

# 2023 INTERIM REPORT

寶龍商業管理控股有限公司

POWERLONG COMMERCIAL MANAGEMENT HOLDINGS LIMITED

(Incorporated in the Cayman Islands with Limited Liability)

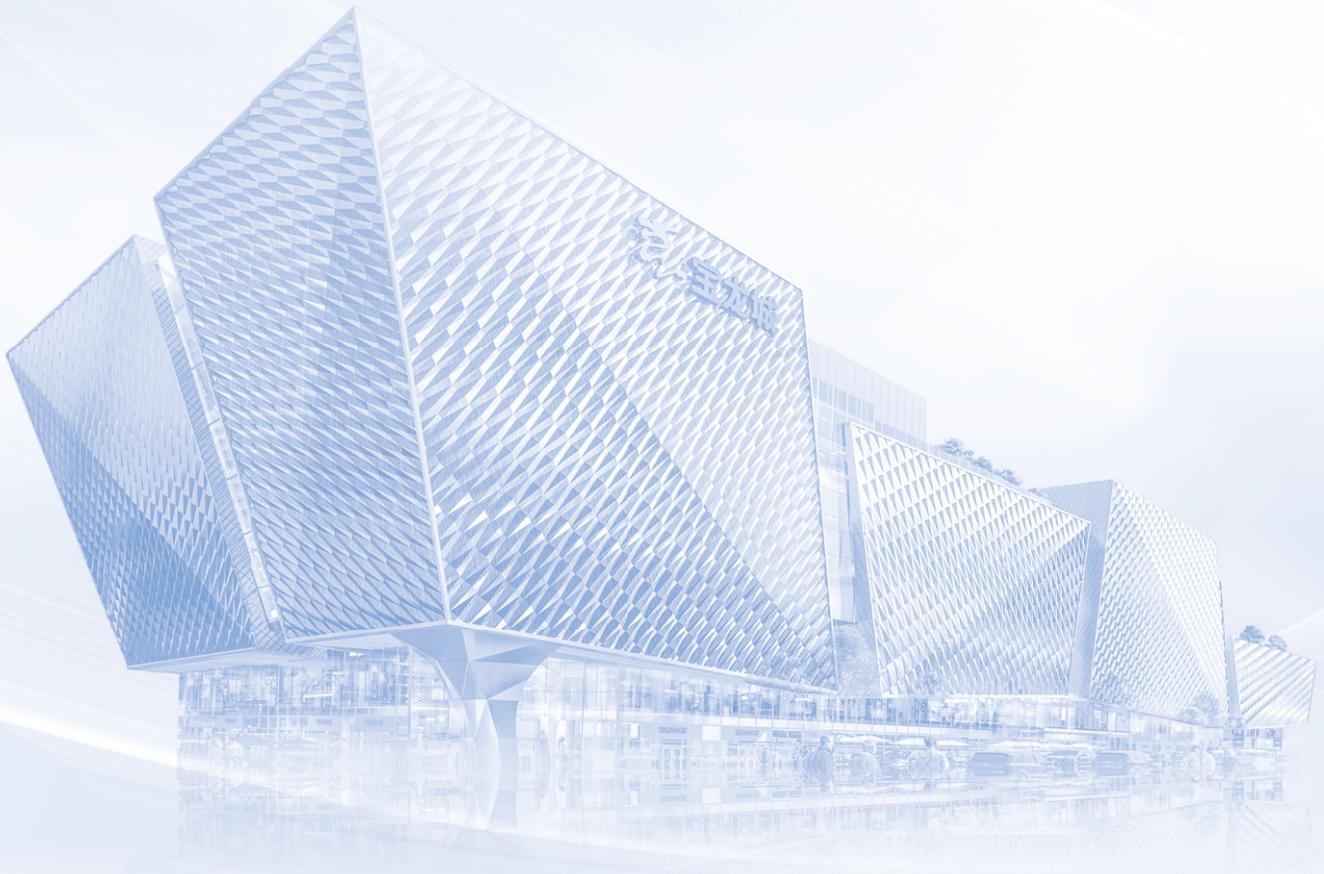
Stock code: 9909.HK



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# Group Introduction



Powerlong Commercial Management Holdings Limited (9909.HK) (the “**Company**” or “**Powerlong CM**”) and its subsidiaries (together, the “**Group**”) is a leading commercial operational service provider in the People’s Republic of China (“**China**” or the “**PRC**”). The Company was successfully listed (the “**Listing**”) on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 30 December 2019 (the “**Listing Date**”), being the first commercial management operational service provider under an asset-light business model listed on the Stock Exchange. The Group focuses on the Yangtze River Delta region, especially city clusters with vast potentials for economic development. Based on local demand, it is committed to creating good city living.

The Group mainly provides commercial operational services under four brands, namely “Powerlong One Mall” (寶龍一城), “Powerlong City” (寶龍城), “Powerlong Plaza” (寶龍廣場) and “Powerlong Land” (寶龍天地). As of 30 June 2023, the Group had 95 retail commercial properties in operation, with an aggregate gross floor area (“**GFA**”) <sup>note</sup> in operation of approximately 10.7 million square meters (“**sq.m.**”). As of the same date, the Group was contracted to provide commercial operational services for a total of 143 retail commercial properties with an aggregate contracted GFA of approximately 15.3 million sq.m..

The Group also provides property management services for residential properties, office buildings and serviced apartments. As of 30 June 2023, the Group was providing property management services to 105 delivered residential properties with an aggregate GFA delivered of approximately 20.1 million sq.m., and was contracted to manage 139 properties with an aggregate contracted GFA of approximately 29.8 million sq.m..

With the corporate mission of “creating space full of love”, the Group adheres to its corporate philosophy of “simple, truthful, prosper together, forward forever”, with a view to becoming a well-respected, century-lasting and world-leading operator of city space, thereby creating more room for value enhancement for customers and investors on an ongoing basis.

Note: Unless otherwise stated, all “GFA” of commercial properties referred to in this report include car parks.

# Corporate Information

## DIRECTORS

### Executive Directors

Mr. Hoi Wa Fong (Chairman of the Board)  
Mr. Chen Deli (Chief executive officer)

### Non-executive Directors

Mr. Zhang Yunfeng (re-designated from an Executive Director to a Non-executive Director on 29 March 2023 and resigned as the chief financial officer of the Company on 29 March 2023)  
Ms. Hoi Wa Fan  
Ms. Hoi Wa Lam

### Independent non-executive Directors

Dr. Lu Xiongwen  
Ms. Ng Yi Kum, Estella  
Mr. Chan Wai Yan, Ronald

## AUDIT COMMITTEE

Ms. Ng Yi Kum, Estella (Chairlady)  
Mr. Chan Wai Yan, Ronald  
Dr. Lu Xiongwen

## REMUNERATION COMMITTEE

Dr. Lu Xiongwen (Chairman)  
Mr. Hoi Wa Fong  
Mr. Chan Wai Yan, Ronald

## NOMINATION COMMITTEE

Mr. Hoi Wa Fong (Chairman)  
Mr. Chan Wai Yan, Ronald  
Dr. Lu Xiongwen

## COMPANY SECRETARIES

Ms. Jin Hong (resigned on 29 March 2023)  
Ms. Zhang Yiting (appointed on 29 March 2023)  
Ms. Leung Wai Yan

## AUTHORIZED REPRESENTATIVES

Mr. Zhang Yunfeng  
Ms. Leung Wai Yan

## REGISTERED OFFICE

Maples Corporate Services Limited  
P.O. Box 309  
Ugland House  
Grand Cayman KY1-1104  
Cayman Islands

## PLACE OF BUSINESS IN HONG KONG

19/F, Lee Garden One  
33 Hysan Avenue  
Causeway Bay  
Hong Kong

## PRINCIPAL PLACE OF BUSINESS IN THE PRC

Powerlong Tower  
1399 Xinzhen Road  
Minhang District  
Shanghai  
PRC  
Postal Code: 201101

## PRINCIPAL SHARE REGISTRAR

Maples Fund Services (Cayman) Limited  
P.O. Box 1093  
Boundary Hall  
Cricket Square  
Grand Cayman KY1-1102  
Cayman Islands

## HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited  
Shops 1712–1716, 17th Floor  
Hopewell Centre  
183 Queen's Road East  
Wanchai  
Hong Kong

## PRINCIPAL BANKERS

Industrial and Commercial Bank of China Limited  
Bank of Communication Limited  
Agricultural Bank of China Limited  
Bank of China Limited

## AUDITOR

Elite Partners CPA Limited  
Certified Public Accountants  
10/F., 8 Observatory Road  
Tsim Sha Tsui  
Kowloon, Hong Kong

## HONG KONG LEGAL ADVISOR

Sidley Austin

## COMPANY'S WEBSITE

[www.powerlongcm.com](http://www.powerlongcm.com)

# Management Discussion and Analysis

## OVERVIEW

The Group is a leading commercial operational service provider in the PRC. As at 30 June 2023, the Group had a total of 95 retail commercial properties in operation, with an aggregate GFA in operation of approximately 10.7 million sq.m.. The Group had a total of 143 retail commercial properties with an aggregate contracted GFA of approximately 15.3 million sq.m. for which the Group had been contracted to provide commercial operational services. The Company enjoys considerable brand recognition in the markets where it operates. The Company was awarded 2023 China Top 10 out of Top 100 Commercial Real Estate Enterprises (2023中國商業地產百強企業TOP10) by China Index Academy (中國指數研究院) in March 2023, Outstanding Enterprise Award in Commercial Property of the Year (年度商業地產卓越企業) by Winshang.com (贏商網) in May 2023, 2022 Outstanding City Commercial Operator (2022年度城市商業傑出運營商) by Linkshop.com (聯商網) in June 2023 and so forth.

The Group also provides property management services for residential properties, office buildings and serviced apartments. As at 30 June 2023, the Group delivered residential property management services to 105 projects, with an aggregate GFA delivered of approximately 20.1 million sq.m., and was contracted to manage 139 projects with an aggregate contracted GFA of approximately 29.8 million sq.m..

With the mission of “creating space full of love”, the Company adheres to its corporate philosophy of “simple, truthful, prosper together, forward forever”, with a view to becoming a well-respected, century-lasting and world-leading operator of city space, thereby creating more room for value enhancement for customers and investors on an ongoing basis.

## BUSINESS REVIEW

For the six months ended 30 June 2023 (the “**Reporting Period**”), the Company mainly conducted its business activities in the following business segments, namely (i) commercial operational services; and (ii) residential property management services. The Group’s revenue is mainly derived from its commercial operational services.

*Commercial operational services:* The Company provides full-chain services covering positioning, tenant sourcing, opening, operation and management to shopping malls and shopping streets.

It primarily included:

- (i) Market research and positioning, tenant sourcing and opening preparation services to property developers or property owners during the preparation stage before the opening of a retail commercial property;
- (ii) Commercial operation and management services to property owners or tenants during the operation stage of a retail commercial property; and
- (iii) Commercial property leasing services with respect to units located within the shopping streets and shopping malls.

*Residential property management services:* The Group provides property management services to residential properties, office buildings and serviced apartments.

It primarily included:

- (i) Pre-sale management services to property developers during their pre-sale activities, such as cleaning, security and maintenance of pre-sale display units and sales offices;
- (ii) Property management services to property owners or property owners’ associations at the post-delivery stage, such as security, cleaning, gardening and repair and maintenance services; and
- (iii) Other value-added services to property owners, tenants or residents of properties under management, such as pre-delivery preparation and trash handling services, common area, advertising space and car park management services.

## Management Discussion and Analysis

The table below sets forth the Group's gross profit and gross profit margin by business segments for the periods indicated:

|  | Six months ended 30 June |                     |                |                     |
|--|--------------------------|---------------------|----------------|---------------------|
|  | 2023                     |                     | 2022           |                     |
|  | Gross profit             | Gross profit margin | Gross profit   | Gross profit margin |
|  | RMB'000                  | %                   | RMB'000        | %                   |
| Commercial operational services          | 378,318                  | 36.1                | 367,983        | 35.9                |
| Residential property management services | 59,893                   | 26.4                | 62,451         | 25.8                |
| <b>Total</b>                             | <b>438,211</b>           | <b>34.4</b>         | <b>430,434</b> | <b>34.0</b>         |

### Commercial Operational Services

The Group provides professional commercial operational services to property owners, tenants and consumers mainly under four brands, namely, "Powerlong One Mall" (寶龍一城), "Powerlong City" (寶龍城), "Powerlong Plaza" (寶龍廣場) and "Powerlong Land" (寶龍天地).

For the six months ended 30 June 2023, the aggregate revenue of the Group's commercial operational services amounted to approximately RMB1,047.9 million, representing an increase of approximately 2.3% from approximately RMB1,024.5 million for the six months ended 30 June 2022; and the Group had GFA in operation of approximately 10.7 million sq.m., representing an increase of approximately 0.5 million sq.m. from approximately 10.2 million sq.m. for the corresponding period of 2022; 95 projects in operation, representing a net increase of 4 projects from 91 projects for the corresponding period of 2022; contracted GFA of approximately 15.3 million sq.m., representing an increase of approximately 0.6 million sq.m. from approximately 14.7 million sq.m. for the corresponding period of 2022.

The table below sets forth a breakdown of the contracted GFA and GFA in operation as at the dates indicated and the revenue from commercial operational services segment for the periods indicated by geographic region:

|                                    | For the six months ended 30 June |                  |                       |                |                  |                  |
|------------------------------------|----------------------------------|------------------|-----------------------|----------------|------------------|------------------|
|                                    | 2023                             |                  |                       | 2022           |                  |                  |
|                                    | Contracted GFA                   | GFA in operation | Revenue               | Contracted GFA | GFA in operation | Revenue          |
|                                    | sq.m.                            | sq.m.            | RMB<br>(in thousands) | sq.m.          | sq.m.            | RMB              |
| Yangtze River Delta <sup>(1)</sup> | 9,986                            | 6,744            | 754,161               | 9,540          | 6,522            | 727,095          |
| Pearl River Delta <sup>(2)</sup>   | 416                              | 166              | 16,539                | 416            | 166              | 19,885           |
| Others <sup>(3)</sup>              | 4,863                            | 3,791            | 277,189               | 4,743          | 3,546            | 277,558          |
| <b>Total</b>                       | <b>15,265</b>                    | <b>10,701</b>    | <b>1,047,889</b>      | <b>14,699</b>  | <b>10,234</b>    | <b>1,024,538</b> |

## Management Discussion and Analysis

### Notes:

- (1) Comprises Shanghai Municipality, Zhejiang Province, Jiangsu Province and Anhui Province.
- (2) Comprises Guangdong Province.
- (3) Comprises cities except those mentioned in (1) and (2) above.

### New Projects in Operation

The Group's new retail commercial property projects in operation during the six months ended 30 June 2023 are shown in the following table:

| No.                      | Name of project                             | Opening date<br><i>month-year</i> | City     | Geographic<br>region   | Source of<br>project     | Manager              | Management<br>model     | Total<br>GFA<br><i>(sq.m)</i> | Shopping<br>mall<br><i>(sq.m)</i> | Commercial<br>street<br><i>(sq.m)</i> | Car park<br><i>(sq.m)</i> |
|--------------------------|---|-----------------------------------|----------|------------------------|--------------------------|----------------------|-------------------------|-------------------------------|-----------------------------------|---------------------------------------|---------------------------|
| <b>Powerlong Land</b>    |   |                                   |          |                        |                          |                      |                         |                               |                                   |                                       |                           |
| 1                        | Zhoushan Putuo Powerlong Land<br>(舟山普陀寶龍天地) | June 2023                         | Zhoushan | Yangtze River<br>Delta | Powerlong<br>Real Estate | Powerlong<br>CM      | Entrusted<br>management | 92,100                        | -                                 | 40,800                                | 51,300                    |
| <b>Sub-total</b>         |   |                                   |          |                        |                          |                      |                         | <b>92,100</b>                 | <b>-</b>                          | <b>40,800</b>                         | <b>51,300</b>             |
| <b>Powerlong Xinghui</b> |   |                                   |          |                        |                          |                      |                         |                               |                                   |                                       |                           |
| 1                        | Haiyan Beidajie<br>(海鹽北大街)                  | June 2023                         | Jiaxing  | Yangtze River<br>Delta | Third Party              | Powerlong<br>Xinghui | Entrusted<br>management | 55,570                        | -                                 | 35,630                                | 19,940                    |
| <b>Sub-total</b>         |   |                                   |          |                        |                          |                      |                         | <b>55,570</b>                 | <b>-</b>                          | <b>35,630</b>                         | <b>19,940</b>             |
| <b>Total</b>             |   |                                   |          |                        |                          |                      |                         | <b>147,670</b>                | <b>-</b>                          | <b>76,430</b>                         | <b>71,240</b>             |

## Management Discussion and Analysis

### New Contracted Projects

New retail commercial property contracted projects during the six months ended 30 June 2023 and up to the date of this interim report are shown in the following table:

| No.                                   | Name of project                               | City     | Geographic region      | Manager              | Management model         | Expected total GFA<br>(sq. m.) |
|---------------------------------------|---|----------|------------------------|----------------------|--------------------------|--------------------------------|
| <b>From independent third parties</b> |   |          |                        |                      |                          |                                |
| 1                                     | Xiangtang Powerlong Plaza<br>(香塘寶龍廣場)         | Taicang  | Yangtze River<br>Delta | Powerlong CM         | Entrusted<br>management  | 70,000                         |
| 2                                     | Shangrao Shuinanjie<br>(上饒水南街) <sup>(1)</sup> | Shangrao | Others                 | Powerlong<br>Xinghui | Advisory<br>consultation | 158,000                        |
| <b>Sub-total</b>                      |   |          |                        |                      |                          | <b>228,000</b>                 |
| <b>Total</b>                          |   |          |                        |                      |                          | <b>228,000</b>                 |

(1) Contract was entered into in August 2023. It is not included in the scope of statistics in respect of the first half of 2023.

