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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 2020**

**HIGHLIGHTS**

1. Revenue for 2020 was approximately RMB2,525.1 million, representing an increase of 37.5% from approximately RMB1,836.0 million for 2019.
2. The gross profit of the Group for 2020 was approximately RMB663.8 million, representing an increase of 53.2% from approximately RMB433.4 million for 2019. Gross profit margin for 2020 was 26.3%, while that of 2019 was 23.6%, representing a year-on-year increase of 2.7 percentage points.
3. Profit attributable to owners of the Company for 2020 was approximately RMB325.0 million, representing an increase of 82.1% as compared with approximately RMB178.5 million for 2019.
4. During the year ended 31 December 2020, net cash inflow from operating activities of the Group amounted to approximately RMB434.0 million, representing an increase of 135.0%, as compared with approximately RMB184.7 million for 2019.
5. The Board recommended the payment of a final dividend of HK9.51 cents per ordinary share of the Company for the year ended 31 December 2020 (2019: Nil).

## 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 2020 (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 2020*

		2020	2019
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Revenue</b>	4	<b>2,525,087</b>	1,836,019
Cost of sales		<u>(1,861,275)</u>	<u>(1,402,573)</u>
<b>Gross profit</b>		<b>663,812</b>	433,446
Other revenue		<b>22,970</b>	17,467
Other net income/(loss)		<b>21,030</b>	(15,772)
Selling and marketing expenses		<b>(15,419)</b>	(7,024)
Administrative expenses		<u>(194,667)</u>	<u>(96,776)</u>
<b>Profit from operations</b>		<b>497,726</b>	331,341
Finance costs		<b>(29,535)</b>	(20,482)
Share of profit of an associate		<b>1,212</b>	887
Share of profits less losses of joint ventures		<u>7,346</u>	<u>5,001</u>
<b>Profit before taxation</b>		<b>476,749</b>	316,747
Income tax	5	<u>(120,827)</u>	<u>(83,182)</u>
<b>Profit for the year</b>		<b><u>355,922</u></b>	<b><u>233,565</u></b>
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>324,987</b>	178,510
Non-controlling interests		<u>30,935</u>	<u>55,055</u>
<b>Profit for the year</b>		<b><u>355,922</u></b>	<b><u>233,565</u></b>
<b>Earnings per share (RMB cents)</b>	6		
Basic		<u>33.7</u>	<u>19.8</u>
Diluted		<u>33.6</u>	<u>19.8</u>

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
<b>Profit for the year</b>	<b>355,922</b>	233,565
<b>Other comprehensive income for the year (after tax and reclassification adjustments)</b>		
Items that maybe reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of the Company and overseas subsidiaries	<u>(55,621)</u>	<u>10</u>
<b>Total comprehensive income for the year</b>	<b><u>300,301</u></b>	<b><u>233,575</u></b>
<b>Attributable to:</b>		
Equity shareholders of the Company	<b>269,366</b>	178,518
Non-controlling interests	<b><u>30,935</u></b>	<u>55,057</u>
<b>Total comprehensive income for the year</b>	<b><u>300,301</u></b>	<b><u>233,575</u></b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2020

	<i>Notes</i>	<b>2020</b> <i>RMB'000</i>	2019 <i>RMB'000</i>
<b>Non-current assets</b>			
Investment properties		<b>123,474</b>	134,490
Property, plant and equipment		<b>64,258</b>	55,134
Intangible assets		<b>54,202</b>	66,452
Goodwill		<b>271,722</b>	271,722
Other financial assets		<b>2,118</b>	2,224
Interest in an associate		<b>4,871</b>	3,060
Interests in joint ventures		<b>46,429</b>	36,809
Deferred tax assets		<b>28,666</b>	19,342
		<hr/>	<hr/>
		<b>595,740</b>	589,233
<b>Current assets</b>			
Other financial assets		<b>48,177</b>	123,842
Inventories		<b>2,310</b>	–
Trade and other receivables	7	<b>560,998</b>	929,471
Prepaid tax		<b>1,465</b>	2,109
Loans receivable	8	<b>368,536</b>	391,000
Restricted deposits		<b>38,596</b>	69,105
Cash and cash equivalents		<b>3,314,132</b>	447,103
		<hr/>	<hr/>
		<b>4,334,214</b>	1,962,630
<b>Current liabilities</b>			
Bank loans and other borrowings		<b>193,790</b>	465,000
Contract liabilities		<b>81,628</b>	63,438
Trade and other payables	9	<b>892,849</b>	1,275,800
Lease liabilities		<b>17,509</b>	10,910
Current taxation		<b>57,214</b>	59,319
		<hr/>	<hr/>
		<b>1,242,990</b>	1,874,467
		<hr/> <hr/>	<hr/> <hr/>

	<i>Notes</i>	<b>2020</b> <b>RMB'000</b>	2019 <i>RMB'000</i>
<b>Net current assets</b>		<b>3,091,224</b>	88,163
<b>Total assets less current liabilities</b>		<b>3,686,964</b>	677,396
<b>Non-current liabilities</b>			
Bank loans and other borrowings		<b>180,150</b>	–
Other payables	<i>9</i>	<b>102,280</b>	72,537
Lease liabilities		<b>132,169</b>	133,496
Deferred tax liabilities		<b>16,079</b>	15,488
		<b>430,678</b>	221,521
<b>NET ASSETS</b>		<b>3,256,286</b>	455,875
<b>CAPITAL AND RESERVES</b>			
Share capital	<i>10(a)</i>	<b>10,496</b>	8,561
Reserves		<b>3,173,391</b>	381,947
Total equity attributable to equity shareholders of the Company		<b>3,183,887</b>	390,508
Non-controlling interests		<b>72,399</b>	65,367
<b>TOTAL EQUITY</b>		<b>3,256,286</b>	455,875

## NOTES TO THE FINANCIAL STATEMENT

### 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 Group is Mr. Li Wa (“**Mr. Li**” or the “**Ultimate Controlling Shareholder**”).

Prior to the incorporation of the Company, the above-mentioned principal activities were carried out by Shenzhen Dongrunze Investment Consultants Limited (“**Shenzhen Dongrunze**”) (深圳東潤澤投資顧問有限公司) and its subsidiaries. To rationalise the corporate structure in preparation of the listing of the Company’s shares on Stock Exchange, the Company and its subsidiaries (together referred to as the “**Group**”) underwent a reorganisation (the “**Reorganisation**”).

As a part of the Reorganisation, Shenzhen Jiaxin Industrial Co., Ltd. (“**Jiaxin Industrial**”) (深圳嘉信實業有限公司) reduced its whole capital in Yuanxi Investment and Shenzhen Excellence Property (“**Yuanxi Investment**”) (深圳市元熙投資諮詢有限公司) and Shenzhen Excellence Property Management Co., Ltd. (“**Excellence Property Management**”) (深圳市卓越物業管理有限責任公司) amounted to RMB12,125,000. After the capital reduction, Yuanxi Investment and Excellence Property Management became wholly owned subsidiaries of the Group.

In May 2020, the Company acquired the entire equity interest in Shenzhen Dongrunze from Oriental Rich wholly owned by Mr. Li Wa by issuing and allotting shares to Oriental Rich. Upon the completion of the Reorganisation on 21 May 2020, the Company became the holding company of the subsidiaries now comprising the Group.

