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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)

2021 UNAUDITED ANNUAL RESULTS ANNOUNCEMENT

SUMMARY OF RESULTS

- Revenue of the Group for the year ended 31 December 2021 amounted to approximately RMB2,464.0 million, representing an increase of approximately 28.3% as compared with approximately RMB1,921.2 million for the year ended 31 December 2020.
- Gross profit of the Group for the year ended 31 December 2021 amounted to approximately RMB821.8 million, representing an increase of approximately 38.2% as compared with approximately RMB594.5 million for the year ended 31 December 2020.
- The Group's profit attributable to shareholders of the Company for the year ended 31 December 2021 amounted to approximately RMB438.1 million, representing an increase of approximately 43.6% as compared with approximately RMB305.1 million for the year ended 31 December 2020. (Disregarding the deduction of management fee of approximately RMB55.2 million arising from share incentives, the actual profit attributable to shareholders of the Company for the year ended 31 December 2021 amounted to approximately RMB493.3 million, representing an increase of approximately 52.5% as compared with approximately RMB323.5 million for the year ended 31 December 2020.)
- As at 31 December 2021, the gross floor area (“GFA”)^{Note} in operation of the Group's commercial operational services amounted to approximately 9.9 million square meters (“sq.m.”), representing an increase of approximately 1.3 million sq.m. as compared with 8.6 million sq.m. as at 31 December 2020; and the GFA delivered of residential property management services amounted to approximately 17.7 million sq.m., representing an increase of approximately 3.3 million sq.m. as compared with 14.4 million sq.m. as at 31 December 2020.
- The proposal for the declaration of a final dividend for the year ended 31 December 2021 will be announced in the 2021 audited annual results announcement.
- Subject to completion of audit, the 2021 audited annual results announcement is currently expected to be published by no later than 15 May 2022.

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

UNAUDITED ANNUAL RESULTS

The board of directors (the “**Board**”) of Powerlong Commercial Management Holdings Limited (the “**Company**” or “**Powerlong CM**”) hereby announces the unaudited annual consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2021, together with comparative figures for the year ended 31 December 2020, as follows. For the reasons as explained in the the section headed “Delay in Publication of Audited Annual Results” below, the audit process for the annual results of the Group for the year ended 31 December 2021 has not been completed as at the date of this announcement.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 December	
		2021	2020
		(Unaudited)	(Audited)
	<i>Note</i>	RMB'000	RMB'000
Revenue	4	2,463,996	1,921,238
Cost of services		(1,642,166)	(1,326,692)
Gross profit		821,830	594,546
Selling and marketing expenses		(43,741)	(36,334)
Administrative expenses		(205,973)	(134,407)
Other income and gains	5	35,803	32,613
Net impairment losses on financial assets		(22,729)	(22,846)
Fair value gains on financial asset – net		245	–
Operating profit		585,435	433,572
Finance income/(costs) – net		21,805	(10,647)
Share of results of joint ventures		665	(3,009)
Share of results of associates		742	–
Profit before income tax		608,647	419,916
Income tax expenses	6	(169,935)	(112,550)
Profit and total comprehensive income for the year		438,712	307,366
Profit and total comprehensive income attributable to:			
– Shareholders of the Company		438,144	305,064
– Non-controlling interests		568	2,302
		438,712	307,366
Earnings per share for profit attributable to shareholders of the Company for the year (expressed in RMB per share)			
– Basic earnings per share	7	69.28	49.12
– Diluted earnings per share	7	68.73	49.11

CONSOLIDATED BALANCE SHEET

	As at 31 December	
	2021	2020
	(Unaudited)	(Audited)
<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
ASSETS		
Non-current assets		
Property and equipment	16,153	9,819
Financial assets at fair value through profit and loss	10,558	313
Investment properties	632,496	688,205
Deferred income tax assets	71,359	74,457
Goodwill	20,640	20,640
Intangible assets	4,859	5,420
Interests in joint ventures	3,176	2,511
Interests in associates	50,742	–
	<u>809,983</u>	<u>801,365</u>
Current assets		
Operating lease and trade receivables	9 161,024	161,954
Prepayments and other receivables	101,402	104,759
Current income tax recoverables	8,396	2,726
Cash and bank balances	3,991,601	3,449,619
	<u>4,262,423</u>	<u>3,719,058</u>
Total assets	<u>5,072,406</u>	<u>4,520,423</u>

CONSOLIDATED BALANCE SHEET *(continued)*

		As at 31 December	
		2021	2020
		(Unaudited)	(Audited)
	Note	RMB'000	RMB'000
EQUITY			
Share capital and share premium	10	1,288,561	1,479,288
Other reserves		97,281	42,033
Shares held for shares award scheme		(95)	(95)
Retained earnings		1,069,856	631,712
		<u>2,455,603</u>	<u>2,152,938</u>
Capital and reserves attributable to shareholders of the Company			
Non-controlling interests		15,133	12,965
		<u>15,133</u>	<u>12,965</u>
Total equity		<u>2,470,736</u>	<u>2,165,903</u>
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		2,199	2,891
Long-term payable		–	3,271
Lease liabilities		713,990	659,816
		<u>716,189</u>	<u>665,978</u>
Current liabilities			
Trade and other payables	11	1,209,042	1,060,984
Advances from lessees		25,696	14,889
Current income tax liabilities		129,253	101,410
Lease liabilities		63,417	202,072
Contract liabilities		458,073	309,187
		<u>1,885,481</u>	<u>1,688,542</u>
Total liabilities		<u>2,601,670</u>	<u>2,354,520</u>
Total equity and liabilities		<u>5,072,406</u>	<u>4,520,423</u>

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

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

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

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

The Company’s parent company is Powerlong Real Estate (BVI) Holdings Limited (“**Powerlong BVI Holdings**”). The Company’s intermediate holding company is Powerlong Real Estate Holdings Limited (“**Powerlong Holdings**”) whose shares have been listed on the Main Board of the Stock Exchange since 14 October 2009. As at 31 December 2021, Mr. Hoi Kin Hong (“**Mr. Hoi**”) held approximately 44.37% of interests in the issued share capital of Powerlong Holdings.

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

The unaudited consolidated financial statements are presented in thousand Renminbi (“**RMB’000**”), which is the functional currency of the Company. Unless otherwise stated, the unaudited consolidated financial statements has been approved for issue by the Board on 29 March 2022.

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

Basis of preparation

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

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at fair values at the end of each reporting period.

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

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

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts and the related Amendments ³
Amendments to HKFRS 3	Reference to the Conceptual Framework ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 ¹
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ³
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ³
Amendments to HKAS 8	Definition of Accounting Estimates ³
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ³
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ²
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020 ²

¹ Effective for annual periods beginning on or after 1 April 2021.

² Effective for annual periods beginning on or after 1 January 2022.

³ Effective for annual periods beginning on or after 1 January 2023.

⁴ Effective for annual periods beginning on or after a date to be determined.

Except for the new and amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3 SEGMENT INFORMATION

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

The Group has two business segments:

– Commercial operational services

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

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

– Residential property management services

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

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

- (a) Segment results represent the profit earned by each segment without other income and 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 2021 (Unaudited)

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

For the year ended 31 December 2020 (Audited)

	Commercial operational services <i>RMB'000</i>	Residential property management services <i>RMB'000</i>	Group <i>RMB'000</i>
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 results of joint ventures			<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>

- (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 2021 (Unaudited)

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

As at 31 December 2020 (Audited)

	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				<u>3,301,119</u>
Total assets				<u>4,520,423</u>
Segment liabilities	2,005,859	215,673	(4,512)	2,217,020
Other liabilities				<u>137,500</u>
Total liabilities				<u>2,354,520</u>
Capital expenditure	<u>586,382</u>	<u>1,631</u>	<u>–</u>	<u>588,013</u>

Segment assets are reconciled to total assets as follows:

	As at 31 December	
	2021	2020
	(Unaudited)	(Audited)
	RMB'000	RMB'000
Segment assets	2,147,312	1,219,304
Other assets		
Current income tax recoverables	8,396	2,726
Deferred income tax assets	71,359	74,457
Unallocated cash and cash equivalents and restricted cash	2,770,721	3,212,997
Unallocated property and equipment	3,542	220
Other corporate assets	60,518	10,406
Financial assets at fair value through profit and loss	10,558	313
Total assets	5,072,406	4,520,423

Segment liabilities are reconciled to total liabilities as follows:

	As at 31 December	
	2021	2020
	(Unaudited)	(Audited)
	RMB'000	RMB'000
Segment liabilities	2,444,786	2,217,020
Other liabilities		
Current income tax liabilities	129,253	101,410
Deferred income tax liabilities	2,199	2,891
Other payables due to related parties	–	3,410
Other corporate liabilities	25,432	29,789
Total liabilities	2,601,670	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 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 2021 is as follows:

	Year ended 31 December	
	2021 (Unaudited) RMB'000	2020 (Audited) RMB'000
Type of services		
<i>Rental income:</i>		
– Commercial property lease income	195,949	181,489
<i>Revenue from customer:</i>		
– Commercial operational services		
– Market research and positioning, business tenant sourcing, opening preparation services	292,269	214,708
– Commercial operation and management services	1,528,900	1,166,728
– Commercial operation service during the operation stage	603,039	370,032
– Commercial property management service	925,861	796,696
	<u>1,821,169</u>	<u>1,381,436</u>
– Residential property management services		
– Pre-sale management services	53,184	14,730
– Property management services	297,661	271,362
– Other value-added services	96,033	72,221
	<u>446,878</u>	<u>358,313</u>
	<u>2,463,996</u>	<u>1,921,238</u>
Type of customers		
External customers (i)	1,961,861	1,592,314
Fellow subsidiaries (ii)	437,374	246,779
Other related parties (iii)	64,761	82,145
	<u>2,463,996</u>	<u>1,921,238</u>

- (i) External customers represented independent third parties.
- (ii) For the year ended 31 December 2021, revenue arising from the Remaining Powerlong Group and other entities controlled by Mr. Hoi (the “**Fellow Subsidiaries**”) contributed 17.8% of the Group’s revenue (2020: 12.8%). Other than the Fellow Subsidiaries, the Group has a large number of customers, none of whom contributed 10% or more of the Group’s revenue during the year (2020: none).
- (iii) Other related parties represented associates or jointly controlled entities of the Remaining Powerlong Group.

