

2022 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)

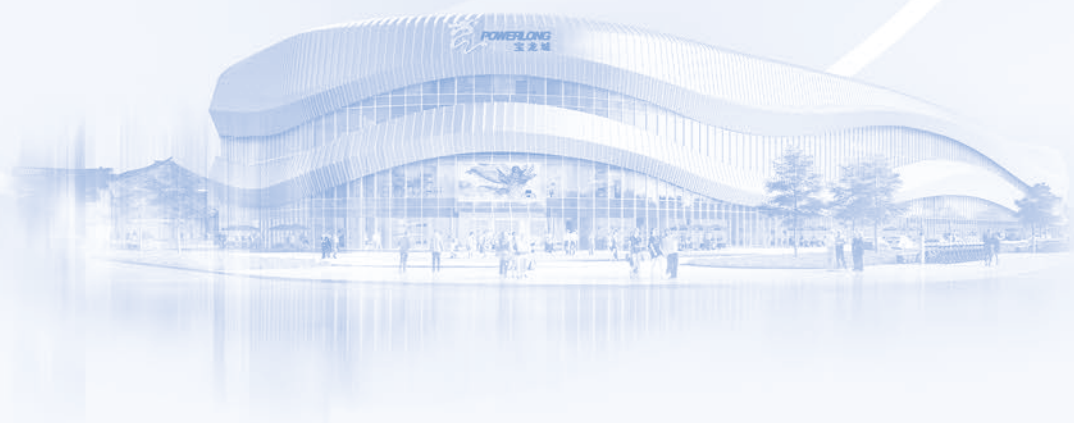
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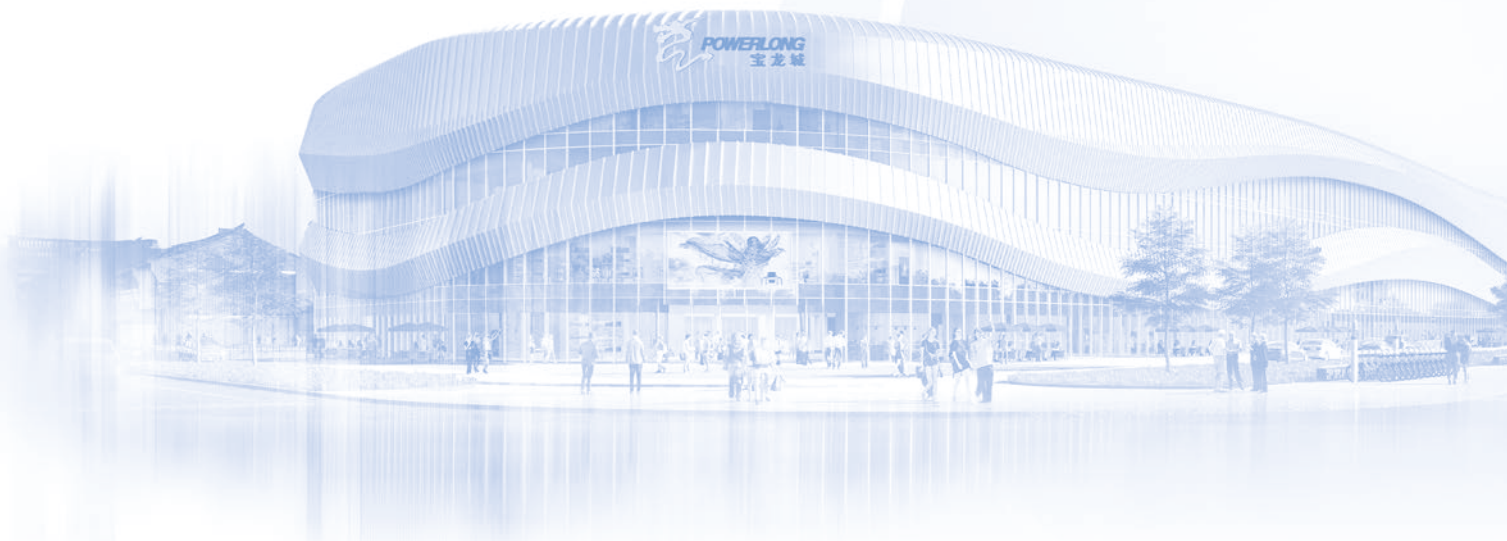
台州椒江寶龍城

Contents

Group Introduction	2
Corporate Information	3
Management Discussion and Analysis	4
Other Information	18
Interim Condensed Consolidated Statement of Comprehensive Income	27
Interim Condensed Consolidated Balance Sheet	28
Interim Condensed Consolidated Statement of Changes in Equity	30
Interim Condensed Consolidated Statement of Cash Flows	31
Notes to the Interim Financial Information	32



Group Introduction



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

The Group mainly provides commercial operational services under four brands, namely “Powerlong One Mall” (寶龍一城), “Powerlong City” (寶龍城), “Powerlong Plaza” (寶龍廣場) and “Powerlong Land” (寶龍天地). As of 30 June 2022, the Group had 91 retail commercial properties in operation, with an aggregate gross floor area (“**GFA**”) ^{note} in operation of approximately 10.2 million square meters (“**sq.m.**”). As of the same date, the Group was contracted to provide commercial operational services for a total of 140 retail commercial properties with an aggregate contracted GFA of approximately 14.7 million sq.m..

The Group also provides property management services for residential properties, office buildings and serviced apartments. As of 30 June 2022, the Group had 87 residential properties delivered of its property management service with an aggregate GFA delivered of approximately 18.3 million sq.m., and was contracted to manage 139 properties with an aggregate contracted GFA of approximately 30.6 million sq.m..

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

Non-executive Directors

Ms. Hoi Wa Fan
Ms. Hoi Wa Lam

Independent non-executive Directors

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

Dr. Lu Xiongwen (Chairlady)
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. Suen Pui Chun Hannah (resigned on 30 August 2022)
Ms. Leung Wai Yan (appointed on 30 August 2022)

AUTHORIZED REPRESENTATIVES

Mr. Zhang Yunfeng
Ms. Suen Pui Chun Hannah (resigned on 30 August 2022)
Ms. Leung Wai Yan (appointed on 30 August 2022)

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
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Minhang District
Shanghai
PRC
Postal Code: 201101

PRINCIPAL SHARE REGISTRAR

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

HONG KONG SHARE REGISTRAR

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

PRINCIPAL BANKERS

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

AUDITOR

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

HONG KONG LEGAL ADVISOR

Sidley Austin

COMPANY'S WEBSITE

www.powerlongcm.com

Management Discussion and Analysis

OVERVIEW

The Group is a leading commercial operational service provider in PRC. As at 30 June 2022, the Group had a total of 91 retail commercial properties in operation, with an aggregate GFA in operation of approximately 10.2 million sq.m. The Group had a total of 140 retail commercial properties with an aggregate contracted GFA of approximately 14.7 million sq.m. for which the Group had been contracted to provide commercial operational services. The Company enjoys considerable brand recognition in the markets where it operates. In March 2022, the Company was ranked among the 2022 China Top 100 Commercial Real Estate (2022中國商業地產百強企業) and was awarded 4th place in 2022 China Top 10 Commercial Real Estate in Operation (2022中國商業地產運營十強企業), both awarded by China Index Academy (中國指數研究院), and was recognized as one of the Listed Companies with the Best Corporate Social Responsibility (最具社會責任上市公司) by Zhitong Finance (智通財經) in March 2022, and so forth.

The Group also provides property management services for residential properties, office buildings and serviced apartments. As at 30 June 2022, the Group delivered residential property management services to 87 projects, with an aggregate GFA delivered of approximately 18.3 million sq.m., and was contracted to manage 139 projects with an aggregate contracted GFA of approximately 30.6 million sq.m..

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

BUSINESS REVIEW

For the six months ended 30 June 2022 (the “**Reporting Period**”), the Company mainly conducted its business activities in the following business segments, namely (i) commercial operational services; and (ii) residential property management services. The Group’s revenue is mainly derived from its commercial operational services.

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

It primarily included:

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

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

It primarily included:

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

Management Discussion and Analysis

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

	Six months ended 30 June			
	2022		2021	
	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	367,983	35.9	327,029	34.7
Residential property management services	62,451	25.8	56,335	24.7
Total	430,434	34.0	383,364	32.8

Commercial Operational Services

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

For the six months ended 30 June 2022, the aggregate revenue of the Group's commercial operational services amounted to approximately RMB1,024.5 million, representing an increase of approximately 8.7% from approximately RMB942.3 million for the six months ended 30 June 2021; and the Group had GFA in operation of approximately 10.2 million sq.m., representing an increase of approximately 1.4 million sq.m. from approximately 8.8 million sq.m. for the corresponding period of 2021; 91 projects in operation, representing an increase of 20 projects from 71 projects for the corresponding period of 2021; contracted GFA of approximately 14.7 million sq.m., representing an increase of approximately 1.2 million sq.m. from approximately 13.5 million sq.m. for the corresponding period of 2021.