### Occupancy Rate

The table below sets forth the average occupancy rate and GFA under management of retail commercial properties that had commenced operation as at 30 June 2023 by product category.

| Product category   | Average occupancy rate <sup>(1)</sup> |                          | GFA in<br>operation<br>as of 30 June<br>2023<br>(in thousand<br>sq. m.) |
|--------------------|---------------------------------------|--------------------------|---|
|                    | 30 June<br>2023<br>%                  | 31 December<br>2022<br>% |   |
| Powerlong One Mall | 99.4                                  | 98.5                     | 171   |
| Powerlong City     | 97.9                                  | 98.4                     | 574   |
| Powerlong Plaza    | 90.1                                  | 92.2                     | 8,445   |
| Powerlong Land     | 92.1                                  | 92.5                     | 516   |
| Powerlong Xinghui  | 92.3                                  | 92.3                     | 995   |
| <b>Total</b>       | <b>90.8</b>                           | <b>92.6</b>              | <b>10,701</b>   |

(1) Occupancy rate is calculated as actual leased area divided by available lease area of a retail commercial property as of the end of each relevant period based on internal record. The occupancy rate only applies to retail commercial properties for which the Group has provided tenant sourcing services and may be higher or lower in different periods within one year.

## Management Discussion and Analysis

### Pipeline Projects in the Second Half of 2023

The Group's retail commercial property projects planned for opening in the second half of 2023 are shown in the following table:

| No.                      | Name of Project   | Opening Date <sup>(1)</sup><br><i>month-year</i> | City       | Geographic Region      | Source of Project        | Management Model        | Expected total GFA<br><i>(sq. m.)</i> |
|--------------------------|---|--|------------|------------------------|--------------------------|-------------------------|---------------------------------------|
| <b>Powerlong Plaza</b>   |   |  |            |                        |                          |                         |                                       |
| 1                        | Yuyao Powerlong Plaza<br>(余姚寶龍廣場)                         | October 2023                                     | Ningbo     | Yangtze River<br>Delta | Powerlong<br>Real Estate | Entrusted<br>management | 65,915                                |
| 2                        | Jingdezhen Powerlong Plaza<br>(景德鎮寶龍廣場)                   | October 2023                                     | Jingdezhen | Others                 | Powerlong<br>Real Estate | Entrusted<br>management | 129,209                               |
| 3                        | Jinhua Jinyi Powerlong Plaza<br>(金華金義寶龍廣場)                | October 2023                                     | Jinhua     | Yangtze River<br>Delta | Powerlong<br>Real Estate | Entrusted<br>management | 92,743                                |
| 4                        | Xuzhou Hexin Powerlong Plaza<br>(徐州和信寶龍廣場)                | October 2023                                     | Xuzhou     | Yangtze River<br>Delta | Third Party              | Entrusted<br>management | 197,251                               |
| 5                        | Hangzhou Gongshu Powerlong Plaza<br>(杭州拱墅寶龍廣場)            | December 2023                                    | Hangzhou   | Yangtze River<br>Delta | Powerlong<br>Real Estate | Entrusted<br>management | 98,264                                |
| 6                        | Pizhou Powerlong Plaza<br>(邳州寶龍廣場)                        | December 2023                                    | Xuzhou     | Yangtze River<br>Delta | Powerlong<br>Real Estate | Entrusted<br>management | 129,514                               |
| 7                        | Linhai Powerlong Plaza<br>(臨海寶龍廣場)                        | December 2023                                    | Taizhou    | Yangtze River<br>Delta | Third Party              | Sublease                | 50,215                                |
| <b>Sub-total</b>         |   |  |            |                        |                          |                         | <b>763,111</b>                        |
| <b>Powerlong Land</b>    |   |  |            |                        |                          |                         |                                       |
| 1                        | Xiamen Yuanboyuan Powerlong Land<br>(廈門圓博苑寶龍天地)           | October 2023                                     | Xiamen     | Others                 | Third Party              | Sublease                | 14,705                                |
| 2                        | Xiamen Wenzao<br>(廈門文灶)                                   | December 2023                                    | Xiamen     | Others                 | Third Party              | Sublease                | 41,658                                |
| <b>Sub-total</b>         |   |  |            |                        |                          |                         | <b>56,363</b>                         |
| <b>Powerlong Xinghui</b> |   |  |            |                        |                          |                         |                                       |
| 1                        | Tiantai Cultural Center<br>Powerlong Land<br>(天臺文化中心寶龍天地) | October 2023                                     | Taizhou    | Yangtze River<br>Delta | Third Party              | Entrusted<br>management | 18,227                                |
| 2                        | Wenzhou Yueqing Powerlong Plaza<br>(溫州樂清寶龍廣場)             | December 2023                                    | Wenzhou    | Yangtze River<br>Delta | Third Party              | Entrusted<br>management | 56,000                                |
| <b>Sub-total</b>         |   |  |            |                        |                          |                         | <b>74,227</b>                         |
| <b>Total</b>             |   |  |            |                        |                          |                         | <b>893,701</b>                        |

(1) Opening dates of all the projects are only estimated dates. Actual opening dates are subject to progress of the relevant projects.

## Management Discussion and Analysis

### Residential Property Management Services

For the six months ended 30 June 2023, revenue of the Group's residential property management service business segment amounted to approximately RMB226.9 million, representing a decrease of approximately 6.2% from approximately RMB241.8 million for the six months ended 30 June 2022; and the Group had GFA delivered of approximately 20.1 million sq.m., representing an increase of 1.8 million sq.m. from 18.3 million sq.m. for the corresponding period of 2022; 105 projects delivered, representing a net increase of 18 projects from 87 projects for the corresponding period of 2022; contracted GFA of approximately 29.8 million sq.m., representing a decrease of approximately 0.8 million sq.m. from approximately 30.6 million sq.m. for the corresponding period of 2022.

The table below sets forth a breakdown of the contracted GFA and GFA delivered as at the dates indicated and our revenue from residential property management service segment for the periods indicated by geographic region:

|                                    | For the six months ended 30 June |                  |                       |                   |                  |                |
|------------------------------------|----------------------------------|------------------|-----------------------|-------------------|------------------|----------------|
|                                    | 2023                             |                  |                       | 2022              |                  |                |
|                                    | Contracted<br>GFA                | GFA<br>delivered | Revenue               | Contracted<br>GFA | GFA<br>delivered | Revenue        |
|                                    | sq.m.                            | sq.m.            | RMB<br>(in thousands) | sq.m.             | sq.m.            | RMB            |
| Yangtze River Delta <sup>(1)</sup> | 19,253                           | 10,586           | 139,069               | 19,201            | 8,673            | 138,764        |
| Pearl River Delta <sup>(2)</sup>   | 559                              | 389              | 8,227                 | 559               | –                | 2,998          |
| Others <sup>(3)</sup>              | 9,984                            | 9,104            | 79,645                | 10,877            | 9,619            | 100,083        |
| <b>Total</b>                       | <b>29,796</b>                    | <b>20,079</b>    | <b>226,941</b>        | <b>30,637</b>     | <b>18,292</b>    | <b>241,845</b> |

Notes:

(1) Comprises Shanghai Municipality, Zhejiang Province, Jiangsu Province and Anhui Province.

(2) Comprises Guangdong Province.

(3) Comprises cities except those mentioned in (1) and (2) above.

## Management Discussion and Analysis

### WORK PLAN FOR THE SECOND HALF OF 2023

During the year 2023, as restrictive measures were lifted after three years of COVID-19 pandemic, normalized operation was fully resumed in both the economy and society, and the consumption scenario returned to offline. Macroeconomic policies were vigorously adopted, with the National Development and Reform Commission (NDRC) promulgating the Measures Concerning the Recovery and Expansion of Consumption in which 20 substantial measures on the recovery and expansion of consumption were introduced to further cater to the consumption needs of residents and to unleash consumption potentials. In the first half of 2023, the gross domestic product (GDP) grew at 5.5% year on year, with total social retail consumption growing at 8.2%. The trend of recovery of the economy continued, and the consumption market recovered moderately in general.

With the gradual recovery of the offline consumption scenario and whilst shopping malls acted as the main traffic gateway for offline consumption, the Group saw a strong recovery in customer traffic and sales in the first half of 2023 with double-digit growth. Meanwhile, the Group continued to optimize and upgrade the brand portfolio of tenant mix, forging in-depth cooperation with the LVMH Group, the L'Oreal Group and so forth. More than 10 high-end cosmetics stores were unveiled in Xiamen Powerlong One Mall, creating a new high-end cosmetics matrix. Looking ahead to the second half of 2023, the Group will continue to adhere to the strategic layout of focusing on the Yangtze River Delta. In the face of changes in the market and consumption, the Group will think out of the box, break out of the routine, and constantly update the mix of business formats, establish project signatures, and proactively respond to changes in the market to create a rich consumption scenario and satisfy diversified lifestyles.

#### 1. Establishing value pyramid

The Company's value pyramid will be built by fully utilizing the project space and the revenue value of each business segment, while integrating the platform value of the commercial and property elements. Meanwhile, in the second half of 2023, we will continue to improve the operating quality and commercial atmosphere of our projects and accelerate the adjustment and renovation process of existing projects. For the operation of tenant sourcing, the Company will emphasize the panoramic review of the whole process of commercial management, including the promotion of tenant sourcing, data research, risk control, and tenant sourcing for empty stores. We will make use of intelligent technology to enhance the effectiveness of project management by using the AI assistant to monitor the whole process of the system, and by proactively pushing out alert information.

#### 2. Continuously expanding brand influence

In March 2023, a conference on our full-year marketing strategies was successfully held under the theme of "Four Seasons of POWERLONG". Based on the rhythm of business operation, festive seasons and holidays, the Group's marketing strategies for the four seasons in 2023 were elaborated in detail along the four dimensions of "color, sound, taste and temperature". In the second half of 2023, the Group will continue to launch splendid marketing activities focusing on the two seasons of "autumn and winter", while the third "POWERLONG-ING" campaign will remain the key marketing activity of the year and will be held in October 2023, sparking the consumption boom as always.

#### 3. Enhancing talent echelon construction

The Group will continue to take the Yangtze River Delta as the core hub of its strategic layout while paying attention to and exploring other premium regions that offer opportunities. Following the establishment of the tenant sourcing centers in six cities to give full play to the competence in regional tenant sourcing, in the second half of 2023, the Group will activate the YOUNG program to embrace business development in the new era through the selection of young leaders. The Group will continue to recruit and cultivate talents, conduct special training for project general managers, incentivize internal talents growing, devise a data-backed and intelligent system for appraising the individuals, and continue to optimize organizational efficiency, enhance efficiency of approval process, and build a first-class business operation team in the industry.

## Management Discussion and Analysis

### FINANCIAL REVIEW

#### Revenue

For the six months ended 30 June 2023, the Group recorded a revenue of approximately RMB1,274.8 million, representing an increase of approximately RMB8.4 million as compared with approximately RMB1,266.4 million for the six months ended 30 June 2022.

The Group's revenue indicated by business segment and type of service are as follows:

|  | For the six months ended 30 June |              |           |       |
|--|----------------------------------|--------------|-----------|-------|
|  | 2023                             |              | 2022      |       |
|  | RMB'000                          | %            | RMB'000   | %     |
| <b>Commercial Operational Services</b>   |                                  |              |           |       |
| Market research and positioning, business tenant sourcing and opening preparation services | 48,042                           | 3.8          | 94,883    | 7.5   |
| Commercial operation and management services   | 912,730                          | 71.6         | 854,353   | 67.5  |
| Commercial property lease income   | 87,117                           | 6.8          | 75,302    | 5.9   |
|  | <b>1,047,889</b>                 | <b>82.2</b>  | 1,024,538 | 80.9  |
| <b>Residential Property Management Services</b>  |                                  |              |           |       |
| Pre-sale management services   | 4,095                            | 0.3          | 14,597    | 1.1   |
| Property management services   | 171,137                          | 13.4         | 191,017   | 15.1  |
| Other value-added services   | 51,709                           | 4.1          | 36,231    | 2.9   |
|  | <b>226,941</b>                   | <b>17.8</b>  | 241,845   | 19.1  |
| <b>Total</b>   | <b>1,274,830</b>                 | <b>100.0</b> | 1,266,383 | 100.0 |

#### Market research and positioning, business tenant sourcing and opening preparation services

The Group's market research and positioning, business tenant sourcing and opening preparation services primarily include (i) market research and positioning services; and (ii) business tenants sourcing and opening preparation services, provided to property developers or property owners before the opening of a retail commercial property.

For the six months ended 30 June 2023, the Group's revenue from market research and positioning, business tenant sourcing and opening preparation services amounted to approximately RMB48.0 million, representing a period-on-period decrease of approximately 49.4% and accounting for approximately 3.8% of the Group's total revenue.

The decrease in the revenue from market research and positioning, business tenant sourcing and opening preparation services was primarily due to the fact that the Group provided market research and positioning, business tenant sourcing and opening preparation services with respect to less retail commercial properties compared to the corresponding period in 2022.

## Management Discussion and Analysis

### Commercial operation and management services

The Group's commercial operation and management services primarily include (i) retail commercial property management services; (ii) tenant management and rent collection services; and (iii) other value-added services, provided to property owners or tenants.

For the six months ended 30 June 2023, the Group's revenue from commercial operation and management services amounted to approximately RMB912.7 million, representing a period-on-period increase of approximately 6.8% and accounting for approximately 71.6% of the Group's total revenue.

The increase in the revenue from commercial operation and management services was primarily driven by the increase in the aggregate GFA in operation and the improvement in operational capability. For the six months ended 30 June 2023, the GFA in operation of the Group's commercial properties was approximately 10.7 million sq.m., representing a period-on-period increase of approximately 4.9%.

### Commercial property lease income

The Group provides commercial property lease services with respect to units located within the shopping streets and shopping malls.

For the six months ended 30 June 2023, the Group's revenue derived from commercial property lease services amounted to approximately RMB87.1 million, representing a period-on-period increase of approximately 15.7% and accounting for approximately 6.8% of the Group's total revenue.

The increase in the revenue from commercial property lease services was primarily attributable to the increase in the lease income of sublease projects.

### Residential Property Management Services

The Group's residential property management services primarily include (i) pre-sale management services to property developers during their pre-sale activities, such as cleaning, security and maintenance services for pre-sale display units and sales offices; (ii) property management services such as security, cleaning, gardening and repair and maintenance services to property owners or property owners' associations at the post-delivery stages; and (iii) other value-added services such as pre-delivery preparation and trash handling services, common area, advertising space and car park management services to property owners, tenants or residents of the Group's managed properties.

For the six months ended 30 June 2023, the Group's revenue from residential property management services amounted to approximately RMB226.9 million, representing a period-on-period decrease of approximately 6.2% and accounting for approximately 17.8% of the Group's total revenue.