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

	As at 31 December	
	2021	2020
	(Unaudited)	(Audited)
	RMB'000	RMB'000
Contract liabilities	458,073	309,187

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	
	2021	2020
	(Unaudited)	(Audited)
	RMB'000	RMB'000
Revenue recognised that was included in the contract liability balance at the beginning of the year		
– Commercial operational services	247,350	210,562
– Residential property management services	61,837	52,640
	309,187	263,202

(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 GAINS

	Year ended 31 December	
	2021 (Unaudited) RMB'000	2020 (Audited) RMB'000
Other income		
Penalty income	15,672	14,152
Government grants	15,126	13,223
Others	4,407	1,577
	<u>35,205</u>	<u>28,952</u>
Other gains		
Foreign exchange gains	598	1,661
Gain on disposal of associate	–	2,000
	<u>598</u>	<u>3,661</u>
	<u>35,803</u>	<u>32,613</u>

6 INCOME TAX EXPENSES

	Year ended 31 December	
	2021 (Unaudited) RMB'000	2020 (Audited) RMB'000
Current income tax		
– PRC corporate income tax	167,529	136,941
Deferred income tax		
– PRC corporate income tax	2,406	(24,391)
	<u>169,935</u>	<u>112,550</u>

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

	Year ended 31 December	
	2021 (Unaudited) RMB'000	2020 (Audited) RMB'000
Profit before income tax	<u>608,647</u>	<u>419,916</u>
Tax charge at effective rate applicable to profits in the respective group entities	152,162	104,979
Tax effects of:		
– Share of results of joint ventures	(166)	–
– Share of results of associates	(186)	–
– Expenses not deductible for tax purposes	14,639	8,810
– Effect of income not subject to income tax	–	(415)
– Tax losses for which no deferred income tax asset was recognised	3,486	471
– Utilisation of tax losses previously not recognised for deferred tax asset	<u>–</u>	<u>(1,295)</u>
PRC corporate income tax	<u>169,935</u>	<u>112,550</u>

The effective income tax rate was 27.92% and 26.80% for the years ended 31 December 2021 and 31 December 2020.

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 2021 (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.

7 EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year ended 31 December 2021.

	Year ended 31 December	
	2021 (Unaudited)	2020 (Audited)
Earnings (RMB'000)		
Earnings for the purposes of basic and diluted earnings per share (profit attributable to owners of the Company)	438,144	305,064
Number of shares ('000)		
Weighted average number of ordinary shares for the purpose of basic earnings per share	632,432	621,117
Basic earnings per share (RMB cents per share)	<u>69.28</u>	<u>49.12</u>

(b) Diluted

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

	Year ended 31 December	
	2021 (Unaudited)	2020 (Audited)
Earnings (RMB'000)		
Earnings for the purposes of basic and diluted earnings per share (profit attributable to owners of the Company)	438,144	305,064
Number of shares ('000)		
Weighted average number of ordinary shares for the purpose of basic earnings per share	632,432	621,117
Effect of dilutive potential ordinary shares:		
Awarded shares	5,018	26
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>637,450</u>	<u>621,143</u>
Diluted earnings per share (RMB cents per share)	<u>68.73</u>	<u>49.11</u>

8 DIVIDEND

An interim dividend of HK\$113,895,000 (equivalent to approximately RMB93,726,000) and a final dividend of HK\$94,913,000 (equivalent to approximately RMB78,564,000) were paid in 2021.

The proposal for the declaration of a final dividend for the year ended 31 December 2021 will be announced in the 2021 audited annual results announcement to be published by the Company at a later date.

9 OPERATING LEASE AND TRADE RECEIVABLES

	As at 31 December	
	2021	2020
	(Unaudited)	(Audited)
	RMB'000	RMB'000
Operating lease receivables (<i>Note (a)</i>)		
– Third parties	<u>26,908</u>	<u>17,170</u>
Trade receivables (<i>Note (a)</i>)		
– Related parties	30,647	32,718
– Third parties	<u>146,520</u>	<u>154,943</u>
	<u>177,167</u>	<u>187,661</u>
Less: allowance for impairment of trade receivables (<i>Note (b)</i>)	<u>(43,051)</u>	<u>(42,877)</u>
	<u>161,024</u>	<u>161,954</u>

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

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

	As at 31 December	
	2021	2020
	(Unaudited)	(Audited)
	RMB'000	RMB'000
0-30 days	53,373	49,187
31-180 days	34,337	51,472
181-365 days	25,826	46,128
1 to 2 years	54,618	20,386
2 to 3 years	10,355	20,319
up to 3 years	<u>25,566</u>	<u>17,339</u>
	<u>204,075</u>	<u>204,831</u>

- (b) The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 31 December 2021, a provision of RMB43,051,000 was made against the gross amounts of operating lease and trade receivables (31 December 2020: RMB42,877,000).
- (c) As at 31 December 2021 and 31 December 2020, the operating lease and trade receivables were denominated in RMB, and the fair values approximated their carrying amounts.

10 SHARE CAPITAL AND PREMIUM

	Number of ordinary shares	Share capital		Share	Total
		HK'000	RMB'000	Premium RMB'000	RMB'000
Authorized					
As at 1 January 2021 (Audited) and 31 December 2021 (Unaudited)	2,000,000,000	20,000	17,905	–	17,905
Issued and fully paid:					
As at 31 December 2020 (Audited)	644,000,000	6,440	5,756	1,473,532	1,479,288
Dividends distributed to Powerlong Holdings	–	–	–	(172,290)	(172,290)
Repurchased	(1,100,000)	(11)	(9)	(18,428)	(18,437)
As at 31 December 2021 (Unaudited)	642,900,000	6,429	5,747	1,282,814	1,288,561

11 TRADE AND OTHER PAYABLES

	As at 31 December	
	2021 (Unaudited) RMB'000	2020 (Audited) RMB'000
Trade payables		
– Related parties	994	2,156
– Third parties	125,244	118,343
	126,238	120,499
Other payables		
– Related parties	161,159	161,826
– Payables for promotion fees on behalf of owners of the commercial properties (<i>Note (a)</i>)	61,748	31,119
– Receipts on behalf of tenants or residents (<i>Note (b)</i>)	230,023	194,420
– Deposits received (<i>Note (c)</i>)	476,623	364,415
– Payables for business combination	3,271	10,239
– Others	16,565	17,645
	949,389	779,664
Accrued payroll	122,254	140,903
Other taxes payables	11,161	19,918
	1,209,042	1,060,984

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

- (d) As at 31 December 2021, 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	
	2021	2020
	(Unaudited)	(Audited)
	RMB'000	RMB'000
Up to 1 year	124,530	116,029
1 to 2 years	975	3,598
2 to 3 years	733	872
	<u>126,238</u>	<u>120,499</u>

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

	As at 31 December	
	2021	2020
	(Unaudited)	(Audited)
	RMB'000	RMB'000
RMB	1,075,627	900,155
HK\$	–	8
	<u>1,075,627</u>	<u>900,163</u>

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The Group is a leading commercial operational service provider in China. As at 31 December 2021, the Group had 88 retail commercial properties in operation, with an aggregate GFA in operation of approximately 9.9 million sq.m. On a nationwide basis, the Group had 142 retail commercial properties in the pipeline, including a total of 136 retail commercial properties with an aggregate contracted GFA of approximately 14.1 million sq.m. for which the Group had been contracted to provide commercial operational services. The Group had also reached preliminary cooperation intention (contracts to be signed) with owners of 6 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. The Company was awarded various honors in 2021, such as 4th place in 2021 China Top 100 Commercial Real Estate (2021中國商業地產百強(第4名)) awarded by China Index Academy (中國指數研究院), China Top 10 Commercial Real Estate Brand with Comprehensive Strengths of the Year (年度企業中國商業地產綜合實力十強企業) jointly awarded by ifeng.com (鳳凰網) and ifeng.com properties (鳳凰網地產), and 2020 Distinguished Urban Operator in Commercial Property (2020商業地產城市傑出運營商) awarded by Linkshop.com (聯商網).

The Group also provides property management services for residential properties, office buildings and serviced apartments. As at 31 December 2021, the Group had 82 delivered projects of its residential property management service with an aggregate GFA delivered of approximately 17.7 million sq.m., and was contracted to manage 136 projects with an aggregate contracted GFA of approximately 30.0 million sq.m.

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

BUSINESS REVIEW

For the year ended 31 December 2021, the Group mainly conducted its business activities in the following business segments namely (i) commercial operational services; and (ii) residential property management services. The Group’s revenue was derived mainly from its commercial operational services business.

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

It primarily included:

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

The management models of the retail commercial properties undertaken by the Group 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).

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

2. Advisory consultation

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

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

3. Sub-lease services

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

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

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

It primarily included:

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

	For the year ended 31 December			
	2021		2020	
	(Unaudited)		(Audited)	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	<i>RMB</i>	<i>%</i>	<i>RMB</i>	<i>%</i>
	<i>(in thousands, except for percentages)</i>			
Commercial operational services	710,623	35.2	511,921	32.8
Residential property management services	111,207	24.9	82,625	23.1
Total	821,830	33.4	594,546	30.9

COMMERCIAL OPERATIONAL SERVICES

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

For the year ended 31 December 2021, the aggregate revenue of the Group’s business segment of commercial operational services amounted to approximately RMB2,017.1 million, representing an increase of 29.1% from approximately RMB1,562.9 million for the year ended 31 December 2020; and the Group had GFA in operation of approximately 9.9 million sq.m., representing an increase of 1.3 million sq.m. from 8.6 million sq.m. for the corresponding period of 2020; 88 projects in operation, representing an increase of 20 projects from 68 projects for the corresponding period of 2020; contracted GFA of approximately 14.1 million sq.m., representing an increase of 2.8 million sq.m. from 11.3 million sq.m. for the corresponding period of 2020.

