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Powerlong Commercial Management Holdings Limited

寶龍商業管理控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 9909)

**(1) 2022 ANNUAL RESULTS ANNOUNCEMENT;
(2) ADOPTION OF THE AMENDED AND
RESTATED MEMORANDUM AND ARTICLES OF ASSOCIATION;
(3) RE-DESIGNATION OF DIRECTOR AND
CHANGE OF CHIEF FINANCIAL OFFICER; AND
(4) CHANGE OF JOINT COMPANY SECRETARY**

SUMMARY OF RESULTS

- Revenue of the Group for the year ended 31 December 2022 amounted to approximately RMB2,549.3 million, representing an increase of approximately 3.5% as compared with approximately RMB2,464.0 million for the year ended 31 December 2021.
- Gross profit of the Group for the year ended 31 December 2022 amounted to approximately RMB834.4 million, representing an increase of approximately 1.5% as compared with approximately RMB821.8 million for the year ended 31 December 2021.
- The Group's profit attributable to shareholders of the Company ("**Shareholders**") for the year ended 31 December 2022 amounted to approximately RMB443.1 million, representing an increase of approximately 1.1% as compared with approximately RMB438.1 million for the year ended 31 December 2021.
- The Group's core profit attributable to Shareholders^{Note 1} for the year ended 31 December 2022 amounted to approximately RMB517.1 million, representing an increase of approximately 4.8% as compared with approximately RMB493.3 million for the year ended 31 December 2021.
- As at 31 December 2022, the contracted gross floor area ("**GFA**")^{Note 2} of the Group's commercial operational services amounted to approximately 15.2 million square meters ("**sq.m.**"); and the GFA in operation of the Group's commercial operational services amounted to approximately 10.6 million sq.m..
- The Board recommends the payment of a final dividend of HK\$0.15 per ordinary share for the year ended 31 December 2022. Together with the interim dividend of HK\$0.15 per ordinary share for the six months ended 30 June 2022, the total dividend for the year ended 31 December 2022 amounted to HK\$0.3 per ordinary share.

Note 1: Disregarding the deduction of management fee of approximately RMB74.0 million arising from share incentives.

Note 2: Unless otherwise stated, all "GFA" of commercial properties referred to in this announcement include car parks.

ANNUAL RESULTS

The board of directors (the “**Board**”) of Powerlong Commercial Management Holdings Limited (the “**Company**” or “**Powerlong CM**”) is pleased to announce the annual consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2022, together with comparative figures for the year ended 31 December 2021, as follows.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<i>Note</i>	Year ended 31 December	
		2022	2021
		<i>RMB'000</i>	<i>RMB'000</i>
Revenue	4	2,549,258	2,463,996
Cost of services		(1,714,836)	(1,642,166)
Gross profit		834,422	821,830
Selling and marketing expenses		(54,561)	(43,741)
Administrative expenses		(214,187)	(205,973)
Other income and other gains	5	79,014	35,803
Impairment losses on financial assets – net		(27,956)	(22,729)
Fair value gains on financial asset – net		580	245
Operating profit		617,312	585,435
Finance (costs)/income – net		(4,341)	21,805
Share of results of joint ventures		(2,352)	665
Share of results of associates		2,778	742
Profit before income tax		613,397	608,647
Income tax expenses	6	(174,284)	(169,935)
Profit and total comprehensive income for the year		439,113	438,712
Profit and total comprehensive income attributable to:			
– Shareholders of the Company		443,075	438,144
– Non-controlling interests		(3,962)	568
		439,113	438,712
Earnings per share for profit attributable to shareholders of the Company for the year (expressed in RMB cents per share)			
– Basic earnings per share	7	70.15	69.28
– Diluted earnings per share	7	69.79	68.73

CONSOLIDATED BALANCE SHEET

		As at 31 December	
		2022	2021
	Note	RMB'000	RMB'000
ASSETS			
Non-current assets			
Property and equipment		12,982	16,153
Financial assets at fair value through profit and loss		11,138	10,558
Investment properties		751,872	632,496
Deferred income tax assets		70,065	71,359
Goodwill		20,640	20,640
Intangible assets		8,561	4,859
Interests in joint ventures		824	3,176
Interests in associates		53,520	50,742
		<u>929,602</u>	<u>809,983</u>
Current assets			
Operating lease and trade receivables	9	232,463	161,024
Prepayments and other receivables		597,763	101,402
Current income tax recoverables		759	8,396
Cash and bank balances		3,452,680	3,991,601
		<u>4,283,665</u>	<u>4,262,423</u>
Total assets		<u>5,213,267</u>	<u>5,072,406</u>

CONSOLIDATED BALANCE SHEET (continued)

		As at 31 December	
		2022	2021
	<i>Note</i>	RMB'000	RMB'000
EQUITY			
Share capital and share premium	<i>10</i>	1,043,940	1,288,561
Other reserves		171,326	97,281
Shares held for shares award scheme		(95)	(95)
Retained earnings		1,512,931	1,069,856
		<hr/>	<hr/>
Capital and reserves attributable to shareholders of the Company		2,728,102	2,455,603
		<hr/>	<hr/>
Non-controlling interests		8,027	15,133
		<hr/>	<hr/>
Total equity		2,736,129	2,470,736
		<hr/>	<hr/>
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		1,592	2,199
Lease liabilities		901,274	713,990
		<hr/>	<hr/>
		902,866	716,189
		<hr/>	<hr/>
Current liabilities			
Trade and other payables	<i>11</i>	1,094,089	1,209,042
Advances from lessees		44,091	25,696
Current income tax liabilities		152,400	129,253
Lease liabilities		54,370	63,417
Contract liabilities		229,322	458,073
		<hr/>	<hr/>
		1,574,272	1,885,481
		<hr/>	<hr/>
Total liabilities		2,477,138	2,601,670
		<hr/>	<hr/>
Total equity and liabilities		5,213,267	5,072,406
		<hr/>	<hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

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

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

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

The Company’s parent company is Powerlong Real Estate (BVI) Holdings Limited (“**Powerlong BVI Holdings**”). 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 31 December 2022, Mr. Hoi Kin Hong (“**Mr. Hoi**”) held approximately 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 these consolidated financial statements.

These consolidated financial statements are presented in thousand Renminbi (“**RMB’000**”), which is the functional currency of the Company.

2 BASIS OF PREPARATION AND APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS

Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”) and by the Hong Kong Companies Ordinance (Cap. 622 of the Laws of Hong Kong).

The consolidated financial statements have been prepared on the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss.

(i) *Amendments to HKFRSs that are mandatorily effective for the current year*

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

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

(ii) *New and amendments to HKFRSs in issue but not yet effective*

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendment to HKFRS 16	Lease Liability in a Sale and Leaseback ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ¹
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to HKAS 8	Definition of Accounting Estimates ³
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹

¹ Effective for annual periods beginning on or after 1 January 2023.

² Effective for annual periods beginning on or after a date to be determined.

³ Effective for annual periods beginning on or 1 January 2024.

The Directors are in the process of assessing the potential impact of the new and amended HKFRSs but are not yet in a position to determine whether the new and amended HKFRSs will have a material impact on the Group's performance and financial position and on the disclosures. The new and amended HKFRSs may result in changes to how the Group's performance and financial position are prepared and presented in the future.

3 SEGMENT INFORMATION

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

The Group has two business segments:

– Commercial operational services

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

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

– Residential property management services

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

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

- (a) Segment results represent the profit earned by each segment without other income and other gains, unallocated operating costs, finance (costs)/income - net, share of results 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 year ended 31 December 2022

	Commercial operational services RMB'000	Residential property management services RMB'000	Group RMB'000
Gross segment revenue	<u>2,058,280</u>	<u>490,978</u>	<u>2,549,258</u>
Revenue from contracts with customers	1,913,537	490,978	2,404,515
– at a point in time	8,364	–	8,364
– over time	1,905,173	490,978	2,396,151
Revenue from other sources			
– rental income	144,743	–	144,743
Segment results	575,378	111,854	687,232
Other income and other gains			79,014
Unallocated operating costs			(148,934)
Interest expense			(57,803)
Interest income			53,462
Share of results of joint ventures			(2,352)
Share of results of associates			<u>2,778</u>
Profit before income tax			613,397
Income tax expenses			<u>(174,284)</u>
Profit for the year			<u>439,113</u>
Depreciation and amortisation	<u>80,401</u>	<u>3,015</u>	<u>83,416</u>

For the year ended 31 December 2021

	Commercial operational services <i>RMB'000</i>	Residential property management services <i>RMB'000</i>	Group <i>RMB'000</i>
Gross segment revenue	<u>2,017,118</u>	<u>446,878</u>	<u>2,463,996</u>
Revenue from contracts with customers	1,821,169	446,878	2,268,047
– at a point in time	87,900	–	87,900
– over time	1,733,269	446,878	2,180,147
Revenue from other sources			
– rental income	195,949	–	195,949
Segment results	592,919	98,272	691,191
Other income and other gains			35,803
Unallocated operating costs			(141,559)
Interest expense			(42,388)
Interest income			64,193
Share of results of joint ventures			665
Share of results of associates			<u>742</u>
Profit before income tax			608,647
Income tax expenses			<u>(169,935)</u>
Profit for the year			<u><u>438,712</u></u>
Depreciation and amortisation	<u>102,749</u>	<u>1,241</u>	<u>103,990</u>

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

As at 31 December 2022

	Commercial operational services RMB'000	Residential property management services RMB'000	Elimination RMB'000	Group RMB'000
Segment assets	1,614,557	213,250	(53,827)	1,773,980
Other assets				<u>3,439,287</u>
Total assets				<u>5,213,267</u>
Segment liabilities	2,050,595	274,738	(53,827)	2,271,506
Other liabilities				<u>205,632</u>
Total liabilities				<u>2,477,138</u>
Capital expenditure	<u>202,593</u>	<u>1,605</u>	<u>–</u>	<u>204,198</u>

As at 31 December 2021

	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				<u>2,925,094</u>
Total assets				<u>5,072,406</u>
Segment liabilities	2,215,988	254,217	(25,419)	2,444,786
Other liabilities				<u>156,884</u>
Total liabilities				<u>2,601,670</u>
Capital expenditure	<u>48,667</u>	<u>5,559</u>	<u>–</u>	<u>54,226</u>

Segment assets are reconciled to total assets as follows:

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Segment assets	1,773,980	2,147,312
Other assets		
Current income tax recoverables	759	8,396
Deferred income tax assets	70,065	71,359
Unallocated cash and bank balances	3,300,950	2,770,721
Unallocated property and equipment	2,031	3,542
Other corporate assets	54,344	60,518
Financial assets at fair value through profit and loss	11,138	10,558
Total assets	5,213,267	5,072,406

Segment liabilities are reconciled to total liabilities as follows:

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Segment liabilities	2,271,506	2,444,786
Other liabilities		
Current income tax liabilities	152,400	129,253
Deferred income tax liabilities	1,592	2,199
Other corporate liabilities	51,640	25,432
Total liabilities	2,477,138	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 consolidated financial statements. These assets and liabilities are allocated based on the operations of the segment.

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

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

Capital expenditure comprises additions to property and equipment, investment properties and intangible assets.

4 REVENUE

(a) Revenue of the Group for the year ended 31 December 2022 is as follows:

	Year ended 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Type of services		
<i>Rental income:</i>		
– Commercial property lease income	144,743	195,949
<i>Revenue from customer:</i>		
– Commercial operational services		
– Market research and positioning, business tenant sourcing, opening preparation services	177,743	292,269
– Commercial operation and management services	1,735,794	1,528,900
– Commercial operation service during the operation stage	692,860	603,039
– Commercial property management service	1,042,934	925,861
	<u>1,913,537</u>	<u>1,821,169</u>
– Residential property management services		
– Pre-sale management services	25,455	53,184
– Property management services	368,159	297,661
– Other value-added services	97,364	96,033
	<u>490,978</u>	<u>446,878</u>
	<u>2,549,258</u>	<u>2,463,996</u>
Type of customers		
External customers (i)	2,070,924	1,961,861
Fellow subsidiaries (ii)	439,605	437,374
Other related parties (iii)	38,729	64,761
	<u>2,549,258</u>	<u>2,463,996</u>

- (i) External customers represented independent third parties.
- (ii) For the year ended 31 December 2022, revenue arising from the Remaining Powerlong Group and other entities controlled by Mr. Hoi (the “**Fellow Subsidiaries**”) contributed 17.2% of the Group’s revenue (2021: 17.8%). Other than the Fellow Subsidiaries, the Group has a large number of customers, none of whom contributed 10% or more of the Group’s revenue during the year (2021: none).
- (iii) Other related parties represented associates or jointly controlled entities of the Remaining Powerlong Group.

