星盛商業
E-STAR COMMERCIAL

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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2021

SUMMARY OF RESULTS

- Revenue of the Group for the six months ended 30 June 2021 amounted to approximately RMB257.4 million, representing an increase of approximately 27.8% as compared with approximately RMB201.4 million over the corresponding period in 2020.

- Gross profit of the Group for the six months ended 30 June 2021 amounted to approximately RMB145.9 million, representing an increase of approximately 29.2% as compared with approximately RMB112.9 million over the corresponding period in 2020.

- The Group's gross profit margin for the six months ended 30 June 2021 was 56.7%, representing an increase of approximately 0.7 percentage point as compared with the same period of 2020.

- Profit attributable to the owners of the Company for the six months ended 30 June 2021 amounted to approximately RMB83.1 million, representing an increase of approximately 43.0% as compared with approximately RMB58.1 million over the corresponding period in 2020. Excluding the listing expenses in relation to the listing of the Company's ordinary Shares on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**Listing**") of approximately RMB8.3 million, the core net profit attributable to the owners of the Company would amount to approximately RMB91.4 million for the six months ended 30 June 2021.

- The Group's net profit margin for the six months ended 30 June 2021 was 32.3%, representing an increase of approximately 3.5 percentage point as compared with the same period of 2020.

- As at 30 June 2021, the contracted gross floor area ("**GFA**") of the Group's commercial operational services amounted to 3.5 million sq.m. (61.9% of which are developed or owned by independent third party). As at 30 June 2021, the GFA in operation of the Group's commercial operational services amounted to 1.7 million sq.m..

- The Board does not recommend the payment of interim dividend.

INTERIM RESULTS

The board of directors (the "**Board**") of E-Star Commercial Management Company Limited (the "**Company**") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2021, together with comparative figures for the corresponding period in 2020, as follows.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Six months ended 30 June	
		2021	2020
		RMB'000	*RMB'000*
	Notes	**(Unaudited)**	(Unaudited)
Revenue	*3*	**257,411**	201,411
Cost of services		**(111,471)**	(88,532)
Gross profit		**145,940**	112,879
Other income		**11,234**	4,471
Other gains and losses		**(413)**	(2)
Impairment losses under expected credit loss model, net of reversal		**(3,897)**	(2,734)
Selling expenses		**(2,792)**	(898)
Administrative expenses		**(26,191)**	(24,544)
Finance costs		**(1,993)**	(2,097)
Listing expenses		**(8,281)**	(6,546)
Profit before tax		**113,607**	80,529
Income tax expense	*4*	**(31,084)**	(21,756)
Profit and total comprehensive income for the period	*5*	**82,523**	58,773
Profit for the period attributable to:			
– Owners of the Company		**83,065**	58,084
– Non-controlling interests		**(542)**	689
		82,523	58,773
Earnings per share	*7*		
– Basic *(RMB cents)*		**8.47**	7.74

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 June 2021** *RMB'000* **(Unaudited)**	31 December 2020 *RMB'000* (Audited)
Non-current assets			
Property and equipment		**6,258**	7,928
Investment properties		**49,139**	50,754
Prepayments and deposits		**8,116**	–
Finance lease receivables		**6,922**	7,188
Deferred tax assets		**7,135**	6,338
		77,570	72,208
Current assets			
Finance lease receivables		**513**	484
Trade and other receivables	*8*	**52,743**	36,613
Financial assets at fair value through profit or loss		**1,990**	187,910
Amounts due from related parties		**1,810**	2,305
Bank balances and cash		**1,187,532**	141,660
		1,244,588	368,972
Current liabilities			
Trade and other payables	*9*	**132,905**	170,233
Lease liabilities		**5,021**	4,684
Contract liabilities		**15,979**	3,382
Amounts due to related parties		**372**	4,881
Tax payable		**22,669**	25,322
Dividend payable		**50,574**	–
		227,520	208,502
Net current assets		**1,017,068**	160,470
Total assets less current liabilities		**1,094,638**	232,678

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

	Note	**30 June 2021** *RMB'000* **(Unaudited)**	31 December 2020 *RMB'000* (Audited)
Capital and reserves			
Share capital	*10*	**8,538**	–#
Reserves		**1,016,563**	159,752
Equity attributable to owners of the Company		**1,025,101**	159,752
Non-controlling interests		**2,961**	3,503
Total equity		**1,028,062**	163,255
Non-current liabilities			
Deferred tax liabilities		**466**	696
Lease liabilities		**66,110**	68,727
		66,576	69,423
		1,094,638	232,678

Less than RMB1,000

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

1. GENERAL INFORMATION AND BASIS OF PREPARATION

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 "**Listing Date**").