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					
	2021 (Unaudited)			2020 (Audited)		
	Contracted GFA <i>sq.m.</i>	GFA in operation <i>sq.m.</i>	Revenue <i>RMB</i> <i>(in thousands)</i>	Contracted GFA <i>sq.m.</i>	GFA in operation <i>sq.m.</i>	Revenue <i>RMB</i>
Yangtze River Delta ⁽¹⁾	9,174	6,224	1,406,364	7,269	5,033	1,059,868
Pearl River Delta ⁽²⁾	316	161	39,813	316	–	6,604
Others ⁽³⁾	4,567	3,546	570,941	3,763	3,540	496,453
Total	14,057	9,931	2,017,118	11,348	8,573	1,562,925

Notes:

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

New Projects in Operation

New retail commercial property projects added to the Group's portfolio upon opening for the year ended 31 December 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>
Powerlong Plaza											
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
4	Wenzhou Airport Powerlong Plaza (溫州空港寶龍廣場)	September 2021	Wenzhou	Yangtze River Delta	Powerlong Real Estate	Powerlong CM	Entrusted management	47,000	30,000	-	17,000
5	Ningbo Gaoxin Powerlong Plaza (寧波高新寶龍廣場)	October 2021	Ningbo	Yangtze River Delta	Powerlong Real Estate	Powerlong CM	Entrusted management	143,588	45,200	-	98,388
6	Ningbo Fenghua Powerlong Plaza (寧波奉化寶龍廣場)	October 2021	Ningbo	Yangtze River Delta	Powerlong Real Estate	Powerlong CM	Entrusted management	71,300	34,700	-	36,600
7	Yiwu Qingkou Powerlong Plaza (義烏青口寶龍廣場)	November 2021	Jinhua	Yangtze River Delta	Powerlong Real Estate	Powerlong CM	Entrusted management	74,087	52,062	-	22,025
8	Zhuhai Gaixin Powerlong Plaza (珠海高新寶龍廣場)	November 2021	Zhuhai	Pearl River Delta	Powerlong Real Estate	Powerlong CM	Entrusted management	110,590	85,000	-	25,590
9	Yixing Powerlong Plaza (宜興寶龍廣場)	November 2021	Wuxi	Yangtze River Delta	Powerlong Real Estate	Powerlong CM	Entrusted management	57,000	40,000	-	17,000
10	Huizhou Rongcan Powerlong Plaza (惠州榮燦寶龍廣場)	December 2021	Huizhou	Pearl River Delta	Third Party	Powerlong CM	Entrusted management	50,600	33,000	-	17,600
11	Yancheng Jianhu Powerlong Plaza (鹽城建湖寶龍廣場)	December 2021	Yancheng	Yangtze River Delta	Third Party	Powerlong CM	Entrusted management	96,182	62,045	-	34,137
12	Lanxi Powerlong Plaza (蘭溪寶龍廣場)	December 2021	Jinhua	Yangtze River Delta	Powerlong Real Estate	Powerlong CM	Entrusted management	123,900	90,000	-	33,900
13	Hangzhou Jinnan Powerlong Plaza (杭州錦南寶龍廣場)	December 2021	Hangzhou	Yangtze River Delta	Powerlong Real Estate	Powerlong CM	Entrusted management	45,772	38,900	4,660	2,212
Sub-total								1,112,264	724,825	4,660	382,779
Powerlong Land											
1	Jinhua Pan'an Powerlong Land (金華磐安寶龍天地)	September 2021	Jinhua	Yangtze River Delta	Powerlong Real Estate	Powerlong CM	Advisory consultation	33,649	-	31,479	2,170
2	Zhoushan Dinghai Powerlong Land (舟山定海寶龍天地)	November 2021	Zhoushan	Yangtze River Delta	Powerlong Real Estate	Powerlong CM	Entrusted management	28,100	-	16,100	12,000
3	Xiamen Jiangjunci (廈門將軍祠)	December 2021	Xiamen	Others	Third Party	Powerlong CM	Sublease	6,470	-	6,470	-
Sub-total								68,219	-	54,049	14,170
Powerlong Xinghui											
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)	Existing ⁽¹⁾	Ningbo	Yangtze River Delta	Third Party	Powerlong Xinghui	Advisory consultation	114,000	-	114,000	-
3	Anji Tsinghua Yuan (安吉清華園)	July 2021	Huzhou	Yangtze River Delta	Third Party	Powerlong Xinghui	Advisory consultation	14,000	-	11,000	3,000
4	Dongcheng Times Commercial Centre (東城時代商業中心)	July 2021	Huzhou	Yangtze River Delta	Third Party	Powerlong Xinghui	Advisory consultation	42,382	-	22,549	19,833
5	Huasun • Yinghuali (華崑•櫻花裏)	December 2021	Ningbo	Yangtze River Delta	Third Party	Powerlong Xinghui	Advisory consultation	42,492	-	38,957	3,535
6	Shangyu Jiayuan Plaza (上虞佳源廣場)	December 2021	Shaoxing	Yangtze River Delta	Third Party	Powerlong Xinghui	Advisory consultation	105,216	79,114	-	26,102
Sub-total								330,622	79,114	199,038	52,470
Total								1,511,105	803,939	257,747	449,419

⁽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.

Projects for which Contracts were Terminated

The Group's retail commercial property projects for which contracts were terminated during the year ended 31 December 2021 are shown in the following table:

No.	Name of Project	Date of Termination of Contract month-year	City	Geographic Region	Source of Project	Manager	Management Model	Total GFA (sq.m.)	Shopping Mall (sq.m.)	Commercial Street (sq.m.)	Car Park (sq.m.)
<i>Powerlong Xinghui</i>											
1	Ningbo Hongtai Plaza (寧波宏泰廣場)	March 2021	Ningbo	Yangtze River Delta	Third Party	Powerlong Xinghui	Advisory consultation	99,835	99,835	-	-
2	Ningbo Xingjiefang (寧波星街坊)	June 2021	Ningbo	Yangtze River Delta	Third Party	Powerlong Xinghui	Advisory consultation	53,292	-	25,789	27,503
Total								153,127	99,835	25,789	27,503

Projects in Operation

The Group's retail commercial property projects in operation for the year ended 31 December 2021 are shown in the following table:

No.	Name of Project	Opening Date month-year	City	Geographic Region	Source of Project	Management Model	Total GFA (sq.m.)	Shopping Mall (sq.m.)	Commercial Street (sq.m.)	Car Park (sq.m.)	
<i>Powerlong One Mall</i>											
1	Xiamen Powerlong One Mall (廈門寶龍一城)	September 2018	Xiamen	Others	Powerlong Real Estate	Entrusted management	170,585	121,670	5,365	43,550	
Sub-total								170,585	121,670	5,365	43,550
<i>Powerlong City</i>											
1	Shanghai Qibao Powerlong City (上海七寶寶龍城)	October 2016	Shanghai	Yangtze River Delta	Powerlong Real Estate	Entrusted management	150,567	70,719	12,759	67,089	
2	Hangzhou Binjiang Powerlong City (杭州濱江寶龍城)	December 2016	Hangzhou	Yangtze River Delta	Powerlong Real Estate	Entrusted management	295,562	140,877	37,512	117,173	
Sub-total								446,129	211,596	50,271	184,262

No.	Name of Project	Opening Date <i>month-year</i>	City	Geographic Region	Source of Project	Management Model	Total GFA <i>(sq.m.)</i>	Shopping Mall <i>(sq.m.)</i>	Commercial Street <i>(sq.m.)</i>	Car Park <i>(sq.m.)</i>
Powerlong 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

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

No.	Name of Project	Opening Date <i>month-year</i>	City	Geographic Region	Source of Project	Management Model	Total GFA <i>(sq.m.)</i>	Shopping Mall <i>(sq.m.)</i>	Commercial Street <i>(sq.m.)</i>	Car Park <i>(sq.m.)</i>
27	Shanghai Jiading Powerlong Plaza (上海嘉定寶龍廣場)	October 2016	Shanghai	Yangtze River Delta	Powerlong Real Estate	Entrusted management	144,072	64,054	24,902	55,115
28	Penglai Powerlong Plaza (蓬萊寶龍廣場)	November 2016	Yantai	Others	Powerlong Real Estate	Entrusted management	148,213	43,431	59,871	44,911
29	Yantai Powerlong Plaza (煙臺寶龍廣場)	December 2016	Yantai	Others	Powerlong Real Estate	Entrusted management	100,027	37,869	20,629	41,530
30	Yangzhou Powerlong Plaza (揚州寶龍廣場)	January 2017	Yangzhou	Yangtze River Delta	Powerlong Real Estate	Entrusted management	143,559	58,407	30,252	54,900
31	Shanghai Wujing Powerlong Plaza (上海吳淞寶龍廣場)	July 2017	Shanghai	Yangtze River Delta	Powerlong Real Estate	Entrusted management	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 Dajiangdong Powerlong Plaza (杭州大江東寶龍廣場)	November 2020	Hangzhou	Yangtze River Delta	Powerlong Real Estate	Entrusted management	95,373	62,373	-	33,000
46	Shaoxing Keqiao Powerlong Plaza (紹興柯橋寶龍廣場)	November 2020	Shaoxing	Yangtze River Delta	Third Party	Sublease	99,787	54,787	-	45,000
47	Suzhou Kingyun Powerlong Plaza (蘇州星韻寶龍廣場)	December 2020	Suzhou	Yangtze River Delta	Third Party	Sublease	40,774	40,774	-	-
48	Yancheng Chengdong Powerlong Plaza (鹽城城東寶龍廣場)	December 2020	Yancheng	Yangtze River Delta	Powerlong Real Estate	Entrusted management	135,932	76,927	-	59,004
49	Quanzhou Taishang Powerlong Plaza (泉州台商寶龍廣場)	December 2020	Quanzhou	Others	Powerlong Real Estate	Entrusted management	148,950	106,060	-	42,890
50	Zhangzhou Longwen Powerlong Plaza (漳州龍文寶龍廣場)	December 2020	Zhangzhou	Others	Powerlong Real Estate	Entrusted management	66,186	46,604	2,347	17,234
51	Hangzhou Qingshan Lake Powerlong Plaza (Phase 2) (杭州青山湖寶龍廣場(二期))	December 2020	Hangzhou	Yangtze River Delta	Third Party	Sublease	110,000	53,000	-	57,000

