星盛商業
E-STAR COMMERCIAL

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 2022

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Huang De-Lin Benny *(Chairman)*
Mr. Tao Muming *(Chief Executive officer)*
Mr. Niu Lin
Ms. Wen Yi

Non-executive Directors

Mr. Guo Limin
Mr. Huang De'An Tony

Independent non-executive Directors

Mr. Zhang Liqing
Mr. Guo Zengli
Mr. Tse Yat Hong

COMMITTEES

Audit Committee

Mr. Tse Yat Hong *(Chairman)*
Mr. Guo Limin
Mr. Guo Zengli

Remuneration Committee

Mr. Guo Zengli *(Chairman)*
Mr. Guo Limin
Mr. Tse Yat Hong

Nomination Committee

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

AUTHORISED REPRESENTATIVES

Ms. Wen Yi
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

71 Fort Street, PO Box 500,
George Town, Grand Cayman,
KY1-1106
Cayman Islands

PLACE OF BUSINESS IN HONG KONG

1201-02, 12th Floor
Agricultural Bank of China Tower
50 Connaught Central
Hong Kong

PRINCIPAL PLACE OF BUSINESS IN THE PRC

32nd Floor, Building A
Galaxy World
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

China CITIC Bank, Shenzhen Branch
China Construction Bank, Shenzhen Jianshe Road Branch
Bank of China, Shenzhen Zhongxin Branch

AUDITOR

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

COMPLIANCE ADVISOR

China Securities (International)
Corporate Finance Company Limited
18th Floor, Two Exchange Square
8 Connaught Place
Central
Hong Kong

COMPANY'S HONG KONG LEGAL ADVISOR

Sidley Austin

COMPANY'S WEBSITE

www.g-cre.com

OVERVIEW

E-Star Commercial Management Company Limited (the "**Company**", together with its subsidiaries the "**Group**") is a leading commercial property operational service provider in the Greater Bay Area with a national presence. As at 30 June 2022, the Group provided services for 92 commercial property projects located in 29 cities in China, with an aggregate contracted gross floor area (the "**GFA**") of approximately 4.2 million square meters ("**sq.m.**"). (excluding the GFA under 36 consultancy services projects), approximately 65.3% of which was developed or owned by independent third parties. Among them, 25 retail commercial properties have been opened for business, with a total GFA of approximately 1.9 million sq.m.. According to China Index Academy, in March 2022, the Group was ranked 10th among the "2022 China Top 100 Commercial Real Estate Developers" (2022年中國商業地產百強企業) in terms of overall strength; it was ranked 6th among the "2022 China Top 10 Commercial Real Estate Operator" (2022年中國商業地產運營十強企業), and it was awarded the 2021-2022 Outstanding Enterprise Award in Commercial Property" (2021-2022年度商業地產卓越企業) by Winshang.com in July 2022.

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

BUSINESS REVIEW

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

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

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

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

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

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

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) positioning, construction consultancy and tenant sourcing services, (ii) operational management services and (iii) value-added services.

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

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

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

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

Brand and management output service model

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

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

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

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

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

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

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 valued-added services from relevant customers.

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

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

During the process of outward expansion, the Group has the flexibility to select diversified cooperation models including entrusted management, brand and management output and sublease services based on the assessment on projects and the requirements of property owners, and has delivered sound performance in operation. As at 30 June 2022, the Group provided services for 92 commercial property projects, with contracted GFA amounted to approximately 4.2 million sq.m. (excluding the GFA under 36 consultancy services projects).

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

BUSINESS REVIEW *(Continued)*

Sublease service model *(Continued)*

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 at 30 June 2022		As at 30 June 2021	
	Number of properties	Contracted GFA (000'sq.m.)	Number of properties	Contracted GFA (000'sq.m.)
Entrusted management services	19	1,266	18	1,181
Brand and management output services[1]	69	2,651	48	2,099
Sublease services[2]	4	279	3	199
Total	92	4,196	69	3,479

Notes:

(1) The contracted GFA excludes that of the 36 consultancy services projects.

(2) During the six months ended 30 June 2022, upon negotiation with the related parties, the operational model in respect of Jiangyin Galaxy COCO City (江陰星河COCO City), the project in preparation, has been changed from "entrusted management services" to "sublease services", which adopts a percentage rent instead of a fixed rent.

Projects in Operation

The table below sets forth the opened retail commercial property projects of the Group as at 30 June 2022:

Commercial property	Location	Opening date (Month-Year)	Shopping Mall (sq.m.)	Car Park (sq.m.)	Total GFA in operation (sq.m.)	Operational model	Property owner
1. Shenzhen Futian Galaxy COCO Park (North) (深圳福田星河COCO Park(北區))	Shenzhen	September 2006	45,987	21,658	67,645	Entrusted management service	Galaxy Holding and its associates
2. Shenzhen Galaxy Top Living (深圳星河第三空間)	Shenzhen	May 2007	27,988	–	27,988	Entrusted management service	Galaxy Holding and its associates
3. Shenzhen Longgang Galaxy COCO Park (深圳龍崗星河COCO Park)	Shenzhen	September 2012	79,506	94,871	174,377	Entrusted management service	Galaxy Holding and its associates
4. Shenzhen Longhua Galaxy COCO City (深圳龍華星河COCO City)	Shenzhen	November 2014	45,182	123,222	168,404	Entrusted management service	Galaxy Holding and its associates
5. Shenzhen Galaxy WORLD • COCO Park (深圳星河WORLD • COCO Park)	Shenzhen	September 2018	39,721	–	39,721	Entrusted management service	Galaxy Holding and its associates
6. Shenzhen 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
7. 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
8. 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
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

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
11. Puning Galaxy COCO City (普寧星河COCO City)	Jieyang	October 2017	284,100	–	284,100	Brand and management output service	Independent Third Party property developers
12. Ordos Galaxy COCO City (鄂爾多斯星河COCO City)	Ordos	October 2017	81,522[1]	–	81,522	Brand and management output service	Independent Third Party property developers
13. Shanwei Galaxy COCO City (汕尾星河COCO City)	Shanwei	February 2018	74,800	65,000	139,800	Brand and management output service	Independent Third Party property developers
14. Shenzhen Longgang Galaxy iCO (深圳龍崗星河iCO)	Shenzhen	December 2018	33,370	–	33,370	Brand and management output service	Independent Third Party property developers
15. Shenzhen Longgang Galaxy COCO Garden (深圳龍崗星河COCO Garden)	Shenzhen	June 2019	19,930	–	19,930	Brand and management output service	Galaxy Holding and its associates
16. 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
17. 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
18. 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	Galaxy Holding and its associates
19. Shenzhen Longhua Galaxy COCO Garden (深圳龍華星河COCO Garden)	Shenzhen	August 2020	17,316	–	17,316	Entrusted management services	Galaxy Holding and its associates
20. 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
21. Ningxiang Galaxy COCO City (寧鄉星河COCO City)	Changsha	January 2021	110,000	60,000	170,000	Brand and management output service	Independent Third Party property developers
22. Dongguan Galaxy COCO Garden (東莞星河COCO Garden)	Dongguan	October 2021	10,901	–	10,901	Brand and management output service	Galaxy Holding and its associates
23. Nanchang Boneng Galaxy iCO (南昌博能星河iCO)	Nanchang	September 2021	23,987	–	23,987	Entrusted management service	Independent Third Party property developers
24. Zhanjiang Galaxy COCO City (湛江星河COCO City)	Zhanjiang	December 2021	59,152	10,689	69,841	Brand and management output service	Independent Third Party property developers
25. Enshi Galaxy COCO City (恩施星河COCO City)	Enshi	May, 2022	91,000	51,000	142,000	Brand and management output service	Independent Third Party property developers
Total			1,414,171	500,365	1,914,536		

Notes [1]: The phase I of Ordos Galaxy COCO City (鄂爾多斯星河COCO City) was temporarily closed due to an accident, which caused an decrease in GFA in operation of 48,000 sq.m..

