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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)**

## **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2021**

### **SUMMARY OF RESULTS**

- Revenue of the Group for the six months ended 30 June 2021 amounted to approximately RMB1,170.6 million, representing an increase of approximately 34.8% as compared with approximately RMB868.6 million for the corresponding period in 2020.
- Gross profit of the Group for the six months ended 30 June 2021 amounted to approximately RMB383.4 million, representing an increase of approximately 50.5% as compared with approximately RMB254.8 million for the corresponding period in 2020.
- Profit of the Group for the six months ended 30 June 2021 amounted to approximately RMB204.8 million, representing an increase of 41.3% as compared with approximately RMB144.9 million for the corresponding period in 2020. At the same time, profit attributable to the owners of the Company for the six months ended 30 June 2021 amounted to approximately RMB203.3 million, representing an increase of 40.3% as compared with approximately RMB144.9 million for the corresponding period in 2020.
- Disregarding the deduction of service fee of approximately RMB27.6 million incurred by share incentives, the adjusted profit attributable to the owners of the Company for the six months ended 30 June 2021 would amount to approximately RMB230.9 million, representing an increase of 59.4% as compared with approximately RMB144.9 million for the corresponding period in 2020.
- As at 30 June 2021, the gross floor area (“**GFA**”)<sup>(Note)</sup> in operation of the Group’s commercial operational services amounted to 8.8 million square meters (“**sq.m.**”), representing an increase of approximately 1.8 million sq.m. as compared with 7.0 million sq.m. as at 30 June 2020; and the GFA delivered of residential property management services amounted to 16.4 million sq.m., representing an increase of approximately 4.8 million sq.m. as compared with 11.6 million sq.m. as at 30 June 2020.
- The Board recommends the payment of an interim dividend of HK\$0.15 per ordinary share for the six months ended 30 June 2021, representing an increase of 50.0% as compared with the interim dividend of HK\$0.10 per ordinary share for the corresponding period in 2020.

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

## INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Powerlong Commercial Management Holdings Limited (the “**Company**” or “**Powerlong CM**”) is pleased to announce the unaudited interim condensed consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2021 (the “**Reporting Period**”), together with comparative figures for the corresponding period in 2020, as follows.

### INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		<b>Six months ended 30 June</b>	
	<i>Note</i>	<b>2021</b>	<b>2020</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
		<b>RMB'000</b>	<b>RMB'000</b>
<b>Revenue</b>	4	<b>1,170,561</b>	868,621
Cost of services		<b>(787,197)</b>	(613,788)
<b>Gross profit</b>		<b>383,364</b>	254,833
Selling and marketing expenses		<b>(11,853)</b>	(9,785)
Administrative expenses		<b>(88,990)</b>	(46,077)
Other income and losses	5	<b>9,705</b>	11,104
Net impairment losses on financial assets		<b>(13,602)</b>	(19,909)
<b>Operating profit</b>		<b>278,624</b>	190,166
Finance costs		<b>(22,164)</b>	(14,434)
Finance income		<b>22,337</b>	18,534
Finance income – net	6	<b>173</b>	4,100
Share of profit/(loss) of investments accounted for using the equity method		<b>823</b>	(1,482)
<b>Profit before income tax</b>		<b>279,620</b>	192,784
Income tax expenses	7	<b>(74,827)</b>	(47,872)
<b>Profit and total comprehensive income for the period</b>		<b>204,793</b>	144,912
<b>Profit and total comprehensive income attributable to:</b>			
– Shareholders of the Company		<b>203,338</b>	144,912
– Non-controlling interests		<b>1,455</b>	–
		<b>204,793</b>	144,912
<b>Earnings per share for profit attributable to shareholders of the Company for the period (expressed in RMB cents per share)</b>			
– Basic earnings per share	8	<b>32.14</b>	23.40
– Diluted earnings per share	8	<b>31.90</b>	23.40

## INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

		<b>30 June 2021 (Unaudited) RMB'000</b>	<b>31 December 2020 (Audited) RMB'000</b>
	<i>Note</i>		
<b>Assets</b>			
<b>Non-current assets</b>			
Property and equipment		<b>10,111</b>	9,819
Financial assets at fair value through profit or loss		<b>313</b>	313
Investment properties	9	<b>634,748</b>	688,205
Intangible assets		<b>5,140</b>	5,420
Goodwill		<b>20,640</b>	20,640
Deferred income tax assets		<b>79,850</b>	74,457
Investments accounted for using the equity method		<b>3,334</b>	2,511
		<b>754,136</b>	801,365
<b>Current assets</b>			
Operating lease and trade receivables	10	<b>209,935</b>	161,954
Prepayments and other receivables		<b>109,718</b>	104,759
Current income tax recoverables		<b>8,159</b>	2,726
Restricted cash		<b>–</b>	518
Cash and cash equivalents		<b>3,796,393</b>	3,449,101
		<b>4,124,205</b>	3,719,058
<b>Total assets</b>		<b>4,878,341</b>	4,520,423

# **INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (*continued*)**

		<b>30 June 2021 (Unaudited) RMB'000</b>	<b>31 December 2020 (Audited) RMB'000</b>
	<i>Note</i>		
<b>Equity</b>			
Share capital and premium	11	1,385,562	1,479,288
Other reserves	12	69,657	42,033
Shares held for shares award scheme		(95)	(95)
Retained earnings		835,050	631,712
		<u>2,290,174</u>	<u>2,152,938</u>
<b>Capital and reserves attributable to shareholders of the Company</b>			
		<u>2,290,174</u>	<u>2,152,938</u>
Non-controlling interests		14,420	12,965
		<u>14,420</u>	<u>12,965</u>
<b>Total equity</b>		<u>2,304,594</u>	<u>2,165,903</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred income tax liabilities		2,514	2,891
Long-term payables		3,676	3,271
Lease liabilities	14	685,438	659,816
		<u>691,628</u>	<u>665,978</u>
<b>Current liabilities</b>			
Trade and other payables	15	1,217,672	1,060,984
Advances from lessees		25,350	14,889
Current income tax liabilities		119,074	101,410
Lease liabilities	14	112,639	202,072
Contract liabilities		407,384	309,187
		<u>1,882,119</u>	<u>1,688,542</u>
<b>Total liabilities</b>		<u>2,573,747</u>	<u>2,354,520</u>
<b>Total equity and liabilities</b>		<u>4,878,341</u>	<u>4,520,423</u>

# NOTES TO THE INTERIM FINANCIAL INFORMATION

## 1 GENERAL INFORMATION

The Company was incorporated 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 Group is primarily engaged in the provision of commercial operational services and residential property management services in the People's Republic of China (the "**PRC**").

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

The Company's immediate holding company is Powerlong Real Estate (BVI) Holdings Limited. The Company's intermediate holding company is Powerlong Real Estate Holdings Limited ("**Powerlong Holdings**") whose shares have been listed on the Main Board of the Stock Exchange since 14 October 2009. As at 30 June 2021, Mr. Hoi Kin Hong ("**Mr. Hoi**") held approximate 44.34% interests in the issued share capital of Powerlong Holdings.

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

The interim financial information is presented in Renminbi ("**RMB**"), unless otherwise stated. The interim financial information has been approved for issue by the Board on 18 August 2021.

The interim financial information has not been audited.

## 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The interim financial information for the six months ended 30 June 2021 has been prepared in accordance with HKAS 34 "Interim Financial Reporting".

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2020, as described in those annual financial statements, except for the adoption of new and amended standards and interpretation as described below.