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared under the historical cost basis, except for certain financial instruments, that are measured at fair values at the end of each reporting period.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2021 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2020.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatory effective for the annual period beginning on or after 1 January 2021 for the preparation of the Group's condensed consolidated financial statements:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

In addition, the Group has early applied the Amendment to HKFRS 16 "Covid-19-Related Rent Concessions beyond 30 June 2021.

3. 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 People's Republic of China (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

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Entrusted management services	**170,996**	141,116
Brand and management output services	**74,015**	51,296
Sublease services	**12,400**	8,999
	257,411	201,411
Comprise of:		
– Revenue from contracts with customers	**249,629**	196,313
– Revenue from leases	**7,782**	5,098
	257,411	201,411

Revenue from commercial property operational services by type of operational model (continued)

Disaggregation of revenue from contracts with customers:

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Commercial property operational services:		
– Positioning, construction consultancy and tenant sourcing services	**47,826**	35,365
– Operational management services	**162,475**	140,217
– Value-added services	**39,328**	20,731
	249,629	196,313
Timing of revenue recognition:		
– Over time	**245,695**	193,990
– A point in time	**3,934**	2,323
	249,629	196,313

The Group acts as a principal for all of the services rendered except for certain portion of revenue generated from value-added services.

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. 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).

4. INCOME TAX EXPENSE

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current tax:		
PRC Enterprise Income Tax	**32,111**	22,553
Deferred tax	**(1,027)**	(797)
	31,084	21,756

5. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Profit for the period is arrived at after charging:		
Staff costs (including directors' emoluments)		
– Salaries and other benefits	**67,790**	50,912
– Retirement benefit scheme contributions	**4,361**	2,520
Total staff costs	**72,151**	53,432
Depreciation of property and equipment	**2,008**	1,801
Depreciation of investment properties	**1,615**	1,618
	3,623	3,419
Gross rental income from investment properties	**7,782**	5,098
Less: direct operating expenses incurred for investment properties during the period	**(2,519)**	(2,215)
	5,263	2,883

6. DIVIDENDS

Dividends recognised as distribution during the period:

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
2020 final dividend declared – HK$0.045 (2020: nil for year 2019)	**37,930**	–
2020 special dividend declared – HK$0.015 (2020: nil for year 2019)	**12,644**	–
	50,574	–

A final dividend and a special dividend of HK$0.045 (2020: nil) per ordinary share and HK$0.015 (2020: nil) per ordinary share respectively, in an aggregate amount of approximately HK$61,238,000 (equivalent to approximately RMB50,574,000) (six months ended 30 June 2020: nil), were declared. As at 30 June 2021, the dividend had not been paid.

No 2021 interim dividends were proposed during the six months ended 30 June 2021, nor has any dividend been proposed since the end of the reporting period.

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

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings for the purpose of calculating basic earnings per share:		
Profit for the period attributable to owners of the Company	**83,065**	58,084

Number of shares

	30 June 2021 *(thousands share)*	30 June 2020 *(thousands share)*
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**980,636**	750,000

The number of ordinary shares for the purpose of calculating basic earnings per share has been determined on the assumption that the capitalisation issue as set out in Note 10 had been effective on 1 January 2020.

