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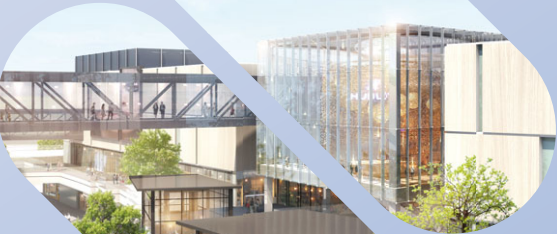
# 2020 INTERIM REPORT

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**

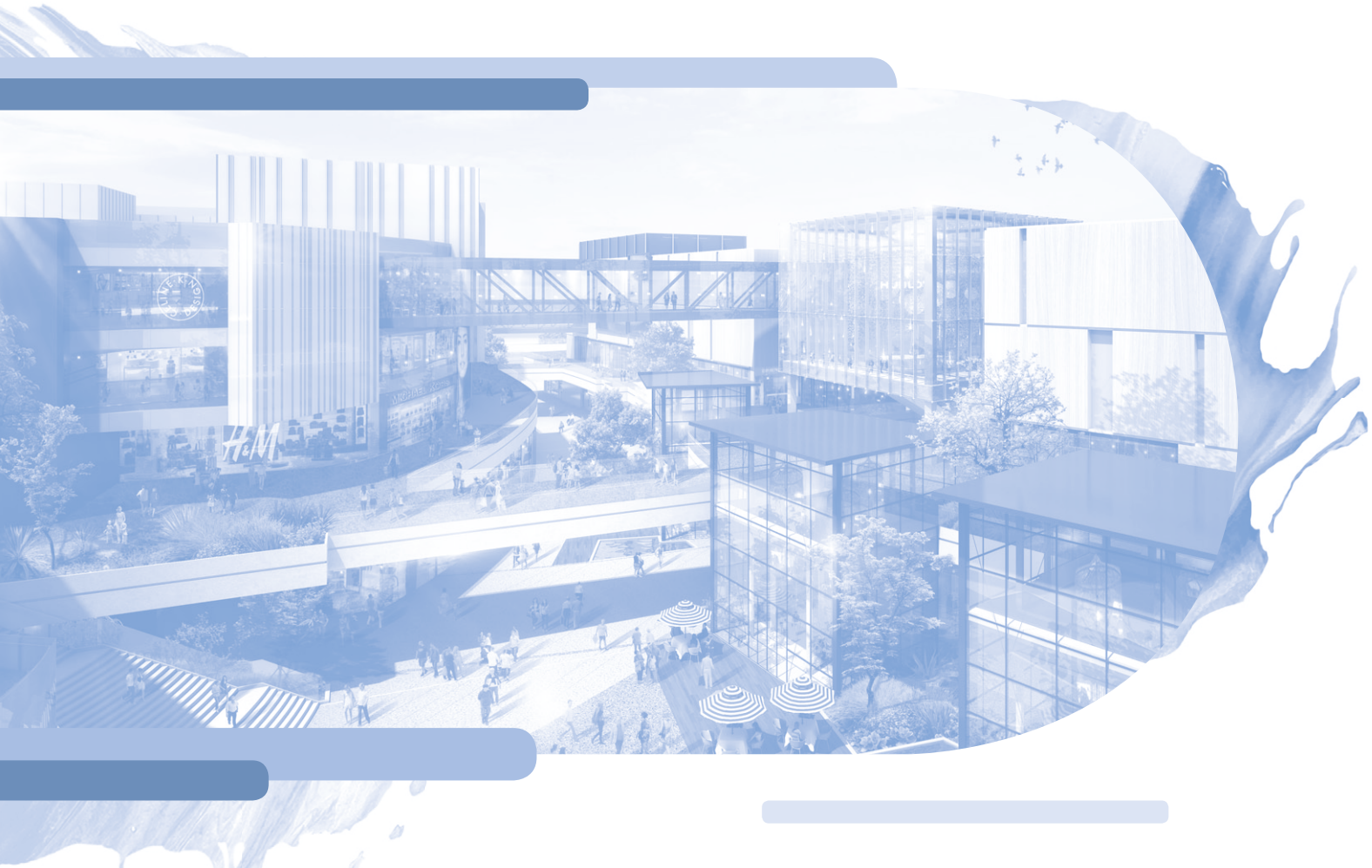


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# Group Introduction



Powerlong Commercial Management Holdings Limited (HK.9909) (the “**Company**” or “**Powerlong CM**”) and its subsidiaries (together, the “**Group**”) is a leading commercial operational service provider in China. 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**”). The Group is committed to improving the living standards of the citizens and driving the urbanization progress in the People’s Republic of China (“**China**” or the “**PRC**”).

The Group 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 at 30 June 2020, the Group had 51 retail commercial properties under management, with an aggregate gross floor area (“**GFA**”) <sup>Note</sup> under management of approximately 7.0 million square meters (“**sq.m.**”). As at the same date, the Group was contracted to provide commercial operational services for a total of 85 retail commercial properties with an aggregate contracted GFA of approximately 9.9 million sq.m..

The Group also provides property management services for residential properties, office buildings and serviced apartments. As at 30 June 2020, the Group had 52 residential properties under management of its property management service with an aggregate GFA under management of approximately 11.6 million sq.m., and was contracted to manage 87 properties with an aggregate contracted GFA of approximately 19.9 million sq.m..

With the mission of “creating space full of love”, the Company endeavours to link up living space with the well-being of everything, to promote love and care among people and within cities, delivering living space and services that represent the best experience to property owners, tenants and consumers.

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 and president)  
 Mr. Chen Deli (Chief executive officer) (*Appointed as a chief executive officer on 1 June 2020 and appointed as an executive Director on 15 June 2020*)  
 Mr. Zhang Yunfeng (Chief financial officer)

### Non-executive Directors

Ms. Hoi Wa Fan  
 Ms. Hoi Wa Lam

### Independent non-executive Directors

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

## AUDIT COMMITTEE

Ms. Ng Yi Kum, Estella (Chairman)  
 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  
 Ms. Chan Pung Fei

## AUTHORIZED REPRESENTATIVES

Mr. Zhang Yunfeng  
 Ms. Chan Pung Fei

## 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,  
 Gubei Branch  
 Bank of Communication Limited, Jinshan Branch  
 Agricultural Bank of China Limited, Xingang Branch  
 Bank of China Limited

## AUDITOR

PricewaterhouseCoopers  
 Certified Public Accountants and Registered PIE Auditor  
 22/F, Prince's Building  
 Central  
 Hong Kong

## COMPLIANCE ADVISOR

Giraffe Capital Limited  
 3/F, 8 Wyndham Street  
 Central  
 Hong Kong

## COMPANY'S PERMANENT 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 China. As at 30 June 2020, the Group had 51 retail commercial properties under management, with an aggregate GFA under management of approximately 7.0 million sq.m.; and was contracted to provide commercial operational services for a total of 85 retail commercial properties with an aggregate contracted GFA of 9.9 million sq.m. The Company enjoys considerable brand recognition in the markets where it operates. In March 2020, the Company was ranked fourth among the “2020 China Top 10 Commercial Real Estate” as awarded by China Index Academy. In March 2020, the Company was recognized as a “2020 Top 10 of China Commercial Real Estate Developers with Comprehensive Strengths” as awarded by China Real Estate Association. In June 2020, the Company was recognized as a “2019 High-growth Commercial Real Estate Developer” as jointly awarded by Linkshop.com (聯商網), Soupu.com (搜鋪網) and other online platforms.

The Group also provides property management services for residential properties, office buildings and serviced apartments. As at 30 June 2020, the Group had 52 projects under management of its residential property management services with an aggregate GFA under management of approximately 11.6 million sq.m., and was contracted to manage 87 projects with an aggregate contracted GFA of 19.9 million sq.m.

With the mission of “creating space full of love”, the Company endeavours to link up living space with the well-being of everything, to promote love and care among people and within cities. It also seeks to deliver living space and services that represent the best experience to property owners, tenants and consumers.

## BUSINESS REVIEW

For the six months ended 30 June 2020, 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 derived mainly from its commercial operational services.

*Commercial operational services:* The Company provided 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) Property leasing services with respect to units located within the shopping streets and shopping malls.

*Residential property management services:* The Group provided property management services for 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 stages, 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 service, 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			
	2020		2019	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Commercial operational services	<b>218,025</b>	<b>31.1</b>	182,001	29.3
Residential property management services	<b>36,808</b>	<b>21.9</b>	15,886	12.4
<b>Total</b>	<b>254,833</b>	<b>29.3</b>	197,887	26.4

### Commercial Operational Management Services

The Group provided professional commercial operational management services to property owners, tenants and consumers 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 2020, the aggregate revenue of the Group's commercial operational management services amounted to approximately RMB700.4 million, representing an increase of 12.7% from approximately RMB621.2 million for the six months ended 30 June 2019; and the Group had GFA under management of 7.0 million sq.m., representing an increase of 0.6 million sq.m. from 6.4 million sq.m. for the corresponding period of 2019; 51 projects under management, representing an increase of 6 projects from 45 projects for the corresponding period of 2019; contracted GFA of 9.9 million sq.m., representing an increase of 2.4 million sq.m. from 7.5 million sq.m. for the corresponding period of 2019.

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

	Six months ended 30 June					
	2020			2019		
	Contracted GFA	GFA under management	Revenue	Contracted GFA	GFA under management	Revenue
	<i>sq.m.</i>	<i>sq.m.</i>	<i>RMB</i>	<i>sq.m.</i>	<i>sq.m.</i>	<i>RMB</i>
	<i>(in thousands)</i>					
Yangtze River Delta	<b>5,496</b>	<b>3,160</b>	<b>452,341</b>	3,562	2,630	406,519
Southeast China <sup>(1)</sup>	<b>1,121</b>	<b>679</b>	<b>87,351</b>	792	679	65,015
Midwest China <sup>(2)</sup>	<b>1,499</b>	<b>1,385</b>	<b>95,635</b>	1,404	1,385	89,612
Bohai Economic Rim <sup>(3)</sup>	<b>1,781</b>	<b>1,758</b>	<b>65,080</b>	1,764	1,679	60,016
<b>Total</b>	<b>9,897</b>	<b>6,982</b>	<b>700,407</b>	7,522	6,373	621,162

Notes:

- (1) Comprises Fujian and Hainan Provinces.
- (2) Comprises Anhui, Sichuan and Henan Provinces and Chongqing Municipality.
- (3) Comprises Tianjin Municipality and Shandong Province.