### (a) Amended standards adopted by the Group

Amendments to HKFRS 7,  
HKFRS 4 and HKFRS 16

Interest Rate Benchmark Reform – Phase 2

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

**(b) New standards, amendments, interpretation and accounting guideline not yet adopted**

The following new standards and amendments and interpretation to standards have been published that are not mandatory for the year beginning on 1 January 2021 and have not been early adopted by the Group:

		<b>Effective for annual periods beginning on or after</b>
Amendment to HKAS 12	Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2 and HKAS 8	Disclosure of Accounting Policies	1 January 2023
Amendments to HKFRS 17	Insurance contracts	1 January 2023
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2023
Amendments to HKAS 1	Classification of liabilities as current or non-current	1 January 2023
Amendments to HKFRS 3	Reference to the conceptual framework	1 January 2022
Amendments to HKAS 16	Property, plant and equipment: proceeds before intended use	1 January 2022
Amendments to HKAS 37	Onerous contracts – cost of fulfilling a contract	1 January 2022
Annual Improvements	Annual improvements to HKFRS Standards 2018-2020 Cycle	1 January 2022
Revised Accounting Guideline 5	Merger Accounting for Common Control Combination	1 January 2022
Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

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

**3 SEGMENT INFORMATION**

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

The Group has two business segments:

**– Commercial operational services**

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

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

– **Residential property management services**

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

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

- (a) Segment results represent the profit earned by each segment without other income and gains or losses, unallocated operating costs, finance income – net, share of profit/(loss) of investments 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 six months ended 30 June 2021 (Unaudited)*

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

*For the six months ended 30 June 2020 (Unaudited)*

	Commercial operational services <i>RMB'000</i>	Residential property management services <i>RMB'000</i>	Group <i>RMB'000</i>
Gross segment revenue	700,407	168,214	868,621
Revenue from contracts with customers	605,625	168,214	773,839
– at a point in time	56,453	–	56,453
– over time	549,172	168,214	717,386
Revenue from other sources			
– rental income	94,782	–	94,782
Segment results	185,524	23,830	209,354
Other income and losses			11,104
Unallocated operating costs			(30,292)
Interest expense			(14,434)
Interest income			14,766
Foreign exchange gains – net			3,768
Share of loss of investments accounted for using the equity method			(1,482)
Profit before income tax			192,784
Income tax expenses			(47,872)
Profit for the period			144,912
Depreciation	53,929	526	54,455

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

*As at 30 June 2021 (Unaudited)*

	Commercial operational services <i>RMB'000</i>	Residential property management services <i>RMB'000</i>	Elimination <i>RMB'000</i>	Group <i>RMB'000</i>
Segment assets	1,084,057	123,585	(2,304)	1,205,338
Other assets				3,673,003
Total assets				<u>4,878,341</u>
Segment liabilities	2,115,687	225,604	(2,304)	2,338,987
Other liabilities				234,760
Total liabilities				<u>2,573,747</u>
Capital expenditure (six months ended 30 June 2021) (Unaudited)	<u>2,152</u>	<u>342</u>	<u>–</u>	<u>2,494</u>

*As at 31 December 2020 (Audited)*

	Commercial operational services <i>RMB'000</i>	Residential property management services <i>RMB'000</i>	Elimination <i>RMB'000</i>	Group <i>RMB'000</i>
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 (six months ended 30 June 2020) (Unaudited)	<u>202,891</u>	<u>538</u>	<u>–</u>	<u>203,429</u>

**Segment assets are reconciled to total assets as follows:**

	<b>30 June 2021 (Unaudited) RMB'000</b>	31 December 2020 (Audited) RMB'000
Segment assets	<b>1,205,338</b>	1,219,304
Other assets		
Current income tax recoverables	<b>8,159</b>	2,726
Deferred income tax assets	<b>79,850</b>	74,457
Unallocated cash and cash equivalents and restricted cash	<b>3,574,534</b>	3,212,997
Unallocated property and equipment	<b>243</b>	220
Other corporate assets	<b>9,904</b>	10,406
Financial assets at fair value through profit and loss	<b>313</b>	313
Total assets	<b>4,878,341</b>	4,520,423

**Segment liabilities are reconciled to total liabilities as follows:**

	<b>30 June 2021 (Unaudited) RMB'000</b>	31 December 2020 (Audited) RMB'000
Segment liabilities	<b>2,338,987</b>	2,217,020
Other liabilities		
Current income tax liabilities	<b>119,074</b>	101,410
Deferred income tax liabilities	<b>2,514</b>	2,891
Dividends payable	<b>94,772</b>	–
Other payables – related parties	<b>–</b>	3,410
Other corporate liabilities	<b>18,400</b>	29,789
Total liabilities	<b>2,573,747</b>	2,354,520

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

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

Segment liabilities consist of operating liabilities.

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

## 4 REVENUE

(a) Revenue of the Group for six months ended 30 June 2021 is as follows:

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
<b>Type of services</b>		
<i>Rental income:</i>		
– Commercial property lease income	<u>102,160</u>	<u>94,782</u>
<i>Revenue from customer:</i>		
– Commercial operational services		
Market research and positioning, business tenant sourcing, opening preparation services	136,129	90,933
Commercial operation and management services	703,964	514,692
Commercial operation service during the operation stage	264,935	147,961
Commercial property management service	<u>439,029</u>	<u>366,731</u>
	<u>840,093</u>	<u>605,625</u>
– Residential property management services		
Pre-sale management services	17,724	9,206
Residential property management services	163,384	116,131
Other value-added services	<u>47,200</u>	<u>42,877</u>
	<u>228,308</u>	<u>168,214</u>
	<u>1,170,561</u>	<u>868,621</u>

- (i) For the six months ended 30 June 2021, revenue arising from the Remaining Powerlong Group contributed 15.6% of the Group's revenue (six months ended 30 June 2020: 9.7%). Other than the Remaining Powerlong Group and other entities controlled by Mr. Hoi, the Group has a large number of customers, none of them contributed 10% or more of the Group's revenue during the period (six months ended 30 June 2020: none).

(b) **Liabilities related to contracts with customers**

	30 June	31 December
	2021	2020
	(Unaudited)	(Audited)
	RMB'000	RMB'000
Contract liabilities	<u>407,384</u>	<u>309,187</u>

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

	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Revenue recognised that was included in the contract liability balance at the beginning of the period		
– Commercial operational services	<b>253,960</b>	183,336
– Residential property management services	<b>55,227</b>	40,386
	<b>309,187</b>	<b>223,722</b>

(ii) *Unsatisfied performance obligations*

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

## 5 OTHER INCOME AND LOSSES

	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Other income</b>		
Government grants ( <i>Note (a)</i> )	<b>5,209</b>	3,823
Penalty income	<b>5,871</b>	4,713
Others	<b>1,339</b>	2,568
	<b>12,419</b>	<b>11,104</b>
<b>Other losses</b>		
Foreign exchange losses	<b>(2,714)</b>	–
	<b>9,705</b>	<b>11,104</b>

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

## 6 FINANCE INCOME – NET

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
<i>Interest expense in respect of:</i>		
Lease liabilities	(21,759)	(14,434)
Long-term payables	(405)	–
	<u>(22,164)</u>	<u>(14,434)</u>
<i>Interest income in respect of:</i>		
Bank deposits	<u>22,337</u>	<u>14,766</u>
Foreign exchange gains on financing activities – net	<u>–</u>	<u>3,768</u>
Finance income – net	<u>173</u>	<u>4,100</u>

## 7 INCOME TAX EXPENSES

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Current income tax		
– PRC corporate income tax	80,597	62,449
Deferred income tax		
– PRC corporate income tax	<u>(5,770)</u>	<u>(14,577)</u>
	<u>74,827</u>	<u>47,872</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:

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Profit before income tax	<u>279,620</u>	<u>192,784</u>
Tax charge at effective rate applicable to profits in the respective group entities	69,905	48,196
Tax effects of:		
– Share of (profit)/loss of investments accounted for using the equity method	(206)	370
– Expenses not deductible for tax purposes ( <i>Note (a)</i> )	5,128	248
– Effect of income not subject to income tax	<u>–</u>	<u>(942)</u>
PRC corporate income tax	<u>74,827</u>	<u>47,872</u>

- (a) Expenses not deductible for tax purposes for the six months ended 30 June 2021 mainly represent expenses recognised in relation to the shares award scheme of the Company (the “**Shares Award Scheme**”).

