 January 2019; and (iii) the capitalisation issue of the Company as set out in Note 11(i) had been effective on 1 January 2019.

No diluted earnings per share for both years were presented as there were no potential ordinary shares in issue.

## 8. DIVIDEND

Subsequent to the end of the reporting period, a final dividend of HK\$0.045 per ordinary share and a special dividend of HK\$0.015 per ordinary share in respect of the year ended 31 December 2020, have been proposed by the directors of the Company and is subject to approval by the shareholders of the Company at the forthcoming annual general meeting of the Company (the “AGM”).

## 9. TRADE AND OTHER RECEIVABLES

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
<b>Trade and other receivables</b>		
– Trade receivables	25,073	10,957
– Other receivables	11,540	12,381
	<u>36,613</u>	<u>23,338</u>
	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
<b>Trade receivables</b>		
<i>Contracts with customers</i>		
– Third parties	30,539	15,978
– Related parties	764	347
Less: Allowance for credit losses	(8,093)	(7,231)
	<u>23,210</u>	<u>9,094</u>
Lease receivables – third parties	1,863	1,863
	<u>25,073</u>	<u>10,957</u>

The Group grants credit terms of 10 to 30 days to its customers from the date of invoices. The following is an aging analysis of the trade receivables in respect of contracts with customers, net of allowance of credit losses, presented based on the invoice date at the end of each reporting period:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
0 – 10 days	6,058	4,736
11 – 30 days	2,558	1,335
31 – 60 days	4,420	160
61 – 90 days	2,304	762
Over 90 days	7,870	2,101
	<u>23,210</u>	<u>9,094</u>

The following is an ageing analysis of the lease receivables, presented based on the revenue recognition date at the end of each reporting period:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
0 – 10 days	<u>1,863</u>	<u>1,863</u>

## 10. TRADE AND OTHER PAYABLES

	2020 RMB'000	2019 RMB'000
<b>Trade and other payables</b>		
– Trade payables	20,180	20,782
– Other payables	150,053	141,512
	<u>170,233</u>	<u>162,294</u>

	2020 RMB'000	2019 RMB'000
<b>Trade payables</b>		
<i>Contracts with suppliers</i>		
– Third parties	16,598	18,309
– Related parties	3,582	2,473
	<u>20,180</u>	<u>20,782</u>

The credit period granted by suppliers of the Group normally ranges between 30 to 90 days. The following is an aging analysis of trade payables based on the invoice date at the end of each reporting period:

	2020 RMB'000	2019 RMB'000
0 – 30 days	15,078	16,046
31 – 60 days	3,711	700
61 – 90 days	555	664
Over 90 days	836	3,372
	<u>20,180</u>	<u>20,782</u>

	2020 RMB'000	2019 RMB'000
<b>Other payables</b>		
Receipts on behalf of tenants	95,382	88,560
Deposits received	18,071	14,901
Payroll payables	22,162	25,930
Accruals	2,181	1,093
Accrued listing expenses	7,364	7,124
Accrued issue costs	1,756	2,014
Other tax payables	3,137	1,890
	<u>150,053</u>	<u>141,512</u>

## 11. EVENTS AFTER THE END OF THE REPORTING PERIOD

Save as disclosed elsewhere in this announcement, the Group has the following events after the end of the reporting period:

- (i) Pursuant to the written resolutions of the shareholders of the Company passed on 21 December 2020, and subject to the share premium account of the Company being credited as a result of the issue of offer shares pursuant to the Hong Kong public offering and the international public offering (collectively as the “**Global Offering**”), an aggregate of 749,999,000 shares of the Company credited as fully paid at par were allotted and issued on 26 January 2021 (the “**Listing Date**”) to the holders of ordinary shares on the register of members of the Company in the Cayman Islands at the close of business on the business day preceding the Listing Date of the Global Offering. The shares allotted and issued pursuant to this resolution rank pari passu in all respects with the then existing issued shares of the Company;
- (ii) On 26 January 2021, the Company was successfully listed on the Main Board of the Stock Exchange following the completion of issue of 250,000,000 new shares of par value of HK\$0.01 each at the offer price of HK\$3.86 per share. The net proceeds arising from the listing amounted to approximately HK\$928.8 million (equivalent to approximately RMB777.0 million); and
- (iii) On 18 February 2021, the international underwriters of the Global Offering partially exercised the over-allotment option, pursuant to which the Company is required to allot and issue the option shares, being 20,640,000 shares of the Company, representing approximately 8.26% of the total number of shares initially available under the Global Offering, at the offer price under the Global Offering. The net proceeds from the exercise of the over-allotment option were approximately HK\$77.8 million (equivalent to approximately RMB64.8 million).