## Management Discussion and Analysis

The table below sets forth average occupancy rate and GFA under management of retail commercial property that commenced operation as at 30 June 2020 by brands.

Brand	Average occupancy rate <sup>(1)</sup>		GFA under management <i>(in thousands sq. m.)</i>
	As at 30 June 2020	As at 31 December 2019	
	%	%	
Powerlong One Mall	<b>92.6</b>	95.2	171
Powerlong City	<b>90.7</b>	91.3	437
Powerlong Plaza	<b>85.4</b>	89.0	5,990
Powerlong Land	<b>87.9</b>	90.1	384
Total <sup>(2)</sup>	<b>87.1</b>	89.4	<u>6,982</u>

(1) Occupancy rate is calculated as actual leased area divided by available lease area of a retail commercial property as at 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.

(2) The statistics of occupancy rate excludes Tianjin Yujiapu Powerlong Plaza, Haiyang Powerlong Land and Dongying Powerlong Land.

- Tianjin Yujiapu Powerlong Plaza was opened in November 2011, which is currently under renovation and will reopen in December 2020;
- Haiyang Powerlong Land was at the preparation stage, for which we have not yet provided any business tenancy services;
- The property developer of Dongying Powerlong Land was in the process of assigning the units within the shopping streets to members of village collective economic organization, and the Group only provided limited management services.

## Management Discussion and Analysis

Pipeline projects in the second half of 2020:

From the Remaining Powerlong Group<sup>(1)</sup> and its joint ventures or associates:

No.	Project	Opening date <sup>(2)</sup> (month-year)	Location	Geographic region	Estimated GFA (sq.m.)
1	Jinjiang Powerlong Plaza (Phase 2) (晉江寶龍廣場(二期))	September 2020	Jinjiang	Southeast China	46,486
2	Hangzhou Qingshan Lake Powerlong Plaza (Phase 1) (杭州青山湖寶龍廣場(一期))	October 2020	Hangzhou	Yangtze River Delta	189,524
3	Hangzhou Dajiangdong Powerlong Plaza (杭州大江東寶龍廣場)	November 2020	Hangzhou	Yangtze River Delta	95,373
4	Yongkang Powerlong Plaza (永康寶龍廣場)	November 2020	Jinhua	Yangtze River Delta	89,900
5	Quanzhou Taishang Powerlong Plaza (泉州台商寶龍廣場)	December 2020	Quanzhou	Southeast China	148,950
6	Yancheng Chengdong Powerlong Plaza (鹽城城東寶龍廣場)	December 2020	Yancheng	Yangtze River Delta	135,932
7	Tianjin Yujiapu Powerlong Plaza (天津於家堡寶龍廣場) <sup>(3)</sup>	December 2020	Tianjin	Bohai Economic Rim	162,836
8	Zhangzhou Longwen Powerlong Plaza (漳州龍文寶龍廣場)	December 2020	Zhangzhou	Southeast China	66,186
9	Zhuji Powerlong Plaza (諸暨寶龍廣場)	December 2020	Shaoxing	Yangtze River Delta	138,600
10	Xinxiang Powerlong Land (新鄉寶龍天地)	September 2020	Xinxiang	Midwest China	33,738
11	Huai'an Powerlong Land (Phase 2) (淮安寶龍天地(二期))	December 2020	Huai'an	Yangtze River Delta	34,000
				Sub-total	1,141,525

From independent third parties:

No.	Project	Opening date (month-year)	Location	Geographic region	Estimated GFA (sq.m.)
1	Shaoxing Keqiao Powerlong Plaza (紹興柯橋寶龍廣場)	November 2020	Shaoxing	Yangtze River Delta	100,007
2	Hangzhou Qingshan Lake Powerlong Plaza (Phase 2) (杭州青山湖寶龍廣場(二期))	December 2020	Hangzhou	Yangtze River Delta	110,000
				Sub-total	210,007
				<b>Grand total</b>	<b>1,351,532</b>

(1) Powerlong Real Estate Holdings Limited ("Powerlong Holdings") and its subsidiaries exclusive of the Group are collectively referred to as the Remaining Powerlong Group.

(2) Opening dates of all the projects are estimated dates. Actual opening dates are subject to project progress.

(3) Tianjin Yujiapu Powerlong Plaza was opened in November 2011, which is currently under renovation and will reopen in December 2020.



## Management Discussion and Analysis

### Residential Property Management Services

For the six months ended 30 June 2020, revenue of the Group's residential property management service business segment amounted to approximately RMB168.2 million, representing an increase of 31.5% from RMB127.9 million for the six months ended 30 June 2019; and the Group had GFA under management of 11.6 million sq.m., representing an increase of 1.0 million sq.m. from 10.6 million sq.m. for the corresponding period of 2019; 52 projects under management, representing an increase of 8 projects from 44 projects for the corresponding period of 2019; contracted GFA of 19.9 million sq.m., representing an increase of 2.8 million sq.m. from 17.1 million sq.m. for the corresponding period of 2019.

The table below sets forth a breakdown of the contracted GFA and GFA under management 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					
	2020			2019		
	Contracted GFA	GFA under management	Revenue	Contracted GFA	GFA under management	Revenue
	sq.m.	sq.m.	RMB	sq.m.	sq.m.	RMB
	<i>(in thousands)</i>					
Yangtze River Delta	10,977	5,189	80,971	8,377	4,188	61,692
Southeast China <sup>(1)</sup>	3,316	1,558	22,682	3,075	1,484	18,883
Midwest China <sup>(2)</sup>	2,766	2,594	32,731	2,766	2,594	20,564
Bohai Economic Rim <sup>(3)</sup>	2,852	2,306	31,830	2,852	2,306	26,758
<b>Total</b>	<b>19,911</b>	<b>11,647</b>	<b>168,214</b>	17,070	10,572	127,897

Notes:

- (1) Comprises Fujian and Hainan Provinces.
- (2) Comprises Anhui, Sichuan and Henan Provinces and Chongqing Municipality.
- (3) Comprises Tianjin Municipality and Shandong Province.

### First Acquisition under the Strategy of Focused Development in the Yangtze River Delta

On 6 July 2020, the Company announced that the Group had, on 3 July 2020, entered into an investment agreement (the "Investment Agreement") with the shareholders of Zhejiang Xinghui Commercial Management Company Limited (浙江星匯商業管理有限公司) ("Zhejiang Xinghui"), who are independent third parties of the Group, pursuant to which the Group acquired 60% of equity interest of Zhejiang Xinghui at an investment cost of RMB40.6 million. Zhejiang Xinghui is principally engaged in retail commercial property operation and management. As at 6 July 2020, it had 14 retail commercial projects under management, with a total GFA of approximately 890,000 sq.m. including car parks.

Further, Zhejiang Xinghui undertakes to the Group that during the following years, the annual net profit excluding extraordinary profit or loss attributable to the parent company will be not less than: RMB6.0 million for year 2020; RMB7.7 million for year 2021; RMB9.8 million for year 2022; RMB12.6 million for year 2023; and RMB16.1 million for year 2024.

## Management Discussion and Analysis

In line with the Group's plan to reinforce its leading position in the retail commercial property operation and management field by, among others, further expansion of its commercial operational service segment through strategic acquisitions and investments, the Company has selectively evaluated opportunities with a focus on cities located in economically developed regions where there exist significant growth potential. Zhejiang Xinghui is deemed an ideal acquisition target to achieve the Company's aforementioned goals for the following reasons: Firstly, the management of Zhejiang Xinghui has extensive experience in operation and management of retail commercial properties and outstanding past performance. Secondly, Zhejiang Xinghui is located in Zhejiang province, which is consistent with the Group's general strategy to further develop, expand and strengthen its business in the Yangtze River Delta region. Thirdly, the urban locations of Zhejiang Xinghui's projects under management and the projects itself has rooms for enhancement, which the Group believes to raise profit levels thereafter by leveraging its resources. Fourthly, after the completion of the acquisition, Zhejiang Xinghui would be able to accelerate its expansions in the Zhejiang region and gain additional management projects by virtue of the Group's brand influence. Fifthly, the consideration of the acquisition is reasonable. Upon the completion of the acquisition, the Group would continue to expand its business by leveraging the existing team of Zhejiang Xinghui and would also consolidate the financial results of Zhejiang Xinghui to the Group's financial statements, resulting in a win-win to both the Group and Zhejiang Xinghui.

For further details on the Investment Agreement, please refer to the announcement of the Company dated 6 July 2020 published on the websites of the Stock Exchange and the Company.

### OUTLOOK

The outbreak of the Coronavirus Disease 2019 (the "COVID-19") in early 2020 has brought enormous impact on the industry. On a global basis, the PRC was the most rapid country to control the spread of the epidemic. Despite the spread of the COVID-19 around the globe, the Group is fully confident of the anti-epidemic measures adopted by the government of China and the country's leadership. The Group is therefore optimistic about the situation in the PRC, in the belief that we will achieve better results in the second half of the year in comparison to the first half.

Alongside the arrival of the post-epidemic era will be a complicated international environment, in which industry players will be increasingly challenged by more uncertainties. The Group needs to innovate upon new product varieties, new scenarios and new approaches in tandem with the consumption trend. On products and services, this will involve making changes in response to the changes in consumption needs and consumption groups.

With firm commitment to the Group's initial intention, the Group will continue with its strategic plannings:

#### Reinforce the Group's leading position in the Yangtze River Delta

The Company plans to continue to dedicate significant resources to this region, particularly in economic hubs like Shanghai, Hangzhou, Ningbo and Nanjing. The PRC Government has issued various policies to promote the integrated development of the Yangtze River Delta, and expects it to become a center of modern service industry and a competitive world-class city cluster. As a result of rapid urbanization and rising purchasing power of Chinese households, there will be significant demand for quality commercial operational services and present new opportunities for our future growth.

#### Continue to replicate the Group's success to selected properties through asset-light business model

The Company plans to establish strategic cooperation with national and local leading property developers, and expects to obtain new engagements for retail commercial properties through such cooperation. The Company also plans to lease shopping malls that show significant renovation potential from property owners for repositioning and refurbishment and subsequent sublease. When evaluating a target shopping mall, the Company will take into account customer demographics and competitive environment of such shopping mall's market area, with a focus on increasing occupancy at the retail commercial properties with a sustainable occupancy cost. In addition, the Company plans to continue to improve the quality of its residential property management services and strives to secure new engagements from third-party developers to achieve organic growth and business expansion.