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

	For the six months ended 30 June					
	2022			2021		
	Contracted GFA	GFA in operation	Revenue	Contracted GFA	GFA in operation	Revenue
	<i>sq.m.</i>	<i>sq.m.</i>	<i>RMB</i> <i>(in thousands)</i>	<i>sq.m.</i>	<i>sq.m.</i>	<i>RMB</i>
Yangtze River Delta ⁽¹⁾	9,540	6,522	727,095	8,857	5,299	661,506
Pearl River Delta ⁽²⁾	416	166	19,885	416	—	9,277
Others ⁽³⁾	4,743	3,546	277,558	4,226	3,540	271,470
Total	14,699	10,234	1,024,538	13,499	8,839	942,253

Management Discussion and Analysis

Notes:

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

NEW PROJECTS IN OPERATION

The Group's new retail commercial property projects in operation for the six months ended 30 June 2022 are shown in the following table:

No.	Name of project	Opening date month-year	City	Geographic region	Source of project	Manager	Management model	Total GFA (sq.m.)	Shopping mall (sq.m.)	Commercial street (sq.m.)	Car park (sq.m.)
Powerlong City											
1	Taizhou Jiaojiang Powerlong City (台州椒江寶龍城)	June 2022	Taizhou	Yangtze River Delta	Powerlong Real Estate	Powerlong CM	Entrusted management	127,936	93,620	–	34,316
Sub-total								127,936	93,620	–	34,316
Powerlong Xinghui											
1	Xiangshu Slow Living Cultural Tourism Street Zone (湘湖慢生活文商旅街區)	In operation ⁽¹⁾	Hangzhou	Yangtze River Delta	Third Party	Powerlong Xinghui	Advisory consultation	27,836	–	27,836	–
2	Hangzhou Fuyang Dongfangmao Commercial (杭州富陽東方茂商業)	In operation ⁽¹⁾	Hangzhou	Yangtze River Delta	Third Party	Powerlong Xinghui	Entrusted management	119,890	78,853	–	41,037
Sub-total								147,726	78,853	27,836	41,037
Total								275,662	172,473	27,836	75,353

Note:

- (1) For the third party project in operation obtained in June 2022, the Group will conduct refurbishment and upgrade upon completion of signing of contract.

ADDITIONAL PROJECTS FOR WHICH CONTRACTS WERE TERMINATED

The Group's retail commercial property projects for which contracts were terminated during the six months ended 30 June 2022 are shown in the following table:

No.	Name of Project	Date of Termination of Contract month-year	City	Geographic Region	Source of Project	Manager	Management Model	Total GFA (sq.m.)	Shopping Mall (sq.m.)	Commercial Street (sq.m.)	Car Park (sq.m.)
Powerlong Xinghui											
1	Yiwu Chengbei Commercial Centre (義烏城北商業中心)	January 2022	Jinhua	Yangtze River Delta	Third Party	Powerlong Xinghui	Advisory consultation	6,610	–	6,610	–
2	Xingyue • PARK (星悅•PARK)	January 2022	Ningbo	Yangtze River Delta	Third Party	Powerlong Xinghui	Advisory consultation	4,314	4,314	–	–
Total								10,924	4,314	6,610	–

Management Discussion and Analysis

NEW CONTRACTED PROJECTS

New retail commercial property contracted projects as at the date of approval of this interim report are shown in the following table:

No.	Name of project	City	Geographic region	Manager	Management model	Expected total GFA (sq.m.)
From the Group						
1	Zhongsan Powerlong Plaza (中山寶龍廣場)	Zhongsan	Pearl River Delta	Powerlong CM	Entrusted management	100,000
2	Wuxi Xinwu Powerlong Plaza (無錫新吳寶龍廣場)	Wuxi	Yangtze River Delta	Powerlong CM	Entrusted management	174,180
3	Wuhan Qiaokou Powerlong Plaza (武漢橋口寶龍廣場)	Wuhan	Others	Powerlong CM	Entrusted management	135,300
Sub-total						409,480
From independent third parties						
1	Lin'an IN Alley (臨安IN巷)	Hangzhou	Yangtze River Delta	Powerlong Xinghui	Advisory consultation	27,700
2	Xianghu Slow Living Cultural Tourism Street Zone (湘湖慢生活文旅街區)	Hangzhou	Yangtze River Delta	Powerlong Xinghui	Advisory consultation	27,836
3	Hangzhou Fuyang Dongfangmao Commercial (杭州富陽東方茂商業)	Hangzhou	Yangtze River Delta	Powerlong Xinghui	Entrusted management	119,890
Sub-total						175,426
Total						584,906

Occupancy Rate

The table below sets forth the average occupancy rate and GFA under management of retail commercial properties that had commenced operation as at 30 June 2022 by brands.

Brand	Average occupancy rate ⁽¹⁾		GFA in operation (in thousand sq.m.)
	As of 30 June		
	2022	2021	
	%	%	
Powerlong One Mall	99.0	98.7	171
Powerlong City	98.2	98.6	574
Powerlong Plaza	92.9	91.9	8,202
Powerlong Land	93.9	89.6	396
Powerlong Xinghui	93.1	91.2	891
Total	93.4	92.3	10,234

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

Management Discussion and Analysis

PIPELINE PROJECTS IN THE SECOND HALF OF 2022

The Group's retail commercial property projects planning for opening in the second half of 2022 are shown in the following table:

No.	Name of project	Opening date ⁽¹⁾ <i>month-year</i>	City	Geographic region	Source of project	Management model	Expected total GFA <i>(sq.m)</i>
Powerlong Plaza							
1	Yuyao Powerlong Plaza (余姚寶龍廣場)	December 2022	Ningbo	Yangtze River Delta	Powerlong Real Estate	Entrusted management	65,915
2	Hangzhou Tech City Powerlong Plaza (杭州科技城寶龍廣場)	December 2022	Hangzhou	Yangtze River Delta	Powerlong Real Estate	Entrusted management	95,800
3	Jingdezhen Powerlong Plaza (景德鎮寶龍廣場)	December 2022	Jingdezhen	Others	Powerlong Real Estate	Entrusted management	110,000
4	Xiamen Tong'an Powerlong Plaza (廈門同安寶龍廣場)	December 2022	Xiamen	Others	Powerlong Real Estate	Entrusted management	102,356
Sub-total							374,071
Powerlong Land							
1	Shanghai Jiading Powerlong Land (上海嘉定寶龍天地)	December 2022	Shanghai	Yangtze River Delta	Powerlong Real Estate	Entrusted management	21,600
2	Xiamen Yuanboyuan Powerlong Land (廈門園博苑寶龍天地)	December 2022	Xiamen	Others	Third Party	Sublease	14,705
3	Xiamen Tangbian Powerlong Land (廈門塘邊寶龍天地)	December 2022	Xiamen	Others	Third Party	Sublease	28,475
Sub-total							64,780
Powerlong Xinghui							
1	Shaoxing Jindi Powerlong Plaza (紹興金帝寶龍廣場)	December 2022	Shaoxing	Yangtze River Delta	Third Party	Entrusted management	86,000
2	Dexing Yufan Powerlong Plaza (德興雨帆寶龍廣場)	December 2022	Shangrao	Others	Third Party	Entrusted management	45,899
Sub-total							131,899
Total							570,750

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

Management Discussion and Analysis

Residential Property Management Services

For the six months ended 30 June 2022, revenue of the Group's residential property management service business segment amounted to approximately RMB241.8 million, representing an increase of approximately 5.9% from approximately RMB228.3 million for the six months ended 30 June 2021; and the Group had GFA delivered of approximately 18.3 million sq.m., representing an increase of 1.9 million sq.m. from 16.4 million sq.m. for the corresponding period of 2021; 87 projects delivered, representing an increase of 18 projects from 69 projects for the corresponding period of 2021; contracted GFA of approximately 30.6 million sq.m., representing an increase of approximately 2.6 million sq.m. from approximately 28.0 million sq.m. for the corresponding period of 2021.

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

	For the six months ended 30 June					
	2022			2021		
	Contracted GFA	GFA delivered	Revenue	Contracted GFA	GFA delivered	Revenue
	sq.m.	sq.m.	RMB (in thousands)	sq.m.	sq.m.	RMB
Yangtze River Delta ⁽¹⁾	19,201	8,673	138,764	16,545	6,853	138,370
Pearl River Delta ⁽²⁾	559	–	2,998	559	–	6,355
Others ⁽³⁾	10,877	9,619	100,083	10,877	9,525	83,583
Total	30,637	18,292	241,845	27,981	16,378	228,308

Notes:

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

Management Discussion and Analysis

WORK PLAN FOR THE SECOND HALF OF 2022

In retrospect, during the first half of 2022, the Coronavirus Disease 2019 (the “COVID-19”) pandemic persisted and had continuing impacts. As such, in early March, Shanghai came under an unprecedented state that was close to lockdown. As the centre of the city clusters in the Yangtze River Delta region and the place of strategic layout of the Group in its focus on the Yangtze River Delta region, this undoubtedly had, to various extents, impacts on the shopping malls throughout the entire layout of the Group in the Yangtze River Delta region in the operational sense. Under this challenging business environment, the Group proactively launched different policies to support merchants during this difficult time. In addition, Taizhou Jiaojiang Powerlong City, being the third project in the PRC under our Powerlong City series, has been recognised as one of the key benchmark projects in the industry for this year, and commenced operation as scheduled notwithstanding the impact from the external environment, further solidifying the Group’s strategic layout in the Yangtze River Delta region. Due to the highly challenging external environment, it is anticipated that in the second half of 2022, one will see the Group’s ongoing efforts in further incentivizing commercial vitality, thereby uplifting consumers’ experience, continuing to empower its brands, creating more industry benchmarks, and building a more diversified “Powerlong Commercial Eco-system”, which has been enshrined under the theme of “refinement in services, increase in average per-unit-GFA sales and establishment of benchmarking projects”.