(b) Liabilities related to contracts with customers

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Contract liabilities	229,322	458,073

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

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

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

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Revenue recognised that was included in the contract liability balance at the beginning of the year		
– 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.

5 OTHER INCOME AND OTHER GAINS

	Year ended 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Other income		
Penalty income	35,999	15,672
Government grants	19,913	15,126
Others	8,148	4,407
	<u>64,060</u>	<u>35,205</u>
Other gains		
Foreign exchange gains	14,954	598
	<u>79,014</u>	<u>35,803</u>

6 INCOME TAX EXPENSES

	Year ended 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Current income tax		
– PRC corporate income tax	173,597	167,529
Deferred income tax		
– PRC corporate income tax	687	2,406
	<u>174,284</u>	<u>169,935</u>

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

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Profit before income tax	<u>613,397</u>	<u>608,647</u>
Tax charge at statutory tax rate of 25% to profits in the respective group entities	153,349	152,162
Tax effects of:		
– Share of results of joint ventures	588	(166)
– Share of results of associates	(694)	(186)
– Expenses not deductible for tax purposes	21,041	14,639
– Tax losses for which no deferred income tax asset was recognised	<u>–</u>	<u>3,486</u>
PRC corporate income tax	<u>174,284</u>	<u>169,935</u>

The effective income tax rate was 28.41% and 27.92% for the years ended 31 December 2022 and 31 December 2021.

PRC corporate income tax

Income tax provision of the Group in respect of operations in the PRC has been calculated at the statutory tax rate of 25% on the estimated assessable profits for the year, 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 Act, 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 consolidated financial statements as the Company and the Group did not have assessable profit in Hong Kong during the year ended 31 December 2022 (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.

PRC withholding income tax

According to the Corporate Income Tax Law of the PRC, starting from 1 January 2008, a withholding tax of 10% will be levied on the immediate holding companies outside the PRC when their PRC subsidiaries declare dividend out of profits earned after 1 January 2008. A lower 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are established in Hong Kong according to the tax treaty arrangements between the PRC and Hong Kong.

7 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 year ended 31 December 2022.

	Year ended 31 December	
	2022	2021
Earnings (RMB'000)		
Earnings for the purposes of basic and diluted earnings per share (profit attributable to owners of the Company)	<u>443,075</u>	<u>438,144</u>
Number of shares ('000)		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>631,650</u>	<u>632,432</u>
Basic earnings per share (RMB cents per share)	<u>70.15</u>	<u>69.28</u>

(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.

	Year ended 31 December	
	2022	2021
Earnings (RMB'000)		
Earnings for the purposes of basic and diluted earnings per share (profit attributable to owners of the Company)	<u>443,075</u>	<u>438,144</u>
Number of shares ('000)		
Weighted average number of ordinary shares for the purpose of basic earnings per share	631,650	632,432
Effect of dilutive potential ordinary shares:		
Awarded shares	<u>3,252</u>	<u>5,018</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>634,902</u>	<u>637,450</u>
Diluted earnings per share (RMB cents per share)	<u>69.79</u>	<u>68.73</u>

8 DIVIDEND

An interim dividend of HK\$94,747,500 (equivalent to approximately RMB83,067,000) and a final dividend of HK\$189,495,000 (equivalent to approximately RMB161,554,000) were paid in 2022.

On 29 March 2023, the Board recommended the payment of a final dividend of HK\$0.15 (equivalent to RMB0.13 based on the exchange rate of 31 December 2022) per ordinary share. Total amount of final dividend would be HK\$94,747,500 (equivalent to approximately RMB84,635,000). The recommended final dividend in respect of 2022 is subject to the approval of shareholders in the forthcoming annual general meeting.

9 OPERATING LEASE AND TRADE RECEIVABLES

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Operating lease receivables (<i>Note (a)</i>)		
– Third parties	<u>24,363</u>	<u>26,908</u>
Trade receivables (<i>Note (a)</i>)		
– Related parties	59,941	30,647
– Third parties	<u>192,119</u>	<u>146,520</u>
	<u>252,060</u>	<u>177,167</u>
Less: allowance for impairment of trade receivables (<i>Note (b)</i>)	<u>(43,960)</u>	<u>(43,051)</u>
	<u>232,463</u>	<u>161,024</u>

- (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:

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
0-30 days	52,088	53,373
31-180 days	60,380	34,337
181-365 days	102,095	25,826
1 to 2 years	25,381	54,618
2 to 3 years	15,825	10,355
Over 3 years	<u>20,654</u>	<u>25,566</u>
	<u>276,423</u>	<u>204,075</u>

- (b) The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 31 December 2022, a provision of RMB43,960,000 was made against the gross amounts of operating lease and trade receivables (31 December 2021: RMB43,051,000).
- (c) As at 31 December 2022 and 31 December 2021, the operating lease and trade receivables were denominated in RMB, and the fair values approximated their carrying amounts.

10 SHARE CAPITAL AND PREMIUM

	Number of ordinary shares	Share capital		Share	Total
		HK\$'000	RMB'000	premium RMB'000	RMB'000
Authorized					
As at 1 January 2022 and 31 December 2022	2,000,000,000	20,000	17,905	–	17,905
Issued and fully paid:					
As at 31 December 2021	642,900,000	6,429	5,747	1,282,814	1,288,561
Dividends	–	–	–	(244,621)	(244,621)
As at 31 December 2022	642,900,000	6,429	5,747	1,038,193	1,043,940

11 TRADE AND OTHER PAYABLES

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Trade payables		
– Related parties	1,341	994
– Third parties	121,378	125,244
	122,719	126,238
Other payables		
– Related parties	161,335	161,159
– Payables for promotion fees on behalf of owners of the commercial properties (<i>Note (a)</i>)	45,401	61,748
– Receipts on behalf of tenants or residents (<i>Note (b)</i>)	148,224	230,023
– Deposits received (<i>Note (c)</i>)	487,658	476,623
– Payables for business combination	4,241	3,271
– Others	26,299	16,565
	873,158	949,389
Accrued payroll	79,082	122,254
Other taxes payables	19,130	11,161
	1,094,089	1,209,042

- (a) The balance 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.
- (b) Amounts represented the receipts on behalf of tenants or residents to settle the bills of utilities charges.
- (c) Amounts represented mainly deposits received from tenants as performance securities in relation to tenant agreements or property management service agreements.

- (d) As at 31 December 2022, the carrying amounts of trade and other payables approximated their fair values.
- (e) As at the respective balance sheet date, the ageing analysis of the trade payables (including amounts due to related parties) based on invoice dates is as follows:

	As at 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	116,217	124,530
1 to 2 years	5,009	975
2 to 3 years	844	733
Over 3 years	649	–
	122,719	126,238

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

	As at 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
RMB	995,877	1,075,627

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The Group is a leading commercial operational service provider in the People's Republic of China (“China” or the “PRC”). As at 31 December 2022, the Group had 93 retail commercial properties in operation, with an aggregate GFA in operation of approximately 10.6 million sq.m. The Group had 142 retail commercial properties with an aggregate contracted GFA of approximately 15.2 million sq.m. for which the Group had been contracted to provide commercial operational services. The Company enjoys considerable brand recognition in the markets where it operates. The Company was awarded various honors in 2022, such as China Top 10 Commercial Real Estate Enterprises with Best Operations of the Year 2022 (2022 年中國商業地產運營十強企業) awarded by China Index Academy (中國指數研究院), Leading Enterprise Award in Commercial Property of the Year 2022 (2022 年度商業地產領軍企業) awarded by Winshang.com (贏商網), and List of Excellence in Commercial Management Companies of the Year 2022 (2022 年度商業管理公司卓越榜) awarded by mallchina.org (中購聯) in China.

The Group also provides property management services for residential properties, office buildings and serviced apartments. As at 31 December 2022, the Group had 92 delivered projects in relation to its residential property management services with an aggregate GFA delivered of approximately 19.4 million sq.m., and was contracted to manage 140 projects with an aggregate contracted GFA of approximately 30.7 million sq.m.

With the 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.

BUSINESS REVIEW

For the year ended 31 December 2022, the Group 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 was derived mainly from its commercial operational services business.

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

It primarily included:

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

The management models of the retail commercial properties undertaken by the Group include but are not limited to the following three models:

1. Entrusted operation and management

The owner entrusts the operation and management of the retail commercial properties to the Group, and the operating costs of the projects are borne by the Group. The owners receive rents for shops and some income from diversified operations and parking lot operations.

The Group charges the owner: (i) income for advisory consultation before the projects are in operation; (ii) rent management fee during the operation stage of the projects i.e. a certain percentage of the rent; and (iii) brand usage fee (only for projects not developed by Powerlong Real Estate Holdings Limited (“**Powerlong Real Estate**”)).

The Group charges the tenants and consumers: (i) operation and management service fees during project operation; (ii) income from diversified operations; and (iii) parking fees.

2. Advisory consultation

The owner engages the Group as a management advisory consultant for retail commercial properties, and all income and costs of project operation are borne by the owner.

The Group charges the owner: (i) income for advisory consultations before the projects are in operation; and (ii) a certain percentage of consulting service fees during the project operation period.

3. Sub-lease services

The owner leases the retail commercial properties as a whole to the Group at a certain price, and all income and costs of project operation are borne by the Group.

The Group charges tenants and consumers: (i) rental income of projects; (ii) operation and management service fees during project operation; (iii) income from diversified operations; and (iv) parking fees.

Residential property management services: The Group provided property management services for residential properties, office buildings and service apartments.

It primarily included:

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

The table below sets forth the Company's gross profit and gross profit margin by business segment for the years indicated:

	For the year ended 31 December			
	2022		2021	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	<i>RMB</i>	<i>%</i>	<i>RMB</i>	<i>%</i>
	<i>(in thousands, except for percentages)</i>			
Commercial operational services	710,711	34.5	710,623	35.2
Residential property management services	123,711	25.2	111,207	24.9
Total	834,422	32.7	821,830	33.4

COMMERCIAL OPERATIONAL SERVICES

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

For the year ended 31 December 2022, the aggregate revenue of the Group’s business segment of commercial operational services amounted to approximately RMB2,058.3 million, representing an increase of 2.0% from approximately RMB2,017.1 million for the year ended 31 December 2021; and the Group had GFA in operation of approximately 10.6 million sq.m., representing an increase of 0.7 million sq.m. from 9.9 million sq.m. for the corresponding period of 2021; 93 projects in operation, representing a net increase of 5 projects from 88 projects for the corresponding period of 2021; contracted GFA of approximately 15.2 million sq.m., representing an increase of 1.1 million sq.m. from 14.1 million sq.m. for the corresponding period of 2021.

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

	As of/For the year ended 31 December					
	2022			2021		
	Contracted GFA <i>sq.m.</i>	GFA in operation <i>sq.m.</i>	Revenue <i>RMB</i> <i>(in thousands)</i>	Contracted GFA <i>sq.m.</i>	GFA in operation <i>sq.m.</i>	Revenue <i>RMB</i>
Yangtze River Delta ⁽¹⁾	9,916	6,596	1,476,368	9,174	6,224	1,406,364
Pearl River Delta ⁽²⁾	416	166	42,514	316	161	39,813
Others ⁽³⁾	4,863	3,791	539,398	4,567	3,546	570,941
Total	15,195	10,553	2,058,280	14,057	9,931	2,017,118

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

New retail commercial property projects added to the Group's portfolio upon opening for the year ended 31 December 2022 are shown in the following table:

No.	Name of Project	Opening Date <i>month-year</i>	City	Geographic Region	Source of Project	Manager	Management Model	Total GFA <i>(sq.m.)</i>	Shopping Mall <i>(sq.m.)</i>	Commercial Street <i>(sq.m.)</i>	Car Park <i>(sq.m.)</i>
<i>Powerlong City</i>											
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
<i>Powerlong Plaza</i>											
1	Hangzhou Tech City Powerlong Plaza (杭州科技城寶龍廣場)	September 2022	Hangzhou	Yangtze River Delta	Powerlong Real Estate	Powerlong CM	Entrusted management	95,800	82,000	-	13,800
2	Xiamen Tong'an Powerlong Plaza (廈門同安寶龍廣場)	December 2022	Xiamen	Others	Powerlong Real Estate	Powerlong CM	Entrusted management	113,089	88,000	-	25,089
Sub-total								208,889	170,000	-	38,889
<i>Powerlong Land</i>											
1	Xiamen Tangbian Powerlong Land (廈門塘邊寶龍天地)	December 2022	Xiamen	Others	Third Party	Powerlong CM	Sublease	28,475	-	28,475	-
Sub-total								28,475	-	28,475	-
<i>Powerlong Xinghui</i>											
1	Xianghu Slow Living Cultural Tourism Street Zone (湘湖慢生活文旅街區)	June 2022	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)	June 2022	Hangzhou	Yangtze River Delta	Third Party	Powerlong Xinghui	Entrusted management	119,890	78,853	-	41,037
3	Jindi Xinglong City (金帝星隆城)	September 2022	Shaoxing	Yangtze River Delta	Third Party	Powerlong Xinghui	Entrusted management	86,000	86,000	-	-
4	Dexing Yufan Powerlong Plaza (德興雨帆寶龍廣場)	December 2022	Shangrao	Others	Third Party	Powerlong Xinghui	Entrusted management	45,899	37,113	-	8,786
Sub-total								279,625	201,966	27,836	49,823
Total								644,925	465,586	56,311	123,028