## Management Discussion and Analysis

### **Further expand the Group's commercial operational service segment through strategic acquisitions and investments**

The Company plans to selectively evaluate opportunities with a focus on cities located in economically developed regions where it believes there exist significant growth potential, such as the Yangtze River Delta. The Company plans to acquire or invest in small to mid-sized commercial operational service providers that meet its internal criteria in terms of management team, business profile, operating performance as well as growth potential. The Company expects the management team of a target company to possess appropriate capabilities and experience in managing retail commercial properties. The Company initially plans to target companies managing five or more retail commercial properties. The Company intends to target companies managing retail commercial properties that it believes can provide significant growth opportunities to it. The Company expects to broaden its geographic coverage and specialized service capabilities through such acquisition and investment strategy, and in turn drive its growth and improve its profitability. In addition, the Company plans to make equity investment in certain tenants with growth potential with an aim of establishing close strategic relationship with them. By investing in these tenants, the Company not only aims to realize return from such investment but also to enhance its capability in securing quality tenants to the retail commercial properties under its management.

### **Continue to deploy technology to enhance consumers' experience and engagement and improve the Group's operational efficiency**

The Company plans to deploy technology, including artificial intelligence and internet of things to promote consumer interaction and improve consumers' shopping experience. The Company also plans to continue to invest in its integrated online ecosystem to enhance its data handling capabilities. The Company intends to enhance its capabilities in analyzing consumer data and other operational data collected through its online ecosystem and utilize such analysis to assist its senior management in making business decisions with respect to retail commercial property planning and positioning, tenant mix determination and precision marketing. In addition, the Company intends to use artificial intelligence to improve its operational efficiency and reduce labor costs.

### **Attract, retain and motivate talent through systematic training programs and constructive career development opportunities**

The Company plans to continue to provide its employees with systematic training programs and constructive career development opportunities, including the "Vigorous Dragons" (濟龍) program designed for management trainees who are fresh university graduates, the "Rising Dragons" (飛龍) program designed for mid-level management personnel, the "Supreme Dragons" (臻龍) program designed for senior management as well as the "Ingenious Dragons" (蛟龍) program designed for personnel holding Doctorate degrees, to cultivate and retain key employees and support their ongoing career development. The Company also expects its focus on management development to drive strong operational performance and continuing innovation. In addition, the Company plans to continue to offer competitive remuneration packages to attract and retain talent. The Company believes that its employees are key to its success and it strives to instill an atmosphere of corporate collegiality and collective success.

## Management Discussion and Analysis

### FINANCIAL REVIEW

#### Revenue

For the six months ended 30 June 2020, the Group recorded a revenue of approximately RMB868.6 million, representing an increase of approximately RMB119.5 million as compared with approximately RMB749.1 million for the six months ended 30 June 2019.

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

	For the six months ended 30 June			
	2020		2019	
	RMB'000	%	RMB'000	%
Commercial Operational Services				
Market research and positioning, tenant sourcing and opening preparation services	90,933	10.5	48,605	6.5
Commercial operation and management services	514,692	59.3	458,725	61.2
Property leasing services	94,782	10.8	113,832	15.2
	<b>700,407</b>	<b>80.6</b>	621,162	82.9
Residential Property Management Services				
Pre-sale management services	9,206	1.1	6,867	0.9
Property management services	116,131	13.4	101,265	13.5
Other value-added services	42,877	4.9	19,765	2.7
	<b>168,214</b>	<b>19.4</b>	127,897	17.1
Total	<b>868,621</b>	<b>100.0</b>	749,059	100.0

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

The Group's market research and positioning, tenant sourcing and opening preparation services primarily include (i) market research and positioning services; and (ii) 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 2020, the Group's revenue from market research and positioning, tenant sourcing and opening preparation services amounted to approximately RMB90.9 million, representing a period-on-period increase of 87.1% and accounting for approximately 10.5% of its total revenue.

The increase in the revenue from market research and positioning, tenant sourcing and opening preparation services was primarily due to the fact that the Group provided market research and positioning, tenant sourcing and opening preparation services with respect to 22 retail commercial properties for the six months ended 30 June 2020, compared to 9 for the six months ended 30 June 2019.



## 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 2020, the Group's revenue from commercial operation and management services amounted to approximately RMB514.7 million, representing a period-on-period increase of 12.2% and accounting for approximately 59.3% of total revenue.

The increase in the revenue from commercial operation and management services was primarily driven by the increase in the aggregate GFA under management and business volume. For the six months ended 30 June 2020, the Group's commercial properties GFA under management was 7.0 million sq.m., representing a period-on-period increase of 9.4%.

### Property leasing services

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

For the six months ended 30 June 2020, the Group's revenue derived from property leasing services amounted to approximately RMB94.8 million, representing a period-on-period decrease of 16.7% and accounting for approximately 10.8% of total revenue.

The decrease in the revenue from property leasing services was primarily attributable to the expiration of some lease contracts.

### 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 2020, the Group's revenue from residential property management services amounted to approximately RMB168.2 million, representing a period-on-period increase of 31.5% and accounting for approximately 19.4% of total revenue.

The increase in the revenue from residential property management services was primarily attributable to: (i) the increase in the residential properties GFA under management to 11.6 million sq.m. for the six months ended 30 June 2020, representing a period-on-period increase of 9.4%; (ii) the improvement of service quality and the increase in the number of contracts with residents, especially for other value-added services.



## Management Discussion and Analysis

Revenue indicated by type of customers is as follows:

	For the six months ended 30 June			
	2020		2019	
	RMB'000	%	RMB'000	%
Commercial Operational Services				
Fellow subsidiaries <sup>(i)</sup>	58,812	6.8	76,440	10.2
Other related parties <sup>(ii)</sup>	35,881	4.1	10,736	1.4
External customers <sup>(iii)</sup>	605,714	69.7	533,986	71.3
	<b>700,407</b>	<b>80.6</b>	621,162	82.9
Residential Property Management Services				
Fellow subsidiaries <sup>(i)</sup>	25,844	3.0	16,834	2.2
Other related parties <sup>(ii)</sup>	1,020	0.1	1,146	0.2
External customers <sup>(iii)</sup>	141,350	16.3	109,917	14.7
	<b>168,214</b>	<b>19.4</b>	127,897	17.1
<b>Total</b>	<b>868,621</b>	<b>100.0</b>	749,059	100.0

Notes:

- (i) Fellow subsidiaries represented the Remaining Powerlong Group and other entities controlled by Mr. Hoi Kin Hong.
- (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 2020, revenue derived from external customers was approximately RMB747.1 million, representing an increase of approximately RMB103.2 million from approximately RMB643.9 million for the six months ended 30 June 2019, and accounting for 86.0% 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			
	2020		2019	
	RMB'000	%	RMB'000	%
<b>Commercial Operational Services</b>				
Yangtze River Delta	452,341	52.0	406,519	54.3
Southeast China	87,351	10.1	65,015	8.7
Midwest China	95,635	11.0	89,612	12.0
Bohai Economic Rim	65,080	7.5	60,016	8.0
	<b>700,407</b>	<b>80.6</b>	621,162	83.0
<b>Residential Property Management Services</b>				
Yangtze River Delta	80,971	9.3	61,692	8.2
Southeast China	22,682	2.6	18,883	2.5
Midwest China	32,731	3.8	20,564	2.7
Bohai Economic Rim	31,830	3.7	26,758	3.6
	<b>168,214</b>	<b>19.4</b>	127,897	17.0
<b>Total</b>	<b>868,621</b>	<b>100.0</b>	749,059	100.0

For the six months ended 30 June 2020, the Group's commercial properties and residential properties under management 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 costs; (ii) subcontracting costs for security, greening and cleaning services; (iii) depreciation expenses; (iv) utility expenses; (v) variable lease payments; (vi) short-term lease expenditure; (vii) taxes and other levies; and (viii) other miscellaneous costs.

For the six months ended 30 June 2020, the Group's cost of services was approximately RMB613.8 million, representing a period-on-period increase of 11.4%. Such increase in cost of services was in line with the Group's business expansion. Subcontracting costs mainly include fees paid for the services outsourced to subcontractors, such as security, greening and cleaning, etc. The subcontracting cost for the six months ended 30 June 2020 recorded a period-on-period increase of 61.8%, which was mainly due to the increase in the Group's aggregate GFA under management and scope of service subcontracted.

### Gross profit and gross profit margin

The gross profit of the Group for the six months ended 30 June 2020 amounted to approximately RMB254.8 million, representing a period-on-period increase of 28.8%. For the six months ended 30 June 2020, the gross profit margin was 29.3%, representing an increase of 2.9% as compared to 26.4% for the six months ended 30 June 2019.

The gross profit margin of commercial operational services for the six months ended 30 June 2020 was 31.1%, representing an increase of 1.8% as compared to 29.3% for the six months ended 30 June 2019.

## Management Discussion and Analysis

The gross profit margin of residential property management services for the six months ended 30 June 2020 was 21.9%, representing an increase of 9.5% as compared to 12.4% for the six months ended 30 June 2019, primarily due to the fact that the GFA of residential properties under management continued to increase, and the increase in the number of contracts with residents, especially for other value-added services.

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

	For the six months ended 30 June			
	2020		2019	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	%	RMB'000	%
Commercial operational services	218,025	31.1	182,001	29.3
Residential property management services	36,808	21.9	15,886	12.4
Total	254,833	29.3	197,887	26.4

For the six months ended 30 June 2020, the Group further fostered the project-regionalized integrated management. Meanwhile, through technological upgrade and empowerment, the Group laid a sound foundation for increasing the gross profit of its business in future years.

### Other income and gains

Other income and gains 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 2020, the Group's other income and gains amounted to approximately RMB11.1 million, representing a period-on-period increase of 30.6%, which was mainly attributable to the increase in government grants.

### Net impairment losses on financial assets

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 2020, the Group's net impairment losses on financial assets amounted to approximately RMB19.9 million, representing a period-on-period increase of 452.8%. This was mainly attributable to the larger business scale and the increased provision made on the principle of prudence in view of the adverse effect of COVID-19 on some tenants' business operations.

### Finance income/(costs) – net

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

For the six months ended 30 June 2020, the Group's net finance income amounted to approximately RMB4.1 million, as compared to the net finance costs of approximately RMB19.2 million for the corresponding period in 2019. This was mainly because interest expenses on borrowings were relatively substantial during the corresponding period in 2019.

### Income tax expense

The Group's income tax expense mainly comprises PRC corporate income tax. For the six months ended 30 June 2020, the effective income tax rates were 24.8%, representing a decrease of 2.4 percentage points as compared to 27.2% for the six months ended 30 June 2019, primarily because certain listing expenses of the Company were not deductible from the taxable income of domestic enterprises during the corresponding period in 2019.