As Shenzhen Dongrunze was controlled by Mr. Li Wa (李華) (the “**Controlling Shareholder**”) before and after the Reorganisation and therefore there were no changes in the economic substance of the ownership and the business of the Group. The Reorganisation only involved inserting several newly formed investment holding entities with no substantive operations as the new holding companies of Shenzhen Dongrunze. Accordingly, the Historical Financial Information has been prepared and presented as a continuation of the financial statements of Shenzhen Dongrunze with the assets and liabilities of Shenzhen Dongrunze recognised and measured at their historical carrying amounts prior to the Reorganisation.

## 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 (the “Listing Rules”).

### (b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2020 comprise the Group and the Group’s interest in associates and a joint venture.

The financial statements are presented in Renminbi (“RMB”) 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:

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

Non-current assets are stated at the lower of carrying amount and fair value less costs to sell.

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 HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group. None of these developments have had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

### 3 SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by a mixture of business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following three reportable segments:

- Property management services: this segment mainly provides basic property management services or system supply and installation services to property developers, property owners and tenants, and value-added services to such customers, including asset services which includes preliminary property consulting services, second-hand property leasing and sales agency services, asset-light property operation services and space operation services, and corporate services.
- Finance services: this segment mainly provides micro-lending to small and medium enterprises, individual business proprietors and individuals.
- Other services: this segment mainly provides software development and apartment rental services.

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

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

Segment assets include all tangible and intangible assets managed directly by the segments excluding prepaid tax, deferred tax assets and certain non-trade receivables due from related parties not attributable to the individual segments. Segment liabilities include bank loans and other borrowings (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 2020 and 2019 is set out below.



	Property management services		Finance services		Others		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Disaggregated by timing of revenue recognition</b>								
Over time	<b>2,348,590</b>	1,769,788	<b>46,467</b>	50,194	<b>10,912</b>	5,802	<b>2,405,969</b>	1,825,784
Point in time	<b>121,002</b>	10,389	-	-	-	-	<b>121,002</b>	10,389
<b>Reportable segment revenue</b>	<b>2,469,592</b>	1,780,177	<b>46,467</b>	50,194	<b>10,912</b>	5,802	<b>2,526,971</b>	1,836,173
Inter-segment revenue	-	(154)	-	-	(1,884)	-	(1,884)	(154)
<b>Revenue from external customers</b>	<b>2,469,592</b>	1,780,023	<b>46,467</b>	50,194	<b>9,028</b>	5,802	<b>2,525,087</b>	1,836,019
<b>Reportable segment profit/(loss)</b>	<b>432,560</b>	309,510	<b>23,491</b>	22,519	<b>(6,092)</b>	(19,664)	<b>449,959</b>	312,365
Interest income from bank deposits	<b>1,943</b>	1,076	-	-	<b>25</b>	11	<b>1,968</b>	1,087
Finance costs	<b>(16,103)</b>	(9,763)	<b>(3,181)</b>	(270)	<b>(7,082)</b>	(5,898)	<b>(26,366)</b>	(15,931)
Depreciation and amortisation	<b>(30,565)</b>	(20,009)	<b>(1,368)</b>	(1,264)	<b>(13,231)</b>	(9,056)	<b>(45,164)</b>	(30,329)
Impairment loss on loans receivable	-	-	<b>(7,396)</b>	(6,832)	-	-	<b>(7,396)</b>	(6,832)
Impairment loss on trade and other receivables	<b>(6,902)</b>	(6,793)	-	-	<b>(22)</b>	-	<b>(6,924)</b>	(6,793)
<b>Reportable segment assets</b>	<b>4,366,887</b>	1,561,405	<b>377,477</b>	498,204	<b>175,419</b>	141,253	<b>4,919,783</b>	2,200,862
<b>Additions to non-current segment assets during the year</b>	<b>14,651</b>	7,638	<b>28</b>	19	<b>385</b>	4,199	<b>15,064</b>	11,856
<b>Reportable segment liabilities</b>	<b>1,436,029</b>	866,602	<b>58,718</b>	169,578	<b>125,592</b>	159,813	<b>1,620,339</b>	1,195,993

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

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
<b>Revenue</b>		
Reportable segment revenue	2,526,971	1,836,173
Inter-segment revenue	(1,884)	(154)
<i>Consolidated revenue (Note 4)</i>	<u>2,525,087</u>	<u>1,836,019</u>
<b>Profit</b>		
Reportable segment profit	449,959	312,365
Interest income from related parties	5,840	8,961
Interests on bank loans and other borrowings	(3,169)	(4,551)
Gain on disposal of a subsidiary (Note 11)	31,539	-
Unallocated head offices and corporate expenses	(7,420)	(28)
<i>Consolidated profit before taxation</i>	<u>476,749</u>	<u>316,747</u>
	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
<b>Assets</b>		
Reportable segment assets	4,919,783	2,200,862
Elimination of inter-segment receivables	(20,000)	(125,480)
	4,899,783	2,075,382
Non-trade receivables due from related parties	-	455,000
Prepaid tax	1,465	2,109
Deferred tax assets	28,666	19,342
Unallocated head office and corporate assets	40	30
<i>Consolidated total assets</i>	<u>4,929,954</u>	<u>2,551,863</u>
<b>Liabilities</b>		
Reportable segment liabilities	1,620,339	1,195,993
Elimination of inter-segment payables	(20,000)	(125,480)
	1,600,339	1,070,513
Bank loans and other borrowings	-	315,000
Non-trade payables due to related parties	-	635,663
Current taxation	57,214	59,319
Deferred tax liabilities	16,079	15,488
Unallocated head office and corporate liabilities	36	5
<i>Consolidated total liabilities</i>	<u>1,673,668</u>	<u>2,095,988</u>

**(iii) 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 2020 and 2019.

As at 31 December 2020 and 2019, 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 2020 and 2019 recognised in the consolidated statement of profit or loss are as follows:

	<b>2020</b> <i>RMB'000</i>	2019 <i>RMB'000</i>
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
<b>Property management services</b>		
Basic property management services		
– Commercial property	<b>1,563,195</b>	1,196,455
– Public and industrial property	<b>327,248</b>	203,437
– Residential property	<b>220,545</b>	176,375
	<b>2,110,988</b>	1,576,267
Value-added services	<b>358,604</b>	203,756
	<b>2,469,592</b>	1,780,023
<b>Other services</b>	<b>511</b>	2,631
	<b>2,470,103</b>	1,782,654
<b>Revenue from other sources</b>		
Finance services income	<b>46,467</b>	50,194
Gross rental income from investment properties	<b>8,517</b>	3,171
	<b>54,984</b>	53,365
	<b>2,525,087</b>	1,836,019

## 5 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

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

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
<b>Current tax</b>		
Corporate Income Tax	129,898	91,662
<b>Deferred tax</b>		
Origination and reversal of temporary differences	<u>(9,071)</u>	<u>(8,480)</u>
	<u><b>120,827</b></u>	<u><b>83,182</b></u>

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

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Profit before taxation	<u>476,749</u>	<u>316,747</u>
Notional tax on profit before taxation, calculated at the rates applicable to profits in the tax jurisdictions concerned	121,471	79,187
Tax effect of non-deductible expenses	5,225	3,413
Tax effect of share of results of joint ventures and an associate	(2,140)	(1,472)
Tax effect of non-taxable income	(7,885)	–
Withholding tax on dividend	4,155	–
Tax effect of unused tax losses not recognised	<u>1</u>	<u>2,054</u>
<b>Actual tax expense</b>	<u><b>120,827</b></u>	<u><b>83,182</b></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 RMB324,987,000 (2019: RMB178,510,000) and the weighted average of 963,964,356 ordinary shares (2019: 900,000,000 shares) in issue during the year, calculated as follows:

#### *Weighted average number of ordinary shares*

	<b>2020</b> <i>shares</i>	2019 <i>shares</i>
Issued ordinary shares at 1 January	–	–
Effect of issuance of shares	<b>1,000</b>	1,000
Effect of capitalisation issue	<b>899,999,000</b>	899,999,000
Effect of issuance of new shares upon initial public offering (“IPO”)	<b>63,964,356</b>	–
	<hr/>	<hr/>
Weighted average number of ordinary shares at 31 December	<b>963,964,356</b>	900,000,000
	<hr/> <hr/>	<hr/> <hr/>

The calculation of the basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company on the assumption that the Reorganisation and the capitalisation issue have been effective on 1 January 2019.