1. Commercial Operational Services

(I) Ongoing enhancement of operations

In 2021, the Group implemented via property owners, physical renovation of properties for some of the shopping malls already in operation, while quality enhancements were made to project management, thereby achieving upgrades in various projects and securing steady increase in the overall pedestrian traffic and sales turnover in those shopping malls. While operation quality improves, the overall occupation rates also reached a record high level. Whilst the overall occupancy rate recorded slight decrease under the impact of the COVID-19 pandemic in the first half of 2022, the whole-year targeted occupancy rate of 96% will remain unchanged. In the second half of 2022, the Group will continue to learn from the success of adjustments in the past, and enhance tenant sourcing and tenant mix adjustment at those projects subject to enhancement works. Meanwhile, efforts will continue to be made in tenant sourcing and tenant mix adjustment for our premium projects to create more benchmarking projects and holistically increase the average per-unit-GFA sales as well as overall revenue at our projects.

(II) Ongoing growth in scale

In the first half of 2022, the Group successfully completed the high-quality opening of Taizhou Jiaojiang Powerlong City, being one of the key benchmark projects in the industry for this year. Looking forward to the second half of 2022, it is expected that 9 projects will be planned for commencing operations. Xiamen Tong’an Powerlong Plaza, being a key highlight of the year, will also have its high-quality opening in the second half of 2022. Meanwhile, the Group will continue to solidify the expansion of commercial asset-light projects, and extend more flexible mode of cooperation.

(III) Promotion of intelligent commerce

On the basis of the product research and development already completed in 2021, we achieved substantial growth of online business by strengthening application in the first half of 2022; our membership grew to approximately 5.6 million as of 30 June 2022, representing an increase of approximately 31% from the end of 2021. Consumption of members on a nationwide basis accounted for more than 17%, while consumption of members of certain benchmark projects exceeded 25%. In the second half of 2022, on the one hand, the Group will continue to solidify the well-established digitalization system of “operation team – consumers – tenants – investors”, foster the prevalence of system and advanced intelligent development, remarkably reduce costs and uplift efficiency, support tenants in enhancing operations and attracting consumers in an integrated manner. On the other hand, the Group will work with Tencent to, on this basis, introduce entertainment IP and contents interests into the system, with a view to devising feasible proposals of creating room for revenue growth for merchants’ operations and major members. In this connection, leading intelligent commerce will become the core competence for the Company in its asset-light output or in face of new business environment.

(IV) Talent optimization and organization

The Group will work around the “1+1+N” strategic plan to strengthen its presence in three key regions namely Zhejiang, Jiangsu and Shanghai, with Yangtze River Delta region as the core hub. The Group will continue to cultivate talents, recruit elite talents, stimulate employees’ potential through more competitive remuneration packages and incentivising policies, and build a first-class business operation team in the industry.

Management Discussion and Analysis

2. Residential Property Management Services

- (I) **Operations enhancement** – To solidify the housekeeping system as core competence of the properties of Powerlong, ceaselessly improve property owners' satisfaction, uplift the Company's collection rate and settlement rate, and enhance the Company's overall operation capability;
- (II) **Quality enhancement** – By having internal control checking, external assessment, skills drill contests and promotion of system, we will further standardize the three-tier quality control mechanism of the properties of Powerlong, uplift the quality awareness of all members of the Group, and enhance property owners' satisfaction;
- (III) **Efficiency enhancement** – By undergoing continual structural integration, multiple fissions, strategic collection, technology empowerment, market exploration and so forth, we will manage to enhance organizational efficiency.

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2022, the Group recorded a revenue of approximately RMB1,266.4 million, representing an increase of approximately RMB95.8 million as compared with approximately RMB1,170.6 million for the six months ended 30 June 2021.

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

	For the six months ended 30 June			
	2022		2021	
	RMB'000	%	RMB'000	%
Commercial Operational Services				
Market research and positioning, business tenant sourcing and opening preparation services	94,883	7.5	136,129	11.6
Commercial operation and management services	854,353	67.5	703,964	60.1
Commercial property lease income	75,302	5.9	102,160	8.8
	1,024,538	80.9	942,253	80.5
Residential Property Management Services				
Pre-sale management services	14,597	1.1	17,724	1.5
Property management services	191,017	15.1	163,384	14.0
Other value-added services	36,231	2.9	47,200	4.0
	241,845	19.1	228,308	19.5
Total	1,266,383	100.0	1,170,561	100.0

Management Discussion and Analysis

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

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

For the six months ended 30 June 2022, the Group's revenue from market research and positioning, business tenant sourcing and opening preparation services amounted to approximately RMB94.9 million, representing a period-on-period decrease of approximately 30.3% and accounting for approximately 7.5% of the Group's total revenue.

The decrease in the revenue from market research and positioning, business tenant sourcing and opening preparation services was primarily due to the fact that the Group provided market research and positioning, business tenant sourcing and opening preparation services with respect to less retail commercial properties compared to the corresponding period in 2021.

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 2022, the Group's revenue from commercial operation and management services amounted to approximately RMB854.4 million, representing a period-on-period increase of approximately 21.4% and accounting for approximately 67.5% of the Group's total revenue.

The increase in the revenue from commercial operation and management services was primarily driven by the increase in the aggregate GFA in operation and the improvement in occupancy rate. For the six months ended 30 June 2022, the GFA in operation of the Group's commercial properties was approximately 10.2 million sq.m., representing a period-on-period increase of approximately 15.9%.

Commercial property lease income

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

For the six months ended 30 June 2022, the Group's revenue derived from commercial property lease services amounted to approximately RMB75.3 million, representing a period-on-period decrease of approximately 26.3% and accounting for approximately 5.9% of the Group's total revenue.

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

Residential Property Management Services

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

For the six months ended 30 June 2022, the Group's revenue from residential property management services amounted to approximately RMB241.8 million, representing a period-on-period increase of approximately 5.9% and accounting for approximately 19.1% of the Group's total revenue.

The increase in the revenue from residential property management services was primarily attributable to: (i) the increase in the residential properties GFA delivered to approximately 18.3 million sq.m. for the six months ended 30 June 2022, representing a period-on-period increase of approximately 11.6%; and (ii) the improvement of service quality and the increase in the number of projects under management services.

Management Discussion and Analysis

Revenue indicated by type of customers is as follows:

	For the six months ended 30 June			
	2022		2021	
	RMB'000	%	RMB'000	%
Commercial Operational Services				
Fellow subsidiaries ⁽ⁱ⁾	174,691	13.8	124,059	10.6
Other related parties ⁽ⁱⁱ⁾	16,534	1.3	49,678	4.2
External customers ⁽ⁱⁱⁱ⁾	833,313	65.8	768,516	65.7
	1,024,538	80.9	942,253	80.5
Residential Property Management Services				
Fellow subsidiaries ⁽ⁱ⁾	40,368	3.2	58,688	5.0
Other related parties ⁽ⁱⁱ⁾	9,072	0.7	645	0.1
External customers ⁽ⁱⁱⁱ⁾	192,405	15.2	168,975	14.4
	241,845	19.1	228,308	19.5
Total	1,266,383	100.0	1,170,561	100.0

Notes:

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

Revenue derived from external customers represents the largest source of the Group's revenue. For the six months ended 30 June 2022, revenue derived from external customers was approximately RMB1,025.7 million, representing an increase of approximately RMB88.2 million from approximately RMB937.5 million for the six months ended 30 June 2021, and accounting for approximately 81.0% 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			
	2022		2021	
	RMB'000	%	RMB'000	%
Commercial Operational Services				
Yangtze River Delta	727,095	57.4	661,506	56.5
Pearl River Delta	19,885	1.6	9,277	0.8
Others	277,558	21.9	271,470	23.2
	1,024,538	80.9	942,253	80.5
Residential Property Management Services				
Yangtze River Delta	138,764	11.0	138,370	11.8
Pearl River Delta	2,998	0.2	6,355	0.5
Others	100,083	7.9	83,583	7.2
	241,845	19.1	228,308	19.5
Total	1,266,383	100.0	1,170,561	100.0

For the six months ended 30 June 2022, the Group's commercial operational properties and residential management properties were primarily located in the Yangtze River Delta and the revenue generated from this region had further increased.