## Management Discussion and Analysis

### Profit for the period

For the six months ended 30 June 2020, the Group's net profit was approximately RMB144.9 million, representing an increase of 66.4% from RMB87.1 million for the six months ended 30 June 2019.

### Investment properties

The Group's investment properties primarily consist of shopping malls and units within the shopping streets for which the Group entered into lease contracts with independent third parties who were properties owners. As at 30 June 2020, the Group's net amount of investment properties were approximately RMB355.5 million, representing an increase of approximately RMB148.3 million as compared with 31 December 2019, primarily due to a new leased in commercial property and the shopping street units for which the Group entered into new lease contracts.

### 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 2020, the Group's operating lease and trade receivables were approximately RMB146.6 million, representing an increase of 28.7% as compared with that of approximately RMB113.9 million as at 31 December 2019, primarily attributable to the business growth of the Group and a little of slow-down turnover in receivables resulting from COVID-19.

### 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, accrued listing expenses and others. As at 30 June 2020, the Group's trade and other payables amounted to approximately RMB833.5 million, representing an increase of 9.2% as compared with approximately RMB763.1 million as at 31 December 2019. This was primarily attributable to the expansion of the Group's business scale.

### Lease liabilities

The Group's lease liabilities primarily represent its commercial arrangements with the owners of units located within the shopping streets and owners of shopping malls, pursuant to which, the Group agrees to pay rents for such units located within the shopping streets and shopping malls during the agreed period. As at 30 June 2020, lease liabilities amounted to approximately RMB540.0 million, representing an increase of 29.6% as compared with approximately RMB416.6 million as at 31 December 2019. This was primarily attributable to the new contracts entered into by the Group.

### 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 2020, contract liabilities amounted to approximately RMB276.3 million, representing an increase of 5.0% as compared with approximately RMB263.2 million as at 31 December 2019, which was mainly due to the expansion of business scale and improvement in collection rate.

### Pledge of assets

As at 30 June 2020, no property and equipment was restricted or pledged for the Group's borrowings (31 December 2019: nil).

### Contingent liabilities

As at 30 June 2020, the Group did not have any material contingent liabilities (31 December 2019: nil).

## Management Discussion and Analysis

### Liquidity and capital resources

The Company has maintained stable financial condition and sufficient liquidity. As at 30 June 2020, the Group's cash and cash equivalents amounted to approximately RMB2,950.4 million, representing an increase of 12.8% as compared with approximately RMB2,616.1 million as at 31 December 2019. This was primarily attributable to cash generated from operating activities and proceeds from over-allotment of shares.

As at 30 June 2020 and 31 December 2019, the Group had no borrowings.

### Cashflow from operating activities

For the six months ended 30 June 2020, the Group's net cashflow generated from operating activities amounted to approximately RMB262.4 million, compared to approximately RMB200.0 million in the corresponding period in 2019. This was primarily attributable to net increase in operating profit, net increase in trade and other payables and contract liabilities as result of the expansion of the Group's operating scale.

### 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 2020, gearing ratio was 0.51 (31 December 2019: 0.49).

### Foreign currency risk

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

As at 30 June 2020, major non-RMB assets and liabilities of the Group were cash and cash equivalents denominated in Hong Kong dollar. Fluctuation of the exchange rate of RMB against HK\$ could affect the Group's results of operations. The Group will closely monitor the fluctuations in exchange rate and will consider hedging its exposure to foreign exchange risk as and when appropriate.

## 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 2020, the Group had 5,087 (31 December 2019: 5,019) employees. For details of the staff costs, please refer to Note 8 to the Interim Financial Information of this report. 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 determining the remuneration package of the employees, the Group will take into account salaries paid by comparable companies, time commitment and responsibilities of the employees. During the six months ended 30 June 2020, the Group did not experience any significant labour disputes or any difficulty in recruiting employees.

## FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group intends to utilize the net proceeds raised from the Listing to pursue strategic acquisition of and investment in other commercial operational service providers according to the prospectus of the Company dated 16 December 2019 (the "**Prospectus**"). On 3 July 2020, the Group entered into an Investment Agreement with shareholders of Zhejiang Xinghui, independent third parties of the Group. For further details on the Investment Agreement, please refer to the paragraph headed "First Acquisition under the Strategy of Focused Development in the Yangtze River Delta" of this report and the announcement of the Company dated 6 July 2020. Save as disclosed in this report, the Company had not authorised any plan for other material investments or acquisition of capital assets as at the date of this report.

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

Save as disclosed in this report, the Company has no significant investments or significant acquisitions, and has no disposal of subsidiaries, associates and joint ventures.





## 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 2020, 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	Nature of interest	Number of ordinary shares	Approximate percentage of holding <sup>(1)</sup>
Mr. Hoi Wa Fong <sup>(2)</sup>	Interest in a controlled corporation	45,000,000	7.24%

Notes:

- The calculation is based on the total number of 621,500,000 shares in issue as at 30 June 2020.
- 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 incentive scheme to be adopted at least six months after the Listing. As at the date of this report, the detailed terms of the share incentive scheme and the relevant grantees had not been confirmed. By virtue of the SFO, Mr. Hoi Wa Fong is deemed to be interested in the shares held by Huihong Management.

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

Name of Director	Name of associated corporation	Nature of interest	Number of shares interested	Approximate percentage of interest
Mr. Hoi Wa Fong	Powerlong Holdings	Beneficial owner, founder of a discretionary trust and interest of spouse <sup>(1)</sup>	605,509,400	14.62%
Ms. Hoi Wa Fan	Powerlong Holdings	Beneficial owner and interest of a controlled corporation <sup>(2)</sup>	264,576,000	6.39%

Notes:

- Of the 605,509,400 shares in Powerlong Holdings which Mr. Hoi Wa Fong is interested in, (i) 596,018,000 shares are held by Sky Infinity Holdings Limited, which is owned by Seletar Limited and Serangoon Limited as nominee 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; (ii) 8,988,000 shares are held by Mr. Hoi Wa Fong in his personal capacity; and (iii) 503,400 shares are held by Ms. Shih Sze Ni Cecilia, the spouse of Mr. Hoi Wa Fong.
- Of the 264,576,000 shares in Powerlong Holdings which Ms. Hoi Wa Fan is interested in, (i) 203,106,000 shares are held by Walong Holdings Limited and Mantong (HK) Trading Co., Ltd, which are wholly and beneficially owned by Ms. Hoi Wa Fan; and (ii) 61,470,000 shares are held by Ms. Hoi Wa Fan in her personal capacity.

Save as disclosed above, as at 30 June 2020, 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 2020, 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	65.16%
Powerlong Real Estate (BVI) Holdings Limited ("Powerlong BVI Holding") <sup>(2)</sup>	Beneficial owner	405,000,000	65.16%
Powerlong Holdings <sup>(2)</sup>	Interest in a controlled corporation	405,000,000	65.16%
Skylong Holdings Limited <sup>(2)</sup>	Interest in a controlled corporation	405,000,000	65.16%
Ms. Wong Lai Chan <sup>(3)</sup>	Interest of spouse	405,000,000	65.16%
Huihong Management <sup>(4)</sup>	Beneficial owner	45,000,000	7.24%
Ms. Shih Sze Ni Cecilia <sup>(5)</sup>	Interest of spouse	45,000,000	7.24%

#### Notes:

- The calculation is based on the total number of 621,500,000 Shares in issue as at 30 June 2020.
- Powerlong BVI Holding is wholly-owned by Powerlong Holdings, which is in turn owned as to approximately 43.57% 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 and is set up for the purpose of a share incentive scheme to be adopted at least six months after the Listing. As at 30 June 2020, the detailed terms of the share incentive scheme and the relevant grantees have not yet been confirmed. 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 18 August 2020, the Board recommended the payment of an interim dividend of HK\$0.1 per ordinary share for the six months ended 30 June 2020, amounting to approximately HK\$62.2 million (equivalent to approximately RMB56.8 million) in total. The interim dividend will be paid on or around Friday, 4 December 2020 to the shareholders whose names appear on the register of members of the Company on Wednesday, 25 November 2020.

### 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 2020, the register of members of the Company will be closed from Friday, 20 November 2020 to Wednesday, 25 November 2020, 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 2020, 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 Thursday, 19 November 2020.

### SHARE INCENTIVE SCHEME

For the purpose of implementing the share incentive scheme to retain talent, promote the long-term sustainable development of the Group and achieve mutual gain for the Company, employees and Shareholders, on 2 July 2019, Huihong Management was incorporated in the British Virgin Islands as a special purpose vehicle to hold shares to be granted to eligible grantees under a share incentive scheme to be adopted at least six months after the Listing.

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

### 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 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 contained in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2020.

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

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as the code of conduct regarding the Directors' dealings in the securities of the Company. The provisions under the Listing Rules in relation to compliance with the Model Code by the Directors regarding securities transactions have been applicable to the Company since the Listing Date.

Having made specific enquiry of all the Directors, the Directors confirmed that they were in compliance with the required standard as set out in the Model Code during the six months ended 30 June 2020 (the "Reporting Period"). No incident of non-compliance was noted by the Company to date. 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 during the Reporting Period.

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

During the six months ended 30 June 2020, the Company repurchased 1,000,000 Shares on the Stock Exchange for an aggregate consideration of approximately HK\$9.5 million including transaction cost. The repurchased Shares were subsequently cancelled. The repurchases reflected the confidence of the Board and the management team in the long-term strategy and the prospects of the Company. The Company considered that the repurchases were in the best interest of the Company and its shareholders as a whole.

## Other Information

Details of the Shares repurchased during the six months ended 30 June 2020 are as follows:

Date of repurchases	No. of ordinary shares	Highest price paid per share (HK\$)	Lowest price paid per share (HK\$)	Aggregate Consideration excluding transaction cost (HK\$)
30 January 2020	500,000	9.50	9.21	4,694,460
31 January 2020	500,000	9.90	9.49	4,782,055
	<b>1,000,000</b>			<b>9,476,515</b>

Save as disclosed above, 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 2020.

### 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. 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.

As at 30 June 2020, the Directors are not aware of any material change to the planned use of the proceeds as set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus.