BUSINESS REVIEW *(Continued)*

Projects in Operation *(Continued)*

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:

	As at/for the period ended 30 June 2022				As at/for the period ended 30 June 2021			
	No. of properties	Contracted GFA sq.m.	Revenue RMB	%	No. of properties	Contracted GFA sq.m.	Revenue RMB	%
	(in thousands, except for numbers of properties and percentages)							
Greater Bay Area[1]	59	1,671	213,091	82.1	44	1,380	223,101	86.7
– Shenzhen	*22*	*845*	*194,783*	*75.0*	*20*	*845*	*206,381*	*80.2*
Yangtze River Delta[2]	10	599	18,170	7.0	10	534	17,447	6.8
Central China region[3]	4	413	10,229	3.9	4	413	4,309	1.7
Other regions[4]	19	1,513	18,096	7.0	11	1,152	12,554	4.8
Total[5]	92	4,196	259,586	100.0	69	3,479	257,411	100.0

Notes:

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

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

(3) Include Nanchang, Enshi and Changsha.

(4) Include Shanwei, Jieyang, Putian, Tianjin, Ordos, Chengdu, Rizhao, Xiamen, Jining, Xi'an and Zhanjiang.

(5) The contracted GFA excludes the GFA of the 36 consultancy service projects.

The table below sets forth average occupancy rate and GFA in operation of retail commercial property that have commenced operation as at 30 June 2022.

Product category	Average occupancy rate[1] 30 June 2022 %	31 December 2021 %	Area of shopping centers in operation as at 30 June 2022 (000' sq.m.)
COCO Park	95.9	98.3	208
COCO City and iCO	91.0	92.4	988
Others	94.6	95.0	218
Total	92.3	94.0	1,414[2]

Notes:

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

(2) The area excludes car parking area.

FUTURE OUTLOOK

In 2022, the Group established a work approach, i.e., "to secure quality in a cost-effective manner, to promote stability with high quality, to seek expansion while maintaining stability" (以省保定，以定促穩，穩中求進), with a focus on the improvement of both quality and efficiency in order to achieve the sustainable and healthy development of the Group. As such, the Group will continue to focus on the aforesaid as its major tasks in the second half of 2022:

I. Continue to promote the large-scale expansion of the Group on the premise of ensuring quality.

Economic development, population and spending power are the key factors that determine the success of a business. Adhering to the strategy of "deepening the development of the Greater Bay Area, developing the Yangtze River Delta and expanding into the central and western regions", the Group has sorted out 8 first-tier cities and 28 second-tier cities. In the future, the Group will continue to focus on first-tier and second-tier cities as its targets for project expansion.

For cities other than the first-tier and second-tier cities at a lower administrative level but with a high potential, the Group will seek cooperation in respect of local projects with unique location advantages as appropriate to seize market opportunities in a rapid and precise manner. With its forward-looking positioning, tenant sourcing and operation, the Group is expected to develop local projects with first-mover advantages and influence.

Since 2021, the Group has successively established cooperation with Shanghai Construction Group Co., Ltd. (上海建工集團股份有限公司), Xiamen Special Economic Zone Real Estate Development Group Co., Ltd.* (廈門經濟特區房地產開發集團有限公司), Guangzhou Liby Enterprise Group Co., Ltd.* (廣州立白企業集團有限公司), Jining Chengtou Holding Group Co., Ltd. (濟寧城投控股集團有限公司), Shenzhen SEZ Construction and Development Group Co., Ltd. (深圳市特區建設發展集團有限公司) and their respective related companies. In the future, the Group will continue to develop partnerships, and in particular, establish strategic collaborations with state-owned enterprises, large-scale group companies and other high-quality resource platforms, and ensure that the target of no less than 700,000 sq.m. of contract area for the whole year of 2022 is achieved.

* *For identification purpose only.*

FUTURE OUTLOOK *(Continued)*

II. Conduct professional win-win collaborations to ensure high-quality opening of projects in preparation.

In the first half of 2022, the nationwide recurring COVID-19 pandemic greatly affected the opening of shopping malls in many places across the country. In order to facilitate the successful achievement of the Group's targets for new projects opening in 2022, the Group established a dedicated team at the beginning of the year, responsible for opening-related matters to secure the opening of the projects in preparation as scheduled. The grand opening of Enshi Galaxy COCO City (恩施星河COCO City) and Jiaxing Galaxy COCO City (嘉興星河COCO City) on 1 May and 30 July 2022, respectively raised the curtain to the opening of new projects of the Group this year with remarkable results performance.

Starting with preliminary services such as project positioning, design consultation and engineering consultation, the Group targets to maintain the novelty of project design and the rationality of engineering layout from the source and lay a foundation for the improvement of subsequent operation efficiency. In addition, the Group continues to adhere to the strategy of "one policy for one store" for differentiated customer experiences and effects, while carrying out precise tenant sourcing to achieve the high-quality opening of the projects in preparation eventually.

III. Enhance tenant sourcing and operation capabilities and develop the core competitiveness of the Group.

Tenant sourcing and operation are the core competitiveness of a business management company. In a performance-based manner, the Group is committed to developing shopping centers with "Four Highs", i.e., high occupancy, high sales growth, high quality and high customer flow.

1. High occupancy: In the second half of the year, the Group will continue to implement a hierarchical mechanism for tenant sourcing and realize cross-region brand collaboration and multi-project interaction, and further identify first store and strategic partners to achieve the target occupancy rate of no less than 95%.

2. High sales growth: In the second half of the year, the Group will further improve the repurchase and sales ratio of members through continuous membership operation, and establish a sales support scheme for commercial tenants on an individual basis to achieve a win-win outcome with such commercial tenants.

3. High quality: The Group will develop 1 to 2 distinctive features concerning environment, service, etc. for each project to improve the quality and attractiveness of its projects.

4. High customer flow: The Group will also design and carry out large-scale marketing campaigns with characteristic, influence and sales transformation to meet the increasingly personalized and differentiated needs of consumers, and boost customer flow and sales.

FUTURE OUTLOOK *(Continued)*

IV. Explore, innovate and keep up with the development trend of consumption and business.

"Seeking continuous change" is the core of business and consumption. In the second half of the year, the Group will have more requirements for the innovation of consumption modes, the exploration of community business and the diversity of cooperation models.

Firstly, with the rise of Generation Z and the advent of the post-pandemic era, the Group will be open to explore innovative scenarios of leisure, entertainment, experience and social contact, in order to meet the trend and develop shopping malls continuously carrying the good aspirations of consumers and expressions of business brands.

