星盛商業
E-STAR COMMERCIAL

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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6668)

2024 ANNUAL RESULTS ANNOUNCEMENT

SUMMARY OF RESULTS

- Revenue of the Group for the year ended 31 December 2024 amounted to approximately RMB644.5 million, representing an increase of approximately 1.5% as compared with approximately RMB635.0 million for the year ended 31 December 2023.

- Profit attributable to the owners of the Company for the year ended 31 December 2024 amounted to approximately RMB154.5 million, representing a decrease of approximately 9.7% as compared with approximately RMB171.1 million for the year ended 31 December 2023.

- The Board recommends the declaration of a final dividend of HK8.3 cents per ordinary share for the year ended 31 December 2024, taking into account the interim dividend of HK4.8 cents per ordinary share declared and paid in respect of the six months ended 30 June 2024, the total dividend paid/payable for the year ended 31 December 2024 is expected to be HK13.1 cents per ordinary share, representing a full year payout ratio of approximately 80.0%.

ANNUAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of E-Star Commercial Management Company Limited (the "**Company**" or "**E-Star**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2024, together with comparative figures for the year ended 31 December 2023, as follows.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended December 31	
		2024	2023
	Notes	***RMB'000***	*RMB'000*
Revenue	*4*	**644,541**	635,006
Cost of services		**(346,635)**	(301,451)
Gross profit		**297,906**	333,555
Other income		**37,022**	42,767
Other gains and losses		**(2,881)**	3,076
Expected credit loss model (impairment losses recognised) reversal of impairment loss, net		**(1,147)**	9,477
Selling expenses		**(26,373)**	(20,181)
Administrative expenses		**(75,448)**	(75,805)
Finance costs		**(36,430)**	(38,285)
Gain on disposal of subsidiaries		**–**	300
Share of result of a joint venture		**(74)**	(16,075)
Profit before tax		**192,575**	238,829
Income tax expense	*5*	**(44,201)**	(76,524)
Profit and total comprehensive income for the year	*6*	**148,374**	162,305
Profit (loss) for the year attributable to owners			
– Owners of the Company		**154,472**	171,097
– Non-controlling interests		**(6,098)**	(8,792)
		148,374	162,305
Earnings per share			
Basic *(RMB cents)*	*7*	**15.25**	16.84

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 31 December **2024** *RMB'000*	2023 *RMB'000*
Non-current assets			
Property and equipment		**1,152**	1,578
Investment properties		**780,445**	791,383
Rental deposits		**25,542**	25,542
Restricted bank balance		**5,000**	–
Finance lease receivables		**4,630**	5,371
Deferred tax assets		**44,205**	31,566
Loans to a joint venture		**–**	74
		860,974	855,514
Current assets			
Finance lease receivables		**741**	671
Trade and other receivables	*9*	**44,023**	28,198
Financial assets at fair value through profit or loss ("**FVTPL**")		**–**	21,136
Amounts due from related parties		**6,091**	3,690
Restricted bank balance		**–**	5,000
Short-term bank deposits		**655,905**	863,523
Cash and cash equivalents		**710,599**	546,914
		1,417,359	1,469,132
Current liabilities			
Trade and other payables	*10*	**286,286**	286,984
Lease liabilities		**22,268**	36,202
Contract liabilities		**15,117**	15,576
Amounts due to related parties		**5,591**	1,901
Tax payable		**30,300**	27,181
		359,562	367,844
Net current assets		**1,057,797**	1,101,288
Total Assets less current liabilities		**1,918,771**	1,956,802

		As at 31 December	
		2024	2023
	Notes	***RMB'000***	*RMB'000*
Capital and reserves			
Share capital	*11*	**8,487**	8,506
Reserves		**1,238,390**	1,248,259
Equity attributable to owners of the company		**1,246,877**	1,256,765
Non-controlling interests		**8,807**	14,905
Total equity		**1,255,684**	1,271,670
Non-current liabilities			
Deferred tax liabilities		**15,936**	25,927
Lease liabilities		**647,151**	659,205
		663,087	685,132
		1,918,771	1,956,802

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 13 September 2019 and its shares (the "**Share(s)**") were listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 26 January 2021. The addresses of the Company's registered office is 71 Fort Street, PO Box 500, George Town, Grand Cayman, KY1-1106, Cayman Islands and principal place of business in the People's Republic of China (the "**PRC**") is 33rd Floor, Building A Galaxy World, 1 Yabao Road, Longgang District, Shenzhen, Guangdong Province, the PRC.

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

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

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

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2024 for the preparation of the Group's consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRSs in issue but not yet effective

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

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[3]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11[3]
Amendments to HKAS 21	Lack of Exchangeability[2]
HKFRS 18	Presentation and Disclosure in Financial Statements[4]

1 Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or after 1 January 2025.
3 Effective for annual periods beginning on or after 1 January 2026.
4 Effective for annual periods beginning on or after 1 January 2027.

Except for the new HKFRSs mentioned below, the directors of the Company anticipate that the application of all other amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 "Presentation and Disclosure in Financial Statements"

HKFRS 18 "Presentation and Disclosure in Financial Statements", which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 "Presentation of Financial Statements". This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 and HKFRS 7. Minor amendments to HKAS 7 "Statement of Cash Flows" and HKAS 33 "Earnings per Share" are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

3. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL INFORMATION

Basis of preparation of consolidated financial information

The consolidated financial information has been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial information, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and by the Hong Kong Companies Ordinance, if applicable.

4. REVENUE AND SEGMENT INFORMATION

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

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

A. Revenue

Revenue from commercial property operational services by type of operational model

	2024	2023
	RMB'000	*RMB'000*
Entrusted management services	**426,497**	406,372
Brand and management output services	**95,713**	145,026
Sublease services	**122,331**	83,608
	644,541	635,006
Comprise of:		
– Revenue from contracts with customers	**588,581**	592,270
– Revenue from leases	**55,960**	42,736
	644,541	635,006

(i) Disaggregation of revenue from contracts with customers:

	2024	2023
	RMB'000	*RMB'000*
Commercial property operational services:		
– Market positioning, design and construction consultancy and tenant sourcing services	**58,125**	145,148
– Operational management services	**423,098**	344,508
– Value-added services	**107,358**	102,614
	588,581	592,270

(ii) Leases

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

	2024	2023
	RMB'000	*RMB'000*
For operating leases:		
Lease payments that are fixed	**37,234**	27,741
Variable lease payments	**18,497**	14,744
	55,731	42,485
For finance leases:		
Finance income on the net investment in the lease	**229**	251
Total revenue arising from leases	**55,960**	42,736

B. Segment information

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

Geographical information

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

Information about major customers

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

	2024	2023
	RMB'000	*RMB'000*
Customer A *(note)*	**184,406**	227,223

Note: Customer A represents a group of related parties of the Group under common control of Mr. Huang.