## Other Information

The following table sets forth the status of use of net proceeds from the Company's initial public offering and over allotment as at 30 June 2020 together with the expected timeline of use:

Business objective as stated in the Prospectus	Net proceeds from the initial public offering and the over allotment <sup>(1)</sup> HK\$ million	Planned use of net proceeds from the Listing Date to 30 June 2020 (after the exercise of the over-allotment option) HK\$ million	Actual use of net proceeds during the period from the Listing Date to 30 June 2020 <sup>(2)</sup> HK\$ million	Proceeds unused <sup>(3)</sup> HK\$ million	Expected timeline
(i) Pursue strategic acquisition of and investment in other commercial operational service providers	794.3	64.9	–	794.3	1 January 2020 to 31 December 2023
(ii) Upgrade our information technology systems	397.1	38.9	9.9	387.2	1 January 2020 to 31 December 2023
(iii) Make equity investment in certain tenants and suppliers	158.8	13.0	–	158.8	1 January 2020 to 31 December 2023
(iv) Renovation of retail commercial properties developed or owned by independent third parties	79.5	–	–	79.5	1 January 2020 to 31 December 2023
(v) General business purpose and working capital	158.8	N/A	–	158.8	1 January 2020 to 31 December 2023
	<b>1,588.5</b>	<b>116.8</b>	<b>9.9</b>	<b>1,578.6</b>	

### Notes:

- As disclosed in the Prospectus, the estimated net proceeds from the Listing, after deduction of the underwriting commission and expenses paid by the Company in connection therewith and assuming the over-allotment option is not exercised, were approximately HK\$1,223.5 million. The actual net proceeds received by the Company as at 31 December 2019 were approximately HK\$1,380.5 million. The Company intends to adjust the difference of approximately HK\$157 million to each business strategy in the same proportion as the original funds applied as shown in the Prospectus. 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, the 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.
- Approximately HK\$64.9 million will be used as part of the Company's implementation plans to complete the acquisition or investment in over 51% of the shares of one commercial operational service provider for the period between 1 January 2020 to 30 June 2020. On 6 July 2020, the Company announced the Group's acquisition of 60% of equity interest of Zhejiang Xinghui at an investment cost of approximately RMB40.6 million. As the acquisition took place after 30 June 2020, there was a delay in the actual use of net proceeds during the period from the Listing Date to 30 June 2020. In relation to the upgrade of information technology systems, due to a delay in the upgrading of the information technology systems impacted by the outbreak of COVID-19, the Company has used approximately HK\$9.9 million (equivalent to approximately RMB9.0 million) to upgrade its information technology systems so as to provide a more convenient shopping experience to its customers. Approximately HK\$9.9 million was used in the upgrade of Powerlong Yoyo and in deploying technology and smart devices. The unused proceeds from such information technology systems upgrade will be fully utilized on or before 31 December 2023 along with the development progress of the Company's systems. During the period from the Listing Date to 30 June 2020, due to the rapid outbreak of COVID-19, the Company was unable to identify suitable investments in tenants or suppliers. As a result, the Company did not sign any investment agreements in connection with the investment in tenants or suppliers. The Company plans to selectively evaluate opportunities and identify other suitable acquisition or investment targets.
- As at 30 June 2020, the unused net proceeds were deposited into the licensed banks in Hong Kong and mainland China.



## Other Information

### CHANGE IN DIRECTOR'S INFORMATION

Changes in the Board since the date of annual report 2019 of the Company and as at the date of this report are set out below:

- Mr. Zhang Yunfeng was re-designated from the position of chief executive officer to chief financial officer of the Company with effect from 1 June 2020.
- Mr. Chen Deli was appointed as a chief executive officer with effect from 1 June 2020 and as an executive Director of the Company with effect from 15 June 2020.

Save as disclosed above, there was no other change in the Board and the information of Directors since the date of annual report 2019 of the Company and as at the date of this report which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

### 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 2020.

### 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 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 chairwoman of the audit committee.

The audit committee has reviewed the interim report for the six months ended 30 June 2020 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 BALANCE SHEET DATE

On 3 July 2020, Shanghai Yulong Property Management Company Limited, a wholly-owned subsidiary of the Company, entered into an Investment Agreement with the shareholders of Zhejiang Xinghui who are third parties independent of the Company and its connected persons (as defined under the Listing Rules), pursuant to which the Group acquired 60% of equity interest of Zhejiang Xinghui at an investment cost of approximately RMB40.6 million.

For further details on the Investment Agreement, please refer to the paragraph headed "First Acquisition under the Strategy of Focused Development in the Yangtze River Delta" of this report and the announcement of the Company dated 6 July 2020.

Save as disclosed above, no important events affecting the Company occurred since 30 June 2020 and up to the date of this report.

On behalf of the Board

**HOI Wa Fong**

*Chairman*

Hong Kong, 18 August 2020



## Interim Condensed Consolidated Statement of Comprehensive Income

	Note	Six months ended 30 June	
		2020 (Unaudited) RMB'000	2019 (Audited) RMB'000
<b>Revenue</b>	6	<b>868,621</b>	749,059
Cost of services	7	<b>(613,788)</b>	(551,172)
<b>Gross profit</b>		<b>254,833</b>	197,887
Selling and marketing expenses	7	<b>(9,785)</b>	(17,033)
Administrative expenses	7	<b>(46,077)</b>	(46,883)
Other income and gains	9	<b>11,104</b>	8,533
Net impairment losses on financial assets		<b>(19,909)</b>	(3,627)
<b>Operating profit</b>		<b>190,166</b>	138,877
Finance income/(costs) – net	10	<b>4,100</b>	(19,196)
Share of loss of investments in joint ventures		<b>(1,482)</b>	–
<b>Profit before income tax</b>		<b>192,784</b>	119,681
Income tax expenses	11	<b>(47,872)</b>	(32,545)
<b>Profit for the period</b>		<b>144,912</b>	87,136
<b>Total other comprehensive income for the period, net of tax</b>		–	–
<b>Total comprehensive income for the period</b>		<b>144,912</b>	87,136
<b>Total comprehensive income for the period attributable to:</b>			
– Shareholders of the Company		<b>144,912</b>	87,136
Earnings per share for profit attributable to shareholders of the Company for the period (expressed in RMB cents per share)			
– Basic and diluted earnings per share	12	<b>23.40</b>	19.36

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 2020 (Unaudited) RMB'000	31 December 2019 (Audited) RMB'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property and equipment	13	7,546	6,928
Investment properties	14	355,464	207,207
Deferred income tax assets		62,998	48,421
Investments in joint ventures		3,218	4,700
		<b>429,226</b>	267,256
<b>Current assets</b>			
Operating lease and trade receivables	15	146,625	113,881
Prepayments and other receivables	16	98,994	91,114
Current income tax recoverables		2,235	2,705
Restricted cash	17	42	19
Cash and cash equivalents	17	2,950,420	2,616,113
		<b>3,198,316</b>	2,823,832
<b>Total assets</b>		<b>3,627,542</b>	3,091,088
<b>Equity</b>			
<b>Capital and reserves attributable to shareholders of the Company</b>			
Share capital and premium	18	1,413,002	1,236,907
Other reserves		22,430	22,430
Retained earnings		359,206	327,835
<b>Total equity</b>		<b>1,794,638</b>	1,587,172

## Interim Condensed Consolidated Balance Sheet

	Note	30 June 2020 (Unaudited) RMB'000	31 December 2019 (Audited) RMB'000
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Lease liabilities	20	349,708	190,487
		<b>349,708</b>	190,487
<b>Current liabilities</b>			
Trade and other payables	21	833,518	763,111
Advances from lessees		7,925	27,488
Current income tax liabilities		61,600	33,562
Lease liabilities	20	190,320	226,066
Contract liabilities	6	276,292	263,202
Dividend payables	19	113,541	–
		<b>1,483,196</b>	1,313,429
<b>Total liabilities</b>		<b>1,832,904</b>	1,503,916
<b>Total equity and liabilities</b>		<b>3,627,542</b>	3,091,088

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

The interim financial information on pages 24 to 54 were approved by the board of directors of the Company on 18 August 2020 and were signed on its behalf.

**Hoi Wa Fong**  
Director

**Zhang Yunfeng**  
Director

# Interim Condensed Consolidated Statement of Changes in Equity

	Note	Attributable to owners of the Company				Total equity RMB'000
		Share capital RMB'000 (Note 18)	Share premium RMB'000 (Note 18)	Other reserves RMB'000	Retained earnings RMB'000	
<b>Six months ended 30 June 2020</b> (Unaudited)						
<b>Balance as at 1 January 2020</b>		5,376	1,231,531	22,430	327,835	1,587,172
<b>Comprehensive income</b>						
Profit for the period		–	–	–	144,912	144,912
<b>Total comprehensive income</b>		–	–	–	144,912	144,912
<b>Transactions with owners</b>						
– Allotment of shares	18	199	184,448	–	–	184,647
– Repurchase of shares	18	(9)	(8,543)	–	–	(8,552)
– Dividends	19	–	–	–	(113,541)	(113,541)
<b>Total transactions with owners</b>		190	175,905	–	(113,541)	62,554
<b>Balance at 30 June 2020</b>		5,566	1,407,436	22,430	359,206	1,794,638
<b>Six months ended 30 June 2019</b> (Audited)						
<b>Balance as at 1 January 2019</b>		–	–	46,431	183,492	229,923
<b>Comprehensive income</b>						
Profit for the period		–	–	–	87,136	87,136
<b>Total comprehensive income</b>		–	–	–	87,136	87,136
<b>Transactions with owners</b>						
Reclassification relating to disposal of subsidiaries		–	–	(22,561)	22,561	–
Dividends distributed to Powerlong Real Estate Holdings Limited		–	–	–	(19,961)	(19,961)
<b>Total transactions with owners</b>		–	–	(22,561)	2,600	(19,961)
<b>Balance at 30 June 2019</b>		–	–	23,870	273,228	297,098

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

	Note	Six months ended 30 June	
		2020 (Unaudited) RMB'000	2019 (Audited) RMB'000
<b>Cash flows of operating activities</b>			
Cash generated from operations		296,347	233,713
PRC corporate income tax paid		(33,941)	(33,752)
<b>Net cash generated from operating activities</b>		<b>262,406</b>	199,961
<b>Cash flows of investing activities</b>			
Purchases of property and equipment		(3,528)	(1,853)
Net proceeds from disposals of property and equipment		–	70,263
Net proceeds from disposal of subsidiaries		–	10,964
Cash advances made to related parties		–	(730,193)
Repayment from related parties		–	141,455
Interest received		15,948	15,268
<b>Net cash generated from/(used in) investing activities</b>		<b>12,420</b>	(494,096)
<b>Cash flows of financing activities</b>			
Allotment of shares	18	189,817	–
Repurchase of shares	18	(8,552)	–
Proceeds from borrowings		–	380,000
Repayments of borrowings		–	(432,200)
Cash advances from related parties		–	72,778
Repayment of cash advances to related parties		(35,007)	(33,795)
Principal elements of lease payments		(76,426)	(84,059)
Interest paid		(14,434)	(27,268)
– interest relating to bank borrowings		–	(19,161)
– interest relating to lease liabilities		(14,434)	(8,107)
<b>Net cash generated from financing activities</b>		<b>55,398</b>	(124,544)
Increase/(decrease) in cash and cash equivalents		330,224	(418,679)
Cash and cash equivalents at the beginning of the period		2,616,113	553,378
Exchange gain/(losses) on cash and cash equivalents		4,083	(3)
Cash and cash equivalents of assets associated with disposal group		–	(419)
<b>Cash and cash equivalents at end of the period</b>		<b>2,950,420</b>	134,277

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 established in the Cayman Islands on 25 March 2019 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 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 on 30 December 2019.