### (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 RMB324,987,000 (2019: RMB178,510,000) and the weighted average number of ordinary shares of 965,522,902 shares (2019: 900,000,000 shares), calculated as follows:

#### *Weighted average number of ordinary shares (diluted)*

	<b>2020</b> <i>shares</i>	2019 <i>shares</i>
Weighted average number of ordinary shares at 31 December	<b>963,964,356</b>	900,000,000
Effect of deemed issue of shares under the company’s share option scheme for HK\$1.00 each consideration	<b>1,558,546</b>	–
	<hr/>	<hr/>
Weighted average number of ordinary shares (diluted) at 31 December	<b>965,522,902</b>	900,000,000
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## 7 TRADE AND OTHER RECEIVABLES

	<i>Notes</i>	<b>2020</b> <b>RMB'000</b>	2019 <i>RMB'000</i>
Trade receivables	<i>(i)</i>		
– related parties		<b>88,138</b>	86,961
– third parties		<b>410,515</b>	326,181
		<b>498,653</b>	413,142
Less: loss allowance		<b>(37,732)</b>	(31,458)
		<b>460,921</b>	381,684
Other receivables, net of loss allowance			
– related parties		<b>6,678</b>	6,294
– third parties		<b>20,908</b>	29,020
		<b>27,586</b>	35,314
Amounts due from related parties	<i>(ii)</i>	–	455,000
Amount due from a joint venture	<i>(iii)</i>	–	15,272
Financial assets measured at amortised cost		<b>488,507</b>	887,270
Deposits and prepayments	<i>(iv)</i>	<b>72,491</b>	42,201
		<b>560,998</b>	929,471

### *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 2019, the amounts due from related parties include loans of RMB455,000,000 which were unsecured and interest-bearing from 4.12% to 7.51% per annum and were repaid during the year.
- (iii) As at 31 December 2019, amount due from a joint venture represents declared dividend receivable which was settled in 2020.
- (iv) As at 31 December 2020 and 2019, deposit and prepayments mainly represented prepayment for future project cooperation, prepaid tax and deposits for lease arrangements.

**(a) Ageing analysis**

As at 31 December 2020, 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:

	<b>2020</b> <i>RMB'000</i>	2019 <i>RMB'000</i>
Within 6 months	<b>411,416</b>	335,050
6 months to 1 year	<b>29,482</b>	23,510
1 to 2 years	<b>16,274</b>	18,688
2 to 3 years	<b>3,749</b>	4,436
	<b>460,921</b>	381,684

**8 LOANS RECEIVABLE**

	<b>2020</b> <i>RMB'000</i>	2019 <i>RMB'000</i>
Unguaranteed and unsecured	<b>84,633</b>	134,616
Guaranteed and unsecured	<b>125,010</b>	115,610
Unguaranteed and secured	<b>77,727</b>	131,614
Guaranteed and secured	<b>97,600</b>	18,198
Gross loans receivable	<b>384,970</b>	400,038
Less: loss allowance	<b>(16,434)</b>	(9,038)
	<b>368,536</b>	391,000

*Notes:*

- (i) As at 31 December 2020, loans provided by the Group to third parties from micro-lending business are interest bearing at rates ranging from 3.60%-28.80% (2019: 14.04%-28.80%) per annum, and recoverable within one year.
- (ii) As at 31 December 2019, the loan receivable of RMB18,198,000 was guaranteed by a related party and the guarantee provided by the related party has been released in 2020.

As at 31 December 2020, the ageing analysis of loans receivable based on due date and credit quality is set out below:

	As at 31 December 2020			Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 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>

  

	As at 31 December 2019			Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	
Current (not past due)	400,038	-	-	400,038
Less: loss allowance	(9,038)	-	-	(9,038)
Total	<u>391,000</u>	<u>-</u>	<u>-</u>	<u>391,000</u>

*Notes:*

- (i) Overdue loans represent loans receivable, of which the whole or part of the principal or interest was overdue for one day or more.
- (ii) As at 31 December 2020, loans receivable classified at Stage 2 of RMB2,600,000 and at Stage 3 of RMB3,000,000 were guaranteed and secured by properties held by customers and loans receivable of RMB13,477,000 classified at Stage 3 were unguaranteed and secured by properties held by customers.



**9 TRADE AND OTHER PAYABLES**

	<b>2020</b> <i>RMB'000</i>	2019 <i>RMB'000</i>
<b>Current</b>		
Trade payables		
– related parties	<b>36,432</b>	32,299
– third parties	<b>156,152</b>	99,735
	<b>192,584</b>	132,034
Other payables		
– related parties	<b>19,828</b>	46,912
– third parties	<b>95,113</b>	83,584
	<b>114,941</b>	130,496
Amounts due to related parties	–	635,663
Dividend payable to a former non-controlling interest	–	104,740
Dividend payable to non-controlling interests	<b>5,388</b>	–
Cash collected on behalf of property owners' association	<b>17,852</b>	51,718
Housing maintenance funds held on behalf of property owners	<b>19,550</b>	16,394
Interest payable	<b>671</b>	3,793
Financial liabilities measured at amortised cost	<b>350,986</b>	1,074,838
Advance related to disposal of a subsidiary	<b>300,000</b>	–
Accrued payroll and other benefits	<b>148,062</b>	118,235
Deposits	<b>82,733</b>	76,172
Accrued charges	<b>11,068</b>	6,555
	<b>892,849</b>	1,275,800
<b>Non-current</b>		
Other payables	<b>102,280</b>	72,537

As at 31 December 2020, the ageing analysis of trade payables, based on invoice date is as follows:

	<b>2020</b> <i>RMB'000</i>	2019 <i>RMB'000</i>
Within 1 month	<b>118,069</b>	59,906
1 to 3 months	<b>30,931</b>	26,669
3 to 6 months	<b>4,979</b>	9,238
6 to 12 months	<b>10,101</b>	8,238
Over 12 months	<b>28,504</b>	27,983
	<b>192,584</b>	132,034

## 10 CAPITAL 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 HK\$380,000 divided into 38,000,000 shares of a par value of HK\$0.01 each to HK\$50,000,000 divided into 5,000,000,000 shares with the par value of HK\$0.01 each.

#### *Issued share capital*

Ordinary shares of HK\$0.01 each, issued:	2020		
	<i>No. of shares</i>	<i>HK\$</i>	<i>RMB</i>
At 13 January 2020 (date of incorporation)	–	–	–
Issuance of shares (i)	1,000	10	9
Capitalisation issue (ii)	899,999,000	8,999,990	7,729,000
Issuance of ordinary shares upon IPO (iii)	300,000,000	3,000,000	2,576,591
Partial exercise of over-allotment option (iv)	22,490,000	224,900	190,760
At 31 December 2020	<u>1,222,490,000</u>	<u>12,224,900</u>	<u>10,496,360</u>

#### *Notes:*

(i) After the incorporation, 799 Shares were allotted and issued to Urban Hero Investments Limited, a BVI company indirectly wholly-owned by Mr. Li Wa, the Controlling Shareholder, 70 Shares were allotted and issued to Autumn Riches Limited, a BVI company wholly owned by Mr. Li Yuan (李淵), and 131 Shares were allotted and issued to Ever Rainbow Holdings Limited, a BVI company wholly owned by Ms. Xiao Xingping (肖興萍), respectively. Each issued share is with a par value of HK\$0.01 each. Upon the completion of such allotment and issue, the Company became owned as to 79.9% by Mr. Li Wa, 7.0% by Mr. Li Yuan and 13.1% by Ms. Xiao Xingping respectively.