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

8. TRADE AND OTHER RECEIVABLES

	30 June 2021 ***RMB'000*** **(Unaudited)**	31 December 2020 *RMB'000* (Audited)
Trade and other receivables		
– Trade receivables	**32,227**	25,073
– Other receivables	**20,516**	11,540
	52,743	36,613

	30 June 2021 ***RMB'000*** **(Unaudited)**	31 December 2020 *RMB'000* (Audited)
Trade receivables		
Contracts with customers		
– Third parties	**41,177**	30,539
– Related parties	**1,815**	764
Less: Allowance for credit losses	**(11,990)**	(8,093)
	31,002	23,210
Lease receivables – third parties	**1,225**	1,863
	32,227	25,073

The Group grants credit terms of 10 to 30 days to its customers from the date of invoices. The following is an ageing 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:

	30 June 2021	31 December 2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
0 – 10 days	**7,259**	6,058
11 – 30 days	**5,459**	2,558
31 – 60 days	**3,367**	4,420
61 – 90 days	**2,961**	2,304
Over 90 days	**11,956**	7,870
	31,002	23,210

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

	30 June 2021	31 December 2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
0 – 10 days	**1,225**	1,863

9. TRADE AND OTHER PAYABLES

	30 June 2021	31 December 2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade and other payables		
– Trade payables	**25,171**	20,180
– Other payables	**107,734**	150,053
	132,905	170,233

	30 June 2021	31 December 2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade payables		
Contracts with suppliers		
– Third parties	**21,062**	16,598
– Related parties	**4,109**	3,582
	25,171	20,180

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

	30 June 2021	31 December 2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
0 – 30 days	**20,299**	15,078
31 – 60 days	**3,649**	3,711
61 – 90 days	**386**	555
Over 90 days	**837**	836
	25,171	20,180

10. SHARE CAPITAL

	Number of shares	Share capital	Share capital
		HK$'000	*RMB'000*
Ordinary shares of HK$0.01 each			
Authorised			
At 1 January 2020, 31 December 2020 and 1 January 2021	38,000,000	380	340
Increase	1,962,000,000	19,620	16,415
At 30 June 2021	2,000,000,000	20,000	16,755
Issued and fully paid			
1 January 2020, 31 December 2020 and 1 January 2021	1,000	–^	–*
Capitalisation issue *(note (i))*	749,999,000	7,500	6,275
Issuance of ordinary shares *(note (ii))*	250,000,000	2,500	2,091
Issuance of ordinary shares upon exercise of over-allotment options *(note (iii))*	20,640,000	206	172
At 30 June 2021	1,020,640,000	10,206	8,538

^ Less than HK$1,000

* Less than RMB1,000

Notes:

(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 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. 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 of the Company's shares on the Stock Exchange 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, which the Company alloted and issued 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 arising from the exercise of the over-allotment option amounted to approximately HK$77.8 million (equivalent to approximately RMB64.8 million).

OVERVIEW

The Group is a leading commercial property operational service provider in the Greater Bay Area with a national presence. As of 30 June 2021, the Group provided services for 69 commercial property projects located in 24 cities in China, with an aggregate contracted GFA of approximately 3.5 million sq.m. (excluding the GFA under 22 consultancy services projects), 61.9% of which was developed or owned by independent third parties. Among them, 22 retail commercial properties have been opened for business, with a total GFA of approximately 1.7 million sq.m.. According to China Index Academy, in March 2021, the Group was ranked 13th among the "2021 China Top 100 Commercial Real Estate Developers" (2021年中國商業地產百強企業) in terms of overall strength; it was ranked 7th among the "2021 China Top 10 Commercial Real Estate Operator" (2021年中國商業地產運營十強企業) by China Real Estate Top 10 Research Team in March 2021, and it was awarded the "2020-2021 Outstanding Light Asset Operator" (2020-2021年度優秀輕資產運營商) by Winshang.com in May 2021.

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.

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 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 valued-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.

During the process of outward expansion, the Group has the flexibility to select diversified cooperation models including entrusted management, brand and management output and sublease services based on the assessment on projects and the requirements of property owners, and has delivered sound performance in operation. As of 30 June 2021, the Group provided services for 69 commercial property projects, with contracted GFA amounted to approximately 3.5 million sq.m. (excluding the GFA under 22 consultancy services projects).

