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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)

2020 ANNUAL RESULTS ANNOUNCEMENT

SUMMARY OF RESULTS

- Revenue of the Group for the year ended 31 December 2020 amounted to approximately RMB1,921.2 million, representing an increase of approximately 18.6% as compared with approximately RMB1,620.5 million for the year ended 31 December 2019.
- Gross profit of the Group for the year ended 31 December 2020 amounted to approximately RMB594.5 million, representing an increase of approximately 38.8% as compared with approximately RMB428.4 million for the year ended 31 December 2019.
- Profit of the Group for the year ended 31 December 2020 amounted to approximately RMB307.4 million, representing an increase of 72.1% as compared with approximately RMB178.6 million for the year ended 31 December 2019. At the same time, profit attributable to the owners of the Company for the year ended 31 December 2020 amounted to approximately RMB305.1 million, representing an increase of 70.8% as compared with approximately RMB178.6 million for the year ended 31 December 2019. (Disregarding the deduction of management fee of approximately RMB18.4 million incurred by share incentives, the actual profit attributable to the owners of the Company would amount to approximately RMB323.5 million.)
- As at 31 December 2020, the gross floor area (“GFA”)^{Note} in operation of the Group’s commercial operational services amounted to 8.6 million square meters, representing an increase of approximately 1.6 million square meters as compared with 7.0 million square meters as at 31 December 2019; and the GFA delivered of residential property management services amounted to 14.4 million square meters, representing an increase of approximately 2.9 million square meters as compared with 11.5 million square meters as at 31 December 2019.
- The Board recommends the payment of a final dividend of HK\$0.18 per ordinary share for the year ended 31 December 2020. Together with the interim dividend of HK\$0.1 per ordinary share for the six months ended 30 June 2020, the total dividend for the year ended 31 December 2020 amounted to HK\$0.28 per ordinary share.

Note: 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 2020, together with comparative figures for the year ended 31 December 2019, as follows.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 December	
		2020	2019
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	4	1,921,238	1,620,457
Cost of services		(1,326,692)	(1,192,050)
Gross profit		594,546	428,407
Selling and marketing expenses		(36,334)	(41,856)
Administrative expenses		(134,407)	(117,231)
Other income and gains	5	32,613	17,295
Net impairment losses on financial assets		(22,846)	(7,244)
Operating profit		433,572	279,371
Finance costs		(33,811)	(40,262)
Finance income		23,164	8,160
Finance costs – net		(10,647)	(32,102)
Share of net losses of joint ventures accounted for using the equity method		(3,009)	–
Profit before income tax		419,916	247,269
Income tax expenses	6	(112,550)	(68,655)
Profit and total comprehensive income for the year		307,366	178,614
Profit and total comprehensive income attributable to:			
– Shareholders of the Company		305,064	178,614
– Non-controlling interests		2,302	–
		307,366	178,614
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	49.12	44.01
– Diluted earnings per share	7	49.11	44.01

CONSOLIDATED BALANCE SHEET

	<i>Note</i>	As at 31 December	
		2020	2019
		RMB'000	RMB'000
Assets			
Non-current assets			
Property and equipment		9,819	6,928
Financial assets at fair value through profit or loss		313	–
Investment properties		688,205	207,207
Intangible assets		5,420	–
Goodwill		20,640	–
Deferred income tax assets		74,457	48,421
Investments accounted for using the equity method		2,511	4,700
		801,365	267,256
Current assets			
Operating lease and trade receivables	9	161,954	113,881
Prepayments and other receivables		104,759	91,114
Current income tax recoverables		2,726	2,705
Restricted cash		518	19
Cash and cash equivalents		3,449,101	2,616,113
		3,719,058	2,823,832
Total assets		4,520,423	3,091,088

CONSOLIDATED BALANCE SHEET (continued)

		As at 31 December	
		2020	2019
	<i>Note</i>	RMB'000	RMB'000
Equity			
Share capital and premium	10	1,479,288	1,236,907
Other reserves		42,033	22,430
Shares held for shares award scheme		(95)	–
Retained earnings		631,712	327,835
		<u>2,152,938</u>	<u>1,587,172</u>
Capital and reserves attributable to shareholders of the Company		2,152,938	1,587,172
Non-controlling interests		12,965	–
		<u>12,965</u>	<u>–</u>
Total equity		2,165,903	1,587,172
		<u>2,165,903</u>	<u>1,587,172</u>
Liabilities			
Non-current liabilities			
Deferred income tax liabilities		2,891	–
Long-term payables		3,271	–
Lease liabilities		659,816	190,487
		<u>665,978</u>	<u>190,487</u>
		665,978	190,487
Current liabilities			
Trade and other payables	11	1,060,984	763,111
Advances from lessees		14,889	27,488
Current income tax liabilities		101,410	33,562
Lease liabilities		202,072	226,066
Contract liabilities		309,187	263,202
		<u>1,688,542</u>	<u>1,313,429</u>
		1,688,542	1,313,429
Total liabilities		2,354,520	1,503,916
		<u>2,354,520</u>	<u>1,503,916</u>
Total equity and liabilities		4,520,423	3,091,088
		<u>4,520,423</u>	<u>3,091,088</u>

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 Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company and its subsidiaries (the “**Group**”) are primarily engaged in the provision of commercial operational services and residential property management services (the “**Spin-off Business**”) 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 2020, Mr. Hoi Kin Hong (“**Mr. Hoi**”) held approximate 44.33% of interests in the issued share capital of Powerlong Holdings.

The initial listing of the Company’s Shares on the Main Board of the Stock Exchange (“**Listing**”) constitutes a spin-off from Powerlong Holdings (“**Spin-off**”). Powerlong Holdings and its subsidiaries exclusive of the Group are collectively referred to as the Remaining Powerlong Group in these consolidated financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied in all the years presented, unless otherwise stated.

2.1 Basis of preparation

(i) *Compliance with HKFRS and HKCO*

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”) and disclosure requirements of the Hong Kong Companies Ordinance Cap. 622.

(ii) *Historical cost convention*

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

(iii) *New standards, amendments and interpretations adopted by the Group*

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2020:

- Definition of Material – amendments to HKAS 1 and HKAS 8
- Definition of a Business – amendments to HKFRS 3
- Interest Rate Benchmark Reform – amendments to HKFRS 7, HKFRS 9 and HKAS 39
- Revised Conceptual Framework for Financial Reporting
- Covid-19-Related Rent Concessions – amendments to HKFRS 16

(iv) *New standards, amendments, interpretations and accounting guideline not yet adopted*

The following new standards and amendments, interpretation and accounting guideline to standards have been published that are not mandatory for the year ended 31 December 2020 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
HKFRS 17	Insurance contract	1 January, 2023
Amendments to HKAS 1	Classification of liabilities as current or non-current	1 January, 2023
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan	1 January, 2023
Amendments to HKFRS 3	Update reference to the conceptual framework	1 January, 2022
Amendments to HKAS 16	Proceeds before intended use	1 January, 2022
Amendments to HKAS 37	Onerous contracts – costs of fulfilling a contract	1 January, 2022
Annual Improvements	Annual Improvements to HKFRS Standards 2018-2020 Cycle	1 January, 2022
Revised Accounting Guideline 5	Merger Accounting for Common Control Combination	1 January, 2022
Amendments to HKFRS 9, HKAS 39, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase two	1 January, 2021
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint ventures	To be determined

The Group has already commenced an assessment of the impact of these new or revised standards and amendments. According to the preliminary assessment made by the Group, these standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

3 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by 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 gains, unallocated operating costs, finance costs-net, shares of net losses of joint ventures accounted for using the equity method 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 2020

	Commercial operational services RMB'000	Residential property management services RMB'000	Group RMB'000
Gross segment revenue	<u>1,562,925</u>	<u>358,313</u>	<u>1,921,238</u>
Revenue from contracts with customers	1,381,436	358,313	1,739,749
– at a point in time	85,803	–	85,803
– over time	1,295,633	358,313	1,653,946
Revenue from other sources			
– rental income	181,489	–	181,489
Segment results	417,751	55,325	473,076
Other income and gains			32,613
Unallocated operating costs			(72,117)
Interest expense			(33,811)
Interest income			23,164
Share of net losses of joint ventures accounted for using the equity method			<u>(3,009)</u>
Profit before income tax			419,916
Income tax expenses			<u>(112,550)</u>
Profit for the year			<u>307,366</u>
Depreciation and amortisation	<u>96,749</u>	<u>1,575</u>	<u>98,324</u>

