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**Powerlong Commercial Management Holdings Limited**  
**寶龍商業管理控股有限公司**  
*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 9909)**

**(1) INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED 30 JUNE 2024  
AND (2) RESIGNATION OF NON-EXECUTIVE DIRECTOR AND  
CHANGE OF AUTHORIZED REPRESENTATIVE**

**SUMMARY OF RESULTS**

- Revenue of the Group for the six months ended 30 June 2024 amounted to approximately RMB1,332.9 million, representing an increase of approximately 4.6% as compared with approximately RMB1,274.8 million for the corresponding period in 2023.
- Gross profit of the Group for the six months ended 30 June 2024 amounted to approximately RMB449.4 million, representing an increase of approximately 2.5% as compared with approximately RMB438.2 million for the corresponding period in 2023.
- The Group's profit attributable to the shareholders of the Company (the "**Shareholders**") for the six months ended 30 June 2024 amounted to approximately RMB194.5 million, representing a decrease of approximately 24.3% as compared with approximately RMB257.0 million for the corresponding period in 2023.
- As at 30 June 2024, the contracted gross floor area ("**GFA**")<sup>Note 1</sup> of the Group's commercial operational services amounted to approximately 14.9 million square meters ("**sq.m.**"); and the GFA in operation of the Group's commercial operational services amounted to approximately 10.8 million sq.m..

*Note 1:* Unless otherwise stated, all "GFA" of commercial properties referred to in this announcement include car parks.

## INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Powerlong Commercial Management Holdings Limited (the “**Company**” or “**Powerlong CM**”) is pleased to announce the unaudited interim condensed consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2024 (the “**Reporting Period**”), together with comparative figures for the corresponding period in 2023, as follows.

### INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		<b>Six months ended 30 June</b>	
		<b>2024</b>	<b>2023</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<i>Notes</i>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Revenue</b>	4	<b>1,332,942</b>	1,274,830
Cost of services		<b>(883,583)</b>	(836,619)
<b>Gross profit</b>		<b>449,359</b>	438,211
Selling and marketing expenses		<b>(53,757)</b>	(30,638)
Administrative expenses		<b>(96,149)</b>	(87,621)
Other income and other losses – net	5	<b>16,557</b>	31,216
Impairment losses on financial assets		<b>(36,102)</b>	(14,158)
Fair value gains on financial asset – net		<b>583</b>	–
<b>Operating profit</b>		<b>280,491</b>	337,010
Finance (costs)/income – net		<b>(8,472)</b>	12,764
Share of results of joint ventures		<b>(39)</b>	159
Share of results of associates		<b>1,375</b>	(232)
<b>Profit before income tax</b>		<b>273,355</b>	349,701
Income tax expenses	6	<b>(73,353)</b>	(93,442)
<b>Profit and total comprehensive income for the period</b>		<b>200,002</b>	256,259
<b>Profit and total comprehensive income attributable to:</b>			
– Shareholders of the Company		<b>194,505</b>	256,978
– Non-controlling interests		<b>5,497</b>	(719)
		<b>200,002</b>	256,259
<b>Earnings per share for profit attributable to shareholders of the Company for the period (expressed in RMB cents per share)</b>			
– Basic earnings per share	7	<b>30.63</b>	40.63
– Diluted earnings per share	7	<b>30.63</b>	40.63

## INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

		30 June 2024 (Unaudited) <i>RMB'000</i>	31 December 2023 (Audited) <i>RMB'000</i>
<i>Notes</i>			
<b>Assets</b>			
<b>Non-current assets</b>			
Property and equipment		48,322	45,753
Financial assets at fair value through profit or loss		10,473	9,890
Investment properties		1,022,068	749,749
Intangible assets		5,660	6,752
Goodwill		20,640	20,640
Deferred income tax assets		108,397	92,127
Investments in joint ventures		733	772
Investments in associates		49,057	54,516
		1,265,350	980,199
<b>Current assets</b>			
Inventories		9,145	9,602
Operating lease and trade receivables	8	534,445	412,357
Prepayments and other receivables		330,882	328,939
Current income tax recoverables		134	161
Cash and bank balances		3,963,243	3,881,880
		4,837,849	4,632,939
<b>Total assets</b>		<b>6,103,199</b>	<b>5,613,138</b>

