



# 星盛商業管理股份有限公司 E-STAR COMMERCIAL MANAGEMENT COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)  
Stock Code: 6668

## INTERIM REPORT 2024





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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors

Mr. Huang De-Lin Benny (*Chairman*)  
Mr. Chen Qunsheng (*Chief Executive Officer*)  
Ms. Li Li (*resigned on 29 February 2024*)  
Mr. Ma Chaoqun

#### Non-executive Directors

Mr. Liu Jun  
Mr. Huang De'An Tony

#### Independent non-executive Directors

Dr. Zhang Jinghua (*appointed on 8 May 2024*)  
Mr. Zhang Liqing  
Mr. Guo Zengli  
Mr. Tse Yat Hong (*resigned on 8 May 2024*)

### COMMITTEES

#### Audit Committee

Dr. Zhang Jinghua (*Chairman*) (*appointed on 8 May 2024*)  
Mr. Tse Yat Hong (*Chairman*) (*resigned on 8 May 2024*)  
Mr. Liu Jun  
Mr. Guo Zengli

#### Remuneration Committee

Mr. Guo Zengli (*Chairman*)  
Dr. Zhang Jinghua (*appointed on 8 May 2024*)  
Mr. Liu Jun  
Mr. Tse Yat Hong (*resigned on 8 May 2024*)

#### Nomination Committee

Mr. Huang De-Lin Benny (*Chairman*)  
Mr. Guo Zengli  
Mr. Zhang Liqing

### AUTHORISED REPRESENTATIVES

Mr. Huang De-Lin Benny  
Ms. Xu Jing

### COMPANY SECRETARY

Ms. Xu Jing

### INDEPENDENT AUDITOR

Deloitte Touche Tohmatsu  
*Registered Public Interest Entity Auditors*  
35th Floor, One Pacific Place  
88 Queensway  
Hong Kong

### REGISTERED OFFICE

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PO Box 500  
George Town  
Grand Cayman  
KY1-1106  
Cayman Islands

### PLACE OF BUSINESS IN HONG KONG

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111 Connaught Road Central  
Sheung Wan  
Hong Kong

### PRINCIPAL PLACE OF BUSINESS IN THE PRC

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1 Yabao Road  
Longgang District, Shenzhen  
Guangdong Province  
PRC

### PRINCIPAL SHARE REGISTRAR

Appleby Global Services (Cayman) Limited  
71 Fort Street  
PO Box 500  
George Town  
Grand Cayman  
KY1-1106  
Cayman Islands

### HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited  
17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong

### PRINCIPAL BANKS

Bank of China Limited  
China CITIC Bank Corporation Limited  
Industrial and Commercial Bank of China Limited

### COMPANY'S HONG KONG LEGAL ADVISOR

Hogan Lovells

### COMPANY'S WEBSITE

[www.g-cre.com](http://www.g-cre.com)

# MANAGEMENT DISCUSSION & ANALYSIS

## OVERVIEW

The Group is a leading commercial property operational service provider in the Greater Bay Area with a national presence. As of 30 June 2024, the Group provided services for 54 commercial property projects located in 21 cities in China, with an aggregate contracted gross floor area (“GFA”) of approximately 2.77 million square meters (“sq.m.”) (excluding the GFA under 8 consultancy services projects), approximately 47.8% of which was developed or owned by independent third parties. Among them, 29 retail commercial properties have been opened with an aggregate opened GFA of approximately 1.77 million sq.m..

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

The Group has been widely recognised in the market for its brand system and operating strength with various honours received. In the first half of 2024, the Group attained awards including “China’s Top 100 Commercial Property Enterprises 2024” (2024年中國商業地產百強企業) and “China’s Top Ten Commercial Property Developers 2024” (2024年中國商業地產運營十強企業) by China Index Academy (中指院), “Outstanding Shopping Center Operation and Management Enterprise of the Year 2023” (2023年度購物中心優秀運營管理企業) by All-China Real Estate Federation (全房聯), “Digital Intelligence Operational Impact Enterprises” (數智化運營影響力企業) by Winshang.com (贏商網), as well as “2023 Most Influential Commercial Real Estate Enterprise TOP 30” (2023年度最具影響力商業不動產企業TOP 30) by the Wanshang Club (萬商俱樂部). Meanwhile, Guangzhou Nansha Galaxy COCO Park (廣州南沙星河COCO Park) was listed on the “Mall China Golden Mall List of Shopping Centers 2023” (中購聯購物中心行業2023年度星秀榜單), Shenzhen Futian Galaxy COCO Park (深圳福田星河COCO Park) was awarded the “Most Influential Commercial Project in Operation” (最具影響力在營商業項目) by the Wanshang Club. Guangzhou Nansha Galaxy COCO Park (廣州南沙星河COCO Park) and Xiamen Galaxy COCO Park (廈門星河COCO Park) were awarded the “Most Influential Newly-Opened Commercial Project” (最具影響力新開商業項目) in the annual ranking of the Wanshang Club.

## 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:

- market positioning, design and 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.

# MANAGEMENT DISCUSSION & ANALYSIS

## BUSINESS REVIEW *(Continued)*

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

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

### Brand and management output service model

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

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

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



# MANAGEMENT DISCUSSION & ANALYSIS

## BUSINESS REVIEW *(Continued)*

### Sublease service model

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

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

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

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

	As of 30 June 2024		As of 31 December 2023	
	Number of properties	Contracted GFA ('000 sq.m.)	Number of properties	Contracted GFA ('000 sq.m.)
Entrusted management services	13	998	13	998
Brand and management output services <sup>(1)(2)</sup>	34	1,356	35	1,432
Sublease services <sup>(3)</sup>	7	416	7	412
<b>Total</b>	<b>54</b>	<b>2,770</b>	<b>55</b>	<b>2,842</b>

Notes:

- (1) In the first half of 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 completed the rescission of the contract.
- (2) Contracted GFA as of 30 June 2024 and 31 December 2023 both excluded the GFA of 8 consultancy service projects.
- (3) In the first half of 2024, the newly increased contracted GFA for Nanjing Galaxy COCO City (南京星河COCO City) was 3,780 sq.m..

# MANAGEMENT DISCUSSION & ANALYSIS

## BUSINESS REVIEW (Continued)

### Projects in Operation

The table below sets forth the opened retail commercial property projects of the Group as at 30 June 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 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
4. 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
5. 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
6. 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
7. 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
8. 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
9. Guangzhou Nansha Jinzhou Galaxy COCO Garden (廣州南沙金洲星河COCO Garden)	Guangzhou	October 2016	10,812	-	10,812	Brand and management output service	Galaxy Holding and its associates
10. 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
11. 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
12. 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
13. 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
14. 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
15. 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
16. 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
17. 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
18. Jiaxing Galaxy COCO City (嘉興星河COCO City)	Jiaxing	July 2022	81,504	-	81,504	Sublease service	Independent Third Party property developers
19. 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
20. 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

# MANAGEMENT DISCUSSION & ANALYSIS

## BUSINESS REVIEW (Continued)

### Projects in Operation (Continued)

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
21. 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
22. 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
23. Rizhao Galaxy iCO (日照星河iCO)	Rizhao	September 2023	56,611	-	56,611	Entrusted management service	Independent Third Party property developers
24. 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
25. 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
26. Jiangyin Galaxy COCO City (江陰星河COCO City)	Wuxi	December 2023	51,226	-	51,226	Sublease service	Galaxy Holding and its associates
27. Jining Galaxy iCO (濟寧星河iCO)	Jining	December 2023	66,700	44,919	111,619	Entrusted management service	Independent Third Party property developers
28. 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
29. 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			1,382,539	388,367	1,770,906		

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

Region	As at/for the six months ended 30 June 2024				As at/for the six months ended 30 June 2023			
	No. of properties	Contracted GFA		Revenue	No. of properties	Contracted GFA		Revenue
		sq.m.	RMB			%	sq.m.	
Greater Bay Area <sup>(1)</sup>	33	1,511	226,573	72.2	36	1,594	231,835	80.4
– Shenzhen	19	777	195,938	62.4	19	783	211,360	73.3
Yangtze River Delta <sup>(2)</sup>	9	422	45,078	14.4	9	418	34,671	12.0
Central China region <sup>(3)</sup>	1	-	-	-	2	142	4,497	1.6
Other regions <sup>(4)</sup>	11	837	42,129	13.4	11	792	17,484	6.0
Total <sup>(5)</sup>	54	2,770	313,780	100.0	58	2,946	288,487	100.0

*(in thousands, except for numbers of properties and percentages)*

Notes:

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

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

<sup>(3)</sup> Include Enshi and Wuhan.

<sup>(4)</sup> Include Tianjin, Ordos, Chengdu, Rizhao, Xiamen, Jining and Xi'an.

<sup>(5)</sup> Contracted GFA as of 30 June 2024 and 30 June 2023 excluded the GFA of 8 and 10 consultancy service projects, respectively.



# MANAGEMENT DISCUSSION & ANALYSIS

## BUSINESS REVIEW *(Continued)*

### Projects in Operation *(Continued)*

The table below sets forth average occupancy rate and GFA in operation of retail commercial properties that have commenced operation as at 30 June 2024:

Product category	Average occupancy rate <sup>(1)</sup>		Area of shopping centers in operation as at 30 June 2024 <sup>(2)</sup> (‘000 sq.m.)
	30 June 2024	31 December 2023	
	%	%	
COCO Park	93.0	94.2	494
COCO City and iCO	91.3	91.0	643
Others	94.7	94.5	246
Total	92.5	92.8	1,383

Notes:

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

<sup>(2)</sup> The area excludes car parking area.

