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

卓越商企服務集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6989)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021**

HIGHLIGHTS

1. Revenue of the Group for 2021 was approximately RMB3,467.1 million, representing an increase of 37.3% from approximately RMB2,525.1 million for 2020.
2. The gross profit of the Group for 2021 was approximately RMB959.6 million, representing an increase of 44.6% from approximately RMB663.8 million for 2020. Gross profit margin for 2021 was 27.7%, while that of 2020 was 26.3%, representing a year-on-year increase of 1.4 percentage points.
3. Profit attributable to owners of the Company for 2021 was approximately RMB510.1 million, representing an increase of 57.0% as compared with approximately RMB325.0 million for 2020.
4. During the year ended 31 December 2021, net cash inflow from operating activities of the Group amounted to approximately RMB810.1 million, representing an increase of 86.7%, as compared with approximately RMB434.0 million for 2020.
5. The Board recommended the payment of a final dividend of HK17.38 cents per ordinary share of the Company for the year ended 31 December 2021. Together with an interim dividend of HK18.62 cents in cash paid, the total dividend for the year will amount to HK36.00 cents in cash, representing a year-on-year increase of 278.5% (2020: HK9.51 cents).

ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Excellence Commercial Property & Facilities Management Group 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 2021 (the “**Reporting Period**”), together with the comparative figures for the previous financial year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2021

(Expressed in Renminbi)

	Note	2021 RMB'000	2020 RMB'000
Revenue	4	3,467,066	2,525,087
Cost of sales		<u>(2,507,439)</u>	<u>(1,861,275)</u>
Gross profit		959,627	663,812
Other revenue		45,518	22,970
Other net (loss)/income		(5,553)	21,030
Selling and marketing expenses		(18,637)	(15,419)
Administrative expenses		<u>(203,352)</u>	<u>(194,667)</u>
Profit from operations		777,603	497,726
Finance costs		(20,705)	(29,535)
Share of profits less losses of associates		1,387	1,212
Share of profits less losses of joint ventures		<u>7,450</u>	<u>7,346</u>
Profit before taxation		765,735	476,749
Income tax	5	<u>(218,254)</u>	<u>(120,827)</u>
Profit for the year		<u>547,481</u>	<u>355,922</u>
Attributable to:			
Equity shareholders of the Company		510,088	324,987
Non-controlling interests		<u>37,393</u>	<u>30,935</u>
Profit for the year		<u>547,481</u>	<u>355,922</u>
Earnings per share (RMB cents)	6		
Basic		<u>41.7</u>	<u>33.7</u>
Diluted		<u>41.7</u>	<u>33.6</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

(Expressed in Renminbi)

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Profit for the year	547,481	355,922
Other comprehensive income for the year		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of entities not using Renminbi (“RMB”) as functional currency	<u>(66,025)</u>	<u>(55,621)</u>
Total comprehensive income for the year	<u>481,456</u>	<u>300,301</u>
Attributable to:		
Equity shareholders of the Company	444,063	269,366
Non-controlling interests	<u>37,393</u>	<u>30,935</u>
Total comprehensive income for the year	<u>481,456</u>	<u>300,301</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

(Expressed in Renminbi)

	Note	2021 RMB'000	2020 RMB'000
Non-current assets			
Investment properties		112,488	123,474
Property, plant and equipment		47,541	64,258
Intangible assets		34,061	54,202
Goodwill		41,438	271,722
Interests in associates		12,609	4,871
Interests in joint ventures		45,382	46,429
Other receivables	7	236,582	–
Financial assets measured at fair value through profit or loss (FVPL)		–	2,118
Deferred tax assets		29,016	28,666
		559,117	595,740
Current assets			
Financial assets measured at fair value through profit or loss (FVPL)		–	48,177
Inventories		4,886	2,310
Contract assets		15,684	–
Trade and other receivables	7	1,134,969	560,998
Prepaid tax		770	1,465
Loans receivable	8	316,014	368,536
Restricted deposits		33,396	38,596
Cash and cash equivalents		3,007,300	3,314,132
		4,513,019	4,334,214
Current liabilities			
Bank loans and other borrowings		75,000	193,790
Contract liabilities		216,236	81,628
Trade and other payables	9	1,077,341	892,849
Lease liabilities		14,006	17,509
Current taxation		90,896	57,214
		1,473,479	1,242,990

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

(Expressed in Renminbi)

	<i>Note</i>	2021 RMB'000	2020 <i>RMB'000</i>
Net current assets		3,039,540	3,091,224
Total assets less current liabilities		<u>3,598,657</u>	<u>3,686,964</u>
Non-current liabilities			
Bank loans and other borrowings		-	180,150
Other payables	<i>9</i>	800	102,280
Lease liabilities		117,741	132,169
Deferred tax liabilities		<u>13,684</u>	<u>16,079</u>
		132,225	430,678
NET ASSETS		3,466,432	3,256,286
CAPITAL AND RESERVES			
Share capital	<i>10(a)</i>	10,496	10,496
Reserves		<u>3,435,052</u>	<u>3,173,391</u>
Total equity attributable to equity shareholders of the Company		3,445,548	3,183,887
Non-controlling interests		<u>20,884</u>	<u>72,399</u>
TOTAL EQUITY		<u><u>3,466,432</u></u>	<u><u>3,256,286</u></u>

NOTES

(Expressed in Renminbi unless otherwise indicated)

1 GENERAL INFORMATION AND GROUP REORGANISATION

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

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

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). Significant accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2021 comprise the Group and the Group’s interests in associates and joint ventures.

The financial statements are presented in Renminbi rounded to the nearest thousand. The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets are stated at fair value as explained in the accounting policies set out below:

- investments in wealth management products; and
- contingent consideration receivables.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(c) Changes in accounting policies

The Group has applied the following amendments to HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

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

Other than the amendment to HKFRS 16, the group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended HKFRSs are discussed below:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, Interest rate benchmark reform – phase 2

The amendments provide targeted reliefs from (i) accounting for changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities as modifications, and (ii) discontinuing hedge accounting when an interest rate benchmark is replaced by an alternative benchmark rate as a result of the reform of interbank offered rates (“**IBOR reform**”). The amendments do not have an impact on these financial statements as the Group does not have contracts that are indexed to benchmark interest rates which are subject to the IBOR reform.

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

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

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

3 SEGMENT REPORTING

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

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

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

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

Disaggregation of revenue from contracts with customers, revenue from other sources as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2021 and 2020 is set out below.

	Property management services		Finance services		Others		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Disaggregated by timing of revenue recognition								
Over time	3,212,524	2,348,590	41,297	46,467	14,497	10,912	3,268,318	2,405,969
Point in time	198,748	121,002	–	–	–	–	198,748	121,002
Reportable segment revenue	3,411,272	2,469,592	41,297	46,467	14,497	10,912	3,467,066	2,526,971
Inter-segment revenue	–	–	–	–	–	(1,884)	–	(1,884)
Revenue from external customers	3,411,272	2,469,592	41,297	46,467	14,497	9,028	3,467,066	2,525,087
Reportable segment profit/(loss)	738,767	432,560	19,086	23,491	4,405	(6,092)	762,258	449,959
Interest income from bank deposits	29,113	1,943	–	–	11	25	29,124	1,968
Finance costs	(8,146)	(16,103)	(5,727)	(3,181)	(6,832)	(7,082)	(20,705)	(26,366)
Depreciation and amortisation	(34,229)	(30,565)	(1,347)	(1,368)	(11,248)	(13,231)	(46,824)	(45,164)
Impairment loss on loans receivable	–	–	(2,466)	(7,396)	–	–	(2,466)	(7,396)
Impairment loss on trade and other receivables	(10,434)	(6,902)	–	–	2	(22)	(10,432)	(6,924)
Reportable segment assets	4,502,088	4,366,887	392,318	377,477	147,676	175,419	5,042,082	4,919,783
Additions to non-current segment assets during the year	36,026	14,651	–	28	168	385	36,194	15,064
Reportable segment liabilities	1,298,833	1,436,029	80,896	58,718	121,272	125,592	1,501,001	1,620,339

(i) **Reconciliations of reportable segment revenues, profit or loss, assets and liabilities**

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Revenue		
Reportable segment revenue	3,467,066	2,526,971
Inter-segment revenue	–	(1,884)
	<hr/>	<hr/>
Consolidated revenue (<i>Note 4</i>)	3,467,066	2,525,087
	<hr/> <hr/>	<hr/> <hr/>
Profit		
Reportable segment profit	762,258	449,959
Interest income from related parties	–	5,840
Interests on bank loans and other borrowings	–	(3,169)
Gain on disposal of subsidiaries (<i>Note 11</i>)	5,009	31,539
Net foreign exchange gain	1,336	–
Unallocated head offices and corporate expenses	(2,868)	(7,420)
	<hr/>	<hr/>
Consolidated profit before taxation	765,735	476,749
	<hr/> <hr/>	<hr/> <hr/>
Assets		
Reportable segment assets	5,042,082	4,919,783
Elimination of inter-segment receivables	–	(20,000)
	<hr/>	<hr/>
	5,042,082	4,899,783
	<hr/>	<hr/>
Prepaid tax	770	1,465
Deferred tax assets	29,016	28,666
Unallocated head office and corporate assets	268	40
	<hr/>	<hr/>
Consolidated total assets	5,072,136	4,929,954
	<hr/> <hr/>	<hr/> <hr/>
Liabilities		
Reportable segment liabilities	1,501,001	1,620,339
Elimination of inter-segment payables	–	(20,000)
	<hr/>	<hr/>
	1,501,001	1,600,339
	<hr/>	<hr/>
Current taxation	90,896	57,214
Deferred tax liabilities	13,684	16,079
Unallocated head office and corporate liabilities	123	36
	<hr/>	<hr/>
Consolidated total liabilities	1,605,704	1,673,668
	<hr/> <hr/>	<hr/> <hr/>

(ii) **Geographic information**

The major operating entities of the Group are domiciled in mainland China. Accordingly, majority of the Group's revenues were derived in mainland China during year ended 31 December 2021 and 2020.

As at 31 December 2021 and 2020, most of the non-current assets of the Group were located in mainland China.