Projects for which Contracts were Terminated

The Group's retail commercial property projects for which contracts were terminated during the year ended 31 December 2022 are shown in the following table:

No.	Name of Project	Date of Termination of Contract <i>month-year</i>	City	Geographic Region	Source of Project	Manager	Management Model	Total GFA <i>(sq.m.)</i>	Shopping Mall <i>(sq.m.)</i>	Commercial Street <i>(sq.m.)</i>	Car Park <i>(sq.m.)</i>
<i>Powerlong Plaza</i>											
1	Wenzhou Airport Powerlong Plaza (溫州空港寶龍廣場)	December 2022	Wenzhou	Yangtze River Delta	Powerlong Real Estate	Powerlong CM	Entrusted management	47,000	30,000	-	17,000
Sub-total								47,000	30,000	-	17,000
<i>Powerlong Xinghui</i>											
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	-	-
3	Dongcheng Times Commercial Centre (東城時代商業中心)	July 2022	Huzhou	Yangtze River Delta	Third Party	Powerlong Xinghui	Advisory consultation	42,382	-	22,549	19,833
4	Huasun • Yinghuali (華晟•櫻花裏)	July 2022	Ningbo	Yangtze River Delta	Third Party	Powerlong Xinghui	Advisory consultation	42,492	-	38,957	3,535
Sub-total								95,798	4,314	68,116	23,368
Total								142,798	34,314	68,116	40,368

Projects in Operation

The Group's retail commercial property projects in operation for the year ended 31 December 2022 are shown in the following table:

No.	Name of Project	Opening Date <i>month-year</i>	City	Geographic Region	Source of Project	Management Model	Total GFA <i>(sq.m.)</i>	Shopping Mall <i>(sq.m.)</i>	Commercial Street <i>(sq.m.)</i>	Car Park <i>(sq.m.)</i>	
<i>Powerlong One Mall</i>											
1	Xiamen Powerlong One Mall (廈門寶龍一城)	September 2018	Xiamen	Others	Powerlong Real Estate	Entrusted management	170,585	121,670	5,365	43,550	
Sub-total								170,585	121,670	5,365	43,550
<i>Powerlong City</i>											
1	Shanghai Qibao Powerlong City (上海七寶寶龍城)	October 2016	Shanghai	Yangtze River Delta	Powerlong Real Estate	Entrusted management	150,567	70,719	12,759	67,089	
2	Hangzhou Binjiang Powerlong City (杭州濱江寶龍城)	December 2016	Hangzhou	Yangtze River Delta	Powerlong Real Estate	Entrusted management	295,562	140,877	37,512	117,173	
3	Taizhou Jiaojiang Powerlong City (台州椒江寶龍城)	June 2022	Taizhou	Yangtze River Delta	Powerlong Real Estate	Entrusted management	127,936	93,620	-	34,316	
Sub-total								574,065	305,216	50,271	218,578

No.	Name of Project	Opening Date <i>month-year</i>	City	Geographic Region	Source of Project	Management Model	Total GFA <i>(sq.m.)</i>	Shopping Mall <i>(sq.m.)</i>	Commercial Street <i>(sq.m.)</i>	Car Park <i>(sq.m.)</i>
<i>Powerlong Plaza</i>										
1	Fuzhou Powerlong Plaza (福州寶龍廣場)	April 2007	Fuzhou	Others	Powerlong Real Estate	Entrusted management	186,178	161,008	-	25,170
2	Qingdao Chengyang Powerlong Plaza (青島城陽寶龍廣場)	October 2009	Qingdao	Others	Powerlong Real Estate	Entrusted management	443,262	335,506	-	107,756
3	Zhengzhou Powerlong Plaza (鄭州寶龍廣場)	December 2009	Zhengzhou	Others	Powerlong Real Estate	Entrusted management	235,606	198,108	6,565	30,933
4	Bengbu Powerlong Plaza (蚌埠寶龍廣場)	December 2009	Bengbu	Yangtze River Delta	Powerlong Real Estate	Entrusted management	346,880	222,966	48,503	75,411
5	Wuxi Powerlong Plaza (無錫寶龍廣場)	October 2010	Wuxi	Yangtze River Delta	Powerlong Real Estate	Entrusted management	192,865	142,753	-	50,112
6	Anxi Powerlong Plaza (安溪寶龍廣場)	December 2010	Quanzhou	Others	Powerlong Real Estate	Entrusted management	85,374	55,489	28,034	1,851
7	Suqian Powerlong Plaza (宿遷寶龍廣場)	September 2011	Suqian	Yangtze River Delta	Powerlong Real Estate	Entrusted management	150,660	120,645	-	30,015
8	Yancheng Powerlong Plaza (鹽城寶龍廣場)	September 2011	Yancheng	Yangtze River Delta	Powerlong Real Estate	Entrusted management	199,409	135,112	29,720	34,577
9	Qingdao Licang Powerlong Plaza (青島李滄寶龍廣場)	December 2011	Qingdao	Others	Powerlong Real Estate	Entrusted management	174,167	110,949	-	63,218
10	Qingdao Jimo Powerlong Plaza (青島即墨寶龍廣場)	December 2011	Qingdao	Others	Powerlong Real Estate	Entrusted management	175,513	130,462	-	45,051
11	Luoyang Powerlong Plaza (洛陽寶龍廣場)	December 2011	Luoyang	Others	Powerlong Real Estate	Entrusted management	138,350	69,735	37,225	31,390
12	Tai'an Powerlong Plaza (泰安寶龍廣場)	September 2012	Tai'an	Others	Powerlong Real Estate	Entrusted management	118,255	102,677	-	15,578
13	Xinxiang Powerlong Plaza (新鄉寶龍廣場)	September 2012	Xinxiang	Others	Powerlong Real Estate	Entrusted management	262,690	90,321	84,394	87,975
14	Shanghai Caolu Powerlong Plaza (上海曹路寶龍廣場)	December 2013	Shanghai	Yangtze River Delta	Powerlong Real Estate	Entrusted management	81,720	57,200	-	24,520
15	Jinjiang Powerlong Plaza (晉江寶龍廣場)	December 2013	Jinjiang	Others	Powerlong Real Estate	Entrusted management	283,378	128,570	11,126	143,682
16	Hangzhou Xiasha Powerlong Plaza (杭州下沙寶龍廣場)	November 2014	Hangzhou	Yangtze River Delta	Powerlong Real Estate	Entrusted management	98,660	15,575	10,323	72,762
17	Chongqing Hechuan Powerlong Plaza (重慶合川寶龍廣場)	December 2014	Chongqing	Others	Powerlong Real Estate	Entrusted management	147,403	103,793	-	43,610
18	Tianjin Yujiapu Powerlong Plaza (天津于家堡寶龍廣場) ⁽¹⁾	December 2014	Tianjin	Others	Powerlong Real Estate	Entrusted management	162,836	87,613	-	75,223
19	Jiaozhou Powerlong Plaza (膠州寶龍廣場)	February 2015	Qingdao	Others	Powerlong Real Estate	Entrusted management	164,772	75,224	27,002	62,546
20	Zhenjiang Powerlong Plaza (鎮江寶龍廣場)	September 2015	Zhenjiang	Yangtze River Delta	Powerlong Real Estate	Entrusted management	153,818	70,170	32,797	50,851
21	Shanghai Fengxian Powerlong Plaza (上海奉賢寶龍廣場)	November 2015	Shanghai	Yangtze River Delta	Powerlong Real Estate	Entrusted management	117,715	49,816	14,847	53,053
22	Shanghai Lingang Powerlong Plaza (上海臨港寶龍廣場)	December 2015	Shanghai	Yangtze River Delta	Powerlong Real Estate	Entrusted management	70,720	40,069	9,931	20,719
23	Hangzhou Xiaoshan Powerlong Plaza (杭州蕭山寶龍廣場)	December 2015	Hangzhou	Yangtze River Delta	Powerlong Real Estate	Entrusted management	143,836	68,687	12,217	62,932
24	Shanghai Luodian Powerlong Plaza (上海羅店寶龍廣場)	December 2015	Shanghai	Yangtze River Delta	Powerlong Real Estate	Entrusted management	35,854	28,481	-	7,373
25	Hangzhou Fuyang Powerlong Plaza (杭州富陽寶龍廣場)	December 2015	Hangzhou	Yangtze River Delta	Powerlong Real Estate	Entrusted management	77,186	21,728	10,741	44,718
26	Changzhou Powerlong Plaza (常州寶龍廣場)	June 2016	Changzhou	Yangtze River Delta	Powerlong Real Estate	Entrusted management	170,134	105,598	15,814	48,722

⁽¹⁾ Tianjin Yujiapu Powerlong Plaza reopened in December 2020.

No.	Name of Project	Opening Date <i>month-year</i>	City	Geographic Region	Source of Project	Management Model	Total GFA <i>(sq.m.)</i>	Shopping Mall <i>(sq.m.)</i>	Commercial Street <i>(sq.m.)</i>	Car Park <i>(sq.m.)</i>
27	Shanghai Jiading Powerlong Plaza (上海嘉定寶龍廣場)	October 2016	Shanghai	Yangtze River Delta	Powerlong Real Estate	Entrusted management	144,072	64,054	24,902	55,115
28	Penglai Powerlong Plaza (蓬萊寶龍廣場)	November 2016	Yantai	Others	Powerlong Real Estate	Entrusted management	148,213	43,431	59,871	44,911
29	Yantai Powerlong Plaza (煙臺寶龍廣場)	December 2016	Yantai	Others	Powerlong Real Estate	Entrusted management	100,027	37,869	20,629	41,530
30	Yangzhou Powerlong Plaza (揚州寶龍廣場)	January 2017	Yangzhou	Yangtze River Delta	Powerlong Real Estate	Entrusted management	143,559	58,407	30,252	54,900
31	Shanghai Wujing Powerlong Plaza (上海吳淞寶龍廣場)	July 2017	Shanghai	Yangtze River Delta	Powerlong Real Estate	Entrusted management	49,918	26,794	11,337	11,787
32	Yiwu Fotang Powerlong Plaza (義烏佛堂寶龍廣場)	November 2017	Yiwu	Yangtze River Delta	Third Party	Entrusted management	90,992	50,000	15,992	25,000
33	Fuyang Powerlong Plaza (阜陽寶龍廣場)	December 2017	Fuyang	Yangtze River Delta	Powerlong Real Estate	Entrusted management	140,441	103,890	-	36,551
34	Chongqing Fuling Powerlong Plaza (重慶涪陵寶龍廣場)	December 2017	Chongqing	Others	Third Party	Entrusted management	113,854	96,204	-	17,650
35	Shanghai Qingpu Powerlong Plaza (上海青浦寶龍廣場)	September 2018	Shanghai	Yangtze River Delta	Powerlong Real Estate	Entrusted management	171,673	54,281	38,461	78,930
36	Jiangyou Powerlong Plaza (江油寶龍廣場)	November 2018	Jiangyou	Others	Third Party	Entrusted management	91,342	72,590	-	18,752
37	Shaoxing Paojiang Powerlong Plaza (紹興袍江寶龍廣場)	September 2019	Shaoxing	Yangtze River Delta	Third Party	Entrusted management	41,083	30,000	-	11,083
38	Hangzhou Lin'an Powerlong Plaza (杭州臨安寶龍廣場)	November 2019	Hangzhou	Yangtze River Delta	Powerlong Real Estate	Entrusted management	103,700	55,700	-	48,000
39	Tianjin Binhai Powerlong Plaza (天津濱海寶龍廣場)	December 2019	Tianjin	Others	Powerlong Real Estate	Entrusted management	61,883	36,400	6,100	19,383
40	Shanghai Baoyang Powerlong Plaza (上海寶楊寶龍廣場)	December 2019	Shanghai	Yangtze River Delta	Powerlong Real Estate	Entrusted management	148,407	77,873	15,155	55,379
41	Nanjing Gaochun Powerlong Plaza (南京高淳寶龍廣場)	December 2019	Nanjing	Yangtze River Delta	Powerlong Real Estate	Entrusted management	87,542	56,200	17,000	14,342
42	Ningbo Yinzhou Powerlong Plaza (寧波鄞州寶龍廣場)	December 2019	Ningbo	Yangtze River Delta	Powerlong Real Estate	Entrusted management	93,924	63,596	-	30,328
43	Hangzhou Qingshan Lake Powerlong Plaza (Phase 1) (杭州青山湖寶龍廣場(一期))	October 2020	Hangzhou	Yangtze River Delta	Powerlong Real Estate	Entrusted management	189,524	98,000	-	91,524
44	Yongkang Powerlong Plaza (永康寶龍廣場)	November 2020	Jinhua	Yangtze River Delta	Powerlong Real Estate	Entrusted management	89,900	62,900	-	27,000
45	Hangzhou Dajiangdong Powerlong Plaza (杭州大江東寶龍廣場)	November 2020	Hangzhou	Yangtze River Delta	Powerlong Real Estate	Entrusted management	95,373	62,373	-	33,000
46	Shaoxing Keqiao Powerlong Plaza (紹興柯橋寶龍廣場)	November 2020	Shaoxing	Yangtze River Delta	Third Party	Sublease	99,787	54,787	-	45,000
47	Suzhou Xingyun Powerlong Plaza (蘇州星韻寶龍廣場)	December 2020	Suzhou	Yangtze River Delta	Third Party	Sublease	40,774	40,774	-	-
48	Yancheng Chengdong Powerlong Plaza (鹽城城東寶龍廣場)	December 2020	Yancheng	Yangtze River Delta	Powerlong Real Estate	Entrusted management	135,932	76,927	-	59,004
49	Quanzhou Taishang Powerlong Plaza (泉州台商寶龍廣場)	December 2020	Quanzhou	Others	Powerlong Real Estate	Entrusted management	148,950	106,060	-	42,890
50	Zhangzhou Longwen Powerlong Plaza (漳州龍文寶龍廣場)	December 2020	Zhangzhou	Others	Powerlong Real Estate	Entrusted management	66,186	46,604	2,347	17,234
51	Hangzhou Qingshan Lake Powerlong Plaza (Phase 2) (杭州青山湖寶龍廣場(二期))	December 2020	Hangzhou	Yangtze River Delta	Third Party	Sublease	110,000	53,000	-	57,000