#### **PRC corporate income tax**

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

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

#### **Overseas income tax**

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

#### **Hong Kong profits tax**

No provision for Hong Kong profits tax has been made in the interim condensed consolidated financial information as the Company and the Group did not have assessable profit in Hong Kong during the six months ended 30 June 2021 (six months ended 30 June 2020: 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.

### **8 EARNINGS PER SHARE**

#### **(a) Basic**

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the six months ended 30 June 2021 and 2020.

	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Earnings (RMB'000)</b>		
Earnings for the purposes of basic and diluted earnings per share (profit attributable to owners of the Company)	<u><b>203,338</b></u>	<u>144,912</u>
<b>Number of shares ('000)</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u><b>632,750</b></u>	<u>619,158</u>
<b>Basic earnings per share (RMB cents per share)</b>	<u><b>32.14</b></u>	<u>23.40</u>

**(b) Diluted**

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

	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Earnings (RMB'000)</b>		
Earnings for the purposes of basic and diluted earnings per share (profit attributable to owners of the Company)	<u><b>203,338</b></u>	<u>144,912</u>
<b>Number of shares ('000)</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>632,750</b>	619,158
Effect of dilutive potential ordinary shares:		
Awarded shares	<u><b>4,675</b></u>	<u>–</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u><b>637,425</b></u>	<u>619,158</u>
<b>Diluted earnings per share (RMB cents per share)</b>	<u><b>31.90</b></u>	<u>23.40</u>

## 9 INVESTMENT PROPERTIES

**Leased  
commercial  
properties  
– right of  
use assets  
RMB'000**

**Six months ended 30 June 2021 (Unaudited)**

Opening net book amount	688,205
Depreciation charge	(53,457)

<b>Closing net book amount</b>	<b>634,748</b>
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**As at 30 June 2021 (Unaudited)**

Cost	1,140,190
Accumulated depreciation	(505,442)

<b>Net book amount</b>	<b>634,748</b>
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**Six months ended 30 June 2020 (Unaudited)**

Opening net book amount	207,207
Additions	199,901
Depreciation charge	(51,644)

<b>Closing net book amount</b>	<b>355,464</b>
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**As at 30 June 2020 (Unaudited)**

Cost	763,864
Accumulated depreciation	(408,400)

<b>Net book amount</b>	<b>355,464</b>
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- (a) Depreciation expenses were charged to the following categories in the consolidated statements of comprehensive income:

	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Cost of services	<b>53,457</b>	<b>51,644</b>

## 10 OPERATING LEASE AND TRADE RECEIVABLES

	30 June 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
Operating lease receivables ( <i>Note (a)</i> )		
– Third parties	22,971	17,170
Trade receivables ( <i>Note (a)</i> )		
– Related parties	48,220	32,718
– Third parties	195,286	154,943
	243,506	187,661
Operating lease and trade receivables	266,477	204,831
Less: allowance for impairment	(56,542)	(42,877)
	209,935	161,954

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

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

	30 June 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
0-30 days	71,553	49,187
31-180 days	75,570	51,472
181-365 days	52,676	46,128
1-2 years	27,390	20,386
2-3 years	13,108	20,319
Over 3 years	26,180	17,339
	266,477	204,831

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 30 June 2021, a provision of RMB56,542,000 was made against the gross amounts of operating lease and trade receivables (31 December 2020: RMB42,877,000).

As at 30 June 2021 and 31 December 2020, the operating lease and trade receivables were denominated in RMB, and their fair values approximated their carrying amounts.

# 11 SHARE CAPITAL AND PREMIUM

	Number of ordinary shares	Share capital		Share premium	Total
		HK\$'000	RMB'000	RMB'000	RMB'000
<b>Authorised</b>					
As at 1 January 2021 and 30 June 2021	2,000,000,000	20,000	17,905	–	17,905
<b>Issued</b>					
As at 1 January 2021	644,000,000	6,440	5,756	1,473,532	1,479,288
Dividends	–	–	–	(93,726)	(93,726)
<b>As at 30 June 2021 (Unaudited)</b>	<b>644,000,000</b>	<b>6,440</b>	<b>5,756</b>	<b>1,379,806</b>	<b>1,385,562</b>
<b>Authorised</b>					
At 1 January 2020 and 30 June 2020	2,000,000,000	20,000	17,905	–	17,905
<b>Issued</b>					
At at 1 January 2020	600,000,000	6,000	5,376	1,231,531	1,236,907
Issued upon the exercise of the over-allotment option	22,500,000	225	199	184,448	184,647
Repurchased	(1,000,000)	(10)	(9)	(8,543)	(8,552)
<b>As at 30 June 2020 (Unaudited)</b>	<b>621,500,000</b>	<b>6,215</b>	<b>5,566</b>	<b>1,407,436</b>	<b>1,413,002</b>

## 12 OTHER RESERVES

	Statutory reserves RMB'000	Shares Award Scheme – value of employee service RMB'000	Total reserves RMB'000
Balance at 1 January 2021	23,617	18,416	42,033
Shares Award Scheme – value of employee service ( <i>Note (a)</i> )	–	27,624	27,624
<b>Balance at 30 June 2021 (Unaudited)</b>	<b>23,617</b>	<b>46,040</b>	<b>69,657</b>
<b>Balance at 1 January 2020 and 30 June 2020 (Unaudited)</b>	<b>22,430</b>	<b>–</b>	<b>22,430</b>

### (a) Shares Award Scheme

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

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

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

## 13 DIVIDEND

On 11 June 2021, the annual general meeting of the Company for the year ended 31 December 2020 approved the payment of a final dividend amounting to HK\$113,895,000 (equivalent to approximately RMB93,726,000 (2020: HK\$124,300,000, equivalent to approximately RMB113,541,000)). Such dividend was paid on 11 August 2021.

On 18 August 2021, the Board recommended the payment of an interim dividend of HK\$0.15 (equivalent to RMB0.13 based on the exchange rate of 30 June 2021) per ordinary share. Total amount of interim dividend would be HK\$94,913,000 (equivalent to approximately RMB78,977,000) which is calculated according to the number of ordinary shares in issue as at 30 June 2021 excluding shares held for Shares Award Scheme. The interim condensed consolidated financial information has not reflected this dividend payable.