4 REVENUE

Disaggregation of revenue from contracts with customers by each significant category for the year ended 31 December 2021 and 2020 recognised in the consolidated statement of profit or loss are as follows:

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue from contracts with customers within the scope of HKFRS 15		
Property management services		
Basic property management services		
– Commercial property	1,961,514	1,563,195
– Public and industrial property	350,351	327,248
– Residential property	318,887	220,545
	<hr/>	<hr/>
	2,630,752	2,110,988
Value-added services	780,520	358,604
	<hr/>	<hr/>
	3,411,272	2,469,592
Other services	–	511
	<hr/>	<hr/>
	3,411,272	2,470,103
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Revenue from other sources		
Finance services income	41,297	46,467
Gross rental income from investment properties	14,497	8,517
	<hr/>	<hr/>
	55,794	54,984
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
	3,467,066	2,525,087
	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>

5 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(a) Taxation in the consolidated statement of profit or loss:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Current tax		
Corporate Income Tax	218,568	129,898
Deferred tax		
Origination and reversal of temporary differences	(314)	(9,071)
	<u>218,254</u>	<u>120,827</u>

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Profit before taxation	<u>765,735</u>	<u>476,749</u>
Notional tax on profit before taxation, calculated at the rates applicable to profits in the tax jurisdictions concerned	189,643	121,471
Tax effect of non-deductible expenses	11,718	5,225
Tax effect of share of results of joint ventures and associates	(2,209)	(2,140)
Tax effect of non-taxable income	–	(7,885)
Withholding tax on dividend	19,049	4,155
Tax effect of unused tax losses not recognised	<u>53</u>	<u>1</u>
Actual tax expense	<u>218,254</u>	<u>120,827</u>

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

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

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

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

6 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB510,088,000 (2020: RMB324,987,000) and the weighted average of 1,222,391,192 ordinary shares (2020: 963,964,356 shares) in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2021 Shares	2020 Shares
Issued ordinary shares at 1 January	1,222,490,000	–
Effect of issuance of shares	–	1,000
Effect of capitalisation issue	–	899,999,000
Effect of issuance of new shares upon initial public offering (“IPO”)	–	63,964,356
Repurchase of shares	(98,808)	–
	<u>1,222,391,192</u>	<u>963,964,356</u>

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB510,088,000 (2020: RMB324,987,000) and the weighted average number of ordinary shares of 1,222,399,442 shares (2020: 965,522,902 shares), calculated as follows:

Weighted average number of ordinary shares (diluted)

	2021 Shares	2020 Shares
Weighted average number of ordinary shares at 31 December	1,222,391,192	963,964,356
Effect of deemed issue of shares under the Company’s share option scheme for HK\$1.00 each consideration	8,250	1,558,546
	<u>1,222,399,442</u>	<u>965,522,902</u>

7 TRADE AND OTHER RECEIVABLES

	<i>Note</i>	2021 RMB'000	2020 <i>RMB'000</i>
Current			
Trade receivables	<i>(i)</i>		
– related parties		140,680	88,138
– third parties		420,757	410,515
		561,437	498,653
Less: loss allowance		(43,214)	(37,732)
		518,223	460,921
Other receivables, net of loss allowance			
– related parties	<i>(iii)</i>	20,152	6,678
– third parties	<i>(ii)</i>	503,391	20,908
		523,543	27,586
Financial assets measured at amortised cost		1,041,766	488,507
Deposits and prepayments		93,203	72,491
		1,134,969	560,998
Non-Current			
Prepayment for proposed acquisition on a subsidiary	<i>(iv)</i>	166,582	–
Consideration receivables related to disposal of subsidiaries		70,000	–
		236,582	–

Notes:

- (i) Trade receivables are primarily related to revenue recognised from the provision of basic property management services and value-added services.
- (ii) As at 31 December 2021, other receivables included consideration receivable of RMB175,000,000 in respect of disposal of Shenzhen Excellence Operation Management Co., Ltd (深圳市卓越運營管理有限公司), (“**Shenzhen Excellence Operation**”) and its subsidiaries and amount due from disposed Shenzhen Excellence Operation of RMB294,000,000 was settled subsequent to year end. Please refer to note 11 for more details of the disposal.
- (iii) As at 31 December 2021, other receivables included dividend receivable from the Group’s joint venture, Henan Huangjin Property Management Co., Ltd. (“**Huangjin Property**”) amounting to RMB5,023,000.
- (iv) During the year ended 31 December 2021, the Group has conditionally agreed to acquire 75% equity interests of Beijing Global Wealth Property Management Co., Ltd. The amount represents payments made under an agreed payment schedule. As at 31 December 2021 the transaction is completed subsequent to year end.

(a) **Ageing analysis**

As at 31 December 2021, the ageing analysis of trade receivables (net of loss allowance) based on the date of revenue recognition and net of loss allowance, is as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Within 6 months	452,123	411,416
6 months to 1 year	43,419	29,482
1 to 2 years	20,278	16,274
2 to 3 years	2,403	3,749
	<hr/> 518,223 <hr/>	<hr/> 460,921 <hr/>

8 LOANS RECEIVABLE

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Unguaranteed and unsecured	18,000	84,633
Guaranteed and unsecured	–	125,010
Unguaranteed and secured	43,810	77,727
Guaranteed and secured	273,104	97,600
	<hr/> 334,914 <hr/>	<hr/> 384,970 <hr/>
Gross loans receivable	334,914	384,970
Less: loss allowance	(18,900)	(16,434)
	<hr/> 316,014 <hr/>	<hr/> 368,536 <hr/>

Note:

As at 31 December 2021, loans provided by the Group to third parties from micro-lending business are interest bearing at rates ranging from 7.20% – 24.00% (2020: 3.60%-28.80%) per annum, and recoverable within one year.

As at 31 December 2021, the aging analysis of loans receivable based on due date and credit quality is set out below:

	As at 31 December 2021			Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	
Current (not past due)	315,864	–	–	315,864
Overdue but within 1 month	400	–	–	400
Overdue over 1 month but within 3 months	–	2,750	–	2,750
Overdue over 3 months but within 6 months	–	–	8,900	8,900
Overdue over 6 months but within one year	–	–	7,000	7,000
Subtotal	316,264	2,750	15,900	334,914
Less: loss allowance	(13,480)	(650)	(4,770)	(18,900)
Total	<u>302,784</u>	<u>2,100</u>	<u>11,130</u>	<u>316,014</u>
	As at 31 December 2020			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
Current (not past due)	365,893	–	–	365,893
Overdue over 1 month but within 3 months	–	2,600	–	2,600
Overdue over 3 months but within 6 months	–	–	4,477	4,477
Overdue over 6 months but within one year	–	–	12,000	12,000
Subtotal	365,893	2,600	16,477	384,970
Less: loss allowance	(11,226)	(265)	(4,943)	(16,434)
Total	<u>354,667</u>	<u>2,335</u>	<u>11,534</u>	<u>368,536</u>

Note:

As at 31 December 2021, loans receivable classified at Stage 2 of RMB2,750,000 (2020: RMB2,600,000) and at Stage 3 of RMB4,800,000 (2020: RMB3,000,000) were guaranteed and secured by properties held by customers and loans receivable of RMB11,100,000 (2020: RMB13,477,000) classified at Stage 3 were unguaranteed and secured by properties held by customers.

9 TRADE AND OTHER PAYABLES

	<i>Note</i>	2021 RMB'000	2020 <i>RMB'000</i>
Current			
Trade payables	<i>(a)</i>		
– related parties		38,895	36,432
– third parties		289,783	156,152
		328,678	192,584
Other payables			
– related parties		27,497	19,828
– third parties		92,903	95,113
		120,400	114,941
Dividend payable to non-controlling interests		–	5,388
Cash collected on behalf of property owners' association		26,604	17,852
Housing maintenance funds held on behalf of property owners		6,792	19,550
Interest payable		196	671
Financial liabilities measured at amortised cost		482,670	350,986
Payments received for proposed disposal of a subsidiary	<i>(b)</i>	305,095	300,000
Accrued payroll and other benefits		177,439	148,062
Deposits		90,128	82,733
Accrued charges		22,009	11,068
		1,077,341	892,849
Non-current			
Payable related to purchase for a joint venture		800	–
Other payables	<i>(c)</i>	–	102,280
		800	102,280

Notes:

- (a) Trade payables mainly represent payables arising from sub-contracting services including cleaning, security, landscaping and maintenance services provided by suppliers and payables relating to car parks leasing.
- (b) The balance represents receipt in advance in relation to the proposed transfer 100% equity interests in Shenzhen Zhuotou Micro-lending Co., Ltd. (深圳市卓投小額貸款有限責任公司) (“**Shenzhen Zhuotou**”) as at 31 December 2021.
- (c) The payables represent a put option (“**NCI Put Option**”) written to the non-controlling interests of Zhejiang Gangwan Group, a subsidiary of the Group, upon the acquisition. In 2019, the Group acquired certain subsidiaries and wrote a put option to the vendors of Zhejiang Gangwan Group, who is currently the non-controlling interests and owned 40% equity interests in Zhejiang Gangwan Group. In accordance with the terms of the NCI Put Option, the non-controlling interests have the right to sell its remaining 40% interests in Zhejiang Gangwan Group to the Group at the agreed price-earning ratio after three years from the acquisition date if Zhejiang Gangwan Group meets certain profit targets. The present value of the estimated amount that may become payable is initially recognised as other liability with a corresponding charge directly to other reserves within equity. In accordance with the accounting policy, the amount is subsequently accrete to the estimated amount to be paid up to the date of exercise of the put option and the change of remeasurement of the amount is recorded into other reserve.

The Group has disposed its entire 60% equity interest of Zhejiang Gangwan Group through the disposal of Shenzhen Excellence Operation and derecognised the NCI Put Option with carrying amount of RMB124,592,000, after accretion of RMB22,312,000 during the year, in December 2021 .