Currently, the majority of the Group's consultancy services projects are still at the early stage of land acquisition and land planning. Such projects are a major source of the Group's project pipeline in the coming future, which will provide driving force for the Group's sustainable growth. If the commercial area related to the entire consultancy services projects are included, the contracted GFA of the Group will increase substantially.

In 2021, the Group further improved the outward expansion strategy from the perspective of organizational structure, talent pool and incentive mechanism, forming an organizational structure at group-level, region-level and project-level. By developing special award scheme, the Group encourages all employees to collect expansion information and integrate and distribute such information. The implementation of outward expansion strategy will finally be followed up at regional level. As the outward expansion mechanism gradually becomes more mature, our project response speed will become significantly improved.

The Group signed the entrusted management agreement in February 2021 in relation to the Galaxy iCO project in Rizhao, and the sublease agreement in June 2021 in relation to the Galaxy COCO Park project in Xiamen. Xiamen Galaxy COCO Park is located in the prime location of Xiamen city, which is in the eastern exhibition business and trade area and adjacent to Banlam Grand Theater, the largest theater in Fujian Province, and Xiamen International Conference & Exhibition Centre (廈門國際會議展覽中心). In July 2021, the Group also entered into an agreement with Guangzhou International Pharmaceutical Port Co., Ltd. (廣州國際醫藥港有限公司) in relation to the operation of the Guangzhou Health Port project located in Liwan District, Guangzhou with an area of almost 120,000 sq.m.. Details of the sublease agreement in relation to Xiamen Galaxy COCO Park and the agreement regarding the Guangzhou Health Port project are set out in the Company's announcements dated 28 June 2021 and 28 July 2021, respectively.

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 period/year indicated:

	As of 30 June 2021		**As of 31 December 2020**	
	No. of properties	***Contracted GFA ('000 sq.m.)***	***No. of properties***	***Contracted GFA ('000 sq.m.)***
Entrusted management services	**18**	**1,181**	17	1,124
Brand and management output services *Note*	**48**	**2,099**	34	2,035
Sublease services	**3**	**199**	2	125
Total	**69**	**3,479**	53	3,284

Note The contracted GFA excludes the GFA under the 22 consultancy service projects.

In terms of regional layout, the Group has intensified development in the Greater Bay Area and gradually expanded its presence to Yangtze River Delta, Central-Western China as well as other regions, thus gradually shaping its business layout in China. At present, the Group has established the business units in five regions, namely Shenzhen, Eastern Guangdong, Southern China, Eastern China and Central-Western China. It will strategically develop the Greater Bay Area and Yangtze River Delta and tap into cities in economically developed Central-Western China and other core areas when opportunities arise.

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 period/year indicated:

	As of/for the period ended 30 June 2021				**As of/for the year ended 31 December 2020**			
		contracted GFA	***Revenue***			***contracted GFA***	***Revenue***	
	No. of properties	***sq.m.***	***RMB***	***%***	***No. of properties***	***sq.m.***	***RMB***	***%***
	(in thousands, except for numbers of properties and percentages)							
Greater Bay Area[1]	**44**	**1,380**	**223,101**	**86.7**	32	1,336	365,309	82.7
– Shenzhen	***20***	***845***	***206,381***	***80.2***	*17*	*842*	*335,860*	*76.0*
Yangtze River Delta[2]	**10**	**534**	**17,447**	**6.8**	9	514	40,676	9.2
Central China region[3]	**4**	**413**	**4,309**	**1.7**	4	413	14,520	3.3
Other regions[4]	**11**	**1,152**	**12,554**	**4.8**	8	1,021	21,448	4.8
Total[5]	**69**	**3,479**	**257,411**	**100.0**	53	3,284	441,953	100.0

Notes:

(1) Include Shenzhen, Guangzhou, Zhongshan, Huizhou, Foshan, Dongguan and Zhuhai.

(2) Include Shanghai, Nanjing, Changzhou, Wuxi, Jiaxing and Lianyungang.

(3) Include Nanchang, Enshi and Changsha.

(4) Include Shanwei, Jieyang, Putian, Tianjin, Ordos, Chengdu, Shandong and Xiamen.

(5) The contracted GFA excludes the GFA of the 22 consultancy service projects.