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

		30 June 2024 (Unaudited) <i>RMB'000</i>	31 December 2023 (Audited) <i>RMB'000</i>
	<i>Notes</i>		
<b>Equity</b>			
Share capital and share premium	9	992,379	967,206
Other reserves		106,741	120,223
Shares held for shares award scheme	9	(44)	(44)
Retained earnings		2,160,388	1,965,883
<b>Capital and reserves attributable to shareholders of the Company</b>		<b>3,259,464</b>	3,053,268
Non-controlling interests		9,768	4,271
<b>Total equity</b>		<b>3,269,232</b>	3,057,539
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred income tax liabilities		1,125	1,235
Lease liabilities		1,210,361	931,103
		1,211,486	932,338
<b>Current liabilities</b>			
Trade and other payables	10	1,024,479	1,097,366
Advances from lessees		35,390	22,087
Current income tax liabilities		139,664	138,223
Lease liabilities		94,335	64,550
Contract liabilities		328,613	301,035
		1,622,481	1,623,261
<b>Total liabilities</b>		<b>2,833,967</b>	2,555,599
<b>Total equity and liabilities</b>		<b>6,103,199</b>	5,613,138

## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 1 GENERAL INFORMATION

Powerlong Commercial Management Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 25 March 2019 as an exempted company with limited liability under the Companies Act, Cap. 22 (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, Uglund House, Grand Cayman, KY1-1104, Cayman Islands.

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

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

The Company’s parent company is Powerlong Real Estate (BVI) Holdings Limited. The Company’s intermediate holding company is Powerlong Real Estate Holdings Limited (“**Powerlong Holdings**”) whose shares have been listed on the Main Board of the Stock Exchange since 14 October 2009. As at 30 June 2024, Mr. Hoi Kin Hong (“**Mr. Hoi**”) was interested in approximately 44.37% of the issued share capital of Powerlong Holdings.

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

The interim financial information is presented in thousand Renminbi (“**RMB’000**”), unless otherwise stated. The interim financial information has been approved for issue by the Board on 27 August 2024.

The interim financial information has not been audited.

### 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The interim financial information for the six months ended 30 June 2024 has been prepared in accordance with HKAS 34 “Interim Financial Reporting”.

The interim financial information does not include all the notes of the type normally included in an annual financial report. Accordingly, the interim financial information should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2023 and any public announcement made by the Company during the interim reporting period.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those set out in the Group’s annual financial statements for the year ended 31 December 2023.

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

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

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current (the “2020 Amendments”)
Amendments to HKAS 1	Non-current Liabilities with Covenants (the “2022 Amendments”)
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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

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

The following new standards and amendments and interpretation to standards have been published that are not mandatory for the year beginning on 1 January 2024 and have not been early adopted by the Group:

		<b>Effective for annual periods beginning on or after</b>
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	No mandatory effective date yet determined but available for adoption
Amendments to HKAS 21	Lack of Exchangeability	1 January 2025

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

### 3 **SEGMENT INFORMATION**

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

The Group has two business segments:

– **Commercial operational services**

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

Besides, to maximise its commercial operational efficiency, the Group leased certain retail commercial properties located in proximity to the shopping malls that are 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 for residential properties, serviced apartments and office building, including pre-sale management services and other value-added services to property developers, property owners and residents.