For the year ended 31 December 2019

	Commercial operational services <i>RMB'000</i>	Residential property management services <i>RMB'000</i>	Group <i>RMB'000</i>
Gross segment revenue	1,335,109	285,348	1,620,457
Revenue from contracts with customers	1,129,750	285,348	1,415,098
– at a point in time	46,225	–	46,225
– over time	1,083,525	285,348	1,368,873
Revenue from other sources			
– rental income	205,359	–	205,359
Segment results	303,511	31,988	335,499
Other income and gains			17,295
Unallocated operating costs			(73,423)
Interest expense			(40,262)
Interest income			7,718
Foreign exchange gains on financing activities-net			442
Profit before income tax			247,269
Income tax expenses			(68,655)
Profit for the year			178,614
Depreciation and amortisation	98,974	4,862	103,836

- (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 2020

	Commercial operational services RMB'000	Residential property management services RMB'000	Elimination RMB'000	Group RMB'000
Segment assets	1,123,065	100,751	(4,512)	1,219,304
Other assets				3,301,119
Total assets				<u>4,520,423</u>
Segment liabilities	2,005,859	215,673	(4,512)	2,217,020
Other liabilities				137,500
Total liabilities				<u>2,354,520</u>
Capital expenditure	<u>586,382</u>	<u>1,631</u>	<u>–</u>	<u>588,013</u>

As at 31 December 2019

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

Segment assets are reconciled to total assets as follows:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Segment assets	1,219,304	522,844
Other assets		
Current income tax recoverables	2,726	2,705
Deferred income tax assets	74,457	48,421
Unallocated cash and cash equivalents and restricted cash	3,212,997	2,515,618
Unallocated property and equipment	220	35
Other corporate assets	10,406	1,465
Financial assets at fair value through profit and loss	313	–
Total assets	4,520,423	3,091,088

Segment liabilities are reconciled to total liabilities as follows:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Segment liabilities	2,217,020	1,362,494
Other liabilities		
Current income tax liabilities	101,410	33,562
Deferred income tax liabilities	2,891	–
Other payables due to related parties	3,410	88,759
Other corporate liabilities	29,789	19,101
Total liabilities	2,354,520	1,503,916

The amounts provided to the CODM with respect to total assets and liabilities are measured in a manner consistent with that of the 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 cash equivalents.

Segment liabilities consist primarily of trade and other payables (excluding other payables due to related parties with non-trade nature), lease liabilities, contract liabilities, advances from lessees and long-term payables.

Capital expenditure comprises additions to property and equipment and investment properties.

4 REVENUE

(a) Revenue of the Group for the year ended 31 December 2020 is as follows:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Type of services		
<i>Rental income:</i>		
– Commercial property lease income	181,489	205,359
<i>Revenue from customer:</i>		
– Market research and positioning, business tenant sourcing, opening preparation services	214,708	143,231
– Commercial operation and management services	1,166,728	986,519
– Commercial operation service during the operation stage	370,032	318,905
– Commercial property management service	796,696	667,614
– Commercial operational services	1,381,436	1,129,750
– Pre-sale management services	14,730	13,128
– Residential property management services	271,362	222,217
– Other value-added services	72,221	50,003
– Residential property management services	358,313	285,348
	1,921,238	1,620,457
Type of customers		
Rental income		
External customers (iii)	181,489	205,359
External customers (iii)	1,114,694	927,357
Fellow subsidiaries (i)	189,428	180,964
Other related parties (ii)	77,314	21,429
Commercial operational services	1,381,436	1,129,750
External customers (iii)	296,131	237,278
Fellow subsidiaries (i)	57,351	46,725
Other related parties (ii)	4,831	1,345
Residential property management services	358,313	285,348
	1,921,238	1,620,457

- (i) For the year ended 31 December 2020, revenue arising from the Remaining Powerlong Group and other entities controlled by Mr. Hoi (the “**Fellow Subsidiaries**”) contributed 12.8% of the Group’s revenue (2019: 14.1%). 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 (2019: none).
- (ii) Other related parties represented associates or jointly controlled entities of the Remaining Powerlong Group.
- (iii) External customers represented independent third parties.

(b) Liabilities related to contracts with customers

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Contract liabilities	309,187	263,202

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

(i) Revenue 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	
	2020	2019
	RMB'000	RMB'000
Revenue recognised that was included in the contract liability balance at the beginning of the year		
– Commercial operational services	210,562	106,882
– Residential property management services	52,640	26,897
	263,202	133,779

(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 several months in advance the Group that the services are no longer required.

5 OTHER INCOME AND GAINS

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Other income		
Penalty income	14,152	10,297
Government grants (<i>Note (a)</i>)	13,223	2,288
Others	1,577	2,655
	<u>28,952</u>	<u>15,240</u>
Other gains		
Gain on lease termination	–	2,055
Foreign exchange gains	1,661	–
Gain on disposal of an associate	2,000	–
	<u>3,661</u>	<u>2,055</u>
	<u>32,613</u>	<u>17,295</u>

- (a) The government grants represented mainly tax refunds, rewards and rental refunds for COVID-19 from local government without attached conditions.

6 INCOME TAX EXPENSES

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Current income tax		
– PRC corporate income tax	136,941	63,829
Deferred income tax		
– PRC corporate income tax	(24,391)	4,826
	<u>112,550</u>	<u>68,655</u>

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

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Profit before income tax	419,916	247,269
Tax charge at statutory tax rate of 25% to profits in the respective group entities	104,979	61,817
Tax effects of:		
– Expenses not deductible for tax purposes	8,810	8,978
– Effect of income not subject to income tax	(415)	(896)
– Tax losses for which no deferred income tax asset was recognised	471	–
– Utilisation of tax losses previously not recognised for deferred tax asset	(1,295)	(1,244)
PRC corporate income tax	112,550	68,655

The effective income tax rate was 26.80% and 27.77% for the years ended 31 December 2020 and 2019.

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

Hong Kong profits tax

No provision for Hong Kong profits tax has been made in these consolidated financial statements as the Company and the Group did not have assessable profit in Hong Kong during the year ended 31 December 2020 (2019: nil). The profit of the group entities in Hong Kong is mainly derived from dividend income, which is not subject to Hong Kong profits tax.

7 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year ended 31 December 2020.

In determining the weighted average number of ordinary shares in issue during the year ended 31 December 2019, the ordinary shares issued upon the incorporation of the Company, the ordinary shares issued in the reorganization undertaken for the initial listing on 19 July 2019, and the capitalisation issue on 10 December 2019, were deemed to be issued on 1 January 2019 as if the Company has been incorporated by then.

	Year ended 31 December	
	2020	2019
Earnings (RMB'000)		
Earning for the purposes of basic and diluted earnings per share (profit for the year attributable to owners of the Company)	305,064	178,614
Number of shares ('000)		
Weighted average number of ordinary shares for the purpose of basic earnings per share	621,117	405,822
Effect of dilutive potential ordinary shares:		
Awarded shares	26	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	621,143	405,822

8 DIVIDEND

- (a) An interim dividend of HK\$10.0 cents (equivalent to RMB9.1 cents based on the exchange rate of 30 June 2020) per ordinary share, total amount of interim dividend of HK\$62,150,000 (equivalent to approximately RMB56,770,000) was paid.
- (b) On 2 March 2021, the Board recommended the payment of a final dividend of HK\$18.0 cents (equivalent to RMB15.1 cents based on the exchange rate of 31 December 2020) per ordinary share. Total amount of final dividend would be HK\$113,895,000 (equivalent to approximately RMB95,859,000) which is calculated according to the ordinary shares in issue as at 31 December 2020 excluding shares held for shares award scheme. The recommended final dividend in respect of 2020 is subject to the approval of shareholders in the forthcoming annual general meeting. These consolidated financial statements do not reflect this dividend payable.