The decrease in the revenue from residential property management services was primarily because: (i) the pace of increase in contracted area of residential properties slowed down, and the revenue from pre-sale management services decreased, as a result of continued downturn of the real estate market in China; and (ii) for the six months ended 30 June 2023, the contracted area of residential properties was approximately 29.8 million sq.m., representing a decrease of approximately 0.8 million sq.m. from the corresponding period in 2022. It was primarily because the Group took the initiative to negotiate with the owners of a project and completed the rescission of contracts with the operation quality and performance of the project falling short of expectation. In the future, the Group will focus more resources on the development and improvement of quality projects.

## Management Discussion and Analysis

Revenue indicated by type of customers is as follows:

|   | For the six months ended 30 June |              |           |       |
|---|----------------------------------|--------------|-----------|-------|
|   | 2023                             |              | 2022      |       |
|   | RMB'000                          | %            | RMB'000   | %     |
| <b>Commercial Operational Services</b>          |                                  |              |           |       |
| Fellow subsidiaries <sup>(i)</sup>              | 160,875                          | 12.6         | 174,691   | 13.8  |
| Other related parties <sup>(ii)</sup>           | 9,985                            | 0.8          | 16,534    | 1.3   |
| External customers <sup>(iii)</sup>             | 877,029                          | 68.8         | 833,313   | 65.8  |
|   | <b>1,047,889</b>                 | <b>82.2</b>  | 1,024,538 | 80.9  |
| <b>Residential Property Management Services</b> |                                  |              |           |       |
| Fellow subsidiaries <sup>(i)</sup>              | 26,978                           | 2.1          | 40,368    | 3.2   |
| Other related parties <sup>(ii)</sup>           | 2,421                            | 0.2          | 9,072     | 0.7   |
| External customers <sup>(iii)</sup>             | 197,542                          | 15.5         | 192,405   | 15.2  |
|   | <b>226,941</b>                   | <b>17.8</b>  | 241,845   | 19.1  |
| <b>Total</b>                                    | <b>1,274,830</b>                 | <b>100.0</b> | 1,266,383 | 100.0 |

Notes:

- (i) Fellow subsidiaries represented the Remaining Powerlong Group and other entities controlled by Mr. Hoi.
- (ii) Other related parties represented entities jointly controlled by the Remaining Powerlong Group.
- (iii) External customers represented independent third parties.

Revenue derived from external customers represents the largest source of the Group's revenue. For the six months ended 30 June 2023, revenue derived from external customers was approximately RMB1,074.6 million, representing an increase of approximately RMB48.9 million from approximately RMB1,025.7 million for the six months ended 30 June 2022, and accounting for approximately 84.3% of the total revenue of the Group.

## Management Discussion and Analysis

Revenue indicated by geographic regions is as follows:

|   | For the six months ended 30 June |              |           |       |
|---|----------------------------------|--------------|-----------|-------|
|   | 2023                             |              | 2022      |       |
|   | RMB'000                          | %            | RMB'000   | %     |
| <b>Commercial Operational Services</b>          |                                  |              |           |       |
| Yangtze River Delta                             | 754,161                          | 59.2         | 727,095   | 57.4  |
| Pearl River Delta                               | 16,539                           | 1.3          | 19,885    | 1.6   |
| Others  | 277,189                          | 21.7         | 277,558   | 21.9  |
|   | <b>1,047,889</b>                 | <b>82.2</b>  | 1,024,538 | 80.9  |
| <b>Residential Property Management Services</b> |                                  |              |           |       |
| Yangtze River Delta                             | 139,069                          | 10.9         | 138,764   | 11.0  |
| Pearl River Delta                               | 8,227                            | 0.6          | 2,998     | 0.2   |
| Others  | 79,645                           | 6.3          | 100,083   | 7.9   |
|   | <b>226,941</b>                   | <b>17.8</b>  | 241,845   | 19.1  |
| <b>Total</b>                                    | <b>1,274,830</b>                 | <b>100.0</b> | 1,266,383 | 100.0 |

For the six months ended 30 June 2023, the Group's commercial operational properties and residential management properties were primarily located in the Yangtze River Delta and the revenue generated from this region had further increased.

### Cost of services

The cost of services primarily include: (i) staff and other labour costs; (ii) depreciation expenses; (iii) utility expenses; (iv) variable lease payments; (v) short-term lease expenditure; (vi) taxes and other levies; and (vii) other miscellaneous costs.

For the six months ended 30 June 2023, the Group's cost of services was approximately RMB836.6 million, representing a period-on-period increase of approximately 0.1%. Such increase in cost of services is in line with the Group's business expansion.

### Gross profit and gross profit margin

The gross profit of the Group for the six months ended 30 June 2023 amounted to approximately RMB438.2 million, representing a period-on-period increase of approximately 1.8%. For the six months ended 30 June 2022, the gross profit margin was 34.4%, representing an increase of 0.4 percentage point as compared to 34.0% for the six months ended 30 June 2022.

The gross profit of commercial operational services for the six months ended 30 June 2023 amounted to approximately RMB378.3 million, representing a period-on-period increase of approximately 2.8%. The gross profit margin of the Group's commercial operational services for the six months ended 30 June 2023 was 36.1%, representing an increase of 0.2 percentage point as compared to 35.9% for the six months ended 30 June 2022, primarily due to the business growth and excellent cost control of the Group.

The gross profit of residential property management services for the six months ended 30 June 2023 amounted to approximately RMB59.9 million, representing a period-on-period decrease of approximately 4.1%. The gross profit margin of the Group's residential property management services for the six months ended 30 June 2023 was 26.4%, representing an increase of 0.6 percentage point as compared to 25.8% for the six months ended 30 June 2022, primarily because the Group continued to reduce the costs of some low-margin property management projects, and took the initiative to complete the rescission of contracts in respect of a project of poor operation quality.

## Management Discussion and Analysis

The Group's gross profit and gross profit margin by business segments are as follows:

|  | For the six months ended 30 June |                     |              |                     |
|--|----------------------------------|---------------------|--------------|---------------------|
|  | 2023                             |                     | 2022         |                     |
|  | Gross profit                     | Gross profit margin | Gross profit | Gross profit margin |
|  | RMB'000                          | %                   | RMB'000      | %                   |
| Commercial operational services          | 378,318                          | 36.1                | 367,983      | 35.9                |
| Residential property management services | 59,893                           | 26.4                | 62,451       | 25.8                |
| <b>Total</b>                             | <b>438,211</b>                   | <b>34.4</b>         | 430,434      | 34.0                |

For the six months ended 30 June 2023, the Group further fostered the project-regionalized integrated management. Meanwhile through technological upgrade and empowerment as well as enhancement in operation quality and standards, the Group laid a sound foundation for increasing the gross profit of its business in future years.

### Other income and other gains/(losses) – net

Other net income and other gains/(losses) mainly represented the various government grants and subsidies income from local governments and the forfeited deposits from tenants due to their premature termination of contracts. For the six months ended 30 June 2023, the Group's other income and other gains/(losses) – net amounted to approximately RMB31.2 million, representing a period-on-period increase of approximately 5.5%, which was mainly attributable to the increase in government grants received during the Reporting Period.

### Impairment losses on financial assets – net

The Group's net impairment losses on financial assets mainly include the allowance for impairment made in respect of operating leases and trade receivables and other receivables. For the six months ended 30 June 2023, the Group's impairment losses on financial assets – net amounted to approximately RMB14.2 million, representing a period-on-period increase of approximately 0.1%. This was mainly due to the fact that on the basis of prudent principles, the Group performed impairment tests on the carrying amount of trade receivables and other receivables, and made reasonable impairment provision.

### Finance income/(costs) – net

The Group's net finance income/(costs) mainly include the net of the interest expense on lease liabilities and interest income from bank deposits.

For the six months ended 30 June 2023, the Group's net finance income amounted to approximately RMB12.8 million, as compared to the net finance cost of approximately RMB8.7 million for the corresponding period in 2022. This is mainly because of the increase in interest income from bank deposits.

### Income tax expense

The Group's income tax expense mainly comprises PRC corporate income tax. The effective income tax rate of the Group remained relatively stable at approximately 26.7% and 27.6% for the six months ended 30 June 2023 and 2022, respectively.

### Profit for the period

For the six months ended 30 June 2023, the Group's profit attributable to the Shareholders was approximately RMB257.0 million, representing an increase of approximately 6.9% as compared with approximately RMB240.3 million for the six months ended 30 June 2022.

### Operating lease and trade receivables

The Group's operating lease and trade receivables primarily arose from property leasing services for units located within the shopping malls and shopping streets as well as the provision of various services under the Group's commercial operational service segment and residential property management service segment. As at 30 June 2023, the Group's operating lease and trade receivables were approximately RMB337.3 million, representing an increase of approximately 45.1% as compared with approximately RMB232.5 million as of 31 December 2022, primarily attributable to the business growth of the Group.

## Management Discussion and Analysis

### 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 and amounts due to related parties, cash received on behalf of tenants or residents, deposits received from tenants or residents and others. As at 30 June 2023, the Group's trade and other payables amounted to approximately RMB1,038.7 million, representing a decrease of approximately 5.1% as compared with approximately RMB1,094.1 million as of 31 December 2022. This was primarily attributable to the decrease in receipts on behalf of tenants or residents.

### Contract liabilities

Contract liabilities mainly represent advance payments made by the customers of the Group's commercial operational services and residential property management services. As at 30 June 2023, contract liabilities amounted to approximately RMB291.0 million, representing an increase of approximately 26.9% as compared with approximately RMB229.3 million as of 31 December 2022, which was mainly due to the expansion of the Group's business scale.

### Pledge of assets

As at 30 June 2023, none of the Group's assets were pledged (31 December 2022: nil).

### Contingent liabilities

As at 30 June 2023, the Group did not have any significant contingent liabilities (31 December 2022: Nil).

### Gearing ratio

Gearing ratio is calculated based on total liabilities as at the corresponding date divided by total assets as at the same date. As at 30 June 2023, gearing ratio was 0.45 (31 December 2022: 0.48).

### Foreign exchange risk

The Group's businesses are principally conducted in RMB and exposure to foreign currency risk is minimal. As at 30 June 2023, the Group had not entered into any forward exchange contract to hedge its exposure to foreign exchange risk.

As at 30 June 2023, major non-RMB assets and liabilities of the Group were cash and bank balances denominated in United States dollars ("US\$") and Hong Kong dollars ("HK\$"). Fluctuation of the exchange rate of RMB against US\$ and HK\$ could affect the Group's results of operations. The Group closely monitors the fluctuations in exchange rate and will consider hedging its exposure to foreign exchange risk as and when appropriate.

### Liquidity and capital resources

The Company has maintained stable financial condition and sufficient liquidity. As at 30 June 2023, the Group's cash and bank balances amounted to approximately RMB3,528.5 million, representing an increase of approximately 2.2% as compared with approximately RMB3,452.7 million as of 31 December 2022. This was primarily attributable to the Group's stepped up efforts in collection.

### Borrowing

As at 30 June 2023, the Group did not have any interest-bearing borrowing (31 December 2022: nil).

## HUMAN RESOURCES

The Group believes that the expertise, experience and professional development of the employees contribute to the growth of the Group. The human resources department of the Company manages, trains and hires employees. As at 30 June 2023, the Group had 5,686 (31 December 2022: 5,726) employees. The total staff costs of the Group for the six months ended 30 June 2023 amounted to approximately RMB423.8 million (for the six months ended 30 June 2022: RMB438.7 million). The Group believes in the importance of attraction, recruitment and retention of quality employees in achieving the Group's success. The Group's success depends on the Group's ability to attract, retain and motivate qualified personnel. As part of the Group's retention strategy, the Group offers employees performance-based cash bonuses and other incentives in addition to basic salaries. The Group also participates in various employee social security plans for its employees, including housing provident fund, pension, medical insurance, social insurance and unemployment insurance. In relation to staff training, the Group also provides different types of programs for its staff to improve their skills and develop their respective expertise. During the six months ended 30 June 2023, the Group did not experience any significant labour disputes or any difficulty in recruiting employees.

## FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Company had not authorised any plan for other material investments or acquisition of capital assets as at 30 June 2023.

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

The Company had no significant investments or significant acquisitions, and had no disposal of subsidiaries, associates and joint ventures during the six months ended 30 June 2023.

## Other Information

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

As at 30 June 2023, the interests and short positions of our Directors or chief executives of our Company in the shares, underlying shares and debentures of our Company or its associated corporation (within the meaning of Part XV of the SFO), as recorded in the register required to be kept 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 for Securities Transactions by Directors of Listed Issuers (the "Model Code") as contained in Appendix 10 to the Rules Governing the Listing of Securities (the "Listing Rules") were as follows:

#### (i) Long position in shares and underlying shares of the Company

| Name of Director  | Number of ordinary shares |                          |                                      |                          | Total      | Approximate percentage of holding <sup>(1)</sup> |
|-------------------|---------------------------|--------------------------|--------------------------------------|--------------------------|------------|--|
|                   | Personal interests        | Beneficiary of a trust   | Interest of a controlled corporation | Other interests          |            |  |
| Mr. Hoi Wa Fong   | –                         | –                        | 32,537,000 <sup>(2)</sup>            | 1,500,000 <sup>(3)</sup> | 34,037,000 | 5.29%  |
| Mr. Chen Deli     | 11,250,000 <sup>(4)</sup> | 5,625,000 <sup>(4)</sup> | 5,807,500 <sup>(5)</sup>             | –                        | 22,682,500 | 3.53%  |
| Mr. Zhang Yunfeng | 100,000 <sup>(6)</sup>    | –                        | –                                    | –                        | 100,000    | 0.02%  |

Notes:

- (1) The calculation of the percentages is based on the total number of issued shares of the Company (i.e. 642,900,000 shares) as at 30 June 2023.
- (2) Huihong Management (PTC) Limited ("Huihong Management"), the trustee of the Huihong Trust, is wholly-owned by Mr. Hoi Wa Fong for the purpose of a share award scheme (the "Huihong Share Award Scheme") to be adopted at least six months after the Listing. The Huihong Share Award Scheme was adopted by Huihong Management on 31 December 2020. Further details are set out in the announcement of the Company dated 31 December 2020. By virtue of the SFO, Mr. Hoi Wa Fong is deemed to be interested in the shares held by Huihong Management.
- (3) These shares are held by Sky Infinity Holdings Limited, which is wholly-owned by Sky Infinity Family Limited, which is in turn 50% owned by Seletar Limited and 50% owned by Serangoon Limited, respectively. Seletar Limited and Serangoon Limited are nominees in trust for Credit Suisse Trust Limited, the trustee of The Sky Infinity Trust. Mr. Hoi Wa Fong is the settlor of The Sky Infinity Trust.
- (4) These shares include: (i) 11,250,000 shares allotted and issued to Mr. Chen Deli by the Company pursuant to the subscription agreement dated 10 September 2020 entered into between the Company and Mr. Chen Deli, which shares are held by Mr. Chen Deli in personal capacity as at 30 June 2023; (ii) 11,250,000 shares awarded to Mr. Chen Deli by the Company pursuant to the share award scheme adopted by the Company on 10 September 2020, 5,625,000 shares of which were vested in Mr. Chen Deli on 1 June 2023, while the remaining 5,625,000 shares were not yet vested as at 30 June 2023 and continued to be held by Tricor Trust (Hong Kong) Limited in the capacity of trustee under the share award scheme. Details of (i) and (ii) are set out in the announcement of the Company dated 10 September 2020 and the circular of the Company dated 6 November 2020.
- (5) These shares are held by Soar Eagle Enterprises Limited (鷹翔企業有限公司), which is wholly and beneficially held by Mr. Chen Deli.
- (6) These shares include the awarded shares granted to Mr. Zhang Yunfeng under the Huihong Share Award Scheme on 22 September 2022.