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

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

*For the six months ended 30 June 2024 (Unaudited)*

	<b>Commercial operational services RMB'000</b>	<b>Residential property management services RMB'000</b>	<b>Group RMB'000</b>
Gross segment revenue	<u>1,076,863</u>	<u>256,079</u>	<u>1,332,942</u>
Revenue from contracts with customers	<b>973,322</b>	<b>256,079</b>	<b>1,229,401</b>
– at a point in time	<u>20,931</u>	–	<u>20,931</u>
– over time	<u>952,391</u>	<u>256,079</u>	<u>1,208,470</u>
Revenue from other sources			
– rental income	<b>103,541</b>	–	<b>103,541</b>
Segment results	<b>221,624</b>	<b>45,406</b>	<b>267,030</b>
Other income and other losses – net			<b>16,557</b>
Unallocated operating costs			<b>(3,096)</b>
Interest expense			<b>(35,413)</b>
Interest income			<b>26,941</b>
Share of results of joint ventures			<b>(39)</b>
Share of results of associates			<u>1,375</u>
Profit before income tax			<b>273,355</b>
Income tax expenses			<u>(73,353)</u>
Profit for the period			<u><b>200,002</b></u>
Depreciation and amortisation	<u>58,076</u>	<u>1,774</u>	<u>59,850</u>

*For the six months ended 30 June 2023 (Unaudited)*

	Commercial operational services <i>RMB'000</i>	Residential property management services <i>RMB'000</i>	Group <i>RMB'000</i>
Gross segment revenue	<u>1,047,889</u>	<u>226,941</u>	<u>1,274,830</u>
Revenue from contracts with customers	960,772	226,941	1,187,713
– at a point in time	752	–	752
– over time	960,020	226,941	1,186,961
Revenue from other sources			
– rental income	87,117	–	87,117
Segment results	317,575	61,128	378,703
Other income and other losses – net			31,216
Unallocated operating costs			(72,909)
Interest expense			(18,028)
Interest income			30,792
Share of result of joint ventures			159
Share of results of associates			<u>(232)</u>
Profit before income tax			349,701
Income tax expenses			<u>(93,442)</u>
Profit for the period			<u>256,259</u>
Depreciation and amortisation	<u>40,904</u>	<u>1,450</u>	<u>42,354</u>

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

*As at 30 June 2024 (Unaudited)*

	<b>Commercial operational services RMB'000</b>	<b>Residential property management services RMB'000</b>	<b>Elimination RMB'000</b>	<b>Group RMB'000</b>
Segment assets	1,813,499	440,218	(10,222)	2,243,495
Other assets				<u>3,859,704</u>
Total assets				<u><b>6,103,199</b></u>
Segment liabilities	2,459,232	240,645	(10,222)	2,689,655
Other liabilities				<u>144,312</u>
Total liabilities				<u><b>2,833,967</b></u>
Capital expenditure (six months ended 30 June 2024) (Unaudited)	<u>333,102</u>	<u>772</u>	<u>–</u>	<u><b>333,874</b></u>

*As at 31 December 2023 (Audited)*

	<b>Commercial operational services RMB'000</b>	<b>Residential property management services RMB'000</b>	<b>Elimination RMB'000</b>	<b>Group RMB'000</b>
Segment assets	1,674,099	246,848	(7,070)	1,913,877
Other assets				<u>3,699,261</u>
Total assets				<u><b>5,613,138</b></u>
Segment liabilities	2,122,495	280,461	(7,070)	2,395,886
Other liabilities				<u>159,713</u>
Total liabilities				<u><b>2,555,599</b></u>
Capital expenditure (six months ended 30 June 2023) (Unaudited)	<u>114,374</u>	<u>1,749</u>	<u>–</u>	<u><b>116,123</b></u>

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

	<b>30 June 2024 (Unaudited) RMB'000</b>	31 December 2023 (Audited) RMB'000
Segment assets	<b>2,243,495</b>	1,913,877
Other assets		
Current income tax recoverables	<b>134</b>	161
Deferred income tax assets	<b>108,397</b>	92,127
Unallocated cash and bank balances	<b>3,690,512</b>	3,540,749
Unallocated property and equipment	<b>398</b>	1,046
Other corporate assets	<b>49,790</b>	55,288
Financial assets at fair value through profit and loss	<b>10,473</b>	9,890
Total assets	<b><u>6,103,199</u></b>	<b><u>5,613,138</u></b>