## WORK PLAN FOR THE SECOND HALF OF 2024

In 2024, the Group will continue to centre on the “Year of Quality” by adhering to the “focused strategies” and “1234 strategies”, namely “one major event – stabilising the opening; two focuses – strategic focus and regional focus; three optimisations – optimising the core assets, optimising the mode of expansion, and optimising the organisational capability; four capabilities – enhancing product capability, enhancing resource capability, enhancing digitalisation capability, enhancing innovation capability”. The Group firmly adheres to the principles of “project-oriented, profit-oriented, customer-oriented, employee-oriented”, emphasises on the dual improvement of quality and management, in order to achieve the sustainable and healthy development of the Group. In respect of the above, the Group mainly worked in the following aspects:

### I. Continuing to optimise organisational capabilities

The Group has always adhered to the principle of “Focus and Optimisation” and adapted to the changing environment. Under the current market situation, the overall business environment is undergoing profound changes due to the lack of consumer confidence, intensified commercial competition, cautious opening of stores by brands, and the rising popularity of online shopping. E-Star Commercial insists on refining its headquarters, strengthening its projects, optimising its management processes and efficiency, and building a streamlined and agile organisation to enhance its decision-making and execution power.

### II. Enhancing the quality of product portfolio

In 2024, the Group will continue to strengthen the brand power of its flagship product line, COCO Park, to further reinforce COCO Park’s brand characteristic of being “young and trendy” so as to draw the attention of the young consumer group.

Apart from that, the Group will comprehensively build up its product characteristics, continue to strengthen its product capability, innovation capability and digitalisation capability, and adopt “city-specific strategies” to help precisely position its products and attempt breakthroughs in product innovations. We will strike a good balance between product innovation and cost control, and ensure the construction of high-quality projects, while improving customer experience and enhancing consumer loyalty. On the basis of accurate positioning of projects, we will optimise the tenant mix, upgrade brands class, and steadily push forward the introduction of innovative business models and new brands.

# MANAGEMENT DISCUSSION & ANALYSIS

## WORK PLAN FOR THE SECOND HALF OF 2024 *(Continued)*

### III. Enhancing the quality of operational services

Relying on the “Member Reinvention Programme” launched last year, the Group will continue to upgrade our member system and member intelligence system to enhance the standard of member services. We are committed to providing heartwarming services to our customers, combining the innovative thinking of the “Big Service System” to enhance the customers and service standards from the perspective of customer experience. At the same time, in response to the trend of Hong Kong people going north for consumption, we are striving to build a number of projects to become “consumption destinations for Hong Kong tourists”.

We have implemented the operation strategy of “one store, one policy”, carried out innovative planning, precise marketing, and group-level activities such as the “Grand Festival (大搶節)”, “Anniversary Celebration (週年慶)” and “Carnival (嘉年華)”, introduced celebrities, cultural and creative cross-sectoral resources, continuously improved customer retaining capacity, and assisted in the operation of merchants to create benchmark merchants of “million-dollar stores”, “ten million-dollar stores” and “billion-dollar stores”. The Group returns to the nature of operation, stabilises the fundamentals of project, creates the characteristics of project operation, and improves operating results. The Group will continue to observe the safety red line in operation, conform to the high EHS standards and its strict requirements, eliminate potential safety hazards, and operate in compliance with laws and regulations.

### IV. Enhancing the quality of business expansion

The Group insists on the focused strategies, emphasises on the quality but not on quantity, adheres to its circle of competence, while staying on the path of business expansion that accommodates the Company and creating a model that contain its unique features.

The Group conforms to the bottom line of corporate safety, follows the principle of “five-nos”, that is never undertake projects which are beyond our control, out of our payment capacity, out of our implementation capacity, without commercial value, and out of the destination area. The Group will optimise the expansion model, focus on the target market, cultivate the advantageous areas, and further expand in the Greater Bay Area, as well as the key cities and region in the Yangtze River Delta.

All in all, in the second half of 2024, the Group will base on the operational capability of its assets, strengthen the enterprise’s risk-resistant capability, cultivate a professional operation team to cope with all changes, multi-directionally enhance the Group’s product capability, innovation capability and digitalisation capability, and adopt “city-specific strategies” so as to build up a positive development mode of “achieving success in every project, and one project is even better than the other”. At the same time, the Group will continue to explore and innovate, and keep the sensitivity to new consumption, new trends and new circumstances, so as to inject more vitality into the long-term development of the Group.

## EVENTS AFTER REPORTING PERIOD

There are no significant events subsequent to 30 June 2024 that have material impact on the Group’s operating and financial performance as at the date of this report.

# MANAGEMENT DISCUSSION & ANALYSIS

## FINANCIAL REVIEW

### Revenue

For the six months ended 30 June 2024, the Group's revenue amounted to approximately RMB313.8 million, representing a period-on-period increase of approximately 8.8%.

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

	For the six months ended 30 June			
	2024		2023	
	(Unaudited)		(Unaudited)	
	RMB'000	%	RMB'000	%
Entrusted management services	209,691	66.8	189,983	65.9
Brand and management output services	43,458	13.8	63,319	21.9
Sublease services	60,631	19.4	35,185	12.2
<b>Total</b>	<b>313,780</b>	<b>100.0</b>	<b>288,487</b>	<b>100.0</b>

- Entrusted management services: For the six months ended 30 June 2024, revenue from entrusted management services amounted to approximately RMB209.7 million, representing a period-on-period increase of approximately 10.4% and accounting for approximately 66.8% of the total revenue of the Group. The revenue from entrusted management service increased primarily due to the increase in operating income as a result of the increase in the number of newly opened entrusted management projects since September 2023 (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 six months ended 30 June 2024, revenue from brand and management output services amounted to approximately RMB43.5 million, representing a period-on-period decrease of approximately 31.4% and accounting for approximately 13.8% of the total revenue of the Group. The decrease in the revenue from brand and management output services was primarily attributable to the decrease in operating income due to the decrease in the number of projects as a result of contract termination in recent years, as well as the decrease in the service income from pre-positioning of consultation projects, construction consultation and tenant sourcing services.
- Sublease services: For the six months ended 30 June 2024, revenue from sublease services amounted to approximately RMB60.6 million, representing a period-on-period increase of approximately 72.3% and accounting for approximately 19.4% of the total revenue of the Group. The increase in revenue from sublease services was mainly due to the increase in operating income as a result of the increase in the number of newly-opened sublease projects since May 2023 (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).



# MANAGEMENT DISCUSSION & ANALYSIS

## FINANCIAL REVIEW (Continued)

### Cost of Services

For the six months ended 30 June 2024, the Group's cost of services amounted to approximately RMB151.9 million, representing a period-on-period increase of approximately 22.6%, which was mainly due to the increase in the cost of services as a result of the increase in operating costs of the corresponding projects (such as staff costs, environmental costs, energy costs and depreciation of investment properties) due to the increase in the number of newly-opened entrusted management projects and sublease projects since May 2023 (Xiamen Galaxy COCO Park (廈門星河COCO Park) opened in May 2023, 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, Jining Galaxy iCO (濟寧星河iCO) opened in December 2023 and Jiangyin Galaxy COCO City (江陰星河COCO City) opened in December 2023).

### Gross Profit and Gross Profit Margin

For the six months ended 30 June 2024, the Group's gross profit amounted to approximately RMB161.9 million, representing a period-on-period decrease of approximately 1.7%.

The table below sets forth the gross profit and the respective gross profit margins by operational model for the periods indicated:

	For the six months ended 30 June			
	2024		2023	
	(Unaudited)		(Unaudited)	
	RMB'000	%	RMB'000	%
Entrusted management services	121,503	57.9	110,670	58.3
Brand and management output services	32,675	75.2	47,106	74.4
Sublease services	7,702	12.7	6,832	19.4
<b>Total</b>	<b>161,880</b>	<b>51.6</b>	<b>164,608</b>	<b>57.1</b>

For the six months ended 30 June 2024, the overall gross profit margin amounted to approximately 51.6%, representing a decrease of approximately 5.5 percentage points as compared with approximately 57.1% for the corresponding period of 2023. The decrease was mainly attributed to the increase in revenue contribution from sublease services with relatively lower gross profit margin for the six months ended 30 June 2024.

- Entrusted management services: For the six months ended 30 June 2024, the gross profit margin remained relatively stable as compared with the corresponding period of 2023.
- Brand and management output services: For the six months ended 30 June 2024, the gross profit margin remained relatively stable as compared with the corresponding period of 2023.
- Sublease services: For the six months ended 30 June 2024, the gross profit margin amounted to approximately 12.7%, representing a decrease of approximately 6.7 percentage points as compared with approximately 19.4% for the corresponding period of 2023. The decrease in the gross profit margin was primarily due to the fact that the number of newly-opened sublease project increased since May 2023, newly-opened projects were in incubation period. The Company has formulated a business strategy of helping stabilise business for newly-operated projects in order to strive for sustainable growth for future long-term revenue, which has resulted in limited revenue contribution during the present stage and a decline in gross profit margin due to the relatively fixed costs.

# MANAGEMENT DISCUSSION & ANALYSIS

## FINANCIAL REVIEW *(Continued)*

### Other Income

For the six months ended 30 June 2024, other income amounted to approximately RMB18.7 million, primarily representing bank interest income.