## MANAGEMENT DISCUSSION AND ANALYSIS

### OVERVIEW

The Group is a leading commercial property operational service provider in the Greater Bay Area with a national presence. As of 31 December 2020, the Group entered into contracts to provide services for 53 commercial property projects located in 20 cities in China, with an aggregate contracted GFA of approximately 3.28 million sq.m., 61.6% of which was developed or owned by independent third parties. Among them, 22 retail commercial properties have been opened with an aggregate opened GFA of approximately 1.57 million sq.m..

The Group owns a comprehensive and highly-recognised brand system, primarily including “COCO Park” for city shopping centers (城市型購物中心) targeting consumers in the city, “COCO City” and “iCO” for regional shopping centers (區域型購物中心) targeting consumers within a five-kilometer radius from such shopping centers, “COCO Garden” for community shopping centers (社區型購物中心) targeting consumers within a one-to-three-kilometer radius from such shopping centers and “Top Living (第三空間)” for its high-end home furnishing shopping center. In addition, the Group owns various brands for themed shopping areas (主題館) within commercial properties, covering home living, family and children, women and fashion, sports and fitness, as well as catering and socialising scenarios.

The Group has been widely recognised in the market for its brand system and operating strength and also received various honours. According to China Index Academy, the Group was ranked 13th among the “2021 Top 100 Commercial Property Companies in China” in terms of overall strength and ranked as “2021 China Top 10 Commercial Property Operator” (2021年中國商業地產運營十強企業). Besides, it won the “2020 Outstanding Commercial Property Operational Service Brand in the Greater Bay Area (2020年粵港澳大灣區商業運營品牌優秀企業) and ranked 4th among the “2020 Commercial Property Operational Service Providers in China in Terms of Brand Value” (2020中國商業地產公司品牌價值TOP 10) in 2020.

On a mission to “build prosperous cities with business acumen (以商業智慧構築城市繁榮)”, the Group will be forward-looking, decisive, aggressive and creative with a high starting point, focuses on the business opportunities and development concerned by customers, provides competitive products and services and continue to create outstanding value in order to satisfy investors, improve social harmony and facilitate city development.

## **BUSINESS REVIEW**

The Group is a commercial property operational service provider focusing on improving the results of operations of commercial properties, primarily shopping centers, shopping streets and commercial complex, for property owners through its professional management. Its commercial property operational services comprise:

- positioning, construction consultancy and tenant sourcing services: primarily including market positioning, business planning consultancy, design and construction consultancy and tenant sourcing services;
- operational management services: primarily including formulating operation strategies, conducting marketing and promotional events, tenant management services, property management services and rent collection services;
- property leasing services: including sublease of commercial spaces in the commercial properties managed under the sublease service model to tenants; and
- value-added services: primarily including management of common areas in the shopping centers which customers can rent for a short period for pop-up shops and promotional settings, and management of advertising spaces, such as LED boards and interior and exterior facades of the shopping centers.

The Group provides commercial property operational services under three operational models, namely, the entrusted management service model, the brand and management output service model and the sublease service model. Under different operational models, the Group has different levels of involvement in the management of commercial properties and provides different combinations of services to different customer groups:

### **Entrusted management service model**

Under this model, it was entrusted by the property owners with full authority to manage the commercial properties. The Group employs the entire management team, including the general project manager and members of functional departments.

- Services: The Group provides (i) positioning, construction consultancy and tenant sourcing services, (ii) operational management services and (iii) value-added services.
- Customers: The Group's customers include (i) property owners, (ii) tenants and (iii) relevant customers in respect of value-added services.



- Revenue sources: The Group's revenue sources include (i) fixed fees for positioning, construction consultancy and tenant sourcing services from property owners, (ii) a pre-agreed percentage of the revenue or profit, and/or a fixed fee, for operational management services from property owners, (iii) management fees for operational management services from tenants and (iv) common area use fees for valued-added services from relevant customers.
- Cost structure: The Group bears the operating costs of managing the commercial property.

The entrusted management service model offers the Group a higher level of autonomy in managing the project, which it believes that it can achieve better operating results and increase its revenue, and limits its credit risk as certain cash flows may pass through.