No.	Name of Project	Opening Date <i>month-year</i>	City	Geographic Region	Source of Project	Management Model	Total GFA <i>(sq.m.)</i>	Shopping Mall <i>(sq.m.)</i>	Commercial Street <i>(sq.m.)</i>	Car Park <i>(sq.m.)</i>
52	Wenling Powerlong Plaza (溫嶺寶龍廣場)	June 2021	Taizhou	Yangtze River Delta	Powerlong Real Estate	Entrusted management	108,065	82,338	-	25,727
53	Zhuji Powerlong Plaza (諸暨寶龍廣場)	June 2021	Shaoxing	Yangtze River Delta	Powerlong Real Estate	Entrusted management	103,300	61,700	-	41,600
54	Zhoushan Powerlong Plaza (舟山寶龍廣場)	June 2021	Zhoushan	Yangtze River Delta	Powerlong Real Estate	Entrusted management	107,720	69,880	26,840	11,000
55	Ningbo Gaoxin Powerlong Plaza (寧波高新寶龍廣場)	October 2021	Ningbo	Yangtze River Delta	Powerlong Real Estate	Entrusted management	143,588	45,200	-	98,388
56	Ningbo Fenghua Powerlong Plaza (寧波奉化寶龍廣場)	October 2021	Ningbo	Yangtze River Delta	Powerlong Real Estate	Entrusted management	71,300	34,700	-	36,600
57	Yiwu Qingkou Powerlong Plaza (義烏青口寶龍廣場)	November 2021	Jinhua	Yangtze River Delta	Powerlong Real Estate	Entrusted management	74,087	52,062	-	22,025
58	Zhuhai Gaoxin Powerlong Plaza (珠海高新寶龍廣場)	November 2021	Zhuhai	Pearl River Delta	Powerlong Real Estate	Entrusted management	115,513	85,000	4,923	25,590
59	Yixing Powerlong Plaza (宜興寶龍廣場)	November 2021	Wuxi	Yangtze River Delta	Powerlong Real Estate	Entrusted management	57,000	40,000	-	17,000
60	Huizhou Rongcan Powerlong Plaza (惠州榮燦寶龍廣場)	December 2021	Huizhou	Pearl River Delta	Third Party	Entrusted management	50,600	33,000	-	17,600
61	Yancheng Jianhu Powerlong Plaza (鹽城建湖寶龍廣場)	December 2021	Yancheng	Yangtze River Delta	Third Party	Entrusted management	96,182	62,045	-	34,137
62	Lanxi Powerlong Plaza (蘭溪寶龍廣場)	December 2021	Jinhua	Yangtze River Delta	Powerlong Real Estate	Entrusted management	139,361	90,000	15,461	33,900
63	Hangzhou Jinnan Powerlong Plaza (杭州錦南寶龍廣場)	December 2021	Hangzhou	Yangtze River Delta	Powerlong Real Estate	Entrusted management	45,772	38,900	4,660	2,212
64	Hangzhou Tech City Powerlong Plaza (杭州科技城寶龍廣場)	September 2022	Hangzhou	Yangtze River Delta	Powerlong Real Estate	Entrusted management	95,800	82,000	-	13,800
65	Xiamen Tong'an Powerlong Plaza (廈門同安寶龍廣場)	December 2022	Xiamen	Others	Powerlong Real Estate	Entrusted management	113,089	88,000	-	25,089
Sub-total							8,445,673	5,121,795	673,169	2,650,709

No.	Name of Project	Opening Date <i>month-year</i>	City	Geographic Region	Source of Project	Management Model	Total GFA <i>(sq.m.)</i>	Shopping Mall <i>(sq.m.)</i>	Commercial Street <i>(sq.m.)</i>	Car Park <i>(sq.m.)</i>
Powerlong Land										
1	Taicang Powerlong Land (太倉寶龍天地)	March 2007	Suzhou	Yangtze River Delta	Powerlong Real Estate	Entrusted management	25,476	-	25,476	-
2	Hangzhou Xiasha Powerlong Land (杭州下沙寶龍天地)	November 2014	Hangzhou	Yangtze River Delta	Third Party	Sublease	39,039	-	28,839	10,200
3	Shanghai Huaxin Powerlong Land (上海華新寶龍天地)	December 2015	Shanghai	Yangtze River Delta	Powerlong Real Estate	Entrusted management	51,113	-	24,447	26,666
4	Dongying Powerlong Land (東營寶龍天地)	September 2016	Dongying	Others	Powerlong Real Estate	Entrusted management	79,514	-	51,649	27,865
5	Haiyang Powerlong Land (海陽寶龍天地)	June 2017	Yantai	Others	Powerlong Real Estate	Entrusted management	39,108	-	37,470	1,638
6	Huai'an Powerlong Land (淮安寶龍天地)	July 2017	Huai'an	Yangtze River Delta	Powerlong Real Estate	Entrusted management	93,384	-	82,827	10,558
7	Jinhua Pan'an Powerlong Land (金華磐安寶龍天地)	September 2021	Jinhua	Yangtze River Delta	Powerlong Real Estate	Advisory consultation	33,649	-	31,479	2,170
8	Zhoushan Dinghai Powerlong Land (舟山定海寶龍天地)	November 2021	Zhoushan	Yangtze River Delta	Powerlong Real Estate	Entrusted management	28,100	-	16,100	12,000
9	Xiamen Jiangjunci (廈門將軍祠)	December 2021	Xiamen	Others	Third Party	Sublease	6,470	-	6,470	-
10	Xiamen Tangbian Powerlong Land (廈門塘邊寶龍天地)	December 2022	Xiamen	Others	Third Party	Sublease	28,475	-	28,475	-
Sub-total							424,328	-	333,232	91,096
Powerlong Xinghui										
1	Jiashan Xingyuecheng (嘉善星悅城)	October 2014	Jiashing	Yangtze River Delta	Third Party	Sublease	35,000	35,000	-	-
2	Xingyue • Xicheng Plaza (星悅•西城廣場)	October 2017	Taizhou	Yangtze River Delta	Third Party	Sublease	38,100	33,000	-	5,100
3	Jinsha Pier Aolai Park (金沙碼頭奧萊公園)	April 2018	Ningbo	Yangtze River Delta	Third Party	Advisory consultation	133,970	87,258	13,288	33,424
4	Anji • Henglong Dadao (安吉•恒隆大道)	September 2018	Huzhou	Yangtze River Delta	Third Party	Advisory consultation	54,873	-	39,873	15,000
5	Xingyue • Xiuhuli (星悅•繡湖里)	May 2019	Yiwu	Yangtze River Delta	Third Party	Advisory consultation	63,000	48,000	-	15,000
6	Ningbo Zhongticheng (寧波中體城)	June 2019	Ningbo	Yangtze River Delta	Third Party	Advisory consultation	88,305	54,137	-	34,168
7	Ningbo Cicheng (寧波慈城)	May 2021	Ningbo	Yangtze River Delta	Third Party	Advisory consultation	12,532	-	12,532	-
8	Ningbo Laowaitan (寧波老外灘)	June 2021	Ningbo	Yangtze River Delta	Third Party	Advisory consultation	114,000	-	114,000	-
9	Anji Tsinghua Yuan (安吉清華園)	July 2021	Huzhou	Yangtze River Delta	Third Party	Advisory consultation	14,000	-	11,000	3,000
10	Shangyu Jiayuan Plaza (上虞佳源廣場)	December 2021	Shaoxing	Yangtze River Delta	Third Party	Advisory consultation	105,216	79,114	-	26,102
11	Xianghu Slow Living Cultural Tourism Street Zone (湘湖慢生活文脈街區)	June 2022	Hangzhou	Yangtze River Delta	Third Party	Advisory consultation	27,836	-	27,836	-
12	Hangzhou Fuyang Dongfangmao Commercial (杭州富陽東方茂商業)	June 2022	Hangzhou	Yangtze River Delta	Third Party	Entrusted management	119,890	78,853	-	41,037
13	Jindi Xinglong City (金帝星隆城)	September 2022	Shaoxing	Yangtze River Delta	Third Party	Entrusted management	86,000	86,000	-	-
14	Dexing Yufan Powerlong Plaza (德興雨帆寶龍廣場)	December 2022	Shangrao	Others	Third Party	Entrusted management	45,899	37,113	-	8,786
Sub-total							938,621	538,475	218,529	181,617
Total							10,553,272	6,087,156	1,280,566	3,185,550

The table below sets forth average occupancy rate and GFA in operation of retail commercial properties as at 31 December 2022 by brands.

Product category	Average occupancy rate ⁽¹⁾		GFA in operation (000' sq. m.)
	As of 31 December		
	2022 %	2021 %	
Powerlong One Mall (寶龍一城)	98.5	99.1	171
Powerlong City (寶龍城)	98.4	100.0	574
Powerlong Plaza (寶龍廣場)	92.2	95.0	8,445
Powerlong Land (寶龍天地)	92.5	94.3	424
Powerlong Xinghui (寶龍星匯)	92.3	94.9	939
Total	92.6	95.3	10,553

- (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.