### Other Gains and Losses

For the six months ended 30 June 2024, net other losses amounted to approximately RMB0.8 million, representing a decrease of approximately 128.0% as compared with the corresponding period of 2023, mainly due to a decrease in foreign exchange gains for the first half of 2024.

### (Impairment Losses) Reversal of Impairment Losses Recognised under Expected Credit Loss Model, Net

For the six months ended 30 June 2024, the Group's impairment losses recognised under expected credit loss model amounted to approximately RMB1.3 million (six months ended 30 June 2023: reversal of impairment losses recognised under expected credit loss model amounted to approximately RMB 2.4 million), mainly due to the change of estimation on future collection of trade receivables according to the facts and circumstances in respect of the projects during the reporting period.

### Selling Expenses

For the six months ended 30 June 2024, the Group's selling expenses amounted to approximately RMB14.7 million, representing a period-on-period increase of approximately 198.5%, primarily due to the increase in selling expenses as a result of the increase in marketing and promotion activities because of the increase in the number of newly-opened entrusted management projects and sublease projects since May 2023 (Xiamen Galaxy COCO Park (廈門星河COCO Park) opened in May 2023, 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, Jining Galaxy iCO (濟寧星河iCO) opened in December 2023 and Jiangyin Galaxy COCO City (江陰星河COCO City) opened in December 2023).

### Administrative Expenses

For the six months ended 30 June 2024, the Group's administrative expenses amounted to approximately RMB31.8 million, representing a period-on-period decrease of approximately 11.4%, primarily due to the decrease in the expenses incurred during the preparation stage of the sublease projects, with management fees remaining relatively stable.

### Finance Costs

The Group's finance costs mainly refer to interest expense on lease liabilities recognised in accordance with HKFRS 16 in respect of subleased projects. For the six months ended 30 June 2024, the Group's finance costs amounted to approximately RMB18.1 million, representing a period-on-period decrease of approximately 5.0%, primarily due to the rental concession granted by the property owner of Jiaying Galaxy COCO City (嘉興星河COCO City), resulting in a decrease in lease liabilities and a decrease in the interest expense on financial liabilities accordingly.

# MANAGEMENT DISCUSSION & ANALYSIS

## FINANCIAL REVIEW *(Continued)*

### Share of Result of a Joint Venture

For the six months ended 30 June 2024, the Group's share of result of a joint venture recorded a loss of approximately RMB0.1 million, which arose from the Group's investment on Guangzhou Kaixing Business Management Co., Ltd. (廣州凱星商業管理有限公司).

### Income Tax Expense

For the six months ended 30 June 2024, the Group's income tax expense amounted to approximately RMB27.4 million, representing a period-on-period decrease of approximately 8.2%, primarily attributable to the decrease in profit before tax.

### Profit for the period

The Group's profit for the six months ended 30 June 2024 amounted to approximately RMB86.5 million, representing a period-on-period decrease of approximately 6.0%. The profit attributable to the owners of the Company amounted to approximately RMB89.1 million, representing a period-on-period decrease of approximately 8.1%.

### Trade and other receivables

The Group's trade and other receivables primarily arose from commercial property operational services within the shopping centers, shopping streets and commercial complexes. As at 30 June 2024, the Group's trade and other receivables were approximately RMB33.3 million, representing an increase of approximately 18.0% as compared with that as at 31 December 2023, primarily due to the increase in trade receivables and receivables from third-party payment platforms as a result of the growth in scale of the Group's business.

### 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, salary payables, payables for leasehold improvements and others. As at 30 June 2024, the Group's trade and other payables amounted to approximately RMB239.6 million, representing a decrease of approximately 16.5% as compared with that as at 31 December 2023, primarily due to the decrease in salary payables to employees and accruals as a result of the payment of the year-end bonus provided in the previous year and the payment of various accruals.

### Contingent liabilities

As at 30 June 2024, the Group did not have any significant contingent liabilities.

### Liquidity and capital resources

The treasury and funding policies of the Group primarily focus on liquidity management and maintaining an optimum level of liquidity and risk balance. The Group has maintained stable financial position and sufficient liquidity and bank balances. As at 30 June 2024, the Group's cash and cash equivalents amounted to approximately RMB332.8 million, representing a decrease of approximately 39.1% as compared with that as at 31 December 2023, primarily due to the fact that the Group utilised more idle funds to purchase large-value certificates of deposit from bank based on fund efficiency management. The management believes that the Group's financial resources and future revenue will be sufficient to support the current working capital requirements and future expansion of the Group.



# MANAGEMENT DISCUSSION & ANALYSIS

## FINANCIAL REVIEW *(Continued)*

### Bank loans and other borrowings

As at 30 June 2024, the Group had no bank loans and other borrowings (31 December 2023: nil).

### Gearing ratio

Gearing ratio is calculated based on total liabilities divided by total assets. As at 30 June 2024, gearing ratio was approximately 47.4%, representing an increase of 2.1 percentage points as compared with approximately 45.3% as at 31 December 2023. The increase was mainly due to the increase in dividend payable due to the declaration of a final dividend for the year ended 31 December 2023 during the period, which resulted in an increase in the gearing ratio.

### Foreign exchange risk

The Group primarily operates in Mainland China and its businesses are principally conducted in Renminbi. As at 30 June 2024, the Group's financial assets and liabilities are mainly denominated in Renminbi while the financial assets and liabilities denominated in currencies other than Renminbi, such as Hong Kong dollars or United States dollars, are mainly cash and cash equivalents. 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 Global Offering and Over-allotment Option

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 of the Shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 26 January 2021, including the Over-allotment Option (as defined in the prospectus of the Company dated 14 January 2021 (the "**Prospectus**")).

The net proceeds from the Global Offering (as defined in the Prospectus) amounted to approximately RMB777.0 million and the additional net proceeds received by the Company from the partial exercise of the Over-allotment Option (as defined in the Prospectus) on 18 February 2021 was approximately RMB64.8 million (collectively, the "**Net Proceeds**").

Since the listing of the Shares on the Stock Exchange on 26 January 2021, the Group has always been proactively seeking for appropriate target(s) for acquisition. However, in light of resurgence of the pandemic, the Group considers it will be exposed to increased risk when pursuing such acquisition opportunities. Meanwhile, the real estate industry in the PRC is currently experiencing dynamic changes. Certain commercial property developers are generally less willing to invest in renovation of self-operated commercial property. As a result, various opportunities of long-term lease assets with high quality and low price emerge in the market. In order to improve the Group's funds utilization and to generate greater return to the Group and its Shareholders, on 25 August 2022, the Board resolved to change the proposed use of the Net Proceeds to capture the opportunities in the sublease service market and enable the Group to enjoy long-term sustainable revenue from sublease projects. For details, please refer to the interim results announcement of the Company dated 25 August 2022 and the 2022 interim report of the Company.

## MANAGEMENT DISCUSSION & ANALYSIS

### FINANCIAL REVIEW (Continued)

#### Net Proceeds from the Global Offering and Over-allotment Option (Continued)

As of 30 June 2024, an analysis of the utilisation of Net Proceeds is as follows:

Revised use of Net Proceeds as set out in the announcement of the Company dated 25 August 2022	Approximate % of Net Proceeds	Net Proceeds (RMB million)	Net Proceeds as at 1 January 2024 (RMB million)	Utilised	Utilised	Unused	Expected time of full utilisation
				Net Proceeds for the six months ended 30 June 2024 (RMB million)	Net Proceeds as of 30 June 2024 (RMB million)	Net Proceeds as of 30 June 2024 (RMB million)	
For lease expenses and renovation of retail commercial properties under the sublease service model	75%	631.4	460.4	57.5	228.5	402.9	by end of 31 December 2025
To make minority equity investment in the project companies which own quality commercial properties	10%	84.2	45.2	–	39.0	45.2	by end of 31 December 2025
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	2.5%	21.0	19.3	0.5	2.2	18.8	by end of 31 December 2025
– to improve customers services	2.5%	21.0	16.5	1.3	5.8	15.2	by end of 31 December 2025
For general business purpose and working capital	10%	84.2	–	–	84.2	–	–
<b>Total</b>	<b>100%</b>	<b>841.8</b>	<b>541.4</b>	<b>59.3</b>	<b>359.7</b>	<b>482.1</b>	

The unutilised Net Proceeds have been placed with licensed banks as at the date of this report.

For the unutilised net proceeds of approximately RMB482.1 million as at the end of the reporting period, the Company intends to use them in the same manner and proportions as described in the announcement of the Company dated 25 August 2022 and proposes to use the unutilised Net Proceeds in accordance with the expected timetable disclosed in the table above.

## MANAGEMENT DISCUSSION & ANALYSIS

### NUMBER OF EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2024, the total number of employees of the Group was 974 (31 December 2023: 891). For the six months ended 30 June 2024, the Group's staff costs amounted to approximately RMB99.0 million (six months ended 30 June 2023: RMB88.2 million). Employees are remunerated according to their qualifications and experience, job nature and performance, and under the pay scales aligned with market conditions. As part of the Group's retention strategy, it offers employees performance-based cash bonuses and other incentives in addition to basic salaries including 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 or directors of the Group or other persons who make significant contribution to the Group were granted on 17 April 2023 resulting in the share-based payment expenses of approximately RMB402,000 included in the above staff costs for the first half of 2024 (six months ended 30 June 2023: RMB606,000).

### FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

During the six months ended 30 June 2024, save for the expansion plans as set out in the section headed "Future Plans and Use of Proceeds – Use of Proceeds" in the Prospectus, the Group had no specific plan for material investment or acquisition of major capital assets or other businesses.