### **Brand and management output service model**

Under this model, the Group, as professional managers, manages commercial properties for the property owners. It only employs the core management team to the projects, usually consisting of the general project manager and/or heads of certain functional departments. The property owner is responsible for employing most of the project personnel. The core management team assigned by the Group will lead and supervise the project personnel employed by property owners in managing the project.

- Services: The Group's services include (i) positioning, construction consultancy and tenant sourcing services and (ii) operational management services.
- Customers: The Group's customers only include property owners.
- Revenue sources: The Group's revenue sources include (i) fixed fees for positioning, construction consultancy and tenant sourcing services from property owners and (ii) a pre-agreed percentage of the revenue and/or profit, and/or a fixed fee, for operational management services from property owners.
- Cost structure: The Group only bears its staff costs related to the projects, a portion of which will be reimbursed by the property owners, and the property owners bear the operating costs of managing the commercial properties.

Under this model, the Group does not need to inject substantial capital and human resources, which results in a generally higher gross profit margin as compared to the other two models and facilitates its fast geographic expansion.

## Sublease service model

Under this model, the Group leases the commercial property from the property owner and subleases commercial spaces within the commercial property to tenants. The Group is solely responsible for the management and operating results of the commercial property, and employs the entire management team of the project.

- **Services:** The Group's services include (i) property leasing services, (ii) operational management services and (iii) value-added services.
- **Customers:** The Group's customers include (i) tenants and (ii) relevant customers in respect of value-added services.
- **Revenue sources:** The Group's revenue sources include (i) rent from tenants, (ii) management fees for operational management services from tenants and (iii) common area use fees for value-added services from relevant customers.
- **Cost structure:** The Group bears the operating costs of managing the commercial properties and pays rent to the property owner periodically.

Under the sublease service model, the Group may offer to renovate or decorate the commercial property in accordance with the lease agreement with the property owner. The sublease service model can maximise the Group's income from a project, which at the same time exposes it to higher risks. As a result, the Group takes a very prudent approach in adopting the sublease service model and consider adopting such model for projects with high growth potential.

The table below sets forth the breakdown of the Group's total contracted GFA and number of commercial properties as at the dates by operational model for the years indicated:

	As of 31 December			
	2020		2019	
	<i>Contracted</i>		<i>Contracted</i>	
	<i>No. of</i>	<i>GFA</i>	<i>No. of</i>	<i>GFA</i>
	<i>properties</i>	<i>sq.m.</i>	<i>properties</i>	<i>sq.m.</i>
	<i>(in thousands, except for numbers of properties)</i>			
Entrusted management services	17	1,124	17	1,117
Brand and management output services	34	2,035	24	1,809
Sublease services	2	125	1	44
<b>Total</b>	<b>53</b>	<b>3,284</b>	<b>42</b>	<b>2,970</b>

The table below sets forth a breakdown of the Group's total contracted GFA as at the dates, and total revenue from its continuing operations by geographic region for the years indicated:

	As of/for the year ended December 31,							
	2020				2019			
	<i>contracted</i>		<i>Revenue</i>		<i>contracted</i>		<i>Revenue</i>	
	<i>No. of</i>	<i>GFA</i>	<i>Revenue</i>		<i>No. of</i>	<i>GFA</i>	<i>Revenue</i>	
	<i>properties</i>	<i>sq.m.</i>	<i>RMB</i>	<i>%</i>	<i>properties</i>	<i>sq.m.</i>	<i>RMB</i>	<i>%</i>
<i>(in thousands, except for numbers of properties and percentages)</i>								
Greater Bay Area <sup>(1)</sup>	32	1,336	365,309	82.7	23	1,306	344,148	88.9
– Shenzhen	17	842	335,860	76.0	17	981	333,734	86.2
Yangtze River Delta <sup>(2)</sup>	9	514	40,676	9.2	7	300	22,931	5.9
Central China region <sup>(3)</sup>	4	413	14,520	3.3	5	453	5,125	1.3
Other regions <sup>(4)</sup>	8	1,021	21,448	4.8	7	911	15,110	3.9
Total	53	3,284	441,953	100.0	42	2,970	387,314	100.0

Notes:

<sup>(1)</sup> Include Shenzhen, Guangzhou, Zhongshan, Huizhou, Foshan and Dongguan.