## 14 LEASES

### (a) Amounts recognised in the interim condensed consolidated balance sheets

	30 June 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
Leased in properties for sub-lease to tenants – Leased commercial properties	<u>634,748</u>	<u>688,205</u>
Lease liabilities		
Current	112,639	202,072
Non-current	<u>685,438</u>	<u>659,816</u>
	<u>798,077</u>	<u>861,888</u>

### (b) Amounts recognised in profit and loss and cash flow statement

	Six months ended 30 June 2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
Depreciation charge		
Commercial properties	53,457	51,644
Interest expense (included in finance income – net)	21,759	14,434
Variable lease payments (included in cost of services)	8,435	5,284
Short-term lease expenditure for car parks and common areas and advertising space	75,577	51,071
Cash outflows for lease payments (including principal elements and relevant interest expense)	<u>85,569</u>	<u>90,860</u>

## 15 TRADE AND OTHER PAYABLES

	30 June 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
Trade payables		
– Related parties	1,229	2,156
– Third parties	103,460	118,343
	<u>104,689</u>	<u>120,499</u>
Other payables		
– Related parties ( <i>Note (a)</i> )	210,353	161,826
– Receipts on behalf of tenants or residents ( <i>Note (b)</i> )	191,481	194,420
– Payables for promotion fees	47,555	31,119
– Deposits received ( <i>Note (c)</i> )	451,771	364,415
– Payables for business combination	3,759	10,239
– Others	15,093	17,645
	<u>920,012</u>	<u>779,664</u>
Accrued payroll	84,777	140,903
Other taxes payables	13,422	19,918
Dividend payables	94,772	–
	<u>1,217,672</u>	<u>1,060,984</u>

- (a) The balance consisted of short-term lease payments of car parks, common areas and advertising spaces and the receipts on behalf of owners of the commercial properties to settle the expenses relating promotion and marketing activities.
- (b) Amounts represented the receipts on behalf of tenants or residents to settle the bills of utilities charges.
- (c) Amounts represented mainly deposits received from tenants as performance securities in relation to tenant agreements or property management service agreements.
- (d) As at 30 June 2021 and 31 December 2020, 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:

	<b>30 June 2021 (Unaudited) RMB'000</b>	31 December 2020 (Audited) RMB'000
Within 1 year	<b>102,518</b>	116,029
1 to 2 years	<b>1,857</b>	3,598
2 to 3 years	<b>314</b>	872
	<b>104,689</b>	120,499

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

	<b>30 June 2021 (Unaudited) RMB'000</b>	31 December 2020 (Audited) RMB'000
RMB	<b>1,024,293</b>	900,155
HK\$	<b>95,180</b>	8
	<b>1,119,473</b>	900,163

## 16 EVENTS AFTER THE BALANCE SHEET DATE

In July 2021, the Group and a state-owned company entered into an agreement, pursuant to which the Group would lease four properties located in Xiamen with a total contracted GFA of 91,000 sq.m.. The total contract amount of the lease payment is approximately RMB760 million which will be settled by annual installments within the lease period of 20 years. As at the date of this announcement, the lease term has not commenced and the Group has not incurred any payment obligations.

## MANAGEMENT DISCUSSION AND ANALYSIS

### OVERVIEW

The Group is a leading commercial operational service provider in the PRC. As at 30 June 2021, the Group had 71 retail commercial properties in operation, with an aggregate GFA in operation of approximately 8.8 million sq.m.; and was contracted to provide commercial operational services for a total of 126 retail commercial properties with an aggregate contracted GFA of 13.5 million sq.m.. Other than the aforementioned contracted projects, the Company has reached preliminary cooperation intention (contracts to be signed) with owners of 7 retail commercial properties, with an aggregate GFA of approximately 0.6 million sq.m.. The Company enjoys considerable brand recognition in the markets where it operates. In March 2021, the Company was ranked fourth among the “2021 China Top 100 Commercial Real Estate” as awarded by China Index Academy. In April 2021, the Company was recognised as a “2020 Distinguished Urban Operator in Commercial Property” as jointly awarded by Linkshop.com (聯商網), Soupu.com (搜鋪網) and other online platforms. In May 2021, the Company was recognised as a “2020-2021 Outstanding Enterprise Award in Commercial Property” as awarded by Winshang.com (贏商網) and received other awards.

The Group also provides property management services for residential properties, office buildings and serviced apartments. As at 30 June 2021, the Group had 69 projects delivered of its residential property management services with an aggregate GFA delivered of approximately 16.4 million sq.m., and was contracted to manage 125 projects with an aggregate contracted GFA of 28.0 million sq.m..

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

### BUSINESS REVIEW

For the six months ended 30 June 2021, the Company mainly conducted its business activities in the following business segments, namely (i) commercial operational services; and (ii) residential property management services. The Group’s revenue is mainly derived from its commercial operational services.

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

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

It primarily included:

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

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

	Six months ended 30 June			
	2021		2020	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Commercial operational services	327,029	34.7	218,025	31.1
Residential property management services	56,335	24.7	36,808	21.9
<b>Total</b>	<b>383,364</b>	<b>32.8</b>	<b>254,833</b>	<b>29.3</b>

## Commercial Operational Services

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

For the six months ended 30 June 2021, the aggregate revenue of the Group’s commercial operational services amounted to approximately RMB942.3 million, representing an increase of 34.5% from approximately RMB700.4 million for the six months ended 30 June 2020; and the Group had GFA in operation of 8.8 million sq.m., representing an increase of 1.8 million sq.m. from 7.0 million sq.m. for the corresponding period of 2020; 71 projects in operation, representing an increase of 20 projects from 51 projects for the corresponding period of 2020; contracted GFA of 13.5 million sq.m., representing an increase of 3.6 million sq.m. from 9.9 million sq.m. for the corresponding period of 2020.

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

	For the six months ended 30 June					
	2021			2020		
	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 <sup>(1)</sup>	8,857	5,299	661,506	5,982	3,647	471,384
Pearl River Delta <sup>(2)</sup>	416	–	9,277	181	–	–
Others <sup>(3)</sup>	4,226	3,540	271,470	3,734	3,335	229,023
<b>Total</b>	<b>13,499</b>	<b>8,839</b>	<b>942,253</b>	<b>9,897</b>	<b>6,982</b>	<b>700,407</b>

Notes:

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

## NEW PROJECTS IN OPERATION IN THE FIRST HALF OF 2021

The Group's new retail commercial property projects in operation for the six months ended 30 June 2021 are shown in the following table:

No.	Name of project	Opening date <i>month-year</i>	City	Geographic region	Source of project	Manager	Management model	Total GFA <i>(sq.m)</i>	Shopping mall <i>(sq.m)</i>	Commercial street <i>(sq.m)</i>	Car park <i>(sq.m)</i>
<b>Powerlong Plaza</b>											
1	Wenling Powerlong Plaza (溫嶺寶龍廣場)	June 2021	Taizhou	Yangtze River Delta	Powerlong Real Estate	Powerlong CM	Entrusted management	108,065	82,338	–	25,727
2	Zhuji Powerlong Plaza (諸暨寶龍廣場)	June 2021	Shaoxing	Yangtze River Delta	Powerlong Real Estate	Powerlong CM	Entrusted management	103,300	61,700	–	41,600
3	Zhoushan Powerlong Plaza (舟山寶龍廣場)	June 2021	Zhoushan	Yangtze River Delta	Powerlong Real Estate	Powerlong CM	Entrusted management	80,880	69,880	–	11,000
<b>Sub-total</b>								<b>292,245</b>	<b>213,918</b>	<b>–</b>	<b>78,327</b>
<b>Powerlong Xinghui</b>											
1	Ningbo Cicheng (寧波慈城)	May 2021	Ningbo	Yangtze River Delta	Third Party	Powerlong Xinghui	Advisory consultation	12,532	–	12,532	–
2	Ningbo Laowaitan (寧波老外灘)	In operation <sup>(1)</sup>	Ningbo	Yangtze River Delta	Third Party	Powerlong Xinghui	Advisory consultation	114,000	–	114,000	–
<b>Sub-total</b>								<b>126,532</b>	<b>–</b>	<b>126,532</b>	<b>–</b>
<b>Total</b>								<b>418,777</b>	<b>213,918</b>	<b>126,532</b>	<b>78,327</b>

- (1) For the third party project in operation obtained in June 2021, the Group will conduct refurbishment and upgrade upon completion of signing of contract.