5. INCOME TAX EXPENSE

	2024	2023
	RMB'000	*RMB'000*
Current tax:		
PRC Enterprise Income Tax, net	**66,831**	66,686
Deferred tax	**(22,630)**	9,838
	44,201	76,524

6. PROFIT FOR THE YEAR

	2024	2023
	RMB'000	*RMB'000*
Profit for the year has been arrived at after charging (crediting):		
Auditor's remuneration:		
– Auditor of the Company	**1,360**	1,360
– Non-audit services	**507**	450
	1,867	1,810
Depreciation of property and equipment	**961**	4,165
Depreciation of investment properties	**45,731**	42,372
Staff costs (including directors' emoluments):		
Salaries and other benefits	**203,286**	185,838
Equity-settled share-based payments	**821**	1,010
Retirement benefits schemes contributions	**25,276**	21,794
Total staff costs	**229,383**	208,642
Fair value loss (gain) of financial assets at FVTPL (included in other gains and losses)	**120**	(1,136)
Loss (gain) on disposal of property and equipment (included in other gains and losses)	**3**	(122)
Net exchange loss (gain) (included in other gains and losses)	**1,934**	(1,882)
Gross rental income from investment properties	**(55,731)**	(42,485)
Less: direct operating expenses incurred for investment properties during the year	**45,731**	38,978
	(10,000)	(3,507)

7. EARNINGS PER SHARE

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

Earnings

	2024	2023
	RMB'000	*RMB'000*
Earnings for the purpose of basic earnings per share:		
Profit for the year attributable to owners of the Company	**154,472**	171,097

Number of shares

	2024	2023
	'000	*'000*
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**1,012,607**	1,016,073

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

8. DIVIDEND

	2024	2023
	RMB'000	*RMB'000*
Dividends recognised as distribution during the year:		
2024 interim dividend of HK4.8 cents (2023: 2023 interim dividend of nil) per ordinary share	**44,520**	–
2023 final dividend of HK13 cents (2023: 2022 final dividend of HK7 cents) per ordinary share	**120,066**	64,802
	164,586	64,802

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2024 of HK8.3 cents per ordinary share, a total amount of approximately HK$84,205,000, of which an amount of approximately HK$161,000 related to 1,937,000 shares held by the Company under the Company's restricted share unit scheme (the "**RSU Scheme**"), has been proposed by the Board of the Company and is subject to approval by the shareholders in the forthcoming annual general meeting.

9. TRADE AND OTHER RECEIVABLES

	2024	2023
	RMB'000	*RMB'000*
Trade and other receivables		
– Trade receivables	**23,961**	12,911
– Other receivables	**45,604**	40,829
	69,565	53,740
Analysed as:		
Non-current	**25,542**	25,542
Current	**44,023**	28,198
	69,565	53,740

	2024	2023
	RMB'000	*RMB'000*
Trade receivables		
Contracts with customers		
– Third parties	**48,565**	38,575
– Related parties	**536**	426
Allowance for credit losses	**(30,555)**	(29,408)
	18,546	9,593
Operating lease receivables – third parties	**5,415**	3,318
	23,961	12,911

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

	2024	2023
	RMB'000	*RMB'000*
0 – 10 days	**20,544**	12,316
11 – 30 days	**453**	215
31 – 60 days	**207**	–
61 – 90 days	**367**	–
Over 90 days	**2,390**	380
	23,961	12,911

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

	2024	2023
	RMB'000	*RMB'000*
0-10 days	**5,415**	3,318

	2024	2023
	RMB'000	*RMB'000*
Other receivables recognised as non-current assets:		
Rental deposits	**25,542**	25,542
Other receivables recognised as current assets:		
Receivables from third-party payment platforms	**1,960**	3,025
Payments on behalf of tenants	**936**	656
Advance to employees	**323**	234
Other tax recoverable	**11,774**	7,756
Deposits	**1,203**	797
Prepayment	**3,240**	1,260
Others	**626**	1,559
	20,062	15,287
Total other receivables	**45,604**	40,829

10. TRADE AND OTHER PAYABLES

	2024	2023
	RMB'000	*RMB'000*
Trade and other payables		
– Trade payables	**40,286**	27,177
– Other payables	**246,000**	259,807
	286,286	286,984

	2024	2023
	RMB'000	*RMB'000*
Trade payables		
Contracts with suppliers		
– Third parties	**37,036**	24,606
– Related parties	**3,250**	2,571
	40,286	27,177

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

	2024	2023
	RMB'000	*RMB'000*
0 – 30 days	**40,283**	26,971
Over 90 days	**3**	206
	40,286	27,177

	2024	2023
	RMB'000	*RMB'000*
Other payables		
Receipts on behalf of tenants	**68,409**	84,176
Deposits received	**55,150**	54,677
Payables for leasehold improvements included in investment properties	**65,868**	59,276
Salary payables	**44,633**	38,672
Accrual and others	**8,014**	18,910
Other tax payables	**3,926**	4,096
	246,000	259,807

11. SHARE CAPITAL

Details of the Company's shares are disclosed as follows:

	Number of shares	Share capital *HK$'000*	Share capital *RMB'000*
Ordinary shares of HK$0.01 each			
Authorised			
At 1 January 2023, 31 December 2023 and 31 December 2024	2,000,000,000	20,000	16,755
Issued and fully paid			
At 1 January 2023	1,020,039,000	10,200	8,533
Cancellation of shares *(note (i))*	(915,000)	(9)	(8)
Repurchase and cancellation of shares *(note (ii))*	(2,317,000)	(23)	(19)
At 31 December 2023	1,016,807,000	10,168	8,506
Cancellation of shares *(note (ii))*	(1,530,000)	(15)	(14)
Repurchase and cancellation of shares *(note (iii))*	(761,000)	(8)	(5)
At 31 December 2024	1,014,516,000	10,145	8,487

The Company repurchased its own shares through the Stock Exchange as follows:

Month of repurchase	Number of ordinary shares of HK$0.01 each	Price per share Lowest	Price per share Highest	Aggregate consideration paid	
		HK$	*HK$*	*HK$'000*	*RMB'000*
November 2022	915,000	1.19	1.67	1,351	1,233
January 2023	237,000	2.07	2.22	511	447
April 2023	365,000	1.54	1.64	580	508
May 2023	163,000	1.32	1.38	221	199
August 2023	311,000	1.39	1.43	439	401
September 2023	1,241,000	1.44	1.53	1,856	1,703
December 2023	1,530,000	1.11	1.24	1,817	1,651
January 2024	761,000	1.25	1.30	980	891

Notes:

(i) The ordinary shares repurchased in November 2022 were cancelled in January 2023.