The Company’s immediate holding 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.

Powerlong Holdings and its subsidiaries exclusive of the Group are collectively referred to as the Remaining Powerlong Group in these interim condensed consolidated financial statements.

The outbreak of the 2019 Novel Coronavirus (“COVID-19”) had brought unprecedented challenges and added uncertainties to the economy. COVID-19 may affect the financial performance and position of the industry of property management. Since the outbreak of COVID-19, the Group kept continuous attention on the situation of the COVID-19 and reacted actively to its impact on the financial position and operating results of the Group. As at the date that the condensed consolidated interim financial information is authorised for issue, COVID-19 does not have any material adverse impact on the financial position and operating result of the Group.

These financial statements are presented in Renminbi (“RMB”), unless otherwise stated. These interim condensed consolidated financial statements have been approved for issue by the board of directors (the “Board”) of the Company on 18 August 2020.

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 2020 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 2019 and any public announcement made by the Company during the interim reporting period.

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2019, as described in those annual financial statements, except for the adoption of new and amended standards and interpretation as described below.

### (i) New and amended standards and interpretation adopted by the Group

HKAS 1 and HKAS 8 (Amendment)	Definition of material
Amendment to HKFRS 3	Definition of a business
Amendment to HKFRS 7, HKFRS 9 and HKAS 39	Interest rate benchmark reform
Amendments to HKFRS 16	Covid-19-related rent concessions
Revised Financial Reporting	Revised conceptual framework for financial reporting

The adoption of the above new and amended standards and interpretation did not have any material impact on the interim financial information.

## Notes to the Interim Financial Information

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

#### (ii) New standards, amendments and interpretations 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 or after 1 January 2021 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
HKFRS 17	Insurance contracts	Originally 1 January 2021, but extended to 1 January 2023
Amendments to HKAS 1	Classification of liabilities as current or non-current	1 January 2022
Amendments to HKFRS 3	Reference to the conceptual framework	1 January 2022
Amendments to HKAS 16	Property, plant and equipment: proceeds before intended use	1 January 2022
Amendments to HKAS 37	Onerous contracts – cost of fulfilling a contract	1 January 2022
Annual Improvements	Annual improvements to HKFRS Standards 2018-2020 Cycle	1 January 2022
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The above new and amended standards are effective for annual periods beginning on or after 1 January 2021 and have not been applied in preparing this interim condensed consolidated financial information. 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 minimize 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 2019.

There have been no changes in the risk management department or in any risk management policies since year end.

### 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 2019, except for the estimation of income tax using the tax rate that would be applicable to expected total annual earnings.

## 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 segment, has been identified as the executive directors of the Company.

The Group has two business segments:

– **Commercial operational services**

The Group is engaged in (a) the provision of 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 maximize its commercial operational efficiency, the Group leased certain retail commercial properties nearby the shopping malls under management by the Group, and sub-leased them for long-term rental yield.

– **Residential property management services**

The Group provides residential property management services of 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.

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



## Notes to the Interim Financial Information

**5 SEGMENT INFORMATION** (Continued)  
**For the six months ended 30 June 2020 (Unaudited)**

	Commercial operational services RMB'000	Residential property management services RMB'000	Group RMB'000
Gross segment revenue	700,407	168,214	868,621
Revenue from contracts with customers	605,625	168,214	773,839
– at a point in time	56,453	–	56,453
– over time	549,172	168,214	717,386
Revenue from other sources			
– rental income	94,782	–	94,782
Segment results	185,524	23,830	209,354
Other income and gains			11,104
Unallocated operating costs			(30,293)
Interest expense			(14,434)
Interest income			14,766
Foreign exchange gains – net			3,768
Share of loss of investments in joint ventures			(1,481)
Profit before income tax			192,784
Income tax expenses			(47,872)
Profit for the period			144,912
Depreciation	53,929	526	54,455

## Notes to the Interim Financial Information

**5 SEGMENT INFORMATION** (Continued)

For the six months ended 30 June 2019 (Audited)

	Commercial operational services RMB'000	Residential property management services RMB'000	Group RMB'000
Gross segment revenue	621,162	127,897	749,059
Revenue from contracts with customers	507,330	127,897	635,227
– at a point in time	27,397	–	27,397
– over time	479,933	127,897	607,830
Revenue from other sources			
– rental income	113,832	–	113,832
Segment results	147,456	7,966	155,422
Other income and gains			8,533
Unallocated operating costs			(25,078)
Interest expense			(27,268)
Interest income			7,606
Foreign exchange gains – net			466
Profit before income tax			119,681
Income tax expenses			(32,545)
Profit for the period			87,136
Depreciation	36,436	3,829	40,265



## 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 2020 (Unaudited)**

	Commercial operational services RMB'000	Residential property management services RMB'000	Elimination RMB'000	Group RMB'000
Segment assets	653,717	101,418	(8,147)	746,988
Other assets				2,880,554
<b>Total assets</b>				<b>3,627,542</b>
Segment liabilities	1,304,706	205,283	(8,147)	1,501,842
Other liabilities				331,062
<b>Total liabilities</b>				<b>1,832,904</b>
Capital expenditure	202,891	538	–	203,429

**As at 31 December 2019 (Audited)**

	Commercial operational services RMB'000	Residential property management services RMB'000	Elimination RMB'000	Group RMB'000
Segment assets	417,372	117,109	(11,637)	522,844
Other assets				2,568,244
<b>Total assets</b>				<b>3,091,088</b>
Segment liabilities	1,184,514	189,617	(11,637)	1,362,494
Other liabilities				141,422
<b>Total liabilities</b>				<b>1,503,916</b>
Capital expenditure	153,259	1,806	–	155,065



## Notes to the Interim Financial Information

**5 SEGMENT INFORMATION** (Continued)

Segment assets are reconciled to total assets as follows:

	30 June 2020 (Unaudited) RMB'000	31 December 2019 (Audited) RMB'000
Segment assets	<b>746,988</b>	522,844
Other assets		
Current income tax recoverables	<b>2,235</b>	2,705
Deferred income tax assets	<b>62,998</b>	48,421
Unallocated cash and cash equivalents and restricted cash	<b>2,808,657</b>	2,515,618
Unallocated property and equipment	<b>39</b>	35
Other corporate assets	<b>6,625</b>	1,465
<b>Total assets</b>	<b>3,627,542</b>	3,091,088

Segment liabilities are reconciled to total liabilities as follows:

	30 June 2020 (Unaudited) RMB'000	31 December 2019 (Audited) RMB'000
Segment liabilities	<b>1,501,842</b>	1,362,494
Other liabilities		
Current income tax liabilities	<b>61,600</b>	33,562
Dividends payable	<b>113,541</b>	—
Amounts due to related parties (Note 22 (d))	<b>127,193</b>	88,759
Other corporate liabilities	<b>28,728</b>	19,101
<b>Total liabilities</b>	<b>1,832,904</b>	1,503,916

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 financial statements. These assets and liabilities are allocated based on the operations of the segments.

Segment assets consist primarily of property and equipment, investment properties, receivables and cash and cash equivalents.

Segment liabilities consist of operating liabilities.

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



## Notes to the Interim Financial Information

## 6 REVENUE

(a) Revenue of the Group for six months ended 30 June 2020 is as follows:

	Six months ended 30 June	
	2020 (Unaudited) RMB'000	2019 (Audited) RMB'000
Type of services		
Rental income:		
– Commercial property lease income	<b>94,782</b>	113,832
Revenue from customer:		
– Commercial operational services	<b>605,625</b>	507,330
– Market research and positioning, business tenant sourcing, opening preparation services	<b>90,933</b>	48,605
– Commercial operation and management services	<b>514,692</b>	458,725
– Commercial operation service during the operation stage	<b>147,961</b>	147,731
– Commercial property management service	<b>366,731</b>	310,994
– Residential property management services	<b>168,214</b>	127,897
– Pre-sale management services	<b>9,206</b>	6,867
– Residential property management services	<b>116,131</b>	101,265
– Other value-added services	<b>42,877</b>	19,765
	<b>868,621</b>	749,059

- (i) For the six months ended 30 June 2020, revenue arising from the Remaining Powerlong Group and other entities controlled by Mr. Hoi Kin Hong (“Mr. Hoi”) contributed 9.7% of the Group’s revenue (six months ended 30 June 2019: 12.4%). 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 2019: none).

## Notes to the Interim Financial Information

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

	<b>30 June 2020</b> (Unaudited) RMB'000	31 December 2019 (Audited) RMB'000
Contract liabilities	<b>276,292</b>	263,202

Contract liabilities of the Group mainly arose from the advance payments made by the customers while the underlying services are yet to be provided. Such liabilities increased as a result of the growth of the Group's business.

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

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

	<b>Six months ended 30 June</b> <b>2020</b> (Unaudited) RMB'000	2019 (Audited) RMB'000
Revenue recognized that was included in the contract liability balance at the beginning of the period		
– Commercial operational services	<b>183,336</b>	105,761
– Residential property management services	<b>40,386</b>	19,677
	<b>223,722</b>	125,438

**(ii) Unsatisfied performance obligations**

For commercial operational services and residential property management services, the Group recognizes 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 several months in advance the Group that the services are no longer required.