## NEW CONTRACTED PROJECTS

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

### *From the Group:*

No.	Name of project	City	Geographic region	Manager	Management model	Expected total GFA (sq. m.)
1	Nanjing Jiangbei Powerlong City (南京江北寶龍城)	Nanjing	Yangtze River Delta	Powerlong CM	Entrusted management	121,500
2	Nanjing Xuanwu Powerlong City (南京玄武寶龍城)	Nanjing	Yangtze River Delta	Powerlong CM	Entrusted management	127,591
3	Yixing Powerlong Plaza (宜興寶龍廣場)	Wuxi	Yangtze River Delta	Powerlong CM	Entrusted management	57,000
4	Wuxi Xinwu Powerlong Plaza (無錫新吳寶龍廣場)	Wuxi	Yangtze River Delta	Powerlong CM	Entrusted management	174,180
5	Pizhou Powerlong Plaza (邳州寶龍廣場)	Xuzhou	Yangtze River Delta	Powerlong CM	Entrusted management	129,514
6	Wuyishan Powerlong Plaza (武夷山寶龍廣場)	Nanping	Others	Powerlong CM	Entrusted management	67,633
7	Wuhan Xinzhou Powerlong Plaza (武漢新洲寶龍廣場)	Wuhan	Others	Powerlong CM	Entrusted management	115,930
8	Yangzhou Guangling Powerlong Plaza (揚州廣陵寶龍廣場)	Yangzhou	Yangtze River Delta	Powerlong CM	Entrusted management	89,700
9	Xiamen Tong'an Powerlong Plaza (廈門同安寶龍廣場)	Xiamen	Others	Powerlong CM	Entrusted management	88,000
10	Nanjing Luhe Powerlong Plaza (南京六合寶龍廣場)	Nanjing	Yangtze River Delta	Powerlong CM	Entrusted management	144,918
11	Zhongshan Powerlong Plaza (中山寶龍廣場)	Zhongshan	Pearl River Delta	Powerlong CM	Entrusted management	100,000
12	Nanjing Qixia Powerlong Plaza (南京棲霞寶龍廣場)	Nanjing	Yangtze River Delta	Powerlong CM	Entrusted management	150,000
13	Nanjing Economic Development Powerlong Plaza (南京經開寶龍廣場)	Nanjing	Yangtze River Delta	Powerlong CM	Entrusted management	104,000
14	Anhui Bozhou Powerlong Plaza (安徽亳州寶龍廣場)	Bozhou	Yangtze River Delta	Powerlong CM	Entrusted management	100,000
15	Anhui Xuancheng Powerlong Plaza (安徽宣城寶龍廣場)	Xuancheng	Yangtze River Delta	Powerlong CM	Entrusted management	124,289
16	Dongying Powerlong Plaza (東營寶龍廣場)	Dongying	Others	Powerlong CM	Entrusted management	133,720
17	Chuzhou Powerlong Plaza (滁州寶龍廣場)	Chuzhou	Yangtze River Delta	Powerlong CM	Entrusted management	70,000
18	Ningbo Jiangbei Powerlong Plaza (寧波江北寶龍廣場)	Ningbo	Yangtze River Delta	Powerlong CM	Entrusted management	109,716
19	Ningbo Wenchuanggang Powerlong Land (寧波文創港寶龍天地)	Ningbo	Yangtze River Delta	Powerlong CM	Entrusted management	44,900
20	Xiangshan Powerlong Land (象山寶龍天地)	Ningbo	Yangtze River Delta	Powerlong CM	Entrusted management	11,118
<b>Sub-total</b>						<b>2,063,709</b>

**From independent third parties:**

No.	Name of project	City	Geographic region	Manager	Management model	Expected total GFA (sq. m.)
1	Yiwu Chengbei Commercial Centre (義烏城北商業中心)	Jinhua	Yangtze River Delta	Powerlong Xinghui	Advisory consultation	6,610
2	Shaoxing Jindi Powerlong Plaza (紹興金帝寶龍廣場)	Shaoxing	Yangtze River Delta	Powerlong Xinghui	Advisory consultation	86,000
3	Ningbo Laowaitan (寧波老外灘)	Ningbo	Yangtze River Delta	Powerlong Xinghui	Advisory consultation	114,000
4	Xiamen Jiangjunci (廈門將軍祠) <sup>(1)</sup>	Xiamen	Others	Powerlong CM	Sublease	6,470
5	Xiamen Yuanboyuan Powerlong Land (廈門園博苑寶龍天地) <sup>(1)</sup>	Xiamen	Others	Powerlong CM	Sublease	14,705
6	Xiamen Wenzao (廈門文灶) <sup>(1)</sup>	Xiamen	Others	Powerlong CM	Sublease	41,658
7	Xiamen Tangbian Powerlong Land (廈門塘邊寶龍天地) <sup>(1)</sup>	Xiamen	Others	Powerlong CM	Sublease	28,475
<b>Sub-total</b>						<b>297,918</b>
<b>Total</b>						<b>2,361,627</b>

- (1) The projects were contracted in July 2021, which were not included in various kinds of statistical data for the first half of 2021.

**Occupancy Rate**

The table below sets forth average occupancy rate and GFA under management of retail commercial property that had commenced operation as at 30 June 2021 by brands.

Brand	Average occupancy rate <sup>(1)</sup>		GFA in operation (in thousand sq. m.)
	As of 30 June		
	2021 %	2020 %	
Powerlong One Mall	98.7	92.6	171
Powerlong City	98.6	90.7	446
Powerlong Plaza	91.9	85.4	7,354
Powerlong Land	89.6	87.9	328
Powerlong Xinghui	91.2	N/A <sup>(2)</sup>	540
Total	92.3	87.1	8,839

- (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 Group entered into an investment agreement with 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, to which the statistics of occupancy rate on 30 June 2020 did not apply.