(ii) The ordinary shares repurchased from January 2023 to September 2023 were cancelled during 2023 and the ordinary shares repurchased in December 2023 were cancelled during 2024.

(iii) The ordinary shares repurchased in January 2024 were cancelled during 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The Group is a leading commercial property operational service provider in the Greater Bay Area with a national presence. As of 31 December 2024, the Group entered into contracts to provide services for 53 commercial property projects (including 8 consultancy services projects) located in 21 cities in the People's Republic of China ("**China**" or "**PRC**"), with an aggregate contracted gross floor area ("**GFA**") of approximately 2.7 million square meters ("**sq.m.**") (excluding the area under 8 consultancy services projects), 47.1% of which was developed or owned by independent third parties. Among them, 27 retail commercial properties have been opened with an aggregate opened GFA of approximately 1.6 million sq.m..

The Group owns a comprehensive and highly-recognised brand system, primarily including "COCO Park" for city shopping centers (城市型購物中心) targeting consumers in the city, "COCO City" and "iCO" for regional shopping centers (區域型購物中心) targeting consumers within a five-kilometer radius from such shopping centers, "COCO Garden" for community shopping centers (社區型購物中心) targeting consumers within a one-to-three-kilometer radius from such shopping centers and "Top Living (第三空間)" for its high-end home furnishing shopping center.

The Group has been widely recognised in the market for its brand system and operating strength and also received various honours. In 2024, the Group was awarded "2024 Top 10 Commercial Property Operators in China" and "2024 China's Top 100 Commercial Real Estate Enterprises" by China Index Academy, "2024 Commercial Management Company Excellence List" and "2024 Refined Operation Excellence List" by mallchina.org (中購聯), "Influential Enterprise in Digital and Intelligent Operations" and "Top 26 Comprehensive Strength of Retail Commercial Real Estate Enterprises in 2024" by Yingshang.com (贏商網), "2024 Better Life Service Provider" by Leju Finance (樂居財經), "Annual Brand Value Award" by Gelonghui (格隆匯) and "2024 Breakthrough Star Award" by Douyin (抖音). Meanwhile, Shenzhen Futian Galaxy COCO Park (深圳福田星河COCO Park) was awarded "2024 Popular Shopping Center TOP100" by Yingshang.com (贏商網).

On a mission to "build prosperous cities with business acumen (以商業智慧構築城市繁榮)", the Group will be forward-looking, decisive, aggressive and creative with a high starting point, focus on the business opportunities and development concerned by customers, provide competitive products and services and continue to create outstanding value for consumers, partners, and shareholders.

BUSINESS REVIEW

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

- positioning, construction consultancy and tenant sourcing services: primarily including market positioning, business planning consultancy, design and construction consultancy and tenant sourcing services;

- operational management services: primarily including formulating operation strategies, conducting marketing and promotional events, tenant management services, property management services and rent collection services;

- property leasing services: including sublease of commercial spaces in the commercial properties managed under the sublease service model to tenants; and

- value-added services: primarily including management of common areas in the shopping centers which customers can rent for a short period for pop-up shops and promotional settings, and management of advertising spaces, such as LED boards and interior and exterior facades of the shopping centers.

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

Entrusted management service model

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

- Services: The Group provides (i) positioning, construction consultancy and tenant sourcing services, (ii) operational management services and (iii) value-added services.

- Customers: The Group's customers include (i) property owners, (ii) tenants and (iii) relevant customers in respect of value-added services.

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

- Cost structure: The Group bears the operating costs of managing the commercial property.

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

Brand and management output service model

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

- Services: The Group's services include (i) market positioning, design and construction consultancy and tenant sourcing services and (ii) operational management services.

- Customers: The Group's customers only include property owners.

- Revenue sources: The Group's revenue sources include (i) fixed fees for positioning, design and construction consultancy and tenant sourcing services from property owners and (ii) a pre-agreed percentage of the revenue and/or profit, and/or a fixed fee, for operational management services from property owners.

- Cost structure: The Group only bears its staff costs related to the projects, a portion of which will be reimbursed by the property owners, and the property owners bear the operating costs of managing the commercial properties.

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

Sublease service model

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

- Services: The Group's services include (i) property leasing services, (ii) operational management services and (iii) value-added services.

- Customers: The Group's customers include (i) tenants and (ii) relevant customers in respect of value-added services.

- Revenue sources: The Group's revenue sources include (i) rent from tenants, (ii) management fees for operational management services from tenants and (iii) common area use fees for value-added services from relevant customers.

- Cost structure: The Group bears the operating costs of managing the commercial properties and pays rent to the property owner periodically.

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

With reference to the evaluation on the projects and requirements of the property owners, the Group flexibly chooses diversified cooperation models, such as entrusted management, brand and management output and sublease service, during its cooperation with the related parties and third parties, and has achieved good operating results.

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

	As of 31 December 2024		As of 31 December 2023	
	Number of properties	**Contracted GFA** *(000'sq.m.)*	Number of properties	Contracted GFA *(000'sq.m.)*
Entrusted management service	**12**	**886**	13	998
Brand and management output service	**34**	**1,408**	35	1,432
Sublease service	**7**	**416**	7	412
Total	**53**	**2,710**	55	2,842

Notes:

(1) Contracted GFA as of 31 December 2024 and 31 December 2023 both excluded the GFA of 8 consultancy service projects, respectively.

(2) In 2024, the Group conducted a comprehensive assessment from the perspective of its interests as a whole and took the initiative to negotiate with the property owners of Guangzhou Conghua Haiyin Galaxy COCO City (廣州從化海音星河COCO City) and Jining Galaxy iCO (濟寧星河iCO) and completed the rescission of the contract.

As of 31 December 2024, the Group provided services to 53 commercial property projects (including 8 consultancy service projects), with a contracted GFA of approximately 2.7 million sq.m. (excluding the GFA of 8 consultancy service projects). The reserve of consultancy service projects lays the foundation for the subsequent transformation into sustainable operation projects, and also provides continuous impetus for the stable growth of the Group.

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

	As of/for the year ended 31 December,							
	2024				2023			
		contracted GFA[5]	**Revenue**			contracted GFA[5]	Revenue	
	No. of properties	***sq.m.***	***RMB***	***%***	*No. of properties*	*sq.m.*	*RMB*	*%*
	(in thousands, except for numbers of properties and percentages)							
Greater Bay Area[1]	**33**	**1,563**	**476,359**	**73.9**	34	1,588	503,853	79.3
– Shenzhen	*19*	*777*	*412,948*	*64.1*	*18*	*777*	*454,867*	*71.6*
Yangtze River Delta[2]	**9**	**422**	**89,988**	**14.0**	9	418	71,011	11.2
Central China region[3]	**1**	**–**	**–**	**–**	1	–	5,901	0.9
Other regions[4]	**10**	**725**	**78,194**	**12.1**	11	836	54,241	8.6
Total	**53**	**2,710**	**644,541**	**100.0**	55	2,842	635,006	100.0

Notes:

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

(2) Include Shanghai, Nanjing, Changzhou, Wuxi, Jiaxing and Lu'an.