No.	Name of Project	Opening Date <i>month-year</i>	City	Geographic Region	Source of Project	Management Model	Total GFA <i>(sq.m.)</i>	Shopping Mall <i>(sq.m.)</i>	Commercial Street <i>(sq.m.)</i>	Car Park <i>(sq.m.)</i>
52	Wenling Powerlong Plaza (溫嶺寶龍廣場)	June 2021	Taizhou	Yangtze River Delta	Powerlong Real Estate	Entrusted management	108,065	82,338	-	25,727
53	Zhuji Powerlong Plaza (諸暨寶龍廣場)	June 2021	Shaoxing	Yangtze River Delta	Powerlong Real Estate	Entrusted management	103,300	61,700	-	41,600
54	Zhoushan Powerlong Plaza (舟山寶龍廣場)	June 2021	Zhoushan	Yangtze River Delta	Powerlong Real Estate	Entrusted management	80,880	69,880	-	11,000
55	Wenzhou Airport Powerlong Plaza (溫州空港寶龍廣場)	September 2021	Wenzhou	Yangtze River Delta	Powerlong Real Estate	Entrusted management	47,000	30,000	-	17,000
56	Ningbo Gaoxin Powerlong Plaza (寧波高新寶龍廣場)	October 2021	Ningbo	Yangtze River Delta	Powerlong Real Estate	Entrusted management	143,588	45,200	-	98,388
57	Ningbo Fenghua Powerlong Plaza (寧波奉化寶龍廣場)	October 2021	Ningbo	Yangtze River Delta	Powerlong Real Estate	Entrusted management	71,300	34,700	-	36,600
58	Yiwu Qingkou Powerlong Plaza (義烏青口寶龍廣場)	November 2021	Jinhua	Yangtze River Delta	Powerlong Real Estate	Entrusted management	74,087	52,062	-	22,025
59	Zhuhai Gaoxin Powerlong Plaza (珠海高新寶龍廣場)	November 2021	Zhuhai	Pearl River Delta	Powerlong Real Estate	Entrusted management	110,590	85,000	-	25,590
60	Yixing Powerlong Plaza (宜興寶龍廣場)	November 2021	Wuxi	Yangtze River Delta	Powerlong Real Estate	Entrusted management	57,000	40,000	-	17,000
61	Huizhou Rongcan Powerlong Plaza (惠州榮燦寶龍廣場)	December 2021	Huizhou	Pearl River Delta	Third Party	Entrusted management	50,600	33,000	-	17,600
62	Yancheng Jianhu Powerlong Plaza (鹽城建湖寶龍廣場)	December 2021	Yancheng	Yangtze River Delta	Third Party	Entrusted management	96,182	62,045	-	34,137
63	Lanxi Powerlong Plaza (蘭溪寶龍廣場)	December 2021	Jinhua	Yangtze River Delta	Powerlong Real Estate	Entrusted management	123,900	90,000	-	33,900
64	Hangzhou Jinnan Powerlong Plaza (杭州錦南寶龍廣場)	December 2021	Hangzhou	Yangtze River Delta	Powerlong Real Estate	Entrusted management	45,772	38,900	4,660	2,212
Sub-total							8,174,141	4,981,795	602,379	2,589,967

No.	Name of Project	Opening Date <i>month-year</i>	City	Geographic Region	Source of Project	Management Model	Total GFA <i>(sq.m.)</i>	Shopping Mall <i>(sq.m.)</i>	Commercial Street <i>(sq.m.)</i>	Car Park <i>(sq.m.)</i>
Powerlong Land										
1	Taicang Powerlong Land (太倉寶龍天地)	March 2007	Suzhou	Yangtze River Delta	Powerlong Real Estate	Entrusted management	25,476	-	25,476	-
2	Hangzhou Xiasha Powerlong Land (杭州下沙寶龍天地)	November 2014	Hangzhou	Yangtze River Delta	Third Party	Sublease	39,039	-	28,839	10,200
3	Shanghai Huaxin Powerlong Land (上海華新寶龍天地)	December 2015	Shanghai	Yangtze River Delta	Powerlong Real Estate	Entrusted management	51,113	-	24,447	26,666
4	Dongying Powerlong Land (東營寶龍天地)	September 2016	Dongying	Others	Powerlong Real Estate	Entrusted management	79,514	-	51,649	27,865
5	Haiyang Powerlong Land (海陽寶龍天地)	June 2017	Yantai	Others	Powerlong Real Estate	Entrusted management	39,108	-	37,470	1,638
6	Huai'an Powerlong Land (淮安寶龍天地)	July 2017	Huai'an	Yangtze River Delta	Powerlong Real Estate	Entrusted management	93,384	-	82,827	10,558
7	Jinhua Pan'an Powerlong Land (金華磐安寶龍天地)	September 2021	Jinhua	Yangtze River Delta	Powerlong Real Estate	Advisory consultation	33,649	-	31,479	2,170
8	Zhoushan Dinghai Powerlong Land (舟山定海寶龍天地)	November 2021	Zhoushan	Yangtze River Delta	Powerlong Real Estate	Entrusted management	28,100	-	16,100	12,000
9	Xiamen Jiangjunci (廈門將軍祠)	December 2021	Xiamen	Others	Third Party	Sublease	6,470	-	6,470	-
Sub-total							395,853	-	304,757	91,096
Powerlong Xinghui										
1	Jiashan Xingyuecheng (嘉善星悅城)	October 2014	Jiashan	Yangtze River Delta	Third Party	Sublease	35,000	35,000	-	-
2	Xingyue • Xicheng Plaza (星悅•西城廣場)	October 2017	Taizhou	Yangtze River Delta	Third Party	Sublease	38,100	33,000	-	5,100
3	Jinsha Pier Aolai Park (金沙碼頭奧萊公園)	April 2018	Ningbo	Yangtze River Delta	Third Party	Advisory consultation	133,970	87,258	13,288	33,424
4	Anji • Henglong Dadao (安吉•恒隆大道)	September 2018	Huzhou	Yangtze River Delta	Third Party	Advisory consultation	54,873	-	39,873	15,000
5	Xingyue • Xiuhuli (星悅•繡湖里)	May 2019	Yiwu	Yangtze River Delta	Third Party	Advisory consultation	63,000	48,000	-	15,000
6	Ningbo Zhongticheng (寧波中體城)	June 2019	Ningbo	Yangtze River Delta	Third Party	Advisory consultation	88,305	54,137	-	34,168
7	Ningbo Cicheng (寧波慈城)	May 2021	Ningbo	Yangtze River Delta	Third Party	Advisory consultation	12,532	-	12,532	-
8	Ningbo Laowaitan (寧波老外灘)	June 2021	Ningbo	Yangtze River Delta	Third Party	Advisory consultation	114,000	-	114,000	-
9	Anji Tsinghua Yuan (安吉清華園)	July 2021	Huzhou	Yangtze River Delta	Third Party	Advisory consultation	14,000	-	11,000	3,000
10	Dongcheng Times Commercial Centre (東城時代商業中心)	July 2021	Huzhou	Yangtze River Delta	Third Party	Advisory consultation	42,382	-	22,549	19,833
11	Huasun • Yinghuali (華晟•櫻花裏)	December 2021	Ningbo	Yangtze River Delta	Third Party	Advisory consultation	42,492	-	38,957	3,535
12	Shangyu Jiayuan Plaza (上虞佳源廣場)	December 2021	Shaoxing	Yangtze River Delta	Third Party	Advisory consultation	105,216	79,114	-	26,102
Sub-total							743,870	336,509	252,199	155,162
Total							9,930,578	5,651,570	1,214,971	3,064,037

The table below sets forth average occupancy rate and GFA in operation of retail commercial property as at 31 December 2021 by brands.

Product category	Average occupancy rate ⁽¹⁾		GFA in operation (000' sq. m.)
	As of 31 December		
	2021	2020	
	%	%	
Powerlong One Mall (寶龍一城)	99.1	96.5	171
Powerlong City (寶龍城)	100.0	91.6	446
Powerlong Plaza (寶龍廣場)	95.0	89.9	8,174
Powerlong Land (寶龍天地)	94.3	87.5	396
Powerlong Xinghui (寶龍星匯)	94.9	88.1	744
Total	95.3	89.9	9,931

- (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.

New Contracted Projects

The Group's retail property projects newly contracted for during the year ended 31 December 2021 are shown in the following table:

No.	Name of Project	City	Geographic Region	Manager	Management Model	Expected GFA (sq.m)
<i>From the Group:</i>						
1	Nanchang Powerlong One Mall (南昌寶龍一城)	Nanchang	Others	Powerlong CM	Entrusted management	142,145
2	Nanjing Jiangbei Powerlong City (南京江北寶龍城)	Nanjing	Yangtze River Delta	Powerlong CM	Entrusted management	121,500
3	Nanjing Xuanwu Powerlong City (南京玄武寶龍城)	Nanjing	Yangtze River Delta	Powerlong CM	Entrusted management	127,591
4	Yangzhou Guangling Powerlong City (揚州廣陵寶龍城)	Yangzhou	Yangtze River Delta	Powerlong CM	Entrusted management	89,700
5	Yixing Powerlong Plaza (宜興寶龍廣場)	Wuxi	Yangtze River Delta	Powerlong CM	Entrusted management	57,000
6	Pizhou Powerlong Plaza (邳州寶龍廣場)	Xuzhou	Yangtze River Delta	Powerlong CM	Entrusted management	129,514
7	Wuyishan Powerlong Plaza (武夷山寶龍廣場)	Nanping	Others	Powerlong CM	Entrusted management	67,633
8	Wuhan Xinzhou Powerlong Plaza (武漢新洲寶龍廣場)	Wuhan	Others	Powerlong CM	Entrusted management	115,930
9	Xiamen Tong'an Powerlong Plaza (廈門同安寶龍廣場)	Xiamen	Others	Powerlong CM	Entrusted management	88,000
10	Nanjing Liuhe Powerlong Plaza (南京六合寶龍廣場)	Nanjing	Yangtze River Delta	Powerlong CM	Entrusted management	141,939
11	Nanjing Qixia Powerlong Plaza (南京栖霞寶龍廣場)	Nanjing	Yangtze River Delta	Powerlong CM	Entrusted management	150,000
12	Nanjing Jingkai Powerlong Plaza (南京經開寶龍廣場)	Nanjing	Yangtze River Delta	Powerlong CM	Entrusted management	104,000
13	Bozhou Powerlong Plaza (亳州寶龍廣場)	Bozhou	Yangtze River Delta	Powerlong CM	Entrusted management	100,000
14	Anhui Xuancheng Powerlong Plaza (安徽宣城寶龍廣場)	Xuancheng	Yangtze River Delta	Powerlong CM	Entrusted management	124,289
15	Dongying Powerlong Plaza (東營寶龍廣場)	Dongying	Others	Powerlong CM	Entrusted management	133,720
16	Chuzhou Powerlong Plaza (滁州寶龍廣場)	Chuzhou	Yangtze River Delta	Powerlong CM	Entrusted management	70,000
17	Ningbo Jiangbei Powerlong Plaza (寧波江北寶龍廣場)	Ningbo	Yangtze River Delta	Powerlong CM	Entrusted management	109,716
18	Shanghai Fengfa Powerlong Plaza (上海奉發寶龍廣場)	Shanghai	Yangtze River Delta	Powerlong CM	Entrusted management	83,550
19	Changshu Powerlong Plaza (常熟寶龍廣場)	Suzhou	Yangtze River Delta	Powerlong CM	Entrusted management	100,300
20	Cangnan Powerlong Plaza (蒼南寶龍廣場)	Wenzhou	Yangtze River Delta	Powerlong CM	Entrusted management	100,000
21	Yongtai Powerlong Plaza (永泰寶龍廣場)	Fuzhou	Others	Powerlong CM	Entrusted management	62,000
22	Ningbo Wenchuanggang Powerlong Land (寧波文創港寶龍天地)	Ningbo	Yangtze River Delta	Powerlong CM	Entrusted management	44,900
23	Xiangshan Powerlong Land (象山寶龍天地)	Ningbo	Yangtze River Delta	Powerlong CM	Entrusted management	11,118
Sub-total						2,274,545
<i>From independent third parties:</i>						
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	Dexing Yufan Powerlong Plaza (德興雨帆寶龍廣場)	Shangrao	Others	Powerlong Xinghui	Entrusted management	45,899
5	Leqing Jiequ Commercial Project (樂清街區商業項目)	Wenzhou	Yangtze River Delta	Powerlong Xinghui	Entrusted management	62,000
6	Huzhou Xinyuan Powerlong Plaza (湖州鑫遠寶龍廣場)	Huzhou	Yangtze River Delta	Powerlong Xinghui	Sublease	80,000
7	Xiamen Jiangjunci (廈門將軍祠)	Xiamen	Others	Powerlong CM	Sublease	6,470
8	Xiamen Yuanboyuan Powerlong Land (廈門園博苑寶龍天地)	Xiamen	Others	Powerlong CM	Sublease	14,705
9	Xiamen Tangbian Powerlong Land (廈門塘邊寶龍天地)	Xiamen	Others	Powerlong CM	Sublease	41,658
10	Xiamen Wenzao (廈門文灶)	Xiamen	Others	Powerlong CM	Sublease	28,475
Sub-total						485,817
Total						2,760,362