As at 31 December 2021, the ageing analysis of trade payables, based on invoice date is as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Within 1 month	202,950	118,069
1 to 3 months	59,079	30,931
3 to 6 months	25,057	4,979
6 to 12 months	9,282	10,101
Over 12 months	32,310	28,504
	<u>328,678</u>	<u>192,584</u>

10 CAPITAL, RESERVES AND DIVIDENDS

(a) Share capital

Authorised share capital

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

Issued share capital

	2021		2020	
	<i>HK\$</i>	<i>RMB</i>	<i>HK\$</i>	<i>RMB</i>
Fully issued and fully paid:				
1,222,490,000				
(2020: 1,222,490,000)				
ordinary shares with the par value				
HK\$0.01 each	<u>12,224,900</u>	<u>10,496,360</u>	<u>12,224,900</u>	<u>10,496,360</u>

(b) Repurchase of shares

During the year, the Company repurchased its own ordinary shares on the Stock Exchange of as follows:

Month/year	Number of shares repurchased	Highest price paid per share <i>HK\$</i>	Lowest price paid per share <i>HK\$</i>	Aggregate price paid <i>HK\$'000</i>
December 2021	<u>2,142,000</u>	<u>4.88</u>	<u>4.35</u>	<u>9,926</u>

The total amount paid on the repurchased shares of HKD9,926,000 (equivalent to RMB8,100,000) was paid in cash and debited to "treasury shares". On 24 January 2022, the Company has completed the cancellation procedures for all the repurchased own shares.

(c) **Dividends**

- (i) Dividends payable to equity shareholders of the Company attributable to the year ended 31 December 2021:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
2021 Interim dividend declared and paid after the interim period of HK18.62 cents (equivalent to RMB15.44 cents) per ordinary share	188,840	Nil
2021 Final dividend proposed after the consolidated statement of financial position date of HK17.38 cents (equivalent to RMB14.16 cents) per ordinary share (2020: HK9.51 cents (equivalent to RMB7.91 cents) per ordinary share)	<u>172,801</u>	<u>97,793</u>
	<u>361,641</u>	<u>97,793</u>

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

	2021 <i>RMB'000</i>
2020 Final dividend in respect of the previous financial year, approved and paid during the year, of HK9.51 cents (equivalent to RMB7.91 cents) per ordinary share	<u>97,793</u>

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

11 DISPOSAL OF SUBSIDIARIES

On 22 December 2021 (“**disposal date**”), the Group entered into share purchase agreements with an independent third party, for disposal of entire equity interest of Shenzhen Excellence Operation which holds 60% equity interests in each of Wuhan Yuyang Property Management Co., Ltd. and Zhejiang Gangwan Property Services Co., Ltd. for a consideration of RMB350,000,000.

The net assets of the disposed subsidiaries at the disposal date are set out as below:

	<i>RMB'000</i>
Cash and cash equivalents	314,849
Other financial assets	100,000
Financial assets measured at fair value through profit or loss (FVPL)	2,118
Trade and other receivables	152,923
Property, plant and equipment	9,869
Intangible assets	12,105
Goodwill	230,284
Deferred tax assets	594
Bank loans	(4,000)
Contract liabilities	(5,591)
Trade and other payables	(383,481)
Lease liabilities	(5,944)
Tax payable	(17,555)
Deferred tax liabilities	(3,025)
	<hr/>
Net assets	403,146
Non-controlling interests	(58,155)
	<hr/>
Net assets attributable to the Group	344,991
	<hr/> <hr/>
Gain on disposal of the subsidiaries:	
Considerations	350,000
Less: net assets attributable to the Group disposal of	344,991
	<hr/>
Gain on disposal of the subsidiaries	5,009
	<hr/> <hr/>
Net cash outflow arising on disposal during the year ended 31 December 2021:	
Consideration received, satisfied in cash	105,000
Less: cash and cash equivalents disposed of	(314,849)
	<hr/>
Net cash outflow	(209,849)
	<hr/> <hr/>

Notes:

- (i) RMB105,000,000 was settled upon signing of the share purchase agreements during the year. According to the payment schedule, the remaining RMB175,000,000 and RMB70,000,000 is to be settled in 2022 (and is recorded under other receivables in current assets at 31 December 2021) and 2023 respectively. Amount receivable in 2023 is recorded as non-current other receivables.
- (ii) Subsequent to year end, the Group received amounting of RMB294,000,000 from the third party.

CHAIRMAN’S STATEMENT

To shareholders:

The year of 2021 witnessed the accelerated rise of commercial property service and management sector. Benefiting from the continuing support from the policy side, the property management industry has experienced rapid development and steady growth. On the other hand, under the “Three Red Lines” and other policies in the real estate industry, the financing side of real estate enterprises has been tightened, and the growth of the real estate development industry slowed down. Under such circumstances, the property management structure which mainly focuses on residential properties, as well as the area-driven growth model, is subject to adjustment. In the wake of a round of high leverage and high growth, the growth rates of the real estate development industry and the relevant residential property management service has moderated, and a correction is expected.

Overall, commercial property represents the most rational, market-oriented and counter-cyclical property in the property management arena. From the perspective of customer base, commercial property services mainly target at property owners, industrial and commercial enterprises and institutions. Specifically, industrial and commercial enterprises mainly cover high-tech, Internet, finance, manufacturing and service sectors as well as some urban institutions including, amongst others, government agencies, schools and hospitals. Over the past year, listed property management companies have increased their investment, mergers and acquisitions in the field of commercial property management. In terms of the open market, according to the data of the China Indices Academy, as of December 2021, based on the bidding statistics of the property industry, commercial properties accounted for 45% of the total third-party market expansion in the industry, which was approximately 3.5 times of the third-party market expansion of residential properties. In terms of the capital market, the valuation of commercial properties is likely to be the first to restore with promising future. As marketisation empowers the higher flexibility in price hikes of enterprise in this industry, high-end services provided by enterprises and the higher proportion of revenue from strategic large corporate customers lead to stronger anti-cyclical capability, while the lower proportion of residential properties ensures the operational independence and sound financial position.

With the expansion of leading property management companies into the commercial property sector, the reshuffle of the sector has commenced. Relevant enterprises are racing to establish their own brands and expand their business, striving to differentiate themselves from their peers. With the increasing influence of China, the high-quality development of the domestic economy, the accelerating urbanisation and urban renewal, the Chinese market is calling for local commercial property brands with international competitiveness. As a leading commercial property service operator in China, the Group has been focusing on and deeply cultivating the commercial property field in its development of more than two decades, focusing on providing property and comprehensive facility management services for commercial properties as well as various workplaces and public buildings and facilities for enterprises. Committed to providing customers with asset maintenance and full-chain service solutions throughout the life cycle and drawing upon its professional capabilities and innovation capabilities, the Company strives to deliver higher real estate value returns to customers and help companies bring their business vision into reality.

The Group is committed to extending the useful life of commercial assets, reducing depreciation costs and minimising operating expenses, so as to achieve the goal of maintaining and increasing the value of assets, thereby attracting and retaining high-quality tenants or corporate talents. After more than two decades' focus and in-depth cultivation in the commercial property arena, the Group has developed a set of business logic and service system recognised by many well-known enterprises, and has won the recognition of and carried out cooperation with various leading corporate customers.

Despite the aforesaid advantages and barriers of commercial properties, relatively speaking, the capital market has not deeply understood the market-oriented non-residential property management arena. The characteristics of the arena have determined its rational growth at an appropriate speed and the stable and controllable capital expenditure. In this context, the Board recommends adopting a high-proportion dividend payout policy to create stable and predictable returns for all shareholders, thereby demonstrating our corporate value. Therefore, the Board recommends a dividend payout ratio of 70% for the full year of 2021. At the same time, the Directors also recommend that the annual dividend payout ratio for each of the next three years should not be lower than 50%.

Looking ahead, in the context of favourable operating environment, the Group will maintain its strategic strength, adhere to internationally standardised and professional full life cycle and full chain value services, stay committed to user thinking and customised service innovation, and continue to sharpen its competition edges and enhance its brand influence, striving to create sustainable value for all shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

I. BUSINESS OVERVIEW

PRINCIPAL ACTIVITIES OF THE COMPANY DURING THE REPORTING PERIOD

(I) Principal Activities of the Group During the Reporting Period

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

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

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

During the reporting period, the Company has contracted Gross Floor Area (“GFA”) of more than 56.8 million sq.m., with business coverage spanning 2 countries, 18 provinces, and 521 management projects in 50 first-tier and regional key cities. Riding on its professional services and innovative mechanisms, the Company endeavours to establish an ecosystem where people, enterprises and real estate grow together, thus creating a leading commercial real estate service operation platform in China.

1. Comprehensive Property Management Services

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

(1) Commercial Real Estate Management:

- **PM Commercial Office Services**

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

Signature projects: Shenzhen CES Building, Shenzhen Centre, Shenzhen Excellence Times Square, Wuhan ICC International Trade Centre

- **FM Facility Management Services**

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

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

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

Signature projects: Huawei Beijing, Huawei Suzhou Research Institute, Shenzhen OPPO Headquarters

(2) *Public Property Services*

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

The Company has continuously improved its business capabilities in the field of government public construction property services in a professional, internationalisation-oriented, innovative and technical manner, and provides users with detailed and comfortable experiences by offering intelligent, safe, efficient and convenient services, thereby working together to provide better public services.

(3) Residential Property Services

Relying on its 25 years of real estate development experience, Excellence Group has developed high-end residential buildings in many cities across China and established standardised procedures for high-end residential community property services, including pre-intervention and takeover acceptance, owner occupancy management, decoration management, customer management, environmental management, equipment and facilities maintenance, order maintenance, fire management and other systematic services.

The Company spearheaded to introduce international service standards and launched “Five-heart” butler (“五心”管家) services and “Committed Home Building” (“全程築家”) services to tap into the needs of owners and establish a one-stop service station, thus striving to build residential property services with high satisfaction and high intelligence.

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

2. Value-added Services

Drawing upon the Excellence Group’s advantages in real estate development, the Group has integrated the resources of the Group’s back-end service business modules. The Group has gone deep into customer sites over the years by relying on basic properties, constantly gained insight into customers’ needs, listened closely to customers’ voices, and perceived their continuous extension and changes of business methods and lifestyles at present and in the future, aiming at establishing a full line of customer-specific services and redefining the value standard of commercial properties.

(1) Asset Services

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

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

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

(2) *Corporate Services*

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

In 2021, the Group received nearly 3 million visitors on behalf of customers and provided over 10,000 business receptions for corporate customers, including more than 50 receptions of state-level dignitaries.