(ii) Capitalisation issue

On 28 September 2020, 899,999,000 shares were issued by way of capitalisation with a par value HK\$0.01 each, the corresponding share capital amount was HK\$8,999,990 (equivalent to approximately RMB7,729,000).

(iii) Issuance of ordinary shares upon IPO

On 19 October 2020, upon its listing on the Stock Exchange, the Company issued 300,000,000 new ordinary shares with a par value HK\$0.01 each at HK\$10.68 per share for a total cash consideration of HK\$3,204,000,000 (equivalent to approximately RMB2,751,595,000). The corresponding share capital amount was approximately RMB2,576,000 and share premium arising from the issuance was approximately RMB2,683,788,000, net of the share issuance costs. The share issuance costs paid and payable mainly include share underwriting commissions, lawyers' fees, reporting accountant's fee and other related costs, which are incremental costs directly attributable to the issuance of the new shares. These costs amounting to RMB65,231,000 were treated as a deduction against the share premium arising from the issuance.

(iv) Partial exercise of the over-allotment option

On 11 November 2020, the over-allotment option has been partially exercised by the investors and the Company allotted and issued 22,490,000 additional shares with a par value HK\$0.01 each at HK\$10.68 per share for a total cash consideration of HK\$240,193,200 (equivalent to approximately RMB203,732,000). The corresponding share capital amount was approximately RMB191,000 and share premium arising from the issuance was approximately RMB198,880,000, net of the share issuance costs. The share issuance costs paid and payable mainly include share underwriting commissions and other related costs, which are incremental costs directly attributable to the issuance of the new shares. These costs amounting to RMB4,661,000 were treated as a deduction against the share premium arising from the issuance.

(b) **Dividends**

Dividends payable to equity shareholders of the Company attributable to the year ended 31 December 2020:

	<b>2020</b> <b>RMB'000</b>
Final dividend proposed after the consolidated statement of financial position date of HK9.51 cents (2019: Nil) per ordinary share	<b>98,234</b>

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.

There was no dividend payable to equity shareholders of the Company attributable to the previous financial year approved and paid during the year.

In May 2020, Shenzhen Dongrunze declared dividend of RMB353,718,000 to Oriental Rich, the then equity shareholder of Shenzhen Dongrunze, an entity controlled by Mr. Li Wa. The above declared dividend was paid in May 2020.

In 2019, Shenzhen Yuanxi and Excellence Property Management, subsidiaries comprising the Group, declared dividends of RMB104,740,000 to Jiabin Industrial, a former non-controlling interest of the Group, which was owned by majority shareholders of the Company, Mr. Li Yuan and Ms. Xiao Xingping and the dividends were paid in May 2020.

## 11 DISPOSAL OF A SUBSIDIARY

On 21 April 2020, the Group entered into a share purchase agreement with a subsidiary of Excellence Real Estate Group Co., Ltd. (“卓越置業集團有限公司”) and its subsidiaries (together, the “**Excellence Group**”), a related party of the Group, to dispose of its entire 95% equity interests in Shenzhen Zhenglian Haodong Technology Development Co., Ltd. (“**Zhenglian Haodong**”) (深圳市正聯浩東科技發展有限公司) a non-wholly owned subsidiary of the Group, for a consideration of RMB9,500,000. Zhenglian Haodong was principally engaged in provision of software development and technical support.

The net loss of Zhenglian Haodong for the year ended 31 December 2019 was RMB8,188,000 and the net gain for the period in 2020 before disposal was RMB179,000, which were included in the financial position of the Group.

The net liabilities of the disposed subsidiary at the disposal date are set out as below:

	<i>RMB'000</i>
Cash and cash equivalents	5,167
Trade and other receivables	925
Property, plant and equipment	1,771
Deferred tax assets	338
Trade and other payables	<u>(31,378)</u>
Net liabilities	(23,177)
Non-controlling interests	<u>1,138</u>
Net liabilities attributable to the Group	<u><u>(22,039)</u></u>
Gain on disposal of a subsidiary	
Consideration received	9,500
Less: net liabilities attributable to the Group disposed of	<u>22,039</u>
Gain on disposal of a subsidiary	<u><u>31,539</u></u>
Net cash outflow from disposal:	
Consideration received, settled in cash ( <i>Note</i> )	–
Less: cash and cash equivalents disposed of	<u>(5,167)</u>
Net cash outflow	<u><u>(5,167)</u></u>

*Note:* The consideration was settled by off-setting an amount due to its respective related party.

## **CHAIRMAN’S STATEMENT**

### **To Shareholders:**

The year 2020 is an extremely important year in the development of the Group. With the listing of the Group on the Main Board of The Stock Exchange of Hong Kong Limited on 19 October 2020, the capital market will help us capture more market opportunities. We will continue to be deeply rooted in the Greater Bay Area and enhance business expansion in the Yangtze River Delta region. We will pursue development in other first-tier and new first-tier cities, to quickly achieve the geographical deployment and business expansion and consolidate our leading position in the commercial property service market in China. We will continue to innovate our service content and business model, realize the transformation to smart management and upgrade to more proactive community operation, and redefine the value standard of commercial property services.

### **Review for 2020**

Starting with “unusuality”, the year 2020 was full of challenges, pressure, hope and joy. It was a year of excellence! Our team had the bravery of marching against the odds, the tenacity of perseverance, the commitment of sharing the hardships, and experienced the sacrifice of heroes and the touching moments of helping each other. We have experienced the struggle against the COVID-19 since the beginning of the year, and won the recognition of our customers and the respect of the society with our actions. We had successfully listed on the Stock Exchange in just 10 months, witnessing the joy of the listing of “the first stock of commercial property in the Greater Bay Area”. In this year, thanks to the unremitting efforts of all employees, the Company’s business performance achieved high growth, with total revenue of RMB2.53 billion in 2020, representing an increase of approximately 38% as compared to the previous year; gross profit of RMB664 million, representing an increase of approximately 53% as compared to the previous year; and net profit attributable to equity shareholders of the Company of RMB325 million, representing an increase of approximately 82% as compared to the same period of last year.

In 2020, our third-party market expansion achieved impressive results. In addition to existing key customers, we have obtained a number of premium key customers such as DJI and Kuaishou as well as a number of corporate headquarters building projects. Moreover, we have also cooperated closely with a number of well-known enterprises, laying a solid foundation for the growth of performance in 2021.

In addition to the growth in operating performance, we also pay close attention to service quality and customer satisfaction. In 2020, the customer satisfaction score of office properties was 99 as measured by a third party, maintaining the national benchmark level.

## **Outlook for 2021**

We are always concerned about the basic needs and growing value experience of our clients. We have been thinking about what can we offer better customer experience to our customers in terms of their needs by fully utilizing our strengths. As the hub of information, talent and capital convergence, office complexes and corporate headquarters are likely to experience a rapid increase in value in the context of China's economic transformation. Property services and facility management, as an important part of the value chain, play a key role in supporting enterprises. We believe that commercial property management will be very promising and worthy of investors' attention. On the other hand, the rapid expansion of some enterprises in recent years, higher output value and tax revenue of a single business building, and the changing needs of customers have created a range of opportunities in the corporate service market. Our company that responds quickly to customer needs. The escalating demand for corporate services in commercial buildings will be a key driving force of our future growth. Although we have been at the forefront of the industry, we are pursuing more.