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

The Group did not have any significant investments, material acquisitions or disposals of subsidiaries, associates and joint ventures during the six months ended 30 June 2024.

### PLEDGE OF ASSETS

As of 30 June 2024, none of the assets of the Group were pledged or charged (31 December 2023: nil).



## CORPORATE GOVERNANCE AND OTHER INFORMATION

### COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE AND LISTING RULES

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 (the “**Shareholder(s)**”) as well as enhancing the transparency and accountability to the stakeholders.

The Company has complied with all applicable code provisions as set out in the Corporate Governance Code (the “**CG Code**”) contained in Part 2 of Appendix C1 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Stock Exchange for the six months ended 30 June 2024 except for the followings:

Pursuant to B(f) of Part 1 of Appendix C1 to the Listing Rules and according to (i) Listing Rule 3.10(2), at least one of the independent non-executive directors of a listed issuer must have appropriate professional qualifications or accounting or related financial management expertise; and (ii) Listing Rule 3.21, the audit committee must comprise a minimum of 3 members, at least one of whom is an independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise as required under Listing Rule 3.10(2).

Mr. Tse Yat Hong, previously an independent non-executive Director with appropriate professional qualifications or accounting or related financial management expertise and chairman of the audit committee of the Company resigned with effect from 8 May 2024. On the same day, Dr. Zhang Jinghua was appointed to fill the vacancy of Mr. Tse Yat Hong, as independent non-executive Director and chairman of the audit committee of the Company. Since the Company was not able to demonstrate to the Stock Exchange that Dr. Zhang Jinghua had the appropriate professional qualifications or accounting or related financial management expertise as required under the Listing Rules, the Company is not in compliance with Listing Rules 3.10(2) and 3.21.

The Company has been making its best endeavours to identify suitable candidates to fill the vacancies of the independent non-executive Director with appropriate professional qualification or accounting or related financial management expertise as soon as possible. The Company will make further announcement(s) in this regard as and when appropriate.

### 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 to the Listing Rules on the Stock Exchange as its own code of conduct for Directors in their dealings in the securities of the Company. Having made specific inquiries with all the Directors, each of the Directors has confirmed that he/she has complied with the required standards as set out in the Model Code for the six months ended 30 June 2024.

### CHANGES IN DIRECTORS’ INFORMATION

Changes in the composition of the Board and the committees during the six months ended 30 June 2024 and up to the date of this report are set out below:

1. Ms. Li Li resigned as an executive Director with effect from 29 February 2024;
2. Mr. Tse Yat Hong resigned as an independent non-executive Director and ceased to be the chairman of the audit committee (the “**Audit Committee**”) and a member of the remuneration committee (the “**Remuneration Committee**”) of the Company with effect from 8 May 2024;
3. Dr. Zhang Jinghua was appointed as an independent non-executive Director and the chairman of the audit committee (the “**Audit Committee**”) and a member of the remuneration committee (the “**Remuneration Committee**”) of the Company with effect from 8 May 2024.

Save as disclosed above, upon specific enquiry by the Company and confirmations from Directors, since the date of the Company’s 2023 annual report, there is no other change in the information of the Directors which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### REVIEW OF INTERIM REPORT

The unaudited interim financial information for the six months ended 30 June 2024 has been reviewed in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants, by Deloitte Touche Tohmatsu, the auditor of the Company. The Audit Committee (comprising Dr. Zhang Jinghua and Mr. Guo Zengli, each an independent non-executive Director, and Mr. Liu Jun, a non-executive Director) has reviewed with the management of the Company the accounting principles and practice adopted by the Group and discussed, among others, internal controls, risk management and financial reporting matters including the review of the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2024 and this interim report.

### SHARE CAPITAL

The Company’s total issued share capital as at 30 June 2024 was 1,014,516,000 ordinary shares.

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

The Board considered that the dealing prices of the Company’s Shares at the time did not reflect their intrinsic value, and the share repurchase program could reflect the Board’s confidence in the Company’s long term development prospects and growth potential as well. During the six months ended 30 June 2024, the total number of Shares repurchased by the Company on the Stock Exchange were 761,000, at a total consideration (before deduction of expenses) of HK\$979,750. The Shares repurchased have been canceled on 29 February 2024. During six months ended 30 June 2024, the Company’s monthly breakdown on Shares repurchased is set out as below:

Month of repurchase	No. of Shares repurchased (shares)	Lowest purchase price per Share (HK\$)	Highest purchase price per Share (HK\$)	Total consideration (HK\$)
January 2024	761,000	1.25	1.30	979,750
<b>Total</b>	<b>761,000</b>			<b>979,750</b>

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 six months ended 30 June 2024.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

As at 30 June 2024, the Directors and the chief executive of the Company had the following interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO"), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code:

#### Interest in shares of the Company

Name of Director	Capacity/Nature of interest	Number of shares <sup>(2)</sup>	Approximate percentage of issued share capital <sup>(1)</sup>
Mr. Huang De-Lin Benny	Interest in a controlled corporation <sup>(3)</sup>	150,000,000 (L)	
	Beneficial owner	86,000 (L)	
	Total	150,086,000 (L)	14.79%
Mr. Huang De'An Tony	Beneficial owner	1,791,000 (L)	0.18%
Mr. Chen Qunsheng	Beneficial owner	212,000 (L)	0.02%
Mr. Ma Chaoqun	Beneficial owner	80,000 (L)	0.01%
Mr. Liu Jun	Beneficiary of a trust	350,000 (L)	0.03%

Notes:

<sup>(1)</sup> The calculation is based on the total number of 1,014,516,000 Company's shares in issue as at 30 June 2024.

<sup>(2)</sup> The letter "L" denotes the person's long position in the shares of the Company.

<sup>(3)</sup> Such shares are held by Virtue Investment Development Limited (德瑞投資發展有限公司) ("Virtue Investment") as entrusted by Mr. Huang Chu-Long ("Mr. Huang") to hold such shares of the Company for the purpose of a share incentive scheme to be adopted after the Listing. The entire issued share capital of Virtue Investment is held by Mr. Huang De-Lin Benny, and therefore Mr. Huang De-Lin Benny is deemed or taken to be interested in the shares of the Company held by Virtue Investment under the SFO.

Save as disclosed above, none of the Directors or the chief executive of the Company had as at 30 June 2024, any interests or short positions in any shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (a) were recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (b) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### INTERESTS AND SHORT POSITIONS OF PERSONS OTHER THAN DIRECTORS AND CHIEF EXECUTIVE OF THE COMPANY IN SHARES AND UNDERLYING SHARES

As at 30 June 2024, the following persons, other than the Directors or the chief executive of the Company, had interests or short positions in the shares or underlying shares of the Company which were recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of Shareholder	Capacity/Nature of interest	Number of shares <sup>(2)</sup>	Approximate percentage of issued share capital (%) <sup>(1)</sup>
Mr. Huang <sup>(3)(4)</sup>	Founder of a discretionary trust	601,000,000 (L)	
	Interest in controlled corporation	150,000,000 (L)	
	Total	751,000,000 (L)	74.03%
TMF (Cayman) Ltd ("TMF (Cayman)") <sup>(3)</sup>	Trustee	601,000,000 (L)	59.24%
Long Harmony Holding Limited ("Long Harmony") <sup>(3)</sup>	Interest in a controlled corporation	601,000,000 (L)	59.24%
Go Star Investment Holding Limited ("Go Star")	Beneficial owner	601,000,000 (L)	59.24%
Virtue Investment	Beneficial owner	118,290,000 (L)	
	Trustee	31,710,000 (L)	
	Total	150,000,000 (L)	14.79%

Notes:

<sup>(1)</sup> The calculation is based on the total number of 1,014,516,000 Company's shares in issue as at 30 June 2024.

<sup>(2)</sup> The letter "L" denotes a long position in the shares of the Company.

<sup>(3)</sup> The entire issued share capital of Go Star is held by Long Harmony, a company incorporated in the BVI by TMF (Cayman), the trustee of the family trust, which is a discretionary trust established by Mr. Huang as the settlor and protector. The beneficiaries of the family trust are Mr. Huang's family members. Accordingly, each of Mr. Huang, TMF (Cayman) and Long Harmony is deemed to be interested in the shares of the Company held by Go Star under the SFO. Mr. Huang De'An Tony is also a director of Go Star.

<sup>(4)</sup> The entire issued share capital of Virtue Investment is held by Mr. Huang De-Lin Benny, who was entrusted by Mr. Huang to hold such shares of the Company for the purpose of a share incentive scheme to be adopted after the Listing. Pursuant to the confirmation letter signed by Mr. Huang De-Lin Benny and Mr. Huang, Mr. Huang De-Lin Benny will exercise the voting rights in Virtue Investment or exercise the voting rights in the Company through Virtue Investment in accordance with the instructions of Mr. Huang. Therefore, each of Mr. Huang and Mr. Huang De-Lin Benny is deemed to be interested in the shares of the Company held by Virtue Investment under the SFO.

Save as disclosed above, as at 30 June 2024, the Company had not been notified by any other person (other than the Directors or the chief executive of the Company) who had an interest or a short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

### SHARE INCENTIVE SCHEME

For the purpose of implementing the share incentive scheme to retain talent, promote the long-term sustainable development of the Group and achieve mutual gain for the Company, employees and Shareholders, on 1 August 2019, Virtue Investment was incorporated in the BVI as a special purpose vehicle to hold shares to be granted to eligible grantees under a share incentive scheme to be adopted at least six months after the Listing.