Newly Contracted Projects

The Group's retail property projects newly contracted for during the year ended 31 December 2022 are shown in the following table:

No.	Name of Project	City	Geographic Region	Manager	Management Model	Expected GFA (sq.m)
<i>From the Group:</i>						
1	Zhongshan Powerlong Plaza (中山寶龍廣場)	Zhongshan	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 (武漢硤口寶龍廣場)	Wuhan	Others	Powerlong CM	Entrusted management	135,300
4	Zhoushan Putuo Powerlong Land (舟山普陀寶龍天地)	Zhoushan	Yangtze River Delta	Powerlong CM	Entrusted management	92,100
	Sub-total					501,580
<i>From independent third parties:</i>						
1	Jiyuan Powerlong Plaza (濟源寶龍廣場)	Jiyuan	Others	Powerlong CM	Sublease	90,000
2	Xuzhou Hexin Powerlong Plaza (徐州和信寶龍廣場)	Xuzhou	Yangtze River Delta	Powerlong CM	Entrusted management	197,251
3	Lin'an IN Alley (臨安IN巷)	Hangzhou	Yangtze River Delta	Powerlong Xinghui	Advisory consultation	27,700
4	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
5	Hangzhou Fuyang Dongfangmao Commercial (杭州富陽東方茂商業)	Hangzhou	Yangtze River Delta	Powerlong Xinghui	Entrusted management	119,890
6	Tiantai Cultural Center Powerlong Land (天臺文化中心寶龍天地)	Taizhou	Yangtze River Delta	Powerlong Xinghui	Entrusted management	18,227
7	Haiyan Beidajie (海鹽北大街)	Jiaxing	Yangtze River Delta	Powerlong Xinghui	Entrusted management	55,570
	Sub-total					536,474
	Total					1,038,054

Pipeline Projects

Retail commercial property projects planning for opening in 2023 are as follows:

No.	Name of Project	Opening Date ⁽¹⁾ month-year	City	Geographic Region	Source of Project	Management Model	Expected GFA (sq.m)
<i>Powerlong Plaza</i>							
1	Yuyao Powerlong Plaza (余姚寶龍廣場)	June 2023	Ningbo	Yangtze River Delta	Powerlong Real Estate	Entrusted management	65,915
2	Jingdezhen Powerlong Plaza (景德鎮寶龍廣場)	June 2023	Jingdezhen	Others	Powerlong Real Estate	Entrusted management	129,209
3	Jinhua Jinyi Powerlong Plaza (金華金義寶龍廣場)	September 2023	Jinhua	Yangtze River Delta	Powerlong Real Estate	Entrusted management	92,743
4	Xuzhou Hexin Powerlong Plaza (徐州和信寶龍廣場)	September 2023	Xuzhou	Yangtze River Delta	Third Party	Entrusted management	197,251
5	Hangzhou Gongshu Powerlong Plaza (杭州拱墅寶龍廣場)	December 2023	Hangzhou	Yangtze River Delta	Powerlong Real Estate	Entrusted management	98,264
6	Pizhou Powerlong Plaza (邳州寶龍廣場)	December 2023	Xuzhou	Yangtze River Delta	Powerlong Real Estate	Entrusted management	129,514
7	Linhai Powerlong Plaza (臨海寶龍廣場)	December 2023	Taizhou	Yangtze River Delta	Third Party	Sublease	50,215
Sub-total							763,111
<i>Powerlong Land</i>							
1	Zhoushan Putuo Powerlong Land (舟山普陀寶龍天地)	June 2023	Zhoushan	Yangtze River Delta	Powerlong Real Estate	Entrusted management	92,100
2	Xiamen Yuanboyuan Powerlong Land (廈門圓博苑寶龍天地)	September 2023	Xiamen	Others	Third Party	Sublease	14,705
3	Xiamen Wenzao (廈門文灶)	December 2023	Xiamen	Others	Third Party	Sublease	41,658
Sub-total							148,463
<i>Powerlong Xinghui</i>							
1	Haiyan Beidajie (海鹽北大街)	September 2023	Jiaxing	Yangtze River Delta	Third Party	Entrusted management	55,570
2	Tiantai Cultural Center Powerlong Land (天臺文化中心寶龍天地)	September 2023	Taizhou	Yangtze River Delta	Third Party	Entrusted management	18,227
3	Wenzhou Yueqing Powerlong Plaza (溫州樂清寶龍廣場)	December 2023	Wenzhou	Yangtze River Delta	Third Party	Entrusted management	56,000
Sub-total							129,797
Total							1,041,371

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

Retail commercial property projects planning for opening in and after 2024 are as follows:

No.	Name of Project	City	Geographic Region	Source of Project	Management Model	Expected GFA (sq.m.)
1	Ningbo Powerlong One Mall (寧波寶龍一城)	Ningbo	Yangtze River Delta	Powerlong Real Estate	Entrusted management	190,100
2	Nanchang Powerlong One Mall (南昌寶龍一城)	Nanchang	Others	Powerlong Real Estate	Entrusted management	142,145
3	Yangzhou Guangling Powerlong City (揚州廣陵寶龍城)	Yangzhou	Yangtze River Delta	Powerlong Real Estate	Entrusted management	89,700
4	Nanjing Xuanwu Powerlong City (南京玄武寶龍城)	Nanjing	Yangtze River Delta	Powerlong Real Estate	Entrusted management	127,591
5	Nanjing Jiangbei Powerlong City (南京江北寶龍城)	Nanjing	Yangtze River Delta	Powerlong Real Estate	Entrusted management	121,500
6	Wuhan Xinzhou Powerlong Plaza (武漢新洲寶龍廣場)	Wuhan	Others	Powerlong Real Estate	Entrusted management	142,655
7	Wuyishan Powerlong Plaza (武夷山寶龍廣場)	Nanping	Others	Powerlong Real Estate	Entrusted management	67,633
8	Shanghai Fengfa Powerlong Plaza (上海奉發寶龍廣場)	Shanghai	Yangtze River Delta	Powerlong Real Estate	Entrusted management	83,550
9	Nanjing Liuhe Powerlong Plaza (南京六合寶龍廣場)	Nanjing	Yangtze River Delta	Powerlong Real Estate	Entrusted management	141,939
10	Changshu Powerlong Plaza (常熟寶龍廣場)	Suzhou	Yangtze River Delta	Powerlong Real Estate	Entrusted management	100,300
11	Zhuhai Beizhan Powerlong Plaza (珠海北站寶龍廣場)	Zhuhai	Pearl River Delta	Powerlong Real Estate	Entrusted management	80,000
12	Bozhou Powerlong Plaza (亳州寶龍廣場)	Bozhou	Yangtze River Delta	Powerlong Real Estate	Entrusted management	211,730
13	Cangan Powerlong Plaza (蒼南寶龍廣場)	Wenzhou	Yangtze River Delta	Powerlong Real Estate	Entrusted management	100,000
14	Nanjing Jingkai Powerlong Plaza (南京經開寶龍廣場)	Nanjing	Yangtze River Delta	Powerlong Real Estate	Entrusted management	104,000
15	Nanjing Qixia Powerlong Plaza (南京栖霞寶龍廣場)	Nanjing	Yangtze River Delta	Powerlong Real Estate	Entrusted management	150,000
16	Zhuhai Jinwan Powerlong Plaza (珠海金灣寶龍廣場)	Zhuhai	Pearl River Delta	Powerlong Real Estate	Entrusted management	70,000
17	Yongtai Powerlong Plaza (永泰寶龍廣場)	Fuzhou	Others	Powerlong Real Estate	Entrusted management	62,000
18	Chuzhou Powerlong Plaza (滁州寶龍廣場)	Chuzhou	Yangtze River Delta	Powerlong Real Estate	Entrusted management	70,000
19	Xuancheng Powerlong Plaza (宣城寶龍廣場)	Xuancheng	Yangtze River Delta	Powerlong Real Estate	Entrusted management	124,289
20	Dongying Powerlong Plaza (東營寶龍廣場)	Dongying	Others	Powerlong Real Estate	Entrusted management	133,720
21	Zhongshan Powerlong Plaza (中山寶龍廣場)	Zhongshan	Pearl River Delta	Powerlong Real Estate	Entrusted management	100,000
22	Wuxi Xinwu Powerlong Plaza (無錫新吳寶龍廣場)	Wuxi	Yangtze River Delta	Powerlong Real Estate	Entrusted management	174,180
23	Wuhan Qiaokou Powerlong Plaza (武漢漢口寶龍廣場)	Wuhan	Others	Powerlong Real Estate	Entrusted management	135,300
24	Chongqing Wanzhou Powerlong Plaza (重慶萬州寶龍廣場)	Chongqing	Others	Third Party	Entrusted management	80,000
25	Jiyuan Powerlong Plaza (濟源寶龍廣場)	Jiyuan	Others	Third Party	Sublease	90,000
26	Huzhou Xinyuan Powerlong Plaza (湖州鑫遠寶龍廣場)	Huzhou	Yangtze River Delta	Third Party	Entrusted management	80,000
27	Nanjing Jiangning Powerlong Plaza (南京江寧寶龍廣場)	Nanjing	Yangtze River Delta	Powerlong Real Estate	Entrusted management	146,788
28	Ningbo Jiangbei Powerlong Plaza (寧波江北寶龍廣場)	Ningbo	Yangtze River Delta	Powerlong Real Estate	Entrusted management	109,716
29	Yueqing Street Zone Commercial Project (樂清街區商業項目)	Wenzhou	Yangtze River Delta	Third Party	Entrusted management	62,000
30	Xiangshan Powerlong Land (象山寶龍天地)	Ningbo	Yangtze River Delta	Powerlong Real Estate	Entrusted management	11,118
31	Shanghai Jiading Powerlong Land (上海嘉定寶龍天地)	Shanghai	Yangtze River Delta	Powerlong Real Estate	Entrusted management	21,600
32	Ningbo Wenchuangang Powerlong Land (寧波文創港寶龍天地)	Ningbo	Yangtze River Delta	Powerlong Real Estate	Entrusted management	44,900
33	Taizhou Luqiao Powerlong Land (台州路橋寶龍天地)	Taizhou	Yangtze River Delta	Powerlong Real Estate	Advisory consultation	56,321
34	Fuding Powerlong Land (福鼎寶龍天地)	Fuding	Others	Powerlong Real Estate	Agency for tenant sourcing	9,411
35	Jiaozhou Powerlong Land (膠州寶龍天地)	Qingdao	Others	Powerlong Real Estate	Entrusted management	23,415
36	Lin'an IN Alley (臨安IN巷)	Hangzhou	Yangtze River Delta	Third Party	Advisory consultation	27,700
Total						3,485,302

Progress of Intelligent Commerce

Capitalizing on the joint research and development with Tencent Holdings Limited (“**Tencent**”), the Company further upgraded its management system based on the system in 2021. The brand new performance center 2.0 links up all business data and users, formulating flexible performance appraisal models based on the particular business needs, and facilitates automated tracking, computation and alert by the system. “Asset sandbox”, which had been developed upon the need for asset management, has been applied to business development, enabling fully online graphical business assistance and thus the evaluation of the performance of operations. This can also be applied to simulate future business development goals and data performance. Such new application will be used in our business forecast modeling and daily business development for the upcoming year.

1. Upgrade of management system to the stage of AI

Introducing artificial intelligence (“**AI**”) technology, the Company has started the use of the first digital employee named “operational risk controller”. On the foundation of system and data, it is available to all key business users, making it possible for 360 degrees and 7x24 performance tracking and risk control. The risk controller analyzes the performance of each key user on a daily basis and alerts users of the existence of risk factors, if any. Furthermore, it can also take feedback and opinion from users, consolidate the performance indices of respondents, and the system enables selective adoption of the feedback from the users. With ongoing learning capability, the AI risk controller will become highly competent in its forward-looking capability and risk forecast capability after six to ten months of training.

2. Implementation of intelligent applications

For the intelligent security system jointly developed with Tencent YouTu Lab, intelligent AI algorithm and software-as-a-service (“**SaaS**”) cloud services are used for the automatic alert of irregularities. After pilot runs, the system is currently widely used in various projects of the Group. More than 90% of behaviours of fighting, crowd gathering, congestion and road blockage can be identified automatically. The system’s alert of irregularities followed by real-time reporting as well as the intelligent recommendation of security guards in the surrounding contribute to the reduction of manpower wastage, improvement in security enforcement efficiency, and reduction of security costs.

The intelligent energy management platform jointly researched and developed by Shanghai Yueshang Information Technology Co., Ltd. (“**Yueshang**”), Tencent and Persagy Technology Co., Ltd (“**Persagy**”) has also commenced trial-run online, demonstrating high efficiency, high quality, high safety and low energy wastage control at the pilot projects. By way of platform empowerment, we achieved online digitalized coverage of energy and asset inspection, cold station operation and merchant payment. The highly-efficient, energy-saving equipment have achieved a more than 60% reduction in energy wastage. The business-based, full-process, closed-loop application platform assists the headquarters in coordination and management, and eventually contributes to the well-regulated management and consequent cost reduction and efficiency enhancement.

3. Nationwide commercial membership

In 2022, Powerlong Yoyo, our membership system, was substantially upgraded. With the commercial membership system, we have achieved nationwide mutual recognition of membership, mutual redemption of reward points, and sharing of benefits. We have solidified our efforts in nationwide membership expansion and diversified our use of membership expansion tools. In 2022, the number of new members exceeded 5 million and the total number of members was nearly 10 million. Focusing on assisting merchants in their online operations, we have researched and developed online marketing products for merchants. The merchants can therefore run their online business directly with their mobile handsets. Meanwhile, the membership system's livestreaming platform has contributed to the expansion of sales channels for the merchants. At the second POWERLONG-ING campaign held on 26 November 2022, we completed 59 livestreaming sessions concurrently, achieved total sales revenue of more than RMB200 million, and covered nearly 1,000 merchants and approximately 5 million consumers.

RESIDENTIAL PROPERTY MANAGEMENT SERVICES

For the year ended 31 December 2022, the total revenue of the Group's residential property management services business segment amounted to approximately RMB491.0 million, representing an increase of 9.9% from RMB446.9 million for the year ended 31 December 2021; and the Group had GFA delivered of approximately 19.4 million sq.m., representing an increase of 1.7 million sq.m. from 17.7 million sq.m. for the corresponding period of 2021; 92 delivered projects, representing an increase of 10 projects from 82 projects for the corresponding period of 2021; and contracted GFA of approximately 30.7 million sq.m., representing an increase of 0.7 million sq.m. from 30.0 million sq.m. for the corresponding period of 2021.