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

	<b>30 June 2024 (Unaudited) RMB'000</b>	31 December 2023 (Audited) RMB'000
Segment liabilities	<b>2,689,655</b>	2,395,886
Other liabilities		
Current income tax liabilities	<b>139,664</b>	138,223
Deferred income tax liabilities	<b>1,125</b>	1,235
Other corporate liabilities	<b>3,523</b>	20,255
Total liabilities	<b><u>2,833,967</u></b>	<b><u>2,555,599</u></b>

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

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

Segment liabilities consist primarily of trade and other payables, lease liabilities, contract liabilities and advances from lessees other than current income tax liabilities, deferred income tax liabilities and other corporate liabilities.

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

#### 4 REVENUE

(a) Revenue of the Group for the six months ended 30 June 2024 is as follows:

	<b>Six months ended 30 June</b>	
	<b>2024</b> <b>(Unaudited)</b> <b>RMB'000</b>	<b>2023</b> <b>(Unaudited)</b> <b>RMB'000</b>
<b>Type of services</b>		
<i>Rental income:</i>		
– Commercial property lease income	<u>103,541</u>	<u>87,117</u>
<i>Revenue from customer:</i>		
Market research and positioning, business tenant sourcing, opening preparation services	42,760	48,042
Commercial operation and management services	930,562	912,730
– Commercial operation service during the operation stage	<u>352,528</u>	<u>365,323</u>
– Commercial property management service	<u>578,034</u>	<u>547,407</u>
– Commercial operational services	<u>973,322</u>	<u>960,772</u>
Pre-sale management services	875	4,095
Property management services	202,277	171,137
Other value-added services	<u>52,927</u>	<u>51,709</u>
– Residential property management services	<u>256,079</u>	<u>226,941</u>
	<u><b>1,332,942</b></u>	<u><b>1,274,830</b></u>

(i) For the six months ended 30 June 2024 revenue arising from the Remaining Powerlong Group contributed 9.8% of the Group's revenue (six months ended 30 June 2023:14.7%). Other than the Remaining Powerlong Group and other entities controlled by Mr. Hoi, the Group has a large number of customers, none of them contributed 10% or more of the Group's revenue during the period (six months ended 30 June 2023: none).

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

	<b>30 June</b> <b>2024</b> <b>(Unaudited)</b> <b>RMB'000</b>	<b>31 December</b> <b>2023</b> <b>(Audited)</b> <b>RMB'000</b>
Contract liabilities	<u>328,613</u>	<u>301,035</u>

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

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

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

	Six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Revenue recognised that was included in the contract liability balance at the beginning of the period		
– Commercial operational services	198,802	175,959
– Residential property management services	64,451	53,363
	<u>263,253</u>	<u>229,322</u>

(ii) *Unsatisfied performance obligations*

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

**5 OTHER INCOME AND OTHER LOSSES – NET**

	Six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
<b>Other income</b>		
Penalty income	9,974	11,250
Government grants ( <i>Note (a)</i> )	3,138	16,598
Others	3,632	4,224
	<u>16,744</u>	<u>32,072</u>
<b>Other losses</b>		
Foreign exchange losses	(187)	(856)
	<u>16,557</u>	<u>31,216</u>

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

## 6 INCOME TAX EXPENSES

	Six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Current income tax		
– PRC corporate income tax	89,733	100,811
Deferred income tax		
– PRC corporate income tax	(16,380)	(7,369)
	<u>73,353</u>	<u>93,442</u>

### PRC corporate income tax

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

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

### Overseas income tax

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

### Hong Kong profits tax

No provision for Hong Kong profits tax has been made in these interim condensed consolidated financial statements as the Company and the Group did not have assessable profit in Hong Kong during the six months ended 30 June 2024 (six months ended 30 June 2023: nil). The profit of the group entities in Hong Kong is mainly derived from dividend income, which is not subject to Hong Kong profits tax.