<sup>(2)</sup> Include Shanghai, Nanjing, Changzhou, Wuxi, Jiaxing and Lianyungang.

<sup>(3)</sup> Include Nanchang, Enshi and Changsha.

<sup>(4)</sup> Include Shanwei, Jieyang, Putian, Tianjin and Ordos.

The table below sets forth average occupancy rate and GFA in operation of retail commercial property that commenced operation as at 31 December 2020.

Product category	Average occupancy rate <sup>(1)</sup>		GFA in operation (000' sq.m.)
	As of 31 December		
	2020 <sup>(2)</sup>	2019	
	%	%	
Commercial property	94.3	95.6	1,573

<sup>(1)</sup> The occupancy rate is based on internal records and is calculated by dividing the actual leased area of retail commercial properties at the end of each relevant period by the available leased area. The occupancy rate is only applicable to retail commercial properties that the Group has provided tenant solicitation services, and the occupancy rate may fluctuate in different periods within a year.

<sup>(2)</sup> Excluding the projects newly commenced in 2020, the average occupancy rate is 94.9%. In the post-pandemic era, the Company optimises tenant mix in its shopping malls, leading to a fluctuation in the occupancy rate with a slight decrease seen.

## WORK PLAN FOR 2021

Upon its successful listing on the Main Board of the Stock Exchange of Hong Kong on 26 January 2021 (the “**Listing**”), the Company became the first pure commercial property operational service provider on the Hong Kong stock market. It also signified a new stage in the development of the Company.

Looking back at 2020, the outbreak of COVID-19 at the beginning of the year has had a profound impact on the industry, and has caused deep concern to both central and local governments, which implemented a series of emergency initiatives to quickly control the spread of the pandemic. Despite that the Group still has to face the challenge of the normalisation of COVID-19 globally, it is relatively optimistic about China’s anti-pandemic capacity. Looking forward to 2021, with orderly roll-out of the COVID-19 vaccines, COVID-19 will continue to be under effective control in China. The management of the Group is full of confidence towards the business operation and management industry and the long-term development of the Group in the future. In the future, the Group will fully leverage its existing strengths to improve its revenue scale and profitability through business expansion, operation reinforcement and organisation enhancement. The Group’s strategies are as follows:

### **1. Business expansion: high-quality expansion via multiple channels**

The Group will continue to allocate superior resources in the Greater Bay Area to further consolidate its leading position in the area, and achieve high-quality expansion via multiple channels by implementing the expansion strategies of “consolidating the Group’s development in the greater bay area, intensifying its presence in the Yangtze River Delta, penetrating into the markets in Southwestern China by taking advantage of favorable situations and stepping into premium cities when opportunities arise”. While preparing for the opening of its projects, the Group will continue to actively promote three operating modes of entrusted management, brand management and output and overall leasing to acquire more commercial properties. The Group will also proactively seek merger targets, including planned acquisitions or investment in commercial property operation service providers that meet its internal standards.

## **2. Operation reinforcement: high-quality development via multi-dimensional empowerment**

The Group will continue to strengthen its comprehensive operation and management capabilities, build regional benchmarks to enhance the brand influence of the Company, and support its national layout through product innovation and business pattern innovation.

**Strengthen tailor-made research and strategy capabilities.** Taking into consideration of the local economic development, competitive landscape, characteristics of commercial properties and target customer base, the Group seeks to achieve precise positioning and adopt “one mall, one plan (一店一策)”. Meanwhile, it will continuously improve its ability of tenant solicitation and maintain a relatively high occupancy rate based on its large and growing tenant brands and the substantial implementation of brand strategic alliance.

**Improve digitalised operation capabilities.** The Group is committed to continuously improving its operation and management services through comprehensive application of digitisation and intelligence: upgrade and optimise its data operation center, build a data center and a data-aided decision support system, establish a refined digitalised operation and management system to materialise data-driven operations; and establish a digitalised customer platform and a digitalised marketing platform, develop an omni-channel flow system to collect members’ data, explore members’ value and realise targeted marketing, so as to bring a convenient experience for consumers and identify additional new modes to monetise flows.

Digitalised operation is expected to improve operational efficiency, reduce operational costs and enable the Company to maintain strong profitability.

### **3. Organisation enhancement: construction of regional multi-tiered talent team**

In line with the Group's development strategy, the Group will strengthen the Southern China region, consolidate the Eastern China region and Eastern region, and set up new regional companies, such as in the Southwest region and Central China region, to match the Group's multi-channel development strategy and continue to expand its business scale.