9 OPERATING LEASE AND TRADE RECEIVABLES

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Operating lease receivables (<i>Note (a)</i>)		
– Third parties	<u>17,170</u>	<u>4,660</u>
Trade receivables (<i>Note (a)</i>)		
– Related parties	<u>32,718</u>	<u>47,707</u>
– Third parties	<u>154,943</u>	<u>82,688</u>
	<u>187,661</u>	<u>130,395</u>
Less: allowance for impairment (<i>Note (b)</i>)	<u>(42,877)</u>	<u>(21,174)</u>
	<u>161,954</u>	<u>113,881</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 ageing 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	
	2020	2019
	RMB'000	RMB'000
0-30 days	49,187	23,070
31-180 days	51,472	46,391
181-365 days	46,128	14,472
1-2 years	20,386	29,036
2-3 years	20,319	14,338
Over 3 years	<u>17,339</u>	<u>7,748</u>
	<u>204,831</u>	<u>135,055</u>

- (b) The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 31 December 2020, a provision of RMB42,877,000 (2019: RMB21,174,000) was made against the gross amounts of operating lease and trade receivables.
- (c) As at 31 December 2020 and 31 December 2019, 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 premium	Total
		HK\$'000	RMB'000	RMB'000	RMB'000
Authorised					
As at 1 January 2020 and 31 Dec 2020	2,000,000,000	20,000	17,905	–	17,905
Issued					
As at 1 January 2020	600,000,000	6,000	5,376	1,231,531	1,236,907
Dividends	–	–	–	(165,123)	(165,123)
Issued upon the exercise of the over-allotment option	(a) 22,500,000	225	199	184,448	184,647
Repurchased	(b) (1,000,000)	(10)	(9)	(8,543)	(8,552)
Issue of shares	(c) 11,250,000	113	95	231,219	231,314
Awarded shares	(d) 11,250,000	112	95	–	95
As at 31 December 2020	644,000,000	6,440	5,756	1,473,532	1,479,288

- (a) On 22 January 2020, 22,500,000 shares were issued upon the exercise of the over-allotment option in connection with the Listing at a price of HK\$9.50 per share. Net proceeds of the additional offering, after net of transactions cost attributable to the exercise of the over-allotment option of approximately HK\$5,788,000 (equivalent to approximately RMB5,170,000), amounted to approximately HK\$207,962,000 (equivalent to approximately RMB184,647,000).
- (b) On 30 January 2020 and 31 January 2020, the Company repurchased a total of 1,000,000 ordinary shares with cash considerations including transaction cost of approximately HK\$9,518,000 (equivalent to approximately RMB8,552,000) and such ordinary shares were cancelled on 24 March 2020.
- (c) On 10 September 2020, the Company entered into a subscription agreement with Mr. Chen Deli (“**Mr. Chen**”), an executive director and the chief executive officer of the Company, pursuant to which, the Company has conditionally agreed to allot and issue, and Mr. Chen has conditionally agreed to subscribe for the 11,250,000 new shares, at the subscription price of HK\$24.30 per share upon the terms and subject to the conditions set out in the subscription agreement. The Company had sought and obtained shareholders’ approval at the extraordinary general meeting held on 24 November 2020. The subscription shares have been issued and allotted on 4 December 2020, amounted to approximately HK\$273,375,000 (equivalent to approximately RMB231,314,000).
- (d) On 24 November 2020, the Company’s shareholders approved and adopted a shares award scheme (“**Shares Award Scheme**”) and the Company has appointed Tricor Trust (Hong Kong) Limited as the trustee (the “**Trustee**”) to assist with the administration of the awarded shares and Elitelong Holdings Limited, a wholly-owned subsidiary of the Trustee, as nominee. On 4 December 2020, the Board of the Company approved a new issuance of 11,250,000 ordinary shares to the Elitelong Holdings Limited.

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

11 TRADE AND OTHER PAYABLES

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Trade payables		
– Related parties	2,156	1,126
– Third parties	118,343	88,668
	<u>120,499</u>	<u>89,794</u>
Other payables		
– Related parties	161,826	88,759
– Receipts on behalf of tenants or residents (<i>Note (a)</i>)	194,420	144,158
– Payables for promotion fees on behalf of owners of the commercial properties (<i>Note (b)</i>)	31,119	–
– Deposits received (<i>Note (c)</i>)	364,415	301,187
– Listing expenses payable	–	14,461
– Payable for business combination	10,239	–
– Others	17,645	13,342
	<u>779,664</u>	<u>561,907</u>
Accrued payroll	140,903	103,950
Other taxes payables	19,918	7,460
	<u>1,060,984</u>	<u>763,111</u>

- (a) Amounts represented the receipts on behalf of tenants or residents to settle the bills of utilities charges.
- (b) Usually, fees relating to promotion activities for commercial properties would be borne by the owners of the commercial properties. An budget would be reviewed by the property owners and prepaid to the Group in advance for subsequent usage. Amounts represented the payables to third parties suppliers in relation to promotion activities occurred on behalf of owners of commercial properties.
- (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 2020 and 2019, 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	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	116,029	86,024
1 to 2 years	3,598	1,585
2 to 3 years	872	2,185
	<hr/>	<hr/>
	120,499	89,794
	<hr/>	<hr/>

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

	As at 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
RMB	900,155	630,500
HK\$	8	526
US\$	–	20,675
	<hr/>	<hr/>
	900,163	651,701
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MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The Group is a leading commercial operational service provider in China. As at 31 December 2020, the Group had 68 retail commercial properties in operation, with an aggregate GFA in operation of approximately 8.6 million sq.m.; and was contracted to provide commercial operational services for a total of 105 retail commercial properties with an aggregate contracted GFA of 11.3 million sq.m. Save as aforementioned contracted projects, the Company has reached preliminary cooperation intention (contacts to be signed) with owners of 16 retail commercial properties, with an aggregate GFA of approximately 1.3 million sq.m. The Company enjoys considerable brand recognition in the markets where it operates. The Company was awarded various types of honors in 2020, such as 2020 China Top 10 Commercial Real Estate (2020中國商業地產十強) awarded by China Index Academy (中國指數研究院), 2020 China Top 10 Commercial Real Estate Brand (2020年中國商業地產品牌十強) awarded by Leju Financial Research Institute (樂居財經研究院), Listed Companies with the Most Growth Potential in 2020 (2020年度最具潛力上市公司) awarded by Sina Finance (新浪財經) and other awards.

The Group also provides property management services for residential properties, office buildings and serviced apartments. As at 31 December 2020, the Group had 61 delivered projects of its residential property management service with an aggregate GFA delivered of approximately 14.4 million sq.m., and was contracted to manage 101 projects with an aggregate contracted GFA of 23.2 million sq.m.

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

BUSINESS REVIEW

For the year ended 31 December 2020, 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 derived mainly from its commercial operational services.

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

It primarily included:

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

The management models of the retail commercial properties undertaken by the Group includes 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).
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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.
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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 service, 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:

	Year ended 31 December			
	2020		2019	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB	%	RMB	%
<i>(in thousands, except for percentages)</i>				
Commercial operational services	511,921	32.8	391,563	29.3
Residential property management services	82,625	23.1	36,844	12.9
Total	594,546	30.9	428,407	26.4

COMMERCIAL OPERATIONAL MANAGEMENT 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 2020, the aggregate revenue of the Group’s commercial operational management services amounted to approximately RMB1,562.9 million, representing an increase of 17.1% from approximately RMB1,335.1 million for the year ended 31 December 2019; and the Group had GFA in operation of 8.6 million sq.m., representing an increase of 1.6 million sq.m. from 7.0 million sq.m. for the corresponding period of 2019; 68 projects in operation, representing an increase of 17 projects from 51 projects for the corresponding period of 2019; contracted GFA of 11.3 million sq.m., representing an increase of 2.4 million sq.m. from 8.9 million sq.m. for the corresponding period of 2019.