### PRC withholding income tax

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

## 7 EARNINGS PER SHARE

### (a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the six months ended 30 June 2023 and 2024.

	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>(Unaudited)</b>	(Unaudited)
<b>Earnings (RMB'000)</b>		
Earnings for the purposes of basic and diluted earnings per share (profit attributable to owners of the Company)	<u>194,505</u>	<u>256,978</u>
<b>Number of shares ('000)</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>634,978</u>	<u>632,556</u>
<b>Basic earnings per share (RMB cents per share)</b>	<u><b>30.63</b></u>	<u>40.63</u>

### (b) Diluted

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

	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>(Unaudited)</b>	(Unaudited)
<b>Earnings (RMB'000)</b>		
Earnings for the purposes of basic and diluted earnings per share (profit attributable to owners of the Company)	<u>194,505</u>	<u>256,978</u>
<b>Number of shares ('000)</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>634,978</u>	<u>632,556</u>
Effect of dilutive potential ordinary shares:		
Awarded shares	<u>—</u>	<u>—</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>634,978</u>	<u>632,556</u>
<b>Diluted earnings per share (RMB cents per share)</b>	<u><b>30.63</b></u>	<u>40.63</u>

## 8 OPERATING LEASE AND TRADE RECEIVABLES

	<b>30 June 2024 (Unaudited) RMB'000</b>	31 December 2023 (Audited) RMB'000
Operating lease receivables ( <i>Note (a)</i> )		
– Third parties	<u>27,155</u>	<u>29,064</u>
Trade receivables ( <i>Note (a)</i> )		
– Related parties	<b>317,910</b>	215,952
– Third parties	<b>300,190</b>	245,629
	<u>618,100</u>	<u>461,581</u>
Operating lease and trade receivables	<u>645,255</u>	490,645
Less: allowance for impairment	<u>(110,810)</u>	<u>(78,288)</u>
	<b>534,445</b>	<b>412,357</b>

- (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:

	<b>30 June 2024 (Unaudited) RMB'000</b>	31 December 2023 (Audited) RMB'000
Within 1 year	<b>401,954</b>	393,353
1-2 years	<b>163,342</b>	53,313
2-3 years	<b>48,644</b>	25,213
Over 3 years	<b>31,315</b>	18,766
	<u>645,255</u>	<u>490,645</u>

- (b) The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 30 June 2024, a provision of RMB110,810,000 was made against the gross amounts of operating lease and trade receivables (31 December 2023: RMB78,288,000).
- (c) As at 30 June 2024 and 31 December 2023, the operating lease and trade receivables were denominated in RMB, and their fair values approximated their carrying amounts.

**9 SHARE CAPITAL AND SHARE PREMIUM AND SHARES HELD FOR SHARES AWARD SCHEME**

	Number of ordinary shares	Share capital		Share premium RMB'000	Total RMB'000	Shares held for shares award scheme RMB'000
		HK\$'000	RMB'000			
<b>Authorized</b>						
As at 1 January 2024 and 30 June 2024	2,000,000,000	20,000	17,905	–	17,905	–
<b>Issued</b>						
As at 1 January 2024	642,900,000	6,429	5,747	961,459	967,206	(44)
Vesting of awarded shares	–	–	–	25,173	25,173	–
<b>As at 30 June 2024 (Unaudited)</b>	<b>642,900,000</b>	<b>6,429</b>	<b>5,747</b>	<b>986,632</b>	<b>992,379</b>	<b>(44)</b>
<b>Authorized</b>						
As at 1 January 2023 and 30 June 2023	2,000,000,000	20,000	17,905	–	17,905	–
<b>Issued</b>						
As at 1 January 2023	642,900,000	6,429	5,747	1,038,193	1,043,940	(95)
Dividends	–	–	–	(87,924)	(87,924)	–
Vesting of awarded shares	–	–	–	96,172	96,172	51
<b>As at 30 June 2023 (Unaudited)</b>	<b>642,900,000</b>	<b>6,429</b>	<b>5,747</b>	<b>1,046,441</b>	<b>1,052,188</b>	<b>(44)</b>