## Notes to the Interim Financial Information

## 7 EXPENSES BY NATURE

	Six months ended 30 June	
	2020 (Unaudited) RMB'000	2019 (Audited) RMB'000
Staff costs (Note 8)	<b>290,234</b>	297,133
Subcontracting costs (Note (a))	<b>171,402</b>	103,445
Short-term lease expenditure (Note 22(a))	<b>51,071</b>	57,827
Depreciation (Notes 13 and 14)	<b>54,455</b>	40,265
Variable lease payments (Note 20(b))	<b>5,284</b>	5,508
Utilities	<b>48,263</b>	47,696
Promotion and advertising expenses	<b>9,487</b>	16,899
Listing expenses	–	9,649
Travelling and entertainment expenses	<b>8,286</b>	8,301
Office expenses	<b>8,199</b>	7,676
Professional fees	<b>2,311</b>	2,482
Taxes and other levies	<b>4,025</b>	4,325
Auditors' remuneration		
– Audit services	<b>1,200</b>	–
Others	<b>15,433</b>	13,882
	<b>669,650</b>	615,088

(a) Subcontracting costs comprised outsourced security, greening, cleaning and maintenance costs, etc.

## Notes to the Interim Financial Information

## 8 STAFF COSTS

	Six months ended 30 June	
	2020 (Unaudited) RMB'000	2019 (Audited) RMB'000
Wages and salaries	256,741	243,919
Social insurance expenses (Note (a))	17,954	38,441
Housing benefits	12,033	9,523
Other employee benefits (Note (b))	3,506	5,250
	<b>290,234</b>	297,133

- (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.

The Group received a partial exemption of social insurance expenses according to social insurance relief policy of the local municipal governments during the COVID-19 outbreak for the six months ended 30 June 2020.

- (b) Other employee benefits mainly include meal, travelling and transportation allowances.

## 9 OTHER INCOME AND GAINS

	Six months ended 30 June	
	2020 (Unaudited) RMB'000	2019 (Audited) RMB'000
<b>Other income</b>		
Government grants (Note (a))	3,823	667
Penalty income	4,713	3,604
Others	2,568	2,207
	<b>11,104</b>	6,478
<b>Other gains</b>		
Gains on lease termination	—	2,055
	<b>11,104</b>	8,533

- (a) The government grants represented mainly employment subsidies and tax refunds from local government without any conditions.

## Notes to the Interim Financial Information

## 10 FINANCE INCOME/(COSTS) – NET

	Six months ended 30 June	
	2020 (Unaudited) RMB'000	2019 (Audited) RMB'000
Interest expense in respect of:		
Bank borrowings	–	(19,161)
Lease liabilities	(14,434)	(8,107)
	(14,434)	(27,268)
<i>Interest income in respect of:</i>		
Bank deposits	14,766	7,606
Foreign exchange gains – net	3,768	466
Finance income/(costs) – net	4,100	(19,196)

## 11 INCOME TAX EXPENSES

	Six months ended 30 June	
	2020 (Unaudited) RMB'000	2019 (Audited) RMB'000
Current income tax		
– PRC corporate income tax	62,449	35,100
Deferred income tax		
– PRC corporate income tax	(14,577)	(2,555)
	47,872	32,545



## Notes to the Interim Financial Information

**11 INCOME TAX EXPENSES** (Continued)

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the group entities as follows:

	Six months ended 30 June	
	2020 (Unaudited) RMB'000	2019 (Audited) RMB'000
Profit before income tax	<b>192,784</b>	119,681
Tax charge at effective rate applicable to profits in the respective group entities	<b>48,196</b>	29,920
Tax effects of:		
– Expenses not deductible for tax purposes	<b>618</b>	2,625
– Effect of income not subject to income tax (Note (a))	<b>(942)</b>	–
PRC corporate income tax	<b>47,872</b>	32,545

- (a) Income not subject to tax for the period ended 30 June 2020 represents foreign exchange gains which is not subject to Hong Kong profits tax.

**PRC corporate income tax**

Income tax provision of the Group in respect of operations in the PRC has been calculated at the applicable tax rate 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 2020 (six months ended 30 June 2019: 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

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 2020.

In determining the weighted average number of ordinary shares in issue during the six months ended 30 June 2019, the ordinary shares issued upon the incorporation of the Company, the ordinary shares issued in the reorganization undertaken for the initial listing on 19 July 2019, and the capitalization issue on 10 December 2019, were deemed to be issued on 1 January 2019 as if the Company has been incorporated by then.

	Six months ended 30 June	
	2020 (Unaudited) RMB'000	2019 (Audited) RMB'000
Profit attributable to the owners of the Company (RMB'000)	<b>144,912</b>	87,136
Weighted average number of ordinary shares in issue (thousands shares)	<b>619,158</b>	450,000
Basic earnings per share (RMB cents)	<b>23.40</b>	19.36

The Company had no dilutive potential shares in issue during the six months ended 30 June 2020 and 2019, thus the diluted earnings per share equals the basic earnings per share.

## Notes to the Interim Financial Information

## 13 PROPERTY AND EQUIPMENT

	Right-of-use asset-car parks RMB'000	Motor vehicles RMB'000	Furniture, fitting and equipment RMB'000	Total RMB'000
<b>Six months ended 30 June 2020 (Unaudited)</b>				
Opening net book amount	–	908	6,020	6,928
Additions	–	519	3,009	3,528
Disposals	–	(21)	(78)	(99)
Depreciation charge	–	(647)	(2,164)	(2,811)
<b>Closing net book amount</b>	<b>–</b>	<b>759</b>	<b>6,787</b>	<b>7,546</b>
<b>As at 30 June 2020</b>				
Cost	–	6,339	21,273	27,612
Accumulated depreciation	–	(5,580)	(14,486)	(20,066)
<b>Net book amount</b>	<b>–</b>	<b>759</b>	<b>6,787</b>	<b>7,546</b>
<b>Six months ended 30 June 2019 (Audited)</b>				
Opening net book amount	167,751	1,116	4,626	173,493
Additions	–	28	1,825	1,853
Disposals	(148,994)	(280)	(50)	(149,324)
Disposal of subsidiaries	–	(3)	(133)	(136)
Reclassified to assets associated with disposal group	(15,838)	–	(1)	(15,839)
Depreciation charge	(2,919)	(288)	(1,592)	(4,799)
<b>Closing net book amount</b>	<b>–</b>	<b>573</b>	<b>4,675</b>	<b>5,248</b>
<b>As at 30 June 2019</b>				
Cost	–	7,897	19,839	27,736
Accumulated depreciation	–	(7,324)	(15,164)	(22,488)
<b>Net book amount</b>	<b>–</b>	<b>573</b>	<b>4,675</b>	<b>5,248</b>

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

	Six months ended 30 June	
	2020 (Unaudited) RMB'000	2019 (Audited) RMB'000
Cost of services	1,105	2,919
Administrative expenses	1,706	1,880
	<b>2,811</b>	<b>4,799</b>

## Notes to the Interim Financial Information

## 14 INVESTMENT PROPERTIES

	Leased commercial properties – right of use assets RMB'000
<b>Six months ended 30 June 2020 (Unaudited)</b>	
Opening net book amount	207,207
Additions (Note (a))	199,901
Depreciation charge	(51,644)
Closing net book amount	355,464
<b>As at 30 June 2020</b>	
Cost	763,864
Accumulated depreciation	(408,400)
<b>Net book amount</b>	<b>355,464</b>
<b>Six months ended 30 June 2019 (Audited)</b>	
Opening net book amount	155,632
Additions	8,201
Depreciation charge	(35,466)
<b>Closing net book amount</b>	<b>128,367</b>
<b>As at 30 June 2019</b>	
Cost	426,186
Accumulated depreciation	(297,819)
<b>Net book amount</b>	<b>128,367</b>

- (a) The Group entered into a new lease contract with an independent third party during the period, pursuant to which the Group leased in a commercial property with lease term of 20 years.

## Notes to the Interim Financial Information

## 15 OPERATING LEASE AND TRADE RECEIVABLES

	30 June 2020 (Unaudited) RMB'000	31 December 2019 (Audited) RMB'000
Operating lease receivables (Note (a))		
– Third parties	<b>16,561</b>	4,660
Trade receivables (Note (a))		
– Related parties (Note 22(d))	<b>29,492</b>	47,707
– Third parties	<b>139,811</b>	82,688
	<b>169,303</b>	130,395
Less: allowance for impairment	<b>(39,239)</b>	(21,174)
	<b>146,625</b>	113,881

- (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 2020 (Unaudited) RMB'000	31 December 2019 (Audited) RMB'000
0-30 days	<b>31,359</b>	23,070
31-180 days	<b>72,164</b>	46,391
181-365 days	<b>21,933</b>	14,472
1-2 years	<b>21,599</b>	29,036
2-3 years	<b>26,181</b>	14,338
Over 3 years	<b>12,628</b>	7,748
	<b>185,864</b>	135,055

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 30 June 2020, a provision of RMB39,239,000 was made against the gross amounts of operating lease and trade receivables (31 December 2019: RMB21,174,000).

As at 30 June 2020 and 31 December 2019, the operating lease and trade receivables were denominated in RMB, and the fair values approximated their carrying amounts.

## Notes to the Interim Financial Information

## 16 PREPAYMENTS AND OTHER RECEIVABLES

	30 June 2020 (Unaudited) RMB'000	31 December 2019 (Audited) RMB'000
Other receivables		
– Payments on behalf of tenants or residents (Note (a))	<b>67,877</b>	45,265
– Interest receivables from bank deposits	–	1,182
– Others	<b>3,767</b>	3,766
	<b>71,644</b>	50,213
Less: allowance for impairment	<b>(5,446)</b>	(3,602)
	<b>66,198</b>	46,611
Prepayments		
– Third parties (Note (b))	<b>27,264</b>	35,547
– Related parties (Note 22(d))	<b>5,532</b>	3,786
– Expenses to be capitalized relating to over-allotment issue (Note 18(a))	–	5,170
	<b>32,796</b>	44,503
	<b>98,994</b>	91,114

(a) Amounts represented mainly the payments of utility fees on behalf of tenants or residential communities.

(b) Amounts represented mainly the prepaid utility expenses.

(c) The balances of prepayments and other receivables were all denominated in RMB.