## Other Information

### (ii) Long position in shares of associated corporations

| Name of Director | Name of associated corporation | Personal interests | Number of ordinary shares |                                       |                            | Total       | Approximate percentage of holding <sup>(1)</sup> |
|------------------|--------------------------------|--------------------|---------------------------|---------------------------------------|----------------------------|-------------|--|
|                  |                                |                    | Interests of spouse       | Interests of a controlled corporation | Other interests            |             |  |
| Mr. Hoi Wa Fong  | Powerlong Holdings             | 8,988,000          | 503,400 <sup>(2)</sup>    | –                                     | 597,568,000 <sup>(3)</sup> | 607,059,400 | 14.66%   |
| Ms. Hoi Wa Fan   | Powerlong Holdings             | 61,470,000         | –                         | 226,623,000 <sup>(4)</sup>            | –                          | 288,093,000 | 6.96%  |
| Ms. Hoi Wa Lam   | Powerlong Holdings             | 15,868,000         | –                         | –                                     | –                          | 15,868,000  | 0.38%  |

Notes:

- (1) The calculation of the percentages is based on the total number of issued shares of Powerlong Holdings (i.e. 4,140,403,000 shares) as at 30 June 2023.
- (2) These shares are held by Ms. Shih Sze Ni Cecilia, the spouse of Mr. Hoi Wa Fong.
- (3) These shares are held by Sky Infinity Holdings Limited, which is wholly-owned by Sky Infinity Family Limited, which is in turn 50% owned by Seletar Limited and 50% owned by Serangoon Limited, respectively. Seletar Limited and Serangoon Limited are nominees in trust for Credit Suisse Trust Limited, the trustee of The Sky Infinity Trust. Mr. Hoi Wa Fong is the settlor of The Sky Infinity Trust.
- (4) These shares are held by Walong Holdings Limited and Mantong (HK) Trading Co., Ltd, which are wholly and beneficially owned by Ms. Hoi Wa Fan.

### (iii) Interest in debentures of associated corporations

**7.125% senior notes due 2024 with principal amount of US\$262,741,000 issued by Powerlong Holdings<sup>(1)</sup>:**

| Name of Director | Name of associated corporation | Capacity in which debentures are held | Amount of debentures held    |
|------------------|--------------------------------|---------------------------------------|------------------------------|
| Mr. Hoi Wa Fong  | Powerlong Holdings             | Settlor of discretionary trust        | US\$2,200,000 <sup>(2)</sup> |

Notes:

- (1) The US\$262,741,000 7.125% senior notes due 2024 issued by Powerlong Holdings are listed on SGX-ST, transferable and not convertible into shares of Powerlong Holdings. For details of the 7.125% senior notes due 2024, please refer to the announcements of Powerlong Holdings dated 4 July 2022, 13 July 2022, 14 July 2022, 16 July 2022, 19 July 2022 and 25 July 2022.
- (2) Debentures in the amount of US\$2,200,000 are held by Sky Infinity Holdings Limited, which is wholly-owned by Sky Infinity Family Limited, which is in turn 50% owned by Seletar Limited and 50% owned by Serangoon Limited, respectively. Seletar Limited and Serangoon Limited are nominees in trust for Credit Suisse Trust Limited, the trustee of The Sky Infinity Trust. Mr. Hoi Wa Fong is the settlor of The Sky Infinity Trust.

Save as disclosed above, as at 30 June 2023, none of the Directors or the chief executives of the Company had, or were deemed to have, any interests or short positions in the 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.

## Other Information

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2023, so far as the Directors are aware, the following persons (other than the Directors or chief executives of the Company) and companies had interests or short positions 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:

#### (i) Long position in shares of the Company

| Name of Shareholder  | Capacity/Nature of interest          | Number of ordinary shares | Approximate percentage of holding <sup>(1)</sup> |
|--|--------------------------------------|---------------------------|--|
| Mr. Hoi Kin Hong <sup>(2)</sup>  | Interest in a controlled corporation | 405,000,000               | 63.00%   |
| Powerlong Real Estate (BVI) Holdings Limited<br>("Powerlong BVI Holding") <sup>(2)</sup> | Beneficial owner                     | 405,000,000               | 63.00%   |
| Powerlong Holdings <sup>(2)</sup>  | Interest in a controlled corporation | 405,000,000               | 63.00%   |
| Skylong Holdings Limited <sup>(2)</sup>  | Interest in a controlled corporation | 405,000,000               | 63.00%   |
| Ms. Wong Lai Chan <sup>(3)</sup>   | Interest of spouse                   | 405,000,000               | 63.00%   |
| Huihong Management <sup>(4)</sup>  | Trustee                              | 32,537,000                | 5.06%  |
| Ms. Shih Sze Ni Cecilia <sup>(5)</sup>   | Interest of spouse                   | 34,037,000                | 5.29%  |

#### Notes:

- The calculation of the percentages is based on the total number of 642,900,000 Shares in issue as at 30 June 2023.
- Powerlong BVI Holding is wholly-owned by Powerlong Holdings, which is in turn owned as to approximately 43.61% by Skylong Holdings Limited, a company wholly-owned by Mr. Hoi Kin Hong. By virtue of the SFO, each of Powerlong Holdings, Skylong Holdings Limited and Mr. Hoi Kin Hong is deemed to be interested in the same number of shares in which Powerlong BVI Holding is interested in. Mr. Hoi Kin Hong and Ms. Wong Lai Chan also hold approximately 0.69% and 0.07% of direct interest in Powerlong Holdings, respectively. Mr. Hoi Wa Fong is the son of Mr. Hoi Kin Hong and Ms. Wong Lai Chan.
- Ms. Wong Lai Chan is the spouse of Mr. Hoi Kin Hong. By virtue of the SFO, Ms. Wong Lai Chan is deemed to be interested in the shares held by Mr. Hoi Kin Hong.
- Huihong Management, the trustee of the Huihong Trust, is wholly-owned by Mr. Hoi Wa Fong for the purpose of the Huihong Share Award Scheme which was adopted on 31 December 2020. Further details are set out in the announcement of the Company dated 31 December 2020. By virtue of the SFO, Mr. Hoi Wa Fong is deemed to be interested in the shares held by Huihong Management.
- Ms. Shih Sze Ni Cecilia is the spouse of Mr. Hoi Wa Fong. By virtue of the SFO, Ms. Shih Sze Ni Cecilia is deemed to be interested in the shares held by Mr. Hoi Wa Fong.

## Other Information

### INTERIM DIVIDEND

At the Board meeting held on 24 August 2023, the Board recommended the payment of an interim dividend of HK\$0.15 per ordinary share for the six months ended 30 June 2023. Total amount of interim dividend would be HK\$96.4 million, which is calculated according to the number of ordinary shares in issue as at 30 June 2023. The interim dividend will be paid on or around Wednesday, 20 December 2023 to the shareholders whose names appear on the register of members of the Company on Friday, 1 December 2023.

### CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the shareholders' entitlement to the proposed interim dividend for the six months ended 30 June 2023, the register of members of the Company will be closed from Tuesday, 28 November 2023 to Friday, 1 December 2023, both days inclusive, during which period no transfer of shares of the Company will be registered.

For the purpose of determining the entitlement to the proposed interim dividend for the six months ended 30 June 2023, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Monday, 27 November 2023.

### SHARE AWARD SCHEME

On 10 September 2020, the Board of the Company has resolved to adopt a share award scheme (the "**Share Award Scheme**"). A summary of the major terms is set out below:

#### Purposes and Objectives

1. to recognise and motivate the contributions by certain eligible participants and to give incentives thereto in order to retain them for the continual operation and development of the Group;
2. to attract suitable personnel for further development of the Group; and
3. to provide certain eligible participants with a direct economic interest in attaining a long-term relationship between the Group and certain eligible participants.

#### Eligible Participants

The eligible participants of the Share Award Scheme (the "**Eligible Participants**") include the following classes of persons:

- (a) any employee of the Group;
- (b) any non-executive directors (including independent non-executive directors) of the Company, any subsidiary or any entity in which any member of the Group holds any equity interest;
- (c) any adviser (professional or otherwise), consultant to or expert in any area of business or business development of any member of the Group or any entity in which any member of the Group holds any equity interest; and
- (d) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group.

#### Administration

The Share Award Scheme shall be subject to the administration of the Board. In the event that a selected participant or his/her associate is a member of the Board, such person will abstain from voting on any approval by the Board of an award of Shares to such selected participant. The Board may, by passing resolutions, appoint any one or more senior management of the Company as authorised representative(s) to give instructions or notices to Tricor Trust (Hong Kong) Limited (the "**Trustee**") on all matters in connection with the Scheme and other matters in the routine administration of the trust constituted by the trust deed which establishes the Share Award Scheme (the "**Trust Deed**").

The Trustee will hold the Shares and the income derived therefrom in accordance with the rules of the Share Award Scheme (the "**Scheme Rules**") and subject to the terms of the Trust Deed.

## Other Information

### Duration

Subject to any early termination as may be determined by the Board pursuant to the Scheme Rules, the Share Award Scheme shall be valid and effective for a term of 10 years commencing on 10 September 2020. The Share Award Scheme will have a remaining term of approximately 7 years as at the date of this report.

### Maximum Limit

The Board shall not make any further grant of award of Shares under the Share Award Scheme such that the total number of Shares granted under the Share Award Scheme will exceed 5% of the total number of issued Shares as of 10 September 2020 (being 31,075,000 shares).

The Board shall not instruct the Trustee to subscribe for and/or purchase any Shares for the purpose of the Share Award Scheme when such subscription and/or purchase will exceed 5% of the total number of issued Shares as of 10 September 2020.

There is no maximum entitlement to each awardee.

### Operation

Pursuant to the terms of the Share Award Scheme, the Board may, from time to time, at its absolute discretion select any Eligible Participant(s) for participation in the Share Award Scheme as a selected participant and determine the number of Shares to be awarded. The Trustee shall purchase from the open market or subscribe for the relevant number of Shares awarded and shall hold such Shares until they are vested in accordance with the terms of the Share Award Scheme.

### Share Awards to Directors and/or Connected Persons

Shares may be awarded to Eligible Participants, including the directors of the Company and/or its subsidiaries and/or connected persons of the Company. If Shares are awarded to any director of the Company and/or its subsidiaries and/or connected persons of the Company, such award shall constitute connected transactions under Chapter 14A of the Listing Rules and the Company shall comply with the relevant requirements under the Listing Rules.

### Movement of Share Awards

On 24 November 2020, as the grant date, the Company resolved to award (the "**Award**") an aggregate of 11,250,000 awarded shares ("**Awarded Shares**") to Mr. Chen Deli. Such Awarded Shares have been issued to a trustee which shall hold on trust for Mr. Chen Deli pursuant to the terms of the Trust Deed. These Awarded Shares shall then be transferred to Mr. Chen Deli after the relevant vesting conditions are fulfilled. As at 30 June 2023, 50% of the Awarded Shares had been vested in Mr. Chen Deli. The remaining 50% will be transferred to Mr. Chen Deli after the relevant vesting conditions are fulfilled.

Further details of the Share Award Scheme and the Award are set out in the announcement of the Company dated 10 September 2020 and the circular of the Company dated 6 November 2020.

As at 30 June 2023, shares issued and outstanding under the Share Award Scheme totaled 11,250,000 shares. Save as disclosed above, for the six months ended 30 June 2023, no awarded shares had been awarded, vested, cancelled or lapsed.

The number of Shares still available for future grants is 19,825,000, which represents 3.1% of the Company's issued share capital as at the date of this report.

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to the establishment of good corporate governance practices and procedures with a view to enhancing investors' confidence in the Company and the Company's accountability. The Company therefore strives to attain and maintain effective corporate governance practices and procedures.

The Company has adopted the principles and code provisions of Part 2 of the Corporate Governance Code (the "**CG Code**") set out in Appendix 14 to the Listing Rules as the basis of the Company's corporate governance practices, and the CG Code has been applicable to the Company with effect from the Listing Date.

The Directors are of the view that the Company had complied with all applicable code provisions set out in Part 2 of the CG Code contained in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2023.

## Other Information

### COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as the code for dealing in securities of the Company by the Directors. Having made specific enquiry by the Company to all the Directors, the Directors confirmed that they were in compliance with the required standard as set out in the Model Code during the Reporting Period. Relevant employees who are likely to be in possession of unpublished inside information of the Group are also subject to compliance with written guidelines on no less exacting terms than the Model Code throughout the Reporting Period.

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

Neither the Company nor any member of the Group purchased, sold or redeemed any of the Company's shares during the six months ended 30 June 2023.

### USE OF NET PROCEEDS

#### (i) Use of Net Proceeds from Initial Public Offering and Over Allotment

The Company was listed on the main board of the Stock Exchange on 30 December 2019. The net proceeds from the Listing was approximately HK\$1,380.5 million (equivalent to approximately RMB1,236.9 million). On 22 January 2020, the Company exercised the over-allotment option and issued 22,500,000 shares at a price of HK\$9.5 per share. Discounting the transaction costs attributable to the exercise of the over-allotment option, net proceeds from the over-allotment amounted to approximately HK\$208.0 million (equivalent to approximately RMB184.6 million). The Company intends to apply the proceeds from the over-allotment in proportion to the use of proceeds stated in the prospectus of the Company dated 16 December 2019 (the "**Prospectus**"). The net proceeds from the initial public offering and the over allotment amounted to approximately HK\$1,588.5 million.

As set out in the Prospectus, the Company intended to use such proceeds for the purposes as follows: (i) approximately 50% of the proceeds will be used to pursue strategic acquisitions of other small to medium-sized commercial operational service providers in order to scale up its commercial operational service business and expand its commercial operational service portfolio; (ii) approximately 25% of the proceeds will be used to upgrade its information technology systems for digitization and smart operation and management, aiming to enhance consumer experience, improve the quality of services provided to the Group's tenants and improve operational efficiency; (iii) approximately 10% of the proceeds will be used to make equity investment in certain tenants with an aim of establishing close strategic cooperation with them; (iv) approximately 5% of the proceeds will be used for the renovation of retail commercial properties developed or owned by independent third parties under the asset-light business model; and (v) approximately 10% of the proceeds will be used for general business purpose and as working capital of the Group.

On 30 June 2023, the Company revised the use of proceeds from the initial public offering and over-allotment of shares. For details, please refer to the Company's announcement dated 30 June 2023.

## Other Information

The following table sets forth the revised intended use of net proceeds from the Company's initial public offering and over allotment as at 30 June 2023 together with the details of allocation:

|  | Original   |   |  |  | Revised  |  |   |   |
|--|--|---|--|--|--|--|---|---|
|  | Intended use of IPO Proceeds as stated in the Prospectus<br>HK\$ million | Actual use of net IPO Proceeds during the six months ended 30 June 2023<br>HK\$ million | IPO Proceeds utilised as of 30 June 2023<br>HK\$ million | IPO Proceeds unutilised as of 30 June 2023<br>HK\$ million | Intended use of IPO Proceeds subsequent to re-allocation<br>HK\$ million | Approximate percentage subsequent to re-allocation | IPO Proceeds unutilised subsequent to re-allocation<br>HK\$ million | Expected timetable for proposed use of the IPO Proceeds |
| (i) Pursue strategic acquisition of and investment in other commercial operational service providers | 794.3  | –   | 31.5   | 762.8  | 238.3  | 15%  | 206.8   | On or before 31 December 2026                           |
| (ii) Upgrade the information technology systems  | 397.1  | 12.2  | 65.0   | 332.1  | 238.3  | 15%  | 173.3   | On or before 31 December 2026                           |
| (iii) Make equity investment in certain tenants and suppliers  | 158.8  | –   | 73.4   | 85.4   | 158.8  | 10%  | 85.4  | On or before 31 December 2026                           |
| (iv) Renovation of retail commercial properties developed or owned by independent third parties      | 79.5   | 3.1   | 27.1   | 52.4   | 79.5   | 5%   | 52.4  | On or before 31 December 2026                           |
| (v) General business purpose and working capital   | 158.8  | –   | 158.8  | –  | 158.8  | 10%  | –   | –   |
| (vi) Rental expenses for properties under sub-lease services model                                   | –  | –   | –  | –  | 714.8  | 45%  | 714.8   | On or before 31 December 2026                           |
| <b>Total</b>   | <b>1,588.5</b>   | <b>15.3</b>   | <b>355.8</b>   | <b>1,232.7</b>   | <b>1,588.5</b>   | <b>100.00%</b>                                     | <b>1,232.7</b>  |   |

Prior to the changes, the utilised amounts as of 30 June 2023 were allocated and used according to "Future Plans and Use of Proceeds" section of the Prospectus. As at 30 June 2023, the unused net proceeds from the initial public offering and exercise of over-allotment option were deposited into licensed banks in Hong Kong and mainland China.

## Other Information

### (ii) Use of Net Proceeds from Subscription

On 30 June 2023, the Company revised the use of proceeds from the Subscription. For details, please refer to the Company's announcement dated 30 June 2023.