Secondly, the Group has established a special taskforce for community business pilot projects and will continue to promote the exploration and implementation of community business model in the second half of the year. Different from large shopping malls, community business will put more focuses on the demand of consumers for timeliness and convenience. Through more accurate customer profiling, the Group will strive to achieve accurate business positioning and efficient business operation in each community and obtain good business returns.

Finally, flexibility, diversity and win-win cooperation are the Group's long-term goals. In the second half of the year, considering the changes in the external market environment, the Group will actively seek a variety of cooperation models, including but not limited to mergers and acquisitions and operation cooperation, to expand the scope for business development and sources for profit growth.

Based on the foregoing, in the future, with the implementation of the aforesaid measures, the Group will continue to work hard and develop a batch of benchmarking projects with strong influence in the regions or cities where such projects are located, and ultimately form a healthy project development process – "reserve, sign, open and success". Besides, the Group will continue to explore and innovate and remain sensitive to new consumption, new trends and new opportunities, thereby injecting more vitality into the long-term development of the Group.

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2022, the Group's revenue amounted to approximately RMB259.6 million, representing a period-on-period increase of approximately 0.8%.

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			
	2022		2021	
	RMB'000	**%**	RMB'000	%
Entrusted management services	**188,802**	**72.7**	170,996	66.4
Brand and management output services	**58,807**	**22.7**	74,015	28.8
Sublease services	**11,977**	**4.6**	12,400	4.8
Total	**259,586**	**100.0**	257,411	100.0

- Entrusted management services: For the six months ended 30 June 2022, revenue from entrusted management services amounted to approximately RMB188.8 million, representing a period-on-period increase of approximately 10.4% and accounting for approximately 72.7% of the total revenue of the Group. The increase in the revenue from entrusted management services was due to (1) the increase in the revenue from operational management services of projects in operation, and (2) the increase in the revenue from preliminary positioning, construction consultancy and services during the preparation stage resulting from the increase in the number of projects in preparation.

- Brand and management output services: For the six months ended 30 June 2022, revenue from brand and management output services amounted to approximately RMB58.8 million, representing a period-on-period decrease of approximately 20.5% and accounting for approximately 22.7% of the total revenue of the Group. The decrease in the revenue from brand and management output services was primarily due to the decrease in the number of new preliminary consultation services projects of the Group during the period as affected by the real estate market, which caused the decrease in the revenue from positioning, construction consultancy and tenant sourcing services provided.

- Sublease services: For the six months ended 30 June 2022, revenue from sublease services amounted to approximately RMB12.0 million, representing a period-on-period decrease of approximately 3.4% and accounting for approximately 4.6% of the total revenue of the Group. The decrease in revenue from sublease services was mainly because the increased average rent pursuant to the lease agreements with certain tenants and as a result of the Group's adjustments of tenant mix was offset by the negative effect of the COVID-19 pandemic.

Cost of Services

For the six months ended 30 June 2022, the Group's cost of services amounted to approximately RMB109.9 million, representing a period-on-period decrease of approximately 1.4%.

FINANCIAL REVIEW *(Continued)*

Gross Profit and Gross Profit Margin

For the six months ended 30 June 2022, the Group's gross profit amounted to approximately RMB149.7 million, representing a period-on-period increase of approximately 2.6%.

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

	For the six months ended 30 June			
	2022		2021	
	(Unaudited)		(Unaudited)	
	RMB'000	**%**	RMB'000	%
Entrusted management services	**101,427**	**53.7**	85,809	50.2
Brand and management output services	**42,946**	**73.0**	54,395	73.5
Sublease services	**5,357**	**44.7**	5,736	46.3
Total/Overall	**149,730**	**57.7**	145,940	56.7

For the six months ended 30 June 2022, the overall gross profit margin amounted to approximately 57.7%, representing an increase of approximately 1.0% as compared with approximately 56.7% for the same period of 2021.

- Entrusted management services: For the six months ended 30 June 2022, the gross profit margin amounted to 53.7%, representing an increase of 3.5% as compared with approximately 50.2% for the same period of 2021. The increase in the gross profit margin was mainly due to (1) the higher gross profit margin as a result of the increase in the revenue from operational management services of projects in operation, coupled with effective cost controls; and (2) the higher gross profit margin as a result of the increase in the revenue from the preliminary positioning, construction consultancy and services during the preparation stage resulting from the increase in the number of projects in preparation in the first half of the year.

- Brand and management output services: For the six months ended 30 June 2022, the gross profit margin remained relatively stable as compared with the same period of 2021.

- Sublease services: For the six months ended 30 June 2022, the gross profit margin amounted to approximately 44.7%, representing a decrease of approximately 1.6% as compared with approximately 46.3% for the same period of 2021, the decrease in the gross profit margin was primarily as a result of the decrease in the revenue from sublease services and leasing costs were relatively stable.

Other Income

For the six months ended 30 June 2022, other income amounted to approximately RMB19.3 million, representing a period-on-period increase of approximately 71.9%, primarily attributable to the increased bank interest income as a result of the increase in the average balance of fixed-term deposits in banks.

Other Gains and Losses

For the six months ended 30 June 2022, net other gains amounted to approximately RMB9.8 million, mainly representing foreign exchange gains.

FINANCIAL REVIEW *(Continued)*

Impairment Losses under Expected Credit Loss Model, Net of Reversal

For the six months ended 30 June 2022, the Group's impairment losses under expected credit loss model, net of reversal amounted to approximately RMB5.2 million, representing a period-on-period increase of approximately 32.7%, mainly due to the fact that the Group increased the provision for the expected credit loss of some projects considering the increasing capital risk in the real estate industry.

Selling Expenses

For the six months ended 30 June 2022, the Group's selling expenses amounted to approximately RMB1.6 million, representing a period-on-period decrease of approximately 42.8%, primarily due to the decrease in brand-building activities as affected by the COVID-19 pandemic.

Administrative Expenses

For the six months ended 30 June 2022, the Group's administrative expenses amounted to approximately RMB28.1 million, representing a period-on-period increase of approximately 7.3%, primarily due to the increase in the expenses incurred during the preparation stage of the sublease projects, such as the increase in the depreciation of right-of-use assets recognised in accordance with HKAS 16 in respect of the sublease projects of Jiaxing Galaxy COCO City (嘉興星河COCO City) and Xiamen Galaxy COCO Park (廈門星河COCO Park) for the period.

Finance Costs

The Group's finance costs refer to interest expense on lease liabilities recognised in accordance with HKAS 16 in respect of subleased projects.

For the six months ended 30 June 2022, the Group's finance costs amounted to approximately RMB4.6 million, representing a period-on-period increase of approximately 132.5%, primarily due to the increase in the interest expense on lease liabilities recognised upon the delivery of the sub-lease projects of Jiaxing Galaxy COCO City (嘉興星河COCO City) and Xiamen Galaxy COCO Park (廈門星河COCO Park) during the six months ended 30 June 2022.

Share of Result of a Joint Venture

For the six months ended 30 June 2022, the Group's share of result of a joint venture recorded a loss of approximately RMB10.0 million, which was mainly caused by the depreciation of right-of-use assets and the interest expense on lease liabilities recognized by Guangzhou Kaixing Business Management Co., Ltd*. (廣州凱星商業管理有限公司), a joint venture invested by the Group pursuant to the joint venture agreement entered into by the Group dated 28 July 2021, pursuant to HKAS 16 upon the delivery of the sublease project of Guangzhou Health Port Galaxy COCO Park (廣州健康港星河COCO Park).