## Notes to the Interim Financial Information

## 17 CASH AND CASH EQUIVALENTS

	30 June 2020 (Unaudited) RMB'000	31 December 2019 (Audited) RMB'000
Cash at bank and in hand (Note (a))	2,950,462	2,616,132
Less: Restricted cash	(42)	(19)
<b>Cash and cash equivalents</b>	<b>2,950,420</b>	<b>2,616,113</b>

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

	30 June 2020 (Unaudited) RMB'000	31 December 2019 (Audited) RMB'000
RMB	2,831,227	1,378,484
HK\$	119,164	1,237,578
Other currencies	71	70
	<b>2,950,462</b>	<b>2,616,132</b>

## 18 SHARE CAPITAL AND PREMIUM

	Number of ordinary shares	Share capital		Share premium	Total
		HK\$'000	RMB'000	RMB'000	RMB'000
<b>Authorized</b>					
At 1 January 2020 and 30 June 2020	2,000,000,000	20,000		17,905	
<b>Issued and fully paid:</b>					
<b>Six months ended 30 June 2020 (Unaudited)</b>					
At 1 January 2020	600,000,000	6,000		5,376	1,231,531
Issued upon the exercise of the over-allotment option	(Note (a)) 22,500,000	225		199	184,448
Repurchased	(Note (b)) (1,000,000)	(10)		(9)	(8,543)
<b>As at 30 June 2020</b>	<b>621,500,000</b>	<b>6,215</b>		<b>5,566</b>	<b>1,407,436</b>

- (a) On 22 January 2020, 22,500,000 shares were issued upon the exercise of the over-allotment option in connection with the Listing at a price of HK\$9.50 per share. Net proceeds of the additional offering, after net of transactions cost attributable to the exercise of the over-allotment option of approximately HK\$5,788,000 (equivalent to approximately RMB5,170,000), amounted to approximately HK\$207,962,000 (equivalent to approximately RMB184,647,000).
- (b) On 30 January 2020 and 31 January 2020, the Company repurchased a total of 1,000,000 ordinary shares with cash considerations including transaction cost of approximately HK\$9,518,000 (equivalent to approximately RMB8,552,000) and such ordinary shares were cancelled on 24 March 2020.

## Notes to the Interim Financial Information

**19 DIVIDEND**

On 12 June 2020, the Annual General Meeting approved the payment of a final dividend of HK\$20.0 cents (equivalent to RMB18.3 cents based on the exchange rate of 30 June 2020) per ordinary share. Total amount of final dividend would be HK\$124,300,000 (equivalent to approximately RMB113,541,000).

On 18 August 2020, the Board recommended the payment of an interim dividend of HK\$10.0 cents (equivalent to RMB9.1 cents based on the exchange rate of 30 June 2020) per ordinary share. Total amount of interim dividend would be HK\$62,150,000 (equivalent to approximately RMB56,770,500) which is calculated according to the ordinary shares in issue as at 30 June 2020. These interim condensed consolidated financial statements do not reflect this dividend payable.

**20 LEASES****(a) Amounts recognized in the interim condensed consolidated balance sheets**

	30 June 2020 (Unaudited) RMB'000	31 December 2019 (Audited) RMB'000
Leased in properties for sub-lease to tenants – Leased commercial properties (Note 14)	<b>355,464</b>	207,207
	<b>355,464</b>	207,207
Lease liabilities		
Current	<b>190,320</b>	226,066
Non-current	<b>349,708</b>	190,487
	<b>540,028</b>	416,553

**(b) Amounts recognized in the interim condensed consolidated statements of comprehensive income**

	Six months ended 30 June 2020 (Unaudited) RMB'000	2019 (Audited) RMB'000
Depreciation charge		
Commercial properties (Note 14)	<b>51,644</b>	35,466
Car parks (Note 13)	–	2,919
	<b>51,644</b>	38,385
Interest expense (included in finance income/(costs) – net)	<b>14,434</b>	8,107
Variable lease payments (included in cost of services)	<b>5,284</b>	5,508
Short-term lease expenditure for car parks and common areas and advertising space	<b>51,071</b>	57,827
Cash outflows for lease payments (including principal elements and relevant interest expense)	<b>90,860</b>	92,166

## Notes to the Interim Financial Information

**20 LEASES** (Continued)

(c) A maturity analysis of lease liabilities is show in the table below during the period:

	30 June 2020 (Unaudited) RMB'000	31 December 2019 (Audited) RMB'000
Leases are payable:		
Within one year	<b>196,691</b>	232,238
Later than one year but not later than two years	<b>81,421</b>	115,428
Later than two years but not later than five years	<b>173,355</b>	100,116
Later than five years	<b>298,934</b>	–
Minimum lease payments	<b>750,401</b>	447,782
Future finance charge	<b>(210,373)</b>	(31,229)
Total lease liabilities	<b>540,028</b>	416,553
The present value of lease liabilities is as follows:		
Within one year	<b>190,320</b>	226,066
Later than one year but not later than two years	<b>75,526</b>	106,046
Later than two years but not later than five years	<b>134,275</b>	84,441
Later than five years	<b>139,907</b>	–
	<b>540,028</b>	416,553

## Notes to the Interim Financial Information

## 21 TRADE AND OTHER PAYABLES

	30 June 2020 (Unaudited) RMB'000	31 December 2019 (Audited) RMB'000
Trade payables		
– Related parties (Note 22(d))	448	1,126
– Third parties	98,953	88,668
	<b>99,401</b>	89,794
Other payables		
– Related parties (Note 22(d))	127,193	88,759
– Receipts on behalf of tenants or residents (Note (a))	170,331	144,158
– Deposits received (Note (b))	296,618	301,187
– Listing expenses payable	–	14,461
– Others	12,094	13,342
	<b>606,236</b>	561,907
Accrued payroll	114,538	103,950
Other taxes payables	13,343	7,460
	<b>833,518</b>	763,111

- (a) Amounts represented the receipts on behalf of tenants or residents to settle the bills of utilities charges.
- (b) Amounts represented mainly deposits received from tenants as performance securities in relation to tenant agreements or property management service agreements.
- (c) As at 30 June 2020, the carrying amounts of trade and other payables approximated their fair values.
- (d) 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 2020 (Unaudited) RMB'000	31 December 2019 (Audited) RMB'000
Within 1 year	96,990	86,024
1 to 2 years	1,959	1,585
2 to 3 years	452	2,185
	<b>99,401</b>	89,794

## Notes to the Interim Financial Information

**21 TRADE AND OTHER PAYABLES** (Continued)

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

	<b>30 June 2020</b> (Unaudited) RMB'000	31 December 2019 (Audited) RMB'000
RMB	<b>705,637</b>	630,500
HK\$	–	526
US\$	–	20,675
	<b>705,637</b>	651,701

**22 RELATED PARTY TRANSACTIONS**

(a) Transactions with related parties

	<b>Six months ended 30 June</b>	
	<b>2020</b> (Unaudited) RMB'000	2019 (Audited) RMB'000
Revenue arising from provision of services (Note (ii))		
– Entities controlled by Mr. Hoi	<b>84,656</b>	93,274
– Entities jointly controlled by Mr. Hoi	<b>36,901</b>	11,882
	<b>121,557</b>	105,156
Office leasing expenditure paid/payable		
– Entities controlled by Mr. Hoi	<b>928</b>	931
Short-term lease expenditure for car parks, common areas and advertising space (Note (iii))		
– Entities controlled by Mr. Hoi	<b>51,071</b>	57,827
Disposal of lease for right-of-use assets (car parking lots)		
– Entities controlled by Mr. Hoi	–	148,994
Purchase of low-value consuming goods and others		
– Entities controlled by Mr. Hoi	<b>627</b>	1,619
Purchase of information technology services		
– Entities jointly controlled by Mr. Hoi	<b>5,878</b>	–

## Notes to the Interim Financial Information

**22 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) The provision of services mainly comprised revenue from commercial operational services and residential properties management services.
- (iii) Powerlong Holdings, the lessor, offered a rent reduction policy generally to its tenants during the COVID-19 outbreak, pursuant to which the Group received an exemption of rental charges of approximately one month for leased-in car parks during the period.

**(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 licensing agreement on a royalty-free basis.

**(c) Key management compensation**

Compensations for key management is set out below.

	Six months ended 30 June	
	2020 (Unaudited) RMB'000	2019 (Audited) RMB'000
Salaries and other short-term employee benefits	<b>2,339</b>	1,714

## Notes to the Interim Financial Information

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

	<b>30 June 2020</b> <b>(Unaudited)</b> <b>RMB'000</b>	31 December 2019 <b>(Audited)</b> <b>RMB'000</b>
Trade receivables		
– Entities controlled by Mr. Hoi	<b>21,849</b>	47,586
– Entities jointly controlled by Mr. Hoi	<b>7,643</b>	121
	<b>29,492</b>	47,707
Prepayments (trade)		
– Entities controlled by Mr. Hoi	<b>1,059</b>	666
– Entities jointly controlled by Mr. Hoi (Note (i))	<b>4,473</b>	3,120
	<b>5,532</b>	3,786
Trade payables		
– Entities controlled by Mr. Hoi	<b>448</b>	1,126
Other payables (non-trade)	<b>463</b>	38,819
– Entities controlled by Mr. Hoi	<b>4,013</b>	349
– Entities jointly controlled by Mr. Hoi	<b>4,476</b>	39,168

## Notes to the Interim Financial Information

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

	<b>30 June 2020</b> <b>(Unaudited)</b> <b>RMB'000</b>	31 December 2019 <b>(Audited)</b> <b>RMB'000</b>
Other payables (trade) (Note (ii))		
– Entities controlled by Mr. Hoi	<b>115,231</b>	43,253
– Entities jointly controlled by Mr. Hoi	<b>7,486</b>	6,338
	<b>122,717</b>	49,591
Contract liabilities		
– Entities controlled by Mr. Hoi	<b>97,664</b>	45,684
– Entities jointly controlled by Mr. Hoi	<b>47,096</b>	10,869
	<b>144,760</b>	56,553
Lease liabilities		
– Entities controlled by Mr. Hoi	–	8,805

- (i) The prepayments were in relation to a cooperation in information technology development with a joint venture of the Group.
- (ii) The balances consisted of short-term lease payments of car parks, common areas and advertising spaces and the receipts on behalf of owners of the commercial properties to settle the expenses relating promotion and marketing activities.

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

**23 CONTINGENCIES**

As at 30 June 2020, the Group did not have any significant contingent liabilities (31 December 2019: nil).

**24 COMMITMENTS**

As at 30 June 2020, the Group's future aggregate minimum lease payments under non-cancellable short-term leases arrangements were RMB62,419,000 and due within one year (31 December 2019: RMB124,823,000).

**25 EVENTS AFTER THE BALANCE SHEET DATE**

On 3 July 2020, the Group entered into an investment agreement with shareholders of Zhejiang Xinghui Commercial Management Company Limited ("Zhejiang Xinghui"), independent third parties of the Group, pursuant to which the Group acquired 60% of equity interest of Zhejiang Xinghui at an investment cost of RMB40,550,000.