While expanding outward and increasing its business scale, the Group also attaches great importance to operating quality and is committed to achieving appreciation in asset value for the property owners through their operation. As of 30 June 2021, the Group's average occupancy rate reached 94.7%, representing an increase of 0.4 percentage point as compared with that at the end of 2020. A high average occupancy rate not only serves as the basis of ensuring rents and other income from operating the commercial properties, but also a demonstration of the Group's core operating strength.

The table below sets forth average occupancy rate and GFA in operation of retail commercial property that commenced operation as at 30 June 2021.

	Average occupancy rate[1]		
Product category	**30 June 2021**	31 December 2020	**GFA in operation**
	%	%	*(000' sq.m.)*
Commercial property	**94.7**	94.3	1,713.8

(1) 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.

FUTURE OUTLOOK

There is huge space for integration in commercial operational services in the PRC for their vast market space and low market concentration, providing good opportunities for outstanding commercial operational service providers. The Group will fully leverage its existing strengths and continue to improve its revenue scale and profitability through business expansion, operation reinforcement and organisation enhancement. Our strategies are as follows:

1. Business expansion: high-quality expansion via multiple channels and focusing on regional development with benchmark projects

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 strategy of "consolidating development in the Greater Bay Area, intensifying presence in the Yangtze River Delta, penetrating into the Southwestern China market and expanding into premium cities when opportunities arise". While focusing on regional development, the Group will enhance the position of Shenzhen Futian Galaxy COCO Park (深圳福田星河COCO Park) as a leading benchmark and also develop a benchmarking project in each region to enhance the brand value of the Company.

While preparing for the opening of its projects, the Group will continue to promote three operating modes, i.e. entrusted management, brand management and output and overall leasing, to acquire more commercial properties. The Group will also seek merger targets in a proactive manner, including potential acquisitions or investment in commercial property operational service providers that meet its internal standards.

2. Operation reinforcement: high-quality development via multi-dimensional empowerment and scale development with standard services

The Group will continue to strengthen its comprehensive operation and management capabilities, improve product innovation and business pattern innovation, promote the implementation of brand strategic alliance, and comprehensively promote the construction of digital platforms to drive refined operations with digitalization, continue to improve operational efficiency, start commercial AI intelligence research and help improve decision-making efficiency.

The Group has formed a series of standard operation procedures, including expansion, research and strategy, positioning, investment procurement and operation, supported the preparation and operation of various projects concurrently to empower the scale development of the Company, and delivered differentiated customer experience and results based on accurate preliminary research and strategy and positioning capabilities through "one mall, one plan" (一店一策). At the same time, the Group is also actively developing a digital operation platform to integrate the underlying logic of commercial operation into the digital platform through a series of algorithms, thus laying a foundation for the subsequent precise investment procurement, brand positioning and the refined operation of subdivision traffic.

3. Organisation enhancement: implementation of a group-based operation approach and construction of high-quality talent team

The Group continues to implement a group-based operation approach, i.e. "headquarters refinement, regional consolidation and project strengthening", implements a three-level management and control system and improves the organizational structure in Shenzhen, Eastern Guangdong, Southern China, Eastern China and Central-Western China to support the Group's multi-channel expansion strategy and continue to expand its business scale.

Meanwhile, the Group plans to continue to develop and implement the construction of a multi-tiered talent team and gives priority to the introduction of elites in the business industry, as well as young talents with high growth potential, strong adaptability, high recognition and strong innovation. Upon listing, the eligible employees of the Company will be able to participate in the share incentive scheme and share option scheme. Through competitive compensation packages and performance appraisal systems, the Group formulates medium and long-term incentives to further attract, develop and retain talents, establish a talent pool and 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).

Upon its successful listing on the Main Board of the Stock Exchange of Hong Kong on 26 January 2021, the Company became the first pure commercial property operational service provider on the Hong Kong stock market, which also marked the beginning of a new journey in the development of the Company. The Group will surely create value for its owners, tenants and shareholders with great fighting spirit, flexible business model and good service quality. With brilliant galaxy and flourishing age, the Group will uphold its mission and move forward bravely.