Income Tax Expense

For the six months ended 30 June 2022, the Group's income tax expense amounted to approximately RMB34.8 million, representing a period-on-period increase of approximately 12.1%, primarily attributable to the increase in assessable profits.

* *For identification purpose only*

FINANCIAL REVIEW *(Continued)*

Profit for the period

The Group's profit for the six months ended 30 June 2022 amounted to approximately RMB94.4 million, representing a period-on-period increase of approximately 14.4%.

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 2022, the Group's trade and other receivables were approximately RMB59.1 million, representing an increase of approximately 28.8% as compared with that as at 31 December 2021, primarily due to the increase in trade receivables of the Group.

Trade and other payables

The Group's trade and other payables primarily represent amounts due to suppliers/subcontractors for the purchase of services and goods, receipts on behalf of tenants, deposits received from tenants, payroll payables and others. As at 30 June 2022, the Group's trade and other payables amounted to approximately RMB135.0 million, representing a decrease of approximately 21.5% as compared with that as at 31 December 2021, primarily due to the decrease in receipts on behalf of tenants and the decrease in payroll payables to employees as a result of the payment of the year-end bonus provided in the previous year.

Contingent liabilities

As at 30 June 2022, the Group did not have any significant contingent liabilities.

Liquidity and capital resources

The Group has maintained stable financial position and sufficient liquidity and bank balances. As at 30 June 2022, the Group's cash and cash equivalents and time deposits amounted to approximately RMB1,310.9 million (including fixed deposits with original maturity over three months of approximately RMB680.9 million), representing an increase of approximately 4.0% as compared with that as at 31 December 2021, primarily attributable to the increase in revenue from the operation of the Group during the six months ended 30 June 2022. 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.

Bank loans and other borrowings

As at 30 June 2022, the Group had no bank loans and other borrowings (31 December 2021: nil).

Gearing ratio

Gearing ratio is calculated based on total liabilities divided by total assets. As at 30 June 2022, gearing ratio was approximately 45.0%, representing a substantial increase as compared with approximately 20.5% as at 31 December 2021. This was primarily due to the recognition of large amounts of lease assets and lease liabilities upon delivery of the sublease projects of Jiaxing Galaxy COCO City (嘉興星河COCO City) and Xiamen Galaxy COCO Park (廈門星河COCO Park) during the six months ended 30 June 2022.

Foreign exchange risk

The Group primarily operates in Mainland China and its businesses are principally conducted in RMB. As at 30 June 2022, assets and liabilities denominated in currencies other than RMB were mainly cash and cash equivalents denominated in Hong Kong dollars or United States dollars. The Group did not enter into any forward exchange contract to hedge against foreign exchange risk, but the management will continue to monitor foreign exchange risk and adopt a prudent approach to reduce the foreign exchange risk.

FINANCIAL REVIEW *(Continued)*

Net Proceeds from the Global Offering and Over-allotment Option

The net proceeds from the Global Offering (as defined in the prospectus of the Company dated 14 January 2021, 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**").

As of 30 June 2022, an analysis of the utilisation of Net Proceeds is as follows:

Proposed use of Net Proceeds as set out in the Prospectus	Approximate % of Net Proceeds	Net Proceeds (RMB million)	Utilised Net Proceeds as of 30 June 2022 (RMB million)	Unused Net Proceeds as of 30 June 2022 (RMB million)	Expected time of full utilisation
To pursue strategic acquisition of and investment in other small- to mid-sized commercial property operational service providers in order to scale up its commercial property operational service business and expand its commercial property operational service portfolio	55	463.0	–	463.0	by end of 31 December 2024
For renovation of retail commercial properties under the sublease service model	20	168.4	37.9	130.5	by end of 31 December 2024
To make minority equity investment in the project companies which own quality commercial properties	10	84.2	24.0	60.2	by end of 31 December 2024
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 of data centers, 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	0.9	20.1	by end of 31 December 2024
– to improve customer services	2.5	21.0	2.5	18.5	by end of 31 December 2024
For general business purpose and working capital	10	84.2	84.2	–	–
Total	100	841.8	149.5	692.3	

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

On 25 August 2022, the board (the "**Board**") of directors (the "**Directors**") of the Company resolved to change the proposed use of the Net Proceeds. As disclosed in the Prospectus and the above table, the Company originally allocated 55% (approximately RMB463 million) and 20% (approximately RMB168.4 million) of the Net Proceeds to pursue strategic acquisition of and investment in other small- to mid-sized commercial property operational companies (the "**Intended Acquisitions**") and for the decoration or renovation of retail commercial properties under the Group's sublease services segment (the "**Intended Renovations**"), respectively. Prior to the listing of the Company's shares (the "**Listing**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 26 January 2021, the Company had not identified any suitable target for the Intended Acquisitions. The original proceeds allocated for the Intended Acquisitions were determined based on the criteria as set out in the Prospectus (the "**Criteria**"), in particular, the profit level of the target companies and the price-to-earnings ratio of the Company at the time of the Listing as well as the acquisition conducted in the market prior to the Listing. At the relevant time, the Company considered that it was able to identify suitable target for the Intended Acquisitions after the Listing having considered the information contained a research report issued by China Index Academy, which indicated that the commercial property operational services market is highly dispersed.

Since the Listing, the Company has been actively identifying potential acquisition targets for the Intended Acquisitions which match the Criteria through various channels including internal resources and referral from industry associations. However, none of the potential acquisitions materialised either because the targets did not match the Criteria, or the Group failed to reach consensus on the major commercial terms, in particular, valuation and profit guarantee terms.

A major contributing factor of such failure to reach consensus on the valuation of the potential targets is that since the market downturn of the real estate industry in the PRC from the fourth quarter of 2021 coupled with the limited source of financing available to the property developers, the capital market has continuously lowered its valuation on real estate and related property management companies. A large gap therefore emerged between the market valuation and the counterparties' own valuation when the Company conducts commercial negotiations in relation to acquisition of the potential targets.

In addition, the resurgence of the pandemic since the beginning of 2022 and lockdowns in various provinces in the PRC had relatively greatly and adversely affected the operating of small- to mid-sized commercial property operational companies. Through the Group's continuous tracking of the performance the potential acquisition targets, their business performance are generally far from meeting the expectations as previously forecasted, which cast doubt on their future profitability. Thus, the Company has taken a more cautious approach when considering the Intended Acquisitions. The Company had never anticipated at the time of the Listing that the pandemic would last for over 2 years, which would then impact on the Intended Acquisitions after the Listing.

Since the second quarter of 2022, the Company became aware that the number of acquisition targets which may be suitable for the Intended Acquisitions had substantially decreased due to the dynamic changes in market circumstances in the real estate industry combined with recurrence of the pandemic as mentioned above. As such, the Company was unable to identify any new possible acquisition target companies using its business network and industry association, and was unsure when the market will start to recover. The Company thus started to explore investment opportunities other than the Intended Acquisitions, in particular subleasing opportunities which are part of its principal business, so as to derive long-term sustainable revenue for the Group.

On the other hand, in identifying potential targets for the Intended Renovations, it has become apparent to the Company that property owners are generally less willing to invest in renovation of self-operated commercial properties as the real estate industry in the PRC is currently experiencing dynamic changes. As a result, various opportunities of long-term lease assets with high quality and low price emerge in the market.