Cost of services

The cost of services primarily include: (i) staff 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 2022, the Group's cost of services was approximately RMB835.9 million, representing a period-on-period increase of approximately 6.2%. Such increase in cost of services was in line with the Group's business expansion.

Gross profit and gross profit margin

The gross profit of the Group for the six months ended 30 June 2022 amounted to approximately RMB430.4 million, representing a period-on-period increase of approximately 12.3%. For the six months ended 30 June 2021, the gross profit margin was 34.0%, representing an increase of 1.2 percentage points as compared to 32.8% for the six months ended 30 June 2021.

The gross profit of commercial operational services for the six months ended 30 June 2022 amounted to approximately RMB368.0 million, representing a period-on-period increase of approximately 12.5%. The gross profit margin of the Group's commercial operational services for the six months ended 30 June 2022 was 35.9%, representing an increase of 1.2 percentage points as compared to 34.7% for the six months ended 30 June 2021, primarily due to the business growth and excellent cost control of the Group.

The gross profit of residential property management services for the six months ended 30 June 2022 amounted to approximately RMB62.4 million, representing a period-on-period increase of approximately 10.9%. The gross profit margin of the Group's residential property management services for the six months ended 30 June 2022 was 25.8%, representing an increase of 1.1 percentage points as compared to 24.7% for the six months ended 30 June 2021, primarily due to the continued expansion of the contracted GFA of residential properties, the increase in the number of contracts with residents and the optimization of revenue structure.

Management Discussion and Analysis

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

	For the six months ended 30 June			
	2022		2021	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	%	RMB'000	%
Commercial operational services	367,983	35.9	327,029	34.7
Residential property management services	62,451	25.8	56,335	24.7
Total	430,434	34.0	383,364	32.8

For the six months ended 30 June 2022, the Group further fostered the project-regionalized integrated management. Meanwhile through technological upgrade and empowerment as well as enhancement in operation quality and standards, the Group laid a sound foundation for increasing the gross profit of its business in future years.

Other income and other gains/(losses)

Other income and other gains/(losses) mainly represented the various government grants and subsidies income from local governments and the forfeited deposits from tenants due to their premature termination of contracts. For the six months ended 30 June 2022, the Group's other income and other gains/(losses) amounted to approximately RMB29.6 million, representing a period-on-period increase of approximately 204.8%, which was mainly attributable to the increase in government grants received during the Reporting Period.

Impairment losses on financial assets – net

The Group's net impairment losses on financial assets mainly included the allowance for impairment made in respect of operating leases and trade receivables and other receivables. For the six months ended 30 June 2022, the Group's net impairment losses on financial assets amounted to approximately RMB14.1 million, representing a period-on-period increase of approximately 4.0%. This was mainly attributable to the adverse effect of COVID-19 pandemic on some tenants' business operations.

Finance (costs)/income – net

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

For the six months ended 30 June 2022, the Group's net finance cost amounted to approximately RMB8.7 million, as compared to the net finance income of approximately RMB0.2 million for the corresponding period in 2021. This was mainly because of the decrease in interest income from bank deposits.

Income tax expense

The Group's income tax expense mainly comprises PRC corporate income tax. For the six months ended 30 June 2022, the effective income tax rate was 27.6%, representing an increase of 0.8 percentage point as compared to 26.8% for the six months ended 30 June 2021, primarily because the fees incurred by share incentives were non-deductible for tax.

Profit for the period

For the six months ended 30 June 2022, the Group's profit attributable to the owners of the Company was approximately RMB240.3 million, representing an increase of approximately 18.2% as compared with approximately RMB203.3 million for the six months ended 30 June 2021.

Management Discussion and Analysis

Operating lease and trade receivables

The Group's operating lease and trade receivables primarily arose from commercial property lease income 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 2022, the Group's operating lease and trade receivables were approximately RMB294.0 million, representing an increase of approximately 82.6% as compared with approximately RMB161.0 million as of 31 December 2021, primarily attributable to the business growth of the Group.

Trade and other payables

The Group's trade and other payables primarily represent amounts due to suppliers/subcontractors for the purchase of services and goods and amounts due to related parties, cash received on behalf of tenants or residents, deposits received from tenants or residents and others. As at 30 June 2022, the Group's trade and other payables amounted to approximately RMB1,243.9 million, representing an increase of approximately 2.9% as compared with approximately RMB1,209.0 million as of 31 December 2021. This was primarily attributable to the expansion of the Group's business scale.

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 2022, contract liabilities amounted to approximately RMB255.0 million, representing a decrease of approximately 44.3% as compared with approximately RMB458.1 million as of 31 December 2021, which was mainly due to the adverse effect of the COVID-19 pandemic on some tenants' business operations and decline in collection rate.

Pledge of assets

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

Contingent liabilities

As at 30 June 2022 and 31 December 2021, the Group did not have any material contingent liabilities.

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 2022, gearing ratio was 0.50 (31 December 2021: 0.51).

Foreign exchange risk

The Group's businesses are principally conducted in RMB and exposure to foreign currency risk is minimal.

As at 30 June 2022, the Group had not entered into any forward exchange contract to hedge its exposure to foreign exchange risk. As at 30 June 2022, major non-RMB assets and liabilities of the Group were cash and bank balances denominated in United States dollars ("US\$") and Hong Kong dollars ("HK\$"). Fluctuation of the exchange rate of RMB against US\$ and HK\$ could affect the Group's results of operations. The Group closely monitors the fluctuations in exchange rate and will consider hedging its exposure to foreign exchange risk as and when appropriate.

Liquidity and capital resources

The Company has maintained stable financial condition and sufficient liquidity. As at 30 June 2022, the Group's cash and bank balances amounted to approximately RMB3,625.4 million, representing a decrease of approximately 9.2% as compared with approximately RMB3,991.6 million as of 31 December 2021. This was primarily attributable to the adverse effect of the COVID-19 pandemic.

Borrowings

As at 30 June 2022, the Group did not have any interest-bearing borrowing (31 December 2021: Nil).

Management Discussion and Analysis

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 2022, the Group had 6,275 (31 December 2021: 6,886) employees. 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 2022, the Group did not experience any significant labour disputes or any difficulty in recruiting employees.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Company had not authorised any plan for other material investments or acquisition of capital assets as at 30 June 2022.

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

The Company had no significant investments or significant acquisitions, and had no disposal of subsidiaries, associates and joint ventures during the six months ended 30 June 2022.

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 2022, the interests and short positions of our Directors or chief executives of our Company in the shares, underlying shares and debentures of our Company or its associated corporation (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as contained in Appendix 10 to the Rules Governing the Listing of Securities (the "Listing Rules") were as follows:

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

Name of Director	Number of ordinary shares				Total	Approximate percentage of holding ⁽¹⁾
	Personal interests	Beneficiary of a trust	Interest of a controlled corporation	Other interests		
Mr. Hoi Wa Fong	–	–	45,000,000 ⁽²⁾	1,500,000 ⁽³⁾	46,500,000	7.23%
Mr. Chen Deli	11,250,000 ⁽⁴⁾	11,250,000 ⁽⁴⁾	100,000 ⁽⁵⁾	–	22,600,000	3.52%

Notes:

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

Other Information

(ii) Long position in shares of associated corporations

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

Notes:

- (1) The calculation of the percentages is based on the total number of issued shares of Powerlong Holdings (i.e. 4,140,403,000 shares) as at 30 June 2022.
- (2) These shares are held by Ms. Shih Sze Ni Cecilia, the spouse of Mr. Hoi Wa Fong.
- (3) These shares are held by Sky Infinity Holdings Limited, which is wholly-owned by Sky Infinity Family Limited, which is in turn 50% owned by Seletar Limited and 50% owned by Serangoon Limited, respectively. Seletar Limited and Serangoon Limited are nominees in trust for Credit Suisse Trust Limited, the trustee of The Sky Infinity Trust. Mr. Hoi Wa Fong is the settlor of The Sky Infinity Trust.
- (4) These shares are held by Walong Holdings Limited and Mantong (HK) Trading Co., Ltd, which are wholly and beneficially owned by Ms. Hoi Wa Fan.

(iii) Interest in debentures of associated corporations

7.125% senior notes due 2022 with principal amount of US\$300,000,000 issued by Powerlong Holdings:

Name of Director	Name of associated corporation	Capacity in which debentures are held	Amount of debentures held
Mr. Hoi Wa Fong	Powerlong Holdings	Settlor of discretionary trust	US\$1,800,000 ⁽¹⁾

Note:

- (1) Debentures in the amount of US\$1,800,000 are held by Sky Infinity Holdings Limited, which is wholly-owned by Sky Infinity Family Limited, which is in turn 50% owned by Seletar Limited and 50% owned by Serangoon Limited, respectively. Seletar Limited and Serangoon Limited are nominees in trust for Credit Suisse Trust Limited, the trustee of The Sky Infinity Trust. Mr. Hoi Wa Fong is the settlor of The Sky Infinity Trust.