Mr. Huang Chu-long ("Mr. Huang"), a controlling shareholder of the Company, adopted a share award scheme on 17 April 2023. The share award scheme has a term of 10 years from the date of adoption.

On 17 April 2023, Mr. Huang granted a total of 54,800,000 awarded Shares under the share award scheme to 136 eligible participants within the Group and companies controlled by Mr. Huang. As at 30 June 2024, 23,090,000 awarded Shares lapsed and 31,710,000 awarded Shares were outstanding.

The share incentive scheme is a discretionary incentive scheme adopted by Mr. Huang which does not involve issue of new Shares, and thus does not constitute a share scheme of the Company under Chapter 17 of the Listing Rules.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### SHARE OPTION SCHEME

The Company adopted a share option scheme (the “**Share Option Scheme**”) on 21 December 2020 for the purpose of providing incentives and rewards to eligible participants for the contribution they had or may have made to the Group so as to encourage them to participate in the long-term development of the Group and to share common interests and objectives with the Group and/or to enable the Group to recruit and retain high calibre employees and attract human resources that are valuable to the Group.

As of 30 June 2024, no share options have been granted by the Company pursuant to the Share Option Scheme and there were no outstanding share options under the Share Option Scheme as at 30 June 2024. No share options were exercised, cancelled or lapsed under Chapter 17 of the Listing Rules during the six months ended 30 June 2024.

Given that no share option has been granted as of 30 June 2024, it is not applicable for the Company to set out the number of Shares that may be issued in respect of the share options granted under the Share Option Scheme during six months ended 30 June 2024 divided by the weighted average number of Shares of the relevant class in issue for six months ended 30 June 2024.

The total number of options available for grant under the Share Option Scheme as at 1 January 2024 and 30 June 2024 both were 100,000,000 Shares, representing approximately 9.83% and 9.86% of the Company’s issued share capital as at the respective dates.

### RESTRICTED SHARE UNIT (“RSU”) SCHEME (“RSU SCHEME”)

The Company adopted the restricted share unit Scheme (“**RSU Scheme**”) on 4 November 2021 to recognise and acknowledge the contributions which directors, senior management and employees of the Group determined by the Board to be eligible to participate in the RSU Scheme have made or may make to the Group and to reward the eligible participants who have achieved outstanding performance.

No shares has been purchased under the RSU Scheme during the six months ended 30 June 2024 (six months ended 30 June 2023: nil). Up to 30 June 2024, the Company has purchased an accumulated of 1,937,000 shares under the RSU Scheme.

As of 30 June 2024, no RSUs have been granted under the RSU Scheme.

### INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board declared the payment of an interim dividend of HK\$0.048 per ordinary share for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

The register of members of the Company will be closed from 29 November, 2024, Friday to 2 December 2024, Monday, both days inclusive, during which period no transfer of Shares will be registered. For the purpose of determining the entitlement to the proposed interim dividend for the six months ended 30 June 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 28 November 2024, Thursday. It is expected that the proposed interim dividend will be paid on or around 20 December 2024, Friday to the Shareholders whose names appear on the register of members of the Company at the close of business on 2 December 2024, Monday.

On order of the Board  
**E-Star Commercial Management Company Limited**  
**Huang De-Lin Benny**  
*Chairman*

Hong Kong  
29 August 2024



# REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

# Deloitte.

# 德勤

TO THE BOARD OF DIRECTORS OF  
**E-STAR COMMERCIAL MANAGEMENT COMPANY LIMITED**  
星盛商業管理股份有限公司  
(incorporated in Cayman Islands with limited liability)

## INTRODUCTION

We have reviewed the condensed consolidated financial statements of E-Star Commercial Management Company Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 23 to 44, which comprise the condensed consolidated statement of financial position as of 30 June 2024 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and notes to the condensed consolidated financial statements. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“**HKAS 34**”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” (“**HKSRE 2410**”) issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

**Deloitte Touche Tohmatsu**  
Certified Public Accountants

Hong Kong  
29 August 2024

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

	Notes	Six months ended 30 June	
		2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
<b>Revenue</b>	3	<b>313,780</b>	288,487
Cost of services		<b>(151,900)</b>	(123,879)
<b>Gross profit</b>		<b>161,880</b>	164,608
Other income	4	<b>18,745</b>	19,556
Other gains and losses		<b>(802)</b>	2,865
(Impairment losses) reversal of impairment losses recognised under expected credit loss model, net	5	<b>(1,295)</b>	2,396
Selling expenses		<b>(14,688)</b>	(4,920)
Administrative expenses		<b>(31,752)</b>	(35,828)
Finance costs		<b>(18,144)</b>	(19,094)
Gain on disposal of subsidiaries		<b>–</b>	300
Share of result of a joint venture		<b>(74)</b>	(8,054)
<b>Profit before tax</b>		<b>113,870</b>	121,829
Income tax expense	6	<b>(27,374)</b>	(29,815)
<b>Profit and total comprehensive income for the period</b>	7	<b>86,496</b>	92,014
Profit (loss) for the period attributable to:			
– Owners of the Company		<b>89,100</b>	96,962
– Non-controlling interests		<b>(2,604)</b>	(4,948)
		<b>86,496</b>	92,014
Earnings per share			
– Basic (RMB cents)	9	<b>8.80</b>	9.54

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
<b>Non-current assets</b>			
Property and equipment		1,370	1,578
Investment properties	10	769,866	791,383
Rental deposits	11	25,542	25,542
Finance lease receivables		5,007	5,371
Deferred tax assets		39,652	31,566
Interest in a joint venture		–	–
Loans to a joint venture		–	74
		<b>841,437</b>	855,514
<b>Current assets</b>			
Finance lease receivables		705	671
Trade and other receivables	11	33,269	28,198
Financial assets at fair value through profit or loss (“FVTPL”)	17	–	21,136
Amounts due from related parties	16	7,220	3,690
Restricted bank balance		5,000	5,000
Short-term bank deposits		1,132,750	863,523
Cash and cash equivalents		332,815	546,914
		<b>1,511,759</b>	1,469,132
<b>Current liabilities</b>			
Trade and other payables	12	239,611	286,984
Lease liabilities		26,244	36,202
Contract liabilities		11,926	15,576
Amounts due to related parties	16	26,215	1,901
Tax payable		27,480	27,181
Dividend payable	8	120,371	–
		<b>451,847</b>	367,844
<b>Net current assets</b>		<b>1,059,912</b>	1,101,288
<b>Total assets less current liabilities</b>		<b>1,901,349</b>	1,956,802
<b>Capital and reserves</b>			
Share capital	13	8,487	8,506
Reserves		1,216,820	1,248,259
<b>Equity attributable to owners of the company</b>		<b>1,225,307</b>	1,256,765
Non-controlling interests		12,301	14,905
<b>Total equity</b>		<b>1,237,608</b>	1,271,670
<b>Non-current liabilities</b>			
Deferred tax liabilities		22,855	25,927
Lease liabilities		640,886	659,205
		<b>663,741</b>	685,132
		<b>1,901,349</b>	1,956,802

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company										
	Share capital	Share premium	Share redemption reserve	Shares held for share award scheme	Share-based payment reserve	Statutory reserve	Other reserve	Retained profits	Total	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
			(note (ii))			(note (ii))	(note (iii))				
At 1 January 2024 (audited)	8,506	582,632	32	(5,463)	1,010	96,972	(1,088)	574,164	1,256,765	14,905	1,271,670
Profit (loss) and total comprehensive income (expense) for the period	-	-	-	-	-	-	-	89,100	89,100	(2,604)	86,496
Repurchase and cancellation of shares	(19)	(891)	19	-	-	-	-	-	(891)	-	(891)
Dividends recognised as distributions (Note 8)	-	(120,066)	-	-	-	-	-	-	(120,066)	-	(120,066)
Transfer	-	-	-	-	-	6,673	-	(6,673)	-	-	-
Transaction cost related to repurchase of shares	-	(3)	-	-	-	-	-	-	(3)	-	(3)
Recognition of equity-settled share-based payments	-	-	-	-	402	-	-	-	402	-	402
At 30 June 2024 (unaudited)	8,487	461,672	51	(5,463)	1,412	103,645	(1,088)	656,591	1,225,307	12,301	1,237,608
At 1 January 2023 (audited)	8,533	652,371	5	(5,463)	-	69,484	(1,088)	430,555	1,154,397	26,306	1,180,703
Profit (loss) and total comprehensive income (expense) for the period	-	-	-	-	-	-	-	96,962	96,962	(4,948)	92,014
Disposal on subsidiaries	-	-	-	-	-	-	-	-	-	(2,609)	(2,609)
Repurchase and cancellation of shares	(14)	(1,155)	14	-	-	-	-	-	(1,155)	-	(1,155)
Dividends recognised as distributions (Note 8)	-	(64,802)	-	-	-	-	-	-	(64,802)	-	(64,802)
Transfer	-	-	-	-	-	8,693	-	(8,693)	-	-	-
Transaction cost related to repurchase of shares	-	(4)	-	-	-	-	-	-	(4)	-	(4)
Recognition of equity-settled share-based payments	-	-	-	-	606	-	-	-	606	-	606
At 30 June 2023 (unaudited)	8,519	586,410	19	(5,463)	606	78,177	(1,088)	518,824	1,186,004	18,749	1,204,753

## Notes:

- (i) Share redemption reserve records the amounts transferred from share capital upon cancellation of shares redeemed or purchased under the relevant laws in Cayman Islands.
- (ii) Pursuant to the relevant laws in the People's Republic of China (the "PRC"), a company established in the PRC is required to transfer 10% of its profit after tax to the statutory surplus reserve. Contribution to the statutory surplus reserve is discretionary when the reserve balance reaches 50% of the registered capital of the respective company and can be used to make up for previous years' losses or, expand the existing operations or can be converted into additional capital of the company.
- (iii) The other reserve represents the difference between the fair value of the consideration paid and the paid-in capital of 深圳市星河商置集團有限公司 (Shenzhen Galaxy Commercial Property Group Co. Ltd.)\* ("Galaxy Commercial Property Group") acquired from the then shareholders of Galaxy Commercial Property Group and was accounted for as a deemed distribution to the then shareholders.