In light of the changes in market circumstances as described above, the Company considered that instead of continuously holding on to the unused Net Proceeds for the Intended Acquisitions, which is currently generating minimal level of interest income through placing as bank deposits, changing the allocation of the Net Proceeds and re-allocating the original sum for the Intended Acquisitions to the Intended Renovations would enable the Group to generate revenue once the renovation is completed and the properties are leased out.

The Directors considered that they have used their best endeavours to implement plans for the purpose of the Intended Acquisitions as the Company had: (i) set up relevant committee and taskforce focusing on the Intended Acquisitions in Greater Bay Area and Yangtze River Delta regions, which consisted of its directors and senior management; (ii) adopted and implemented an internal control manual in relation to the Intended Acquisitions covering, among others, target screening, project initiation, due diligence, investment decision-making and agreement signing processes; and (iii) held regular board meetings to report, among others, on the Intended Acquisitions and the use of proceeds, and to consider whether necessary changes shall be made on the acquisition strategies and the use of Net Proceeds in light of the market development.

Notwithstanding the re-allocation, the Company will continue to monitor the market development. Should there be any opportunities for potential acquisitions, it will consider to use its internal generated funds to proceed with acquisition of suitable target companies as and when appropriate.

Further, in order to mitigate risks in association with the sublease business model where the Group may be required to bear the renovation or decoration costs in accordance with the lease agreement, the Company would take measures including but not limited to (i) conducting thorough due diligence and adopting strict site selection criteria and review mechanism with a view to select projects with high growth potential; and (ii) negotiating for terms to contain the downside risks, such as early exit through termination clauses and favourable terms (including rent-free period, nominal rent for initial years, percentage rent with compensation clause, etc.) to reduce rental payment for the sublease projects.

In view of the foregoing, the Board considers the re-allocation of the unutilised Net Proceeds which were originally allocated for the Intended Acquisitions to the Intended Renovations is fair and reasonable and in the best interest of the Company and its shareholders as a whole.

For other details, please also refer to the section headed "(2) CHANGE IN USE OF PROCEEDS FROM THE GLOBAL OFFERING" of the Company's announcement dated 25 August 2022.

NUMBER OF EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2022, the total number of employees of the Group was 457 (31 December 2021: 436). 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 base 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.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

During the six months ended 30 June 2022, save for the expansion plans as set out in this report, 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

Save as disclosed in this report, 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 2022.

ASSET CHARGES

As of 30 June 2022, none of the assets of the Group were pledged (31 December 2021: nil).

SUBSEQUENT EVENTS

There were no other significant events up to the date of this report.

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

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 2022.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to maintaining high standard of corporate governance practices and procedures and complying with the statutory and regulatory requirements with an aim to maximising the values and interests of the shareholders of the Company (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 14 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited during the six months ended 30 June 2022. The Company will continue to review and enhance its corporate governance practices to ensure the compliance with the CG Code.

CHANGES IN DIRECTORS' INFORMATION

Since the date of the Company's 2021 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.

REVIEW OF INTERIM REPORT BY AUDIT COMMITTEE

The unaudited interim financial information for the six months ended 30 June 2022 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 of the Company (comprising Mr. Guo Limin, a non-executive Director, and Mr. Tse Yat Hong and Mr. Guo Zengli, each an independent non-executive Director) has reviewed the unaudited interim report of the Group for the six months ended 30 June 2022 with the Company's management and considered that such information have been prepared in accordance with applicable accounting standards and requirements with sufficient disclosure.

SHARE CAPITAL

The Company's total issued share capital as at 30 June 2022 was 1,020,039,000 ordinary shares.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules 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 during the six months ended 30 June 2022.

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 2022, 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[2]	Approximate percentage of issued share capital[1]
Mr. Huang De-Lin Benny[3]	Interest in a controlled corporation	150,000,000 (L)	14.71%
Mr. Huang De'An Tony	Beneficial owner	1,791,000 (L)	0.18%

Notes:

(1) The calculation is based on the total number of 1,020,039,000 Company's shares in issue as at 30 June 2022.

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

(3) 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 2022, 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.

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

As at 30 June 2022, 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[(2)]	Approximate percentage of issued share capital (%)[(1)]
Mr. Huang[(3)(4)]	Founder of a discretionary trust	600,000,000 (L)	58.82%
	Interest in controlled corporation	150,000,000 (L)	14.71%
TMF (Cayman) Ltd ("**TMF (Cayman)**")[(3)]	Trustee	600,000,000 (L)	58.82%
Long Harmony Holding Limited ("**Long Harmony**")[(3)]	Interest in a controlled corporation	600,000,000 (L)	58.82%
Go Star Investment Holding Limited ("**Go Star**")	Beneficial owner	600,000,000 (L)	58.82%
Virtue Investment	Beneficial owner	150,000,000 (L)	14.71%

Notes:

(1) The calculation is based on the total number of 1,020,039,000 Company's shares in issue as at 30 June 2022.

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

(3) 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.

(4) 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 2022, 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.

As at the date of this report, the detailed terms of the employee share incentive scheme has not been confirmed and has not yet been adopted.

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 2022, 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 2022.

RESTRICTED SHARE UNIT ("RSU") SCHEME ("RSU SCHEME")

The Company adopted the restricted share unit Scheme ("**RSU Scheme**") on 4 November 2021 to recognize 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.

During the six months ended at 30 June 2022, the trustee under the RSU Scheme has purchased 564,000 shares of the Company pursuant to the RSU Scheme rules. Up to 30 June 2022, the Company has not granted any restricted share units to any eligible participants under the RSU Scheme.

INTERIM DIVIDEND

The Board resolved to declare an interim dividend of HK$0.035 per ordinary share of the Company for the six months ended 30 June 2022 (six months ended 30 June 2021: 0).

The register of members of the Company will be closed from Tuesday, 29 November 2022 to Wednesday, 30 November 2022, both days inclusive, during which period no transfer of shares of the Company will be registered. For the purpose of determining the entitlement to the interim dividend for the six months ended 30 June 2022, 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 Monday, 28 November 2022. It is expected that the interim dividend will be paid on or around Thursday, 15 December 2022 to the Shareholders whose names appear on the register of members of the Company at the close of business on Wednesday, 30 November 2022.

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 25 to 46, which comprise the condensed consolidated statement of financial position as of 30 June 2022 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. 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.