It has been 21 years since the Company was founded in 1999, 14 years since we took over the first business project developed by the Excellence Group and expanded the first third-party property, and 10 years since we took over the first headquarters building of a famous Chinese Internet company. Now we are managing many projects that are landmarks of cities and running a full range of businesses. Our work in the past brought us valuable experience such as streamlined workflow and enabled a team with high executive force.

In 2021, we will continue to strengthen our core technology capabilities and use digital power to drive our property management business to become intelligent. We will continue to consolidate our competitive advantages in the external market of third-party projects, expand our customer portfolio and provide better services to our customers. We will fully enrich our value-added services and enhance our life cycle and all-round service capabilities. We also will promote the underlying trend of the times and actively assume our social responsibility. In 2021, we will go all out to seize market opportunities by capitalizing on the strength of capital and technology and continue to deliver a better return to investors for their trust, striving for higher goals.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **I. Business Overview**

#### **Overview**

The Group is a leading commercial property management service provider in China, which offers full-lifecycle asset maintenance and full-chain service solutions. For 12 consecutive years from 2009 to 2020, the Group has been recognized as one of the Top 100 Property Management Companies in China by China Index Academy. In 2020, the Group ranked 14th among the Top 100 Property Management Companies, maintaining an upward momentum with a rise of 2 places from 2019.

With the vision of being “A leading commercial real estate service operator in China”, we focus on the “1+1+X” service for business enterprises. Currently, a comprehensive and full-lifecycle real estate service operation chain has formed. The Company provides comprehensive management services, such as consulting services, property services, integrated facility management and high-end business services, for real estate properties, including office buildings, business complexes, corporate headquarters, integrated offices, R&D data centers, industrial parks, logistics parks, government buildings, colleges and universities, hospitals and public facilities, and residential apartments.

## ***Business Model***

During the Reporting Period, our revenue was mainly derived from property management services and value-added services. A small portion of revenue was derived from financial services and apartment leasing services.

Property management services: We provide a variety of property management services to property developers, property owners, tenants, residents and property owners' associations, typically including, environmental services, security services, facility and equipment operation and maintenance services, comprehensive property services, concierge services and carpark management services. Our property portfolio consists of commercial properties, public and industrial properties and residential properties. Our commercial properties consist of office buildings and commercial complexes, corporate buildings and office and R&D parks.

Value-added services: We provide a comprehensive range of value-added services to property developers, property owners, tenants, residents and property owners' associations. These services include asset services, administrative and employee benefit support services, and specific value-added services.

### **Property Management Services**

#### ***Continued high-quality growth in 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. As of 31 December 2020, our contracted GFA was approximately 44.7 million sq.m., representing an increase of approximately 34.9% from 31 December 2019, with 459 contracted projects. As of 31 December 2020, the GFA under management amounted to approximately 32.0 million sq.m., with 406 projects under management, representing an increase of approximately 36.2% and 31.8%, respectively, as compared to those as of 31 December 2019.

The following table sets forth the changes in our GFA under management for the years ended 31 December 2020 and 2019, respectively.

	<b>2020</b>	2019
	<b><i>sq.m.'000</i></b>	<i>sq.m.'000</i>
At the beginning of the period	<b>23,529</b>	14,554
New engagements	<b>8,822</b>	5,970
New acquisitions	–	3,576
Terminations	<b>(333)</b>	(571)
	<hr/>	<hr/>
<b>At the end of the period</b>	<b><u>32,018</u></b>	<u>23,529</u>

## Geographical Distribution

Since the establishment of the Group, as of 31 December 2020, our business has expanded from Shenzhen to 42 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 2020 and 2019, respectively.

	As at 31 December or for the year ended 31 December							
	2020		2019		2020		2019	
	GFA under management (sq.m.'000)	Proportion of the GFA (%)	Revenue (RMB'000)	Proportion of the revenue (%)	GFA under management (sq.m.'000)	Proportion of the GFA (%)	Revenue (RMB'000)	Proportion of the revenue (%)
Greater Bay Area <sup>(1)</sup>	13,386	41.8	1,199,233	56.8	11,350	48.3	1,044,459	66.3
Yangtze River Delta Region <sup>(2)</sup>	8,144	25.4	442,051	20.9	4,903	20.8	218,300	13.8
Other regions <sup>(3)</sup>	10,488	32.8	469,704	22.3	7,276	30.9	313,508	19.9
<b>Total</b>	<b>32,018</b>	<b>100.0</b>	<b>2,110,988</b>	<b>100.0</b>	<b>23,529</b>	<b>100.0</b>	<b>1,576,267</b>	<b>100.0</b>

### Notes:

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



## ***Diversified Management Portfolios and Market Development Strategies***

Our management service involves a wide range of properties, including commercial properties, public and industrial properties and residential properties. We have extensive experience in managing commercial properties such as office buildings and business complexes, corporate buildings and office and R&D parks.

Commercial property management is our core business. In 2020, and we have seized market opportunities to solidify our leading position in the commercial property market and continue to expand our management scale in office buildings and business complexes, corporate buildings and office and R&D parks. In 2020, the GFA under management and revenue from commercial properties increased by 35.4% and 30.7% on a year-over-year basis, respectively, as compared to the same period in 2019.

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 2020, the GFA under management and revenue from commercial properties developed by Excellence Group increased by 3.9% and 20.2% on a year-over-year basis, respectively, as compared to the same period in 2019.

In 2020, the Group continued to consolidate our leading position in the third-party market expansion in terms of commercial property management. We observe the tremendous value of commercial buildings as centers for resource integration and information exchange with the advent of the digital era. Attentive property services are provided to our customers so that they can focus on their main businesses in a good office environment. 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. In 2020, the GFA under management and revenue from commercial property management developed from third-party markets increased by 44.5% and 37.9% on a year-over-year basis, respectively, as compared to the same period in 2019.

As a key part of our diversified businesses, public and industrial properties help increase our regional project density and ability to serve key customers in a full range of businesses. In 2020, the GFA under management and revenue from public and industrial properties increased by 52.3% and 60.9% on a year-over-year basis, respectively, as compared to the same period in 2019.

For the residential property business, we mainly provide services for the projects developed by Excellence Group, which is a stable source of our projects. In 2020, the GFA under management and revenue from residential properties increased by 28.8% and 25.0% on a year-over-year, respectively, as compared to the same period in 2019.

	As of/For the year ended 31 December 2020				As of/For the year ended 31 December 2019			
	GFA under management (sq.m.'000)	(%)	Revenue (RMB'000)	(%)	GFA under management (sq.m.'000)	(%)	Revenue (RMB'000)	(%)
Commercial properties	16,671	52.1	1,563,195	74.1	12,313	52.3	1,196,455	75.9
– Excellence Group	2,878	9.0	587,576	27.9	2,770	11.7	488,782	31.0
– Third-party property developers	13,793	43.1	975,619	46.2	9,543	40.6	707,673	44.9
Public and industrial properties	5,825	18.2	327,248	15.5	3,825	16.3	203,437	12.9
Residential properties	9,522	29.7	220,545	10.4	7,391	31.4	176,375	11.2
<b>Total</b>	<b>32,018</b>	<b>100.0</b>	<b>2,110,988</b>	<b>100.0</b>	<b>23,529</b>	<b>100.0</b>	<b>1,576,267</b>	<b>100.0</b>

### ***Continued Improvement in Profitability***

In 2020, the gross profit margin of the Group's property management services has improved compared to 2019. 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.