FINANCIAL REVIEW

Revenue

During the six months ended 30 June 2021, the Group's revenue amounted to RMB257.4 million, representing an increase of 27.8% as compared with RMB201.4 million in the same period of 2020, primarily due to (1) the increase in revenue from operational management services and value-added services due to the outstanding operation performance of projects opened in recent years; and (2) the increase in revenue from positioning, construction consultancy and tenant sourcing services provided due to the significant increase in number of preliminary consultation services rendered by the Group.

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

	For the six months ended 30 June			
	2021		2020	
	(Unaudited)		(Unaudited)	
	RMB'000	*%*	*RMB'000*	*%*
Entrusted management services	**170,996**	**66.4**	141,116	70.0
Brand and management output services	**74,015**	**28.8**	51,296	25.5
Sublease services	**12,400**	**4.8**	8,999	4.5
Total	**257,411**	**100.0**	201,411	100.0

- Entrusted management services: During the six months ended 30 June 2021, revenue from entrusted management services amounted to RMB171.0 million, representing an increase of 21.2% as compared with approximately RMB141.1 million in the same period of 2020, primarily attributable to the increase in revenue from operational management services and value-added services due to the outstanding operation performance of projects opened in recent years, such as Shenzhen Futian Galaxy COCO Park (South) (深圳福田星河COCO Park (南區)) opened in July 2020.

- Brand and management output services: During the six months ended 30 June 2021, revenue from brand and management output services amounted to RMB74.0 million, representing an increase of 44.2% as compared with approximately RMB51.3 million in the same period of 2020, primarily attributable to (1) the increase in revenue from operational management services and value-added services due to the outstanding operation performance of projects opened in recent years, such as Ningxiang Galaxy COCO City (寧鄉星河COCO City) opened in January 2021; and (2) the increase in revenue from positioning, construction consultancy and tenant sourcing services provided due to the significant increase in number of preliminary consultation services rendered by the Group, such as Longhua COSTCO (龍華COSTCO項目).

- Sublease services: During the six months ended 30 June 2021, revenue from sublease services amounted to RMB12.4 million, representing an increase of 37.8% as compared with approximately RMB9.0 million in the same period of 2020, primarily attributable to the increase in the average rent pursuant to the lease agreements with certain tenants and as a result of the Group's adjustments of tenant mix, together with the elimination of the negative effect of waiver of certain rents to assist the Group's tenants to fight against the COVID-19 pandemic in 2020.

Cost of Services

During the six months ended 30 June 2021, the Group's cost of services amounted to RMB111.5 million, representing an increase of 26.0% as compared with approximately RMB88.5 million in the same period of 2020, primarily attributable to the increase in staff cost and subcontracting costs, which was in line with the Group's business expansion for example, the opening of Shenzhen Futian Galaxy COCO Park (South) in July, 2020.

Gross Profit and Gross Profit Margin

During the six months ended 30 June 2021, the Group's gross profit amounted to RMB145.9 million, representing an increase of 29.2% as compared with approximately RMB112.9 million in the same period of 2020.

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

	For the six months ended 30 June			
	2021		2020	
	Gross profit RMB'000	***Gross profit margin %***	*Gross profit RMB'000*	*Gross profit margin %*
Entrusted management services	**85,809**	**50.2**	70,882	50.2
Brand and management output services	**54,395**	**73.5**	37,878	73.8
Sublease services	**5,736**	**46.3**	4,119	45.8
Total/Overall	**145,940**	**56.7**	112,879	56.0

During the six months ended 30 June 2021, the gross profit margin amounted to 56.7%, representing an increase of 0.7 percentage point as compared with 56.0% in the same period of 2020, primarily attributable to the larger revenue contribution from brand and management output services with relatively higher gross profit margin in the six months ended 30 June 2021.

- Entrusted management services: The gross profit margin during the six months ended 30 June 2021 remained relatively stable as compared with the same period of 2020.

- Brand and management output services: The gross profit margin during the six months ended 30 June 2021 remained relatively stable as compared with the same period of 2020.