(3) Include Wuhan.

(4) Include Jieyang, Tianjin, Ordos, Chengdu, Rizhao, Xiamen and Jining.

(5) Contracted GFA as of 31 December 2024 and 31 December 2023 both excluded the GFA of 8 consultancy service projects, respectively.

The table below sets forth average occupancy rate and GFA in operation of retail commercial property that commenced operation as at 31 December 2024.

Product category	As of 31 December Average occupancy rate[(1)] 2024 %	2023 %	As of 31 December 2024 Area of shopping centers in operation[(2)] *(000' sq.m.)*
COCO Park	**93.8**	94.2	**494**
COCO City and iCO	**90.7**	91.0	**576**
Others	**93.9**	94.5	**235**
Total	**92.4**	92.8	**1,305**

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

(2) The area excludes car park.

Projects in Operation

The table below sets forth the opened retail commercial property projects of the Group as at 31 December 2024:

	Commercial property	Location	Opening date *(Month-Year)*	Shopping Mall *(sq.m.)*	Car Park *(sq.m.)*	Total GFA in operation *(sq.m.)*	Operational model	Property owner
1.	Shenzhen Futian Galaxy COCO Park (North) (深圳福田星河COCO Park (北區))	Shenzhen	September 2006	45,987	21,658	67,645	Entrusted management service	Galaxy Holding and its associates
2.	Shenzhen Galaxy Top Living (深圳星河第三空間)	Shenzhen	May 2007	27,988	–	27,988	Entrusted management service	Galaxy Holding and its associates
3.	Shenzhen Longgang Galaxy COCO Park (深圳龍崗星河COCO Park)	Shenzhen	September 2012	79,506	94,871	174,377	Entrusted management service	Galaxy Holding and its associates
4.	Shenzhen Longhua Galaxy COCO City (深圳龍華星河COCO City)	Shenzhen	November 2014	45,182	123,222	168,404	Entrusted management service	Galaxy Holding and its associates
5.	Shenzhen Galaxy WORLD • COCO Park (深圳星河WORLD • COCO Park)	Shenzhen	September 2018	39,721	–	39,721	Entrusted management service	Galaxy Holding and its associates
6.	Shenzhen Futian Galaxy COCO Park (South) (深圳福田星河COCO Park (南區))	Shenzhen	July 2020	43,239	–	43,239	Entrusted management service	Galaxy Holding and its associates
7.	Shenzhen Longhua Galaxy COCO Garden (深圳龍華星河COCO Garden)	Shenzhen	August 2020	3,618	–	3,618	Entrusted management service	Galaxy Holding and its associates
8.	Shenzhen Galaxy Center (深圳星河中心)	Shenzhen	April 2008	72,605	–	72,605	Brand and management output service	Galaxy Holding and its associates
9.	Shenzhen Longhua Galaxy iCO (深圳龍華星河iCO)	Shenzhen	December 2015	54,037	–	54,037	Brand and management output service	Independent Third Party property developers
10.	Changzhou Galaxy International Phase III Project (常州星河國際三期項目)	Changzhou	August 2016	16,990	–	16,990	Brand and management output service	Galaxy Holding and its associates
11.	Huizhou Galaxy COCO Garden (惠州星河COCO Garden)	Huizhou	September 2017	32,899	9,135	42,034	Brand and management output service	Galaxy Holding and its associates
12.	Ordos Galaxy COCO City (鄂爾多斯星河COCO City)	Ordos	October 2017	81,522	–	81,522	Brand and management output service	Independent Third Party property developers
13.	Shenzhen Shajing Galaxy COCO Garden (深圳沙井星河COCO Garden)	Shenzhen	August 2020	8,557	–	8,557	Brand and management output service	Independent Third Party property developers

	Commercial property	Location	Opening date	Shopping Mall	Car Park	Total GFA in operation	Operational model	Property owner
			(Month-Year)	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*		
14.	Zhongshan Tianyi Galaxy COCO City (中山天奕星河COCO City)	Zhongshan	November 2020	86,938	64,790	151,728	Brand and management output service	Independent Third Party property developers
15.	Dongguan Galaxy COCO Garden (東莞星河COCO Garden)	Dongguan	October 2021	10,901	–	10,901	Brand and management output service	Independent Third Party property developers
16.	Guangzhou Nansha Dachong Galaxy COCO Garden (廣州南沙大涌星河COCO Garden)	Guangzhou	October 2022	18,029	–	18,029	Brand and management output service	Galaxy Holding and its associates
17.	Asian Financial Center Project (亞洲金融中心項目)	Guangzhou	November 2022	31,301	938	32,239	Brand and management output service	Galaxy Holding and its associates
18.	Changzhou Wujin Hutang Galaxy COCO City (常州武進湖塘星河COCO City)	Changzhou	August 2016	43,632	–	43,632	Sublease service	Galaxy Holding and its associates
19.	Jiaxing Galaxy COCO City (嘉興星河COCO City)	Jiaxing	July 2022	81,504	–	81,504	Sublease service	Independent Third Party property developers
20.	Commercial facilities of Shenzhen Galaxy WORLD Industrial Park (深圳星河WORLD產業園底商)	Shenzhen	April 2023	7,515	–	7,515	Brand and management output service	Galaxy Holding and its associates
21.	Xiamen Galaxy COCO Park (廈門星河COCO Park）	Xiamen	May 2023	73,507	28,834	102,341	Sublease service	Independent Third Party property developers
22.	Rizhao Galaxy iCO (日照星河iCO)	Rizhao	September 2023	56,611	–	56,611	Entrusted management service	Independent Third Party property developers
23.	Shanshui Outlets • Lu'an Galaxy COCO City (山水奧萊•六安星河COCO City)	Lu'an	December 2023	75,692	–	75,692	Brand and management output service	Independent Third Party property developers
24.	Guangzhou Nansha Galaxy COCO Park (廣州南沙星河COCO Park)	Guangzhou	December 2023	96,018	–	96,018	Entrusted management service	Galaxy Holding and its associates
25.	Jiangyin Galaxy COCO City (江陰星河COCO City)	Wuxi	December 2023	51,226	–	51,226	Sublease service	Galaxy Holding and its associates
26.	Guangzhou Health Port Galaxy COCO Park (廣州健康港星河COCO Park)	Guangzhou	January 2024	115,802	–	115,802	Brand and management output service	Independent Third Party property developers
27.	Shanghai Pudong Galaxy COCO Garden (上海浦東星河COCO Garden)	Shanghai	May 2024	4,500	–	4,500	Brand and management output service	Galaxy Holding and its associates
	Total			1,305,027	343,448	1,648,475		