The following table sets forth the status of use of net proceeds from the Subscription as at 30 June 2023 together with the expected timeline of use:

|   | Original   |  |   |   | Revised  |  | Expected timeline             |
|---|--|--|---|---|--|--|-------------------------------|
|   | Original allocation of Subscription Proceeds<br>HK\$ million | Actual use of net Subscription Proceeds during the six months ended 30 June 2023<br>HK\$ million | Utilised Subscription Proceeds as at 30 June 2023<br>HK\$ million | Unutilised Subscription Proceeds as at 30 June 2023<br>HK\$ million | Planned use of Subscription Proceeds after re-allocation<br>HK\$ million | Unutilised Subscription Proceeds after re-allocation<br>HK\$ million |                               |
| (i) Personnel expansion: attract and recruit additional management personnel to the Group's projects and headquarters   | 82.0   | –  | 82.0  | –   | 82.0   | –  | –                             |
| (ii) Property leasing business: develop three leasing projects, namely Shaoxing Kejiao Powerlong Plaza (紹興柯橋寶龍廣場), Hangzhou Qingshan Lake Powerlong Plaza (杭州青山湖寶龍廣場) and Taizhou Duqiao Powerlong Plaza (台州杜橋寶龍廣場)                                     | 109.4  | 0.3  | 19.8  | 89.6  | 109.4  | 89.6   | On or before 31 December 2026 |
| (iii) IT infrastructure enhancement: create the "Precise Consumer Traffic System" which uses face recognition technology instead of traditional sensors to achieve accurate data collection and perform precise analysis on consumer traffic statistics | 82.0   | –  | –   | 82.0  | –  | –  | –                             |
| (iv) Upgrade the information technology systems   | –  | –  | –   | –   | 82.0   | 82.0   | On or before 31 December 2026 |
| <b>Total</b>  | <b>273.4</b>   | <b>0.3</b>   | <b>101.8</b>  | <b>171.6</b>  | <b>273.4</b>   | <b>171.6</b>   |                               |

Prior to the changes, the utilised amounts as of 30 June 2023 were allocated and used according to the Company's announcement dated 10 September 2020 and circular dated 6 November 2020. As at 30 June 2023, the unused net proceeds from the Subscription were deposited into licensed banks in Hong Kong and mainland China.

## Other Information

### CHANGES IN DIRECTORS' INFORMATION

Changes in the Directors' biographical information since the publication of the annual report 2022 of the Company and as at the date of approval of this report are set out below:

- On 2 August 2023, Mr. Chan Wai Yan, Ronald, independent non-executive Director, was appointed as an independent non-executive director of Lee & Man Paper Manufacturing Limited (stock code: 2314.HK), a manufacturer of containerboard and pulp, the shares of which are listed on the Main Board of the Stock Exchange.

Save as disclosed above, there is no change of information of each Director that is required to be disclosed under Rules 13.51(2) and 13.51B(1) of the Listing Rules since the publication of the annual report 2022 of the Company.

### CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

The Company did not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules during the six months ended 30 June 2023.

### AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG Code. The primary duties of the audit committee include, but not limited to (i) review and supervise the financial reporting process and internal control system of the Group, risk management and internal audit; (ii) provide advice and comments to the Board; and (iii) perform other duties and responsibilities as may be assigned by the Board.

The audit committee of the Company (the "**Audit Committee**") consists of three independent non-executive Directors, namely Ms. Ng Yi Kum, Estella, Mr. Chan Wai Yan, Ronald and Dr. Lu Xiongwen. Ms. Ng Yi Kum, Estella is the chairlady of the Audit Committee. Among them, Ms. Ng Yi Kum, Estella has the appropriate professional qualifications as required under Rule 3.10(2) of the Listing Rules.

The Audit Committee has reviewed the interim report for the six months ended 30 June 2023 in conjunction with the Company's management and external auditor. The Audit Committee has no disagreement with the accounting treatment adopted by the Company.

### OTHER BOARD COMMITTEES

In addition to the Audit Committee, the Company has also established a nomination committee and a remuneration committee.

### IMPORTANT EVENTS AFTER THE REPORTING DATE

The Group did not have any material events subsequent to the Reporting Period up to 24 August 2023.

On behalf of the Board

**HOI Wa Fong**

*Chairman*

Hong Kong, 24 August 2023

# Interim Condensed Consolidated Statement of Comprehensive Income

|  | Note | Six months ended 30 June       |                                |
|--|------|--------------------------------|--------------------------------|
|  |      | 2023<br>(Unaudited)<br>RMB'000 | 2022<br>(Unaudited)<br>RMB'000 |
| <b>Revenue</b>   | 6    | <b>1,274,830</b>               | 1,266,383                      |
| Cost of services   | 7    | <b>(836,619)</b>               | (835,949)                      |
| <b>Gross profit</b>  |      | <b>438,211</b>                 | 430,434                        |
| Selling and marketing expenses   | 7    | <b>(30,638)</b>                | (20,202)                       |
| Administrative expenses  | 7    | <b>(87,621)</b>                | (87,297)                       |
| Other income and other gains/(losses) – net  | 9    | <b>31,216</b>                  | 29,577                         |
| Impairment losses on financial assets – net  |      | <b>(14,158)</b>                | (14,140)                       |
| <b>Operating profit</b>  |      | <b>337,010</b>                 | 338,372                        |
| Finance costs  | 10   | <b>(18,028)</b>                | (23,214)                       |
| Finance income   | 10   | <b>30,792</b>                  | 14,455                         |
| Finance income/(costs) – net   | 10   | <b>12,764</b>                  | (8,759)                        |
| Share of results of joint ventures   |      | <b>159</b>                     | (1,053)                        |
| Share of results of associates   |      | <b>(232)</b>                   | 2,600                          |
| <b>Profit before income tax</b>  |      | <b>349,701</b>                 | 331,160                        |
| Income tax expenses  | 11   | <b>(93,442)</b>                | (91,351)                       |
| <b>Profit and total comprehensive income for the period</b>  |      | <b>256,259</b>                 | 239,809                        |
| <b>Profit and total comprehensive income attributable to:</b>  |      |                                |                                |
| – Shareholders of the Company  |      | <b>256,978</b>                 | 240,344                        |
| – Non-controlling interests  |      | <b>(719)</b>                   | (535)                          |
|  |      | <b>256,259</b>                 | 239,809                        |
| <b>Earnings per share for profit attributable to shareholders of the Company for the period (expressed in RMB cents per share)</b> |      |                                |                                |
| – Basic earnings per share   | 12   | <b>40.63</b>                   | 38.05                          |
| – Diluted earnings per share   | 12   | <b>40.63</b>                   | 37.94                          |

The above interim condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

# Interim Condensed Consolidated Balance Sheet

|   | Note | 30 June 2023<br>(Unaudited)<br>RMB'000 | 31 December 2022<br>(Audited)<br>RMB'000 |
|---|------|--|--|
| <b>Assets</b>   |      |  |  |
| <b>Non-current assets</b>   |      |  |  |
| Property and equipment  | 13   | 12,158                                 | 12,982                                   |
| Financial assets at fair value through profit or loss                   |      | 11,138                                 | 11,138                                   |
| Investment properties   | 14   | 714,257                                | 751,872                                  |
| Intangible assets   |      | 7,520                                  | 8,561                                    |
| Goodwill  | 15   | 20,640                                 | 20,640                                   |
| Deferred income tax assets  |      | 77,334                                 | 70,065                                   |
| Investments in joint ventures   |      | 983                                    | 824                                      |
| Investments in associates   |      | 53,288                                 | 53,520                                   |
|   |      | <b>897,318</b>                         | 929,602                                  |
| <b>Current assets</b>   |      |  |  |
| Inventories   |      | 4,248                                  | –  |
| Operating lease and trade receivables                                   | 16   | 337,339                                | 232,463                                  |
| Prepayments and other receivables                                       | 17   | 611,522                                | 597,763                                  |
| Current income tax recoverables   |      | 1,053                                  | 759                                      |
| Cash and bank balances  | 18   | 3,528,484                              | 3,452,680                                |
|   |      | <b>4,482,646</b>                       | 4,283,665                                |
| <b>Total assets</b>   |      | <b>5,379,964</b>                       | 5,213,267                                |
| <b>Equity</b>   |      |  |  |
| Share capital and premium   | 19   | 1,052,188                              | 1,043,940                                |
| Other reserves  | 20   | 106,145                                | 171,326                                  |
| Shares held for shares award scheme                                     | 19   | (44)                                   | (95)                                     |
| Retained earnings   |      | 1,769,909                              | 1,512,931                                |
| <b>Capital and reserves attributable to shareholders of the Company</b> |      | <b>2,928,198</b>                       | 2,728,102                                |
| Non-controlling interests   |      | 4,110                                  | 8,027                                    |
| <b>Total equity</b>   |      | <b>2,932,308</b>                       | 2,736,129                                |

## Interim Condensed Consolidated Balance Sheet

|                                     | Note | 30 June 2023<br>(Unaudited)<br>RMB'000 | 31 December 2022<br>(Audited)<br>RMB'000 |
|-------------------------------------|------|--|--|
| <b>Liabilities</b>                  |      |  |  |
| <b>Non-current liabilities</b>      |      |  |  |
| Deferred income tax liabilities     |      | 1,492                                  | 1,592                                    |
| Lease liabilities                   | 22   | 900,690                                | 901,274                                  |
|                                     |      | <b>902,182</b>                         | 902,866                                  |
| <b>Current liabilities</b>          |      |  |  |
| Trade and other payables            | 23   | 1,038,709                              | 1,094,089                                |
| Advances from lessees               |      | 51,554                                 | 44,091                                   |
| Current income tax liabilities      |      | 127,810                                | 152,400                                  |
| Lease liabilities                   | 22   | 36,450                                 | 54,370                                   |
| Contract liabilities                | 6(b) | 290,951                                | 229,322                                  |
|                                     |      | <b>1,545,474</b>                       | 1,574,272                                |
| <b>Total liabilities</b>            |      | <b>2,447,656</b>                       | 2,477,138                                |
| <b>Total equity and liabilities</b> |      | <b>5,379,964</b>                       | 5,213,267                                |

The above interim condensed consolidated balance sheet should be read in conjunction with the accompanying notes.

The interim financial information on pages 26 to 56 were approved by the board of directors of the Company on 24 August 2023 and were signed on its behalf.

**Hoi Wa Fong**  
Director

**Chen Deli**  
Director

# Interim Condensed Consolidated Statement of Changes in Equity

|   | Attributable to owners of the Company |                                       |                                       |   |   |                                 |                     |   |                            |
|---|---------------------------------------|---------------------------------------|---------------------------------------|---|---|---------------------------------|---------------------|---|----------------------------|
|   | Note                                  | Share capital<br>RMB'000<br>(Note 19) | Share premium<br>RMB'000<br>(Note 19) | Shares held<br>for shares               | Other<br>reserves<br>RMB'000<br>(Note 20) | Retained<br>earnings<br>RMB'000 | Subtotal<br>RMB'000 | Non-<br>controlling<br>interests<br>RMB'000 | Total<br>equity<br>RMB'000 |
|   |                                       |                                       |                                       | award<br>scheme<br>RMB'000<br>(Note 19) |   |                                 |                     |   |                            |
| <b>Six months ended 30 June 2023</b>              |                                       |                                       |                                       |   |   |                                 |                     |   |                            |
| <b>(Unaudited)</b>                                |                                       |                                       |                                       |   |   |                                 |                     |   |                            |
| <b>Balance as at 1 January 2023</b>               |                                       | 5,747                                 | 1,038,193                             | (95)                                    | 171,326                                   | 1,512,931                       | 2,728,102           | 8,027                                       | 2,736,129                  |
| <b>Comprehensive income</b>                       |                                       |                                       |                                       |   |   |                                 |                     |   |                            |
| Profit for the period                             |                                       | –                                     | –                                     | –                                       | –   | 256,978                         | 256,978             | (719)                                       | 256,259                    |
| <b>Total comprehensive income</b>                 |                                       | –                                     | –                                     | –                                       | –   | 256,978                         | 256,978             | (719)                                       | 256,259                    |
| <b>Transactions with owners</b>                   |                                       |                                       |                                       |   |   |                                 |                     |   |                            |
| – Dividends                                       | 21                                    | –                                     | (87,924)                              | –                                       | –   | –                               | (87,924)            | (3,198)                                     | (91,122)                   |
| – Shares Award Scheme – value of employee service |                                       | –                                     | –                                     | –                                       | 31,042                                    | –                               | 31,042              | –   | 31,042                     |
| – Vesting of awarded shares                       |                                       | –                                     | 96,172                                | 51                                      | (96,223)                                  | –                               | –                   | –   | –                          |
| <b>Total transactions with owners</b>             |                                       | –                                     | 8,248                                 | 51                                      | (65,181)                                  | –                               | (56,882)            | (3,198)                                     | (60,080)                   |
| <b>Balance at 30 June 2023 (Unaudited)</b>        |                                       | 5,747                                 | 1,046,441                             | (44)                                    | 106,145                                   | 1,769,909                       | 2,928,198           | 4,110                                       | 2,932,308                  |
| <b>Six months ended 30 June 2022</b>              |                                       |                                       |                                       |   |   |                                 |                     |   |                            |
| <b>(Unaudited)</b>                                |                                       |                                       |                                       |   |   |                                 |                     |   |                            |
| <b>Balance as at 1 January 2022</b>               |                                       | 5,747                                 | 1,282,814                             | (95)                                    | 97,281                                    | 1,069,856                       | 2,455,603           | 15,133                                      | 2,470,736                  |
| <b>Comprehensive income</b>                       |                                       |                                       |                                       |   |   |                                 |                     |   |                            |
| Profit for the period                             |                                       | –                                     | –                                     | –                                       | –   | 240,344                         | 240,344             | (535)                                       | 239,809                    |
| <b>Total comprehensive income</b>                 |                                       | –                                     | –                                     | –                                       | –   | 240,344                         | 240,344             | (535)                                       | 239,809                    |
| <b>Transactions with owners</b>                   |                                       |                                       |                                       |   |   |                                 |                     |   |                            |
| – Dividends                                       |                                       | –                                     | (161,554)                             | –                                       | –   | –                               | (161,554)           | –   | (161,554)                  |
| – Shares Award Scheme – value of employee service |                                       | –                                     | –                                     | –                                       | 27,624                                    | –                               | 27,624              | –   | 27,624                     |
| <b>Total transactions with owners</b>             |                                       | –                                     | (161,554)                             | –                                       | 27,624                                    | –                               | (133,930)           | –   | (133,930)                  |
| <b>Balance at 30 June 2022 (Unaudited)</b>        |                                       | 5,747                                 | 1,121,260                             | (95)                                    | 124,905                                   | 1,310,200                       | 2,562,017           | 14,598                                      | 2,576,615                  |

The above interim condensed consolidated statement of change in equity should be read in conjunction with the accompanying notes.

# Interim Condensed Consolidated Statement of Cash Flows

|   | Six months ended 30 June       |                                |
|---|--------------------------------|--------------------------------|
|   | 2023<br>(Unaudited)<br>RMB'000 | 2022<br>(Unaudited)<br>RMB'000 |
| <b>Cash flows of operating activities</b>                     |                                |                                |
| Cash generated from/(used in) operations                      | 200,369                        | (63,291)                       |
| PRC corporate income tax paid                                 | (125,696)                      | (71,864)                       |
| <b>Net cash generated from/(used in) operating activities</b> | <b>74,673</b>                  | <b>(135,155)</b>               |
| <b>Cash flows of investing activities</b>                     |                                |                                |
| Purchases of property and equipment                           | (2,795)                        | (2,954)                        |
| Net proceeds from disposals of property and equipment         | 2,338                          | 331                            |
| Interest received   | 30,792                         | 14,454                         |
| Decrease in restricted bank deposits                          | –                              | 1,100,000                      |
| Purchases of intangible assets                                | (19)                           | (36)                           |
| Deposit refunded/(paid) for the exclusive sales agency rights | 6,393                          | (198,000)                      |
| <b>Net cash generated from investing activities</b>           | <b>36,709</b>                  | <b>913,795</b>                 |
| <b>Cash flows of financing activities</b>                     |                                |                                |
| Payments of principal and interest elements of lease          | (35,484)                       | (45,246)                       |
| <b>Net cash used in financing activities</b>                  | <b>(35,484)</b>                | <b>(45,246)</b>                |
| Net increase in cash and cash equivalents                     | 75,898                         | 733,394                        |
| Cash and cash equivalents at beginning of the period          | 3,450,788                      | 1,976,944                      |
| Exchange (losses)/gain on cash and cash equivalents           | (856)                          | 103                            |
| <b>Cash and cash equivalents at end of the period</b>         | <b>3,525,830</b>               | <b>2,710,441</b>               |

The above interim condensed consolidated statement of cash flow should be read in conjunction with the accompanying notes.