OTHER MATTER

The comparative condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period ended 30 June 2021 and the relevant explanatory notes included in these condensed consolidated financial statements have not been reviewed in accordance with HKSRE 2410.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
25 August 2022

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Six months ended 30 June 2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Revenue	3	**259,586**	257,411
Cost of services		**(109,856)**	(111,471)
Gross profit		**149,730**	145,940
Other income	4	**19,315**	11,234
Other gains and losses		**9,757**	(413)
Impairment losses under expected credit loss model, net of reversal	5	**(5,173)**	(3,897)
Selling expenses		**(1,597)**	(2,792)
Administrative expenses		**(28,102)**	(26,191)
Finance costs		**(4,633)**	(1,993)
Listing expenses		**–**	(8,281)
Share of result of a joint venture		**(10,047)**	–
Profit before tax		**129,250**	113,607
Income tax expense	6	**(34,841)**	(31,084)
Profit and total comprehensive income for the period	7	**94,409**	82,523
Profit for the period attributable to:			
– Owners of the Company		**96,089**	83,065
– Non-controlling interests		**(1,680)**	(542)
		94,409	82,523
Earnings per share			
– Basic (RMB cents)	9	**9.43**	8.47

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (audited)
Non-current assets			
Property and equipment	10	2,844	4,469
Investment properties	10	657,537	47,524
Rental deposits	11	5,542	5,542
Deposits paid for acquisition of property and equipment		35,966	16,546
Finance lease receivables		6,350	6,646
Deferred tax assets		10,912	9,279
Interest in a joint venture		–	7,023
Loan to a joint venture		11,976	15,000
		731,127	112,029
Current assets			
Finance lease receivables		572	542
Trade and other receivables	11	59,054	45,837
Financial assets at fair value through profit or loss ("**FVTPL**")	12	1,990	1,990
Amounts due from related parties	17	1,151	1,387
Restricted bank balance		5,000	10,000
Short-term bank deposit		680,885	814,212
Bank balances and cash		630,018	446,349
		1,378,670	1,320,317
Current liabilities			
Trade and other payables	13	135,048	171,953
Lease liabilities		3,889	5,373
Contract liabilities		22,008	11,378
Amounts due to related parties	17	897	1,069
Tax payable		29,494	40,570
Dividend payable		87,233	–
		278,569	230,343
Net current assets		1,100,101	1,089,974
Total assets less current liabilities		1,831,228	1,202,003
Capital and reserves			
Share capital	14	8,533	8,533
Reserves		1,120,107	1,112,615
Equity attributable to owners of the company		1,128,640	1,121,148
Non-controlling interests		30,821	17,501
Total equity		1,159,461	1,138,649
Non-current liabilities			
Deferred tax liabilities		1,006	–
Lease liabilities		670,761	63,354
		671,767	63,354
		1,831,228	1,202,003

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company									
	Share capital/paid in capital RMB'000	Share premium RMB'000	Share redemption reserve RMB'000	Shares held for share award scheme RMB'000	Statutory reserve RMB'000 (note (i))	Other reserve RMB'000 (note (ii))	Accumulated profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2022 (audited)	8,533	771,871	5	(3,937)	53,701	(1,088)	292,063	1,121,148	17,501	1,138,649
Profit and total comprehensive income for the period	–	–	–	–	–	–	96,089	96,089	(1,680)	94,409
Repurchase of shares under share award scheme	–	–	–	(1,532)	–	–	–	(1,532)	–	(1,532)
Dividends recognised as distributions (Note 8)	–	(87,065)	–	–	–	–	–	(87,065)	–	(87,065)
Transfer	–	–	–	–	8,123	–	(8,123)	–	–	–
Capital contribution from a non-controlling interest upon establishment of a subsidiary	–	–	–	–	–	–	–	–	15,000	15,000
At 30 June 2022 (unaudited)	8,533	684,806	5	(5,469)	61,824	(1,088)	380,029	1,128,640	30,821	1,159,461
At 1 January 2021 (audited)	–*	–	–	–	37,006	(1,088)	123,834	159,752	3,503	163,255
Profit and total comprehensive income for the period	–	–	–	–	–	–	83,065	83,065	(542)	82,523
Capitalisation issue (Note 14)	6,275	(6,275)	–	–	–	–	–	–	–	–
Issuance of shares upon listing (Note 14)	2,091	805,193	–	–	–	–	–	807,284	–	807,284
Issuance of ordinary shares upon exercise of over-allotment options (Note 14)	172	66,186	–	–	–	–	–	66,358	–	66,358
Transaction costs attributable to issuance of ordinary shares	–	(40,784)	–	–	–	–	–	(40,784)	–	(40,784)
Dividends recognised as distributions (Note 8)	–	(50,574)	–	–	–	–	–	(50,574)	–	(50,574)
Transfer	–	–	–	–	8,538	–	(8,538)	–	–	–
At 30 June 2021 (unaudited)	8,538	773,746	–	–	45,544	(1,088)	198,361	1,025,101	2,961	1,028,062

* Less than RMB1,000

Notes:

(i) 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.

(ii) On 16 December 2019, 深圳市星河商用置業投資有限公司 (Shenzhen Galaxy Commercial Property Investment Co., Ltd*) ("**Galaxy Commercial Property Investment**") and 深圳市安林珊資產管理有限公司 (Shenzhen Anlinshan Asset Management Co., Ltd*) ("**Anlinshan Asset Management**") entered into an equity interest transfer agreement with 深圳市星瀚實業投資有限公司 (Shenzhen Xinghan Industrial Investment Co., Ltd.*) ("**Xinghan Industrial**"), respectively, pursuant to which Galaxy Commercial Property Investment and Anlinshan Asset Management agreed to transfer their respective entire equity interest in 深圳市星河商置集團有限公司 (Shenzhen Galaxy Commercial Property Group Co., Ltd.*) ("**Galaxy Commercial Property Group**") to Xinghan Industrial at a total consideration of RMB81,088,300. The consideration was fully settled on 30 December 2019 and was accounted for as a deemed distribution to the then shareholders of Galaxy Commercial Property Group during the year ended 31 December 2019. The difference between the paid-in capital of Galaxy Commercial Property Group of RMB80,000,000 and the cash consideration of RMB81,088,300 was recognised as other reserve.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
NET CASH FROM OPERATING ACTIVITIES	**40,354**	46,183
INVESTING ACTIVITIES		
Interest received	**16,969**	4,764
Purchases of property and equipment	**(329)**	(337)
Prepaid construction cost of a project under sublease services model	**(19,420)**	(2,573)
Decrease of restricted bank deposits	**5,000**	–
Redemption of financial assets at fair value through profit or loss	**–**	186,005
Withdrawal of short-term bank deposits	**133,576**	–
Placement of short-term bank deposits	**–**	(771,341)
NET CASH FROM (USED IN) INVESTING ACTIVITIES	**135,796**	(583,482)
FINANCING ACTIVITIES		
Capital contribution from a non-controlling interest upon establishment of a subsidiary	**15,000**	–
Repurchase and cancellation of shares	**(1,532)**	–
Interest paid	**(4,633)**	(1,993)
Repayment of lease liabilities	**(683)**	(2,280)
Payment of accrued listing expenses and issue costs	**(633)**	(16,755)
Proceeds from issuance of ordinary shares	**–**	873,642
Transaction costs attributable to issuance of ordinary shares	**–**	(40,784)
NET CASH FROM FINANCING ACTIVITIES	**7,519**	811,830
NET INCREASE IN CASH AND CASH EQUIVALENTS	**183,669**	274,531
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	**446,349**	141,660
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD represented by bank balances and cash (note)	**630,018**	416,191

Note: Cash and cash equivalents as at 30 June 2021 excludes fixed deposits with original maturity over three months of RMB771,341,000.

1. GENERAL INFORMATION AND BASIS OF PREPARATION

E-Star Commercial Management Company Limited (the "**Company**") was incorporated as an exempted company with limited liability in the Cayman Islands on 13 September 2019 and its shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 26 January 2021.

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

2. PRINCIPAL ACCOUNTING POLICIES

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

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards ("**HKFRSs**"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2022 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2021.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatory effective for the Group's annual period beginning on or after 1 January 2022 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

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.