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

	As of/For the year ended 31 December					
	2022			2021		
	Contracted GFA	GFA delivered	Revenue	Contracted GFA	GFA delivered	Revenue
<i>sq.m.</i>	<i>sq.m.</i>	<i>RMB</i>	<i>sq.m.</i>	<i>sq.m.</i>	<i>RMB</i>	
			<i>(in thousands)</i>			
Yangtze River Delta ⁽¹⁾	19,253	9,620	307,871	18,518	8,113	268,411
Pearl River Delta ⁽²⁾	559	79	6,161	559	–	5,888
Others ⁽³⁾	10,877	9,728	176,946	10,877	9,619	172,579
Total	30,689	19,427	490,978	29,954	17,732	446,878

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.

WORK PLAN FOR YEAR 2023

In retrospect, during the year 2022, shrinking demand, excessive supply and weakened expectations bombarded China's economic market, which faced the complexity and severity of the external environment and the repeated impacts of the COVID-19 pandemic, together with the unprecedented difficulties and challenges encountering the macro-economy. Notwithstanding the above, the expedited implementation of a series of policies on stabilizing the economy together with the consequential policies contributed to the 3% GDP growth in general in China in 2022; with total social retail consumption amounting to nearly RMB44 trillion. The fundamentals supporting China's long-term economic growth and the key elements supporting China's high-quality development remained unchanged.

With its steadfast commitment to the strategic layout of focusing on the Yangtze River Delta region, under the theme of "refinement in services, increase in average per-unit-GFA sales and establishment of benchmarking projects", and leveraging technological innovation embodied by intelligent commerce, the Group strives to build more benchmarking projects and the operational enhancement in those projects already in place. In the first half of 2022, the opening of Taizhou Jiaojiang Powerlong City, which is the Group's third project in the PRC under our Powerlong City series, came with brilliant performance with its diversified mix of tenants and high-quality brands, reaching an occupancy rate of 98% and cumulative sales for the first three days of more than RMB50 million. Meanwhile, tapping the characteristics of the project, the Group presented a differentiated consumption scenario, with a view to increasing the Group's influence in the industry and cultivating a more diversified "Powerlong CM ecosystem" for the consumers. Looking forward, in 2023, with the change from the previous "dynamic zero-infection" policy, and in turn gradual recovery of offline consumption scenario, the Group believes that the consumption sentiment in 2023 will be a lot better than that of 2022.

1. Commercial Operational Services

(I) Ongoing enhancement of operations

As of 31 December 2022, the aggregate GFA in operation amounted to 10.6 million sq.m. and the aggregate contracted GFA amounted to 15.2 million sq.m., further solidifying the Group's leading position in the industry. In 2022, the COVID-19 pandemic brought certain impacts to commercial operations of the Group. Some of the business targets set at the beginning of the year could not be fully met. In 2023, as social distancing measures having been lifted and the impact caused by COVID-19 pandemic is subsiding, there will be a further enhancement in the Group's project quality with improvements in operational benchmarks in terms of occupancy rate, rental level, revenue level and sales level and so forth in comparison to that in 2022. Coupled with the annual brand event strategy, we will create extensive experience scenarios and business vibes and thereby enhance consumers' experience. At the same time, the ongoing refinements made to high-quality projects will continue to increase the revenue of our leading projects of high quality.

(II) Solidifying business development

Throughout the year 2022, the Group had 11 newly contracted projects and newly contracted GFA of 1.0 million sq.m., out of which outsourced projects on a third-party asset-light model, in terms of area, exceeded 50% for the first time, representing a record high in the Group's outsourcing efforts. In 2023, we envisage that the Group will have 13 new openings of projects of approximately 1.0 million sq.m. in total, and we will get well-prepared to deliver openings, thereby setting more benchmarking projects for the Group. With the ongoing expansion of the Group's scale, we will engage in more flexible modes of collaboration, and continue to expand with an expedited pace our asset-light commercial projects. At the same time, taking the Group as a development platform, we will also explore new areas of business growth.

(III) Enhancement of intelligent commerce

Following the challenges under the exceptional operating environment in 2022, the goal of intelligent commerce in 2023 will be to provide direct support to commercial operations in a pragmatic manner. Such goal will be achieved through the holistic introduction of the AI technology and Tencent's and other internet operators' sales capability. We have started applying AI staff in our internal management, and will gradually foster the use of AI staff to take up most management systems and work that do not require human participation, further achieving cost reduction and efficiency enhancement. AI technology will also be applied to the interface with consumers, by upgrading traditional membership platform to a platform where we can interact with consumers and which has active sales capability, thereby activating the consumption potential of the nearly 10 million members. Meanwhile, the entertainment and intellectual property right segments will restore operation, following its suspension in 2022 due to COVID-19 pandemic, to provide strong support to tenants for their operations. Intelligent commerce will enhance the Company's technological core competence by way of a series of advanced and effective products.

(IV) Optimization of organizational efficiency

The Group will continue to take the Yangtze River Delta as the core hub of its strategic layout while paying attention to and exploring other premium regions that offer opportunities, with stepped-up efforts in tenant sourcing under the tenant sourcing centers in six cities. The Group will continue to recruit and cultivate talents, optimize the mechanism for training, incentivize internal talents growing, devise a data-backed and intelligent system for appraising the individuals, and continue to optimize organizational efficiency, enhance efficiency of approval process, and build a first-class business operation team in the industry.

2. Residential Property Management Services

- (I) Operations enhancement** – To solidify the housekeeping system as core competence of the properties of the Company, ceaselessly improve property owners' satisfaction, improve the Company's collection rate and settlement rate, and enhance the Company's overall operational capability;

(II) **Quality enhancement** – By conducting internal control checks, external assessment, skills drill contests and promotion of system, we will further optimize the three-tier quality control mechanism of properties, uplift the product quality awareness of all members of the Group, and enhance property owners’ satisfaction;

(III) **Efficiency enhancement** – By undergoing continual structural integrations and fissions, strategic collection, technology empowerment, market exploration and so forth, we will continue to enhance our organizational efficiency.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2022, due to the Group’s ongoing business expansion, the Group recorded a revenue of approximately RMB2,549.3 million, representing an increase of approximately 3.5% as compared with approximately RMB2,464.0 million for the year ended 31 December 2021.

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

	For the year ended 31 December			
	2022		2021	
	<i>RMB’000</i>	<i>%</i>	<i>RMB’000</i>	<i>%</i>
Commercial Operational Services				
Market research and positioning, business tenant sourcing and opening preparation services	177,743	7.0%	292,269	11.9%
Commercial operation and management services	1,735,794	68.1%	1,528,900	62.0%
Commercial property lease income	144,743	5.7%	195,949	8.0%
	<u>2,058,280</u>	<u>80.8%</u>	<u>2,017,118</u>	<u>81.9%</u>
Residential Property				
Management Services				
Pre-sale management services	25,455	1.0%	53,184	2.1%
Property management services	368,159	14.4%	297,661	12.1%
Other value-added services	97,364	3.8%	96,033	3.9%
	<u>490,978</u>	<u>19.2%</u>	<u>446,878</u>	<u>18.1%</u>
Total	<u>2,549,258</u>	<u>100%</u>	<u>2,463,996</u>	<u>100%</u>

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

The Group's market research and positioning, tenants 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 year ended 31 December 2022, the Group's revenue from market research and positioning, tenants sourcing and opening preparation services amounted to approximately RMB177.7 million, representing a year-on-year decrease of 39.2% and accounting for approximately 7.0% of the Group's total revenue.

The decrease in the revenue from market research and positioning, business tenants sourcing and opening preparation services was primarily due to the fact that the Group provided market research and positioning, business tenants 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 year ended 31 December 2022, the Group's revenue from commercial operation and management services amounted to approximately RMB1,735.8 million, representing a year-on-year increase of 13.5% and accounting for approximately 68.1% 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 increase in per-unit-GFA revenue as the existing retail commercial properties entered a maturity stage of operation. As at 31 December 2022, the Group's commercial properties GFA in operation was 10.6 million sq.m., representing a year-on-year increase of 7.0%.

Commercial property lease income

The Group provides property leasing services with respect to units located within the shopping streets and shopping malls. For the year ended 31 December 2022, the Group's revenue derived from property leasing services amounted to approximately RMB144.7 million, representing a year-on-year decrease of 26.1% and accounting for approximately 5.7% of total revenue.

The decrease in the revenue from commercial property lease income was primarily attributable to the decrease in rental income from subleased 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 year ended 31 December 2022, the Group's revenue from residential property management services amounted to approximately RMB491.0 million, representing a year-on-year increase of 9.9% and accounting for approximately 19.2% of total revenue.

The increase in the revenue from provision of residential property management services was primarily attributable to: (i) the increase in the residential properties GFA delivered to 19.4 million sq.m. for the year ended 31 December 2022, representing a year-on-year increase of 9.6%; (ii) the improvement of service quality and the increase in the number of projects under management services.

Revenue indicated by type of customers is as follows:

	For the year ended 31 December			
	2022		2021	
	RMB'000	%	RMB'000	%
Commercial Operational Services				
Fellow subsidiaries	362,177	14.2%	301,572	12.2%
Other related parties	22,827	0.9%	57,327	2.3%
External customers	1,673,276	65.7%	1,658,219	67.4%
	<u>2,058,280</u>	<u>80.8%</u>	<u>2,017,118</u>	<u>81.9%</u>
Residential Property Management Services				
Fellow subsidiaries	77,428	3.0%	135,802	5.5%
Other related parties	15,902	0.6%	7,434	0.3%
External customers	397,648	15.6%	303,642	12.3%
	<u>490,978</u>	<u>19.2%</u>	<u>446,878</u>	<u>18.1%</u>
Total	<u>2,549,258</u>	<u>100%</u>	<u>2,463,996</u>	<u>100%</u>

Revenue derived from external customers represents the largest source of the Group's revenue. For the year ended 31 December 2022, revenue derived from external customers was approximately RMB2,070.9 million, representing approximately 81.2% of the Group's total revenue.

Revenue indicated by geographic regions is as follows:

	For the year ended 31 December			
	2022		2021	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Commercial Operational Service				
Yangtze River Delta	1,476,368	57.9%	1,406,364	57.1%
Pearl River Delta	42,514	1.7%	39,813	1.6%
Others	539,398	21.2%	570,941	23.2%
	<u>2,058,280</u>	<u>80.8%</u>	<u>2,017,118</u>	<u>81.9%</u>
Residential Property Management Service				
Yangtze River Delta	307,871	12.1%	268,411	10.9%
Pearl River Delta	6,161	0.2%	5,888	0.2%
Others	176,946	6.9%	172,579	7.0%
	<u>490,978</u>	<u>19.2%</u>	<u>446,878</u>	<u>18.1%</u>
Total	<u>2,549,258</u>	<u>100%</u>	<u>2,463,996</u>	<u>100%</u>

For the year ended 31 December 2022, the Group's commercial operational properties and residential management properties were primarily located in the Yangtze River Delta region.

Cost of services

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

For the year ended 31 December 2022, the Group's cost of services was approximately RMB1,714.8 million, representing a year-on-year increase of 4.4%. 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 year ended 31 December 2022 amounted to approximately RMB834.4 million, representing a year-on-year increase of 1.5%. For the year ended 31 December 2021, the gross profit margin was 32.7%, representing a decrease of 0.7 percentage point as compared to 33.4% for the year ended 31 December 2021.

The gross profit of commercial operational services for the year ended 31 December 2022 amounted to approximately RMB710.7 million, remaining flat year-on-year. The gross profit margin of the Group's commercial operational services for the year ended 31 December 2022 was 34.5%, representing a decrease of 0.7 percentage point as compared to 35.2% for the year ended 31 December 2021, primarily due to the adverse effect of the COVID-19 pandemic.

The gross profit of residential property management services for the year ended 31 December 2022 amounted to approximately RMB123.7 million, representing a year-on-year increase of 11.2%. The gross profit margin of the Group's residential property management services for the year ended 31 December 2022 was 25.2%, representing an increase of 0.3 percentage point as compared to 24.9% for the year ended 31 December 2021, primarily due to the continued expansion of the residential property area for which the Group has delivered residential property management services, the increase in the number of contracts with residents and the optimization of the Group's revenue structure.