# Notes to the Interim Financial Information

## 1 GENERAL INFORMATION

Powerlong Commercial Management Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 25 March 2019 as an exempted company with limited liability under the Companies Act, Cap. 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company and its subsidiaries (the “**Group**”) are primarily engaged in the provision of commercial operational services and residential property management services in the People’s Republic of China (the “**PRC**”).

The Company was listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 30 December 2019.

The Company’s parent company is Powerlong Real Estate (BVI) Holdings Limited. The Company’s intermediate holding company is Powerlong Real Estate Holdings Limited (“**Powerlong Holdings**”) whose shares have been listed on the Main Board of the Stock Exchange since 14 October 2009. As at 30 June 2023, Mr. Hoi Kin Hong (“**Mr. Hoi**”) held approximate 44.37% of interests in the issued share capital of Powerlong Holdings.

Powerlong Holdings and its subsidiaries exclusive of the Group are collectively referred to as the “**Remaining Powerlong Group**” in this interim financial information.

The interim financial information is presented in thousand Renminbi (“**RMB’000**”), unless otherwise stated. The interim financial information has been approved for issue by the board of directors of the Company on 24 August 2023.

The interim financial information has not been audited.

## 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The interim financial information for the six months ended 30 June 2023 has been prepared in accordance with HKAS 34 “Interim Financial Reporting”.

The interim financial information does not include all the notes of the type normally included in an annual financial report. Accordingly, the interim financial information should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2022 and any public announcement made by the Company during the interim reporting period.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2023 are the same as those set out in the Group’s annual financial statements for the year ended 31 December 2022.

In the current interim period, the Group has adopted, for the first time, the following revised HKFRSs for the preparation of the Group’s condensed consolidated financial statements.

|   |  |
|---|--|
| HKFRS 17  | Insurance Contracts and the related Amendments                                   |
| Amendments to HKAS 1 and HKFRS Practice Statement 2 | Disclosure of Accounting Policies  |
| Amendments to HKAS 8                                | Definition of Accounting Estimates   |
| Amendments to HKFRS 12                              | Deferred Tax related to Assets and Liabilities arising from a Single Transaction |

The application of the revised standards in the current interim period has had no material impact on the amounts reported in these condensed consolidated financial statements and/or disclosures set in these condensed consolidated financial statements.

## Notes to the Interim Financial Information

### 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

#### New standards, amendments, interpretation and accounting guideline not yet adopted

The following new standards and amendments and interpretation to standards have been published that are not mandatory for the year beginning on 1 January 2023 and have not been early adopted by the Group:

|                                      |   | Effective for annual periods<br>beginning on or after |
|--------------------------------------|---|---|
| Amendments to HKFRS 10 and HKAS 28   | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture   | 1 January 2024  |
| Amendments to HKFRS 16               | Lease Liability in a Sale and Leaseback   | 1 January 2024  |
| Amendments to HKAS 1                 | Classification of Liabilities as Current or Non-current   | 1 January 2024  |
| Hong Kong Interpretation 5 (Revised) | Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause | 1 January 2024  |

The impact of new and amended standards above is still under assessment by the Group.

### 3 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The interim financial information does not include all financial risk management information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2022.

There have been no changes in the risk management department or in any risk management policies since 31 December 2022.

### 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements for the year ended 31 December 2022.

## Notes to the Interim Financial Information

### 5 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating decision-makers (“**CODM**”). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company.

The Group has two business segments:

– **Commercial operational services**

The Group is engaged in the provision of (a) market research and positioning, business tenant sourcing and opening preparation services; (b) commercial operational services during the operation stage, including business tenant management, rent collection services and other value-added services (mainly including car parks, common areas and advertising space management services); and (c) commercial property management services including security, gardening, cleaning, repair and maintenance services.

Besides, to maximise its commercial operational efficiency, the Group leased certain retail commercial properties and shopping malls, and sub-leased them for long-term rental yield.

– **Residential property management services**

The Group provides residential property management services for residential properties, serviced apartments and office building, including pre-sale management services and other value-added services to property developers, property owners and residents.

As the CODM considers most of the Group’s consolidated revenue and results are attributable to the market in the PRC and the Group’s consolidated non-current assets are substantially located in the PRC, no geographical information is presented.

## Notes to the Interim Financial Information

**5 SEGMENT INFORMATION (CONTINUED)**

- (a) Segment results represent the profit earned by each segment without other income and other gains/(losses) – net, unallocated operating costs, finance income/(costs) – net, share of result of joint ventures and associates and income tax expenses. Revenue recognised at a point in time from contracts with customers represents revenue from market research and positioning services. Other revenue from contracts with customers is recognised over time. The following is the analysis of the Group's revenue and results by operating and reportable segments:

**For the six months ended 30 June 2023 (Unaudited)**

|   | Commercial<br>operational<br>services<br>RMB'000 | Residential<br>property<br>management<br>services<br>RMB'000 | Group<br>RMB'000 |
|---|--|--|------------------|
| Gross segment revenue                       | 1,047,889  | 226,941  | 1,274,830        |
| Revenue from contracts with customers       | 960,772  | 226,941  | 1,187,713        |
| – at a point in time                        | 752  | –  | 752              |
| – over time                                 | 960,020  | 226,941  | 1,186,961        |
| Revenue from other sources                  |  |  |                  |
| – rental income                             | 87,117   | –  | 87,117           |
| Segment results                             | 317,575  | 61,128   | 378,703          |
| Other income and other gains/(losses) – net |  |  | 31,216           |
| Unallocated operating costs                 |  |  | (72,909)         |
| Interest expense                            |  |  | (18,028)         |
| Interest income                             |  |  | 30,792           |
| Share of results of joint ventures          |  |  | 159              |
| Share of results of associates              |  |  | (232)            |
| Profit before income tax                    |  |  | 349,701          |
| Income tax expenses                         |  |  | (93,442)         |
| Profit for the period                       |  |  | 256,259          |
| Depreciation and amortisation               | 40,904   | 1,450  | 42,354           |

## Notes to the Interim Financial Information

**5 SEGMENT INFORMATION (CONTINUED)**

(a) (Continued)

**For the six months ended 30 June 2022 (Unaudited)**

|                                       | Commercial<br>operational<br>services<br>RMB'000 | Residential<br>property<br>management<br>services<br>RMB'000 | Group<br>RMB'000 |
|---------------------------------------|--|--|------------------|
| Gross segment revenue                 | 1,024,538  | 241,845  | 1,266,383        |
| Revenue from contracts with customers | 949,236  | 241,845  | 1,191,081        |
| – at a point in time                  | 943  | –  | 943              |
| – over time                           | 948,293  | 241,845  | 1,190,138        |
| Revenue from other sources            |  |  |                  |
| – rental income                       | 75,302   | –  | 75,302           |
| Segment results                       | 310,566  | 55,301   | 365,867          |
| Other income and other gains/(losses) |  |  | 29,577           |
| Unallocated operating costs           |  |  | (57,072)         |
| Interest expense                      |  |  | (23,214)         |
| Interest income                       |  |  | 14,455           |
| Share of result of joint ventures     |  |  | (1,053)          |
| Share of results of associates        |  |  | 2,600            |
| Profit before income tax              |  |  | 331,160          |
| Income tax expenses                   |  |  | (91,351)         |
| Profit for the period                 |  |  | 239,809          |
| Depreciation and amortisation         | 38,934   | 1,530  | 40,464           |

## Notes to the Interim Financial Information

**5 SEGMENT INFORMATION (CONTINUED)**

(b) The following is the analysis of the Group's segment assets and liabilities and capital expenditure for the period then ended:

**As at 30 June 2023 (Unaudited)**

|  | Commercial<br>operational<br>services<br>RMB'000 | Residential<br>property<br>management<br>services<br>RMB'000 | Elimination<br>RMB'000 | Group<br>RMB'000 |
|--|--|--|------------------------|------------------|
| Segment assets   | 1,599,004  | 246,848  | (11,661)               | 1,834,191        |
| Other assets   |  |  |                        | 3,545,773        |
| <b>Total assets</b>  |  |  |                        | <b>5,379,964</b> |
| Segment liabilities  | 1,940,388  | 280,461  | (11,661)               | 2,209,188        |
| Other liabilities  |  |  |                        | 238,468          |
| <b>Total liabilities</b>   |  |  |                        | <b>2,447,656</b> |
| Capital expenditure (six months ended<br>30 June 2023) (Unaudited) | 2,002  | 812  | –                      | 2,814            |

**As at 31 December 2022 (Audited)**

|  | Commercial<br>operational<br>services<br>RMB'000 | Residential<br>property<br>management<br>services<br>RMB'000 | Elimination<br>RMB'000 | Group<br>RMB'000 |
|--|--|--|------------------------|------------------|
| Segment assets   | 1,614,557  | 213,250  | (53,827)               | 1,773,980        |
| Other assets   |  |  |                        | 3,439,287        |
| <b>Total assets</b>  |  |  |                        | <b>5,213,267</b> |
| Segment liabilities  | 2,050,595  | 274,738  | (53,827)               | 2,271,506        |
| Other liabilities  |  |  |                        | 205,632          |
| <b>Total liabilities</b>   |  |  |                        | <b>2,477,138</b> |
| Capital expenditure (six months ended<br>30 June 2022) (Unaudited) | 190,024  | 943  | –                      | 190,967          |

## Notes to the Interim Financial Information

**5 SEGMENT INFORMATION (CONTINUED)**

Segment assets are reconciled to total assets as follows:

|  | <b>30 June 2023</b><br><b>(Unaudited)</b><br><b>RMB'000</b> | 31 December 2022<br><b>(Audited)</b><br><b>RMB'000</b> |
|--|---|--|
| Segment assets   | <b>1,834,191</b>  | 1,773,980  |
| Other assets   |   |  |
| Current income tax recoverables                        | <b>1,053</b>  | 759  |
| Deferred income tax assets                             | <b>77,334</b>   | 70,065   |
| Unallocated cash and bank balances                     | <b>3,400,277</b>  | 3,300,950  |
| Unallocated property and equipment                     | <b>1,700</b>  | 2,031  |
| Other corporate assets                                 | <b>54,271</b>   | 54,344   |
| Financial assets at fair value through profit and loss | <b>11,138</b>   | 11,138   |
| <b>Total assets</b>                                    | <b>5,379,964</b>  | 5,213,267  |

Segment liabilities are reconciled to total liabilities as follows:

|                                 | <b>30 June 2023</b><br><b>(Unaudited)</b><br><b>RMB'000</b> | 31 December 2022<br><b>(Audited)</b><br><b>RMB'000</b> |
|---------------------------------|---|--|
| Segment liabilities             | <b>2,209,188</b>  | 2,271,506  |
| Other liabilities               |   |  |
| Current income tax liabilities  | <b>127,810</b>  | 152,400  |
| Deferred income tax liabilities | <b>1,492</b>  | 1,592  |
| Dividends payable               | <b>88,911</b>   | —  |
| Other corporate liabilities     | <b>20,255</b>   | 51,640   |
| <b>Total liabilities</b>        | <b>2,447,656</b>  | 2,477,138  |

The amounts provided to the CODM with respect to total assets and liabilities are measured in a manner consistent with that of the interim condensed consolidated balance sheet. These assets and liabilities are allocated based on the operations of the segments.

Segment assets consist primarily of property and equipment, investment properties, intangible assets, receivables from commercial and residential property management services and cash and bank balances other than current income tax recoverables, deferred income tax assets, unallocated cash and bank balances, unallocated property and equipment, other corporate assets and financial assets at fair value through profit or loss.

Segment liabilities consist primarily of trade and other payables, lease liabilities, contract liabilities, advances from lessees and long-term payables other than current income tax liabilities, deferred income tax liabilities, other payables due to related parties and other corporate liabilities.

Capital expenditure comprises additions to intangible assets, property and equipment (Note 13) and investment properties (Note 14).

## Notes to the Interim Financial Information

## 6 REVENUE

(a) Revenue of the Group for the six months ended 30 June 2023 is as follows:

|   | Six months ended 30 June       |                                |
|---|--------------------------------|--------------------------------|
|   | 2023<br>(Unaudited)<br>RMB'000 | 2022<br>(Unaudited)<br>RMB'000 |
| <b>Type of services</b>   |                                |                                |
| <i>Rental income:</i>   |                                |                                |
| – Commercial property lease income  | 87,117                         | 75,302                         |
| <i>Revenue from customer:</i>   |                                |                                |
| – Commercial operational services   |                                |                                |
| Market research and positioning, business tenant sourcing, opening preparation services | 48,042                         | 94,883                         |
| Commercial operation and management services  | 912,730                        | 854,353                        |
| Commercial operation service during the operation stage                                 | 365,323                        | 311,663                        |
| Commercial property management service  | 547,407                        | 542,690                        |
|   | 960,772                        | 949,236                        |
| – Residential property management services  |                                |                                |
| Pre-sale management services  | 4,095                          | 14,597                         |
| Property management services  | 171,137                        | 191,017                        |
| Other value-added services  | 51,709                         | 36,231                         |
|   | 226,941                        | 241,845                        |
|   | 1,274,830                      | 1,266,383                      |

(i) For the six months ended 30 June 2023, revenue arising from the Remaining Powerlong Group contributed 14.7% of the Group's revenue (six months ended 30 June 2022: 17.0%). Other than the Remaining Powerlong Group and other entities controlled by Mr. Hoi, the Group has a large number of customers, none of them contributed 10% or more of the Group's revenue during the period (six months ended 30 June 2022: none).

## Notes to the Interim Financial Information

**6 REVENUE (CONTINUED)****(b) Liabilities related to contracts with customers**

|                      | <b>30 June 2023</b><br><b>(Unaudited)</b><br><b>RMB'000</b> | 31 December 2022<br><b>(Audited)</b><br><b>RMB'000</b> |
|----------------------|---|--|
| Contract liabilities | <b>290,951</b>  | 229,322  |

Contract liabilities of the Group mainly arose from the advanced payments made by the customers while the underlying services are yet to be provided.

**(i) Revenue recognised in relation to contract liabilities**

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities.

|   | <b>Six months ended 30 June</b> |             |
|---|---------------------------------|-------------|
|   | <b>2023</b>                     | 2022        |
|   | <b>(Unaudited)</b>              | (Unaudited) |
|   | <b>RMB'000</b>                  | RMB'000     |
| Revenue recognised that was included in the contract liability balance at the beginning of the period |                                 |             |
| – Commercial operational services   | <b>175,959</b>                  | 389,829     |
| – Residential property management services  | <b>53,363</b>                   | 68,244      |
|   | <b>229,322</b>                  | 458,073     |

**(ii) Unsatisfied performance obligations**

For commercial operational services and residential property management services, the Group recognises revenue in the amount that equals to the rights to invoices which corresponds directly with the value to the customers of the Group's performance to date, on a monthly or quarterly basis. The Group has elected the practical expedient for not to disclose the remaining performance obligations for those types of contracts. The majority of the property management services contracts and property developer-related services do not have a fixed term. The term of the contracts for other value-added services is generally set to expire when the counterparties notify the Group several months in advance that the services are no longer required.