WORK PLAN FOR 2025

2025 is the concluding year of the "14th Five-Year Plan", and is also a critical point for the transition of the Group. The Company will focus on the theme of "Year of Cost Efficiency", unswervingly implement the "Focus Strategy", adhere to the bottom-line thinking, and make every effort to promote the improvement of cost efficiency and the appreciation of asset value. In 2025, the Group's core focus are in the following four aspects:

1. Strengthen cost awareness and optimize resource allocation

(1) Precise management and control to reduce costs and consumption

During the preparation period of new projects, we strengthen the cost awareness, dynamically track various preparation costs, precisely plan capital input, reduce unnecessary expenses, integrate product design and other related lines for cost optimization, so as to avoid ineffective cost expenditures.

Starting from optimizing energy use and reducing expenses, the project in operation will carry out the following three areas regarding energy saving and consumption reduction: the air-conditioning system will be modified to enhance cooling efficiency, optimise operation logic, reduce running time, strengthen maintenance, implement inverter technology modification and revamp the steam circuit to recycle residual heat; in respect of the lighting system, the old lamps in the car park will be replaced with high luminous efficiency microwave sensor lamps, the lighting in different areas will be differentiated, and the outdoor floodlighting time and the brightness of the large screen will be adjusted seasonally; for the lift system, the operation mode is adjusted by time slots, regular maintenance is strengthened, and the efficiency of motors is checked to reduce energy consumption.

In addition, the Group launched the "Star Butler" (星管家) mini-program, which not only increases the Group's revenue by optimizing the management process and enhancing service efficiency, but also plays an active role in safeguarding the satisfaction of merchants and equipment safety, and provides support for the cost reduction and efficiency of Group.

(2) In-depth promotion of the Hundred Rivers Plan

We will actively promote the "Hundred Rivers Plan" (百川計劃), carry out detail management of the revenue structure of the parking lot, build a dynamic monitoring mechanism for property costs, optimize the parking fee strategy and the application of intelligent equipment, and reduce manpower costs to improve the revenue of the parking lot.

2. Enhance asset value and strengthen benchmarking position

(1) Focus on benchmarking and upgrading

Focusing on Shenzhen Futian Galaxy COCO Park(深圳福田星河COCO Park), we will continue to consolidate its position as a benchmark in the Greater Bay Area commercial sector. In view of the current trend of Hong Kong citizens going northward and cross-border tax rebate policies, Shenzhen Futian Galaxy COCO Park will further expand its market share and strive to attract more Hong Kong citizens and cross-border consumers to come for shopping, leisure and entertainment. At the same time, we will make every effort to promote the upgrading of Shenzhen Galaxy WORLD. COCO Park (深圳星河WORLD • COCO Park) and shape it into a new industry benchmark project. Through the implementation of space renovation and industry upgrading strategies, the project's market attractiveness and competitiveness will be enhanced.

(2) Diversified investment promotion to increase efficiency and promote income

Diversified investment promotion strategies such as "strategic joint development" (戰略聯發), "premiere brand"(首進品牌) and "innovative brand" (創新品牌) are adopted to enhance the brand attractiveness and market influence of the project, so as to effectively reduce the vacancy rate of the stores and increase the overall occupancy rate of the project. After tenants signed the contracts, we have strengthened the supervision mechanism to accelerate the process of commercial tenants' on-site renovation and strive to enable commencement of operation ahead of schedule, so as to increase the occupancy rate and rental income of the project. By flexibly formulating investment promotion strategies, we have achieved rapid development of the project and ensured stable growth of the Company's revenue.

(3) Strengthening operations to enhance profitability

Through refined management and strategy optimization, we continued to enhance the operational efficiency and asset value of our operating projects to ensure steady improvement in rental growth and sales performance. We focus on supporting the benchmark tenants and high-yield tenants, driving overall sales growth through the improvement of the performance of the head brand and strengthening the market competitiveness of the project; for the projects in the growth period, we focus on the nodes of marketing activities throughout the year, rapidly iterating the brand to accurately meet the needs of the target customers and promote the sales of the shopping malls; for the tenants with difficulties in their operation, we will, on the one hand, continue to carry out stabilization and assistance to help them recover their operation vitality; and on the other hand, we will accelerate our efforts to reserve high-quality brands, optimize the brand portfolio to maintain the overall vitality of the mall.

(4) Seeking investment to build strong and virtuous cycle

Through brand precipitation and resource integration, the Group has carefully incubated diversified brand formats and keenly captured cutting-edge consumption trends to build a high-quality, large-scale and highly adhesive business ecosystem. The Group will continue to cultivate brand resources, expand high-quality brands, link the synergistic development of brands, and strengthen the brand matrix effect; further optimize the member service system, refine the quality of services, enhance member satisfaction and loyalty, solidify customer stickiness, and enhance market competitiveness; and is committed to establishing a mechanism for in-depth cooperation with suppliers, integrating supply chain resources, and assisting suppliers in maximizing their value, so as to jointly promote the prosperity and development of the commercial ecosystem.

3. Enhance digital intelligence capabilities to drive business growth

(1) Platform integration and synergy optimization

The Group will continue to optimize the digital intelligence platform covering the entire scenario of “C-end consumers, B-end merchants and building management” to achieve real-time data interoperability and business synergy. Integration of the existing financial management system, investment management system, etc., and construction of the leasing settlement (ERP) system is expected to realize the integration of business and finance so as to enhance efficiency. The Group will continue strengthening the construction of the C-end marketing platform, enhancing the intelligent and convenient consumption experience of consumers, and drilling into the transaction function of the COCO Club membership mini-program to promote the active conversion of transactions on the platform, enriching the online marketing scenarios, and enabling offline business diversion.

(2) Intelligent deployment of data upgrade

The Group will improve the management specifications of the data middle platform, introduce AI algorithms to optimize the breadth and depth of data application, promote the iterative upgrading of the BI data platform, and assist in the improvement of business operation; deploy IoT temperature and humidity sensors, and dynamically adjust the air conditioning operation strategy by time division and zone, so as to enhance the customer experience and energy saving and reduction of consumption.

4. Intensive regional cultivation and expansion, business innovation and efficiency improvement

(1) Regional focus on resource intensive cultivation

Continuing with the 14th Five-Year Plan strategy, we will deepen and intensify our efforts in the Greater Bay Area and expand in the Yangtze River Delta at an opportune time. We will carefully categorize the target cities and formulate targeted expansion strategies, focusing on areas where resources are available to ensure the smooth commencement and transformation of projects.