3. REVENUE AND SEGMENT INFORMATION

The Group generates revenue primarily from provision of commercial operational services to either owners or tenants of the commercial properties in the People's Republic of China (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	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Entrusted management services	**188,802**	170,996
Brand and management output services	**58,807**	74,015
Sublease services	**11,977**	12,400
	259,586	257,411
Comprise of:		
– Revenue from contracts with customers	**252,804**	249,629
– Revenue from leases	**6,782**	7,782
	259,586	257,411

(i) Disaggregation of revenue from contracts with customers

	Six months ended 30 June	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Commercial property operational services:		
– Market positioning, design and construction consultancy and tenant sourcing services	**38,716**	47,826
– Operational management services	**175,737**	162,475
– Value-added services (note)	**38,351**	39,328
	252,804	249,629
Timing of revenue recognition:		
– Over time	**245,830**	245,695
– A point in time	**6,974**	3,934
	252,804	249,629
Type of customers:		
– Property owners	**107,224**	104,122
– Tenants and other customers	**145,580**	145,507
	252,804	249,629

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 RMB297,000 (six months ended 30 June 2021: RMB373,000) where the Group acts as an agent.

3. REVENUE AND SEGMENT INFORMATION *(Continued)*

A. Revenue *(Continued)*

Revenue from commercial 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 a lease agreement with the property owner of a commercial property and subleases the commercial spaces within the commercial property to tenants.

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
For operating leases:		
Lease payments that are fixed	**5,241**	6,165
Variable lease payments	**1,402**	1,338
	6,643	7,503
For finance leases:		
Finance income on the net investment in the lease	**139**	279
Total revenue arising from leases	**6,782**	7,782

Included in the operating lease income there is a contingent rental of RMB1,402,000 (six months ended 30 June 2021: RMB1,338,000) for the six months ended 30 June 2022.

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	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Customer A (note)	**69,678**	75,375

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 17.

4. OTHER INCOME

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Interest income from bank deposits	**17,158**	10,230
Investment income of financial assets at fair value through profit or loss ("**FVTPL**")	**61**	61
Government grants (note)	**670**	676
Compensation and penalty received from tenants	**1,110**	113
Others	**316**	154
	19,315	11,234

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

5. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Net impairment losses under expected credit loss model recognised on trade receivables	**5,173**	3,897

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 2022 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2021.

6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Current tax:		
PRC Enterprise Income Tax ("**EIT**")	**35,468**	32,111
Deferred tax	**(627)**	(1,027)
	34,841	31,084

Hong Kong

Under the two-tiered profits tax rates regime, the first HK$2 million of assessable profits of a qualifying group entity will be taxed at 8.25%, and assessable profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million. No provision for Hong Kong Profits Tax has been made for both interim periods as the subsidiaries operating in Hong Kong have no assessable profits.

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.

7. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Profit for the period is arrived at after charging (crediting):		
Staff costs (including directors' emoluments)		
– Salaries and other benefits	**68,955**	67,790
– Retirement benefit scheme contributions	**4,598**	4,361
Total staff costs	**73,553**	72,151
Depreciation of property and equipment	**1,984**	2,008
Depreciation of investment properties	**4,174**	1,615
	6,158	3,623
Gross rental income from investment properties	**6,782**	7,782
Less: direct operating expenses incurred for investment properties during the period	**(2,371)**	(2,519)
	4,411	5,263

8. DIVIDENDS

Dividends recognised as distribution during the period:

	Six months ended 31 June	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
2021 final dividend of HK10 cents per share	**87,065**	–
2020 final dividend of HK4.5 cents per share	**–**	37,930
2020 final special dividend of HK1.5 cents per share	**–**	12,644
	87,065	50,574

A final dividend of HK$0.10 per ordinary share for the year ended 31 December 2021, in an aggregate amount of approximately HK$102,004,000 (equivalent to approximately RMB87,065,000), was declared, which had been paid on 8 July 2022.

During the six months ended 30 June 2021, a final dividend and a special dividend of HK$0.045 per ordinary share and HK$0.015 per ordinary share respectively, in an aggregate amount of approximately HK$61,238,000 (equivalent to approximately RMB50,574,000), were declared and had been paid on 6 July 2021.

An interim dividend of HK$0.035 per ordinary share was proposed for the six months ended 30 June 2022, in an aggregate amount of approximately HK$35,701,000 (equivalent to approximately RMB30,531,000).

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	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Earnings for the purpose of calculating basic earnings per share:		
Profit for the period attributable to owners of the Company	**96,089**	83,065

Number of shares

	Six months ended 31 June	
	2022	2021
	'000	'000
	(unaudited)	(unaudited)
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**1,018,610**	980,636

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

10. PROPERTY AND EQUIPMENT AND INVESTMENT PROPERTIES

During the six months ended 30 June 2022, the Group acquired new property and equipment of approximately RMB329,000 (six months ended 30 June 2021: RMB337,000).

During the current interim period, two long-term leases for operating the commercial property operational services business have commenced. The leases met the definition of investment property held by a lessee as a right-of-use assets and accordingly, the Group recognised investment property of RMB614,187,000 and lease liabilities of RMB605,767,000.

11. TRADE AND OTHER RECEIVABLES

	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (audited)
Trade and other receivables		
– Trade receivables	49,113	29,139
– Other receivables	15,483	22,240
	64,596	51,379
Analysed as:		
Current	59,054	45,837
Non-current	5,542	5,542

	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (audited)
Trade receivables		
Contracts with customers		
– Third parties	70,943	47,520
– Related parties (note)	1,730	6
Less: Allowance for credit losses	(23,560)	(18,387)
	49,113	29,139

Note: The related parties are companies under common control of Mr. Huang Chu-Long, the ultimate controlling shareholder.

As at 1 January 2021, the trade receivables in respect of contracts with customers and operating lease receivables, net of allowance for credit losses, amounted to RMB25,073,000 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 each reporting period:

	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (audited)
0 – 10 days	15,218	10,288
11 – 30 days	9,753	2,578
31 – 60 days	3,814	2,324
61 – 90 days	3,127	1,696
Over 90 days	17,201	12,253
	49,113	29,139

11. TRADE AND OTHER RECEIVABLES *(Continued)*

Included in the Group's trade receivables in respect of contracts with customers as at 30 June 2022 are past due debtors with aggregate carrying amount of RMB24,142,000 (2021: RMB16,273,000), of which an amount of RMB12,656,000 (2021: RMB6,186,000) 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 were adjusted for 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.

	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (audited)
Other receivables		
Receivables from third-party payment platforms (note (i))	**1,000**	2,624
Payments on behalf of tenants (note (ii))	**583**	630
Advance to employees (note (iii))	**138**	15
Rental prepayments (note (iv))	**–**	8,262
Rental deposits (note (iv))	**5,542**	5,542
Other tax recoverable	**3,245**	1,284
Deposits	**3,285**	3,266
Prepayment	**1,598**	572
Others	**92**	45
	15,483	22,240

Notes:

(i) Customers usually make payments through third-party payment platforms. The third party payment platforms normally settle the amounts received, net of handling charges, within a week after trade date. All receivables from third-party payment platforms were aged within one month and not past due.

(ii) 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.

(iii) The amount represents advancements to employees for the Group's daily operations.

(iv) The amount represents prepaid rental and rental deposits under sublease service model.