<b>Gross profit margin</b>	<b>2020</b>	<b>2019</b>
	<b>%</b>	<b>%</b>
Commercial properties	<b>27.9</b>	25.3
– Projects developed by Excellence Group	<b>47.3</b>	44.9
– Projects developed by third parties	<b>16.2</b>	11.8
Public and industrial properties	<b>14.8</b>	14.6
Residential properties	<b>11.2</b>	8.2
<b>Total</b>	<b>24.1</b>	<b>22.0</b>

## **Value-added Services**

We are committed to providing developers, property owners and property users with property management services to cover the full lifecycle of properties and comprehensive asset services along the industry chain. Our services reach out to the entire lifecycle of property buildings, including consulting services and acceptance inspection in the early stage, leasing and sales agency, cleaning and security, and customized corporate services during the operation period, as well as space operation services such as advertising space and vacant property care for urban renewal. To enhance comprehensive competitiveness and strengthen customer stickiness through comprehensive corporate services, we have further strengthened our investment in corporate services and established services in the sub-brand “Zhuopin” for enterprises of different scales and high net worth individuals within the enterprises. We will continue to innovate and improve our value-added service content and business model to promote the Company’s upgrade in business operations and redefine the value standards of commercial property services.

Our value-added services include asset services, corporate services and professional value-added services. During the Reporting Period, revenue from value-added services amounted to approximately RMB358.6 million, an increase of approximately 76.0% compared to the same period of last year, and accounting for approximately 14.2% of the Company’s overall revenue, representing an increase of approximately 3.1 percentage points compared to the same period of last year.

## **Outlook**

In 2020, a special year beginning with the COVID-19 outbreak, it took 10 months for us to complete the listing procedure. Shouldering its responsibilities, the Group actively participated in the anti-epidemic actions and cooperated with the government’s governance. For shopping malls, office buildings and other areas with high traffic, we quickly worked out epidemic prevention lines, laid out epidemic prevention posts, frequently conducted disinfection, and scientifically managed the fresh air system in buildings to ensure safety of and convenience for the staff in their office work and daily life. The year 2021 will see our great efforts in strategically overcoming difficulties, where the Company’s management will continue to focus on achieving our performance targets and building core competencies for the Group’s sustainable development, taking into account the external market and internal development conditions. With the goal of obtaining long-term and infinite growth, facing with increasingly fierce competition, we have the strength and ability to focus on essence of our services, create value for customers, and balance short-term gains and long-term sustainable development. Learning from past experience and looking forward to the future, we will move from the eye of the storm to the weather vane of the industry.

***Consolidating our market position in the commercial property sector, rapidly expanding market scale while boosting value-added services***

We plan to continue to leverage our strengths in the high-end commercial property service sector, build deep relationships with our customers through providing excellent services, and enhance the brand influence of and customer satisfaction to the Group. On the other hand, we will continue to strengthen the digital operation platform to improve our management efficiency and service level. In addition, we will continue to innovate our products and services to seek new opportunities and further establish a differentiated service system.

Adhering to the “1+1+X” regional layout, we will continue to expand the market scale and enrich the business portfolio based on the key customer strategy, market expansion and M&A synergies. The expansion of market scale and enrichment of business portfolio will enable an increase in market share and project density in target cities. At the same time, our ability to provide multi-business types, full-chain and all-round customer services to China’s leading new economy companies will be enhanced. We will continue to create value for shareholders based on forward-looking planning on customers, properties and regions.

Value-added services form a business chain with great potential for growth and an important differentiator to distinguish ourselves from competitors during business expansion. We will continue to improve our asset services and corporate services value chain based on customers’ needs, enhance the accessibility and growth of value-added services.

***Deepening focus on target cities, improving asset services and corporate service chains, and deploying new businesses***

Our core business strategy for 2021 can be categorised into three aspects: concentration, depth and breadth. In terms of concentration, we will promote concentration in target cities by enhancing target market analysis, increasing sales investment, deepening the deployment of the Yangtze River Delta region, promoting integrated development of M&A and investment, and deeply optimizing the key customer development mechanism. In terms of depth, we seek market opportunities to improve the business chain of asset services and corporate services. As for asset services, we will strengthen our cooperation with the Excellence Group in property preliminary consultancy services, quickly establish commercial property investment and leasing capabilities through in-depth cooperation and other means, and comprehensively deploy the second-hand property brokerage and parking space sales agency business. As for corporate services, we will continue to enhance the productization and operation capabilities of the “Zhuopin” customer platform, with the purpose to help enterprises improve administrative service efficiency, reduce administrative costs and improve employee satisfaction. We also place emphasis on the market opportunity and business value of group meals, as there exists clear synergies between the group meal business and commercial properties. The Company plans to further expand the group meal business for properties under management to further optimize the corporate service chain. In addition, the Company will seek investment and M&A opportunities in other vertical value-added services. In terms of breadth, we will seize opportunities in emerging property management markets such as urban services and medical properties, to further diversify service offerings and enhance the market competitiveness.

## ***Completely Improving operational capabilities and strengthening construction of the talent pipeline***

The rapid scale expansion has put forward new requirements for our operational support capabilities. We will continue to build an efficient operation platform empowered by technology to accelerate the application of platform data. Technological and smart operation will become one of the core competencies of the Group. More standardized process, continuous improvement of data quality and diversified functional modules will help us improve service quality, management efficiency and profitability. We also pay close attention to the construction of talent pipelines. We will develop our team by both internal talent nurturing and external recruitment, enhance the team's capabilities, select and develop a new group of leaders to cultivate more leaders who can independently lead a team.

## **II. FINANCIAL REVIEW**

### **Revenue**

For the year ended 31 December 2020, the revenue of the Group amounted to RMB2,525.1 million (2019: RMB1,836.0 million), representing an increase of 37.5% as compared with the same period of last year.

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

	<b>For the year ended 31 December</b>					
	<b>2020</b>		<b>2019</b>		<b>Change</b>	
	<b>Amount</b>		<b>Amount</b>		<b>Amount</b>	
	<b>(RMB'000)</b>	<b>(%)</b>	<b>(RMB'000)</b>	<b>(%)</b>	<b>(RMB'000)</b>	<b>(%)</b>
<b>Revenue</b>						
Property						
management services	<b>2,110,988</b>	<b>83.6</b>	1,576,267	85.9	534,721	33.9
Value-added services	<b>358,604</b>	<b>14.2</b>	203,756	11.1	154,848	76.0
Other businesses	<b>55,495</b>	<b>2.2</b>	55,996	3.0	-501	-0.9
<b>Total revenue</b>	<b><u>2,525,087</u></b>	<b><u>100.0</u></b>	<b><u>1,836,019</u></b>	<b><u>100.0</u></b>	<b><u>689,068</u></b>	<b><u>37.5</u></b>

## ***Property Management Services***

During the Reporting Period, the revenue from property management services was RMB2,111.0 million (2019: RMB1,576.3 million), representing an increase of 33.9% 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 2020/ As of 31 December 2020				For the year ended 31 December 2019/ As of 31 December 2019			
	GFA under management		Revenue		GFA under management		Revenue	
	(sq.m.'000)	(%)	(RMB'000)	(%)	(sq.m.'000)	(%)	(RMB'000)	(%)
Commercial properties	16,671	52.1	1,563,195	74.1	12,313	52.3	1,196,455	75.9
– Excellence Group	2,878	9.0	587,576	27.9	2,770	11.7	488,782	31.0
– Third-party property developers	13,793	43.1	975,619	46.2	9,543	40.6	707,673	44.9
Public and industrial properties	5,825	18.2	327,248	15.5	3,825	16.3	203,437	12.9
Residential properties	9,522	29.7	220,545	10.4	7,391	31.4	176,375	11.2
<b>Total</b>	<b>32,018</b>	<b>100.0</b>	<b>2,110,988</b>	<b>100.0</b>	<b>23,529</b>	<b>100.0</b>	<b>1,576,267</b>	<b>100.0</b>

As of 31 December 2020, the Group's GFA under management was 32.0 million sq.m., representing an increase of 36.2% from 23.5 million sq.m. as at the same period of 2019. Commercial properties accounted for 52.1% (or 16.7 million sq.m.), public and industrial properties accounted for 18.2% (or 5.8 million sq.m.), and residential properties accounted for 29.7% (or 9.5 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 2.2 million sq.m. during the Reporting Period; (ii) projects developed by third-party property developers and acquisitions in 2019, with an additional GFA under management of 6.3 million sq.m., including those acquired through the acquisitions of Zhejiang Gangwan, of approximately 0.8 million sq.m.