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					
	2020			2019		
	Contracted GFA	GFA in operation	Revenue	Contracted GFA	GFA in operation	Revenue
	<i>sq.m.</i>	<i>sq.m.</i>	<i>RMB</i> <i>(in thousands)</i>	<i>sq.m.</i>	<i>sq.m.</i>	<i>RMB</i>
Yangtze River Delta ⁽¹⁾	7,269	5,033	1,059,868	5,232	3,647	900,027
Pearl River Delta ⁽²⁾	316	–	6,604	–	–	–
Others ⁽³⁾	3,763	3,540	496,453	3,635	3,335	435,082
Total	11,348	8,573	1,562,925	8,867	6,982	1,335,109

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.

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

On 6 July 2020, the Company announced that the Group had entered into an investment agreement (the “**Investment Agreement**”) with a shareholder of Zhejiang Xinghui Commercial Management Company Limited (浙江星匯商業管理有限公司) (“**Zhejiang Xinghui**”), an independent third party, on 3 July 2020. Pursuant to which the Group acquired 60% equity interest in Zhejiang Xinghui with an investment cost of RMB40.6 million. Zhejiang Xinghui is principally engaged in retail commercial property operation and management. As of the date of this announcement, Zhejiang Xinghui had 15 retail commercial property projects under management, with a total GFA of approximately 0.86 million square meters, including 8 opened retail commercial property projects and 7 pipeline retail commercial property projects.

Further, Zhejiang Xinghui undertake to the Group that the annual net profit excluding extraordinary profit or loss attributable to the parent company in the following years will be not less than RMB6.0 million for 2020, RMB7.7 million for 2021, RMB9.8 million for 2022, RMB12.6 million for 2023 and RMB16.1 million for 2024. The financial results of Zhejiang Xinghui has been consolidated into the Group’s financial statement since 1 September 2020.

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

For further details on the Investment Agreement, please refer to the announcement of the Company dated 6 July 2020.

Projects in Operation

New retail commercial property projects added to the Group's portfolio upon opening for the year ended 31 December 2020 are shown in the following table:

No.	Name of Project	Opening date <i>month-year</i>	City	Geographic region	Owner	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 Plaza										
1	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
2	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
3	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
4	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
5	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	–	–
6	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
7	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
8	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
9	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
Total							976,426	601,426	2,347	372,653

The Group's retail commercial property projects in operation for the year ended 31 December 2020 are shown in the following table:

No.	Name of Project	Opening date <i>month-year</i>	City	Geographic region	Owner	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 One Mall										
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
Powerlong City										
1	Shanghai Qibao Powerlong Plaza (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
Sub-total							446,129	211,596	50,271	184,262

No.	Name of Project	Opening date <i>month-year</i>	City	Geographic region	Owner	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 Plaza										
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	205,171	90,321	65,729	49,122
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
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

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

No.	Name of Project	Opening date <i>month-year</i>	City	Geographic region	Owner	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>
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	45,017	26,794	6,436	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	Powerlong Real Estate	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 Daijiangdong 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
Sub-total							7,061,877	4,256,970	597,719	2,207,188

No.	Name of Project	Opening date <i>month-year</i>	City	Geographic region	Owner	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
Sub-total							327,634	–	250,708	76,926
Powerlong Kinghui										
1	Jiashan Xingyuecheng (嘉善星悅城)	October 2014	Jiaxing	Yangtze River Delta	Third Party	Sublease	35,000	35,000	–	–
2	Ningbo Xingjiefang (寧波星街坊)	December 2016	Ningbo	Yangtze River Delta	Third Party	Advisory consultation	53,292	–	25,789	27,503
3	Xingyue • Xicheng Plaza (星悅•西城廣場)	October 2017	Taizhou	Yangtze River Delta	Third Party	Sublease	38,100	33,000	–	5,100
4	Ningbo Hongtai Plaza (寧波宏泰廣場)	February 2018	Ningbo	Yangtze River Delta	Third Party	Advisory consultation	99,835	99,835	–	–
5	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
6	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
7	Xingyue • Xiuhuli (星悅•繡湖里)	May 2019	Yiwu	Yangtze River Delta	Third Party	Advisory consultation	63,000	48,000	–	15,000
8	Ningbo Zhongticheng (寧波中體城)	June 2019	Ningbo	Yangtze River Delta	Third Party	Advisory consultation	88,305	54,137	–	34,168
Sub-total							566,375	357,230	78,950	130,195
Total							8,572,600	4,947,466	983,013	2,642,121

The table below sets forth average occupancy rate and GFA in operation of retail commercial property that commenced operation as at 31 December 2020 by brands.

Product category	Average occupancy rate ⁽¹⁾		GFA in operation (000' sq. m.)
	As of 31 December		
	2020 ⁽²⁾ %	2019 %	
Powerlong One Mall (寶龍一城)	96.5	95.2	171
Powerlong City (寶龍城)	91.6	91.3	446
Powerlong Plaza (寶龍廣場)	89.9	89.0	7,062
Powerlong Land (寶龍天地)	87.5	90.1	328
Powerlong Xinghui (寶龍星匯)	88.1	N/A ⁽³⁾	566
Total	89.9	89.4	8,573

- (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.
- (2) The statistics of occupancy rate in 2020 excludes Haiyang Powerlong Land and Dongying Powerlong Land.
- Haiyang Powerlong Land was at the preparation stage, for which we have not yet provided any business tenancy services;
 - The property developer of Dongying Powerlong Land was in the process of assigning the units within the shopping streets to members of village collective economic organization, and the Group only provided limited management services.
- (3) The Group entered into an Investment Agreement with Zhejiang Xinghui, an independent third party, on 3 July 2020, to which the statistics of occupancy rate in 2019 did not apply.

Pipeline Projects

Retail commercial property projects planning for opening in 2021 are as follows:

No.	Name of Project	Opening date ⁽¹⁾ month-year	City	Geographic region	Owner	Management Model	Expected GFA (sq.m)
Powerlong Plaza							
1	Wenling Powerlong Plaza (溫嶺寶龍廣場)	September 2021	Taizhou	Yangtze River Delta	Powerlong Real Estate	Entrusted management	108,065
2	Zhuji Powerlong Plaza (諸暨寶龍廣場)	September 2021	Shaoxing	Yangtze River Delta	Powerlong Real Estate	Entrusted management	138,600
3	Zhoushan Powerlong Plaza (舟山寶龍廣場)	September 2021	Zhoushan	Yangtze River Delta	Powerlong Real Estate	Entrusted management	107,720
4	Ningbo Gaoxin Powerlong Plaza (寧波高新寶龍廣場)	September 2021	Ningbo	Yangtze River Delta	Powerlong Real Estate	Entrusted management	143,588
5	Yancheng Jianhu Powerlong Plaza (鹽城建湖寶龍廣場)	September 2021	Yancheng	Yangtze River Delta	Third Party	Entrusted management	96,182
6	Wenzhou Konggang Powerlong Plaza (溫州空港寶龍廣場)	September 2021	Wenzhou	Yangtze River Delta	Powerlong Real Estate	Entrusted management	47,000
7	Ningbo Fenghua Powerlong Plaza (寧波奉化寶龍廣場)	September 2021	Ningbo	Yangtze River Delta	Powerlong Real Estate	Entrusted management	71,300
8	Yuyao Powerlong Plaza (余姚寶龍廣場)	December 2021	Ningbo	Yangtze River Delta	Powerlong Real Estate	Entrusted management	65,915
9	Yiwu Qingkou Powerlong Plaza (義烏青口寶龍廣場)	December 2021	Jinhua	Yangtze River Delta	Powerlong Real Estate	Entrusted management	74,087
10	Zhuhai Gaoxin Powerlong Plaza (珠海高新寶龍廣場)	December 2021	Zhuhai	Pearl River Delta	Powerlong Real Estate	Entrusted management	115,513
11	Lanxi Powerlong Plaza (蘭溪寶龍廣場)	December 2021	Jinhua	Yangtze River Delta	Powerlong Real Estate	Entrusted management	142,900
12	Huizhou Rongcan Powerlong Plaza (惠州榮燦寶龍廣場)	December 2021	Huizhou	Pearl River Delta	Third Party	Entrusted management	50,600
13	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
Sub-total							1,207,242