## Notes to the Interim Financial Information

## 7 EXPENSES BY NATURE

|   | Six months ended 30 June       |                                |
|---|--------------------------------|--------------------------------|
|   | 2023<br>(Unaudited)<br>RMB'000 | 2022<br>(Unaudited)<br>RMB'000 |
| Employee and other labour costs         | 612,916                        | 644,252                        |
| Utilities                               | 106,840                        | 101,465                        |
| Short-term lease expenditure            | 103,449                        | 86,863                         |
| Depreciation and amortisation           | 42,354                         | 40,464                         |
| Promotion and advertising expenses      | 29,531                         | 17,484                         |
| Office expenses                         | 7,931                          | 12,008                         |
| Travelling and entertainment expenses   | 6,317                          | 9,238                          |
| Variable lease payments                 | 6,098                          | 8,748                          |
| Taxes and other levies                  | 6,079                          | 5,751                          |
| Professional fees                       | 11,785                         | 4,036                          |
| Auditors' remuneration – Audit services | 855                            | 800                            |
| Others                                  | 20,723                         | 12,339                         |
|   | <b>954,878</b>                 | <b>943,448</b>                 |

## 8 STAFF COSTS

|                                      | Six months ended 30 June       |                                |
|--------------------------------------|--------------------------------|--------------------------------|
|                                      | 2023<br>(Unaudited)<br>RMB'000 | 2022<br>(Unaudited)<br>RMB'000 |
| Wages and salaries                   | 323,322                        | 322,706                        |
| Social insurance expenses (Note (a)) | 51,055                         | 62,172                         |
| Share-based payments (Note 20)       | 31,042                         | 27,624                         |
| Housing benefits                     | 17,651                         | 21,434                         |
| Other employee benefits (Note (b))   | 728                            | 4,775                          |
|                                      | <b>423,798</b>                 | <b>438,711</b>                 |

- (a) Employees in the Group's PRC subsidiaries are required to participate in a defined contribution retirement scheme administrated and operated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated on certain percentage of the average employee salary as agreed by local municipal government to the scheme to fund the retirement benefits of the employees.
- (b) Other employee benefits mainly include meal, travelling and transportation allowances.

## Notes to the Interim Financial Information

**9 OTHER INCOME AND OTHER GAINS/(LOSSES) – NET**

|                                 | Six months ended 30 June       |                                |
|---------------------------------|--------------------------------|--------------------------------|
|                                 | 2023<br>(Unaudited)<br>RMB'000 | 2022<br>(Unaudited)<br>RMB'000 |
| <b>Other income</b>             |                                |                                |
| Penalty income                  | 11,250                         | 12,742                         |
| Government grants (Note (a))    | 16,598                         | 9,286                          |
| Others                          | 4,224                          | 3,049                          |
|                                 | <b>32,072</b>                  | 25,077                         |
| <b>Other (losses)/gains</b>     |                                |                                |
| Foreign exchange (losses)/gains | (856)                          | 4,500                          |
|                                 | <b>31,216</b>                  | 29,577                         |

(a) The government grants represented mainly rewards and tax refunds from local government without attached conditions.

**10 FINANCE INCOME/(COSTS) – NET**

|  | Six months ended 30 June       |                                |
|--|--------------------------------|--------------------------------|
|  | 2023<br>(Unaudited)<br>RMB'000 | 2022<br>(Unaudited)<br>RMB'000 |
| <i>Interest expense in respect of:</i> |                                |                                |
| Lease liabilities                      | (16,980)                       | (22,427)                       |
| Others                                 | (1,048)                        | (787)                          |
|  | <b>(18,028)</b>                | (23,214)                       |
| <i>Interest income in respect of:</i>  |                                |                                |
| Bank deposits                          | 30,792                         | 14,455                         |
| Finance income/(costs) – net           | <b>12,764</b>                  | (8,759)                        |

## Notes to the Interim Financial Information

## 11 INCOME TAX EXPENSES

|                            | Six months ended 30 June       |                                |
|----------------------------|--------------------------------|--------------------------------|
|                            | 2023<br>(Unaudited)<br>RMB'000 | 2022<br>(Unaudited)<br>RMB'000 |
| Current income tax         |                                |                                |
| – PRC corporate income tax | 100,811                        | 97,155                         |
| Deferred income tax        |                                |                                |
| – PRC corporate income tax | (7,369)                        | (5,804)                        |
|                            | <b>93,442</b>                  | 91,351                         |

**PRC corporate income tax**

Income tax provision of the Group in respect of operations in the PRC has been calculated at the statutory tax rate of 25% on the estimated assessable profits for the period, based on the existing legislation, interpretations and practices in respect thereof.

The general corporate income tax rate in the PRC is 25%.

**Overseas income tax**

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap 22 of Cayman Islands and pursuant to the rules and regulations of Cayman Islands, the Company is not subject to any income tax. The Company's subsidiaries in the British Virgin Islands were incorporated under the International Business Companies Act (as amended) of the British Virgin Islands and, accordingly are exempted from British Virgin Islands income tax.

**Hong Kong profits tax**

No provision for Hong Kong profits tax has been made in these interim condensed consolidated financial statements as the Company and the Group did not have assessable profit in Hong Kong during the six months ended 30 June 2023 (six months ended 30 June 2022: nil). The profit of the group entities in Hong Kong is mainly derived from dividend income, which is not subject to Hong Kong profits tax.

## Notes to the Interim Financial Information

**12 EARNINGS PER SHARE****(a) Basic**

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the six months ended 30 June 2023 and 2022.

|   | Six months ended 30 June |                     |
|---|--------------------------|---------------------|
|   | 2023<br>(Unaudited)      | 2022<br>(Unaudited) |
| <b>Earnings (RMB'000)</b>   |                          |                     |
| Earnings for the purposes of basic and diluted earnings per share<br>(profit attributable to owners of the Company) | <b>256,978</b>           | 240,344             |
| <b>Number of shares ('000)</b>  |                          |                     |
| Weighted average number of ordinary shares for the purpose of basic earnings per share                              | <b>632,556</b>           | 631,650             |
| Basic earnings per share (RMB cents per share)  | <b>40.63</b>             | 38.05               |

**(b) Diluted**

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

|   | Six months ended 30 June |                     |
|---|--------------------------|---------------------|
|   | 2023<br>(Unaudited)      | 2022<br>(Unaudited) |
| <b>Earnings (RMB'000)</b>   |                          |                     |
| Earnings for the purposes of basic and diluted earnings per share<br>(profit attributable to owners of the Company) | <b>256,978</b>           | 240,344             |
| <b>Number of shares ('000)</b>  |                          |                     |
| Weighted average number of ordinary shares for the purpose of<br>basic earnings per share                           | <b>632,556</b>           | 631,650             |
| Effect of dilutive potential ordinary shares:   |                          |                     |
| Awarded shares  | –                        | 1,761               |
| Weighted average number of ordinary shares for the purpose of diluted earnings per share                            | <b>632,556</b>           | 633,411             |
| Diluted earnings per share (RMB cents per share)  | <b>40.63</b>             | 37.94               |

## Notes to the Interim Financial Information

## 13 PROPERTY AND EQUIPMENT

|  | Motor<br>vehicles<br>RMB'000 | Furniture, fitting<br>and equipment<br>RMB'000 | Total<br>RMB'000 |
|--|------------------------------|--|------------------|
| <b>Six months ended 30 June 2023 (Unaudited)</b> |                              |  |                  |
| Opening net book amount                          | 614                          | 12,368   | 12,982           |
| Additions  | –                            | 2,795  | 2,795            |
| Disposals  | –                            | (244)  | (244)            |
| Depreciation charge                              | (77)                         | (3,298)  | (3,375)          |
| <b>Closing net book amount</b>                   | <b>537</b>                   | <b>11,621</b>                                  | <b>12,158</b>    |
| <b>As at 30 June 2023 (Unaudited)</b>            |                              |  |                  |
| Cost   | 5,876                        | 36,146   | 42,022           |
| Accumulated depreciation                         | (5,339)                      | (24,525)                                       | (29,864)         |
| <b>Net book amount</b>                           | <b>537</b>                   | <b>11,621</b>                                  | <b>12,158</b>    |
| <b>Six months ended 30 June 2022 (Unaudited)</b> |                              |  |                  |
| Opening net book amount                          | 1,160                        | 14,993   | 16,153           |
| Additions  | 4                            | 2,950  | 2,954            |
| Disposals  | (256)                        | (75)   | (331)            |
| Depreciation charge                              | (159)                        | (3,519)  | (3,678)          |
| <b>Closing net book amount</b>                   | <b>749</b>                   | <b>14,349</b>                                  | <b>15,098</b>    |
| <b>As at 30 June 2022 (Unaudited)</b>            |                              |  |                  |
| Cost   | 6,382                        | 37,652   | 44,034           |
| Accumulated depreciation                         | (5,633)                      | (23,303)                                       | (28,936)         |
| <b>Net book amount</b>                           | <b>749</b>                   | <b>14,349</b>                                  | <b>15,098</b>    |

- (a) Depreciation expenses were charged to the following categories in the interim condensed consolidated statements of comprehensive income:

|                      | Six months ended 30 June       |                                |
|----------------------|--------------------------------|--------------------------------|
|                      | 2023<br>(Unaudited)<br>RMB'000 | 2022<br>(Unaudited)<br>RMB'000 |
| Depreciation expense | 3,375                          | 3,678                          |

## Notes to the Interim Financial Information

## 14 INVESTMENT PROPERTIES

|  | Leased<br>commercial<br>properties –<br>right of<br>use assets<br>RMB'000 |
|--|---|
| <b>Six months ended 30 June 2023 (Unaudited)</b> |   |
| Opening net book amount                          | 751,872   |
| Depreciation charge                              | (37,615)  |
| <b>Closing net book amount</b>                   | <b>714,257</b>  |
| <b>As at 30 June 2023 (Unaudited)</b>            |   |
| Cost   | 1,130,783   |
| Accumulated depreciation                         | (416,526)   |
| <b>Net book amount</b>                           | <b>714,257</b>  |
| <b>Six months ended 30 June 2022 (Unaudited)</b> |   |
| Opening net book amount                          | 632,496   |
| Additions  | 187,977   |
| Depreciation charge                              | (36,499)  |
| <b>Closing net book amount</b>                   | <b>783,974</b>  |
| <b>As at 30 June 2022 (Unaudited)</b>            |   |
| Cost   | 1,123,880   |
| Accumulated depreciation                         | (339,906)   |
| <b>Net book amount</b>                           | <b>783,974</b>  |

- (a) Depreciation expenses were charged to the following categories in the interim condensed consolidated statements of comprehensive income:

|                  | Six months ended 30 June       |                                |
|------------------|--------------------------------|--------------------------------|
|                  | 2023<br>(Unaudited)<br>RMB'000 | 2022<br>(Unaudited)<br>RMB'000 |
| Cost of services | 37,615                         | 36,499                         |

## Notes to the Interim Financial Information

**15 GOODWILL**

No impairment provision on goodwill was recognised as at 30 June 2023.

**16 OPERATING LEASE AND TRADE RECEIVABLES**

|  | 30 June 2023<br>(Unaudited)<br>RMB'000 | 31 December 2022<br>(Audited)<br>RMB'000 |
|--|--|--|
| Operating lease receivables (Note (a)) |  |  |
| – Third parties                        | <b>30,433</b>                          | 24,363                                   |
| Trade receivables (Note (a))           |  |  |
| – Related parties (Note 24(d))         | <b>128,904</b>                         | 59,941                                   |
| – Third parties                        | <b>236,352</b>                         | 192,119                                  |
|  | <b>365,256</b>                         | 252,060                                  |
| Operating lease and trade receivables  | <b>395,689</b>                         | 276,423                                  |
| Less: allowance for impairment         | <b>(58,350)</b>                        | (43,960)                                 |
|  | <b>337,339</b>                         | 232,463                                  |

- (a) The Group's revenue is derived from provision of commercial operational services, residential property management services and lease of properties. Proceeds in respect of service rendering and rental income are to be received in accordance with the terms of relevant property service agreements and tenant contracts.

As at the respective balance sheet date, the aging analysis of the operating lease and trade receivables due from related parties and third parties based on the demand note dates is as follows:

|               | 30 June 2023<br>(Unaudited)<br>RMB'000 | 31 December 2022<br>(Audited)<br>RMB'000 |
|---------------|--|--|
| Within 1 year | <b>273,915</b>                         | 214,563                                  |
| 1-2 years     | <b>68,473</b>                          | 25,381                                   |
| 2-3 years     | <b>37,310</b>                          | 15,825                                   |
| Over 3 years  | <b>15,991</b>                          | 20,654                                   |
|               | <b>395,689</b>                         | 276,423                                  |

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 30 June 2023, a provision of RMB58,350,000 was made against the gross amounts of operating lease and trade receivables (31 December 2022: RMB43,960,000).

As at 30 June 2023 and 31 December 2022, the operating lease and trade receivables were denominated in RMB, and their fair values approximated their carrying amounts.

## Notes to the Interim Financial Information

## 17 PREPAYMENTS AND OTHER RECEIVABLES

|   | 30 June 2023<br>(Unaudited)<br>RMB'000 | 31 December 2022<br>(Audited)<br>RMB'000 |
|---|--|--|
| Other receivables   |  |  |
| – Payments on behalf of tenants or residents (Note (a))       | 15,104                                 | 14,610                                   |
| – Related parties (Note 24(d))                                | 8,170                                  | 9,619                                    |
| – Deposit paid to a related company (Note (b) and Note 24(d)) | 198,227                                | 198,000                                  |
| – Deposit paid to a third party (Note (c))                    | 293,554                                | 300,156                                  |
| – Others  | 22,491                                 | 19,639                                   |
|   | <b>537,546</b>                         | 542,024                                  |
| Less: allowance for impairment                                | <b>(13,848)</b>                        | (13,895)                                 |
|   | <b>523,698</b>                         | 528,129                                  |
| Prepayments   |  |  |
| – Third parties (Note (d))                                    | 70,893                                 | 61,330                                   |
| – Related parties (Note 24(d))                                | 16,931                                 | 8,304                                    |
|   | <b>87,824</b>                          | 69,634                                   |
|   | <b>611,522</b>                         | 597,763                                  |

- (a) Amounts represented mainly the payments of utility fees on behalf of tenants or residential communities.
- (b) Amounts represented a refundable deposit paid to a related company for the exclusive sales right of car park spaces in the PRC held by this related company.
- (c) Amounts represented a refundable deposit paid to a third party for the exclusive sales right of shops in the PRC held by this third party.
- (d) Amounts represented mainly the prepaid utility expenses.
- (e) The balances of prepayments and other receivables were all denominated in RMB.

## Notes to the Interim Financial Information

## 18 CASH AND BANK BALANCES

|                                     | <b>30 June 2023</b><br><b>(Unaudited)</b><br><b>RMB'000</b> | 31 December 2022<br><b>(Audited)</b><br><b>RMB'000</b> |
|-------------------------------------|---|--|
| Cash at bank and in hand (Note (a)) | <b>3,528,484</b>  | 3,452,680  |
| Restricted cash – others            | <b>(2,654)</b>  | (1,892)  |
|                                     | <b>3,525,830</b>  | 3,450,788  |

(a) Cash at banks and in hand were denominated in the following currencies:

|                  | <b>30 June 2023</b><br><b>(Unaudited)</b><br><b>RMB'000</b> | 31 December 2022<br><b>(Audited)</b><br><b>RMB'000</b> |
|------------------|---|--|
| RMB              | <b>3,526,538</b>  | 3,444,818  |
| HK\$             | <b>1,874</b>  | 7,792  |
| Other currencies | <b>72</b>   | 70   |
|                  | <b>3,528,484</b>  | 3,452,680  |

## Notes to the Interim Financial Information

## 19 SHARE CAPITAL AND PREMIUM AND SHARES HELD FOR SHARES AWARD SCHEME

|                                       | Number of ordinary shares | Share capital |              | Share premium    | Total            | Shares held For Shares Award Scheme |
|---------------------------------------|---------------------------|---------------|--------------|------------------|------------------|-------------------------------------|
|                                       |                           | HK\$'000      | RMB'000      | RMB'000          | RMB'000          | RMB'000                             |
| <b>Authorised</b>                     |                           |               |              |                  |                  |                                     |
| As at 1 January 2023 and 30 June 2023 | 2,000,000,000             | 20,000        | 17,905       | –                | 17,905           | –                                   |
| <b>Issued</b>                         |                           |               |              |                  |                  |                                     |
| As at 1 January 2023                  | 642,900,000               | 6,429         | 5,747        | 1,038,193        | 1,043,940        | (95)                                |
| Dividends                             | –                         | –             | –            | (87,924)         | (87,924)         | –                                   |
| Vesting of awarded shares             | –                         | –             | –            | 96,172           | 96,172           | 51                                  |
| <b>As at 30 June 2023 (Unaudited)</b> | <b>642,900,000</b>        | <b>6,429</b>  | <b>5,747</b> | <b>1,046,441</b> | <b>1,052,188</b> | <b>(44)</b>                         |
| <b>Authorised</b>                     |                           |               |              |                  |                  |                                     |
| As at 1 January 2022 and 30 June 2022 | 2,000,000,000             | 20,000        | 17,905       | –                | 17,905           | –                                   |
| <b>Issued</b>                         |                           |               |              |                  |                  |                                     |
| As at 1 January 2022                  | 642,900,000               | 6,429         | 5,747        | 1,282,814        | 1,288,561        | (95)                                |
| Dividends                             | –                         | –             | –            | (161,554)        | (161,554)        | –                                   |
| <b>As at 30 June 2022 (Unaudited)</b> | <b>642,900,000</b>        | <b>6,429</b>  | <b>5,747</b> | <b>1,121,260</b> | <b>1,127,007</b> | <b>(95)</b>                         |