# The English name of this company is translated from its registered Chinese name for identification purpose only.

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
<b>OPERATING ACTIVITIES</b>		
Profit before tax	113,870	121,829
Adjustments for:		
Depreciation of property and equipment	585	2,120
Depreciation of investment properties	23,102	20,033
Impairment losses (reversal of impairment losses) recognised under expected credit loss model, net	1,295	(2,396)
Finance costs	18,144	19,094
Finance income on the net investment in the lease	(118)	–
Interest income	(17,547)	(17,741)
Share of result of a joint venture	74	8,054
Equity-settled share-based payments	402	606
Gain on disposal of subsidiaries	–	(300)
Others	305	253
<b>Operating cash flow before movements in working capital</b>	<b>140,112</b>	151,552
(Increase) decrease in trade and other receivables	(6,366)	22,348
Decrease in contract liabilities	(3,650)	(2,686)
Decrease in trade and other payables	(41,208)	(8,737)
(Increase) decrease in amounts due from related parties	(3,530)	1,825
Increase (decrease) in amounts due to related parties	24,314	(873)
Decrease in finance lease receivables	330	371
<b>Cash generated from operations</b>	<b>110,002</b>	163,800
Income tax paid	(38,233)	(41,344)
Financial income on the net investment in the lease	118	–
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>71,887</b>	122,456



## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
<b>INVESTING ACTIVITIES</b>		
Purchase of financial assets at FVTPL	–	(20,000)
Redemption of financial assets at FVTPL	21,136	–
Interest received	32,491	7,563
Withdrawal of short-term bank deposits	276,249	66,995
Placement of short-term bank deposits	(560,420)	(150,000)
Purchase of property and equipment	(377)	(487)
Payment for leasehold improvement costs in respect of investment properties	(40,972)	(18,384)
Net cash outflow on disposal of subsidiaries	–	(3,053)
Proceeds on disposal of property and equipment	–	53
Loans advanced to a joint venture	–	(15,000)
Payment for rental deposits	–	(15,000)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(271,893)</b>	<b>(147,313)</b>
<b>FINANCING ACTIVITIES</b>		
Repayment of lease liabilities	(12,488)	(5,731)
Interest paid	(711)	(573)
Repurchase of shares	(891)	(1,159)
Transaction costs related to repurchase of shares	(3)	–
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(14,093)</b>	<b>(7,463)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(214,099)</b>	<b>(32,320)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>546,914</b>	<b>485,888</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>		
represented by cash and cash equivalents	<b>332,815</b>	453,568
Analysis of cash and cash equivalents as at 1 January, represented by cash and cash equivalents held by		
– the Group	<b>546,914</b>	482,835
– the disposal group held-for-sale	–	3,053
	<b>546,914</b>	<b>485,888</b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. BASIS OF PREPARATION

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

## 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31 December 2023.

### Application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”)

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2024 for the preparation of the Group’s condensed 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 interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 3. REVENUE AND SEGMENT INFORMATION

The Group generates revenue primarily from provision of commercial operational services to either owners or tenants in respect of the commercial properties in the PRC under three commercial 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

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Entrusted management services	209,691	189,983
Brand and management output services	43,458	63,319
Sublease services	60,631	35,185
	<b>313,780</b>	288,487
Comprise of:		
– Revenue from contracts with customers	285,119	271,316
– Revenue from leases	28,661	17,171
	<b>313,780</b>	288,487

#### (i) Disaggregation of revenue from contracts with customers

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Commercial property operational services:		
– Market positioning, design and construction consultancy and tenant sourcing services	29,180	49,250
– Operational management services	198,323	169,292
– Value-added services (note)	57,616	52,774
	<b>285,119</b>	271,316
Timing of revenue recognition:		
– Over time	276,678	261,317
– A point in time	8,441	9,999
	<b>285,119</b>	271,316
Type of customers:		
– Property owners	94,514	111,379
– Tenants and other customers	190,605	159,937
	<b>285,119</b>	271,316

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

Note: Included in the value-added services, there is an amount of RMB642,000 (six months ended 30 June 2023: RMB152,000) where the Group acts as an agent.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 3. REVENUE AND SEGMENT INFORMATION (Continued)

### A. Revenue (Continued)

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

##### (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 property to tenants.

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
For operating leases:		
Lease payments that are fixed	18,657	12,243
Variable lease payments	9,886	4,798
	28,543	17,041
For finance leases:		
Finance income on the net investment in the lease	118	130
Total revenue arising from leases	28,661	17,171

Included in the operating lease income there is a contingent rental of RMB9,886,000 (six months ended 30 June 2023: RMB4,798,000) for the six months ended 30 June 2024.

### 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 interim periods are as follows:

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Customer A (note)	76,119	101,155

Note: Customer A represents a group of related parties of the Group. Details of the transactions with these related parties are set out in Note 16.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 4. OTHER INCOME

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Interest income from cash equivalents and short-term bank deposits	17,547	17,741
Government grants (note)	603	578
Compensation and penalty received from tenants	595	821
Others	–	416
	<b>18,745</b>	<b>19,556</b>

Note: The government grants refer to unconditional subsidies granted by the government authorities in the PRC.

## 5. (IMPAIRMENT LOSSES) REVERSAL OF IMPAIRMENT LOSSES RECOGNISED UNDER EXPECTED CREDIT LOSS MODEL, NET

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Net (impairment losses) reversal of impairment losses recognised under expected credit loss model on trade receivables	(1,295)	2,396

The basis of determining the inputs and assumptions and the estimation techniques used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2023.

## 6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Current tax:		
PRC Enterprise Income Tax ("EIT")		
– Current period	38,073	33,357
– Under provision in prior year	459	424
Deferred tax	(11,158)	(3,966)
	<b>27,374</b>	<b>29,815</b>



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 6. INCOME TAX EXPENSE (Continued)

#### Hong Kong

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods.

No provision for taxation in Hong Kong has been made as the Group's income neither arises in, nor is derived from, Hong Kong.

#### PRC

Under the Law of the PRC on EIT (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the entities operating in the PRC is 25% for both interim periods, except for an entity established in the Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone in the PRC. This entity enjoys the preferential enterprise income tax rate of 15% for four consecutive calendar years from 2022 to 2025.

### 7. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Profit for the period is arrived at after charging (crediting):		
Staff costs (including directors' emoluments)		
– Salaries and other benefits	86,376	77,130
– Equity-settled share-based payments	402	606
– Retirement benefit scheme contributions	12,244	10,441
Total staff costs	99,022	88,177
Depreciation of property and equipment	585	2,120
Depreciation of investment properties	23,102	20,033
	23,687	22,153
Gain on disposal of subsidiaries	–	(300)
Fair value change of financial assets at FVTPL (included in other gains and losses)	–	(546)
Loss on disposal of property and equipment (included in other gains and losses)	–	7
Gross rental income from investment properties	(28,661)	(17,171)
Less: direct operating expenses incurred for investment properties during the period	27,615	22,703
	(1,046)	5,532

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 8. DIVIDENDS

Dividends recognised as distributions during the period:

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
2023 final dividend of HK\$0.13 per ordinary share	120,066	–
2022 final dividend of HK\$0.07 per ordinary share	–	64,802
	120,066	64,802

During the six months ended 30 June 2024, a final dividend of HK\$0.13 per ordinary share for the year ended 31 December 2023, a total amount of approximately HK\$131,887,000 (equivalent to approximately RMB120,066,000), was declared, of which an amount of approximately HK\$252,000 related to 1,937,000 shares held by the Company under the Company's RSU Scheme (as defined in Note 14). The dividends had been paid on 10 July 2024.

During the six months ended 30 June 2023, a final dividend of HK\$0.07 per ordinary share for the year ended 31 December 2022, a total amount of approximately HK\$71,297,000 (equivalent to approximately RMB64,802,000), was declared, of which an amount of approximately HK\$136,000 related to 1,937,000 shares held by the Company under the Company's RSU Scheme. The dividends had been paid on 7 July 2023.

Interim dividends of HK\$0.048 per ordinary share for the six months ended 30 June 2024, a total amount of approximately HK\$48,696,000, of which an amount of approximately HK\$93,000 related to 1,937,000 shares held by the Company under the Company's RSU Scheme (six months ended 30 June 2023: nil), have been declared by the directors of the Company since the end of the reporting period.

### 9. EARNINGS PER SHARE

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

#### Earnings

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Earnings for the purpose of calculating basic earnings per share:		
Profit for the period attributable to owners of the Company	89,100	96,962

#### Number of shares

	Six months ended 30 June	
	2024 '000 (unaudited)	2023 '000 (unaudited)
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	1,012,635	1,016,782

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

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 10. INVESTMENT PROPERTIES

During the current interim period, the Group incurred expenditure of RMB44,912,000 for leasehold improvement (six months ended 30 June 2023: RMB47,552,000) in connection with the right-of-use assets under sublease service model. The leases met the definition of investment property held by a lessee as a right-of-use asset and, accordingly, the Group capitalised the aforementioned expenditure as a part of initial cost of investment properties.