No.	Name of Project	Opening date ⁽¹⁾ month-year	City	Geographic region	Owner	Management Model	Expected GFA (sq.m)
Powerlong Land							
1	Zhoushan Dinghai Powerlong Land (舟山定海寶龍天地)	September 2021	Zhoushan	Yangtze River Delta	Powerlong Real Estate	Entrusted management	28,100
2	Jinhua Pan'an Powerlong Land (金華磐安寶龍天地)	September 2021	Jinhua	Yangtze River Delta	Powerlong Real Estate	Advisory consultation	43,400
3	Shanghai Jiading Powerlong Land (上海嘉定寶龍天地)	December 2021	Shanghai	Yangtze River Delta	Powerlong Real Estate	Entrusted management	21,600
Sub-total							93,100
Powerlong Xinghui							
1	Anji Tsinghua Yuan (安吉清華園)	September 2021	Huzhou	Yangtze River Delta	Third Party	Advisory consultation	14,000
2	Ningbo Cicheng (寧波慈城)	September 2021	Ningbo	Yangtze River Delta	Third Party	Advisory consultation	29,000
3	Huasun • Yinghuali (華晟•櫻花里)	September 2021	Ningbo	Yangtze River Delta	Third Party	Advisory consultation	42,492
4	Dongcheng Times Commercial Centre (東城時代商業中心)	September 2021	Huzhou	Yangtze River Delta	Third Party	Advisory consultation	42,382
5	Shangyu Jiayuan Plaza (上虞佳源廣場)	December 2021	Shaoxing	Yangtze River Delta	Third Party	Advisory consultation	105,216
6	Xingyue • PARK (星悅•PARK)	December 2021	Ningbo	Yangtze River Delta	Third Party	Advisory consultation	4,314
Sub-total							237,404
Total							1,537,746

⁽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 2022 are as follows:

No.	Name of Project	City	Geographic region	Owner	Management Mode	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	Taizhou Jiaojiang Powerlong City (台州椒江寶龍城)	Taizhou	Yangtze River Delta	Powerlong Real Estate	Entrusted management	149,517
3	Linhai Powerlong Plaza (臨海寶龍廣場)	Taizhou	Yangtze River Delta	Third Party	Sublease	50,215
4	Hangzhou Tech City Powerlong Plaza (杭州科技城寶龍廣場)	Hangzhou	Yangtze River Delta	Powerlong Real Estate	Entrusted management	95,800
5	Hangzhou Gongshu Powerlong Plaza (杭州拱墅寶龍廣場)	Hangzhou	Yangtze River Delta	Powerlong Real Estate	Entrusted management	98,264
6	Zhuhai Jinwan Powerlong Plaza (珠海金灣寶龍廣場)	Zhuhai	Pearl River Delta	Powerlong Real Estate	Entrusted management	70,000
7	Nanjing Jiangning Powerlong Plaza (南京江寧寶龍廣場)	Nanjing	Yangtze River Delta	Powerlong Real Estate	Entrusted management	78,400
8	Jingdezhen Powerlong Plaza (景德鎮寶龍廣場)	Jingdezhen	Others	Powerlong Real Estate	Entrusted management	110,000
9	Chongqing Wanzhou Powerlong Plaza (重慶萬州寶龍廣場)	Chongqing	Others	Third Party	Entrusted management	80,000
10	Jinhua Jinyi Powerlong Plaza (金華金義寶龍廣場)	Jinhua	Yangtze River Delta	Powerlong Real Estate	Entrusted management	90,000
11	Zhuhai Bei Railway Station Powerlong Plaza (珠海北站寶龍廣場)	Zhuhai	Pearl River Delta	Powerlong Real Estate	Entrusted management	80,000
12	Taizhou Luqiao Powerlong Land (台州路橋寶龍天地)	Taizhou	Yangtze River Delta	Powerlong Real Estate	Advisory consultation	56,321
13	Fuding Powerlong Land (福鼎寶龍天地)	Fuding	Others	Powerlong Real Estate	Advisory consultation	9,411
14	Jiaozhou Powerlong Land (膠州寶龍天地)	Qingdao	Others	Powerlong Real Estate	Entrusted management	23,415
15	Wenzhou Leqing Powerlong Plaza (溫州樂清寶龍廣場)	Wenzhou	Yangtze River Delta	Third Party	Advisory consultation	56,000
Total						<u>1,237,443</u>

Progress of “New Commerce Plan”

After the commencement of strategic cooperation between the Company and Tencent in 2019 in the formation of a joint venture, Shanghai Baoshen Digital Technology Co., Ltd. (上海寶申數字科技有限公司), and by catering commercial operating demands centered at the construction of digitalization of “people, products and venue” through technological capabilities of Tencent including cloud computing, Wechat Pay, mini programs, AI, location-based services and IOT, the Company has been developing relevant online products in terms of four aspects, namely consumers, operators, managers and intelligent hardware, and has initially achieved data interoperability.

1. Consumer products

Optimize the membership system of “Powerlong Yoyo” by introducing a new loyalty point system to enrich membership benefits and implement membership caring scheme. The system has been launched gradually in 50 Powerlong Plazas during the year ended 31 December 2020 and gained over 1.5 million new members with a significant increase in active rate and consumption rate of members. During the epidemic, a livestreaming shopping function “Yoxiu” was introduced to help tenants in attracting online shopping. There were in total over 30 livestreaming in 6 pilot plazas with an accumulated sales of about RMB10,000,000. At Bingjiang Project, sales of over RMB0.7 million in one livestreaming was achieved by one single tenant.

2. Operator products

During the year ended 31 December 2020, the Wechat-based mini program, “Mall Plus@Powerlong” tailor-made for tenants was launched in about 50 Powerlong Plazas across the country. The program mainly provides online services function for tenants at the present, including daily affairs such as online repairing request, online payment enquiries, online electronic invoice issuance and tenants’ complaints. While providing great convenience to tenants, the management efficiency of commercial companies is also enhanced.

3. Manager products

In 2020, Powerlong Commercial Management System (“PMS”) was upgraded. By unifying the back-end developing philosophy, back-end programs of “Powerlong Yoyo” and “Mall Plus@Powerlong” were integrated into the application of the management-end, which achieved initial data interoperability among people, products and venue. Mobile application version and WeCom version were also launched at the same time, which achieved mobile management and enhanced working efficiency greatly.

Moreover, digitalized tenant sourcing platforms for 11 projects were developed and launched based on Tencent Raydata big data visualization interactive system and 3D rendering technology. Projects and data visualization is achieved, which enables mobile tenant sourcing for tenant sourcing personnel.

4. Intelligent hardware products

During the year ended 31 December 2020, the Company tested “Multi-functional precision consumer traffic monitoring system” in 3 Powerlong Plazas to gain an insight into the whereabouts of consumers inside the malls with the assistance of Tencent’s face recognition technology which enables precise identification of consumers’ portraits. The redefinition of membership labels and precise portraits of members has enabled the Company to start exploring precise marketing.

RESIDENTIAL PROPERTY MANAGEMENT SERVICES

For the year ended 31 December 2020, the total revenue of the Group’s residential property management service business segment amounted to approximately RMB358.3 million, representing an increase of 25.6% from RMB285.3 million for the year ended 31 December 2019; and the Group had GFA delivered of 14.4 million sq.m., representing an increase of 2.9 million sq.m. from 11.5 million sq.m. for the corresponding period of 2019; 61 delivered projects, representing an increase of 10 projects from 51 projects for the corresponding period of 2019; contracted GFA of 23.2 million sq.m., representing an increase of 3.7 million sq.m. from 19.5 million sq.m. for the corresponding period of 2019.

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

	As of/For the year ended 31 December					
	2020			2019		
	Contracted	GFA	Revenue	Contracted	GFA	Revenue
	GFA	delivered		GFA	delivered	
	sq.m.	sq.m.	RMB	sq.m.	sq.m.	RMB
	(in thousands)					
Yangtze River Delta ⁽¹⁾	13,393	6,136	197,977	10,702	5,693	156,986
Pearl River Delta ⁽²⁾	338	–	21	–	–	–
Others ⁽³⁾	9,485	8,264	160,315	8,829	5,813	128,362
Total	23,216	14,400	358,313	19,531	11,506	285,348

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.