Meanwhile, in order to meet the requirements of future business expansion, the Group plans to continue to develop and implement multi-tiered talent team construction to better attract, develop and retain talent through competitive compensation packages and performance appraisal systems, development of medium and long-term incentives and provision of long-term promotion opportunities, so as to build a high-quality business operation and management team that “can fight, will fight and fight hard (能打仗、會打仗、打硬仗)”.

Going forward, eligible employees of the Group will be able to participate in the Company's share incentive scheme and share option scheme.

## **FINANCIAL REVIEW**

### **Revenue**

The Group's revenue increased by 14.1% from RMB387.3 million for the year ended 31 December 2019 to RMB442.0 million for the year ended 31 December 2020. This increase was primarily attributable to (i) the increase in revenue from positioning, construction consultancy and tenant sourcing services; and (ii) the increase in revenue from the preparation for project opening.

The table below sets forth the breakdown of the Group's total revenue by revenue model for the years indicated:

	Year ended 31 December			
	2020		2019	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
<b>Entrusted management services</b>	<b>308,821</b>	<b>69.9%</b>	294,970	76.2%
<b>Brand and management output services</b>	<b>113,920</b>	<b>25.8%</b>	72,606	18.7%
<b>Sublease services</b>	<b>19,212</b>	<b>4.3%</b>	19,738	5.1%
<b>Total</b>	<b><u>441,953</u></b>	<b><u>100.0%</u></b>	<b><u>387,314</u></b>	<b><u>100.0%</u></b>

- Entrusted management services: Revenue from entrusted management services stayed relatively stable at RMB295.0 million for the year ended 31 December 2019 and RMB308.8 million for the year ended 31 December 2020, which was primarily attributable to the fact that the increase in revenue from positioning, construction consultancy and tenant sourcing services provided in the preparatory stage as well as the increase in revenue from the preparation for project opening were offset by the impact of the COVID-19 pandemic.
- Brand and management output services: Revenue from brand and management output services increased by 56.9% from RMB72.6 million for the year ended 31 December 2019 to RMB113.9 million for the year ended 31 December 2020, which was primarily attributable to increase in revenue from (i) positioning, construction consultancy and tenant sourcing services; and (ii) the revenue from the preparation for project opening.
- Sublease services: This was primarily attributable to the fact that the average rent from Changzhou Wujin Hutang Galaxy COCO City (常州武进湖塘星河COCO City) increased due to the increase in its market recognition and improvement of tenant mix, which was offset by the rent reduction caused by the pandemic.

## Cost of Services

The Group's cost of services increased from RMB186.7 million for the year ended 31 December 2019 to RMB193.3 million for the year ended 31 December 2020, which remained relatively stable. The increase was primarily attributable to the expansion of the Group's business throughout the year ended 31 December 2020 which was slightly affected by COVID-19 pandemic.

## Gross Profit and Gross Profit Margin

As a result of the foregoing, the Group's gross profit increased by 23.9% from RMB200.6 million for the year ended 31 December 2019 to RMB248.6 million for the year ended 31 December 2020.

The table below sets forth the revenue contribution by each operational model for the Group's commercial property operational services and the respective gross profit margins for the years indicated:

	Year ended 31 December			
	2020		2019	
	<i>Gross profit</i>		<i>Gross profit</i>	
	<i>Gross profit</i>	<i>margin</i>	<i>Gross profit</i>	<i>margin</i>
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Entrusted management services	155,262	50.3%	143,213	48.6%
Brand and management output services	85,644	75.2%	48,620	67.0%
Sublease services	<u>7,729</u>	40.2%	<u>8,770</u>	44.4%
Total/Overall	<u>248,635</u>	56.3%	<u>200,603</u>	51.8%

The gross profit margin increased from 51.8% for the year ended 31 December 2019 to 56.3% for the year ended 31 December 2020, primarily due to the increase in gross profit margin for projects under brand and management output services as a result of the increase in revenue from positioning, construction consultancy and tenant sourcing services, which had relatively higher gross profit margin.