(3) *Construction and Mechanical and Electrical Services*

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

(4) *Other Professional Services*

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

Real Estate Co-marketing Services: approximately 100 real estate co-marketing projects are undertaken by the Company, including provide pre-intermediary to the field of residential development projects, preparatory services to the filed, scene activity planning and coffee break services, and providing personalized solutions to filed service for real estate companies.

3. *Joint Venture and M&A*

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

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

The Company is currently joining hands with Huangjin Property to share resources and achieve win-win cooperation for sustainable development.

(II) Industry Landscapes

1. *Industry situation*

The year of 2021 marked the 40th anniversary of the development of the property management industry. China successively released positive signs at the policy level, and relevant departments successively issued a number of policy documents to continuously promote the development of the industry. In 2021, the Company captured market opportunities to strengthen our leading edge in the commercial property market, and continued to expand our management scale in office buildings and commercial complexes as well as corporate buildings and office R&D parks. Sticking to the national policy favoring high-tech enterprises and Internet enterprises, we expanded property projects of these enterprises under the key account management model, including new and existing headquarters and R&D industrial parks, and have delivered remarkable results.

2. *Position in the Industry and Market Evaluation*

Established in October 1999, the Group is a holder of the national first-class property management qualification, and an executive director unit of China's property management industry. As a leading enterprise in the field of commercial property services in China, the Group has been intensively developing the field of commercial property services for over two decades, and has continuously innovated intelligent means through its in-depth understanding of the major market areas of property services and customer needs. While providing customers with professional basic management services, it offers customers with overall solutions for customised real estate full-life cycle services and full-chain comprehensive facility management services so as to achieve users' comprehensive value expectations. At present, the Group provides services for a number of Fortune 500 companies including many well-known high-tech, Internet and financial enterprises, and has successfully established itself as an international high-end business enterprise real estate operation service provider, which has been well received and unanimously recognised by the industry.

(III) PERFORMANCE OVERVIEW

In 2021, with the unremitting efforts of all staff of the Company, the Company achieved remarkable operating results, mainly represented by the rapid growth of operating income and profit, the continuous improvement of profit margins and the increase in the proportion of value-added services.

Of the Company's total revenue by business type in 2021, commercial properties, public properties, residential properties and value-added services accounted for 56.6%, 10.1%, 9.2% and 22.5%, respectively.

In 2021, the Company's operating income reached RMB3,467.1 million with a year-on-year growth of 37.3%, of which the basic property service income from third parties accounted for 60.7% and posted a gross profit of RMB959.6 million, with an annual growth rate of 44.6%; and the comprehensive gross profit rate was 27.7%, representing an increase of 1.4 percentage points as compared with 2020. Net profit attributable to the parent company amounted to RMB510.1 million, up by 57.0% year-on-year; and net profit margin was 15.8%, representing an increase of 1.7 percentage points over 2020.

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

Adhering to the goal of rapidly expanding management scale, the Group has achieved rapid growth in contracted GFA and GFA under management by virtue of multiple driving forces. For the year ended 31 December 2021, our contracted GFA was approximately 56.8^(Note 2) million sq.m., representing an increase of approximately 26.9% for the year ended 31 December 2020, with 558^(Note 4) contracted projects. For the year ended 31 December 2021, the GFA under management amounted to approximately 41.2 million sq.m.^(Note 3), with 521^(Note 4) projects under management, representing an increase of approximately 28.7% and 28.3%, respectively, as compared to those as at 31 December 2020.

The following table sets forth the changes in GFA under management for the years ended 31 December 2021 and 2020, respectively.

	2021 <i>sq.m. ' 000</i>	2020 <i>sq.m. ' 000</i>
At the beginning of the period	32,018	23,529
New engagements	11,091	8,822
New acquisitions	–	–
Terminations	(1,490)	(333)
Disposal	(4,984)	–
	<hr/>	<hr/>
At the end of the period	<u>36,635</u> ^(Note 1)	<u>32,018</u>

Note1: 36.6 million sq.m. excludes 5.0 million sq.m., which was managed by the Group for most of the year and terminated with the sale of subsidiaries on 22 December 2021.

Note2: included the 5.8 million sq.m., which was managed by the Group for most of the year and was terminated on 22 December 2021 as a result of disposal of subsidiaries, for comparison.

Note3: included the 4.6 million sq.m. (5.0 million sq.m. is calculated according to the Group's management time-weighted), which was managed by the Group for most of the year and was terminated on 22 December 2021 as a result of disposal of subsidiaries, for comparison.

Note4: included 115 projects, which was managed by the Group for most of the year and was terminated on 22 December 2021 as a result of disposal of subsidiaries, for comparison.

2. *Strategic Upgrade of Geographical Distribution*

Since the establishment of the Group, our business has expanded from Shenzhen to 50 cities in China as at 31 December 2021. Most of these cities are located in the most economically developed Greater Bay Area, Yangtze River Delta Region and regional key cities in China.

The following table sets out the total GFA under management as at the dates indicated and a breakdown of the total revenue from property management services by geographical area for the years ended 31 December 2021 and 2020, respectively.

	For the year ended 31 December							
	2021				2020			
	GFA under management (sq.m. '000)	Proportion of the GFA (%)	Revenue (RMB'000)	Proportion of the revenue (%)	GFA under management (sq.m. '000)	Proportion of the GFA (%)	Revenue (RMB'000)	Proportion of the revenue (%)
Greater Bay Area ⁽¹⁾	17,771	43.1	1,464,363	55.7	13,386	41.8	1,199,233	56.8
Yangtze River								
Delta Region ⁽²⁾	9,392	22.8	580,754	22.1	8,144	25.4	442,051	20.9
Other regions ⁽³⁾	14,040	34.1	585,635	22.3	10,488	32.8	469,704	22.3
Total⁽⁴⁾	41,203	100	2,630,752	100.0	32,018	100.0	2,110,988	100.0

Notes:

- (1) Cities in which we provided property management services to properties in the Greater Bay Area including Shenzhen, Guangzhou, Zhuhai, Huizhou, Dongguan and Zhongshan, etc.
- (2) Cities in which we provided property management services to properties in the Yangtze River Delta Region including Shanghai, Nanjing, Hangzhou, Suzhou, Jiaxing, Yangzhou, Nantong, Wuxi and Taizhou, etc.
- (3) Cities in which we provided property management services to (i) properties in the other regions in China, including Beijing, Xi'an, Qingdao, Zhengzhou, Chongqing, Chengdu, Wuhan, Tianjin, Jinan, Shijiazhuang, Changsha, Fuzhou, Nanchang, Jinjiang; and (ii) projects in India.
- (4) the GFA under management and the related revenue for the financial year ended 31 December 2021 included the contribution from the GFA of 4.6 million sq.m. (5.0 million sq.m. is calculated according to the Group's management time-weighted), which was managed by the Group for most of the year and was terminated on 22 December 2021 as a result of disposal of subsidiaries.

3. *Continued Improvement in Profitability*

The Group will continue to seek healthy and stable profitability of the basic property management services by persistently pursuing management efficiency improvement and increasing project density in target cities and other measures. The breakdown of the gross profit margin of the Group in 2021 and 2020 is as follows:

	2021	2020
	%	%
Gross profit margin		
Commercial properties	25.5	27.9
– Projects developed by Excellence Group	45.0	47.3
– Projects developed by third parties	14.2	16.2
Public and industrial properties	13.8	14.8
Residential properties	17.0	11.2
	<hr/>	<hr/>
Total	22.9	24.1
	<hr/> <hr/>	<hr/> <hr/>

4. *Highly Scalable Development Path Powered by the Two-pronged Strategy*

The Company has rich experience in commercial real estate management and brand awareness. The business sectors under our management covers high-end commercial office buildings, commercial complexes, high-tech industrial parks, government buildings and residential apartments, etc.

Commercial real estate management is our core business. In 2021, we captured market opportunities to strengthen our leading edge in the commercial property market, and continued to expand our management scale in commercial office buildings and commercial complexes as well as industrial, commercial and high-tech parks. In 2021, the revenue from commercial properties increased by 25.5% as compared to the same period in 2020.

The commercial property projects developed by the Excellence Group act as the anchor of our property management portfolio. The core location layout and high-end product positioning lay a solid foundation for establishing a good brand image and cultivating a talent pipeline. The projects developed by the Excellence Group will become the cornerstone for our stable growth. In 2021, the revenue from commercial properties developed by Excellence Group increased by 22.3% as compared to the same period in 2020.

In 2021, the Company's core competitive strengths boosted its continuous expansion of the commercial business. The Group continued to consolidate its leading position in the third-party market expansion in terms of commercial property management. We observed the tremendous value of commercial buildings as centres for resource integration and information exchange with the advent of the digital era. Sticking to the national policy favoring high-tech enterprises and Internet enterprises, we expanded property projects of these enterprises in a key account management model, including new and existing headquarters and R&D industrial parks, and have achieved excellent results. Attentive property services are provided to our customers so that they can focus on their main businesses in a good office environment. In 2021, the revenue from commercial property management developed from third-party markets increased by 27.4% as compared to the same period in 2020.

As a key part of our diversified businesses, public properties help increase our regional project density and ability to expand its offerings for government buildings. In 2021, the revenue from public properties increased by 7.1% as compared to the same period in 2020.

In terms of residential apartment business, as the real estate development volume of Excellence Group grows, we mainly provide services for high-end residential buildings in many cities across China, which is a stable source of our projects. In 2021, the revenue from residential properties increased by 44.6% as compared to the same period in 2020.

	For the year ended 31 December 2021				For the year ended 31 December 2020			
	GFA under management		Revenue		GFA under management		Revenue	
	(sq.m.'000)	(%)	(RMB'000)	(%)	(sq.m.'000)	(%)	(RMB'000)	(%)
Commercial properties	17,932	43.5	1,961,514	74.6	16,671	52.1	1,563,195	74.1
– Excellence Group	2,906	7.1	718,459	27.3	2,878	9.0	587,576	27.9
– Third-party property developers	15,026	36.4	1,243,055	47.3	13,793	43.1	975,619	46.2
Public and industrial properties	9,248	22.5	350,351	13.3	5,825	18.2	327,248	15.5
Residential properties	14,023	34.0	318,887	12.1	9,522	29.7	220,545	10.4
Total^(Note)	41,203	100.0	2,630,752	100.0	32,018	100.0	2,110,988	100.0

Note: the GFA under management and the related revenue for the financial year ended 31 December 2021 included the contribution from the GFA of 4.6 million sq.m. (5.0 million sq.m. is calculated according to the Group's management time-weighted), which was managed by the Group for most of the year and was terminated on 22 December 2021 as a result of disposal of subsidiaries.