- Sublease services: During the six months ended 30 June 2021, the gross profit margin amounted to 46.3%, representing an increase of 0.5 percentage point as compared with 45.8% in the same period of 2020, primarily attributable to the increase in the average rent pursuant to the lease agreements with certain tenants and as a result of the Group's adjustments of its tenant mix, together with the elimination of the negative effect of waiver of certain rents to assist its tenants to fight against the COVID-19 pandemic in 2020.

Other Income

Other income mainly represented the various government grants and subsidies income from local governments and the forfeited deposits from tenants due to their early termination of contracts.

During the six months ended 30 June 2021, other income amounted to RMB11.2 million, representing an increase of 148.9% as compared with approximately RMB4.5 million in the same period of 2020, primarily attributable to the increased bank interest income as a result of the increase in the average balance of fixed-term deposits in banks.

Other Gains and Losses

During the six months ended 30 June 2021, net other losses amounted to RMB0.4 million, mainly representing foreign exchange losses.

Impairment Losses under Expected Credit Loss Model, Net of Reversal

The Group's net impairment losses on financial assets mainly include the allowance for impairment made in respect of operating leases and trade receivables and other receivables.

During the six months ended 30 June 2021, the Group's impairment losses under expected credit loss model, net of reversal amounted to RMB3.9 million, representing an increase of 44.4% as compared with approximately RMB2.7 million in the same period of 2020, primarily attributable to the increase in the balance of trade receivables with the business expansion of the Company.

Selling Expenses

During the six months ended 30 June 2021, the Group's selling expenses amounted to RMB2.8 million, representing an increase of 211.1% as compared with approximately RMB0.9 million in the same period of 2020, primarily due to the increase in brand-building activities as a result of recovery from COVID-19 as compared with the same period of 2020.

Administrative Expenses

During the six months ended 30 June 2021, the Group's administrative expenses amounted to RMB26.2 million, representing an increase of 6.9% as compared with approximately RMB24.5 million in the same period of 2020, primarily due to the increase in staff costs and daily administrative activities as a result of recovery of COVID-19 as compared with the same period of 2020.

Finance Costs

The Group's finance costs refer to interest expense on lease liabilities.

During the six months ended 30 June 2021, the Group's finance costs amounted to RMB2.0 million, representing a decrease of 4.8% as compared with approximately RMB2.1 million in the same period of 2020, primarily attributable to continuous repayment of the lease liabilities.

Income Tax Expense

During the six months ended 30 June 2021, the Group's income tax expenses amounted to RMB31.1 million, representing an increase of 42.7% as compared with approximately RMB21.8 million in the same period of 2020, primarily attributable to the increase in profit before tax.

Profit for the period

During the six months ended 30 June 2021, the Group's profit for the period amounted to RMB82.5 million, representing an increase of 40.3% as compared with approximately RMB58.8 million in the same period of 2020.

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 30 June 2021, the Group's trade and other receivables were approximately RMB52.7 million, representing an increase of 44.0% as compared with that as at 31 December 2020, primarily due to the increase in trade receivables with the business expansion of the Group and the increase in prepaid rent of subleased projects and payments form subcontractors.

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 30 June 2021, the Group's trade and other payables amounted to approximately RMB132.9 million, representing a decrease of 21.9% as compared with that as at 31 December 2020, primarily due to the decrease in receipts on behalf of tenants, accrued listing expenses and accrued issue costs of the Group, and the decrease in payroll payables to employees as a result of the payment of the year-end bonus of the previous year.

Contingent liabilities

As at 30 June 2021, 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 30 June 2021, the Group's cash and cash equivalents amounted to approximately RMB416.2 million (excluding fixed deposits with maturity over three months of RMB771.3 million), representing an increase of 193.8% as compared with approximately RMB141.7 million as at 31 December 2020. This was primarily attributable to receipt of proceeds from the Global Offering and increase in revenue from the operation of the Group during the period. 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 30 June 2021 divided by total assets as at 30 June 2021. As at 30 June 2021, gearing ratio was 22.2%, representing a substantial decrease as compared with 63.0% as at 31 December 2020. This was primarily due to increase in equity as a result of proceeds from the Global Offering and increase in revenue from the operation during the period. The Group does not have any bank loans as at 30 June 2021.