- Entrusted management services: Gross profit margin for entrusted management services increased from 48.6% for the year ended 31 December 2019 to 50.3% for the year ended 31 December 2020, primarily due to the increase in revenue from positioning, construction consultancy and tenant sourcing services provided in the preparatory stage, which had higher gross profit margin.
- Brand and management output services: Gross profit margin for brand and management output services increased from 67.0% for the year ended 31 December 2019 to 75.2% for the year ended 31 December 2020, primarily due to the increases in positioning, construction consultancy and tenant sourcing services, which had higher gross profit margin.
- Sublease services: Gross profit margin for sublease services decreased from 44.4% for the year ended 31 December 2019 to 40.2% for the year ended 31 December 2020, which was primarily attributable to the rental concession provided to tenants during the COVID-19 pandemic.

## **Other Income**

Other income decreased by 38.4% from RMB18.8 million for the year ended 31 December 2019 to RMB11.6 million for the year ended 31 December 2020. The decrease was primarily due to the decrease in investment income in financial assets at fair value through profit or loss.

## **Other Gains and Losses**

Other gains and losses decreased by 83.6% from RMB5.0 million for the year ended 31 December 2019 to RMB0.8 million for the year ended 31 December 2020. The decrease was primarily due to the gain on disposal of a subsidiary, namely Shenzhen Galaxy Quhui Innovation Development Co., Ltd.\* (深圳市星河趣滙創新發展有限公司) (“Quhui”), amounting to RMB4.4 million in 2019 and no such gain in 2020.

## **Impairment Losses under Expected Credit Loss Model, Net of Reversal**

The Group recorded net impairment losses under expected credit loss model, net of reversal of RMB4.2 million for the year ended 31 December 2019 and RMB3.7 million for the year ended 31 December 2020.

## **Selling Expenses**

The Group's selling expenses remained relatively stable at RMB5.3 million for the year ended 31 December 2019 and RMB5.7 million for the year ended 31 December 2020.

## **Administrative Expenses**

The Group's administrative expenses decreased by 17.8% from RMB69.1 million for the year ended 31 December 2019 to RMB56.8 million for the year ended 31 December 2020, primarily due to decrease in various administrative expenses as a results of COVID-19 pandemic.

## **Finance Costs**

The Group's finance costs increased by 31.6% from RMB3.2 million for the year ended 31 December 2019 to RMB4.1 million for the year ended 31 December 2020. This increase was primarily due to the increase in interest on lease liabilities primarily related to the three-year lease agreement for the office at Shenzhen Galaxy WORLD (深圳星河WORLD).

## **Income Tax Expenses**

The Group's income tax expenses increased by 42.6% from RMB33.3 million for the year ended 31 December 2019 to RMB47.6 million for the year ended 31 December 2020. This increase was primarily attributable to (i) the increase in profit before tax; and (ii) the gain on disposal of Quhui in 2019 which was non-taxable in nature.

## **Profit for the year**

For the year ended 31 December 2020, the Group's profit for the year was approximately RMB127.6 million. The profit for the year of the Group increased by approximately 33.5% as compared with the profit for the year of approximately RMB95.6 million for the year ended 31 December 2019. For the year ended 31 December 2020, the Group's profit for the year attributable to the owners of the Company was approximately RMB126.8 million. The profit for the year attributable to the owners of the Company increased by approximately 50.0% as compared with the profit for the year of approximately RMB84.6 million for the year ended 31 December 2019.

## **Trade and other receivables**

The Group's trade and other receivables primarily arisen from commercial property operational services within the shopping centers, shopping streets and commercial complexes. As at 31 December 2020, the Group's trade and other receivables were approximately RMB36.6 million, representing an increase of 57.1% as compared with that of approximately RMB23.3 million as at 31 December 2019, primarily attributable to the business growth of the Group.

## **Financial assets at fair value through profit or loss**

The Group's financial assets at fair value through profit or loss were approximately RMB187.9 million, representing an increase of 184.7% as compared with that of approximately RMB66.0 million as at 31 December 2019, primarily attributable to the net impact of acquisition of a wealth management investment and listed bonds with an aggregated principal amount of RMB187.0 million from banks in the PRC and redemption of a wealth management investment with principal amount of RMB66.0 million from a company engaged in asset management business in the PRC. These investments were unsecured and unguaranteed and the expected range of returns for these investments were pre-determined.

## **Trade and other payables**

The Group's trade and other payables primarily represent amounts due to suppliers/subcontractors as well as related parties for the purchase of services and goods, receipts on behalf of tenants, deposits received from tenants, payroll payables and accrued listing expenses and others. As at 31 December 2020, the Group's trade and other payables amounted to approximately RMB170.2 million, representing an increase as compared with approximately RMB162.3 million as at 31 December 2019. Such increase was primarily attributable to the business growth of the Group.