During the Reporting Period, the overall collection rate of the Group's property management fees that were due was 92.0% (2019: 90.1%).

### ***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 2020, the Group had 406 projects under management, covering 42 cities across China. By region, 41.8% of the GFA under management was located in the Guangdong-Hong Kong-Macao Greater Bay Area, 25.4% was located in the Yangtze River Delta urban agglomeration, and 32.8% was located in other regions.

### ***Value-added Services***

During the Reporting Period, the revenue from value-added services increased by 76.0% to RMB358.6 million from RMB203.8 million as of the same period of 2019, accounting for 14.2% (2019: 11.1% ) of the total revenue.

The increase of value-added services mainly arose from: (i) the increase of high-end business services and services on corporate administrative welfare platform; (ii) the increase of rental and sales agency services for second-hand properties; (iii) the significant increase of the revenue for the period as compared with the same period of last year, and such revenue was derived from the service fees paid by Excellence Group entrusting the Group to provide pre-referral and undertaking inspection services since 2020; and (iv) increase of the revenue from electrical and mechanical installation service.

### ***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 decreased slightly to RMB55.5 million from RMB56.0 million in 2019. This was primarily due to that the Group intends to sell Shenzhen Zhuotou Micro-Lending Co., Ltd. after 3 May 2021 (registration and establishment for three years later). There was no further expansion of its business operations during the year, and the financial service income declined compared with the same period of last year.

## 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 RMB1,861.3 million (2019: RMB1,402.6 million), representing an increase of 32.7% in 2019, 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				Changes in gross profit margin
	2020		2019		
	Gross profit (RMB'000)	Gross profit margin (%)	Gross profit (RMB'000)	Gross profit margin (%)	
Property management services	508,905	24.1	347,272	22.0	+2.1 percentage points
Value-added services	124,019	34.6	51,394	25.2	+9.4 percentage points
Other businesses	30,888	55.7	34,780	62.1	-6.4 percentage points
<b>Total</b>	<b>663,812</b>	<b>26.3</b>	<b>433,446</b>	<b>23.6</b>	<b>+2.7 percentage points</b>

During the Reporting Period, the Group's gross profit was RMB663.8 million, representing an increase of 53.2% from RMB433.4 million in 2019. The gross profit margin increased to 26.3% in 2020 from 23.6% in 2019.



The gross profit margin of property management services was 24.1% (2019: 22.0%), representing an increase of 2.1 percentage points from last year, mainly attributable to (i) the integration of service teams within the Group to reduce costs and improve efficiency; and (ii) the reduction or exemption of social insurance contributions under the regulatory support policy for the COVID-19 epidemic.

The gross profit margin of value-added services was 34.6% (2019: 25.2%), representing an increase of 9.4 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; (ii) strengthened cost control to achieve scale effect and improve gross profit effectively.

The gross profit margin of other services was 55.7% (2019: 62.1%), representing a decrease of 6.4 percentage points from last year. It was mainly because that the Group entered into an additional apartment leasing project in Shenzhen in April 2019, and rented it out since September 2019. Affected by the COVID-19 epidemic, the occupancy rate and rental income in the first half of 2020 was lower, and more costs were incurred in the initial stage of operation.

### **Other Revenue**

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

During the Reporting Period, other revenue was RMB23.0 million (2019: RMB17.5 million), representing an increase of 31.4% from last year, mainly attributable to the increase of government subsidies due to the outbreak of COVID-19 in 2020.

### **Other Net Income/(Loss)**

The Group's other net income/(loss) 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 income was RMB21.0 million (2019: other net loss of RMB15.8 million), which was mainly due to the gain of approximately RMB31.5 million from the disposal of a subsidiary during the Reporting Period.

### **Selling and Marketing Expenses**

During the Reporting Period, the selling and marketing expenses amounted to RMB15.4 million (2019: RMB7.0 million), representing an increase of 120.0% from last year. It was mainly due to the increase in development staff costs for searching better business targets and continuing to acquire and expand third-party businesses, and the increase in expenses caused by the newly acquired subsidiary in the second half of 2019.

## **Administrative Expenses**

During the Reporting Period, administrative expenses amounted to RMB194.7 million (2019: RMB96.8 million), representing an increase of 101.1% 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; (ii) the increase in administrative expenses caused by newly acquired subsidiaries in the second half of 2019; (iii) listing expenses of RMB26.6 million; and (iv) equity-settled share-based payment of RMB12.9 million.

## **Finance Costs**

During the Reporting Period, our finance costs amounted to RMB29.5 million (2019: RMB20.5 million), representing an increase of 43.9% from last year. The increase in finance costs was mainly due to the increase 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 RMB7.3 million (2019: RMB5.0 million), representing an increase of 46.0% from last year.

## **Share of Profits of Associates**

During the Reporting Period, the share of profits of associates amounted to RMB1.2 million (2019: RMB0.9 million), representing an increase of 33.3% from last year.

## **Income Tax**

During the Reporting Period, income tax was RMB120.8 million (2019: RMB83.2 million), representing an increase of 45.2% from last year. During the Reporting Period, the effective tax rate was 25.3% (2019: 26.3%), representing a decrease of 1.0 percentage point from last year. It was mainly due to the non-taxable income from the disposal of the subsidiary, Zhenglian Haodong.

## **Profit for the Year**

During the Reporting Period, the Group's net profit amounted to RMB355.9 million (2019: RMB233.6 million), representing an increase of 52.4% from last year. Excluding equity-settled share-based payment expense and income tax effects, adjusted profit for the Reporting Period was RMB368.8 million, representing an increase of 57.9% from last year.

During the Reporting Period, the profit attributable to shareholders of the Company was RMB325.0 million (2019: RMB178.5 million), representing an increase of 82.1% from last year. Excluding equity-settled share-based payment expense and income tax effects, adjusted profit attributable to shareholders of the Company for the Reporting Period was RMB337.8 million, representing an increase of 89.2% from last year.

During the Reporting Period, the net profit margin was 14.1% (2019: 12.7%), representing an increase of 1.4 percentage points from last year. Excluding equity-settled share-based payment expense and income tax effects, adjusted profit margin for the Reporting Period was 14.6%, representing an increase of 1.9 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 2020, the Group's investment properties amounted to RMB123.5 million, representing a decrease of RMB11.0 million from RMB134.5 million as of 31 December 2019, 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 2020, the Group's net book value of property, plant and equipment amounted to RMB64.3 million, representing an increase of RMB9.2 million from RMB55.1 million as of 31 December 2019, which was mainly due to the increase in the number of dormitories rented by employees.