(2) Continue to expand business innovations

We will continuously promote standardized asset-light business and steadily develop our main business. At the same time, we will explore new opportunities in community for commercial and non-commercial projects and promote the diversified development of mixed-use projects. We will actively explore innovative light-asset business models, expand non-listed commercial full consultancy business, split special service projects stage by stage, attempt breakthroughs in core business and enhance business competitiveness, while focusing on operational performance to ensure project stability and efficient operation of resources.

FINANCIAL REVIEW

Revenue

During the year ended 31 December 2024, the Group's revenue amounted to approximately RMB644.5 million, representing a year-on-year increase of approximately 1.5%.

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

	Year ended 31 December			
	2024		2023	
	RMB'000	*%*	*RMB'000*	*%*
Entrusted management services	**426,497**	**66.2**	406,372	64.0
Brand and management output services	**95,713**	**14.8**	145,026	22.8
Sublease services	**122,331**	**19.0**	83,608	13.2
Total	**644,541**	**100.0**	635,006	100.0

- Entrusted management services: For the year ended 31 December 2024, revenue from entrusted management services amounted to approximately RMB426.5 million, representing a year-on-year increase of approximately 5.0%, accounted for approximately 66.2% of the Group's total revenue. The revenue from entrusted management service was increased primarily due to the increase in the revenue from operational management services of newly opened projects (Rizhao Galaxy iCO (日照星河 iCO) opened in September 2023, Guangzhou Nansha Galaxy COCO Park (廣州南沙星河 COCO Park) opened in December 2023 and Jining Galaxy iCO (濟寧星河 iCO) opened in December 2023).

- Brand and management output services: For the year ended 31 December 2024, revenue from brand and management output services amounted to approximately RMB95.7 million, representing a year-on-year decrease of approximately 34.0%, accounting for approximately 14.8% of the Group's total revenue. The decrease in revenue from brand and management output services was primarily due to the impact of the market environment and the situation of the real estate industry, which resulted in a decrease in revenue from pre-positioning, construction consulting and tenant solicitation services.

- Sublease services: For the year ended 31 December 2024, revenue from sublease services amounted to approximately RMB122.3 million, representing a year-on-year increase of approximately 46.3%, accounted for approximately 19.0% of the Group's total revenue. The increase in revenue from sublease services was mainly due to the increase in operating income of new sublease projects opened in recent years, being Xiamen Galaxy COCO Park (廈門星河COCO Park) opened in May 2023 and Jiangyin Galaxy COCO City (江陰星河COCO City) opened in December 2023.

Cost of Services

For the year ended 31 December 2024, the Group's cost of services amounted to approximately RMB346.6 million, representing a year-on-year increase of approximately 15.0%, which was primarily attributable to the increase in the number of entrusted management projects and sublease projects opened starting from May 2023 (such as Xiamen Galaxy COCO Park opened in May 2023, Rizhao Galaxy iCO opened in September 2023, Guangzhou Nansha Galaxy COCO Park opened in December 2023, Jining Galaxy iCO opened in December 2023 and Jiangyin Galaxy COCO City opened in December 2023), leading to the increase in operating expenses charged the cost of services (such as staff costs, environmental charges, energy consumption charges and depreciation of investment properties).

Gross Profit and Gross Profit Margin

As a result of the foregoing, for the year ended 31 December 2024, the Group's gross profit amounted to approximately RMB297.9 million, representing a year-on-year decrease of approximately 10.7%.

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

	Year ended 31 December			
	2024		2023	
	Gross profit	**Gross profit margin**	Gross profit	Gross profit margin
	RMB'000	*%*	*RMB'000*	*%*
Entrusted management services	**220,151**	**51.6**	217,676	53.6
Brand and management output services	**68,984**	**72.1**	109,960	75.8
Sublease services	**8,771**	**7.2**	5,919	7.1
Total/Overall	**297,906**	**46.2**	333,555	52.5

For the year ended 31 December 2024, the Group's gross profit margin amounted to approximately 46.2%, representing a decrease of approximately 6.3 percentage points as compared with approximately 52.5% for the same period of 2023, primarily attributable to the decrease in the share of revenue from brand and management output services with higher gross profit margin and the increase in the share of revenue from sublease services with lower gross profit margin for the year ended 31 December 2024.

- Entrusted management services: For the year ended 31 December 2024, the gross profit margin was approximately 51.6%, representing a decrease of approximately 2.0 percentage points as compared to approximately 53.6% for the year ended 31 December 2023. The decrease in gross profit margin was mainly due to the fact that the newly commenced projects were in the incubation period, during which the revenue contribution was limited while the costs were relatively stable, which led to the decrease in gross profit margin.

- Brand and management output services: For the year ended 31 December 2024, the gross profit margin amounted to approximately 72.1%, representing a decrease of approximately 3.7 percentage points as compared with approximately 75.8% for the same period of 2023. The decrease in gross profit margin was mainly attributable to the market environment and the real estate industry situation, which resulted in a decrease in revenue from pre-positioning, construction consulting and tenant solicitation services, while the impact on gross profit margin was minimized through cost control.

- Sublease services: For the year ended 31 December 2024, gross profit margin remained relatively stable compared to the same period in 2023.

Other Income

For the year ended 31 December 2024, other income amounted to approximately RMB37.0 million, representing a year-on-year decrease of approximately 13.4%, primarily attributable to the decrease in bank interest income as a result of the decrease in average bank deposit rates.

Other Gains and Losses

For the year ended 31 December 2024, other net loss was approximately RMB 2.9 million, mainly due to foreign currency exchange losses.

(Impairment losses recognised) reversal of impairment losses under expected credit loss model, net

For the year ended 31 December 2024, the Group recognised impairment losses under the expected credit loss model amounting to approximately RMB1.1 million (for the year ended 31 December 2023: reversal of impairment losses under expected credit loss model of approximately RMB9.5 million), primarily attributable to the change in the estimation of future recovery of trade receivables in light of the situation and circumstances of the projects during the reporting period.

Selling Expenses

For the year ended 31 December 2024, the Group's selling expenses amounted to approximately RMB26.4 million, representing a year-on-year increase of approximately of 30.7%, primarily due to the increase in the number of entrusted management projects and sublease projects commencing operation since May 2023 (e.g. Xiamen Galaxy COCO Park opened in May 2023, Rizhao Galaxy iCO opened in September 2023, Guangzhou Nansha Galaxy COCO Park opened in December 2023, Jining Galaxy iCO opened in December 2023 and Jiangyin Galaxy COCO City opened in December 2023). The increase in marketing and promotional activities of such projects led to the increase in selling expenses.