## **Contingent liabilities**

As of 31 December 2020, the Group did not have any contingent liabilities.

## **Liquidity and capital resources**

The Company has maintained stable financial position and sufficient liquidity and bank balances. As at 31 December 2020, the Group's cash and cash equivalents amounted to approximately RMB141.7 million, representing an increase of 5.8% as compared with approximately RMB133.9 million as at 31 December 2019. This was primarily attributable to business growth of the Group. The management believes that the Group's financial resources and future revenue will be sufficient to support the current working capital requirement and future expansion of the Group.

## **Gearing ratio**

Gearing ratio is calculated based on total liabilities as at 31 December 2020 divided by total assets as at 31 December 2020. As at 31 December 2020, gearing ratio was 63.0%, representing a substantial decrease as compared with 87.9% as at 31 December 2019. This was primarily attributable to increase in equity as a result of increase in revenue from the operation during the year. The Group do not have any bank loans as at 31 December 2020.

## **Foreign exchange risk**

The Group primarily operates in the PRC and its businesses are principally conducted in RMB. As at 31 December 2020, assets and liabilities denominated in currencies other than RMB were mainly cash and cash equivalents dominated in Hong Kong dollars or United States dollars. The Group did not enter into any forward exchange contract to hedge against foreign exchange risk, but the management will continue to monitor foreign exchange risk and adopt a prudent approach to reduce the foreign exchange risk.

## **Listing expenses**

The listing expenses for the year ended 31 December 2020 amounted to RMB15.7 million, which was primarily attributable to the legal and professional fees in connection with the Listing. During the year ended 31 December 2019, the listing expenses were RMB13.7 million.

## **Net proceeds from the Listing**

The net proceeds from the Listing was approximately RMB841.8 million.

As set out in the prospectus of the Company dated 14 January 2021 (the “**Prospectus**”), the Company intended to use such proceeds for the purposes as follows: (i) approximately 55% will be used to pursue strategic acquisition of and investment in other small- to mid-sized commercial property operational service providers in order to scale up its commercial property operational service business and expand its commercial property operational service portfolio; (ii) approximately 20% will be used for the renovation of retail commercial properties under the sublease service model; (iii) approximately 10% will be used to make minority equity investment in the project companies which own quality commercial properties; (iv) approximately 5% will be used to upgrade Internet-based and information systems to raise its management service quality, reduce labor costs and improve internal control; and (v) approximately 10% will be used for general business purpose and working capital.

At the date of this announcement, the Board intended to apply the net proceeds from the Listing in the manner as disclosed above.

## **NUMBER OF EMPLOYEES AND REMUNERATION POLICIES**

As at 31 December 2020, the total number of employees of the Group was 387 (2019: 397). Employees are remunerated according to their qualifications and experience, job nature and performance, and under the pay scales aligned with market conditions. Other benefits to employees include medical scheme, insurance coverage and retirement schemes.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS**

The Group intends to utilise the net proceeds raised from the Listing according to the plans set out in the section headed “Net proceeds from the Listing” in this announcement.

Save as disclosed in this announcement, the Company did not have other plans for material investments or capital assets as at the date of this announcement.

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

As at 31 December 2020, save for the right-of-use assets recognised as investment properties in accordance with HKFRS 16 in respect of various lease agreements, details of which are set out in the Prospectus, and the financial assets at fair value through profit or loss as set out in this announcement, the Company has no other significant investments or significant acquisitions, and has no disposal of subsidiaries, associates and joint ventures during the year ended 31 December 2020.

## **IMPORTANT EVENTS AFTER THE REPORTING DATE**

- (i) Pursuant to the written resolutions of the shareholders of the Company passed on 21 December 2020, and subject to the share premium account of the Company being credited as a result of the issue of offer shares pursuant to the Global Offering, an aggregate of 749,999,000 shares of the Company credited as fully paid at par were allotted and issued on the Listing Date to the holders of ordinary shares on the register of members of the Company in the Cayman Islands at the close of business on the business day preceding the Listing Date of the Global Offering. The shares allotted and issued pursuant to this resolution rank pari passu in all respects with the then existing issued shares of the Company;
- (ii) On 26 January 2021, the Company was successfully listed on the Main Board of the Stock Exchange following the completion of issue of 250,000,000 new shares of par value of HK\$0.01 each at the offer price of HK\$3.86 per share. The net proceeds raised from the Listing amounted to approximately HK\$928.8 million (equivalent to approximately RMB777.0 million); and