Save as disclosed above, as at 30 June 2022, 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 2022, 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 ⁽¹⁾
Mr. Hoi Kin Hong ⁽²⁾	Interest in a controlled corporation	405,000,000	63.00%
Powerlong Real Estate (BVI) Holdings Limited ("Powerlong BVI Holding") ⁽²⁾	Beneficial owner	405,000,000	63.00%
Powerlong Holdings ⁽²⁾	Interest in a controlled corporation	405,000,000	63.00%
Skylong Holdings Limited ⁽²⁾	Interest in a controlled corporation	405,000,000	63.00%
Ms. Wong Lai Chan ⁽³⁾	Interest of spouse	405,000,000	63.00%
Huihong Management ⁽⁴⁾	Trustee	45,000,000	7.00%
Ms. Shih Sze Ni Cecilia ⁽⁵⁾	Interest of spouse	46,500,000	7.23%

Notes:

- The calculation of the percentages is based on the total number of 642,900,000 Shares in issue as at 30 June 2022.
- Powerlong BVI Holding is wholly-owned by Powerlong Holdings, which is in turn owned as to approximately 43.61% by Skylong Holdings Limited, a company wholly-owned by Mr. Hoi Kin Hong. By virtue of the SFO, each of Powerlong Holdings, Skylong Holdings Limited and Mr. Hoi Kin Hong is deemed to be interested in the same number of shares in which Powerlong BVI Holding is interested in. Mr. Hoi Kin Hong and Ms. Wong Lai Chan also hold approximately 0.69% and 0.07% of direct interest in Powerlong Holdings, respectively. Mr. Hoi Wa Fong is the son of Mr. Hoi Kin Hong and Ms. Wong Lai Chan.
- Ms. Wong Lai Chan is the spouse of Mr. Hoi Kin Hong. By virtue of the SFO, Ms. Wong Lai Chan is deemed to be interested in the shares held by Mr. Hoi Kin Hong.
- Huihong Management, the trustee of the Huihong Trust, is wholly-owned by Mr. Hoi Wa Fong for the purpose of the Huihong Shares Award Scheme which was adopted on 31 December 2020. Further details are set out in the announcement of the Company dated 31 December 2020. By virtue of the SFO, Mr. Hoi Wa Fong is deemed to be interested in the shares held by Huihong Management.
- Ms. Shih Sze Ni Cecilia is the spouse of Mr. Hoi Wa Fong. By virtue of the SFO, Ms. Shih Sze Ni Cecilia is deemed to be interested in the shares held by Mr. Hoi Wa Fong.

Other Information

INTERIM DIVIDEND

At the Board meeting held on 30 August 2022, the Board recommended the payment of an interim dividend of HK\$0.15 per ordinary share for the six months ended 30 June 2022. Total amount of interim dividend would be HK\$94.7 million, which is calculated according to the number of ordinary shares in issue as at 30 June 2022, excluding shares held for Shares Award Scheme. The interim dividend will be paid on or around Tuesday, 20 December 2022 to the shareholders whose names appear on the register of members of the Company on Friday, 2 December 2022.

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 2022, the register of members of the Company will be closed from Tuesday, 29 November 2022 to Friday, 2 December 2022, both days inclusive, during which period no transfer of shares of the Company will be registered.

For the purpose of determining the entitlement to the proposed interim dividend for the six months ended 30 June 2022, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Monday, 28 November 2022.

SHARES AWARD SCHEME

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

Purposes and Objectives

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

Eligible Participants

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

Administration

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

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

Other Information

Duration

Subject to any early termination as may be determined by the Board pursuant to the Scheme Rules, the Shares Award Scheme shall be valid and effective for a term of 10 years commencing on 10 September 2020.

Maximum Limit

The Board shall not make any further grant of award of Shares under the Shares Award Scheme such that the total number of Shares granted under the Shares Award Scheme will exceed 5% of the total number of issued Shares as of 10 September 2020.

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

There is no maximum entitlement to each awardee.

Operation

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

Shares Award to Directors and/or Connected Persons

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

Movement of Share Awards

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

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

As at 30 June 2022, shares issued and outstanding under the Shares Award Scheme totaled 11,250,000 shares. For the six months ended 30 June 2022, no awarded shares had been awarded, vested, cancelled or lapsed.

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 set out in the CG Code contained in Part 2 of Appendix 14 of the Listing Rules throughout the six months ended 30 June 2022.

Other Information

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

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

Neither the Company nor any member of the Group purchased, sold or redeemed any of the Company's shares during the six months ended 30 June 2022.

USE OF NET PROCEEDS

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

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

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

As at 30 June 2022, 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 2022 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 HK\$ million	Actual use of net proceeds during the six months ended 30 June 2022 HK\$ million	Actual use of net proceeds up to 30 June 2022 HK\$ million	Proceeds unused HK\$ million	Expected timeline
(i) Pursue strategic acquisition of and investment in other commercial operational service providers	794.3	–	27.9	766.4	1 January 2020 to 31 December 2023
(ii) Upgrade our information technology systems	397.1	5.7	44.1	353.0	1 January 2020 to 31 December 2023
(iii) Make equity investment in certain tenants and suppliers	158.8	–	73.4	85.4	1 January 2020 to 31 December 2023
(iv) Renovation of retail commercial properties developed or owned by independent third parties	79.5	5.4	18.7	60.8	1 January 2020 to 31 December 2023
(v) General business purpose and working capital	158.8	–	158.8	–	–
	1,588.5	11.1	322.9	1,265.6	

The remaining amount of unused proceeds is planned to be utilised by 31 December 2023 as originally intended. The Board will re-assess and revise the timeline of the said development where necessary.

As at 30 June 2022, the unused net proceeds from the initial public offering and exercise of over-allotment option were deposited into licensed banks in Hong Kong and mainland China.

Other Information

(ii) Use of Net Proceeds from Subscription

The following table sets forth the status of use of net proceeds from the Subscription as of 30 June 2022 together with the expected timeline of use:

Intended use of proceeds from the Subscription	Net proceeds HK\$ million	Actual use of proceeds during the six months ended 30 June 2022 HK\$ million	Actual use of proceeds up to 30 June 2022 HK\$ million	Proceeds unused HK\$ million	Expected timeline
(i) Personnel expansion: attract and recruit additional management personnel to the Group's projects and headquarters	82.0	–	82.0	–	–
(ii) Property leasing business: develop three leasing projects, namely Shaoxing Kejiao Powerlong Plaza (紹興柯橋寶龍廣場), Hangzhou Qingshan Lake Powerlong Plaza (杭州青山湖寶龍廣場) and Taizhou Duqiao Powerlong Plaza (台州杜橋寶龍廣場)	109.4	1.3	14.5	94.9	On or before 30 June 2023
(iii) IT infrastructure enhancement: create the "Precise Consumer Traffic System" which uses face recognition technology instead of traditional sensors to achieve accurate data collection and perform precise analysis on consumer traffic statistics	82.0	–	–	82.0	On or before 30 June 2023
	273.4	1.3	96.5	176.9	

As at 30 June 2022, the unused net proceeds from the Subscription were deposited into licensed banks in Hong Kong and mainland China.

Other Information

CHANGES IN DIRECTORS' INFORMATION

Changes in the Directors' biographical information since the date of annual report 2021 of the Company and as at the date of approval of this report are set out below:

- On 30 June 2022, Ms. Ng Yi Kum, Estella retired as an independent non-executive director of CT Vision S.L. (International) Holdings Limited (formerly known as "CT Vision (International) Holdings Limited" and "Win Win Way Construction Holdings Ltd."), a company whose shares are listed on the Main Board of the Stock Exchange (stock code: 994) and is principally engaged in building construction business.
- In July 2022, Mr. Chan Wai Yan, Ronald ceased to be a member of the Listing Committee of the Main Board and GEM of the Stock Exchange, upon completion of his term of office with the Stock Exchange.

Save as disclosed above, there is no change of information of each Director that is required to be disclosed under Rules 13.51(2) and 13.51B(1) of the Listing Rules since the publication of the annual report 2021 of the Company.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

The Company did not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules during the six months ended 30 June 2022.

AUDIT COMMITTEE

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

The audit committee of the Company (the "**Audit Committee**") consists of three independent non-executive Directors, namely Ms. Ng Yi Kum, Estella, Mr. Chan Wai Yan, Ronald and Dr. Lu Xiongwen. Ms. Ng Yi Kum, Estella is the chairlady of the Audit Committee. Among them, Ms. Ng Yi Kum, Estella has the appropriate professional qualifications (a certified public accountant accredited by the Hong Kong Institute of Certified Public Accountants).

The Audit Committee has reviewed the interim report for the six months ended 30 June 2022 in conjunction with the Company's management and external auditor. The Audit Committee has no disagreement with the accounting treatment adopted by the Company.

OTHER BOARD COMMITTEES

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

IMPORTANT EVENTS AFTER THE REPORTING DATE

The Group did not have any material events subsequent to the Reporting Period up to 30 August 2022.