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

	For the year ended 31 December			
	2022		2021	
	Gross profit <i>RMB'000</i>	Gross profit margin %	Gross profit <i>RMB'000</i>	Gross profit margin %
Commercial operational services	710,711	34.5%	710,623	35.2%
Residential property management services	123,711	25.2%	111,207	24.9%
Total	834,422	32.7%	821,830	33.4%

For the year ended 31 December 2022, the Group further fostered the project-regionalized integrated management. Meanwhile through technological upgrade and empowerment, the Group laid a sound foundation for increasing the gross profit of its business in the upcoming years.

Other income and other gains

Other income and other gains mainly comprised the various subsidies income from local governments and the forfeited deposits from tenants due to their premature termination of contracts. For the year ended 31 December 2022, the Group's other income and other gains amounted to approximately RMB79.0 million, representing a year-on-year increase of 120.7%. This was mainly due to the increase in government grants and penalty income received during the year.

Impairment losses on financial assets – net

The Group's net impairment losses on financial assets mainly include the allowance for impairment made in respect of operating lease and trade receivables and other receivables. For the year ended 31 December 2022, the Group's net impairment losses on financial assets amounted to approximately RMB28.0 million, representing a year-on-year increase of 23.0%. This was primarily attributable to the adverse effect of the COVID-19 pandemic on the business operations of some tenants.

Finance (costs)/income – net

The Group's net finance costs mainly include interest expense for lease liabilities and net interest income from bank deposits.

For the year ended 31 December 2022, the Group's net finance costs amounted to approximately RMB4.3 million as compared to the net finance income of approximately RMB21.8 million for the corresponding period in 2021. This was primarily attributable to the decrease in interest income from bank deposits.

Income tax expenses

The Group's income tax expenses mainly comprise PRC corporate income tax. For the year ended 31 December 2022, the effective income tax rates were 28.4%, representing a slight increase by 0.5 percentage point as compared to 27.9% for the year ended 31 December 2021.

Profit for the year

For the year ended 31 December 2022, the Group's profit attributable to shareholders of the Company was approximately RMB443.1 million, representing an increase of 1.1% from approximately RMB438.1 million for the year ended 31 December 2021.

Operating lease and trade receivables

The Group's operating lease and trade receivables primarily arisen from property leasing services for units located within the shopping malls and shopping streets as well as the provision of various services by the Group's commercial operational service segment and residential property management service segment. As at 31 December 2022, the Group's operating lease and trade receivables were approximately RMB232.5 million, representing an increase of 44.4% as compared to that of approximately RMB161.0 million as at 31 December 2021, primarily attributable to the Group's business growth.

Prepayments and other receivables

The Group's prepayments and other receivables primarily represent utility fees prepaid to the power supply bureaus, payments on behalf of tenants and residents and deposit prepayment for business purposes. As at 31 December 2022, prepayments and other receivables amounted to approximately RMB597.8 million, representing an increase of 489.5% as compared with approximately RMB101.4 million as at 31 December 2021. Such increase was primarily attributable to the expansion of the Group's business scale.

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 31 December 2022, the Group's trade and other payables amounted to approximately RMB1,094.1 million, representing a decrease of 9.5% as compared with approximately RMB1,209.0 million as at 31 December 2021. Such decrease was primarily attributable to decrease in payments on behalf of tenants and residents.

Contract liabilities

Contract liabilities mainly represent advance payments made by the customers of the Group's commercial operational services and residential property management services. As at 31 December 2022, contract liabilities were approximately RMB229.3 million, representing a decrease of 49.9% as compared with that as at 31 December 2021, mainly due to the adverse effect of the COVID-19 pandemic on the business operations of some tenants and the decrease in collection rate.

Contingent liabilities

As at 31 December 2022, the Group did not have any material contingent liabilities (31 December 2021: Nil).

Liquidity and capital resources

The Company has maintained stable financial condition and sufficient liquidity. As at 31 December 2022, the Group's cash and bank balances amounted to approximately RMB3,452.7 million, representing a decrease of 13.5% as compared with approximately RMB3,991.6 million as at 31 December 2021. This was primarily attributable to the adverse effect of the COVID-19 pandemic.

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 31 December 2022, gearing ratio was 0.48 (31 December 2021: 0.51).

Foreign exchange risk

The Group's businesses are principally conducted in RMB and the Group's exposure to foreign currency risk is minimal. As at 31 December 2022, the Group had not entered into any forward exchange contract to hedge its exposure to foreign exchange risk.

As at 31 December 2022, major non-RMB assets and liabilities of the Group were cash and bank balances denominated in US dollars ("US\$") and Hong Kong dollar ("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.

USE OF NET PROCEEDS

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

The Company raised net proceeds of (i) approximately HK\$1,380.5 million from the initial public offering, and (ii) approximately HK\$208.0 million from exercising the over-allotment option on 22 January 2020 (collectively, the “**Net IPO Proceeds**”). As set out in the prospectus of the Company dated 16 December 2019 (the “**Prospectus**”), the Company intended to use the Net IPO Proceeds for the purposes as follows: (i) approximately 50% of the Net IPO 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 Net IPO Proceeds will be used to upgrade the information technology systems for digitization and smart operation and management, aiming to enhance consumers’ experience, improve the quality of services provided to the Group’s tenants and improve operational efficiency; (iii) approximately 10% of the Net IPO 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 Net IPO 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 Net IPO Proceeds will be used for general business purpose and as working capital of the Group.

As at 31 December 2022, the use of the Net IPO Proceeds together with the expected timeline of use are as follows:

Business objective as stated in the Prospectus	The Net IPO Proceeds <i>HK\$ million</i>	Actual use of the Net IPO Proceeds during the year ended	Actual use of the Net IPO Proceeds up to	Proceeds unutilised <i>HK\$ million</i>	Expected timeline
		31 December 2022 <i>HK\$ million</i>	31 December 2022 <i>HK\$ million</i>		
(i) Pursue strategic acquisition of and investment in other commercial operational service providers	794.3	3.6	31.5	762.8	1 January 2020 to 31 December 2023
(ii) Upgrade the information technology systems	397.1	14.4	52.8	344.3	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	10.7	24.0	55.5	1 January 2020 to 31 December 2023
(v) General business purpose and working capital	158.8	–	158.8	–	–
	1,588.5	28.7	340.5	1,248.0	

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

As at 31 December 2022, the remaining Net IPO Proceeds that had not yet been utilised were deposited into licensed banks in Hong Kong and mainland China.

(ii) Use of Net Proceeds from Subscription

Reference is made to the subscription of 11,250,000 new shares of the Company (the “Subscription”) by Mr. Chen Deli, an executive Director and the chief executive officer of the Company, details of which are set out in the Company’s announcement dated 10 September 2020 and the Company’s circular dated 6 November 2020.

The following table sets forth the status of use of net proceeds from the Subscription as of 31 December 2022 together with the expected timeline of use:

Intended use of proceeds from the Subscription	Net proceeds <i>HK\$ million</i>	Actual use of	Actual use of	Proceeds unused <i>HK\$ million</i>	Expected timeline
		proceeds during the year ended 31 December 2022 <i>HK\$ million</i>	proceeds up to 31 December 2022 <i>HK\$ million</i>		
(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 Keqiao 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	6.3	19.5	89.9	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	6.3	101.5	171.9	

As at 31 December 2022, the remaining net proceeds from the Subscription that had not yet been utilised were deposited into licensed banks in Hong Kong and mainland China.

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 31 December 2022, the Group had 5,726 (2021: 6,886) employees. The total staff costs of the Group for the year ended 31 December 2022 amounted to approximately RMB857.6 million (2021: approximately RMB802.7 million). The Group believes in the importance of attraction, recruitment and retention of quality employees in achieving the Group's success. Our success depends on our ability to attract, retain and motivate qualified personnel. As part of our retention strategy, the Group offers employees performance-based cash bonuses and other incentives in addition to base salaries. The Group also participates in various employee social security plans for its employees, including housing provident fund, pension, medical insurance, social insurance and unemployment insurance. In relation to staff training, the Group also provides different types of programs for its staff to improve their skills and develop their respective expertise. During the year ended 31 December 2022, the Group did not experience any significant labour disputes or any difficulty in recruiting employees.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the section headed "Use of Net Proceeds" of this announcement, the Company had not authorised any plan for other material investments or acquisition of capital assets as at the date of this announcement.

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

Save as disclosed in this announcement, the Group did not hold any significant investments and did not conduct any material acquisition or disposal of subsidiaries, associates or joint ventures during the year ended 31 December 2022.

EVENTS AFTER THE REPORTING PERIOD

As at the date of this announcement, no significant event has taken place subsequent to 31 December 2022.

ANNUAL GENERAL MEETING

The annual general meeting of the Company for the year ended 31 December 2022 is proposed to be held on Friday, 16 June 2023 (the "**Annual General Meeting**"). A notice convening the Annual General Meeting will be published and despatched in the manner as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") in due course.

DIVIDEND

At the Board meeting held on 29 March 2023, the Board recommended the payment of a final dividend of HK\$0.15 per ordinary share for the year ended 31 December 2022 (the “**Final Dividend**”), which is subject to approval by the Shareholders at the Annual General Meeting. Together with the interim dividend of HK\$0.15 per ordinary share for the six months ended 30 June 2022 paid on 20 December 2022, the total dividend for the year amounted to HK\$0.3 per ordinary share. The Final Dividend, if approved by the Shareholders, will be paid on or around Wednesday, 25 October 2023 to the Shareholders whose names appear on the register of members of the Company on Wednesday, 28 June 2023.

CLOSURE OF REGISTER OF MEMBERS

(a) Attending the Annual General Meeting

For the purpose of determining the Shareholders’ rights to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from Tuesday, 13 June 2023 to Friday, 16 June 2023, both days inclusive, during which period no transfer of shares of the Company will be registered.

For the purpose of determining the entitlement to attend and vote at the Annual General Meeting, all transfer document 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, 12 June 2023.

(b) Payment of the proposed final dividend

For the purpose of determining the Shareholders’ entitlement to the proposed Final Dividend for the year ended 31 December 2022, the register of members of the Company will be closed from Thursday, 22 June 2023 to Wednesday, 28 June 2023, both days inclusive, during which period no transfer of shares of the Company will be registered.

In order to qualify for the entitlement to the proposed Final Dividend for the year ended 31 December 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 Wednesday, 21 June 2023.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 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 have confirmed that they have complied with the Model Code throughout the year ended 31 December 2022. 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 year ended 31 December 2022.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities during the year.

CORPORATE GOVERNANCE

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 contained in Part 2 of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules (the “**Corporate Governance Code**”) as its own code on corporate governance and, to the best knowledge of the Directors, the Company had complied with all applicable code provisions set out in the Corporate Governance Code during the year ended 31 December 2022. Further information about the corporate governance practices of the Company will be set out in the annual report of the Company for the year ended 31 December 2022.

AUDIT COMMITTEE

The Company has established the audit committee (the “**Audit Committee**”), which comprises three independent non-executive Directors, in accordance with the requirements under Rule 3.21 of the Listing Rules.

The Audit Committee has reviewed the audited consolidated annual results of the Group for the year ended 31 December 2022 with the Company’s management and considered that such results have been prepared in accordance with applicable accounting standards and requirements with sufficient disclosure.

SCOPE OF WORK OF ELITE PARTNERS CPA LIMITED

The figures in respect of the Group's consolidated balance sheet, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2022 as set out in this announcement have been agreed by the Company's external auditor, Elite Partners CPA Limited ("**Elite Partners**"), to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2022. The work performed by Elite Partners in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by Elite Partners in this announcement.

RETIREMENT AND REAPPOINTMENT OF AUDITOR

Elite Partners shall retire and, being eligible, offer themselves for reappointment at the Annual General Meeting, at which a resolution will be proposed for the re-appointment of Elite Partners as the auditor of the Company.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and the knowledge of the Directors, throughout the year ended 31 December 2022 and up to the date of this announcement, the Company had maintained a sufficient public float of more than 25% of the total number of issued shares of the Company as required under the Listing Rules.

PUBLICATION OF THE 2022 ANNUAL RESULTS AND THE 2022 ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This announcement is published on the website of the Stock Exchange (www.hkexnews.hk) as well as the website of the Company (www.powerlongcm.com).

The annual report of the Company for the year ended 31 December 2022 will be despatched to the Shareholders and made available on the websites of the Stock Exchange and the Company in due course.

APPRECIATION

The steady growth of the Group is attributable to the enormous support from the relevant parties for years. The Board would like to take this opportunity to express its sincere gratitude to the Group's investors, business partners and customers for their continuous trust and support. At the same time, the Board would also like to take this opportunity to thank the Board members for their work of high performance and the Group's staff for their contributions and dedication. The Group will continue to uphold its tradition of "honest, modest, innovative and devoted" while relying on an elite team with unified values, loyalty and commitment. It will adhere to its belief and rise to challenges in order to create better returns for its customers, shareholders and investors and to create greater values for the society.