2021 WORK PLAN

In retrospect, the outbreak of the Coronavirus Disease 2019 (the “**COVID-19**”) at the beginning of year 2020 has brought enormous impact on the industry. On a global basis, the PRC was the most rapid country to control the spread of the epidemic. Despite the spread of the COVID-19 around the globe, the Group is fully confident of the anti-epidemic measures adopted by the government of China and the country’s leadership, and therefore optimistic about the situation in the PRC. Looking ahead to 2021, with the launch of the vaccination against coronavirus, the COVID-19 continued to be under good control in the PRC. We believe the overall industry environment in 2021 will be better than that of 2020. Meanwhile, the Company has formulated the 2021 Work Plan, which will be elaborated in the following two aspects.

1. Commercial Operational Management Services

(I) Continuous growth in scale

The Group will continue to invest significant resources in Yangtze River Delta to further consolidate the Group’s advantageous position in the region, especially in the five core cities of Shanghai, Hangzhou, Ningbo, Nanjing and Suzhou. In 2021, the Group has 23 projects planned for opening with an aggregate GFA of approximately 1,595,000 sq. m., among which 21 are located in the Yangtze River Delta region. While preparing for the opening of projects, the Group will continue to actively promote the asset-light business model to secure more retail commercial properties; the Group will also continue to actively seek acquisition targets including planning to acquire commercial management company(ies).

(II) Enhancement in management quality

In 2021, the Group will focus on enhancing the operation quality of projects in operation, adjusting the existing tenant mix, and increasing the overall occupancy rates of projects. At the same time, we will focus on a number of projects with potential and establish them as benchmarks of cities, which will further enhance the market image and influence of Powerlong products.

(III) Promotion of intelligent commerce

The Company will continue to concentrate on the core operational logic of the commercial “people, products and venue”, with a focus on launching the “3+N” product R&D plan, i.e., the product R&D and application of 1 – member products, 2 – live broadcast products, 3 – new lease systems and N – intelligent hardware equipment. While building “people, products and venue”, the Company realizes the unification of business flow, cash flow and data flow.

Consumer products – Having an accurate grasp of the members’ information. Making full use of big data resources and technological means to gather data from members and unearth the members’ value, thereby providing supreme experience and convenience to consumers.

Operator products – Establishing face-to-face connections for tenants and consumers. Fully optimizing the live broadcast products to transplant the live broadcast platform from “Powerlong Yoyo” end to “Mall Plus@Powerlong” end, which technologically realizes our product’s capacity of simultaneous live streaming for nationwide projects and creates the Powerlong Live Broadcast Festival. For tenants, it is not only online servicing, but also online marketing.

Manager products – Increasing the managerial efficiency for enterprises. Full upgrade of the core modules for PMS – the lease system, thereby creating a new leasing platform fully connected with the “Mall Plus@Powerlong” data. This is a complete re-creation for business procedures to realize online leasing and mobile tenant sourcing, which greatly boosts our working efficiency as well as the quality of service delivery to our tenants.

Intelligent hardware products – Connecting the online and offline services. Continue to introduce the shared equipment to make our member products more interesting and strengthen the connection between online and offline products. Efforts are also made to identify application scenarios which are well developed with intelligent equipment, such as sweeping robots, thereby exploring the human-machine interactive management model and realizing costs reduction and efficiency improvement through technological applications.

(IV) Optimization of talent structure

In 2020, the Group adjusted and optimized its internal management structure, laying a solid talent foundation for rapid growth in the future. In 2021, the Group will continue to reserve and cultivate talents, gather elite talents, stimulate employees’ potential through more competitive remuneration packages and incentivising policies, and build a first-class business operation team in the industry.

2. Residential Property Management Services

- (I) **Optimization of management system** – Optimizing the operational systems for residential and commercial properties and office buildings to foster the implementation progress for the digitalization of property management;
- (II) **Improvement of business standards** – Improving the “creating space full of love” service standard unique to Powerlong’s properties to establish a brand image in the industry;
- (III) **Uplifting operation quality** – Uplifting the operation and service quality for our projects to increase our customers’ satisfaction; and
- (IV) **Enhancement of profitability** – Enhancing the profitability of our commercial properties, office buildings and sales offices to explore other more income with our commercial advantages.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2020, due to the Group's ongoing business expansion, the Group recorded a revenue of approximately RMB1,921.2 million, representing an increase of approximately 18.6% as compared with approximately RMB1,620.5 million for the year ended 31 December 2019.

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

	For the year ended 31 December			
	2020		2019	
	RMB'000	%	RMB'000	%
Commercial Operational Services				
Market research and positioning, tenant sourcing and opening preparation services	214,708	11.2%	143,231	8.8%
Commercial operation and management services	1,166,728	60.7%	986,519	60.9%
Property leasing services	181,489	9.4%	205,359	12.7%
	<u>1,562,925</u>	<u>81.3%</u>	<u>1,335,109</u>	<u>82.4%</u>
Residential Property				
Management Services				
Pre-sale management services	14,730	0.8%	13,128	0.8%
Property management services	271,362	14.1%	222,217	13.7%
Other value-added services	72,221	3.8%	50,003	3.1%
	<u>358,313</u>	<u>18.7%</u>	<u>285,348</u>	<u>17.6%</u>
Total	<u>1,921,238</u>	<u>100%</u>	<u>1,620,457</u>	<u>100%</u>

Market research and positioning, tenant sourcing and opening preparation services

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

For the year ended 31 December 2020, the Group's revenue from market research and positioning, tenant sourcing and opening preparation services amounted to approximately RMB214.7 million, representing a year-on-year increase of 49.9% and accounting for approximately 11.2% of the Group's total revenue.

The increase in the revenue from market research and positioning, tenant sourcing and opening preparation services was primarily due to the fact that the Group provided market research and positioning, tenant sourcing and opening preparation services with respect to 45 retail commercial properties for the year ended 31 December 2020, compared to 22 for the year ended 31 December 2019.

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 2020, the Group's revenue from commercial operation and management services amounted to approximately RMB1,166.7 million, representing a year-on-year increase of 18.3% and accounting for approximately 60.7% 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 increase in per-unit-GFA revenue as the existing retail commercial properties entered a maturity stage of operation. As at 31 December 2020, the Group's commercial properties GFA in operation was 8.6 million sq.m., representing a year-on-year increase of 22.8%.

Property leasing services

The Group provides property leasing services with respect to units located within the shopping streets and shopping malls. For the year ended 31 December 2020, the Group's revenue derived from property leasing services amounted to approximately RMB181.5 million, representing a year-on-year decrease of 11.6% and accounting for approximately 9.4% of total revenue.

The decrease in the revenue from property leasing services was primarily attributable to the normal maturity of a portion of lease contracts and the support of rent reduction provided to tenants in view of effects of the epidemic.

Residential Property Management Service

The Group's residential property management service 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 2020, the Group's revenue from residential property management services amounted to approximately RMB358.3 million, representing a year-on-year increase of 25.6% and accounting for approximately 18.7% of total revenue.

The increase in the revenue from residential property management service was primarily attributable to: (i) the increase in the residential properties GFA delivered to 14.4 million sq.m. for the year ended 31 December 2020, representing a year-on-year increase of 25.2%; (ii) the improvement of service quality and the increase in the number of contracts with residents, especially for other value-added services.

Revenue indicated by type of customers is as follows:

	For the year ended 31 December			
	2020		2019	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Commercial Operational Services				
Fellow subsidiaries	189,428	9.8%	180,964	11.2%
Other related parties	77,314	4.0%	21,429	1.3%
External customers	1,296,183	67.5%	1,132,716	69.9%
	<u>1,562,925</u>	<u>81.3%</u>	<u>1,335,109</u>	<u>82.4%</u>
Residential Property Management Services				
Fellow subsidiaries	57,351	3.0%	46,725	2.9%
Other related parties	4,831	0.3%	1,345	0.1%
External customers	296,131	15.4%	237,278	14.6%
	<u>358,313</u>	<u>18.7%</u>	<u>285,348</u>	<u>17.6%</u>
Total	<u>1,921,238</u>	<u>100%</u>	<u>1,620,457</u>	<u>100%</u>

Revenue derived from external customers represents the largest source of the Group's revenue. For the year ended 31 December 2020, revenue derived from external customers was approximately RMB1,592.3 million, representing 82.9% of the Group's total revenue.