## 10 TRADE AND OTHER PAYABLES

	<b>30 June 2024 (Unaudited) RMB'000</b>	31 December 2023 (Audited) RMB'000
Trade payables		
– Related parties	<b>81</b>	595
– Third parties	<b>151,088</b>	173,923
	<b>151,169</b>	174,518
Other payables		
– Related parties	<b>149,927</b>	141,117
– Receipts on behalf of tenants or residents ( <i>Note (a)</i> )	<b>76,493</b>	84,243
– Payables for promotion fees on behalf of owners of the commercial properties ( <i>Note (b)</i> )	<b>39,338</b>	66,985
– Deposits received ( <i>Note (c)</i> )	<b>543,604</b>	534,787
– Others	<b>3,872</b>	11,404
	<b>813,234</b>	838,536
Accrued payroll	<b>49,014</b>	71,389
Other taxes payables	<b>11,062</b>	12,923
	<b>1,024,479</b>	1,097,366

- (a) Amounts represented the receipts on behalf of tenants or residents to settle the bills of utilities charges.
- (b) The balance represented the receipts on behalf of owners of commercial properties to settle the expenses relating to promotion and marketing activities of car parks, common areas and advertising spaces.
- (c) Amounts mainly represented deposits received from tenants as performance securities in relation to tenant agreements or property management service agreements.
- (d) As at 30 June 2024 and 31 December 2023, the carrying amounts of trade and other payables approximated their fair values.

- (e) As at the respective balance sheet date, the ageing analysis of the trade payables (including amounts due to related parties) based on invoice dates is as follows:

	<b>30 June 2024 (Unaudited) RMB'000</b>	31 December 2023 (Audited) RMB'000
Within 1 year	<b>125,887</b>	161,689
1 to 2 years	<b>18,242</b>	9,931
2 to 3 years	<b>5,370</b>	1,940
Over 3 year	<b>1,670</b>	958
	<b><u>151,169</u></b>	<u>174,518</u>

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

	<b>30 June 2024 (Unaudited) RMB'000</b>	31 December 2023 (Audited) RMB'000
RMB	<b><u>964,403</u></b>	<u>1,013,054</u>

## 11 DIVIDEND

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2024 (30 June 2023: HK\$0.15 per ordinary share).

## MANAGEMENT DISCUSSION AND ANALYSIS

### OVERVIEW

The Group is a leading commercial operational service provider in the PRC. As at 30 June 2024, the Group had a total of 97 retail commercial properties in operation, with an aggregate GFA in operation of approximately 10.8 million sq.m.. The Group had a total of 138 retail commercial properties with an aggregate contracted GFA of approximately 14.9 million sq.m. for which the Group had been contracted to provide commercial operational services. The Company enjoys considerable brand recognition in the markets where it operates. The Company was awarded 2023 Most Influential Commercial Real Estate Enterprise TOP30 (2023年最具影響力商業不動產企業TOP30) by Van Sound Club (萬商俱樂部) in March 2024, Leading Enterprise Award in Commercial Property of the Year (年度商業地產領軍企業) by Winshang.com (贏商網) in May 2024, 2024 New Quality Property Brand Value TOP100 (2024年新質物業品牌價值100強) by Leju Financial Research Institute (樂居財經研究院) in May 2024 and so forth.

The Group also provides property management services for residential properties, office buildings and serviced apartments. As at 30 June 2024, the Group delivered residential property management services to 127 projects, with an aggregate GFA delivered of approximately 23.2 million sq.m., and was contracted to manage 147 projects with an aggregate contracted GFA of approximately 31.2 million sq.m..

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

### BUSINESS REVIEW

For the six months ended 30 June 2024, the Company mainly conducted its business activities in the following business segments, namely (i) commercial operational services; and (ii) residential property management services. The Group’s revenue is mainly derived from its commercial operational services.