PROPOSED ADOPTION OF THE AMENDED AND RESTATED MEMORANDUM AND ARTICLES OF ASSOCIATION

The Board proposes to amend the existing memorandum and articles of association of the Company (the “**Existing Memorandum and Articles**”) to (i) bring the Existing Memorandum and Articles in line with the latest requirements under the Listing Rules, including the amendments to Appendix 3 to the Listing Rules which took effect on 1 January 2022; (ii) provide flexibility to the Company in relation to the conduct and proceedings of general meetings of the Company; (iii) reflect the prevailing requirements under applicable laws of the Cayman Islands; and (iv) incorporate certain corresponding and housekeeping amendments (the “**Proposed Amendments**”).

The Board proposes to effect the Proposed Amendments by way of adoption of the amended and restated memorandum and articles of association (the “**Amended and Restated Memorandum and Articles**”) in substitution for, and to the exclusion of, the Existing Memorandum and Articles.

The proposed adoption of the Amended and Restated Memorandum and Articles to incorporate the Proposed Amendment is subject to the approval of the Shareholders by way of a special resolution to be proposed at the forthcoming Annual General Meeting. Prior to the passing of such special resolution at the Annual General Meeting, the Existing Memorandum and Articles shall remain valid.

A circular containing, among other matters, details of the Proposed Amendments and the proposed adoption of the Amended and Restated Memorandum and Articles, together with a notice convening the Annual General Meeting will be despatched to the Shareholders in due course.

RE-DESIGNATION OF DIRECTOR AND CHANGE OF CHIEF FINANCIAL OFFICER

The Board announces that due to other business commitments, Mr. Zhang Yunfeng (“**Mr. Zhang**”) has been re-designated from the position of executive Director to non-executive Director, and has resigned as the chief financial officer of the Company (“**CFO**”); and Mr. He Xuguang (“**Mr. He**”) has been appointed as the CFO, all with effect from 29 March 2023.

Mr. Zhang confirmed that he has no disagreement with the Board and that there is no other matter in connection with his resignation as the CFO of the Company or his re-designation as a non-executive Director that should be brought to the attention of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Shareholders.

The biographical details of Mr. Zhang and Mr. He are as follows:

Mr. Zhang

Mr. Zhang, aged 46, joined the Group as the deputy general manager in March 2015 and has held senior positions in various business sectors of the Group, including the financial sector and operation management sector. Mr. Zhang was appointed as an executive Director and chief executive officer of the Company on 8 August 2019. Due to work allocation, Mr. Zhang was re-designated from the position of chief executive officer to CFO on 1 June 2020, and was primarily responsible for the financial and cost management, intelligent commerce research, digital construction and internal risk control of the Group, as well as conducting operational and forecast analysis. He was further re-designated as a non-executive Director and resigned as CFO with effect from 29 March 2023 in light of his other business commitments.

Mr. Zhang has over 14 years of experience in the real estate industry. Prior to joining the Group, from July 2006 to October 2011, Mr. Zhang worked in Nanjing Qinghe Investment Group Co., Ltd., an investment company focusing on real estate investment, with his last position as the general manager of the financial management center, where he was primarily responsible for the management of finance, cost, investment and financing activities of the Group. From January 2012 to October 2013, Mr. Zhang worked as the deputy general manager of Chengdu Jinniu Wanda Plaza Investment Co., Ltd., a real estate development company, where he was primarily responsible for the management of finance and financing activities. From October 2013 to November 2014, Mr. Zhang worked as the general manager of the finance department of Wanda Commercial Management Group Co., Ltd., a commercial operational service company, where he was primarily responsible for financial management. From November 2014 to March 2015, Mr. Zhang also worked as the group deputy manager and general manager of the finance department of Wanda Property Management Co., Ltd., a property group management company, where he was primarily responsible for financial management and participating in material operational decision-making process.

Mr. Zhang obtained a bachelor's degree in management and a master's degree in accounting from Nanjing University in the PRC in July 2000 and February 2007, respectively. He obtained the qualification of intermediate accountant granted by the Ministry of Finance (the "MOF") in the PRC in May 2005. He was also employed as a part-time tutor for postgraduate students of master's degree in business administration by Nanjing University, for a period from December 2019 to December 2022.

Mr. Zhang has entered into a letter of appointment with the Company for an initial term of 3 years commencing from 29 March 2023, and is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the articles of association of the Company. Pursuant to the articles of association of the Company, Mr. Zhang will only remain in office until the forthcoming annual general meeting of the Company, upon which he will be eligible for re-election. Mr. Zhang will be entitled to a director's fee of HK\$180,000 per annum, which has been determined with reference to the fees paid by comparable companies in the market, the time commitment of Mr. Zhang and his duties, as well as the performance of the Company.

Save as disclosed above, Mr. Zhang does not hold any other position in the Company or its subsidiaries and did not hold any directorship in any other companies listed in Hong Kong or overseas in the last three years. Mr. Zhang does not have any relationship with any Directors, senior management or substantial shareholders or controlling shareholders of the Company. As at the date of this announcement, Mr. Zhang had interests in 100,000 Shares within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”).

Mr. Zhang has confirmed that there is no information that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules that needs to be brought to the attention of the Shareholders.

Mr. He

Mr. He, aged 47, joined Powerlong Real Estate Holdings Limited, a company whose shares are listed on the Main Board of the Stock Exchange (stock code: 1238) (“**Powerlong Real Estate**”) as the deputy general manager of the financial management center of the company in February 2010, and also took up the role of general manager of the supervisory department of Powerlong Real Estate. In November 2022, Mr. He was appointed as vice president of the Group and general manager of the financial management center, mainly responsible for devising and implementing the Group’s system of rights and responsibilities, business strategies and operational goals, as well as financial management, cost control and investment management.

Mr. He has over 16 years of experience in the real estate market. Prior to joining the Group, from October 2003 to March 2005, Mr. He was a researcher with the asset management department of Southwest Securities Co., Ltd., an asset management and operation company whose shares are listed on the Shanghai Stock Exchange (stock code: 600369.SH), primarily participating in research and development. From April 2005 to January 2006, Mr. He was a researcher with Shanghai Shangdong Investment Management Co., Ltd., an investment management company, responsible for the research of fundamentals of listed companies and their respective industries. From February 2006 to February 2010, Mr. He was assistant to the general manager of the group finance department of Jiangsu Dihua Group Co., Ltd., a conglomerate engaged in real estate development, sale, renovation, gardening and greening, and was responsible for financial management.

Mr. He obtained his bachelor’s degree in applied physics, master’s degree in financial management and doctoral degree in finance from Shanghai Jiaotong University in July 1997, February 2000 and March 2003, respectively. He was granted the qualification of certified public accountant (non-practising) by Shanghai Institute of Certified Public Accountants in April 2002, the qualification of international chartered financial analyst in November 2007, and the qualification of certified tax agent by Shanghai Association of Certified Tax Agent in August 2009.

The Board wishes to express its appreciation to Mr. Zhang for his valuable contribution to the Company during his tenure of office as the CFO of the Company. The Board would also like to take this opportunity to extend its warm welcome to Mr. Zhang for his new role and to Mr. He for his appointment as the CFO of the Company.

CHANGE OF JOINT COMPANY SECRETARY

The Board also announces that Ms. Jin Hong (“**Ms. Jin**”) has tendered her resignation as a joint company secretary of the Company (the “**Joint Company Secretary**”) with effect from 29 March 2023 to pursue other business opportunities.

Ms. Jin has confirmed that she has no disagreement with the Board and there are no matters in relation to her resignation that need to be brought to the attention of the Shareholders and the Stock Exchange.

Following the resignation of Ms. Jin, the Board is pleased to announce that Ms. Zhang Yiting (“**Ms. Zhang**”) has been appointed as a Joint Company Secretary with effect from 29 March 2023. Ms. Leung Wai Yan (“**Ms. Leung**”) will continue to serve as the other Joint Company Secretary.

The biographical details of Ms. Zhang and Ms. Leung are set out below:

Ms. Zhang

Ms. Zhang, aged 34, re-joined the Group in February 2023 as a capital director. She is responsible for the company secretarial, compliance and investor relations functions of the Group. Before re-joining the Group, she worked as a senior capital manager of the Group from February 2020 to September 2022. From September 2022 to December 2022, Ms. Zhang worked as an information disclosure manager of WEILONG Delicious Global Holdings Ltd, whose shares are listed on the Main Board of the Stock Exchange (stock code: 9985.HK). From February 2011 to February 2020, Ms. Zhang worked as the accounting supervisor and the investment manager of Powerlong Real Estate.

Ms. Zhang obtained a bachelor’s degree in management from Jiang Xi Agricultural University in 2010, and she also obtained the qualification of intermediate accountant granted by the MOF in the PRC in 2015.

Ms. Leung

Ms. Leung is currently a manager of corporate services of Vistra Corporate Services (HK) Limited. She has over 15 years of experience in providing company secretarial services to numerous listed and private companies.

Ms. Leung obtained a Bachelor of Business (Administrative Management) from University of South Australia. She has been an associate member of The Hong Kong Chartered Governance Institute and an associate member of The Chartered Governance Institute in the United Kingdom since 2009.

Save as disclosed herein, the Board is not aware of any other matters in relation to the appointment of Ms. Zhang that need to be brought to the attention of the Shareholders or any information that need to be disclosed pursuant to the requirements of the Listing Rules.

WAIVER FROM STRICT COMPLIANCE WITH RULES 3.28 AND 8.17 OF THE LISTING RULES

Pursuant to Rule 8.17 of the Listing Rules, the Company must appoint a company secretary who satisfies Rule 3.28 of the Listing Rules. Pursuant to Rule 3.28 of the Listing Rules, the company secretary of the Company must be an individual who, by virtue of his academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary.

Pursuant to Note 1 to Rule 3.28 of the Listing Rules, the Stock Exchange considers the following academic or professional qualifications to be acceptable: (a) a member of The Hong Kong Chartered Governance Institute; (b) a solicitor or barrister (as defined in the Legal Practitioners Ordinance); and (c) a certified public accountant (as defined in the Professional Accountants Ordinance) (the “**Acceptable Qualification**”).

Pursuant to Note 2 to Rule 3.28 of the Listing Rules, in assessing “relevant experience”, the Stock Exchange will consider the individual’s: (a) length of employment with the issuer and other issuers and the roles he played; (b) familiarity with the Listing Rules and other relevant law and regulations including the SFO, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, and the Code on Takeovers and Mergers and Share Buy-backs; (c) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and (d) professional qualifications in other jurisdictions (the “**Relevant Experience**”).

As Ms. Zhang does not possess the Acceptable Qualifications required under Note 1 to Rule 3.28 of the Listing Rules, and she does not have all the required Relevant Experience required by Note 2 to Rule 3.28 of the Listing Rules, she has not fully satisfied the requirements under Rule 3.28 of the Listing Rules.

Ms. Leung, who meets the requirement under Note 1 to Rule 3.28 of the Listing Rules, will work closely with and provide assistance to Ms. Zhang in discharging her duties and responsibilities as a company secretary of the Company for the first three years commencing from the appointment of Ms. Zhang as a Joint Company Secretary (the “**Waiver Period**”). The Company has applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver (the “**Waiver**”) from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules with respect to the appointment of Ms. Zhang as a Joint Company Secretary during the Waiver Period.

The Waiver was granted on the conditions that, (i) Ms. Zhang must be assisted by Ms. Leung during the Waiver Period; and (ii) the Waiver could be revoked if there are material breaches of the Listing Rules by the Company.

Before the end of the Waiver Period, the Company must demonstrate and seek the Stock Exchange’s confirmation that Ms. Zhang, having had the benefit of Ms. Leung’s assistance during the Waiver Period, has attained the relevant experience and is capable of discharging the functions of company secretary under Rule 3.28 of the Listing Rules such that a further Waiver will not be necessary.

The Board would like to take this opportunity to express its gratitude to Ms. Jin for her valuable contributions to the Company during her tenure of service and extend its warm welcome to Ms. Zhang on her new appointment.

By Order of the Board
Powerlong Commercial Management Holdings Limited
Hoi Wa Fong
Chairman

Hong Kong, 29 March 2023

As at the date of this announcement, the Board comprises two executive Directors, namely, Mr. Hoi Wa Fong and Mr. Chen Deli, three non-executive Directors, namely, Mr. Zhang Yunfeng, Ms. Hoi Wa Fan and Ms. Hoi Wa Lam, and three independent non-executive Directors, namely, Dr. Lu Xiongwen, Ms. Ng Yi Kum, Estella and Mr. Chan Wai Yan, Ronald.

This announcement is available for viewing on the Company's website at www.powerlongcm.com and the website of the Stock Exchange at www.hkexnews.hk.