Administrative Expenses

For the year ended 31 December 2024, the Group's administrative expenses amounted to approximately RMB75.4 million, relatively flat compared to the same period in 2023.

Finance Costs

The Group's finance costs represent interest expense on lease liabilities recognized pursuant to HKFRS 16 in respect of sublease projects. For the year ended 31 December 2024, the Group's finance costs amounted to approximately RMB36.4 million, representing a year-on-year decrease of approximately 4.9%. As a result of the rent concessions granted by the owner of Jiaxing Galaxy COCO City, the lease liabilities were reduced and the corresponding interest expenses on finance liabilities were reduced.

Share of Result of a Joint Venture

For the year ended 31 December 2024, the Group's share of result of a joint venture recorded a loss of approximately RMB0.1 million, mainly attributable to the Group's investment in Guangzhou Kaixing Business Management Co. Ltd.

Income Tax Expenses

For the year ended 31 December 2024, the Group's income tax expenses amounted to approximately RMB44.2 million, representing a year-on-year decrease of 42.2%. This was mainly due to the decrease in profit before tax and the decrease in deferred tax for the period.

Profit for the Year

For the year ended 31 December 2024, the Group's profit for the year was approximately RMB148.4 million, representing a decrease of approximately 8.6% as compared with the profit of approximately RMB162.3 million for the year ended 31 December 2023. Profit attributable to the owners of the Company amounted to approximately RMB154.5 million, representing a decrease of approximately 9.7% as compared with approximately RMB171.1 million for the year ended 31 December 2023.

Trade and Other Receivables

The Group's trade and other receivables mainly consist of trade receivables arising from the operation services of commercial properties in respect of shopping centers, shopping streets and commercial complexes, receivables from third-party payment platforms, other tax recoverable, prepayments and others. As at 31 December 2024, the current portion of the Group's trade and other receivables amounted to approximately RMB44.0 million, representing a year-on-year increase of 56.1% as compared with that of approximately RMB28.2 million as at 31 December 2023, which was mainly attributable to the increase in other tax recoverable as a result of the increase in the number of projects in the Group's pipeline and the increase in trade receivables as a result of the cyclical difference in the settlement of management service fees between the Group and the property owners for newly commenced projects.

Trade and other payables

The Group's trade and other payables primarily represent amounts due to suppliers/subcontractors as well as related parties for the purchase of services and goods, receipts on behalf of tenants, deposits received from tenants, staff salaries payable, leasehold improvement payable and others. As at 31 December 2024, the Group's trade and other payables amounted to approximately RMB286.3 million, relatively flat as compared with approximately RMB287.0 million as at 31 December 2023.

Investment properties

The Group's investment properties mainly refer to the right-of-use assets recognised in accordance with HKFRS 16 in respect of subleased projects. As at 31 December 2024, the Group's investment properties amounted to approximately RMB780.4 million, representing a year-on-year decrease of approximately 1.4% as compared with approximately RMB791.4 million as at 31 December 2023, which was mainly due to the depreciation of right-of-use assets and the rent concessions granted by the owner of Jiaxing Galaxy COCO City, which was partly offset by the increase in decoration expenses of sublease projects.

Charge of assets

As at 31 December 2024, none of the assets of the Group were being charged.

Contingent liabilities

As at 31 December 2024, the Group did not have any material contingent liabilities.

Liquidity and capital resources

The Group has maintained stable financial position and sufficient liquidity and bank balances. As at 31 December 2024, the Group's short-term bank deposits and cash and cash equivalents amounted to approximately RMB1,366.5 million, representing a decrease of approximately 3.1% as compared with that of approximately RMB1,410.4 million as at 31 December 2023. This was primarily attributable to a combination effect of the increase in the proceeds from operation of the Group for the year ended 31 December 2024 and the decoration expenses of the sublease projects and cash dividend payments. The management believes that the Group's financial resources and future revenue will be sufficient to support the current working capital requirement and future expansion of the Group.

Bank loans and other borrowings

There are no bank loans and other borrowings of the Group as at 31 December 2024 (31 December 2023: Nil).

Gearing ratio

Gearing ratio is calculated based on total liabilities as at 31 December 2024 divided by total assets as at 31 December 2024. As at 31 December 2024, gearing ratio was approximately 44.9%, remaining relatively stable as compared with approximately 45.3% as at 31 December 2023.

Foreign exchange risk

The Group primarily operates in the PRC and its businesses are principally conducted in RMB. As at 31 December 2024, assets and liabilities denominated in currencies other than RMB were mainly cash and cash equivalents dominated in Hong Kong dollars or United States dollars. The Group did not enter into any forward exchange contract to hedge against foreign exchange risk, but the management will continue to monitor foreign exchange risk and adopt a prudent approach to reduce the foreign exchange risk.

Net Proceeds from the Listing and Over-allotment

A total of 270,640,000 ordinary shares of HK$0.01 each in the share capital of the Company (the "**Share(s)**") were issued at HK$3.86 per Share in connection with the listing (the "**Listing**") of the Shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 26 January 2021 (the "**Listing Date**"), including the Over-allotment Option (as defined in the prospectus of the Company dated 14 January 2021 (the "**Prospectus**")), with a total net proceeds of RMB841.8 million (the "**Net Proceeds**") raised.

By using the allocations basis as stated in the Prospectus, the Group intended to use the Net Proceeds as follows: (i) approximately 55%, or approximately RMB463.0 million, for pursuing strategic acquisition of and investment in other small to mid-sized commercial property operational service providers in order to scale up its commercial property operational service business and expand its commercial property operational service portfolio (the "**Intended Acquisitions**"); (ii) approximately 20%, or approximately RMB168.4 million, for renovation of retail commercial properties under the sublease service model; (iii) approximately 10%, or approximately RMB84.2 million, for making minority equity investment in the project companies which own quality commercial properties; (iv) approximately 5%, or approximately RMB42.0 million, for upgrading internet-based and information systems to raise its management service quality, reduce labour costs and improve internal control; and approximately 10%, or approximately RMB84.2 million, for its general business purpose and working capital.

On 25 August 2022, the Board resolved to change the proposed use of the Net Proceeds in the following manner: (i) the original proposed allocation of approximately 55% of the Net Proceeds for the Intended Acquisitions will be re-allocated for lease expenses and renovation of retail commercial properties under the sublease service model; and (ii) the original proposed use of Net Proceeds for renovation of retail commercial properties under the sublease service model will be expanded to cover also lease expenses of retail commercial properties under the sublease service model (collectively, the "**Intended Renovations**"). For details, please refer to the interim results announcement of the Company dated 25 August 2022 (the "**Announcement**") and the 2022 interim report of the Company.