## PIPELINE PROJECTS IN THE SECOND HALF OF 2021

The Group’s retail commercial property projects planning for opening in the second half of 2021 are shown in the following table:

No.	Name of project	Opening date <sup>(1)</sup> month-year	City	Geographic region	Source of project	Management model	Expected total GFA (sq.m)
<b>Powerlong Plaza</b>							
1	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
2	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
3	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
4	Yancheng Jianhu Powerlong Plaza (鹽城建湖寶龍廣場)	December 2021	Yancheng	Yangtze River Delta	Third Party	Entrusted management	96,182
5	Yuyao Powerlong Plaza (余姚寶龍廣場)	December 2021	Ningbo	Yangtze River Delta	Powerlong Real Estate	Entrusted management	65,915
6	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
7	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
8	Lanxi Powerlong Plaza (蘭溪寶龍廣場)	December 2021	Jinhua	Yangtze River Delta	Powerlong Real Estate	Entrusted management	142,900
9	Huizhou Rongcan Powerlong Plaza (惠州榮燦寶龍廣場)	December 2021	Huizhou	Pearl River Delta	Third Party	Entrusted management	50,600
10	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
<b>Sub-total</b>							<b>852,856</b>
<b>Powerlong Land</b>							
1	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
2	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
3	Zhoushan Dinghai Powerlong Land (舟山定海寶龍天地)	December 2021	Zhoushan	Yangtze River Delta	Powerlong Real Estate	Entrusted management	28,100
<b>Sub-total</b>							<b>93,100</b>

No.	Name of project	Opening date <sup>(1)</sup> <i>month-year</i>	City	Geographic region	Source of project	Management model	Expected total GFA <i>(sq.m)</i>
<b>Powerlong Xinghui</b>							
1	Dongcheng Times Commercial Centre (東城時代商業中心)	July 2021	Huzhou	Yangtze River Delta	Third Party	Advisory consultation	42,382
2	Anji Tsinghua Yuan (安吉清華園)	September 2021	Huzhou	Yangtze River Delta	Third Party	Advisory consultation	14,000
3	Shangyu Jiayuan Plaza (上虞佳源廣場)	December 2021	Shaoxing	Yangtze River Delta	Third Party	Advisory consultation	105,216
4	Huasun • Yinghuali (華晟 • 櫻花里)	December 2021	Ningbo	Yangtze River Delta	Third Party	Advisory consultation	42,492
5	Xingyue • PARK (星悅 • PARK)	December 2021	Ningbo	Yangtze River Delta	Third Party	Advisory consultation	4,314
<b>Sub-total</b>							<b>208,404</b>
<b>Total</b>							<b>1,154,360</b>

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

## Residential Property Management Services

For the six months ended 30 June 2021, revenue of the Group's residential property management service business segment amounted to approximately RMB228.3 million, representing an increase of 35.7% from RMB168.2 million for the six months ended 30 June 2020; and the Group had GFA delivered of 16.4 million sq.m., representing an increase of 4.8 million sq.m. from 11.6 million sq.m. for the corresponding period of 2020; 69 projects delivered, representing an increase of 17 projects from 52 projects for the corresponding period of 2020; contracted GFA of 28.0 million sq.m., representing an increase of 8.1 million sq.m. from 19.9 million sq.m. for the corresponding period of 2020.

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

	For the six months ended 30 June					
	2021			2020		
	Contracted GFA	GFA delivered	Revenue	Contracted GFA	GFA delivered	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 <sup>(1)</sup>	16,545	6,853	138,370	10,976	5,189	89,682
Pearl River Delta <sup>(2)</sup>	559	–	6,355	167	–	–
Others <sup>(3)</sup>	10,877	9,525	83,583	8,768	6,458	78,532
<b>Total</b>	<b>27,981</b>	<b>16,378</b>	<b>228,308</b>	<b>19,911</b>	<b>11,647</b>	<b>168,214</b>

*Notes:*

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

### **Further Cooperation with Tencent for Continuous Development of Intelligent Commerce**

On 27 May 2021, Shanghai Jiashang Digital Technology Company Limited\* (上海嘉綯數字科技有限公司) (“**Shanghai Jiashang**”, a wholly-owned subsidiary of the Company), Shenzhen Tencent Industrial Venture Capital Co., Ltd. (深圳市騰訊產業創投有限公司) (“**Shenzhen Tencent**”) and Shanghai Yueshang Information Technology Co., Ltd.\* (上海悅商信息科技有限公司) (“**Shanghai Yueshang**”) jointly signed a capital increase agreement (the “**Capital Increase Agreement**”). Shanghai Jiashang and Shenzhen Tencent agreed to make a capital contribution of RMB50 million, respectively, with an aggregate amount of RMB100 million, to Shanghai Yueshang (the “**Capital Increase**”).

Shanghai Yueshang was established in 2015 and is mainly engaged in internet information services, software development, technology transfer and consulting, data processing business, as well as provision of products and services including IT infrastructure construction, cloud computation, big data and artificial intelligence. Upon completion of the Capital Increase, Shanghai Jiashang will own approximately 8.3% interests in Shanghai Yueshang.

The Company and Shenzhen Tencent will accelerate research and development through Shanghai Yueshang. The Company will inject its business and experience, and Shenzhen Tencent will introduce technologies to establish a super smart scenario which integrates stock asset management, investment and consumer and tenant services. A new value potential for the industry will be created to promote advancements.

For further details, please refer to the announcement of the Company dated 27 May 2021.

On 4 August 2021, Shanghai Jiashang completed the payment of RMB50 million in respect of the Capital Increase.

### **WORK PLAN FOR THE SECOND HALF OF 2021**

As the transmission of the Coronavirus Disease 2019 (the “**COVID-19**”) is gradually being controlled around the globe, the overall operations of retail commercial properties in 2021 are getting back on track. In July, the epidemic situation in China showed a certain rebound trend, but overall speaking it was still manageable. Meanwhile, the change in consumption habits of residents in the post-epidemic era has provided more possibilities in tenant mix for retail commercial properties. This also promotes continuous innovation of the Group regarding new brands, new scenarios and new approaches. With enrichment in brand resources, enhancement in operation qualities and continuous growth in scale, the Group would be able to stand out in the market environment with intensifying competitions. Looking ahead to the second half of 2021, the Group shall remain with firm commitment to the Group’s initial intention and continue with its five-year strategic planning, so as to maintain its leading position in the industry and to further enhance the influence of Powerlong products in the market.

## **1. Commercial Operational 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 six core cities of Shanghai, Hangzhou, Ningbo, Nanjing, Suzhou and Hefei. In the first half of 2021, openings of 3 Powerlong Plazas and 1 commercial street were completed. In the second half of 2021, there are 18 projects planned for opening. 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 and also continue to actively seek acquisition targets to acquire commercial management company(ies).

### ***(II) Continuous increase in occupancy rate***

In the first half of 2021, the Group's overall average occupancy rate reached a record high in recent years of 92.3%. In the second half of 2021, leasing out of existing vacant shops will be conducted continuously.

### ***(III) Enhancement in management quality***

In the first half of 2021, the Group underwent hardware refurbishment for some projects in operation through the owners and enhanced the operation quality of projects, which enabled a steady increase in the overall consumer traffic and turnover of the shopping malls. In the second half of 2021, the Group will continue to enhance the operation quality of projects in operation, adjust the existing tenant mix, and further increase the overall occupancy rates and operating gains 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 brand influence of Powerlong products.

### ***(IV) Promotion of intelligent commerce***

The Group 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 realises the unification of business flow, cash flow and data flow.

**(V) *Optimization of talent structure***

The Group will continue to reserve and cultivate talents, gather elite talents, attract and retain talents through more competitive remuneration packages and incentivising policies, stimulate employees' potential, 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 the Group’s projects to increase customers’ satisfaction; and
- (IV) Enhancement of profitability** – Enhancing the profitability of the Group’s commercial properties, office buildings and sales offices to explore other more income with commercial advantages.

## FINANCIAL REVIEW

### Revenue

For the six months ended 30 June 2021, the Group recorded a revenue of approximately RMB1,170.6 million, representing an increase of approximately RMB302.0 million as compared with approximately RMB868.6 million for the six months ended 30 June 2020.