Foreign exchange risk

The Group primarily operates in the PRC and its businesses are principally conducted in RMB. As at 30 June 2021, 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 six months ended 30 June 2021 amounted to RMB8.3 million, which was primarily the legal and professional fees in connection with the Listing. During the six months ended 30 June 2020, the listing expenses were RMB6.5 million.

Net Proceeds from the Global Offering and Over-allotment Option

The net proceeds from the Global Offering amounted to approximately RMB777.0 million. On 18 February 2021, the Company also received net proceeds of approximately RMB64.8 million from the partial exercise of over-allotment option.

The net proceeds from the Global Offering and the exercise of the over-allotment option have been used and will continue to be used in accordance with the plans disclosed in the section headed "Future Plans and Use of Proceeds — Use of Proceeds" in the prospectus of the Company dated 14 January 2021 (the "**Prospectus**"), which are summarised as follows:

		Net Proceeds (RMB million)		
Item	**Percentage**	**Proceeds from the Global Offering and the over-allotment**	**Used as at 30 June 2021**	**Unused as at 30 June 2021**
Pursue strategic acquisition of and investment in other small-to mid-sized commercial property operational service providers	55%	463.0	–	463.0
Renovation of retail commercial properties under the sublease service model	20%	168.4	2.6	165.8
Make minority equity investment in the project companies	10%	84.2	–	84.2
Upgrade Internet-based and information systems	5%	42.0	0.8	41.2
Working capital and general corporate purposes	10%	84.2	2.7	81.5
Total	100%	841.8	6.1	835.7

The unutilised net proceeds have been placed with licensed banks as at the date of this announcement.

NUMBER OF EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2021, the total number of employees of the Group was 409 (31 December 2020: 387). 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 Global Offering and Over-allotment Option" in this announcement and "Future Plans and Use of Proceeds — Use of Proceeds" in the Prospectus.

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

On 28 June 2021, the Group entered into a lease agreement in respect of a premise in Xiamen for operation of a "Galaxy COCO Park" shopping centre. As at 30 June 2021, the lease term has not commenced as the underlying property was not made available for use by the lessor. Details of the lease agreement are set out in the announcement of the Company dated 28 June 2021.

Save for the above, the Group did not have any other significant investments, acquisitions or disposals of subsidiaries, associates and joint ventures for the six months ended 30 June 2021.

Subsequent events

On 15 July 2021 and 28 July 2021, the Group enter into joint venture agreements in relation to formation of a joint venture company in respect of the projects in Xiamen and Guangzhou respectively. Details of the joint venture agreements are set out in the announcements of the Company dated 15 July 2021 and 28 July 2021 respectively.

Save as mentioned above, there were no other significant events up to the date of this announcement.

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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") as its own code of conduct for Directors in their dealings in the securities of the Company since the Listing. Having made specific inquiries with all the Directors, each of the Directors has confirmed that he/she has complied with the required standards as set out in the Model Code since the Listing and up to 30 June 2021.

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

Save for the shares alloted and issued in connection with the Global Offering as described in the Prospectus and the partial exercise of the over-allotment option on 18 February 2021, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2021.

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 complied with all applicable code provisions as set out in Appendix 14 to the Listing Rules (the "**CG Code**") since the Listing and up to 30 June 2021. The Company will continue to review and enhance its corporate governance practices to ensure the compliance with the CG Code.

REVIEW OF INTERIM RESULTS

The Company has established an audit committee (the "**Audit Committee**"), which comprises three independent non-executive Directors, in accordance with the requirements under Rule 3.21 of the Listing Rules.

The Audit Committee has reviewed the unaudited interim condensed consolidated financial information of the Group for the six months ended 30 June 2021 with the Company's management and considered that such information have been prepared in accordance with applicable accounting standards and requirements with sufficient disclosure.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

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

The interim report of the Company for the six months ended 30 June 2021 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.

By order of the Board
E-Star Commercial Management Company Limited
Huang De-Lin Benny
Chairman and executive Director

Hong Kong, 25 August 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*