5. Organic Growth of Strategic Customers

In 2021, the Group's core competitive strengths boosted the continuous expansion of its commercial business. The Group further optimised its strategic customer development mechanism, established a dedicated strategic customer business department for centralised management, and set up a strategic customer solution and implementation centre to offer whole-process, full-scenario and all-round support to its strategic customers, thereby striving to facilitate rapid growth.

The year of 2021 witnessed an organic growth of our key customers. The Group secured 49 contracts with its newly acquired key customers, with a total contract value of RMB802.9 million, accounting for 51% of the total. Our current strategic customers include Huawei, OPPO, Honor, Vivo and many other high-tech and Internet leading companies.

Taking a famous internet customer as an example, in 2021, our newly secured business “doubled” in both scale and revenue, securing 24 new contract projects with a year-on-year increase of 82% in annualised contract value. Our strategic projects have brought continuous radiation effects, which is evidenced by our increasing market presence in both north and south regions, extending all the way to key northern cities including Wuhan, Hefei, Changsha and Qingdao, thereby achieving business expansion. Relying on the demonstration role and reputation of our key customer service, we continued to expand the business of our associates, such as Hefei Zhongan Chuanggu Project (合肥中安創穀項目), Wuhan Guanggu Project (武漢光穀項目), Kexing Project (科興項目), Chongqing University Town Project (重慶大學城項目), etc.

Taking another famous internet customer as an example, the Company focused on securing business from our key customer, and managed to provide services to its headquarters in South China, and we have successfully expanded our business coverage to its core park in Hangzhou. South China headquarters project, which was served by the Group, won the first place among the customer's national self-owned parks in terms of satisfaction for three consecutive quarters in 2021. As for the recognition of its service quality, the Group forged a deeper and more stable strategic cooperation with the customer.

With the growing number of our strategic customers and our increasing market influence, our market share and project density in target cities are on the rise. We will continue to create value for shareholders based on forward-looking planning on customers, industry trend and regions.

6. Value-added Services

We are committed to providing customers with full-lifecycle property management services and full-chain comprehensive asset services. We continuously innovate and improve our value-added service content and business model to promote the Company's upgrade in business operations. Through our online and offline platform operations, resource integration and productization capabilities, we have developed a unique profit model to deliver more value-added benefits, thus redefining the value standards of commercial property services.

During the Reporting Period, revenue from value-added services amounted to approximately RMB780.5 million, an increase of approximately 117.7% compared to last year, and accounting for approximately 22.5% of the Company's overall revenue, up by approximately 8.3 percentage points over the same period of last year.

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

In 2021, the diversified and rapid growth of value-added services has facilitated the establishment of a value chain for commercial property asset services and corporate services, of which, corporate services and construction mechanical and electrical services recorded a higher growth in performance with a double growth curve.

Taking construction mechanical and electrical services as an example, in 2021, revenue from construction mechanical and electrical increased by RMB120.2 million or 109.0% year-on-year. The doubled revenue has consolidated the first growth curve of value-added services. Through resource integration, the Company has developed a comprehensive solution of "hardware + software + platform + service" and established the optimal combination of three major modules including mechanical and electrical engineering, smart community software and hardware supporting engineering, and building materials. Taking information technology as a pillar, infrastructure construction as the breakthrough point, data service platform as the core and the intelligent application as the carrier, the Company endeavours to build a community ecosystem. As such, our income structure has also evolved from the original single type to a compound type. Through the more diversified income structure, the Company gives play to its unique core competence. Our construction mechanical and electrical services are characterised by "Green and Intelligent". Looking ahead, we will sort out data, establish models and empower hardware products for diversified growth in an organic and merger and acquisition manner, thereby gradually defining a large mechanical and electrical ecosystem and driving performance growth by capturing technology and green opportunities.

Taking corporate services as another example, Zhuopin Business Services achieved rapid revenue growth and accelerated value release in 2021, thus cultivating the second growth curve of value-added services in the future. Zhuopin Business has continuously optimized and improved its website for centralized corporate procurement and Zhuopin APP, accelerated the digital construction of corporate services, continuously evolved its offerings and established an administrative procurement supply chain to continuously tap into the corporate service sector and enhance its service capability.

ANALYSIS OF THE COMPANY'S CORE COMPETENCE

(I) High-quality Brand Image

The Group has rich experience in commercial real estate management and brand awareness. After years of deep cultivation, the Company has successfully established a twin brand image represented by international high-end commercial real estate comprehensive services and urban noble residential services. At present, the Group provides services for a number of Fortune 500 companies including many well-known high-tech, Internet and financial enterprises, which has been well received and unanimously recognised by the industry.

(II) Well-established Service Standards

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

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

(III) Differentiated Strategic Positioning Advantages

With its highly scalable development path supported by a two-pronged strategy and multiple modules, the Company is empowered to focus on growth in all directions. The three major business segments (i.e., FM, PM and residential) have established the growth strategy of differentiated competition barriers, while the three major extensions (i.e., the new track, value-added services, joint venture and M&A) help customers establish the whole value chain, thus continuously creating value for customers. In 2021, value-added services recorded a rapid growth thanks to the effective TO B business model.

The Company gives full play to the advantages of its high-end commercial property services, applies digital platform operations to improve management efficiency and innovates service products, so as to create differentiated competition barriers that are superior to its peers.

(IV) Possessing a Professional Management Team in the Industry

The Company currently has a group of high-calibre property service talents and a dedicated outstanding team, thus can meet the needs of diversified and personalised services in the industry. The Company's rapid expansion of the business is supported by its well-established step-by-step talent training mechanism.

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

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

Cultivation of an outstanding talent pool: In 2017, the Talent College was officially established to tap strong teaching staff and organise professional training courses. In terms of value creation, the college designs an exclusive training system according to different career stage, rank, major and other dimensions, and promotes the training and improvement of team competence at all levels.

(V) Technology Innovation

The Group actively employs modern technology and applies IoT, cloud computing and big data technologies to create a two-pronged platform for E+FM smart building information management.

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

In 2021, with management and control through the intelligent information platform, the overall data indicators in 2021 have increased by 111% year-on-year; and the establishment of an integrated call centre led to a decrease in headcount and an increase in efficiency. The practice of lightweight small program service platform helped continuous improvement in satisfaction, and paperless operation improves work efficiency; the “customised form” tool supports on-site managers to configure flexibly at the back office; operational data analysis supports on-site management; and the new operating ecology under the pandemic represents the best case practice of using machines to replace human.

OUTLOOK

(I) Strategic Planning

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

We will resolutely promote the business development strategy of “focusing on commercial real estate as the main development path and developing value-added business to boost profit growth”, establish the growth model of differentiated competition barriers, sharpen overall competitive edges through M&A to accelerate business development, and tap into new arenas for seeking the second growth curve, so as to provide customers with customised one-stop real estate comprehensive operation and management services, and develop a complete business chain of real estate life-cycle operation and management services, thus finally achieving the management goal of preserving and increasing its assets value.

(II) Overall Plan for the Future

1. Planning in Future 6 Years

Adhering to the long-term development philosophy, we have formulated a long-term development plan for the future. With the ambition to transfer from “solidifying foundation” to “striving for excellence”, we will stick to the “Three Buildings and Two Drives” as the cornerstone to promote high-quality and rapid business development.

From 2022 to 2023, we will focus on business exploration and intensive development to enhance our competitive strengths in principal business.

From 2024 to 2025, we will focus on efficiency, sharing and professionalism to achieve rapid business development.

From 2026 to 2027, we will achieve operational excellence, forge “Unique” market competitive edges and become the industry leader.

2. Main Tone for the Year 2021 to 2025: Sustained steady business growth

In order to maintain a steady business growth, we have set clear goals on the key performance indicators as follows to build up our strengths in future business direction in a highly visible manner.

From the perspective of revenue: between 2021 and 2025, our annual revenue shall have a sustained and steady growth from RMB3,467.1 million, and our revenue from value-added services shall have a sustained and steady growth from RMB780.5 million.

From the perspective of customers: the annualized contract amount from the newly expanded strategic major customers shall increase steadily from RMB249.2 million in 2021 to 2025, and the customer retention rate will be further stabilized and improved.

From the perspective of employees: the number of employees shall double from 12,277 in 2021 to 2025, and the number of key talents shall increase from more than 200 persons in 2021 to over 1,000 persons in 2025, continuous focus on employee engagement.

(III) Development Strategy for 2022

In 2022, the Group will focus on the strategy of “powered by multiple business segments and focusing on all-round growth”, lay a solid foundation through the “Three Buildings and Two Drives”, and establish a diversified business development track of the “Three Business Segments and Three Extensions” to accomplish our core goals.

Three Buildings: organisation building, business building and competence building

In terms of organisational construction, the Company will optimize the regional organisational structure, establish full-lifecycle management for employees and formulate key talent delivery plans. In terms of competence building, we will accelerate the improvement of service quality, increase management efficiency and enhance profitability through measures such as establishing a strategic customer solution centre, building a digital platform, innovating and transforming the operation model, and practising mature cases of using technology to replace human. In terms of business building, we will monitor and ensure the achievement of key indicators such as the development of strategic customers, market retention rate, customer retention rate, and the stable and organic growth of new business and profit, etc., thereby striving to build high brand awareness and influence.

Two Drives: value distribution and culture management

The Company is committed to creating a diverse, fair and inclusive management culture atmosphere in order to enhance team cohesion and create core competence. In addition, the Company will establish a set of sound performance mechanisms including the job evaluation mechanism with consistent rights and responsibilities, and the equity incentive mechanism for senior management. Driven by incentives, the workforce will be well motivated to fully support the development of its principal business.

Three Business Segments: PM full property management of commercial complexes, FM facility management and residential apartment

In 2022, the Company will accelerate the development of its primary PM commercial office building segment and FM commercial property segment, and consolidate its leading position in the field of commercial properties.