- (iii) On 18 February 2021, the international underwriters of the Global Offering partially exercised the over-allotment option, pursuant to which the Company is required to allot and issue the option shares, being 20,640,000 shares of the Company, representing approximately 8.26% of the total number of shares initially available under the Global Offering, at the offer price under the Global Offering. The net proceeds from the exercise of the over-allotment option were approximately HK\$77.8 million (equivalent to approximately RMB64.8 million).

## **ANNUAL GENERAL MEETING**

The AGM will be held on Friday, 4 June 2021. A circular containing the notice of the AGM and information regarding, inter alia, the re-election of the retiring Directors and the granting of the general mandates to the Directors to issue new shares and to repurchase shares will be published and despatched to the shareholders of the Company in due course.

## **CLOSURE OF REGISTER OF MEMBERS**

### **(a) Attending the AGM**

The register of members of the Company will be closed from Tuesday, 1 June 2021 to Friday, 4 June 2021, both days inclusive, during which period no transfer of shares of the Company will be registered. For the purpose of determining the entitlement to attend and vote at the AGM, all transfer document accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Monday, 31 May 2021.

### **(b) Payment of the proposed final dividend and special dividend**

The register of members of the Company will be closed from Thursday, 10 June 2021 to Friday, 11 June 2021, both days inclusive, during which period no transfer of shares of the Company will be registered. For the purpose of determining the entitlement to the proposed final dividend and the proposed special dividend for the year ended 31 December 2020, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 9 June 2021. It is expected that the proposed final dividend and the proposed special dividend will be paid on or around Tuesday, 6 July 2021 to those shareholders of the Company whose names appear on the register of members of the Company at the close of business on Friday, 11 June 2021.

## **COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its own code of conduct for Directors in their dealings in the securities of the Company since the Listing. As the Company was listed on 26 January 2021, the Company was not required to comply with the Model Code during the year ended 31 December 2020.

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

The Company’s shares were listed on the Stock Exchange on 26 January 2021. Save for that the Company had issued new shares in connection with the Listing as disclosed in this announcement, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities during the year ended 31 December 2020 and up to the date of this announcement.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

The Company is committed to maintaining high standard of corporate governance practices and procedures and complying with the statutory and regulatory requirements with an aim to maximising the values and interests of the shareholders of the Company as well as enhancing the transparency and accountability to the stakeholders.

The Company has adopted the corporate governance code contained in Appendix 14 to the Listing Rules (the “**Corporate Governance Code**”) as its own code on corporate governance since the Listing. As the Company was listed on 26 January 2021, it was not required to comply with the Corporate Governance Code during the year ended 31 December 2020.

## **REVIEW OF ANNUAL RESULTS**

The audit committee of the Company has reviewed with the management and the Company’s auditor the accounting principles and practices adopted by the Group and discussed auditing, financial reporting process and internal control matters including a review of the annual results of the Group for the year.

## **SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2020 as set out in this announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this announcement.

## **PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT**

This announcement is published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) as well as the website of the Company ([www.g-cre.com](http://www.g-cre.com)).

The annual report of the Company for the year ended 31 December 2020 will be despatched to the shareholders of the Company and made available on the websites of the Stock Exchange and the Company in due course.

## **APPRECIATION**

I would like to take this opportunity to express my appreciation to the shareholders of the Company for their support, to the fellow Board members, management and staff for their dedicated efforts to the Group and to its clients, consultants and business partners for all their valuable assistance offered during the year.

On behalf of  
Board of Directors of  
**E-Star Commercial Management Company Limited**  
**Huang De-Lin Benny**  
*Chairman and executive Director*

Hong Kong, 30 March 2021

*As at the date of this announcement, the board of Directors of the Company comprises Mr. Huang De-Lin Benny, Mr. Tao Muming, Mr. Niu Lin and Ms. Wen Yi as executive Directors; Mr. Guo Limin and Mr. Huang De'An Tony as non-executive Directors; and Mr. Zhang Liqing, Mr. Guo Zengli and Mr. Tse Yat Hong as independent non-executive Directors.*

\* *for identification purpose only*