Pipeline Projects

Retail commercial property projects planning for opening in 2022 are as follows:

No.	Name of Project	Opening Date ⁽¹⁾ month-year	City	Geographic Region	Source of Project	Management Model	Expected GFA (sq.m)
<i>Powerlong City</i>							
1	Taizhou Jiaojiang Powerlong City (台州椒江寶龍城)	July 2022	Taizhou	Yangtze River Delta	Powerlong Real Estate	Entrusted management	149,517
Sub-total							149,517
<i>Powerlong Plaza</i>							
1	Yuyao Powerlong Plaza (余姚寶龍廣場)	August 2022	Ningbo	Yangtze River Delta	Powerlong Real Estate	Entrusted management	65,915
2	Hangzhou Tech City Powerlong Plaza (杭州科技城寶龍廣場)	December 2022	Hangzhou	Yangtze River Delta	Powerlong Real Estate	Entrusted management	95,800
3	Jingdezhen Powerlong Plaza (景德鎮寶龍廣場)	December 2022	Jingdezhen	Others	Powerlong Real Estate	Entrusted management	110,000
4	Jinhua Jinyi Powerlong Plaza (金華金義寶龍廣場)	December 2022	Jinhua	Yangtze River Delta	Powerlong Real Estate	Entrusted management	90,000
5	Xiamen Tong'an Powerlong Plaza (廈門同安寶龍廣場)	December 2022	Xiamen	Others	Powerlong Real Estate	Entrusted management	88,000
Sub-total							449,715
<i>Powerlong Land</i>							
1	Shanghai Jiading Powerlong Land (上海嘉定寶龍天地)	December 2022	Shanghai	Yangtze River Delta	Powerlong Real Estate	Entrusted management	21,600
2	Xiamen Yuanboyuan Powerlong Land (廈門園博苑寶龍天地)	December 2022	Xiamen	Others	Third Party	Sublease	14,705
3	Xiamen Tangbian Powerlong Land (廈門塘邊寶龍天地)	December 2022	Xiamen	Others	Third Party	Sublease	28,475
Sub-total							64,780
<i>Powerlong Xinghui</i>							
1	Shaoxing Jindi Powerlong Plaza (紹興金帝寶龍廣場)	September 2022	Shaoxing	Yangtze River Delta	Third Party	Entrusted management	86,000
2	Dexing Yufan Powerlong Plaza (德興雨帆寶龍廣場)	December 2022	Shangrao	Others	Third Party	Entrusted management	45,899
Sub-total							131,899
Total							795,911

⁽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 2023 are as follows:

No.	Name of Project	City	Geographic Region	Source of Project	Management Model	Expected GFA (sq.m.)
1	Ningbo Powerlong One Mall (寧波寶龍一城)	Ningbo	Yangtze River Delta	Powerlong Real Estate	Entrusted management	190,100
2	Nanchang Powerlong One Mall (南昌寶龍一城)	Nanchang	Others	Powerlong Real Estate	Entrusted management	142,145
3	Yangzhou Guangling Powerlong City (揚州廣陵寶龍城)	Yangzhou	Yangtze River Delta	Powerlong Real Estate	Entrusted management	89,700
4	Nanjing Xuanwu Powerlong City (南京玄武寶龍城)	Nanjing	Yangtze River Delta	Powerlong Real Estate	Entrusted management	127,591
5	Nanjing Jiangbei Powerlong City (南京江北寶龍城)	Nanjing	Yangtze River Delta	Powerlong Real Estate	Entrusted management	121,500
6	Wuhan Xinzhou Powerlong Plaza (武漢新洲寶龍廣場)	Wuhan	Others	Powerlong Real Estate	Entrusted management	115,930
7	Hangzhou Gongshu Powerlong Plaza (杭州拱墅寶龍廣場)	Hangzhou	Yangtze River Delta	Powerlong Real Estate	Entrusted management	98,264
8	Wuyishan Powerlong Plaza (武夷山寶龍廣場)	Nanping	Others	Powerlong Real Estate	Entrusted management	67,633
9	Shanghai Fengfa Powerlong Plaza (上海奉發寶龍廣場)	Shanghai	Yangtze River Delta	Powerlong Real Estate	Entrusted management	83,550
10	Pizhou Powerlong Plaza (邳州寶龍廣場)	Xuzhou	Yangtze River Delta	Powerlong Real Estate	Entrusted management	129,514
11	Ningbo Jiangbei Powerlong Plaza (寧波江北寶龍廣場)	Ningbo	Yangtze River Delta	Powerlong Real Estate	Entrusted management	109,716
12	Nanjing Liuhe Powerlong Plaza (南京六合寶龍廣場)	Nanjing	Yangtze River Delta	Powerlong Real Estate	Entrusted management	141,939
13	Nanjing Jiangning Powerlong Plaza (南京江寧寶龍廣場)	Nanjing	Yangtze River Delta	Powerlong Real Estate	Entrusted management	146,788
14	Linhai Powerlong Plaza (臨海寶龍廣場)	Taizhou	Yangtze River Delta	Third Party	Sublease	50,215
15	Changshu Powerlong Plaza (常熟寶龍廣場)	Suzhou	Yangtze River Delta	Powerlong Real Estate	Entrusted management	100,300
16	Zhuhai Beizhan Powerlong Plaza (珠海北站寶龍廣場)	Zhuhai	Pearl River Delta	Powerlong Real Estate	Entrusted management	80,000
17	Bozhou Powerlong Plaza (亳州寶龍廣場)	Bozhou	Yangtze River Delta	Powerlong Real Estate	Entrusted management	100,000
18	Cangnan Powerlong Plaza (蒼南寶龍廣場)	Wenzhou	Yangtze River Delta	Powerlong Real Estate	Entrusted management	100,000
19	Nanjing Jingkai Powerlong Plaza (南京經開寶龍廣場)	Nanjing	Yangtze River Delta	Powerlong Real Estate	Entrusted management	104,000
20	Nanjing Qixia Powerlong Plaza (南京栖霞寶龍廣場)	Nanjing	Yangtze River Delta	Powerlong Real Estate	Entrusted management	150,000
21	Zhuhai Jinwan Powerlong Plaza (珠海金灣寶龍廣場)	Zhuhai	Pearl River Delta	Powerlong Real Estate	Entrusted management	70,000
22	Yongtai Powerlong Plaza (永泰寶龍廣場)	Fuzhou	Others	Powerlong Real Estate	Entrusted management	62,000
23	Chuzhou Powerlong Plaza (滁州寶龍廣場)	Chuzhou	Yangtze River Delta	Powerlong Real Estate	Entrusted management	70,000
24	Xuancheng Powerlong Plaza (宣城寶龍廣場)	Xuancheng	Yangtze River Delta	Powerlong Real Estate	Entrusted management	124,289
25	Dongying Powerlong Plaza (東營寶龍廣場)	Dongying	Others	Powerlong Real Estate	Entrusted management	133,720
26	Chongqing Wanzhou Powerlong Plaza (重慶萬州寶龍廣場)	Chongqing	Others	Third Party	Entrusted management	80,000
27	Ningbo Wenchuanggang Powerlong Land (寧波文創港寶龍天地)	Ningbo	Yangtze River Delta	Powerlong Real Estate	Entrusted management	44,900
28	Taizhou Luqiao Powerlong Land (台州路橋寶龍天地)	Taizhou	Yangtze River Delta	Powerlong Real Estate	Advisory consultation	56,321
29	Fuding Powerlong Land (福鼎寶龍天地)	Fuding	Others	Powerlong Real Estate	Agency for tenant sourcing	9,411
30	Jiaozhou Powerlong Land (膠州寶龍天地)	Qingdao	Others	Powerlong Real Estate	Entrusted management	23,415
31	Xiangshan Powerlong Land (象山寶龍天地)	Ningbo	Yangtze River Delta	Powerlong Real Estate	Entrusted management	11,118
32	Xiamen Wenzao (廈門文灶)	Xiamen	Others	Third Party	Sublease	41,658
33	Leqing Jiequ Commercial Project (樂清街區商業項目)	Wenzhou	Yangtze River Delta	Third Party	Entrusted management	62,000
34	Wenzhou Leqing Powerlong Plaza (溫州樂清寶龍廣場)	Wenzhou	Yangtze River Delta	Third Party	Entrusted management	56,000
35	Huzhou Xinyuan Powerlong Plaza (湖州鑫遠寶龍廣場)	Huzhou	Yangtze River Delta	Third Party	Sublease	80,000
36	Yiwu Chengbei Commercial Centre (義烏城北商業中心)	Jinhua	Yangtze River Delta	Third Party	Advisory consultation	6,610
37	Xingyue • PARK (星悅•PARK)	Ningbo	Yangtze River Delta	Third Party	Advisory consultation	4,314
Total						3,184,642

Enhanced cooperation with Tencent, with continual investment in intelligent commerce

On 27 May 2021, Shanghai Jiashang Digital Technology Company Limited (上海嘉緗數字科技有限公司) (“**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**”) entered into a capital increase agreement (the “**Capital Increase Agreement**”), pursuant to which each of Shanghai Jiashang and Shenzhen Tencent agreed to make a capital contribution of RMB50.0 million to Shanghai Yueshang (the “**Capital Increase**”), amounting to a total of RMB100.0 million.