FM commercial property segment: We will continue to strengthen cooperation with our strategic leading customers and rely on the demonstration role and influence of strategic customer service to effectively tap into the target regional market, increase market share and effectively draw upon associates and city resources. We will also explore and diversify our principal industries, identify the proper target positioning and increase our efforts in high-profit industries.

PM commercial office building segment: We will establish a double barrier of asset service and corporate service capabilities to tap into the growth potential of PM business. We endeavour to expand the comprehensive business of government industrial parks by relying on the merger and acquisition of PM projects to create benchmarks for the industry. Through the establishment of urban PM roadmap, we will benchmark foreign-funded benchmarking projects and gather resources to secure state-owned and key customer projects.

Residential apartment segment: Introduce international service standards, discover the needs of the owners, one-stop service station as package, develop highly intelligent residential properties with high satisfaction.

Three Extensions: new tracks (health care/education/urban services/government buildings), value-added services, joint ventures and M&A

New tracks: we will promptly enter the new track through M&A, capture opportunities in emerging property markets such as urban services, health care and education, establish a new track benchmark, and grow rapidly in a synergistic manner.

Value-added business is our strategy to establish differentiated competition barriers. We will continue to focus on customer needs to optimize asset services, improve corporate service offerings and supply chains, improve the ecological chain of residential value-added services, develop service highlights and maximise customer benefits by offering value-added services.

Professional value-added services are represented by construction mechanical and electrical service business. In 2022, we will build an AI smart community and employ technology as the driving force for sustainable development through digital and lean management of engineering sites, thus fuelling performance growth with technology and green opportunities.

(IV) Build a Comprehensive Digital Platform and Create Core Competence

Technology and smart operation will become one of the Company's core competence in the future. The Company currently operates a two-pronged platform integrating "smart operation" and "operation management".

We will continue to optimize platform management and ecological services, and drive innovation in services, operations, management and business models.

The "Smart Operation Platform" integrates Zhuopin APP, Smart Community, E+FM and IOT technology platforms. We will make more attempts to improve customer experience, enhance customer experience for convenient service needs and improve customer satisfaction. The Company will improve its capability to meet customer personalised service needs, and use digitalised operation to help improve service efficiency.

The "operation management platform" integrates various business and financial functions including budgets, work flows, contracts, procurement, etc. and is designed to create a "think tank" for efficient business analysis, which reduces the high cost of information flow and circulation, and facilitates the improvement of decision-making accuracy and efficiency, thereby achieving refined management, reducing operational risk and improving management efficiency.

Next, we will speed up the research and development of To B for C digital products, establish a data analysis platform for customer employee moving lines and service employee moving lines to achieve visualised management of the service process. With the transparent business data and key benchmarking of service needs, we will be able to deliver accurate service assurance and the best customer experience.

(V) Talent Training and Development

The rapid expansion and performance growth have put forward higher requirements for our talent training and reserves. The Group has long attached great importance to talent training and reserves so as to fully support out rapid business expansion. We have formulated a complete step-by-step talent training mechanism to select and deliver talents from internal talent training and external recruitment, and create a two-pronged development path from management development and professional development.

The core of talent echelon construction is the training of project managers. The Group established a team empowerment centre in 2021, which focuses on the training and empowerment of project managers and the development of whole-process business management tools. Adhering to the purpose of allowing outstanding talents to be identified, valued, developed and motivated, through internal recommendation and selection, we select the most high-calibre core management members with the greatest development potential in the project, and expand learning and management ability empowerment through team building activities, seminars on special topics and retrospective skills practice after class to improve students' management capability, thereby cultivating a large number of excellent core management personnel for the Group.

Only by continuously implementing the personnel training plan, promoting and improving the construction of personnel echelon, and disseminating and guiding the proper corporate culture can we more widely accept and accommodate personnel who share our development vision of property services, improve the stability of key personnel, constantly deliver comprehensive management talents and professional project teams with the Group's characteristics, and provide each customer with the most professional service assurance.

II. FINANCIAL REVIEW

Revenue

For the year ended 31 December 2021, the revenue of the Group amounted to RMB3,467.1 million (2020: RMB2,525.1 million), representing an increase of 37.3% as compared with the same period of last year.

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

	For the year ended 31 December					
	2021 Amount (RMB'000)	(%)	2020 Amount (RMB'000)	(%)	Change Amount (RMB'000)	(%)
Revenue						
Basic property management services	2,630,752	75.9	2,110,988	83.6	519,764	24.6
Value-added services	780,520	22.5	358,604	14.2	421,916	117.7
Other businesses	55,794	1.6	55,495	2.2	299	0.5
Total revenue	3,467,066	100.0	2,525,087	100.0	941,979	37.3

Basic Property Management Services

During the Reporting Period, the revenue from basic property management services was RMB2,630.8 million (2020: RMB2,111.0 million), representing an increase of 24.6% as compared with the same period of last year.

The following table sets forth (i) a breakdown of the GFA under management as of the dates indicated by type of property developer, and (ii) a breakdown of the revenue from the Group's basic property management services for the years indicated:

	For the year ended 31 December 2021				For the year ended 31 December 2020			
	GFA under management		Revenue		GFA under management		Revenue	
	(sq.m.'000)	(%)	(RMB'000)	(%)	(sq.m.'000)	(%)	(RMB'000)	(%)
Commercial properties	17,932	43.5	1,961,514	74.6	16,671	52.1	1,563,195	74.1
– Excellence Group	2,906	7.1	718,459	27.3	2,878	9.0	587,576	27.9
– Third-party property developers	15,026	36.4	1,243,055	47.3	13,793	43.1	975,619	46.2
Public and industrial properties	9,248	22.5	350,351	13.3	5,825	18.2	327,248	15.5
Residential properties	14,023	34.0	318,887	12.1	9,522	29.7	220,545	10.4
Total^{Note}	41,203	100.0	2,630,752	100.0	32,018	100.0	2,110,988	100.0

Note: the GFA under management and the related revenue for the financial year ended 31 December 2021 included the contribution from the GFA of 4.6 million sq.m. (5.0 million sq.m. is calculated according to the Group's management time-weighted), which was managed by the Group for most of the year and was terminated on 22 December 2021 as a result of disposal of subsidiaries.

For the year ended 31 December 2021, the Group's GFA under management was 41.2 million sq.m., representing an increase of 28.7% from 32.0 million sq.m. as at the same period of 2020. Commercial properties accounted for 43.5% (or 17.9 million sq.m.), public and industrial properties accounted for 22.5% (or 9.2 million sq.m.), and residential properties accounted for 34.0% (or 14.0 million sq.m.).

The increase in the GFA under management was mainly derived from: (i) commercial and residential projects developed by Excellence Group which were under continuous control of the Group, with an additional GFA under management of 4.5 million sq.m. during the Reporting Period; (ii) projects developed by third-party property developers with an additional GFA under management of 4.7 million sq.m.

During the Reporting Period, the overall collection rate of the Group's property management fees that were due was 93.2% (2020: 92.0%).

Coverage of the GFA under Management

The Group operated its businesses in two major regions (the Greater Bay Area and the Yangtze River Delta) and other cities with high potential. As of 31 December 2021, projects under management of the Group covering 41 cities across China. By region, 43.1% of the GFA under management was located in the Guangdong-Hong Kong-Macao Greater Bay Area, 22.8% was located in the Yangtze River Delta urban agglomeration, and 34.1% was located in other regions.

Value-added Services

During the Reporting Period, the revenue from value-added services increased by 117.7% to RMB780.5 million from RMB358.6 million as of the same period of 2020.

The increase of value-added services mainly arose from: (i) the increase of revenue from the real estate co-marketing, pre-intermediary and inspection services ; (ii) the increase of the revenue from electrical and mechanical installation service; and (iii) the increase of high-end business services and services on corporate administrative welfare platform.

Other Businesses

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

During the Reporting Period, the revenue from other businesses was increased slightly to RMB55.8 million from RMB55.5 million in 2020.

Cost of sales

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

During the Reporting Period, the Group's cost of sales amounted to RMB2,507.4 million (2020: RMB1,861.3 million), representing an increase of 34.7% in 2020, which was primarily due to the continuous expansion of the Group's revenue-bearing GFA, resulting in an increase in staff costs and other costs.

Gross profit and gross profit margin

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

	For the year ended 31 December			
	2021		2020	
	Gross Profit	Gross Profit	Gross Profit	Gross Profit
	(RMB'000)	Margin	(RMB'000)	Margin
		(%)		(%)
Basic property management services	602,200	22.9	508,905	24.1
Value-added services	323,581	41.5	124,019	34.6
Other businesses	33,846	60.7	30,888	55.7
Total	959,627	27.7	663,812	26.3

During the Reporting Period, the Group's gross profit was RMB959.6 million, representing an increase of 44.6% from RMB663.8 million in 2020. The gross profit margin increased to 27.7% in 2021 from 26.3% in 2020.

The gross profit margin of basic property management services was 22.9% (2020: 24.1%), representing a decrease of 1.2 percentage points from last year, mainly attributable to the cessation of the reduction or exemption of social insurance contributions under the regulatory support policy implemented in 2020 to mitigate the impact of the COVID-19 pandemic.

The gross profit margin of value-added services was 41.5% (2020: 34.6%), representing an increase of 6.9 percentage points from last year, mainly attributable to (i) the increased proportion of the Group's value-added businesses that generated relatively high gross profit margin; and (ii) strengthened cost control to achieve scale effect and improve gross profit effectively.

The gross profit margin of other businesses was 60.7% (2020: 55.7%), representing an increase of 5.0 percentage points from last year. It was mainly due to the improvement in the operation on apartment leasing projects as compared with last year.

Other Revenue

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

During the Reporting Period, other revenue was RMB45.5 million (2020: RMB23.0 million), representing an increase of 97.8% from last year, mainly attributable to the increase of bank interest income.

Other Net (Loss)/Income

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

During the Reporting Period, other net loss was RMB5.6 million (2020: other net income of RMB21.0 million), which was mainly due to the gain of approximately RMB31.5 million from the disposal of a subsidiary, namely Zhenglian Haodong during the same period of 2020.