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

	For the six months ended 30 June			
	2021		2020	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Commercial Operational Services				
Market research and positioning, business tenant sourcing and opening preparation services	136,129	11.6	90,933	10.5
Commercial operation and management services	703,964	60.1	514,692	59.3
Commercial property lease income	102,160	8.8	94,782	10.8
	<u>942,253</u>	<u>80.5</u>	<u>700,407</u>	<u>80.6</u>
Residential Property Management Services				
Pre-sale management services	17,724	1.5	9,206	1.1
Residential property management services	163,384	14.0	116,131	13.4
Other value-added services	47,200	4.0	42,877	4.9
	<u>228,308</u>	<u>19.5</u>	<u>168,214</u>	<u>19.4</u>
Total	<u>1,170,561</u>	<u>100.0</u>	<u>868,621</u>	<u>100.0</u>

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

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

For the six months ended 30 June 2021, the Group's revenue from market research and positioning, business tenant sourcing and opening preparation services amounted to approximately RMB136.1 million, representing a period-on-period increase of 49.7% and accounting for approximately 11.6% of the Group's total revenue.

The increase in the revenue from market research and positioning, business tenant sourcing and opening preparation services was primarily due to the fact that the Group provided market research and positioning, business tenant sourcing and opening preparation services with respect to 36 retail commercial properties for the six months ended 30 June 2021, compared to 22 for the six months ended 30 June 2020.

## **Commercial operation and management services**

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

For the six months ended 30 June 2021, the Group's revenue from commercial operation and management services amounted to approximately RMB704.0 million, representing a period-on-period increase of 36.8% and accounting for approximately 60.1% of the Group's total revenue.

The increase in the revenue from commercial operation and management services was primarily driven by the increase in the aggregate GFA in operation and the improvement in occupancy rate. For the six months ended 30 June 2021, the Group's commercial properties GFA in operation was 8.8 million sq.m., representing a period-on-period increase of 26.6%.

## **Commercial property lease income**

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

For the six months ended 30 June 2021, the Group's revenue derived from commercial property lease services amounted to approximately RMB102.2 million, representing a period-on-period increase of 7.8% and accounting for approximately 8.8% of the Group's total revenue.

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

## Residential Property Management Services

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

For the six months ended 30 June 2021, the Group's revenue from residential property management services amounted to approximately RMB228.3 million, representing a period-on-period increase of 35.7% and accounting for approximately 19.5% of the Group's total revenue.

The increase in the revenue from residential property management services was primarily attributable to: (i) the increase in the residential properties GFA delivered to 16.4 million sq.m. for the six months ended 30 June 2021, representing a period-on-period increase of 40.6%; and (ii) the improvement of service quality and the increase in the number of contracts with residents.

Revenue indicated by type of customers is as follows:

	For the six months ended 30 June			
	2021		2020	
	RMB'000	%	RMB'000	%
Commercial Operational Services				
Fellow subsidiaries <sup>(i)</sup>	124,059	10.6	58,812	6.8
Other related parties <sup>(ii)</sup>	49,678	4.2	35,881	4.1
External customers <sup>(iii)</sup>	768,516	65.7	605,714	69.7
	<u>942,253</u>	<u>80.5</u>	<u>700,407</u>	<u>80.6</u>
Residential Property Management Services				
Fellow subsidiaries <sup>(i)</sup>	58,688	5.0	25,844	3.0
Other related parties <sup>(ii)</sup>	645	0.1	1,020	0.1
External customers <sup>(iii)</sup>	168,975	14.4	141,350	16.3
	<u>228,308</u>	<u>19.5</u>	<u>168,214</u>	<u>19.4</u>
Total	<u>1,170,561</u>	<u>100.0</u>	<u>868,621</u>	<u>100.0</u>

Notes:

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

Revenue derived from external customers represents the largest source of the Group's revenue. For the six months ended 30 June 2021, revenue derived from external customers was approximately RMB937.5 million, representing an increase of approximately RMB190.4 million from approximately RMB747.1 million for the six months ended 30 June 2020, and accounting for 80.1% of the total revenue of the Group.

Revenue indicated by geographic regions is as follows:

	For the six months ended 30 June 2021		2020	
	RMB'000	%	RMB'000	%
<b>Commercial Operational Services</b>				
Yangtze River Delta	661,506	56.5	471,384	54.3
Pearl River Delta	9,277	0.8	—	—
Others	271,470	23.2	229,023	26.3
	<u>942,253</u>	<u>80.5</u>	<u>700,407</u>	<u>80.6</u>
<b>Residential Property Management Services</b>				
Yangtze River Delta	138,370	11.8	89,682	10.3
Pearl River Delta	6,355	0.5	—	—
Others	83,583	7.2	78,532	9.1
	<u>228,308</u>	<u>19.5</u>	<u>168,214</u>	<u>19.4</u>
<b>Total</b>	<u>1,170,561</u>	<u>100.0</u>	<u>868,621</u>	<u>100.0</u>

For the six months ended 30 June 2021, the Group's commercial operational properties and residential management properties were primarily located in the Yangtze River Delta and the revenue generated from this region had further increased.

#### Cost of services

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

For the six months ended 30 June 2021, the Group's cost of services was approximately RMB787.2 million, representing a period-on-period increase of 28.3%. 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 six months ended 30 June 2021 amounted to approximately RMB383.4 million, representing a period-on-period increase of 50.5%. For the six months ended 30 June 2021, the gross profit margin was 32.8%, representing an increase of 3.5 percentage points as compared to 29.3% for the six months ended 30 June 2020.

The gross profit of commercial operational services for the six months ended 30 June 2021 amounted to approximately RMB327.0 million, representing a period-on-period increase of 50.0%. The gross profit margin of the Group's commercial operational services for the six months ended 30 June 2021 was 34.7%, representing an increase of 3.6 percentage points as compared to 31.1% for the six months ended 30 June 2020, primarily due to the business growth and excellent cost control of the Group.

The gross profit of residential property management services for the six months ended 30 June 2021 amounted to approximately RMB56.3 million, representing a period-on-period increase of 53.1%. The gross profit margin of the Group's residential property management services for the six months ended 30 June 2021 was 24.7%, representing an increase of 2.8 percentage points as compared to 21.9% for the six months ended 30 June 2020, primarily due to the continued expansion of the contracted GFA of residential properties, the increase in the number of contracts with residents and the optimization of revenue structure.

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

	For the six months ended 30 June			
	2021		2020	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Commercial operational services	327,029	34.7	218,025	31.1
Residential property management services	56,335	24.7	36,808	21.9
Total	383,364	32.8	254,833	29.3

For the six months ended 30 June 2021, the Group further fostered the project-regionalized integrated management. Meanwhile through technological upgrade and empowerment as well as enhancement in operation quality and standards, the Group laid a sound foundation for increasing the gross profit of its business in future years.

## **Other income and gains**

Other income and gains mainly represented the various government grants and subsidies income from local governments and the forfeited deposits from tenants due to their premature termination of contracts. For the six months ended 30 June 2021, the Group's other income and gains amounted to approximately RMB9.7 million, representing a period-on-period decrease of 12.6%, which was mainly attributable to the foreign exchange losses during the period.

## **Net impairment losses on financial assets**

The Group's net impairment losses on financial assets mainly include the allowance for impairment made in respect of operating leases and trade receivables and other receivables. For the six months ended 30 June 2021, the Group's net impairment losses on financial assets amounted to approximately RMB13.6 million, representing a period-on-period decrease of 31.7%. This was mainly attributable to the reduction in adverse effects on some tenants' operations as the COVID-19 epidemic was gradually being controlled.