On behalf of the Board

HOI Wa Fong

Chairman

Hong Kong, 30 August 2022

Interim Condensed Consolidated Statement of Comprehensive Income

	Note	Six months ended 30 June	
		2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Revenue	6	1,266,383	1,170,561
Cost of services	7	(835,949)	(787,197)
Gross profit		430,434	383,364
Selling and marketing expenses	7	(20,202)	(11,853)
Administrative expenses	7	(87,297)	(88,990)
Other income and other gains/(losses)	9	29,577	9,705
Impairment losses on financial assets-net		(14,140)	(13,602)
Operating profit		338,372	278,624
Finance costs	10	(23,214)	(22,164)
Finance income	10	14,455	22,337
Finance (costs)/income – net	10	(8,759)	173
Share of results of joint ventures		(1,053)	823
Share of results of associates		2,600	–
Profit before income tax		331,160	279,620
Income tax expenses	11	(91,351)	(74,827)
Profit and total comprehensive income for the period		239,809	204,793
Profit and total comprehensive income attributable to:			
– Shareholders of the Company		240,344	203,338
– Non-controlling interests		(535)	1,455
		239,809	204,793
Earnings per share for profit attributable to shareholders of the Company for the period (expressed in RMB cents per share)			
– Basic earnings per share	12	38.05	32.14
– Diluted earnings per share	12	37.94	31.90

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

Interim Condensed Consolidated Balance Sheet

		30 June 2022	31 December 2021
	Note	(Unaudited)	(Audited)
		RMB'000	RMB'000
Assets			
Non-current assets			
Property and equipment	13	15,098	16,153
Financial assets at fair value through profit or loss		10,558	10,558
Investment properties	14	783,974	632,496
Intangible assets		4,608	4,859
Goodwill	15	20,640	20,640
Deferred income tax assets		76,787	71,359
Investments in joint ventures		2,123	3,176
Investments in associates		53,342	50,742
		967,130	809,983
Current assets			
Operating lease and trade receivables	16	294,025	161,024
Prepayments and other receivables	17	304,327	101,402
Current income tax recoverables		1,009	8,396
Cash and bank balances	18	3,625,423	3,991,601
		4,224,784	4,262,423
Total assets		5,191,914	5,072,406
Equity			
Share capital and premium	19	1,127,007	1,288,561
Other reserves	20	124,905	97,281
Shares held for shares award scheme		(95)	(95)
Retained earnings		1,310,200	1,069,856
Capital and reserves attributable to shareholders of the Company		2,562,017	2,455,603
Non-controlling interests		14,598	15,133
Total equity		2,576,615	2,470,736

Interim Condensed Consolidated Balance Sheet

	Note	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
Liabilities			
Non-current liabilities			
Deferred income tax liabilities		1,823	2,199
Lease liabilities	22	900,730	713,990
		902,553	716,189
Current liabilities			
Trade and other payables	23	1,243,859	1,209,042
Advances from lessees		24,921	25,696
Current income tax liabilities		147,157	129,253
Lease liabilities	22	41,835	63,417
Contract liabilities	6(b)	254,974	458,073
		1,712,746	1,885,481
Total liabilities		2,615,299	2,601,670
Total equity and liabilities		5,191,914	5,072,406

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

The interim financial information on pages 27 to 56 were approved by the board of directors of the Company on 30 August 2022 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 19)	Share premium RMB'000 (Note 19)	Shares held for shares award scheme RMB'000	Other reserves RMB'000 (Note 20)	Retained earnings RMB'000	Subtotal RMB'000	Non- controlling interests RMB'000	
Six months ended 30 June 2022									
(Unaudited)									
Balance as at 1 January 2022		5,747	1,282,814	(95)	97,281	1,069,856	2,455,603	15,133	2,470,736
Comprehensive income									
Profit for the period		–	–	–	–	240,344	240,344	(535)	239,809
Total comprehensive income		–	–	–	–	240,344	240,344	(535)	239,809
Transactions with owners									
– Dividends	21	–	(161,554)	–	–	–	(161,554)	–	(161,554)
– Shares Award Scheme – value of employee service	20	–	–	–	27,624	–	27,624	–	27,624
Total transactions with owners		–	(161,554)	–	27,624	–	(133,930)	–	(133,930)
Balance at 30 June 2022 (Unaudited)		5,747	1,121,260	(95)	124,905	1,310,200	2,562,017	14,598	2,576,615
Six months ended 30 June 2021									
(Unaudited)									
Balance as at 1 January 2021		5,756	1,473,532	(95)	42,033	631,712	2,152,938	12,965	2,165,903
Comprehensive income									
Profit for the period		–	–	–	–	203,338	203,338	1,455	204,793
Total comprehensive income		–	–	–	–	203,338	203,338	1,455	204,793
Transactions with owners									
– Dividends		–	(93,726)	–	–	–	(93,726)	–	(93,726)
– Shares Award Scheme – value of employee service		–	–	–	27,624	–	27,624	–	27,624
Total transactions with owners		–	(93,726)	–	27,624	–	(66,102)	–	(66,102)
Balance at 30 June 2021 (Unaudited)		5,756	1,379,806	(95)	69,657	835,050	2,290,174	14,420	2,304,594

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

Interim Condensed Consolidated Statement of Cash Flows

	Six months ended 30 June	
	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Cash flows of operating activities		
Cash (used in)/generated from operations	(63,291)	511,954
PRC corporate income tax paid	(71,864)	(68,366)
Net cash (used in)/generated from operating activities	(135,155)	443,588
Cash flows of investing activities		
Purchases of property and equipment	(2,954)	(2,494)
Payments for acquisition of subsidiaries	–	(6,480)
Net proceeds from disposals of property and equipment	331	128
Interest received	14,454	3,197
Decrease in restricted bank deposits	1,100,000	–
Purchases of intangible assets	(36)	–
Deposit paid for the exclusive sales agency rights	(198,000)	–
Net cash generated from/(used in) investing activities	913,795	(5,649)
Cash flows of financing activities		
Repayments of cash advances to related parties	–	(3,410)
Payments of principal and interest elements of lease	(45,246)	(85,569)
Net cash used in financing activities	(45,246)	(88,979)
Net increase in cash and cash equivalents	733,394	348,960
Cash and cash equivalents at beginning of the period	1,976,944	3,449,101
Exchange gain/(losses) on cash and cash equivalents	103	(1,668)
Cash and cash equivalents at end of the period	2,710,441	3,796,393

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

Notes to the Interim Financial Information

1 GENERAL INFORMATION

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

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

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

The Company’s parent company is Powerlong Real Estate (BVI) Holdings Limited. The Company’s intermediate holding company is Powerlong Real Estate Holdings Limited (“**Powerlong Holdings**”) whose shares have been listed on the Main Board of the Stock Exchange since 14 October 2009. As at 30 June 2022, Mr. Hoi Kin Hong (“**Mr. Hoi**”) held approximate 44.37% of interests in the issued share capital of Powerlong Holdings.

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

The interim financial information is presented in thousand Renminbi (“**RMB’000**”), unless otherwise stated. The interim financial information has been approved for issue by the board of directors (the “**Board**”) of the Company on 30 August 2022.

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 2022 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 2021 and any public announcement made by the Company during the interim reporting period.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2022 are the same as those set out in the Group’s annual financial statements for the year ended 31 December 2021.

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

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract Annual
Improvements to HKFRSs 2018–2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

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

Notes to the Interim Financial Information

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

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

The following new standards and amendments and interpretation to standards have been published that are not mandatory for the year beginning on 1 January 2022 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
HKFRS 17	Insurance contract	1 January 2023
Amendments to HKAS 1	Classification of liabilities as current or non-current	1 January 2023
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint ventures	To be determined

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 2021.

There have been no changes in the risk management department or in any risk management policies since 31 December 2021.

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 2021.