Revenue indicated by geographic regions is as follows:

	For the year ended 31 December 2020		2019	
	RMB'000	%	RMB'000	%
Commercial Operational Service				
Yangtze River Delta	1,059,868	55.2%	900,027	55.6%
Pearl River Delta	6,604	0.3%	—	—
Others	496,453	25.8%	435,082	26.8%
	<u>1,562,925</u>	<u>81.3%</u>	<u>1,335,109</u>	<u>82.4%</u>
Residential Property Management Service				
Yangtze River Delta	197,977	10.3%	156,986	9.7%
Pearl River Delta	21	0.1%	—	—
Others	160,315	8.3%	128,362	7.9%
	<u>358,313</u>	<u>18.7%</u>	<u>285,348</u>	<u>17.6%</u>
Total	<u>1,921,238</u>	<u>100%</u>	<u>1,620,457</u>	<u>100%</u>

For the year ended 31 December 2020, the Group's commercial operational properties and residential management properties were primarily located in the Yangtze River Delta.

Cost of services

The cost of services primarily include: (i) employee 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 2020, the Group's cost of services was approximately RMB1,326.7 million, representing a year-on-year increase of 11.3%. 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 2020 amounted to approximately RMB594.5 million, representing a year-on-year increase of 38.8%. For the year ended 31 December 2020, the gross profit margin was 30.9%, representing an increase of 4.5 percentage points as compared to 26.4% for the year ended 31 December 2019.

The gross profit of commercial operational services for the year ended 31 December 2020 amounted to approximately RMB511.9 million, representing a year-on-year increase of 30.7%. The gross profit margin of the Group's commercial operational services for the year ended 31 December 2020 was 32.8%, representing an increase of 3.5 percentage points as compared to 29.3% for the year ended 31 December 2019, primarily due to the business growth and excellent cost control of the Group.

The gross profit of residential property management services for the year ended 31 December 2020 amounted to approximately RMB82.6 million, representing a year-on-year increase of 124.3%. The gross profit margin of the Group's residential property management services for the year ended 31 December 2020 was 23.1%, representing an increase of 10.2 percentage points as compared to 12.9% for the year ended 31 December 2019, primarily due to the continued expansion of the residential property area delivered, the increase in the number of contracts with residents and the optimization of revenue structure, especially for the increase in other value-added services.

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

	Year ended 31 December			
	2020		2019	
	Gross profit <i>RMB'000</i>	Gross profit margin %	Gross profit <i>RMB'000</i>	Gross profit margin %
Commercial operational services	511,921	32.8%	391,563	29.3%
Residential property management services	82,625	23.1%	36,844	12.9%
Total	594,546	30.9%	428,407	26.4%

For the year ended 31 December 2020, the Group further fostered the project-regionalized integrated management. Meanwhile through technological upgrade and empowerment, the Group laid a sound foundation for increasing the gross profit of its business in future years.

Selling and marketing expenses

The Group's selling and marketing expenses mainly include promoting and advertising expenses.

For the year ended 31 December 2020, the selling and marketing expenses of the Group amounted to approximately RMB36.3 million, representing a year-on-year decrease of 13.2%. This was mainly due to the reduced sales promotions affected by the epidemic.

Administrative expenses

For the year ended 31 December 2020, the Group's total administrative expenses amounted to approximately RMB134.4 million, including management fee of approximately RMB18.4 million incurred by share incentives. In 2019, the Group's total administrative expenses amounted to approximately RMB117.2 million, including listing expenses of approximately RMB29.4 million, representing a year-on-year increase of 32.1% in 2020 as compared to 2019 after deducting the listing expenses and management fee for share incentives. Such increase was mainly attributable to the expansion of business scale which led to an increase in the number of managerial staff and the average staff costs.

Other income and gains

Other income and gains were mainly 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 2020, the Group's other income and gains amounted to approximately RMB32.6 million, representing a year-on-year increase of 88.6%. This was mainly due to the increase in government grants received during the year.

Net impairment losses on financial assets

The Group's net impairment losses on financial assets mainly include the allowance for impairment made in respect of operating lease and trade receivables and other receivables. For the year ended 31 December 2020, the Group's net impairment losses on financial assets amounted to approximately RMB22.8 million, representing a year-on-year increase of 215%. This was mainly due to the larger business scale and the increased provision made on the principle of prudence in view of the adverse effect of COVID-19 epidemic on some tenants' business operations.

Finance costs – net

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

For the year ended 31 December 2020, the Group's net finance costs amounted to approximately RMB10.6 million, representing a year-on-year decrease of 66.8%. This was mainly due to the relatively substantial interest expenses on borrowings during the corresponding period in 2019.

Income tax expense

The Group's income tax expense mainly comprises PRC corporate income tax. For the year ended 31 December 2020, the effective income tax rates were 26.8%, representing a slight decrease by 1 percentage point as compared to 27.8% for the year ended 31 December 2019.

Profit for the year

For the year ended 31 December 2020, the Group's net profit was approximately RMB307.4 million. The net profit of the Group increased by approximately 72.1% as compared with the net profit of approximately RMB178.6 million for the year ended 31 December 2019. For the year ended 31 December 2020, the Group's profit attributable to the owners of the Company was approximately RMB305.1 million. The profit attributable to the owners of the Company increased by approximately 70.8% as compared with the net profit of approximately RMB178.6 million for the year ended 31 December 2019.

Goodwill

As at 31 December 2020, the Group's goodwill amounted to approximately RMB20.6 million, primarily attributable to the acquisition of Zhejiang Xinghui.

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 of the Group's commercial operational service segment and residential property management service segment. As at 31 December 2020, the Group's operating lease and trade receivables were approximately RMB162.0 million, representing an increase of 42.2% as compared with that of approximately RMB113.9 million as at 31 December 2019, primarily attributable to the business growth of the Group.

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 advances the Group made to its staff from time to time for business purposes. As at 31 December 2020, prepayments and other receivables amounted to approximately RMB104.8 million, representing an increase of 15.0% as compared with approximately RMB91.1 million as at 31 December 2019. Such increase was primarily attributable to the business growth of the Group.

Trade and other payables

The Group's trade and other payables primarily represent amounts due to suppliers/subcontractors for the purchase of services and goods and amounts due to related parties, cash received on behalf of tenants or residents, deposits received from tenants or residents, accrued listing expenses and others. As at 31 December 2020, the Group's trade and other payables amounted to approximately RMB1,061.0 million, representing an increase as compared with approximately RMB763.1 million as at 31 December 2019. Such increase was primarily attributable to the expansion of the Group's business scale.

Contract Liabilities

Contract liabilities mainly represent advance payments made by the customers of the Group's commercial operational services and residential property management services. As at 31 December 2020, contract liabilities were approximately RMB309.2 million, representing an increase of 17.5% as compared with that at 31 December 2019, which was mainly due to business expansion.

Contingent liabilities

As of 31 December 2020, the Group did not have any contingent liabilities.

Liquidity and capital resources

The Company has maintained stable financial condition and sufficient liquidity. As at 31 December 2020, the Group's cash and cash equivalents amounted to approximately RMB3,449.1 million, representing a significant increase as compared with approximately RMB2,616.1 million as at 31 December 2019. Such increase was primarily attributable to the business growth of the Group.

Cashflow from operating activities

For the year ended 31 December 2020, the Group's net cash generated from operating activities amounted to approximately RMB795.1 million, compared to approximately RMB533.5 million for the corresponding period of 2019. This was primarily attributable to the business growth of the Group.

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 2020, gearing ratio was 0.52 (31 December 2019: 0.49).