Shanghai Yueshang was established in 2015. Shanghai Yueshang 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% equity interest 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 involving 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.

Progress of Intelligent Commerce

Following the Company's enhanced cooperation with Tencent in 2021 to jointly invest in Shanghai Yueshang, fortified cooperation with Tencent has been commenced in full swing. The "New Commerce Plan" previously adopted has been upgraded to cover both front-end and back-end of commercial operations. At the same time, new plans of digitalized support and business enhancement are being offered to the users including operation team, consumers, tenants and investors. Tencent's resources have been channeled to cover resources, algorithm and entertainment contents, seeking to build up industry-leading digitalized capability. As of early 2022, significant research results have been applied to different aspects of the Company. Meanwhile, the adoption of new cooperation approach has also reduced the cost incurred for digitalization to a great extent.

1. Intelligent Development of Management Systems

Powerlong Commercial Management System (the "PMS") has undergone major upgrade, linking up all data to achieve the integration of operation, finance and tax. Tencent map and intelligent algorithm have been integrated and embedded enabling seamless combination of business operation and team appraisal. The operation team can now monitor the asset operation interface in real time mode through various terminals to swiftly grasp any operation status of all projects. Persons-in-charge of a project may foster the progress of performance in a real time mode. Meanwhile, from mobile tenant sourcing to member marketing, we have achieved an all-through linkage whereby business and data are connected automatically and declaration and processes that occupy manpower have been eliminated, which in turn contributes to remarkable improvement in work efficiency.

Investors may now fully grasp the operation status, return analysis and rent discussion status of the assets managed by the Group through the corresponding interface, and direct studying of format planning proposals through the system has been made possible. Through the cooperation with Tencent, the system is able to offer industry-leading cross functions for different application scenarios (reporting, communication, centralized R&D, proposal exploration and so forth).

2. Advanced Intelligentized Products

For the joint R&D investment with Tencent YouTu Lab, two industry-leading major intelligentized projects have been launched. One of them is the intelligent security project, which is ready for use after half year of trial run. By integrating the comprehensive AI algorithm of Tencent, and by upgrading the algorithm of the existing ordinary CCTV cameras for security purpose, behaviours of "crowd gathering, potential violence, congestion and road blockage" can be identified automatically. Therefore, unmanned security management becomes possible and security personnel can be notified automatically for solving problems and monitoring progress in real time mode. The product commands a success rate of identification of more than 90%. The security expenses of each project are expected to drop by 60% to 70% taking into account the cost of putting the system in place, being the first of its kind in the industry.

Secondly, intelligent identification of texts and graphics is proposed to be used in collection of sales data without any human involvement. Without any additional use of hardware, receipts identification through AI capability can be completed with an identification rate of 87%. The product will be put to use after further testing. It is anticipated that the related administration costs can be reduced significantly.

Furthermore, we also adopted the use of intelligentized products from industry-leading suppliers, including the joint intelligent energy consumption platform from Shanghai Yueshang and Persagy Technology Co., Ltd. and floor-sweeping robots from Gaussian Robotics. Among the above, the intelligent energy consumption platform can guarantee the lowest cost in the industry, given the joint investments from Shanghai Yueshang and Tencent.

3. Ongoing Upgrade of the Membership System

The membership system of “Powerlong Yoyo” underwent important upgrade in 2021. By designating a pilot project, namely Baoyang Powerlong Plaza, we researched and developed a series of highly effective intelligent applications with exceptional CP values vis-à-vis scenarios of consumer services, such as intelligent car parking (VIP appointment), intelligent washrooms, and VIP rooms. These applications have been linked up with the “Powerlong Yoyo” membership system to provide increasingly richer service experience for consumers.

Meanwhile, we worked with Tencent to drastically uplift the livestreaming capability of the membership system, with the research and development of the group-level livestreaming platform to provide services to all tenants. At the Super Livestreaming Festival held on 23 October 2021, we completed 28 livestreaming sessions concurrently, achieved total sales revenue of approximately RMB55.0 million, and covered nearly 400 merchants and approximately 2.4 million consumers.

4. Other Progress and Description of Strengths of R&D

Apart from the aforesaid products and results, we will also achieve goals in “Mall Plus@Powerlong” tenant service platform, online malls, sales and marketing, internet of things, and mobile property applications. We have also started discussing with Tencent about cooperation on content empowerment in our next stage, which is anticipated to materialize in 2022.

At the same time, by having a new investment structure, the Company has been able to have its R&D and application costs that are far lower than that of other industry players. More than half of the R&D investments have been borne by the R&D department of Tencent as well as Shanghai Yueshang for a substantial portion of digitalization projects, while the Company merely paid implementation fees that are lower than industry standard in respect of products that are eventually put to actual use. For most of the major projects, re-investment in and procurement of hardware can be avoided, using minimum algorithm-based costs to achieve high returns, whilst R&D items that are not adopted eventually does not incur any costs to the Company. Such new R&D approach enables the Company to stay away from risks of digitalization investments and at the same time to achieve an investment-output ratio that substantially outperforms the industry.

RESIDENTIAL PROPERTY MANAGEMENT SERVICES

For the year ended 31 December 2021, the total revenue of the Group's residential property management service business segment amounted to approximately RMB446.9 million, representing an increase of 24.7% from RMB358.3 million for the year ended 31 December 2020; and the Group had GFA delivered of approximately 17.7 million sq.m., representing an increase of 3.3 million sq.m. from 14.4 million sq.m. for the corresponding period of 2020; 82 delivered projects, representing an increase of 21 projects from 61 projects for the corresponding period of 2020; contracted GFA was approximately 30.0 million sq.m., representing an increase of 6.8 million sq.m. from 23.2 million sq.m. for the corresponding period of 2020.

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					
	2021 (Unaudited)			2020 (Audited)		
	Contracted GFA <i>sq.m.</i>	GFA delivered <i>sq.m.</i>	Revenue <i>RMB</i> <i>(in thousands)</i>	Contracted GFA <i>sq.m.</i>	GFA delivered <i>sq.m.</i>	Revenue <i>RMB</i>
Yangtze River Delta ⁽¹⁾	18,518	8,113	268,411	13,393	6,136	197,977
Pearl River Delta ⁽²⁾	559	–	5,888	338	–	21
Others ⁽³⁾	10,877	9,619	172,579	9,485	8,264	160,315
Total	29,954	17,732	446,878	23,216	14,400	358,313

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.

2022 WORK PLAN

In 2021, albeit the repeated impacts of the persistent COVID-19 pandemic, retail commercial properties showcased the resilience of the industry and fostered the ongoing and expedited experience-centered reform of commercial spaces and redefinition of values. At the same time, challenges still existed, testifying the responsiveness of the industry from time to time. The Group is well versed of industry changes and proactively responded to and sought changes. With innovative enhancements, whilst catering to the diversified consumers' demand and their diversified choices, the Group further incentivized commercial vitality and enhanced commercial values. Into 2022, the Group will hold firm onto its beliefs and create diversified and independent IP contents, uplift consumers' experience, continue to empower its brands, and further uplift the market influence of Powerlong's products.

1. Commercial Operational Services

(I) Ongoing enhancement of operations

In 2021, via property owners, physical renovation of properties were conducted to some of the Group's shopping malls already in operation, while quality enhancements were made to project management, thereby achieving upgrades in various projects and securing steady rise in the overall pedestrian traffic and sales turnover in those shopping malls. While operation quality improves, the overall occupation rates also reached the record high level of 95.3% in 2021. In 2022, the Group will strive to further uplift the overall occupancy rate to more than 96%. Learning from the success of adjustments in Qibao Powerlong City and Jinjiang Powerlong Plaza, we will continue to enhance tenant sourcing and tenant mix adjustment at those projects subject to enhancement works. Meanwhile, efforts will continue in tenant sourcing and tenant mix adjustment for our premium projects to create more benchmarking projects and holistically increase the average per-unit-GFA sales as well as overall revenue at our projects.

(II) Ongoing growth in scale

In 2022, the Group will ensure the high-quality openings of its new projects. Efforts will be focused on delivering Taizhou Jiaojiang Powerlong City and Xiamen Tong'an Powerlong Plaza as industry benchmarks. It will solidify the expansion of commercial asset-light projects, extend more flexible mode of cooperation, and seek to achieve breakthrough from zero in the external development of residential property management projects.

(III) Promotion of Intelligent Commerce

On the basis of the product R&D already completed in 2021, the key goals of intelligent commerce in 2022 will be to strengthen the generation of revenue from applications, and probe the possibilities of breakthroughs in sales and marketing as well as content cooperation. On the one hand, we will continue to solidify the well-established digitalization system of “operation team – consumers – tenants – investors”, foster the prevalence of system and advanced intelligent development, remarkably reduce costs and uplift efficiency, support tenants in enhancing operations and attracting consumers in an integrated manner. On the other hand, we will work with Tencent to, on this basis, introduce entertainment IP and contents interests into the system, with a view to devising feasible proposals of creating room for revenue growth for merchants’ operations and major members. In this connection, leading intelligent commerce will become the core competence for the Company in its asset-light output or in face of new business environment.