## Notes to the Interim Financial Information

## 20 OTHER RESERVES

|  | Statutory<br>reserves<br>RMB'000 | Shares Award<br>Scheme and<br>Share Incentive<br>Scheme<br>(note (a))<br>RMB'000 | Total<br>other<br>reserves<br>RMB'000 |
|--|----------------------------------|--|---------------------------------------|
| <b>Balance at 1 January 2023</b>               | <b>23,617</b>                    | <b>147,709</b>   | <b>171,326</b>                        |
| Shares Award Scheme and Share Incentive Scheme |                                  |  |                                       |
| – value of employee service                    | –                                | <b>31,042</b>  | <b>31,042</b>                         |
| Vesting of awarded shares                      | –                                | <b>(96,223)</b>  | <b>(96,223)</b>                       |
| <b>Balance at 30 June 2023 (Unaudited)</b>     | <b>23,617</b>                    | <b>82,528</b>  | <b>106,145</b>                        |
| <b>Balance at 1 January 2022</b>               | 23,617                           | 73,664   | 97,281                                |
| Shares Award Scheme and Share Incentive Scheme |                                  |  |                                       |
| – value of employee service                    | –                                | 27,624   | 27,624                                |
| <b>Balance at 30 June 2022 (Unaudited)</b>     | 23,617                           | 101,288  | 124,905                               |

**(a) Shares Award Scheme and Shares Incentive Scheme reserves****Shares Award Scheme**

On 24 November 2020, the Company's shareholders approved and adopted a shares award scheme ("**Shares Award Scheme**") and the Company has appointed Tricor Trust (Hong Kong) Limited as the trustee (the "**Trustee**") to assist with the administration of the awarded shares and Elitelong Holdings Limited, a wholly-owned subsidiary of the Trustee, as nominee. On 4 December 2020, the Board of the Company approved a new issuance of 11,250,000 ordinary shares to the Elitelong Holdings Limited.

Elitelong Holdings Limited was set up as a special vehicle for the purpose of holding the ordinary shares allotted and issued by the Company. As the Company has the power to direct the relevant activities of Elitelong Holdings Limited and can derive benefits from the contributions of the grantees, therefore, Elitelong Holdings Limited is consolidated by the Company and the 11,250,000 shares it held are presented as a deduction in equity as shares held for the Shares Award Scheme reserve.

On 24 November 2020, as the grant date, the Company has resolved to award an aggregate of 11,250,000 awarded shares ("**Awarded Shares**") to Mr. Chen Deli, the executive director of the Company. Such Awarded Shares have been issued to a trustee which hold on trust for Mr. Chen Deli pursuant to the terms of the Trust Deed. These Awarded Shares shall then transfer to Mr. Chen Deli after the relevant vesting conditions are fulfilled.

Under the terms of the Shares Award Scheme, when the vesting conditions are fulfilled, the Awarded Shares shall be vested 50% in June 2023 and 50% in June 2025 respectively.

In June 2023, 5,625,000 Awarded Shares were vested.

The Awarded Shares have an aggregate nominal value of HK\$112,500 and a fair value of HK\$226,688,000 based on the price of HK\$20.15 on grant date (equivalent to approximately RMB192,446,000). For the six months ended 30 June 2023, an expense of RMB24,708,000 was recognised in relation to the Shares Award Scheme (For the six months ended 30 June 2022: RMB27,624,000).

## Notes to the Interim Financial Information

### 20 OTHER RESERVES (CONTINUED)

#### (a) Shares Award Scheme and Shares Incentive Scheme reserves (Continued)

##### Shares Incentive Scheme

On 19 July 2019, 8,778 shares were issued and allotted to Huihong Management (PTC) Limited ("**Huihong Management**") at par value as to 10% of the Company's equity interest before the listing of the Company. Huihong Management was incorporated in the BVI as a special purpose vehicle to hold shares to be granted to eligible grantees under a share incentive scheme ("**Share Incentive Scheme**") to be adopted at least six months after the Listing, which is consolidated by the Company.

On 10 December 2019, the Company increased its authorized share capital to HK\$20,000,000 by the creation of 1,962,000,000 additional shares of nominal value of HK\$0.01 each. Pursuant to the written resolutions passed by the shareholders on 10 December 2019, the Company was authorized to capitalise HK\$4,499,122.22 standing to the credit of the share premium account of the Company by applying such sum in paying up in full at par 449,912,222 shares for issue and allotment to the respective shareholders. Accordingly, the numbers of shares held by Huihong Management increased from 8,778 to 45,000,000, i.e. 10% of the Company's equity interest before the listing.

On 21 September 2022, as the grant date, the Company has resolved to transfer, and the eligible grantees have to subscribe for 25,000,000 shares from Huihong Management, at the subscription price of RMB1.1111 per share upon the terms and subject to the conditions under the Shares Incentive Scheme. These shares ("**Incentive Shares**") shall then transfer to eligible grantees after the relevant vesting conditions are fulfilled.

Under the terms of the Shares Incentive Scheme, when the vesting conditions are fulfilled, the Incentive Shares shall be vested 100% not later than 31 December 2024. As at 30 June 2023, total number of 12,463,000 shares were subscribed by and transferred to the grantees (As at 31 December 2022: 12,463,000 shares). For the six months ended 30 June 2023, an expense of RMB6,334,000 was recognised in relation to the Shares Incentive Scheme (For the six months ended 30 June 2022: Nil).

### 21 DIVIDEND

On 16 June 2023, the payment of a final dividend for the year ended 31 December 2022 amounting to HK\$96,435,000 (equivalent to approximately RMB87,924,000) (Final dividend for the year ended 31 December 2021: HK\$189,495,000, equivalent to approximately RMB161,554,000) was approved in the annual general meeting of the Company. Such dividend will be paid on 25 October 2023.

On 24 August 2023, the Board recommended the payment of an interim dividend of HK\$0.15 (equivalent to approximately RMB0.14 based on the exchange rate of 30 June 2023) per ordinary share. Total amount of interim dividend would be HK\$96,435,000 (equivalent to approximately RMB88,910,000) which is calculated based on the total number of ordinary shares in issue as at 30 June 2023. These interim condensed consolidated financial information has not reflected this dividend payable.

## Notes to the Interim Financial Information

**22 LEASES****(a) Amounts recognised in the interim condensed consolidated balance sheets**

|   | <b>30 June 2023</b><br><b>(Unaudited)</b><br><b>RMB'000</b> | 31 December 2022<br><b>(Audited)</b><br><b>RMB'000</b> |
|---|---|--|
| Leased in properties for sub-lease to tenants |   |  |
| – Leased commercial properties (Note 14)      | <b>714,257</b>  | 751,872  |
| Lease liabilities                             |   |  |
| Current                                       | <b>36,450</b>   | 54,370   |
| Non-current                                   | <b>900,690</b>  | 901,274  |
|   | <b>937,140</b>  | 955,644  |

**(b) Amounts recognised in profit and loss**

|   | <b>Six months ended 30 June</b><br><b>2023</b><br><b>(Unaudited)</b><br><b>RMB'000</b> | 2022<br><b>(Unaudited)</b><br><b>RMB'000</b> |
|---|--|--|
| Depreciation charge   |  |  |
| – Leased commercial properties (Note 14)  | <b>37,615</b>  | 36,499                                       |
| Interest expense (included in finance income/(cost) – net)                                    | <b>16,980</b>  | 22,427                                       |
| Variable lease payments (included in cost of services)  | <b>6,098</b>   | 8,748  |
| Short-term lease expenditure for car parks and common areas and advertising space             | <b>103,449</b>   | 86,863                                       |
| Cash outflows for lease payments (including principal elements and relevant interest expense) | <b>35,484</b>  | 45,246                                       |

## Notes to the Interim Financial Information

## 23 TRADE AND OTHER PAYABLES

|   | 30 June 2023<br>(Unaudited)<br>RMB'000 | 31 December 2022<br>(Audited)<br>RMB'000 |
|---|--|--|
| Trade payables  |  |  |
| – Related parties (Note 24(d))  | 1,033                                  | 1,341                                    |
| – Third parties   | 168,261                                | 121,378                                  |
|   | <b>169,294</b>                         | 122,719                                  |
| Other payables  |  |  |
| – Related parties (Note 24(d))  | 69,871                                 | 161,335                                  |
| – Receipts on behalf of tenants or residents (Note (a))                                   | 101,782                                | 148,224                                  |
| – Payables for promotion fees on behalf of owners of the commercial properties (Note (b)) | 35,068                                 | 45,401                                   |
| – Deposits received (Note (c))  | 489,886                                | 487,658                                  |
| – Payables for business combination   | –                                      | 4,241                                    |
| – Others  | 20,255                                 | 26,299                                   |
|   | <b>716,862</b>                         | 873,158                                  |
| Accrued payroll   | 49,976                                 | 79,082                                   |
| Other taxes payables  | 13,666                                 | 19,130                                   |
| Dividend payables   | 88,911                                 | –  |
|   | <b>1,038,709</b>                       | 1,094,089                                |

- (a) Amounts represented the receipts on behalf of tenants or residents to settle the bills of utilities charges.
- (b) The balance represented the receipts on behalf of owners of commercial properties to settle the expenses relating to promotion and marketing activities of car parks, common areas and advertising spaces.
- (c) Amounts represented mainly deposits received from tenants as performance securities in relation to tenant agreements or property management service agreements.
- (d) As at 30 June 2023 and 31 December 2022, the carrying amounts of trade and other payables approximated their fair values.
- (e) As at the respective balance sheet date, the ageing analysis of the trade payables (including amounts due to related parties) based on invoice dates is as follows:

|               | 30 June 2023<br>(Unaudited)<br>RMB'000 | 31 December 2022<br>(Audited)<br>RMB'000 |
|---------------|--|--|
| Within 1 year | 158,914                                | 116,217                                  |
| 1 to 2 years  | 7,525                                  | 5,009                                    |
| 2 to 3 years  | 1,786                                  | 844                                      |
| Over 3 year   | 1,069                                  | 649                                      |
|               | <b>169,294</b>                         | 122,719                                  |

## Notes to the Interim Financial Information

**23 TRADE AND OTHER PAYABLES (CONTINUED)**

(f) Trade and other payables (excluding accrued payroll, and other tax payables) were denominated in the following currencies:

|      | <b>30 June 2023</b><br><b>(Unaudited)</b><br><b>RMB'000</b> | 31 December 2022<br><b>(Audited)</b><br><b>RMB'000</b> |
|------|---|--|
| RMB  | <b>886,156</b>  | 995,877  |
| HK\$ | <b>88,911</b>   | –  |
|      | <b>975,067</b>  | 995,877  |

**24 RELATED PARTY TRANSACTIONS****(a) Transactions with related parties**

|  | <b>Six months ended 30 June</b><br><b>2023</b><br><b>(Unaudited)</b><br><b>RMB'000</b> | 2022<br><b>(Unaudited)</b><br><b>RMB'000</b> |
|--|--|--|
| Revenue arising from provision of services (Note (ii))                         |  |  |
| – Entities controlled by Mr. Hoi   | <b>187,853</b>   | 215,059                                      |
| – Entities jointly controlled by Mr. Hoi                                       | <b>12,406</b>  | 25,606                                       |
|  | <b>200,259</b>   | 240,665                                      |
| Office leasing expenditure paid/payable  |  |  |
| – Entities controlled by Mr. Hoi   | <b>954</b>   | 919  |
| Short-term lease expenditure for car parks, common areas and advertising space |  |  |
| – Entities controlled by Mr. Hoi   | <b>99,242</b>  | 84,312                                       |
| – Entities jointly controlled by Mr. Hoi                                       | –  | 568  |
|  | <b>99,242</b>  | 84,880                                       |
| Purchase of low-value consuming goods  |  |  |
| – Entities controlled by Mr. Hoi   | <b>448</b>   | 40   |
| Purchase of information technology services                                    |  |  |
| – Entities jointly controlled by Mr. Hoi                                       | <b>11,238</b>  | 4,762  |

## Notes to the Interim Financial Information

**24 RELATED PARTY TRANSACTIONS (CONTINUED)****(a) Transactions with related parties (Continued)**

- (i) Transactions with related parties were carried out in the normal course of the Group's business and on terms as agreed between the transacting parties.
- (ii) Amounts mainly comprised revenue from commercial operational services and residential properties management services.

**(b) Free trademark license agreement**

On 8 August 2019, a trademark licencing agreement was entered into between the Group and Powerlong Group Development Co., Ltd. (寶龍集團發展有限公司) ("Powerlong Group Development"), pursuant to which Powerlong Group Development agreed to irrevocably and unconditionally grant to the Group the right to (i) use; and/or (ii) sub-license to a third party due to operational needs arising from its usual and ordinary course of business and other activities, certain trademarks registered in the PRC for a perpetual term commencing from the date of the trademark licencing agreement on a royalty-free basis.

**(c) Key management compensation**

Compensations for key management is set out below.

|   | Six months ended 30 June       |                                |
|---|--------------------------------|--------------------------------|
|   | 2023<br>(Unaudited)<br>RMB'000 | 2022<br>(Unaudited)<br>RMB'000 |
| Salaries and other short-term employee benefits | 2,657                          | 2,618                          |

**(d) Balances with related parties**

|  | 30 June 2023<br>(Unaudited)<br>RMB'000 | 31 December 2022<br>(Audited)<br>RMB'000 |
|--|--|--|
| Trade receivables                        |  |  |
| – Entities controlled by Mr. Hoi         | 124,700                                | 56,328                                   |
| – Entities jointly controlled by Mr. Hoi | 4,204                                  | 3,613                                    |
|  | <b>128,904</b>                         | 59,941                                   |
| Prepayments                              |  |  |
| – Entities jointly controlled by Mr. Hoi | 16,931                                 | 8,304                                    |
|  | <b>16,931</b>                          | 8,304                                    |

## Notes to the Interim Financial Information

**24 RELATED PARTY TRANSACTIONS (CONTINUED)****(d) Balances with related parties (Continued)**

|  | <b>30 June 2023</b><br><b>(Unaudited)</b><br><b>RMB'000</b> | 31 December 2022<br><b>(Audited)</b><br><b>RMB'000</b> |
|--|---|--|
| Other receivables                        |   |  |
| – Entities controlled by Mr. Hoi         | <b>205,640</b>  | 206,892  |
| – Entities jointly controlled by Mr. Hoi | <b>757</b>  | 727  |
|  | <b>206,397</b>  | 207,619  |
| Trade payables                           |   |  |
| – Entities controlled by Mr. Hoi         | <b>1,033</b>  | 1,341  |
|  | <b>1,033</b>  | 1,341  |
| Other payables (Note (i))                |   |  |
| – Entities controlled by Mr. Hoi         | <b>58,244</b>   | 151,242  |
| – Entities jointly controlled by Mr. Hoi | <b>11,627</b>   | 10,093   |
|  | <b>69,871</b>   | 161,335  |
| Contract liabilities                     |   |  |
| – Entities controlled by Mr. Hoi         | <b>26,336</b>   | 35,997   |
| – Entities jointly controlled by Mr. Hoi | <b>3,373</b>  | 5,326  |
|  | <b>29,709</b>   | 41,323   |

- (i) The balance represented the receipts on behalf of owners of commercial properties to settle the expenses relating to promotion and marketing activities of car parks, common areas and advertising spaces.

Trade receivables, other receivables, trade payables, other payables and contract liabilities due from/to related parties were unsecured and interest-free.

**25 CONTINGENT LIABILITIES**

As at 30 June 2023, the Group did not have any significant contingent liabilities (31 December 2022: Nil).

**26 COMMITMENTS**

As at 30 June 2023, the Group's future aggregate minimum lease payments under non-cancellable short-term leases arrangements were RMB103,449,000 which is due within one year (31 December 2022: RMB213,656,000).