Notes to the Interim Financial Information

5 SEGMENT INFORMATION

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

The Group has two business segments:

– **Commercial operational services**

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

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

– **Residential property management services**

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

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

Notes to the Interim Financial Information

5 SEGMENT INFORMATION (CONTINUED)

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

For the six months ended 30 June 2022 (Unaudited)

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

Notes to the Interim Financial Information

5 SEGMENT INFORMATION (CONTINUED)

(a) (Continued)

For the six months ended 30 June 2021 (Unaudited)

	Commercial operational services RMB'000	Residential property management services RMB'000	Group RMB'000
Gross segment revenue	942,253	228,308	1,170,561
Revenue from contracts with customers	840,093	228,308	1,068,401
– at a point in time	48,089	–	48,089
– over time	792,004	228,308	1,020,312
Revenue from other sources			
– rental income	102,160	–	102,160
Segment results	274,967	49,807	324,774
Other income and other gains/(losses)			9,705
Unallocated operating costs			(55,855)
Interest expense			(22,164)
Interest income			22,337
Share of result of joint ventures			823
Profit before income tax			279,620
Income tax expenses			(74,827)
Profit for the period			204,793
Depreciation and amortisation	55,239	572	55,811

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 2022 (Unaudited)

	Commercial operational services RMB'000	Residential property management services RMB'000	Elimination RMB'000	Group RMB'000
Segment assets	2,282,041	173,615	(38,314)	2,417,342
Other assets				2,774,572
Total assets				5,191,914
Segment liabilities	2,050,188	275,167	(38,314)	2,287,041
Other liabilities				328,258
Total liabilities				2,615,299
Capital expenditure (six months ended 30 June 2022) (Unaudited)	190,024	943	–	190,967

As at 31 December 2021 (Audited)

	Commercial operational services RMB'000	Residential property management services RMB'000	Elimination RMB'000	Group RMB'000
Segment assets	2,027,227	145,504	(25,419)	2,147,312
Other assets				2,925,094
Total assets				5,072,406
Segment liabilities	2,215,988	254,217	(25,419)	2,444,786
Other liabilities				156,884
Total liabilities				2,601,670
Capital expenditure (six months ended 30 June 2021) (Unaudited)	48,667	5,559	–	54,226

Notes to the Interim Financial Information

5 SEGMENT INFORMATION (CONTINUED)

Segment assets are reconciled to total assets as follows:

	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
Segment assets	2,417,342	2,147,312
Other assets		
Current income tax recoverables	1,009	8,396
Deferred income tax assets	76,787	71,359
Unallocated cash and cash equivalents and restricted cash	2,627,043	2,770,721
Unallocated property and equipment	2,805	3,542
Other corporate assets	56,370	60,518
Financial assets at fair value through profit and loss	10,558	10,558
Total assets	5,191,914	5,072,406

Segment liabilities are reconciled to total liabilities as follows:

	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
Segment liabilities	2,287,041	2,444,786
Other liabilities		
Current income tax liabilities	147,157	129,253
Deferred income tax liabilities	1,823	2,199
Dividends payable	162,054	–
Other corporate liabilities	17,224	25,432
Total liabilities	2,615,299	2,601,670

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

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

Segment liabilities consist of operating liabilities.

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

Notes to the Interim Financial Information

6 REVENUE

(a) Revenue of the Group for the six months ended 30 June 2022 is as follows:

	Six months ended 30 June	
	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Type of services		
<i>Rental income:</i>		
– Commercial property lease income	75,302	102,160
<i>Revenue from customer:</i>		
– Commercial operational services		
Market research and positioning, business tenant sourcing, opening preparation services	94,883	136,129
Commercial operation and management services	854,353	703,964
Commercial operation service during the operation stage	311,663	264,935
Commercial property management service	542,690	439,029
	949,236	840,093
– Residential property management services		
Pre-sale management services	14,597	17,724
Property management services	191,017	163,384
Other value-added services	36,231	47,200
	241,845	228,308
	1,266,383	1,170,561

- (i) For the six months ended 30 June 2022, revenue arising from the Remaining Powerlong Group contributed 17.0% of the Group's revenue (six months ended 30 June 2021: 15.6%). 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 2021: none).

Notes to the Interim Financial Information

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

	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
Contract liabilities	254,974	458,073

Contract liabilities of the Group mainly arose from the advanced payments made by the customers while the underlying services are yet to be provided. Such liabilities decreased as a result of the adverse effect of the COVID-19 epidemic on certain tenants' business operations.

(i) Revenue recognised in relation to contract liabilities

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

	Six months ended 30 June 2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Revenue recognised that was included in the contract liability balance at the beginning of the period		
– Commercial operational services	389,829	247,350
– Residential property management services	68,244	61,837
	458,073	309,187

(ii) Unsatisfied performance obligations

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

Notes to the Interim Financial Information

7 EXPENSES BY NATURE

	Six months ended 30 June	
	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Employee and other labour costs	644,252	597,032
Utilities	101,465	83,215
Short-term lease expenditure	86,863	75,577
Depreciation and amortisation	40,464	55,811
Promotion and advertising expenses	17,484	11,366
Office expenses	12,008	11,632
Travelling and entertainment expenses	9,238	15,883
Variable lease payments	8,748	8,435
Taxes and other levies	5,751	7,087
Professional fees	4,036	1,857
Auditors' remuneration – Audit services	800	1,000
Others	12,339	19,145
	943,448	888,040

8 STAFF COSTS

	Six months ended 30 June	
	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Wages and salaries	322,706	296,138
Social insurance expenses (Note (a))	62,172	48,249
Share-based payments (Note 20)	27,624	27,624
Housing benefits	21,434	17,447
Other employee benefits (Note (b))	4,775	5,040
	438,711	394,498

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

Notes to the Interim Financial Information

9 OTHER INCOME AND OTHER GAINS/(LOSSES)

	Six months ended 30 June	
	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Other income		
Penalty income	12,742	5,871
Government grants (Note (a))	9,286	5,209
Others	3,049	1,339
	25,077	12,419
Other gains/(losses)		
Foreign exchange gains/(losses)	4,500	(2,714)
	29,577	9,705

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

10 FINANCE (COSTS)/INCOME – NET

	Six months ended 30 June	
	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
<i>Interest expense in respect of:</i>		
Lease liabilities	(22,427)	(21,759)
Others	(787)	(405)
	(23,214)	(22,164)
<i>Interest income in respect of:</i>		
Bank deposits	14,455	22,337
Finance (costs)/income – net	(8,759)	173

Notes to the Interim Financial Information

11 INCOME TAX EXPENSES

	Six months ended 30 June	
	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Current income tax		
– PRC corporate income tax	97,155	80,597
Deferred income tax		
– PRC corporate income tax	(5,804)	(5,770)
	91,351	74,827

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 2022 (six months ended 30 June 2021: nil). The profit of the group entities in Hong Kong is mainly derived from dividend income, which is not subject to Hong Kong profits tax.

Notes to the Interim Financial Information

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

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the six months ended 30 June 2021 and 2022.

	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Earnings (RMB'000)		
Earnings for the purposes of basic and diluted earnings per share (profit attributable to owners of the Company)	240,344	203,338
Number of shares ('000)		
Weighted average number of ordinary shares for the purpose of basic earnings per share	631,650	632,750
Basic earnings per share (RMB cents per share)	38.05	32.14

(b) Diluted

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

	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Earnings (RMB'000)		
Earnings for the purposes of basic and diluted earnings per share (profit attributable to owners of the Company)	240,344	203,338
Number of shares ('000)		
Weighted average number of ordinary shares for the purpose of basic earnings per share	631,650	632,750
Effect of dilutive potential ordinary shares:		
Awarded shares	1,761	4,675
Weighted average number of ordinary shares for the purpose of diluted earnings per share	633,411	637,425
Diluted earnings per share (RMB cents per share)	37.94	31.90

Notes to the Interim Financial Information

13 PROPERTY AND EQUIPMENT

	Motor vehicles RMB'000	Furniture, fitting and equipment RMB'000	Total RMB'000
Six months ended 30 June 2022 (Unaudited)			
Opening net book amount	1,160	14,993	16,153
Additions	4	2,950	2,954
Disposals	(256)	(75)	(331)
Depreciation charge	(159)	(3,519)	(3,678)
Closing net book amount	749	14,349	15,098
As at 30 June 2022 (Unaudited)			
Cost	6,382	37,652	44,034
Accumulated depreciation	(5,633)	(23,303)	(28,936)
Net book amount	749	14,349	15,098
Six months ended 30 June 2021 (Unaudited)			
Opening net book amount	572	9,247	9,819
Additions	254	2,240	2,494
Disposals	(33)	(95)	(128)
Depreciation charge	(132)	(1,942)	(2,074)
Closing net book amount	661	9,450	10,111
As at 30 June 2021 (Unaudited)			
Cost	6,983	26,608	33,591
Accumulated depreciation	(6,322)	(17,158)	(23,480)
Net book amount	661	9,450	10,111

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

	Six months ended 30 June	
	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Depreciation expense	3,678	2,074

Notes to the Interim Financial Information

14 INVESTMENT PROPERTIES

	Leased commercial properties – right of use assets RMB'000
Six months ended 30 June 2022 (Unaudited)	
Opening net book amount	632,496
Additions	187,977
Depreciation charge	(36,499)
Closing net book amount	783,974
As at 30 June 2022 (Unaudited)	
Cost	1,123,880
Accumulated depreciation	(339,906)
Net book amount	783,974
Six months ended 30 June 2021 (Unaudited)	
Opening net book amount	688,205
Depreciation charge	(53,457)
Closing net book amount	634,748
As at 30 June 2021 (Unaudited)	
Cost	1,140,190
Accumulated depreciation	(505,442)
Net book amount	634,748

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

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Cost of services	36,499	53,457

Notes to the Interim Financial Information

15 GOODWILL

No impairment provision on goodwill was recognised as at 30 June 2022.

16 OPERATING LEASE AND TRADE RECEIVABLES

	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
Operating lease receivables (Note (a))		
– Third parties	27,655	26,908
Trade receivables (Note (a))		
– Related parties (Note 24(d))	64,028	30,647
– Third parties	259,340	146,520
	323,368	177,167
Operating lease and trade receivables	351,023	204,075
Less: allowance for impairment	(56,998)	(43,051)
	294,025	161,024

- (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 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
0-30 days	90,799	53,373
31-180 days	85,035	34,337
181-365 days	81,155	25,826
1-2 years	55,595	54,618
2-3 years	11,482	10,355
Over 3 years	26,957	25,566
	351,023	204,075

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 30 June 2022, a provision of RMB56,998,000 was made against the gross amounts of operating lease and trade receivables (31 December 2021: RMB43,051,000).