As of 31 December 2024, a breakdown of the utilisation of Net Proceeds is as follows:

Revised use of Net Proceeds as set out in the Announcement	Approximate amount of Net Proceeds after reallocation *(RMB million)*	Unutilised Net Proceeds as at 1 January 2024 *(RMB million)*	Utilised Net Proceeds For the twelve months ended 31 December 2024 *(RMB million)*	Unutilised Net Proceeds as at 31 December 2024 *(RMB million)*	Expected time of full utilisation
For lease expenses and renovation of retail commercial properties under the sublease service model	631.4	460.4	113.7	346.7	by end of 31 December 2026
To make minority investment in the project companies which own quality commercial properties	84.2	45.2	–	45.2	by end of 31 December 2026
To upgrade information technology systems to raise the Group's management service quality, reduce labor costs and improve internal control, among which:					
– to enhance intelligent operation data center, which includes real time remote onsite monitoring, tenant's business data analysis, operational early-warning and tenant mix optimization based on tenant's business data analysis	21.0	19.3	1.8	17.5	by end of 31 December 2026
– to improve customers services	21.0	16.5	2.0	14.5	by end of 31 December 2026
For general business purpose and working capital	84.2	–	–	–	
Total	841.8	541.4	117.5	423.9	

As of 31 December 2024, save as disclosed above, the Directors are not aware of any material change in the planned use of the Net Proceeds. The remaining Net Proceeds which had not been utilised were deposited with licensed financial institution. The unutilised Net Proceeds and the above timeline of intended utilisation will be applied in the manners disclosed by the Company. However, the expected timeline for the unutilised Net Proceeds is based on the Directors' best estimation barring unforeseen circumstances, and would be subject to change based on the future development of the Group's business and the market conditions.

NUMBER OF EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2024, the total number of employees of the Group was 954 (2023: 901). Employees are remunerated according to their qualifications and experience, job nature and performance, and under the pay scales aligned with market conditions. Other benefits to employees include medical scheme, insurance coverage, retirement schemes, share option scheme and award of restricted share units under the restricted share unit scheme adopted by the Company on 4 November 2021.

Except for the share option scheme and award of restricted share units under the restricted share unit scheme adopted by the Company on 4 November 2021, the ultimate controlling shareholder, Mr. Huang Chu-Long adopted a share award scheme on 17 April 2023 to encourage and reward the eligible employees (including the Directors) for their contributions to the Group's results and business development. Share awards to certain employees, senior management and directors of the Group who make significant contribution to the Group were granted by Mr. Huang Chu-Long on 17 April 2023.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

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

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

The Company has no significant investments held and no material acquisitions or disposals of subsidiaries, associates and joint ventures during the year ended and as at 31 December 2024.

SUBSEQUENT EVENTS

After the year ended 31 December 2024 and up to the date of this announcement, the Group had no significant events occurred which have material impact on the Group.

FINAL DIVIDEND

The Board recommended the declaration of a final dividend of HK8.3 cents per ordinary share for the year ended 31 December 2024. Such proposed final dividend is subject to the approval by the shareholders of the Company (the "**Shareholder(s)**") at the forthcoming annual general meeting of the Company scheduled to be convened and held on Friday, 6 June 2025 (the "**AGM**").

ANNUAL GENERAL MEETING

The 2025 AGM will be convened and held on Friday, 6 June 2025. A circular containing the notice of the 2025 AGM and information regarding, inter alia, the re-election of the retiring Directors and the granting of the general mandates to the Directors to issue new shares and to repurchase shares will be published and despatched to the shareholders of the Company in due course.

CLOSURE OF THE REGISTER OF MEMBERS

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

(a) Attending the 2025 AGM

For the purpose of determining the shareholders' rights to attend and vote at the 2025 AGM, the register of members of the Company will be closed from Tuesday, 3 June 2025 to Friday, 6 June 2025, both days inclusive, during which period no transfer of Shares will be registered.

For the purpose of determining the entitlement to attend and vote at the 2025 AGM, all transfer document accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Monday, 2 June 2025.

(b) Payment of the proposed final dividend

For the purpose of determining the shareholders' entitlement to the proposed final dividend for the year ended 31 December 2024, the register of members of the Company will be closed from Friday, 13 June 2025 to Monday, 16 June 2025, both days inclusive, during which period no transfer of shares of the Company will be registered.

For the purpose of determining the entitlement to the proposed final dividend for the year ended 31 December 2024, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Thursday, 12 June 2025.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") as the code for dealing in securities of the Company by the Directors. Having made specific enquiry by the Company to all the Directors, the Directors confirmed that they were in compliance with the required standard as set out in the Model Code during the year ended 31 December 2024.

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

For the year ended 31 December 2024, the Company had repurchased a total of 761,000 Shares on the Stock Exchange for an aggregate consideration of approximately HK$979,750 (after deduction of expenses). The above-mentioned repurchased Shares were cancelled during the year ended 31 December 2024. The Company considered the repurchases could enhance the net asset value per Share and earnings per Share, therefore, the repurchases were in the best interest of the Company and its shareholders as a whole. As at 31 December 2024, the Company did not hold any treasury shares.

Details of the Shares repurchased during the year ended 31 December 2024 are as follows:

Date of repurchases	**No. of ordinary shares**	**Lowest price paid per share**	**Highest price paid per share**	**Aggregate Consideration**
		(HK$)	*(HK$)*	*(HK$)*
January 2024	761,000	1.25	1.30	979,750
	761,000			979,750

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2024.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

During the year ended 31 December 2024, the Directors are of the view that the Company had applied the principles of good corporate governance and complied with the code provisions as set out in Part 2 of the Corporate Governance Code as contained in Appendix C1 to the Listing Rules. Further information about the corporate governance practices of the Company will be set out in the annual report of the Company for the year ended 31 December 2024.

REVIEW OF ANNUAL RESULTS

The audit committee of the Company has reviewed with the management and the Company's auditor the accounting principles and practices adopted by the Group and discussed auditing, financial reporting process and internal control matters including a review of the annual results of the Group for the year ended 31 December 2024.

SCOPE OF WORK OF DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement have been agreed by the Group's auditor, Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board of Directors on 27 March 2025. The work performed by Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Deloitte Touche Tohmatsu on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

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

The annual report of the Company for the year ended 31 December 2024 will be despatched to the shareholders of the Company and made available on the websites of the Stock Exchange and the Company in due course.

APPRECIATION

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

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

Hong Kong, 27 March 2025

As at the date of this announcement, the Board of the Company comprises Mr. Huang De-Lin Benny, Mr. Chen Qunsheng and Mr. Ma Chaoqun as executive Directors; Mr. Huang De'An Tony and Mr. Liu Jun as non-executive Directors; and Mr. Guo Zengli, Dr. Zhang Jinghua and Ms. Wan Hoi Lam as independent non-executive Directors.