Foreign exchange risk

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

As at 31 December 2020, major non-RMB assets and liabilities of the Group were cash and cash equivalents denominated in Hong Kong dollar. Fluctuation of the exchange rate of RMB against HK\$ could affect the Group's results of operations. The Group closely monitors the fluctuations in exchange rate and will consider hedging its exposure to foreign exchange risk as and when appropriate.

Use of proceeds from the initial public offering

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 Proceeds**”). As set out in the prospectus of the Company dated 16 December 2019 (the “**Prospectus**”), the Company intended to use the Net Proceeds for the purposes as follows: (i) approximately 50% of the Net 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 Proceeds will be used to upgrade the information technology systems for digitization and smart operation and management, aiming to enhance consumer experience, improve the quality of services provided to the Group’s tenants and improve operational efficiency; (iii) approximately 10% of the Net 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 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 Proceeds will be used for general business purpose and as working capital of the Group.

As at 31 December 2020, the use of the Net Proceeds from the initial public offering and the over allotment is as follows:

	The Net Proceeds from the initial public offering and the over allotment <i>HK\$ million</i>	Actual utilised (up to 31 December 2020) <i>HK\$ million</i>	Proceeds unutilised <i>HK\$ million</i>	Expected timeline
(i) Pursue strategic acquisition of and investment in other commercial operational service providers	794.3	14.8	779.5	1 January 2020 to 31 December 2023
(ii) Upgrade the information technology systems	397.1	11.0	386.1	1 January 2020 to 31 December 2023
(iii) Make equity investment in certain tenants and suppliers	158.8	–	158.8	1 January 2020 to 31 December 2023
(iv) Renovation of retail commercial properties developed or owned by independent third parties	79.5	6.1	73.4	1 January 2020 to 31 December 2023
(v) General business purpose and working capital	158.8	45.9	112.9	1 January 2020 to 31 December 2023
	1,588.5	77.8	1,510.7	

As part of the Group's business objective, the Group entered into an investment agreement to acquire 60% of equity interest of Zhejiang Xinghui in July 2020. However, under the outbreak of COVID-19 epidemic, the Group was unable to identify suitable investments in additional commercial operational service providers, tenants or suppliers. The Company plans to selectively evaluate opportunities and identify other suitable acquisition or investment targets. In addition, due to a delay in the upgrading of the information technology systems and renovation plan impacted by the outbreak of COVID-19, the Group only utilised HK\$11.0 million and HK\$6.1 million, respectively, in upgrading the information technology systems and renovation of retail commercial properties developed or owned by independent third parties.

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 2020, the remaining Net Proceeds from the initial public offering and over allotment were not utilised and were deposited into the 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 2020, the Group had 5,390 (2019: 5,019) employees. 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, we offer 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. During the year ended 31 December 2020, the Group did not experience any significant labour disputes or any difficulty in recruiting employees.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group intends to utilise the net proceeds raised from the Listing to pursue strategic acquisition of and investment in other commercial operational service providers according to the Prospectus. On 3 July 2020, the Group entered into an Investment Agreement with shareholders of Zhejiang Xinghui, independent third parties of the Group. For further details on the Investment Agreement, please refer to the announcement of the Company dated 6 July 2020. Save as disclosed in 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 Company has no significant investments or significant acquisitions, and has no disposal of subsidiaries, associates and joint ventures.

ANNUAL GENERAL MEETING

The annual general meeting of the Company for the year ended 31 December 2020 is proposed to be held on Friday, 11 June 2021 (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 2 March 2021, the Board recommended the payment of a final dividend of HK\$0.18 per ordinary share for the year ended 31 December 2020 (the “**Final Dividend**”), which is subject to approval by the shareholders at the Annual General Meeting. Together with the interim dividend of HK\$0.1 per ordinary share for the six months ended 30 June 2020 paid on 4 December 2020, the total dividend for the year amounted to HK\$0.28 per ordinary share. The Final Dividend, if approved by the Company’s shareholders, will be paid on or around Wednesday, 11 August 2021 to the shareholders whose names appear on the register of members of the Company on Tuesday, 22 June 2021.

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 Monday, 7 June 2021 to Friday, 11 June 2021, 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 Friday, 4 June 2021.

(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 2020, the register of members of the Company will be closed from Friday, 18 June 2021 to Tuesday, 22 June 2021, both days inclusive, during which period no transfer of shares of the Company will be registered.

For the purpose of determining the entitlement to the proposed final dividend for the year ended 31 December 2020, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Thursday, 17 June 2021.

MODEL CODE FOR SECURITIES TRANSACTIONS

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 confirmed that they were in compliance with the required standard as set out in the Model Code throughout the year ended 31 December 2020. No incident of non-compliance was noted by the Company to date. Relevant employees who are likely to be in possession of unpublished inside information of the Group are also subject to compliance with written guidelines on no less exacting terms than the Model Code throughout the year ended 31 December 2020.

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

On 10 September 2020, the Company entered into the subscription agreement with Mr. Chen Deli (the "**Subscription Agreement**"), pursuant to which, the Company has conditionally agreed to allot and issue, and Mr. Chen Deli has conditionally agreed to subscribe for the Subscription Shares, being 11.25 million new Shares, at the Subscription Price of HK\$24.30 per Subscription Share upon the terms and subject to the conditions set out in the Subscription Agreement.

The total number of 11.25 million Subscription Shares to be issued and allotted under the Subscription Agreement represents (i) 1.81% of the total number of Shares in issue as at 10 September 2020; and (ii) approximately 1.78% of the enlarged total number of Shares in issue upon completion of the Subscription (assuming there will be no change to the total number of Shares in issue from 10 September 2020 to the date of completion of the Subscription other than the allotment and issue of the Subscription Shares by the Company).

The Subscription Price, being HK\$24.30 per Subscription Share, represents: (i) the closing price of HK\$24.30 per Share as quoted on the Stock Exchange on 10 September 2020, being the date of the Subscription Agreement; (ii) a discount of approximately 2.39% to the average closing price per Share of HK\$24.88 for the last five (5) consecutive trading days immediately preceding the date of the Subscription Agreement; and (iii) a discount of approximately 2.18% to the average closing price per Share of HK\$24.83 for the last ten (10) consecutive trading days immediately preceding the date of the Subscription Agreement.

The net proceeds from the Subscription is to be approximately HK\$273.38 million and is expected to be applied by the Company as to 30% for personnel expansion, as to 30% for IT infrastructure enhancement and as to 40% for the development of the property leasing business and to be utilised on or before 30 June 2023.

Further details of the Subscription is set out in the announcement of the Company dated 10 September 2020 and the circular of the Company dated 5 November 2020.

During the year ended 31 December 2020, the Company repurchased a total of 1,000,000 Shares on the Stock Exchange for an aggregate consideration of approximately HK\$9.5 million including expenses. The above mentioned repurchased Shares were cancelled on 24 March 2020. The repurchases reflected the confidence of the Board and the management team in the long-term strategy and the prospects of the Company. The Company considered that the repurchases were in the best interest of the Company and its shareholders as a whole.

Details of the Shares repurchased during the year ended 31 December 2020 are as follows:

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

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

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 Directors are of the view that the Company had complied with all applicable code provisions contained in Appendix 14 of the Listing Rules throughout the year ended 31 December 2020 and up to the date of this announcement. 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 2020.

AUDIT COMMITTEE

The Company has established an 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 of the Company has reviewed the audited annual results of the Group for the year ended 31 December 2020 with the Company’s management and considered that such results have been prepared in accordance with applicable accounting standards and requirements with sufficient disclosure.

AUDITOR

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 2020 as set out in this announcement have been agreed by the Company’s external auditor, PricewaterhouseCoopers (“**PwC**”), to the amounts set out in the Group’s audited consolidated financial statements for the year ended 31 December 2020. The work performed by PwC 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 PwC on this announcement.

PwC shall retire at the forthcoming Annual General Meeting, at which a resolution will be proposed for the re-appointment of PwC as the auditor of the Company.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, throughout the year ended 31 December 2020 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 2020 ANNUAL RESULTS AND THE 2020 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 2020 will be despatched to the shareholders of the Company 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 "Creditability, Courtesy, Innovation, Enthusiasm" 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.

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

Hong Kong, 2 March 2021

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

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.