As at 30 June 2022 and 31 December 2021, the operating lease and trade receivables were denominated in RMB, and their fair values approximated their carrying amounts.

Notes to the Interim Financial Information

17 PREPAYMENTS AND OTHER RECEIVABLES

	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
Other receivables		
– Related parties (Note 24(d))	206,855	–
– Payments on behalf of tenants or residents (Note (a))	39,867	45,676
– Others	12,794	15,644
	259,516	61,320
Less: allowance for impairment	(7,324)	(7,131)
	252,192	54,189
Prepayments		
– Third parties (Note (b))	43,252	47,164
– Related parties (Note 24(d))	8,883	49
	52,135	47,213
	304,327	101,402

(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

18 CASH AND BANK BALANCES

	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
Cash at bank and in hand (Note (a))	3,625,423	3,991,601
Restricted cash – other bank deposits with initial term of over three months and within one year (Note (b))	(900,000)	(900,000)
Restricted cash – bank deposits	–	(1,100,000)
Restricted cash – others	(14,982)	(14,657)
	2,710,441	1,976,944

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

	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
RMB	3,622,067	3,516,549
HK\$	3,289	3,187
Other currencies	67	471,865
	3,625,423	3,991,601

- (b) The Group's other bank deposits represent bank deposits with initial term of over three months and within one year, which were denominated in RMB with expected rate of return of 1.65% (2021: 1.65%) per annum for the six months ended 30 June 2022. The carrying amounts of other bank deposits approximate their fair values, as the impact of discounting is not significant.

The conversion of RMB denominated balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulations of foreign exchange control promulgated by the PRC government.

Notes to the Interim Financial Information

19 SHARE CAPITAL AND PREMIUM

	Number of ordinary shares	Share capital		Share premium RMB'000	Total RMB'000
		HK\$'000	RMB'000		
Authorised					
As at 1 January 2022 and 30 June 2022	2,000,000,000	20,000	17,905	–	17,905
Issued					
As at 1 January 2022	642,900,000	6,429	5,747	1,282,814	1,288,561
Dividends (Note 21)	–	–	–	(161,554)	(161,554)
As at 30 June 2022 (Unaudited)	642,900,000	6,429	5,747	1,121,260	1,127,007
Authorised					
As at 1 January 2021 and 30 June 2021	2,000,000,000	20,000	17,905	–	17,905
Issued					
As at 1 January 2021	644,000,000	6,440	5,756	1,473,532	1,479,288
Dividends	–	–	–	(93,726)	(93,726)
As at 30 June 2021 (Unaudited)	644,000,000	6,440	5,756	1,379,806	1,385,562

Notes to the Interim Financial Information

20 OTHER RESERVES

	Statutory reserves RMB'000	Shares Award Scheme – value of employee service RMB'000	Total reserves RMB'000
Balance at 1 January 2022	23,617	73,664	97,281
Shares Award Scheme – value of employee service (Note (a))	–	27,624	27,624
Balance at 30 June 2022 (Unaudited)	23,617	101,288	124,905
Balance at 1 January 2021	23,617	18,416	42,033
Shares Award Scheme – value of employee service (Note (a))	–	27,624	27,624
Balance at 30 June 2021 (Unaudited)	23,617	46,040	69,657

(a) Shares Award Scheme

On 24 November 2020, as the grant date, the Company has resolved to award an aggregate of 11,250,000 awarded shares (“**Awarded Shares**”) to Mr. Chen Deli, an executive director and the chief executive officer of the Company.

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

The Awarded Shares have an aggregate nominal value of HK\$112,500 and a fair value of HK\$226,688,000 based on the price of HK\$20.15 on the grant date (equivalent to approximately RMB192,446,000). For the six months ended 30 June 2022, an expense of RMB27,624,000 (30 June 2021: RMB27,624,000) was recognised in relation to the Shares Award Scheme.

21 DIVIDEND

On 17 June 2022, the payment of a final dividend for the year ended 31 December 2021 amounting to HK\$189,495,000 (equivalent to approximately RMB161,554,000) (2021: HK\$113,895,000, equivalent to approximately RMB93,726,000) was approved in the annual general meeting of the Company. Such dividend will be paid on 13 October 2022.

On 30 August 2022, the Board recommended the payment of an interim dividend of HK\$0.15 (equivalent to approximately RMB0.13 based on the exchange rate of 30 June 2022) per ordinary share. Total amount of interim dividend would be HK\$94,747,500 (equivalent to approximately RMB81,027,000) which is calculated according to the ordinary shares in issue as at 30 June 2022 excluding shares held for shares award scheme. These interim condensed consolidated financial information has not reflected this dividend payable.

Notes to the Interim Financial Information

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

	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
Leased in properties for sub-lease to tenants – Leased commercial properties (Note 14)	783,974	632,496
Lease liabilities		
Current	41,835	63,417
Non-current	900,730	713,990
	942,565	777,407

(b) Amounts recognised in profit and loss

	Six months ended 30 June 2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Depreciation charge Commercial properties (Note 14)	36,499	53,457
Interest expense (included in finance (cost)/income – net)	22,427	21,759
Variable lease payments (included in cost of services)	8,748	8,435
Short-term lease expenditure for car parks and common areas and advertising space	86,863	75,577
Cash outflows for lease payments (including principal elements and relevant interest expense)	45,246	85,569

Notes to the Interim Financial Information

23 TRADE AND OTHER PAYABLES

	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
Trade payables		
– Related parties (Note 24(d))	–	994
– Third parties	161,294	125,244
	161,294	126,238
Other payables		
– Related parties (Note 24(d))	56,720	161,159
– Receipts on behalf of tenants or residents (Note (a))	248,565	230,023
– Payables for promotion fees	50,233	61,748
– Deposits received (Note (b))	490,939	476,623
– Payables for business combination	4,058	3,271
– Others	2,897	16,565
	853,412	949,389
Accrued payroll	47,236	122,254
Other taxes payables	19,863	11,161
Dividend payables	162,054	–
	1,243,859	1,209,042

- (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 2022 and 31 December 2021, 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 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
Within 1 year	155,870	124,530
1 to 2 years	3,985	975
2 to 3 years	1,439	733
	161,294	126,238

Notes to the Interim Financial Information

23 TRADE AND OTHER PAYABLES (CONTINUED)

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

	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
RMB	1,014,706	1,075,627
HK\$	162,054	–
	1,176,760	1,075,627

24 RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

	Six months ended 30 June 2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Revenue arising from provision of services (Note (ii))		
– Entities controlled by Mr. Hoi	215,059	182,746
– Entities jointly controlled by Mr. Hoi	25,606	50,323
	240,665	233,069
Office leasing expenditure paid/payable		
– Entities controlled by Mr. Hoi	919	933
Short-term lease expenditure for car parks, common areas and advertising space		
– Entities controlled by Mr. Hoi	84,312	75,577
– Entities jointly controlled by Mr. Hoi	568	–
	84,880	75,577
Purchase of low-value consuming goods		
– Entities controlled by Mr. Hoi	40	114
Purchase of information technology services		
– Entities jointly controlled by Mr. Hoi	4,762	–

Notes to the Interim Financial Information

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

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

(b) Free trademark license agreement

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

(c) Key management compensation

Compensations for key management is set out below.

	Six months ended 30 June	
	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Salaries and other short-term employee benefits	2,618	2,892

(d) Balances with related parties

	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
Trade receivables		
– Entities controlled by Mr. Hoi	62,159	25,289
– Entities jointly controlled by Mr. Hoi	1,869	5,358
	64,028	30,647
Prepayments		
– Entities controlled by Mr. Hoi	–	49
– Entities jointly controlled by Mr. Hoi	8,883	–
	8,883	49
Other receivables		
– Entities controlled by Mr. Hoi	206,855	–
Trade payables		
– Entities controlled by Mr. Hoi	–	919
– Entities jointly controlled by Mr. Hoi	–	75
	–	994

Notes to the Interim Financial Information

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

	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
Other payables (Note (i))		
– Entities controlled by Mr. Hoi	55,700	160,314
– Entities jointly controlled by Mr. Hoi	1,020	845
	56,720	161,159
Contract liabilities		
– Entities controlled by Mr. Hoi	125,211	135,120
– Entities jointly controlled by Mr. Hoi	11,501	28,660
	136,712	163,780

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

25 CONTINGENCIES

As at 30 June 2022 and 31 December 2021, the Group did not have any significant contingent liabilities.

26 COMMITMENTS

As at 30 June 2022, the Group's future aggregate minimum lease payments under non-cancellable short-term leases arrangements were RMB88,623,000 which is due within one year (31 December 2021: RMB177,160,000).