Selling and Marketing Expenses

During the Reporting Period, the selling and marketing expenses amounted to RMB18.6 million (2020: RMB15.4 million), representing an increase of 20.8% from last year. It was mainly due to the increase in business development and personnel costs for searching better business targets.

Administrative expenses

During the Reporting Period, administrative expenses amounted to RMB203.4 million (2020: RMB194.7 million), representing an increase of 4.5% from last year. It was mainly due to (i) the employment of new employees to support business expansion and rapid development of the Group, resulting in the increase in salary and benefits of our employees as compared with the same period of last year; and (ii) the listing expenses of RMB26.6 million recorded in 2020, which was not incurred in 2021.

Finance Costs

During the Reporting Period, our finance costs amounted to RMB20.7 million (2020: RMB29.5 million), representing a decrease of 29.8% from last year, which was mainly due to the decrease in interest on bank loans and other borrowings.

Share of Profits of Joint Ventures

During the Reporting Period, the share of profits of joint ventures amounted to RMB7.5 million (2020: RMB7.3 million).

Share of Profit of Associates

During the Reporting Period, the share of profits of associates amounted to RMB1.4 million (2020: RMB1.2 million), representing an increase of 16.7% from last year.

Income Tax

During the Reporting Period, income tax was RMB218.3 million (2020: RMB120.8 million), representing an increase of 80.7% from last year. During the Reporting Period, the effective tax rate was 28.5% (2020: 25.3%), representing an increase of 3.2 percentage points from last year, which was mainly because the pre-tax deduction of the equity incentive expenses was prohibited and due to the provision of withholding tax on dividend.

Profit for the Year

During the Reporting Period, the Group's net profit amounted to RMB547.5 million (2020: RMB355.9 million), representing an increase of 53.8% from last year.

During the Reporting Period, the profit attributable to shareholders of the Company was RMB510.1 million (2020: RMB325.0 million), representing an increase of 57.0% from last year.

During the Reporting Period, the net profit margin was 15.8% (2020: 14.1%), representing an increase of 1.7 percentage points from last year.

Investment Properties

The Group's investment properties mainly include two apartment leasing projects (for long-term rental) in Shenzhen, which gained rental income from apartment operation and leasing. As of 31 December 2021, the Group's investment properties amounted to RMB112.5 million, representing a decrease of RMB11.0 million from RMB123.5 million as of 31 December 2020, which was mainly due to the depreciation and amortization during the Reporting Period.

Property, Plant and Equipment

The property, plant and equipment of the Group mainly consisted of leasehold improvement, right-of-use assets, office equipment and furniture, machinery equipment and other fixed assets. As of 31 December 2021, the Group's net book value of property, plant and equipment amounted to RMB47.5 million, representing a decrease of RMB16.8 million from RMB64.3 million as of 31 December 2020, which was mainly due to the depreciation and amortization during the Reporting Period.

Intangible Assets

The Group's intangible assets mainly consisted of property management contracts and software arising from corporate mergers and acquisitions. The Group's intangible assets decreased by RMB20.1 million from RMB54.2 million as of 31 December 2020 to RMB34.1 million as of 31 December 2021, which was primarily due to the disposal of the equity interests in its subsidiary Shenzhen Excellence Operation Management Co., Ltd (深圳市卓越運營管理有限公司), (“**Shenzhen Excellence Operation**”).

Goodwill

The Group's goodwill decreased by RMB230.3 million from RMB271.7 million as of 31 December 2020 to RMB41.4 million as of 31 December 2021, which was primarily due to the disposal of the equity interests in its subsidiary Shenzhen Excellence Operation.

As of 31 December 2021, the management did not find any significant risk of impairment of goodwill.

Trade and Other Receivables

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

As of 31 December 2021, the Group's net trade and other receivables (including current and non-current receivables) amounted to RMB1,135.0 million, representing an increase of RMB574.0 million from RMB561.0 million as of 31 December 2020, mainly due to (i) RMB245.0 million of receivables from disposal of the equity interests in its subsidiary Shenzhen Excellence Operation; (ii) RMB294.0 million of the receivables for clearing up transactions from disposal of its subsidiary Shenzhen Excellence Operation; and (iii) RMB166.6 million of the advanced payments for the Group's proposed acquisition of a subsidiary.

Trade and Other Payables

As of 31 December 2021, the Group's trade and other payables (including current and non-current payables) amounted to RMB1,077.3 million, representing an increase of RMB184.5 million from RMB892.8 million as of 31 December 2020, mainly due to the increase in cash collected on behalf of the owners' association.

Lease Liabilities

During the Reporting Period, the increase in lease liabilities was recognised according to new leasing standards. The lease liabilities payable within one year of RMB14.0 million were recognised in current liabilities, and the lease liabilities payable over one year of RMB117.7 million were recognised in long-term lease liabilities.

Contract liabilities

Our contract liabilities mainly represent prepayments from customers of the Group's commercial operation services and residential property management services. As of 31 December 2021, the Group's contract liabilities amounted to RMB216.2 million, representing an increase of RMB134.6 million from RMB81.6 million as of 31 December 2020, mainly due to the contract liabilities increased as a result of receiving property management services in advance.

Borrowings

As of 31 December 2021, the Group's bank loans and other borrowings amounted to RMB75.0 million, all of which were unsecured and unguaranteed loans of Shenzhen Zhuotou Micro-Lending Co., Ltd. (深圳市卓投小額貸款有限責任公司) (“**Shenzhen Zhuotou**”).

Asset-liability Ratio

The asset-liability ratio was calculated as the total liabilities divided by total assets. As of 31 December 2021, the Group's asset-liability ratio was 32% (31 December 2020: 34%).

Pledged Assets

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

Contingent Liabilities

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

Liquidity, Reserves and Capital Structures

The Group maintained a good financial position during the Reporting Period. As of 31 December 2021, the Group's cash and equivalents amounted to RMB3,007.3 million, representing a decrease of 9.3% from RMB3,314.1 million as of 31 December 2020, mainly due to (i) repayment of bank borrowings of RMB448.7 million in 2021; (ii) payment of 2020 annual dividend to equity shareholders and 2021 interim dividend to equity shareholders totaling RMB286.6 million; and (iii) temporarily uncovered receivables for clearing up transactions of RMB294.0 million from disposal of its subsidiary Shenzhen Excellence Operation, which have been fully received before 12 March 2022.

As of 31 December 2021, the Group's total equity was RMB3,466.4 million, representing an increase of RMB210.1 million or 6.5% from RMB3,256.3 million as of 31 December 2020, primarily due to the profit contribution realized during the year.

Cash Flows

For the year ended 31 December 2021, the Group's net cash generated from operating activities was RMB810.1 million (RMB434.0 million in the same period of 2020), mainly due to net increase in operating profits, trade payables and contract liabilities as a result of the expansion of the Group's operating scale.

For the year ended 31 December 2021, the Group's net cash outflow from investment activities was RMB412.2 million, while the net cash inflow in the same period of 2020 was RMB847.2 million, mainly due to the repayment of advances of RMB455.0 million by related parties, the receipt of transfer prepayment of RMB300.0 million for the transfer of Shenzhen Zhuotou in 2020, and the payment for the Group's acquisition of subsidiaries in 2021.

For the year ended 31 December 2021, the Group's net cash outflow from financing activities was RMB638.6 million, while the net cash inflow from the same period of 2020 was RMB1,641.4 million. The net cash inflow in 2020 was mainly due to the net proceeds raised from IPO of the Company in 2020 as well as the repayment of non-trade payables of related parties before listing. The net cash outflow in 2021 was mainly due to the repayment of bank borrowings of RMB448.7 million and the payment of dividends to equity shareholders of RMB286.6 million in 2021.

Foreign Exchange Exposure

The main business of the Group is conducted in China, and our business is mainly denominated in Renminbi. As of 31 December 2021, non-RMB assets and liabilities were mainly cash and cash equivalents, which were denominated in Hong Kong dollars.

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

USE OF PROCEEDS FROM THE LISTING

The Company issued 300,000,000 new shares listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 19 October 2020, and partially exercised the over-allotment options on 11 November 2020 and issued 22,490,000 new shares. After the partial exercise of the over-allotment options and deducting underwriting fees and related expenses, the total net proceeds raised from the listing (the "**Net Proceeds**") are approximately HK\$3,359.5 million. As of 31 December 2021, the Company had utilized approximately HK\$560.9 million of the Net Proceeds. The remaining Net Proceeds from the listing were held as bank deposits and will be allocated and utilized in accordance with the purposes and schedule as stated in the prospectus (the "**Prospectus**") of the Company dated 7 October 2020.

As at 31 December 2021, the Group's planned use and actual use of the Net Proceeds was as follows:

Major Categories	% of Total Proceeds	Amount (HK\$ million)	Sub-categories	Specific Plans	% of Total Proceeds	Timeframe			Actual amount of proceeds utilized as at 31 December 2021	Amount of proceeds unutilized as at 31 December 2021
						2021	2022	2023 (HK\$ million)	2021	2021
Business expansion	70.00%	2,351.7	Strategic acquisitions and investments	We plan to strategically acquire or invest in majority interests in property management companies with sizeable operations in our target cities or holding landmark projects in first-tier and new first-tier cities.	60%	638.5	671.8	705.5	185.3	1,830.5
				We plan to acquire or invest in majority interests in third party service providers to provide specialized value-added services, such as mechanical and electrical services, indoor air treatment services and services to intelligence buildings when opportunities arise.	10%	100.7	100.7	134.5	0	335.9
Development of information technology system	10.00%	134.3	Develop FM smart management information platform	We plan to increase the coverage of the FM smart management information platform, which covered about 80 out of over 300 projects we managed as at 30 June 2020, to cover all the projects under our management in satisfactory conditions within the next two to three years through (i) expanding our hardware infrastructures to the uncovered projects; (ii) continuing to develop and upgrade our software system of the FM smart management information platform; and (iii) strengthening internal training on the operation of FM smart management information platform.	4.0%	40.3	53.8	40.2	0.5	133.8
				We plan to use IoT technologies to connect all the facilities under our management to our FM smart management information platform in order to collect operating data from these facilities.						