## **Finance income – net**

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

For the six months ended 30 June 2021, the Group's net finance income amounted to approximately RMB0.2 million, as compared to the net finance income of approximately RMB4.1 million for the corresponding period in 2020. This was mainly because of the increase in interest expense on lease liabilities.

## **Income tax expense**

The Group's income tax expense mainly comprises PRC corporate income tax. For the six months ended 30 June 2021, the effective income tax rates were 26.8%, representing an increase of 2.0 percentage points as compared to 24.8% for the six months ended 30 June 2020, primarily because the fees incurred by share incentives were non-deductible for tax.

## **Profit for the period**

For the six months ended 30 June 2021, the Group's net profit was approximately RMB204.8 million, representing an increase of 41.3% from approximately RMB144.9 million for the six months ended 30 June 2020. For the six months ended 30 June 2021, the Group's profit attributable to the owners of the Company was approximately RMB203.3 million. The profit attributable to the owners of the Company increased by 40.3% as compared with the net profit of approximately RMB144.9 million for the six months ended 30 June 2020.

## **Goodwill**

As at 30 June 2021, the Group's goodwill amounted to approximately RMB20.6 million, primarily attributable to the acquisition of 60% equity interest in Zhejiang Xinghui in 2020.

## **Investment properties**

The Group's investment properties primarily consist of shopping malls and units within the shopping streets for which the Group entered into lease contracts with independent third parties who were properties owners. As at 30 June 2021, the Group's net amount of investment properties were approximately RMB634.8 million, representing a decrease of approximately RMB53.5 million as compared with 31 December 2020, primarily due to depreciation.

## **Operating lease and trade receivables**

The Group's operating lease and trade receivables primarily arose from commercial property lease income for units located within the shopping malls and shopping streets as well as the provision of various services under the Group's commercial operational service segment and residential property management service segment. As at 30 June 2021, the Group's operating lease and trade receivables were approximately RMB209.9 million, representing an increase of 29.6% as compared with approximately RMB162.0 million as of 31 December 2020, primarily attributable to the business growth of the Group.

## **Trade and other payables**

The Group's trade and other payables primarily represent amounts due to suppliers/ subcontractors for the purchase of services and goods and amounts due to related parties, cash received on behalf of tenants or residents, deposits received from tenants or residents and others. As at 30 June 2021, the Group's trade and other payables amounted to approximately RMB1,217.7 million, representing an increase of 14.8% as compared with approximately RMB1,061.0 million as of 31 December 2020. This was primarily attributable to the expansion of the Group's business scale.

## **Lease liabilities**

The Group's lease liabilities primarily represent its commercial arrangements with the owners of units located within the shopping streets and owners of shopping malls, pursuant to which, the Group agrees to pay rents for such units located within the shopping streets and shopping malls during the agreed period. As at 30 June 2021, lease liabilities amounted to approximately RMB798.1 million, representing a decrease of 7.4% as compared with approximately RMB861.9 million as of 31 December 2020. This was primarily attributable to the rental payment.

## **Contract Liabilities**

Contract liabilities mainly represent advance payments made by the customers of the Group's commercial operational services and residential property management services. As at 30 June 2021, contract liabilities amounted to approximately RMB407.4 million, representing an increase of 31.8% as compared with approximately RMB309.2 million as of 31 December 2020, which was mainly due to the expansion of business scale and improvement in collection rate.

## **Contingent liabilities**

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

## **Liquidity and capital resources**

The Company has maintained stable financial condition and sufficient liquidity. As at 30 June 2021, the Group's cash and cash equivalents amounted to approximately RMB3,796.4 million, representing an increase of 10.1% as compared with approximately RMB3,449.1 million as of 31 December 2020. This was primarily attributable to the business growth of the Group.

## **Cashflow from operating activities**

For the six months ended 30 June 2021, the Group's net cashflow generated from operating activities amounted to approximately RMB443.6 million, compared to approximately RMB262.4 million in the corresponding period in 2020. This was primarily attributable to the business growth of the Group.

## **HUMAN RESOURCES**

The Group believes that the expertise, experience and professional development of the employees contribute to the growth of the Group. The human resources department of the Company manages, trains and hires employees. As at 30 June 2021, the Group had 6,012 (31 December 2020: 5,390) employees. The Group believes in the importance of attraction, recruitment and retention of quality employees in achieving the Group's success. The Group's success depends on the Group's ability to attract, retain and motivate qualified personnel. As part of the Group's retention strategy, the Group offers employees performance-based cash bonuses and other incentives in addition to basic salaries. The Group also participates in various employee social security plans for its employees, including housing provident fund, pension, medical insurance, social insurance and unemployment insurance. During the six months ended 30 June 2021, 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 upgrade the information technology systems according to the prospectus of the Company dated 16 December 2019. On 27 May 2021, Shanghai Jiashang, Shenzhen Tencent and Shanghai Yueshang jointly signed the Capital Increase Agreement. For further details, please refer to the paragraph headed “Further Cooperation with Tencent for Continuous Development of Intelligent Commerce” in this announcement and the announcement of the Company dated 27 May 2021. 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.

## **IMPORTANT EVENTS AFTER THE REPORTING DATE**

In July 2021, the Group and a state-owned company entered into an agreement, pursuant to which the Group would lease four properties located in Xiamen with a total contracted GFA of approximately 91,000 sq.m.. The total contract amount of the lease payment is approximately RMB760.0 million which will be settled by annual installments within the lease period of 20 years. As at the date of this announcement, the lease term has not commenced and the Group has not incurred any payment obligations.

Saved as disclosed above, the Group did not have any other material subsequent events after the Reporting Period.

## **INTERIM DIVIDEND**

At the Board meeting held on 18 August 2021, the Board recommended the payment of an interim dividend of HK\$0.15 per ordinary share for the six months ended 30 June 2021. Total amount of interim dividend would be HK\$94.9 million which is calculated according to the number of ordinary shares in issue as at 30 June 2021 excluding shares held for Shares Award Scheme. The interim dividend will be paid on or around Wednesday, 15 December 2021 to the shareholders whose names appear on the register of members of the Company on Monday, 29 November 2021.

## **CLOSURE OF REGISTER OF MEMBERS**

For the purpose of determining the shareholders' entitlement to the proposed interim dividend for the six months ended 30 June 2021, the register of members of the Company will be closed from Wednesday, 24 November 2021 to Monday, 29 November 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 interim dividend for the six months ended 30 June 2021, 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 Tuesday, 23 November 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) as the code for dealing in securities of the Company by the Directors. Having made specific enquiry by the Company to all the Directors, the Directors confirmed that they were in compliance with the required standard as set out in the Model Code during the Reporting Period. No incident of non-compliance was noted by the Company to date. Relevant employees who are likely to be in possession of unpublished inside information of the Group are also subject to compliance with written guidelines on no less exacting terms than the Model Code during the Reporting Period.

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

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 as set out in the Corporate Governance Code in Appendix 14 of the Listing Rules throughout the Reporting Period.

## REVIEW OF INTERIM RESULTS

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 has reviewed the unaudited interim condensed consolidated financial information of the Group for the six months ended 30 June 2021 with the Company’s management and considered that such information have been prepared in accordance with applicable accounting standards and requirements with sufficient disclosure.

## PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM 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](http://www.hkexnews.hk)) as well as the website of the Company ([www.powerlongcm.com](http://www.powerlongcm.com)).

The interim report of the Company for the six months ended 30 June 2021 will be despatched to the shareholders of the Company and made available on the abovementioned websites 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, 18 August 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](http://www.powerlongcm.com) and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk).*

\* For identification purpose only.