During the six months ended 30 June 2024, one of the property owners of the commercial property under sublease model provided rent concession to the Group. This rent concession was not within the scope of Covid-19-related rent concessions and, accordingly, the changes in lease payments constitute lease modifications. Reduction of the Group's lease liabilities of RMB43,327,000 (six months ended 30 June 2023: RMB5,173,000) and a corresponding adjustment of the same amount to the right-of-use assets (included in investment properties) were recognised.

### 11. TRADE AND OTHER RECEIVABLES

	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
<b>Trade and other receivables</b>		
– Trade receivables	15,359	12,911
– Other receivables	43,452	40,829
	<b>58,811</b>	53,740
Analysed as:		
Non-current	25,542	25,542
Current	33,269	28,198
	<b>58,811</b>	53,740
	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
<b>Trade receivables</b>		
<i>Contracts with customers</i>		
– Third parties	41,992	38,575
– Related parties (note)	752	426
Less: Allowance for credit losses	(30,703)	(29,408)
	<b>12,041</b>	9,593
Operating lease receivables – third parties	3,318	3,318
	<b>15,359</b>	12,911

Note: The related parties represent a group of related parties of the Group under common control of Mr. Huang Chu-Long ("Mr. Huang"), the ultimate controlling shareholder of the Company.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 11. TRADE AND OTHER RECEIVABLES (Continued)

As at 1 January 2023, the trade receivables in respect of contracts with customers and lease receivables, net of allowance for credit losses, amounted to RMB32,660,000 in total.

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

	<b>30 June 2024 RMB'000 (unaudited)</b>	31 December 2023 RMB'000 (audited)
0 – 10 days	12,631	12,316
11 – 30 days	374	215
31 – 60 days	111	–
61 – 90 days	485	–
Over 90 days	1,758	380
	<b>15,359</b>	12,911

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

	<b>30 June 2024 RMB'000 (unaudited)</b>	31 December 2023 RMB'000 (audited)
0 – 10 days	3,318	3,318

Included in the Group's trade receivables in respect of contracts with customers as at 30 June 2024 are past due debtors with aggregate carrying amount of RMB3,790,000 (2023: RMB380,000), of which an amount of RMB2,555,000 (2023: RMB374,000) were past due 90 days or more and not considered as in default. The Group rebutted the presumption of default under expected credit loss model for the trade receivables in respect of contracts with customers past due over 90 days as the trade debtors had no significant change in credit quality after assessing their trade debtors' background, good repayment records, continuous business relationship with the Group and certain forward-looking information, including but not limited to the reviving economic condition and consumption level in the PRC and the expected consumer traffic of the relevant commercial properties managed by the Group without undue cost or effort. The Group does not hold any collateral over these balances.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 11. TRADE AND OTHER RECEIVABLES (Continued)

	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
<b>Other receivables recognised as non-current assets:</b>		
Rental deposits (note (i))	25,542	25,542
<b>Other receivables recognised as current assets:</b>		
Receivables from third-party payment platforms (note (ii))	5,391	3,025
Payments on behalf of tenants (note (iii))	778	656
Advance to employees (note (iv))	328	234
Other tax recoverable	9,052	7,756
Deposits	844	797
Prepayment	950	1,260
Others	567	1,559
	<b>17,910</b>	<b>15,287</b>
<b>Total other receivables</b>	<b>43,452</b>	<b>40,829</b>

Notes:

- (i) The amount represents rental deposits under sublease service model, which includes RMB20,000,000 (2023: RMB20,000,000) paid to related parties under common control of Mr. Huang.
- (ii) Customers usually pay the bills of tenants through third-party payment platforms in the commercial properties managed by the Group. The third party payment platforms normally settle the amounts received, net of handling charges, within a week after trade date. The Group will hold the money on behalf of tenants and repay to them upon monthly settlement. All receivables from third-party payment platforms were aged within one month and not past due.
- (iii) The Group may pay the utilities expenses on behalf of tenants before their commencement of operations. These amounts have no specific repayment terms and will normally be settled when the tenants commence their operations.
- (iv) The amount represents advancements to employees for the Group's daily operations.



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 12. TRADE AND OTHER PAYABLES

	<b>30 June 2024 RMB'000 (unaudited)</b>	31 December 2023 RMB'000 (audited)
<b>Trade and other payables</b>		
– Trade payables	<b>32,982</b>	27,177
– Other payables	<b>206,629</b>	259,807
	<b>239,611</b>	286,984

	<b>30 June 2024 RMB'000 (unaudited)</b>	31 December 2023 RMB'000 (audited)
<b>Trade payables</b>		
<i>Contracts with suppliers</i>		
– Third parties	<b>29,732</b>	24,606
– Related parties (note)	<b>3,250</b>	2,571
	<b>32,982</b>	27,177

Note: The related parties are companies under common control of Mr. Huang.

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

	<b>30 June 2024 RMB'000 (unaudited)</b>	31 December 2023 RMB'000 (audited)
0 – 30 days	<b>30,178</b>	26,971
31 – 60 days	<b>465</b>	–
61 – 90 days	<b>1,431</b>	–
Over 90 days	<b>908</b>	206
	<b>32,982</b>	27,177

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 12. TRADE AND OTHER PAYABLES (Continued)

	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
<b>Other payables</b>		
Receipts on behalf of tenants (note (i))	68,947	84,176
Deposits received (note (ii))	48,857	54,677
Payables for leasehold improvements included in investment properties	67,805	59,276
Salary payables	12,589	38,672
Accruals and others	4,211	18,910
Other tax payables	4,220	4,096
	<b>206,629</b>	<b>259,807</b>

Notes:

- (i) The balance represents funds received centrally by the Group in the commercial properties on behalf of the tenants when they carry out the business activities in the commercial properties and the balance is returned to tenants monthly. It relates to the business activity as mentioned in Note 11(ii).
- (ii) The balance mainly represents security deposits received from tenants and suppliers and rental deposits from lessees.

### 13. SHARE CAPITAL

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

	Number of shares	Share capital HK\$'000	Share capital RMB'000
Ordinary shares of HK\$0.01 each			
<b>Authorised</b>			
At 1 January 2023, 30 June 2023, 31 December 2023 and 30 June 2024	2,000,000,000	20,000	16,755
<b>Issued and fully paid</b>			
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 ordinary shares (note (ii))	(765,000)	(8)	(6)
At 30 June 2023	1,018,359,000	10,183	8,519
Repurchase and cancellation of ordinary shares (note (ii))	(1,552,000)	(15)	(13)
At 31 December 2023	1,016,807,000	10,168	8,506
Cancellation of shares (note (iii))	(1,530,000)	(15)	(14)
Repurchase and cancellation of ordinary shares (note (iv))	(761,000)	(8)	(5)
At 30 June 2024	1,014,516,000	10,145	8,487

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 13. SHARE CAPITAL (Continued)

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		Aggregate consideration paid (including transaction costs)	
		Lowest	Highest	HK\$'000	RMB'000
		HK\$	HK\$		
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	894

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 the year ended 31 December 2023.
- (iii) The ordinary shares repurchased in December 2023 were cancelled in February 2024.
- (iv) The ordinary shares repurchased in January 2024 were cancelled in February 2024.

### 14. SHARE INCENTIVE SCHEME

#### Share Option Scheme

The Company adopted a share option scheme (the “**Share Option Scheme**”) on 21 December 2020 for the purpose of providing incentives and rewards to eligible participants for their contribution or would be contribution to the Group so as to encourage them to participate in the long-term development of the Group and to share common interests and objectives with the Group and/or to enable the Group to recruit and retain high calibre employees and attract human resources that are valuable to the Group. Any individual, being an employee, executive, director, officer, consultant, advisor, distributor, customer, supplier of the Group or such other person who the board of directors of the Company considers, in their sole discretion, to have contributed or will contribute to the Group is entitled to be offered and granted options.

Without prior approval from the Group’s shareholders, (i) the total number of shares in respect of which options may be granted under the Share Option Scheme is not permitted to exceed 10% of the shares in issue on which trading of the share commences on the Stock Exchange; (ii) the number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any twelve-month period is not permitted to exceed 1% of the shares of the Company in issue at any point in time; and (iii) options in excess of 0.1% of the total number of shares of the Company in issue and with a value in excess of HK\$5 million may not be granted to substantial shareholders or independent non-executive directors or any of their respective associates, in the twelve-month period up to and including the date of such grant.

Options are exercisable over the vesting periods to be determined and notified by the board of directors of the Company to each grantee, but in no case after the tenth anniversary of the date of grant. The exercise price is determined by the board of directors of the Company, and will not be less than the highest of (i) the closing price of the Company’s shares on the date of grant; (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company’s share.

No minimum period for which the option has to be held before it can be exercised is specified in the Share Option Scheme.

During the six months ended 30 June 2024 and 2023, no options have been granted.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 14. SHARE INCENTIVE SCHEME (Continued)

### Restricted Share Unit Scheme

The Company adopted the Restricted Share Unit Scheme (“**RSU Scheme**”) on 4 November 2021 (“**Adoption Date**”). The objective of the RSU Scheme is to recognise the contributions by certain persons, including directors, senior management and employees of the Group determined by the board of directors of the Company (the “**Eligible Participants**”) and to provide incentives to recognise and acknowledge their contributions and reward the eligible participants who have achieved outstanding performance. The RSU Scheme became effective the Adoption Date and, unless otherwise terminated or amended, will remain in force for 10 years.