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (audited)
Current asset		
Investment in listed bonds	1,990	1,990

As at 30 June 2022 and 31 December 2021, the balance of financial assets at FVTPL represents listed bonds of RMB1,990,000 issued by China Development Bank through a commercial bank. In the opinion of the management of the Group, the bonds may be disposed of in the market for acceptable return at any time prior to maturity. Therefore, they are classified as current assets.

13. TRADE AND OTHER PAYABLES

	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (audited)
Trade and other payable		
– Trade payables	25,265	24,493
– Other payables	109,783	147,460
	135,048	171,953

	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (audited)
Trade payables		
Contracts with suppliers		
– Third parties	23,313	22,481
– Related parties (note)	1,952	2,012
	25,265	24,493

Note: The related parties are companies under common control of Mr. Huang Chu-Long, the ultimate controlling shareholder.

13. TRADE AND OTHER PAYABLES *(Continued)*

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

	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (audited)
0 – 30 days	**21,318**	21,375
31 – 60 days	**2,459**	1,968
61 – 90 days	**636**	636
Over 90 days	**852**	514
	25,265	24,493

	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (audited)
Other payables		
Receipts on behalf of tenants (note (i))	**56,745**	73,017
Deposits received (note (ii))	**34,992**	29,239
Salary payables	**12,661**	32,237
Accruals	**1,520**	6,239
Accrued listing expenses (note (iii))	**–**	646
Other tax payables	**3,865**	6,082
	109,783	147,460

Notes:

(i) The balance represents the funds received centrally 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.

(ii) The balance mainly represents security deposits received from tenants and suppliers and rental deposits from lessees.

(iii) The balance represents the listing expenses accrued by the Company.

14. SHARE CAPITAL

	Number of shares	Share capital HK$'000	Share capital RMB'000
Ordinary shares of HK$0.01 each			
Authorised			
At 1 January 2021	38,000,000	380	340
Increase	1,962,000,000	19,620	16,415
At 30 June 2021, 31 December 2021 and 30 June 2022	2,000,000,000	20,000	16,755
Issued and fully paid			
1 January 2021	1,000	–^	–*
Capitalisation issue (note (i))	749,999,000	7,500	6,275
Issuance of ordinary shares (note (ii))	250,000,000	2,500	2,091
Issuance of ordinary shares upon exercise of over-allotment options (note (iii))	20,640,000	206	172
At 30 June 2021	1,020,640,000	10,206	8,538
Repurchase and cancellation of shares (note (iv))	(601,000)	(6)	(5)
At 31 December 2021 and 30 June 2022	1,020,039,000	10,200	8,533

^ Less than HK$1,000
* Less than RMB1,000

Notes:

(i) Pursuant to the resolutions of the Company's shareholders passed on 21 December 2020, the Company allotted and issued a total of 749,999,000 shares by way of capitalisation of the sum of HK$7.5 millions standing to the credit of the share premium account of the Company (the "**Capitalisation Issue**"), credited as fully paid at par to the shareholders as appearing on the register of members of the Company on 26 January 2021.

(ii) On 26 January 2021, the Company issued 250,000,000 ordinary shares of HK$0.01 each pursuant to the global offering of the shares of the Company at the price of HK$3.86 per share for a total gross cash consideration of approximately HK$928.8 millions (equivalent to approximately RMB777.0 millions) and the Company's shares were listed on the Stock Exchange on the same date. The shares allotted and issued rank pari passu with the existing shares in all respects.

(iii) On 18 February 2021, the over-allotment option was fully exercised and the Company issued additional 20,640,000 ordinary shares at the price of HK$3.86 per share for a total gross cash consideration of approximately HK$77.8 millions (equivalent to approximately RMB64.8 million) on 23 February 2021. The shares allotted and issued rank pari passu with the existing shares in all respects.

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

Month of repurchase	No. of ordinary shares of HK$0.01 each	Price per share Lowest HK$	Price per share Highest HK$	Aggregate consideration paid HK$000	Aggregate consideration paid RMB'000
August 2021	601,000	3.89	4.20	2,441	2,029

The above ordinary shares were cancelled upon repurchase.

15. 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 by the board of directors of the Company, 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.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by the board of directors of the Company to each grantee, which period may commence on the date on which the offer for the grant of options is made but shall end in any event not later than 10 years from the date of grant of the options. 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 2022 and 2021, no options have been granted.

15. 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 the their contributions and reward the eligible participants who have achieved outstanding performance. The RSU Scheme became effective on 4 November 2021 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 share 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.

The Company has purchased 564,000 shares for RSU Scheme during the six months ended 30 June 2022.

16. CAPITAL COMMITMENTS

	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (audited)
Capital expenditure in respect of acquisition of property and equipment contracted for but not provided for in the condensed consolidated financial statements	**75,206**	30,153
	75,206	30,153

17. RELATED PARTY TRANSACTIONS

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

(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

	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (audited)
Fellow subsidiaries (note)	**1,151**	1,387

Note: The related parties are companies under common control of Mr. Huang Chu-Long, the ultimate controlling shareholder.

The entire balance of amounts due from related parties are non-trade in nature.

(ii) Amounts due to related parties

	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (audited)
Fellow subsidiaries (note)	**897**	1,069

Note: The related parties are companies under common control of Mr. Huang Chu-Long, the ultimate controlling shareholder. The balances are trade in nature and mainly represent the rental and other deposits paid by the fellow subsidiaries with respect to usage of common areas in the shopping centers and payable to fellow subsidiaries for reimbursements of staff welfare expenses incurred by the Group.

17. RELATED PARTY TRANSACTIONS *(Continued)*

(b) Related parties transactions

In additional 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 Chu-Long and joint venture:

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Related parties		
Revenue:		
– Commercial property operational and related services (note (i))	**64,920**	69,149
– Tenant management services (note (ii))	**4,758**	6,226
	69,678	75,375
Expense:		
– Property management and related services (note (iii))	**2,059**	6,116
– Interest expenses on lease liabilities (note (iv))	**1,860**	1,993
	3,919	8,109
A joint venture		
Revenue:		
– Commercial property operational and related services (note (i))	**1,193**	–

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 RMB4,477,000 (six months ended 30 June 2021: RMB4,273,000) were made for the six months ended 30 June 2022. Included in the lease repayments there were interests paid of RMB1,860,000 (six months ended 30 June 2021: RMB1,993,000) for the six months ended 30 June 2022.

Under the entrusted management services model, certain shopping centers owned by related parties mentioned above provide office premises to the Group for free.

Compensation of key management personnel

The remuneration of the senior management of the group entities prior to becoming directors of the Company and other members of key management of the Group during both interim periods were as follows:

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Short-term benefits	**5,788**	4,419
Performance related bonuses	**–**	115
Retirement benefits schemes contributions	**84**	51

18. 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.

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

Certain of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique and inputs used).

	Fair value at			
Financial assets	**30 June 2022 (unaudited)**	31 December 2021 (audited)	Fair Value hierarchy	Valuation technique and key impacts
Financial assets at FVTPL	**Investments in listed bonds: RMB1,990,000**	Investments in listed bonds: RMB1,990,000	Level 1	Quoted bid prices in an active market

There were no transfer between Level 1, 2 and 3 during both interim periods.

19. EVENTS AFTER THE END OF THE REPORTING PERIOD

As of the date of this report, there is no significant subsequent event.

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