### **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 RMB12.3 million from RMB66.5 million as of 31 December 2019 to RMB54.2 million as of 31 December 2020, which was primarily due to the amortization of property management contracts.

### **Goodwill**

As of 31 December 2020, the Group recorded goodwill of the amount of RMB271.7 million, which was the same as that as of 31 December 2019 (RMB271.7 million).

The Group's goodwill was mainly related to the acquisitions of Wuhan Yuyang, Zhejiang Gangwan and Wuhan Huanmao. As of 31 December 2020, 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 2020, the Group's net trade and other receivables amounted to RMB561.0 million, representing a decrease of RMB368.5 million from RMB929.5 million as of 31 December 2019, mainly due to (i) the significant increase in the total revenue of the Group, resulting in an increase in trade receivables; and (ii) the liquidation of non-trade payments with related parties before listing, resulting in a decrease in non-trade receivables due from related parties.

## **Trade and Other Payables**

As of 31 December 2020, the Group's trade and other payables (including current and non-current payables) amounted to RMB892.8 million, representing a decrease of RMB383.0 million from RMB1,275.8 million as of 31 December 2019. It was primarily due to (i) the liquidation of non-trade payments with related parties before listing, resulting in a decrease in non-trade payables due to related parties; and (ii) dividends payable to non-controlling interests at the end of 2019 was paid in 2020.

## **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 RMB17.5 million were recognised in current liabilities, and the lease liabilities payable over one year of RMB132.2 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 2020, the Group's contract liabilities amounted to RMB81.6 million, representing an increase of 28.7% from RMB63.4 million as of 31 December 2019, mainly due to the expansion of business scale.

## **Borrowings**

As of 31 December 2020, the Group's bank loans and other borrowings amounted to RMB373.9 million (31 December 2019: RMB465.0 million) all of which were unsecured and unguaranteed loans.

## **Asset-liability Ratio**

The asset-liability ratio was calculated as the total liabilities divided by total assets. As of 31 December 2020, the Group's asset-liability ratio was 34%, representing a significant decrease from 82% as of 31 December 2019, mainly due to the proceeds raised from IPO, repayment of bank borrowings and non-trade payables due to related parties.

## **Asset Pledge**

As of 31 December 2020, the Group did not pledge any assets (31 December 2019: Nil).

## **Contingent Liabilities**

As of 31 December 2020, the Group did not have any significant contingent liabilities or guarantees (31 December 2019: Nil).

## **Liquidity, Reserves and Capital Structures**

The Group maintained a good financial position during the Reporting Period. As of 31 December 2020, the Group's cash and equivalents amounted to RMB3,314.1 million, representing an increase of 641.2% from RMB447.1 million as of 31 December 2019, mainly due to the fund raised from the listing on the Main Board of the Stock Exchange, as well as the Group's increasing operating cash inflow.

As of 31 December 2020, the Group's total equity was RMB3,256.3 million, representing an increase of RMB2,800.4 million or 614.3% from RMB455.9 million as of 31 December 2019, primarily due to the fund raised from the listing and profit contribution realized during the year.

## **Cash Flow**

For the year ended 31 December 2020, the Group's net cash generated from operating activities was RMB434.0 million (RMB184.7 million in the same period of 2019), 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 2020, the Group's net cash generated from investment activities was RMB847.2 million, while the net cash generated in the same period of 2019 was RMB-764.6 million, primarily attributable to the repayment of borrowings by related parties and the transfer prepayments for disposal of the equity of subsidiaries.

For the year ended 31 December 2020, the Group's net cash generated from financing activities was RMB1,641.4 million, while the net cash inflow from the same period of 2019 was RMB541.6 million, primarily attributable to the net proceeds raised from IPO of the Company as well as the repayment of non-trade payables of related parties before listing.

## **Exchange Risks**

The Group mainly operates its business in China, and substantial all of its revenue and expenses are denominated in Renminbi, while the net proceeds from listing is payable in Hong Kong dollars. As at 31 December 2020, among the Group's cash at bank and on hand, HK\$3,366.3 million was denominated in Hong Kong dollars, such amount was subject to the exchange rate fluctuation. The Group does not have any policy to hedge against foreign exchange risk. However, the Group will closely monitor its foreign exchange exposure, and strive to maintain the value of the Group's cash.

## **Listing Expenses**

The Company was listed on the Stock Exchange on 19 October 2020 and the listing expenses totaled approximately RMB96.5 million, of which approximately RMB26.6 million was charged to the consolidated statement of comprehensive income for the year ended 31 December 2020 and approximately RMB69.9 million was recorded as a deduction from equity.

## **Employees and Remuneration Policy**

As at 31 December 2020, the Group had a total of 11,532 and 72 full-time employees (31 December 2019: 12,064 and 78) 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.

## **Pre-emptive rights**

There are no provisions for pre-emptive rights under the Memorandum and Articles of Association of the Company or the laws of the Cayman Islands which would oblige the Company to offer new Shares on a pro-rata basis to its existing shareholders.

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

During the Reporting Period, the Group had undergone acquisitions and disposals of subsidiaries for the purpose of the reorganisation in preparation for the Listing. Please refer to the Prospectus for further details.

Save as disclosed in the Prospectus, the Company has no other significant investments or significant acquisitions of subsidiaries, associates and joint ventures in 2020.

## **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 of 31 December 2020, the Company had not used any of the net proceeds of the Listing. The net proceeds are currently held in the form of bank deposits.

Save as disclosed in this announcement, the Group did not have any other immediate plans for material investments and capital assets as of 31 December 2020.

### III. OTHER INFORMATION

#### **Purchase, Redemption or Sale of Listed Securities of the Company**

Save for the Company's initial public offering as described in the Prospectus and the additional 22,490,000 Shares allotted and issued on 17 November 2020 as a result of the partial exercise of the Over-allotment Option on 11 November 2020, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period from the Listing Date up to 31 December 2020.

#### **Annual General Meeting**

The Company will convene and hold the annual general meeting for year 2020 at 10 a.m. on Wednesday, 16 June 2021 (the "AGM") and the notice of the AGM will be published and dispatched to the Shareholders in the manner prescribed by the Listing Rules in due course.

#### **Final Dividends**

The Board recommends the payment of a final dividend of HK9.51 cents per Share for the year ended 31 December 2020 (the "Final Dividend"). The Final Dividend is still subject to approval by the Shareholders at the forthcoming AGM to be convened and held on 16 June 2021, and is expected to be paid on or around 12 July 2021 to the Shareholders whose names appear on the register of members of the Company on 25 June 2021.

#### **Closure of Register of Members**

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 10 June 2021 to 16 June 2021 (both days inclusive). In order to be eligible for attending and voting 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, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 9 June 2021.

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 23 June 2021 to 25 June 2021 (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, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 22 June 2021.



## **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 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 “**Corporate Governance 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 Corporate Governance Code. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the Corporate Governance 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. After making 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 2020.

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 2020 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 after the Reporting Period**

No material events were undertaken by the Group subsequent to 31 December 2020 and up to the date of this announcement.

## **Publication of Annual Results and Dispatch of 2020 Annual Report**

This annual results announcement is published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([www.excepm.com](http://www.excepm.com)), and the Company's annual report for 2020 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.

## **Change of Building Name of Principal Place of Business in Hong Kong**

The Board announces that the building name of the Company's principal place of business in Hong Kong has been changed from "Sunlight Tower" to "Dah Sing Financial Centre", therefore the principal place of business of the Company in Hong Kong would be updated as 40th floor, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong with effect from 25 March 2021.

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

Hong Kong, 25 March 2021

*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.*