(IV) Talent optimization and organization

In 2022, the Group will work around the “1+1+N” strategic plan to strengthen its presence in three key regions namely Zhejiang, Jiangsu and Shanghai, with Yangtze River Delta region as the core hub. The Group will continue to 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) **Operations enhancement** – To solidify the housekeeping system as core competence of the properties of Powerlong, ceaselessly improve property owners’ satisfaction, uplift the Company’s collection rate and settlement rate, and enhance the Company’s overall operation capability;
- (II) **Quality enhancement** – By having internal control checking, external assessment, skills drill contests and promotion of system, we will further standardize the three-tier quality control mechanism of properties, uplift the quality awareness of all members of the Group, and enhance property owners’ satisfaction;
- (III) **Efficiency enhancement** – By undergoing continual structural integration, multiple fissions, strategic collection, technology empowerment, market exploration and so forth, we will manage to enhance organizational efficiency.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2021, due to the Group's ongoing business expansion, the Group recorded a revenue of approximately RMB2,464.0 million, representing an increase of approximately 28.3% as compared with approximately RMB1,921.2 million for the year ended 31 December 2020.

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

	For the year ended 31 December			
	2021 (Unaudited)		2020 (Audited)	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Commercial Operational Services				
Market research and positioning, business tenant sourcing and opening preparation services	292,269	11.9%	214,708	11.2%
Commercial operation and management services	1,528,900	62.0%	1,166,728	60.7%
Commercial property lease income	195,949	8.0%	181,489	9.4%
	<u>2,017,118</u>	<u>81.9%</u>	<u>1,562,925</u>	<u>81.3%</u>
Residential Property				
Management Services				
Pre-sale management services	53,184	2.1%	14,730	0.8%
Property management services	297,661	12.1%	271,362	14.1%
Other value-added services	96,033	3.9%	72,221	3.8%
	<u>446,878</u>	<u>18.1%</u>	<u>358,313</u>	<u>18.7%</u>
Total	<u>2,463,996</u>	<u>100%</u>	<u>1,921,238</u>	<u>100%</u>

Market research and positioning, business 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) business tenants sourcing and opening preparation services, provided to property developers or property owners before the opening of a retail commercial property.

For the year ended 31 December 2021, the Group's revenue from market research and positioning, tenant sourcing and opening preparation services amounted to approximately RMB292.3 million, representing a year-on-year increase of 36.1% and accounting for approximately 11.9% 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 53 retail commercial properties for the year ended 31 December 2021, compared to 45 for the year ended 31 December 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 year ended 31 December 2021, the Group's revenue from commercial operation and management services amounted to approximately RMB1,528.9 million, representing a year-on-year increase of 31.0% and accounting for approximately 62.0% 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 2021, the Group's commercial properties GFA in operation was 9.9 million sq.m., representing a year-on-year increase of 15.1%.

Commercial property lease income

The Group provides property leasing services with respect to units located within the shopping streets and shopping malls. For the year ended 31 December 2021, the Group's revenue derived from property leasing services amounted to approximately RMB195.9 million, representing a year-on-year increase of 8.0% and accounting for approximately 8.0% of total revenue.

The increase in the revenue from commercial property lease income was primarily attributable to the increase in occupancy rate.

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 2021, the Group's revenue from residential property management services amounted to approximately RMB446.9 million, representing a year-on-year increase of 24.7% and accounting for approximately 18.1% of total revenue.

The increase in the revenue from provision of residential property management services was primarily attributable to: (i) the increase in the residential properties GFA delivered to 17.7 million sq.m. for the year ended 31 December 2021, representing a year-on-year increase of 22.9%; (ii) the improvement of service quality and the increase in the number of projects under management services.

Revenue indicated by type of customers is as follows:

	For the year ended 31 December 2021		2020	
	(Unaudited) RMB'000	%	(Audited) RMB'000	%
Commercial Operational Services				
Fellow subsidiaries	301,572	12.2%	189,428	9.8%
Other related parties	57,327	2.3%	77,314	4.0%
External customers	1,658,219	67.4%	1,296,183	67.5%
	<u>2,017,118</u>	<u>81.9%</u>	<u>1,562,925</u>	<u>81.3%</u>
Residential Property Management Services				
Fellow subsidiaries	135,802	5.5%	57,351	3.0%
Other related parties	7,434	0.3%	4,831	0.3%
External customers	303,642	12.3%	296,131	15.4%
	<u>446,878</u>	<u>18.1%</u>	<u>358,313</u>	<u>18.7%</u>
Total	<u>2,463,996</u>	<u>100%</u>	<u>1,921,238</u>	<u>100%</u>

Revenue derived from external customers represents the largest source of the Group's revenue. For the year ended 31 December 2021, revenue derived from external customers was approximately RMB1,961.9 million, representing approximately 79.6% of the Group's total revenue.

Revenue indicated by geographic regions is as follows:

	For the year ended 31 December			
	2021 (Unaudited)		2020 (Audited)	
	RMB'000	%	RMB'000	%
Commercial Operational Service				
Yangtze River Delta	1,406,364	57.1%	1,059,868	55.2%
Pearl River Delta	39,813	1.6%	6,604	0.3%
Others	570,941	23.2%	496,453	25.8%
	<u>2,017,118</u>	<u>81.9%</u>	<u>1,562,925</u>	<u>81.3%</u>
Residential Property Management Service				
Yangtze River Delta	268,411	10.9%	197,977	10.3%
Pearl River Delta	5,888	0.2%	21	0.1%
Others	172,579	7.0%	160,315	8.3%
	<u>446,878</u>	<u>18.1%</u>	<u>358,313</u>	<u>18.7%</u>
Total	<u>2,463,996</u>	<u>100%</u>	<u>1,921,238</u>	<u>100%</u>

For the year ended 31 December 2021, 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 2021, the Group's cost of services was approximately RMB1,642.2 million, representing a year-on-year increase of 23.8%. 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 2021 amounted to approximately RMB821.8 million, representing a year-on-year increase of 38.2%. For the year ended 31 December 2020, the gross profit margin was 33.4%, representing an increase of 2.5 percentage points as compared to 30.9% for the year ended 31 December 2020.

The gross profit of commercial operational services for the year ended 31 December 2021 amounted to approximately RMB710.6 million, representing a year-on-year increase of 38.8%. The gross profit margin of the Group's commercial operational services for the year ended 31 December 2021 was 35.2%, representing an increase of 2.4 percentage points as compared to 32.8% for the year ended 31 December 2020, 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 2021 amounted to approximately RMB111.2 million, representing a year-on-year increase of 34.6%. The gross profit margin of the Group's residential property management services for the year ended 31 December 2021 was 24.9%, representing an increase of 1.8 percentage points as compared to 23.1% for the year ended 31 December 2020, 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.

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

	For the year ended 31 December 2021		2020	
	(Unaudited)		(Audited)	
	Gross profit <i>RMB'000</i>	Gross profit margin %	Gross profit <i>RMB'000</i>	Gross profit margin %
Commercial operational services	710,623	35.2%	511,921	32.8%
Residential property management services	111,207	24.9%	82,625	23.1%
Total	821,830	33.4%	594,546	30.9%

For the year ended 31 December 2021, 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 2021, the selling and marketing expenses of the Group amounted to approximately RMB43.7 million, representing a year-on-year increase of 20.4%. This was mainly due to the increase in sales promotion activities.

Administrative expenses

For the year ended 31 December 2021, the Group's total administrative expenses amounted to approximately RMB206.0 million, including management fee arising from share incentives of approximately RMB55.2 million. In 2020, the Group's total administrative expenses amounted to approximately RMB134.4 million, including management fee arising from share incentives of approximately RMB18.4 million, representing a year-on-year increase of 30.0% in 2021 as compared to 2020 after deducting the management fee arising from 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 2021, the Group's other income and gains amounted to approximately RMB35.8 million, representing a year-on-year increase of 9.8%. 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 2021, the Group's net impairment losses on financial assets amounted to approximately RMB22.7 million, representing a year-on-year decrease of 0.5%. This was primarily attributable to the improved collection rate of operating lease and trade receivables.

Finance income/(costs) – net

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

For the year ended 31 December 2021, the Group's net finance income amounted to approximately RMB21.8 million, representing a year-on-year increase of 304.8%. This was primarily attributable to the increase in interest income from bank deposits.

Income tax expenses

The Group's income tax expenses mainly comprise PRC corporate income tax. For the year ended 31 December 2021, the effective income tax rates were 27.9%, representing a slight increase by 1.1 percentage points as compared to 26.8% for the year ended 31 December 2020.

Profit for the year

For the year ended 31 December 2021, the Group's profit attributable to shareholders of the Company was approximately RMB438.1 million, representing an increase of 43.6% from approximately RMB305.1 million for the year ended 31 December 2020.

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 2021, the Group's operating lease and trade receivables were approximately RMB161.0 million, representing a decrease of 0.6% as compared with that of approximately RMB162.0 million as at 31 December 2020, primarily attributable to the improved collection rate of operating lease and trade receivables.

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 2021, prepayments and other receivables amounted to approximately RMB101.4 million, representing a decrease of 3.2% as compared with approximately RMB104.8 million as at 31 December 2020. Such decrease was primarily attributable to the decrease in payments on behalf of tenants and residents.

Trade and other payables

The Group's trade and other payables primarily represent amounts due to suppliers/subcontractors for the purchase of services and goods and amounts due to related parties, cash received on behalf of tenants or residents, deposits received from tenants or residents and others. As at 31 December 2021, the Group's trade and other payables amounted to approximately RMB1,209.0 million, representing an increase of 13.9% as compared with approximately RMB1,061.0 million as at 31 December 2020. 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 2021, contract liabilities were approximately RMB458.1 million, representing an increase of 48.2% as compared with that at 31 December 2020, which was mainly due to business expansion.

Contingent liabilities

As at 31 December 2021, the Group did not have any material contingent liabilities (31 December 2020: Nil).

Liquidity and capital resources

The Company has maintained stable financial condition and sufficient liquidity. As at 31 December 2021, the Group's cash and bank balances amounted to approximately RMB3,991.6 million, representing an increase of 15.7% as compared with approximately RMB3,449.6 million as at 31 December 2020. Such increase was primarily attributable to the business growth of the Group.