Without prior approval from the Group’s shareholders, (i) the total number of shares in respect of which restricted share unit (“**RSUs**”) may be granted under the RSU Scheme may not exceed 5% of the issued share capital of the Company as at Adoption Date; and (ii) the number of shares awarded to each Eligible Participants under the RSU Scheme shall not exceed 1% of the issued share capital of the Company as at the Adoption Date. Such 5% scheme limit and 1% individual limit are applicable throughout the ten years term of the RSU Scheme, with no annual limit contemplated.

The board of directors of the Company may, from time to time and at its sole discretion, choose the Eligible Participants to participate in the RSU Scheme and determine the number of RSUs to be awarded with any conditions, restrictions or limitations before the award of RSUs could be vested as it thinks fit, such as vesting date and conditions of the RSUs.

Existing shares may be purchased or new shares may be subscribed to satisfy the RSUs upon vesting and such shares shall be transferred or the cash amount referable to such shares shall be paid to the grantee when such RSUs are vested with the grantee in accordance with the RSU Scheme rules and the conditions of the award of such RSUs (if any).

The board of directors of the Company will issue a grant letter setting out, among others, the number, vesting conditions (if any) and vesting date of the RSUs to an Eligible Participant to be granted. The Eligible Participant may accept the grant of the award of RSUs in such manner as set out in the grant letter. Upon acceptance, the Eligible Participant becomes a grantee in the RSU Scheme. Grantee shall be entitled to receive the RSUs or cash amount referable to the RSUs upon satisfaction of the vesting conditions set out in the grant letter.

No shares were purchased under the RSU Scheme during the six months ended 30 June 2024 (six months ended 30 June 2023: nil shares). As at 30 June 2024, the Company has an accumulated of 1,937,000 shares repurchased under the RSU Scheme.

During the six months ended 30 June 2024 and 2023, no RSUs was granted.

### Share Award Scheme

The board of directors of the Company was informed by Mr. Huang that he adopted a share award scheme (the “**Share Award Scheme**”) on 17 April 2023. The objective of the Share Award Scheme is to recognise the contributions by certain persons, including directors, senior management and employees of the Group or other persons who make significant contribution to the Group (collectively, the “**Eligible Participants under the Share Award Scheme**”) in order to optimise their performance and efficiency for the benefit of the Group, and in particular, to fulfil the strategic targets of the Group. In addition, another objective of the Share Award Scheme is to attract and retain or maintain ongoing business relationships with the Eligible Participants under the Share Award Scheme whose contributions are, or will or are expected to be, beneficial to the Group and the long-term growth and development of the Group.

The Share Award Scheme has a term of 10 years from the date of adoption, and will be funded by Mr. Huang through, among others, transfer of the entrusted Shares held by Virtue Investment Development Limited (“**Virtue Investment**”), a special purpose vehicle set up for the purpose of the Scheme under an entrusted arrangement.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 14. SHARE INCENTIVE SCHEME (Continued)

#### Share Award Scheme (Continued)

Mr. Huang intends to use 150,000,000 Shares, representing 14.72% of the issued share capital of the Company as at 17 April 2023, held by Virtue Investment under an entrusted arrangement with Mr. Huang De-Lin Benny, the executive director and chairman of the Company, to satisfy the awards to be granted under the Share Award Scheme.

On 17 April 2023, Mr. Huang granted a total of 54,800,000 awarded shares under the Share Award Scheme to 136 Eligible Participants under the Share Award Scheme, of which 19,650,000 awarded shares were granted to the eligible participants within the Group and the rest were granted to eligible participants of companies under common control of Mr. Huang.

The awarded shares can be vested under the vesting requirements that (i) the Group's and the grantees' personal performance requirements are fulfilled, and (ii) certain consideration is paid to specific account within ten working days after the vesting date.

The table below discloses movement of awarded shares under the Share Award Scheme during the current interim period:

	Number of awarded shares
Outstanding as at 1 January 2024	12,495,000
Forfeited during the period	(2,450,000)
Outstanding as at 30 June 2024	10,045,000

The closing price of the Company's shares immediately before 17 April 2023, the date of grant, was HK\$1.48.

The fair values of the awarded shares determined at the date of grant using the Binomial model was HK\$9,843,000.

The following assumptions were used to calculate the fair value of awarded shares:

	17 April 2023
Closing price of the Company's share on the date of grant	HK\$1.48
Exercise price	HK\$1.16
Expected life	Ranging from 1.06 to 3.06 years
Expected volatility	Ranging from 58.36% to 61.27%
Expected dividend yield	6.78%
Risk-free interest rate	Ranging from 3.2% to 3.23%

The Binomial model has been used to estimate the fair value of the awarded shares. The variables and assumptions used in computing the fair value of the awarded shares were based on the valuer's best estimate. Changes in variables and assumptions may result in changes in the fair value of the awarded shares.

At the end of each interim period, the Group revises its estimates of the number of shares that are expected to vest ultimately. The impact of the revision of the estimates, if any, is recognised in profit and loss, with a corresponding adjustment to the share-based payment reserve.

The Group recognised an expense of RMB402,000 (six months ended 30 June 2023: RMB606,000) in relation to awarded shares granted by the Company for the six months ended 30 June 2024.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 15. CAPITAL COMMITMENTS

	<b>30 June 2024 RMB'000 (unaudited)</b>	31 December 2023 RMB'000 (audited)
Capital expenditure in respect of acquisition of property and equipment contracted for but not provided in the condensed consolidated financial statements	<b>16,953</b>	9,951

## 16. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in these condensed consolidated financial statements, the Group had the following significant transactions and balances with related parties:

### (a) Related party balances

#### (i) Amounts due from related parties

Details of amounts due from related parties are stated as follows:

*Nature of related parties*

	<b>30 June 2024 RMB'000 (unaudited)</b>	31 December 2023 RMB'000 (audited)
Fellow subsidiaries (note)	<b>7,220</b>	3,690

Note: The related parties are companies under common control of Mr. Huang.

The entire balance of amounts due from related parties is trade in nature and mainly arises from commercial property operational services for fellow subsidiaries.

#### (ii) Amounts due to related parties

*Nature of related parties*

	<b>30 June 2024 RMB'000 (unaudited)</b>	31 December 2023 RMB'000 (audited)
Fellow subsidiaries (note)	<b>26,215</b>	1,901

Note: The related parties are companies under common control of Mr. Huang.

The entire balance of amounts due to related parties is trade in nature and mainly arises from the Group's ordinary course of business.



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 16. RELATED PARTY TRANSACTIONS (Continued)

#### (b) Related parties transactions

In addition to the transactions or information disclosed elsewhere in these condensed consolidated financial statements, the Group entered into the following material transactions with related parties, which are fellow subsidiaries under common control of Mr. Huang and a joint venture of the Group.

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
<b>Related parties</b>		
Revenue:		
– Commercial property operational and related services (note (i))	64,981	87,810
– Tenant management services (note (ii))	11,138	13,345
	<b>76,119</b>	101,155
Expense:		
– Property management and related services (note (iii))	1,682	1,297
– Expenses relating to short-term leases for office and other premises	1,901	147
– Interest expenses on lease liabilities (note (iv))	1,663	1,803
– Rental expense relating to sublease service model (note (v))	1,152	–
	<b>6,398</b>	3,247
<b>A joint venture</b>		
Revenue:		
– Commercial property operational and related services (note (i))	1,676	1,208

Notes:

- (i) This category includes market positioning, design and construction consultancy, tenant sourcing services, operational management and property leasing services.
- (ii) This category includes operational management services and value-added services.
- (iii) This category includes property management services, catering services and hotel accommodation services.
- (iv) The lease repayments of RMB2,947,000 (six months ended 30 June 2023: RMB4,624,000) were made for the six months ended 30 June 2024. Included in the lease repayments there were interest paid of RMB1,663,000 (six months ended 30 June 2023: RMB495,000) for the six months ended 30 June 2024.
- (v) This category includes variable lease payments for operating lease of a project under sublease service model (six months ended 30 June 2023: nil).

Under the entrusted management service model, the Group has used three offices in the shopping centres owned by fellow subsidiaries for free during both interim periods.

#### Compensation of key management personnel

The remuneration of directors and other members of key management of the Group during both interim periods were as follows:

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Short-term benefits	3,852	4,722
Equity-settled share-based payments	63	164
Retirement benefits scheme contributions	109	92
	<b>4,024</b>	4,978

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 17. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

This note provides information about how the Group determines fair values of various financial assets.

Some of the Group's financial instruments are measured at fair value for financial reporting purposes. In estimating the fair value, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group may engage an independent qualified professional valuer to perform the valuation. The management of the Group works closely with the valuer, in any, to establish the appropriate valuation techniques and inputs to the model.

The fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are based on quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

### Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Financial assets	Fair value at		Fair value hierarchy	Valuation technique and key inputs
	30 June 2024 (unaudited)	31 December 2023 (audited)		
Financial assets at FVTPL	N/A	Investment in wealth management product: RMB21,136,000	Level 2	Quoted bid prices provided by the bank

There were no transfers between Level 1, 2 and 3 during the interim period.

### Fair value of the Group's financial assets and liabilities that are not measured at fair value on a recurring basis

The management of the Group considers that the carrying amounts of financial assets and financial liabilities measured at amortised cost in the condensed consolidated financial statements approximate their fair values.



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