Major Categories	% of Total Proceeds	Amount	Sub-categories	Specific Plans	% of Total Proceeds	Timeframe			Actual amount of proceeds utilized as at 31 December 2021	Amount of proceeds unutilized as at 31 December 2021
						2021	2022	2023	(HK\$ million)	(HK\$ million)
				See “Business – Competitive Strengths – Technology-backed Services to Enhance Customer Experience and Management Efficiency” in the Prospectus for details on the functions of our FM smart management information platform.						
		134.3	Develop “O+” platform	We will (i) continue to upgrade the “O+” platform; (ii) secure quality supplies to enrich the offerings on the “O+” platform; and (iii) organize events for and provide benefits to customers to increase their loyalty.	4.0%	53.8	40.3	40.2	0.0	134.3
				See “Business – Competitive Strengths – Technology-backed Services to Enhance Customer Experience and Management Efficiency” in the Prospectus for details on the functions of our “O+” platform.						

Major Categories	% of Total Proceeds	Amount (HK\$ million)	Sub-categories	Specific Plans	% of Total Proceeds	Timeframe			Actual amount of proceeds utilized as at 31 December 2021	Amount of proceeds unutilized as at 31 December 2021
						2021	2022	2023 (HK\$ million)	2021	2021
		67.2	Upgrade our information technology infrastructure to enhance internal control and management efficiency	We plan to upgrade our business management systems, including human resource system, finance system and business process management system, and develop business intelligence tools, to enhance our internal control and management efficiency.	2.0%	20.2	27.0	20.0	6.1	61.1
Facility upgrades for the properties under our management	5.00%	168.0	Upgrading facilities for development of intelligent communities to enhance our operational efficiency and customers' satisfaction level	We plan to upgrade the facilities in some old residential properties under our management to develop intelligent communities. For example, we may install automatic entry control and face identification and entry control facilities in these residential properties, with an aim to save our labor costs and create a more convenient living environment for the residents.	5.0%	33.6	67.3	67.1	6.9	161.1
Attracting and nurturing talent	5.00%	168.0		We plan to: <ul style="list-style-type: none"> – provide trainings to our employees at key positions and identify and train up our future team leaders. – recruit key personnel strategically to support our business growth 	5.0%	67.0	50.5	50.5	26.1	141.9
General corporate purposes		10.00%	336.0	Working capital and general corporate purposes	10.0%	100.7	100.7	134.6	336.0	0.0

Employees and Remuneration Policy

As at 31 December 2021, the Group had a total of 12,205 and 72 full-time employees (31 December 2020: 11,532 and 72) in the PRC and India, respectively. The Group provides its employees with competitive remuneration packages such as fees, salaries, allowances and benefits in kind, bonuses and contributions to pension schemes and social benefits. The Group contributes to social insurance such as medical insurance, work-related injury insurance, pension insurance, maternity insurance, unemployment insurance and housing provident fund for its employees.

Significant Investments Held, Material Acquisitions And Disposals Of Subsidiaries, Associates And Joint Ventures

- (a) On 1 April 2021, Shenzhen Excellence Operation, an indirect wholly-owned subsidiary of the Company, as the purchaser entered into an agreement with Beijing Shiyuan Guanghua Real Estate Development Co., Ltd.* (北京世源光華房地產開發有限公司) and Beijing Guanghua Road No. 5 Trading Co., Ltd.* (北京光華路五號貿易有限公司) as the vendors, Mr. Wei Ping (衛平) as guarantor, Beijing Global Wealth Property Management Co., Ltd.* (北京市環球財富物業管理有限公司) (“**Beijing Global Wealth**”) as target company and Shanghai Wanxing Investment Consulting Co., Ltd.* (上海萬興投資顧問有限公司) as the remaining shareholder of Beijing Global Wealth, pursuant to which the purchaser has conditionally agreed to acquire, and the vendors have conditionally agreed to sell 75% equity interest in Beijing Global Wealth, for a consideration of RMB225.0 million. Beijing Global Wealth is principally engaged in commercial property management services in Beijing, PRC. The acquisition will further consolidate the Group’s leading position in commercial property management and expand growth by seeking business opportunities in Beijing’s central business district. For details, please refer to the Company’s announcement dated 6 April 2021. The Company has completed the acquisition of the equity interest in Beijing Global Wealth in January 2022, it is now a non-wholly owned subsidiary of the Company.
- (b) On 15 May 2020, Shenzhen Excellence Property Management Co., Ltd. (深圳市卓越物業管理有限責任公司) (“**Excellence Property Management**”), an indirect wholly-owned subsidiary of the Company (as seller), entered into the Shenzhen Zhuotou Framework Agreement with Shenzhen Zhuoyue Venture Capital Co., Ltd.* (深圳市卓越創業投資有限責任公司) (as purchaser), pursuant to which the Group has conditionally agreed to transfer the entire equity interests in Shenzhen Zhuotou to the purchaser after 3 May 2021. On 3 November 2021, Excellence Property Management and the purchaser entered into the share transfer agreement, pursuant to which Excellence Property Management has conditionally agreed to sell, and the purchaser has conditionally agreed to purchase, the entire equity interests in Shenzhen Zhuotou at the cash consideration of RMB305.1 million. At the special general meeting held on 30 December 2021, the resolution on the aforesaid matters was officially passed by independent shareholders by poll. On 19 January 2022, Shenzhen Zhuotou has submitted the materials regarding change of shareholder to the Shenzhen Financial Supervision Bureau for verification and approval. As of the date of this announcement, the official reply was yet to be obtained.
- (c) On 22 December 2021, Shenzhen Dongrunze Investment Consultants Co., Ltd. (深圳東潤澤投資顧問有限公司) and Excellence Property Management, both are an indirect wholly-owned subsidiary of the Company, as the vendors entered into an agreement with Shenzhen Xishui Investment Co., Ltd. (深圳市溪水投資有限公司) as the purchaser respectively, pursuant to which, the vendors agreed to sell, and the purchaser agreed to acquire 100% equity interest of Shenzhen Excellence Operation for a consideration of RMB350.0 million in aggregate. Completion took place on 22 December 2021. For details, please refer to the Company’s announcement dated 22 December 2021.

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

Future Plans for Major Investments and Capital Assets

The Group intends to utilise the net proceeds raised from the Listing according to the plans set out in the section headed “Future Plans and Use of Proceeds” in the Prospectus. As at 31 December 2021, the Company had utilised 10% of the Net Proceeds for general corporate purposes, and the remaining net proceeds are currently held in the form of bank deposits.

Save as disclosed in the announcement, the Group did not have any other immediate plans for material investments and capital assets as at 31 December 2021.

III. OTHER INFORMATION

Purchase, Redemption or Sale of the Company’s Listed Securities

During the year ended 31 December 2021, the Company purchased a total of 2,142,000 Shares on the Stock Exchange for a total consideration of approximately HK\$9,926,180 (inclusive of expenses). All purchased Shares have been subsequently cancelled on 24 January 2022.

Details of such purchase are as follows:

Month of purchase	Number of Shares purchased	Purchase price		Total purchase price (inclusive of expenses) (HK\$)
		Highest (HK\$)	Lowest (HK\$)	
December 2021	2,142,000	4.88	4.35	9,926,180.00
	<u>2,142,000</u>			<u>9,926,180.00</u>

Save as disclosed above, during the year ended 31 December 2021, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

Annual General Meeting

The Company will convene and hold its 2021 annual general meeting (the “AGM”) at 10:00 a.m. On Wednesday, 15 June 2022, and the notice of the AGM will be published and dispatched to its shareholders in the manner prescribed by the Listing Rules in due course.

Final Dividend

The Board recommends the payment of a final dividend of HK17.38 cents per Share for the year ended 31 December 2021 (the “**Final Dividend**”). The Final Dividend is subject to approval by the Shareholders at the forthcoming AGM to be held on 15 June 2022, and is expected to be paid on or around 11 July 2022 to the Shareholders whose names appear on the register of members of the Company on 24 June 2022.

Closure of Register of Members

The registers of members of the Company will be closed during the following periods:

- (i) For the purpose of determining the identity of the Shareholders entitled to attend and vote at the AGM, the register of members of the Company will be closed from Thursday, 9 June 2022 to Wednesday, 15 June 2022 (both days inclusive). In order to be eligible for attending and voting at the AGM, all completed share transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 8 June 2022.
- (ii) For the purpose of determining the identity of the Shareholders entitled to receive the Final Dividend, the register of members of the Company will be closed from Wednesday, 22 June 2022 to Friday, 24 June 2022 (both days inclusive). In order to be eligible for receiving the Final Dividend, all completed share transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 21 June 2022.

During the periods mentioned in sub-paragraphs (i) and (ii) above, no transfer of Shares will be effected.

Sufficient Public Float

Based on information publicly available to the Company and to the best knowledge of the Board of Directors, the Company has maintained the public float as required under the Listing Rules as of the date of this announcement.

Compliance with the Corporate Governance Code

The Directors recognize the importance of incorporating elements of good corporate governance in the management structures and internal procedures of the Group so as to achieve effective accountability. The Company has adopted the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Listing Rules as its own code of corporate governance. Since the Listing Date and up to the date of this announcement, the Company has complied with all applicable code provisions as set out in the CG Code. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

Model Code Regarding Securities Transactions Conducted by Directors

The Company has adopted the Model Code for Securities Transactions conducted by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its own Code of Conduct regarding securities transactions conducted by Directors. Having made specific enquiries to all Directors, each of them has confirmed that they have complied with the required standards set out in the Model Code since the Listing Date and up to the date of this announcement, and the Company is not aware of any incident of non-compliance by the Directors during the Reporting Period.

Audit Committee

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

The Audit Committee has reviewed and approved with the management the accounting principles and practices adopted by the Group, as well as the annual results for the year ended 31 December 2021.

The financial figures as set forth in this announcement have been compared by the Company’s auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group’s draft consolidated financial statements for the year ended 31 December 2021 and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other 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 Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by KPMG.

Events Subsequent to the Reporting Period

No material events were undertaken by the Group subsequent to 31 December 2021 and up to the date of this announcement.

Publication of Annual Results and Dispatch of 2021 Annual Report

This annual results announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.excepm.com), and the Company's annual report for 2021 containing all information required by the Listing Rules will be dispatched to the Shareholders and published on the websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 28 March 2022

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