Cashflow from operating activities

For the year ended 31 December 2021, the Group's net cash generated from operating activities amounted to approximately RMB974.8 million, representing an increase of 22.6% compared to approximately RMB795.1 million for the corresponding period of 2020. 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 2021, gearing ratio was 0.51 (31 December 2020: 0.52).

Foreign exchange risk

The Group's businesses are principally conducted in RMB and exposure to foreign currency risk is minimal. As at 31 December 2021, the Group had not entered into any forward exchange contract to hedge its exposure to foreign exchange risk.

As at 31 December 2021, major non-RMB assets and liabilities of the Group were cash and cash equivalents denominated in US dollars ("US\$") and Hong Kong dollar ("HK\$"). Fluctuation of the exchange rate of RMB against US\$ and HK\$ could affect the Group's results of operations. The Group closely monitors the fluctuations in exchange rate and will consider hedging its exposure to foreign exchange risk as and when appropriate.

USE OF NET PROCEEDS

(i) Use of proceeds from the initial public offering and over allotment

The Company raised net proceeds of (i) approximately HK\$1,380.5 million from the initial public offering, and (ii) approximately HK\$208.0 million from exercising the over-allotment option on 22 January 2020 (collectively, the “**Net IPO Proceeds**”). As set out in the prospectus of the Company dated 16 December 2019 (the “**Prospectus**”), the Company intended to use the Net IPO Proceeds for the purposes as follows: (i) approximately 50% of the Net IPO Proceeds will be used to pursue strategic acquisitions of other small to medium-sized commercial operational service providers in order to scale up its commercial operational service business and expand its commercial operational service portfolio; (ii) approximately 25% of the Net IPO Proceeds will be used to upgrade the information technology systems for digitization and smart operation and management, aiming to enhance consumer experience, improve the quality of services provided to the Group’s tenants and improve operational efficiency; (iii) approximately 10% of the Net IPO Proceeds will be used to make equity investment in certain tenants with an aim of establishing close strategic cooperation with them; (iv) approximately 5% of the Net IPO Proceeds will be used for the renovation of retail commercial properties developed or owned by independent third parties under the asset-light business model; and (v) approximately 10% of the Net IPO Proceeds will be used for general business purpose and as working capital of the Group.

As at 31 December 2021, the use of the Net IPO Proceeds together with the expected timeline of use are as follows:

	The Net IPO Proceeds <i>HK\$ million</i>	Actual use of the Net IPO Proceeds during the year ended 31 December 2021 <i>HK\$ million</i>	Actual use of the Net IPO Proceeds up to 31 December 2021 <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	13.1	27.9	766.4	1 January 2020 to 31 December 2023
(ii) Upgrade the information technology systems	397.1	27.4	38.4	358.7	1 January 2020 to 31 December 2023
(iii) Make equity investment in certain tenants and suppliers	158.8	73.4	73.4	85.4	1 January 2020 to 31 December 2023
(iv) Renovation of retail commercial properties developed or owned by independent third parties	79.5	7.2	13.3	66.2	1 January 2020 to 31 December 2023
(v) General business purpose and working capital	158.8	112.9	158.8	–	1 January 2020 to 31 December 2023
	1,588.5	234.0	311.8	1,276.7	

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 2021, the remaining Net IPO Proceeds that had not yet been utilised were deposited into licensed banks in Hong Kong and mainland China.

(ii) Use of Net Proceeds from Subscription

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

The following table sets forth the status of use of net proceeds from the Subscription as of 31 December 2021 together with the expected timeline of use:

Intended use of proceeds from the Subscription	Net proceeds <i>HK\$ million</i>	Actual use of	Actual use of	Proceeds unused <i>HK\$ million</i>	Expected timeline
		proceeds during the year ended 31 December 2021 <i>HK\$ million</i>	proceeds up to 31 December 2021 <i>HK\$ million</i>		
(i) Personnel expansion: attract and recruit additional management personnel to the Group’s projects and headquarters	82.0	67.0	82.0	–	On or before 30 June 2023
(ii) Property leasing business: develop three leasing projects, namely Shaoxing Keqiao Powerlong Plaza (紹興柯橋寶龍廣場), Hangzhou Qingshan Lake Powerlong Plaza (杭州青山湖寶龍廣場) and Taizhou Duqiao Powerlong Plaza (台州杜橋寶龍廣場)	109.4	11.1	13.2	96.2	On or before 30 June 2023
(iii) IT infrastructure enhancement: create the “Precise Consumer Traffic System” which uses face recognition technology instead of traditional sensors to achieve accurate data collection and perform precise analysis on consumer traffic statistics	82.0	–	–	82.0	On or before 30 June 2023
	273.4	78.1	95.2	178.2	

As at 31 December 2021, the remaining net proceeds from the Subscription that had not yet been utilised were deposited into licensed banks in Hong Kong and mainland China.

HUMAN RESOURCES

The Group believes that the expertise, experience and professional development of the employees contribute to the growth of the Group. The human resources department of the Company manages, trains and hires employees. As at 31 December 2021, the Group had 6,886 (2020: 5,390) 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, the Group offers employees performance-based cash bonuses and other incentives in addition to base salaries. The Group also participates in various employee social security plans for its employees, including housing provident fund, pension, medical insurance, social insurance and unemployment insurance. During the year ended 31 December 2021, the Group did not experience any significant labour disputes or any difficulty in recruiting employees.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

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

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

On 27 May 2021, Shanghai Jiashang, Shenzhen Tencent and Shanghai Yueshang entered into a capital increase agreement, pursuant to which the Group acquired approximately 8.3% equity interest in Shanghai Yueshang. For further details on the capital increase agreement, please refer to the section headed "Enhanced cooperation with Tencent, with continual investment in intelligent commerce" of this announcement and the announcement of the Company dated 27 May 2021.

Save as disclosed in this announcement, the Group did not hold any significant investments and did not conduct any material acquisition or disposal of subsidiaries, associates or joint ventures during the year ended 31 December 2021.

DIVIDEND

The proposal for the distribution of a final dividend for the year ended 31 December 2021 will be announced in the 2021 audited annual results announcement to be published by the Company at a later date.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Change of Auditor

As disclosed in the announcement of the Company dated 24 March 2022, PricewaterhouseCoopers ("PwC") has resigned as the auditor of the Company with effect from 24 March 2022. The Board has resolved, having regard to the recommendation from the audit committee of the Company (the "Audit Committee"), to approve the appointment of Elite Partners CPA Limited ("Elite Partners") as the new auditor of the Company to fill the casual vacancy following the resignation of PwC with effect from 24 March 2022 and to hold office until the conclusion of the next annual general meeting of the Company. For further details, please refer to the announcement of the Company dated 24 March 2022.

As at the date of this announcement, save as disclosed above, the Group did not have any other significant event subsequent to 31 December 2021.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 of the Listing Rules as the code for dealing in securities of the Company by the Directors. Having made specific enquiry by the Company to all the Directors, the Directors have confirmed that they have complied with the Model Code throughout the year ended 31 December 2021. 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 2021.

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

During the year ended 31 December 2021, the Company repurchased a total of 1,100,000 shares on the Stock Exchange for an aggregate consideration of approximately HK\$22.2 million. The above mentioned repurchased shares were cancelled after repurchase, including as to 900,000 shares on 23 September 2021 and as to 200,000 shares on 28 December 2021. 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 2021 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\$)
19 August 2021	300,000	22.00	21.20	6,523,351.51
20 August 2021	300,000	22.60	22.15	6,730,874.24
10 September 2021	100,000	20.85	20.55	2,085,348.63
13 September 2021	100,000	20.85	20.45	2,082,863.20
14 September 2021	100,000	20.45	20.25	2,039,244.35
15 December 2021	100,000	13.84	13.54	1,372,831.39
17 December 2021	100,000	13.94	13.56	1,374,320.04
	<u>1,100,000</u>			<u>22,208,833.36</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 for the year ended 31 December 2021.

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 has complied with all applicable code provisions contained in Appendix 14 of the Listing Rules as in force from time to time throughout the year ended 31 December 2021. 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 2021.

AUDIT COMMITTEE

The Company has established 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 consolidated annual results of the Group for the year ended 31 December 2021 with the Company's management and considered that such results have been prepared in accordance with applicable accounting standards and requirements with sufficient disclosure.

DELAY IN PUBLICATION OF AUDITED ANNUAL RESULTS

Reference is made to the announcement of the Company dated 24 March 2022.

Due to the impact of the novel coronavirus disease (COVID-19) pandemic in the PRC which restricts the Group's ability to gather necessary documents on a timely basis, the Company was unable to complete the necessary procedures in order for the Company to finalise its audited consolidated financial statements for the financial year ended 31 December 2021 by 31 March 2022. As a result, the unaudited consolidated annual results of the Group for the year ended 31 December 2021 contained in this announcement are based on the consolidated management accounts of the Company for the year ended 31 December 2021, which have not been agreed with the Company's auditor, Elite Partners.

Elite Partners has informed the Company that it currently expects to be in a position to complete its audit and deliver its audit opinion by no later than 15 May 2022. Following the completion of the audit by Elite Partners, the Company will publish an announcement containing, among others, (i) the audited consolidated annual results of the Group for the year ended 31 December 2021 as agreed with Elite Partners; (ii) the proposed date on which the forthcoming annual general meeting of the Company (the "AGM") will be held; and (iii) the period during which the register of members of the Company will be closed in order to determine the shareholders' eligibility to attend and vote at the AGM and despatch the annual report for the year ended 31 December 2021 as soon as practicable.

The Company will make further announcement(s) as and when necessary if there are other material developments in the completion of the auditing process.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and the knowledge of the Directors, throughout the year ended 31 December 2021 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 2021 ANNUAL RESULTS AND THE 2021 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). Subject to completion of audit, the Company currently expects to issue a further announcement by no later than 15 May 2022 in relation to the audited annual results for the year ended 31 December 2021 of the Group as agreed by the Company's auditor and the adjustments (if any) to the unaudited annual results contained herein.

The annual report of the Company for the year ended 31 December 2021 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 "honest, modest, innovative and devoted" while relying on an elite team with unified values, loyalty and commitment. It will adhere to its belief and rise to challenges in order to create better returns for its customers, shareholders and investors and to create greater values for the society.

The financial information contained herein in respect of the unaudited annual results of the Group has not been audited and has not been agreed with the Company's auditor. Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company. When in doubt, shareholders of the Company and potential investors are advised to seek advice from professional parties or financial advisers.

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

Hong Kong, 29 March 2022

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

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