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

It primarily included:

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

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

It primarily included:

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

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

	<b>Six months ended 30 June</b>			
	<b>2024</b>		<b>2023</b>	
	<b>Gross profit</b>	<b>Gross profit margin</b>	<b>Gross profit</b>	<b>Gross profit margin</b>
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Commercial operational services	<b>384,683</b>	<b>35.7</b>	378,318	36.1
Residential property management services	<b>64,676</b>	<b>25.3</b>	59,893	26.4
<b>Total</b>	<b>449,359</b>	<b>33.7</b>	<b>438,211</b>	<b>34.4</b>

### **Commercial Operational Services**

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

For the six months ended 30 June 2024, the aggregate revenue of the Group's commercial operational services amounted to approximately RMB1,076.9 million, representing an increase of approximately 2.8% from approximately RMB1,047.9 million for the six months ended 30 June 2023; and the Group had GFA in operation of approximately 10.8 million sq.m., representing an increase of approximately 0.1 million sq.m. from approximately 10.7 million sq.m. for the corresponding period of 2023; 97 projects in operation, representing a net increase of 2 projects from 95 projects for the corresponding period of 2023; contracted GFA of approximately 14.9 million sq.m., representing a decrease of approximately 0.4 million sq.m. from approximately 15.3 million sq.m. for the corresponding period of 2023.

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

	For the six months ended 30 June					
	2024			2023		
	Contracted GFA	GFA in operation	Revenue	Contracted GFA	GFA in operation	Revenue
	<i>sq.m.</i>	<i>sq.m.</i>	<i>RMB</i> <i>(in thousands)</i>	<i>sq.m.</i>	<i>sq.m.</i>	<i>RMB</i>
Yangtze River Delta <sup>(1)</sup>	9,870	7,076	766,720	9,986	6,744	754,161
Pearl River Delta <sup>(2)</sup>	365	116	16,774	416	166	16,539
Others <sup>(3)</sup>	4,698	3,629	293,369	4,863	3,791	277,189
<b>Total</b>	<b>14,933</b>	<b>10,821</b>	<b>1,076,863</b>	<b>15,265</b>	<b>10,701</b>	<b>1,047,889</b>

Notes:

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

### New Projects in Operation

The Group's new retail commercial property projects in operation during the six months ended 30 June 2024 are shown in the following table:

No.	Name of project	Opening date <i>month-year</i>	City	Geographic region	Source of project	Manager	Management model	Total GFA <i>(sq.m)</i>	Shopping mall <i>(sq.m)</i>	Commercial street <i>(sq.m)</i>	Car park <i>(sq.m)</i>
<b>Powerlong Plaza</b>											
1	Taizhou Duqiao Powerlong Plaza (台州杜橋寶龍廣場)	January 2024	Taizhou	Yangtze River Delta	Third Party	Powerlong CM	Sublease	67,990	50,215	-	17,775
2	Hangzhou Gongshu Powerlong Plaza (杭州拱墅寶龍廣場)	May 2024	Hangzhou	Yangtze River Delta	Powerlong Real Estate	Powerlong CM	Entrusted management	98,264	64,749	-	33,515
<b>Sub-total</b>								<b>166,254</b>	<b>114,964</b>	<b>-</b>	<b>51,290</b>
<b>Powerlong Xinghui</b>											
1	Yueqing Powerlong Plaza (樂清寶龍廣場)	January 2024	Yueqing	Yangtze River Delta	Third Party	Powerlong Xinghui	Entrusted management	56,000	41,000	-	15,000
2	Yueqing Central Park (樂清中金匯)	June 2024	Yueqing	Yangtze River Delta	Third Party	Powerlong Xinghui	Advisory consultation	62,000	-	42,000	20,000
<b>Sub-total</b>								<b>118,000</b>	<b>41,000</b>	<b>42,000</b>	<b>35,000</b>
<b>Total</b>								<b>284,254</b>	<b>155,964</b>	<b>42,000</b>	<b>86,290</b>

## Projects for which Contracts were Terminated

The Group's retail commercial property projects for which contracts were terminated during the six months ended 30 June 2024 are shown in the following table:

No.	Name of project	Date of termination of contract <i>month-year</i>	City	Geographic region	Source of project	Manager	Total GFA <i>(sq.m.)</i>	Shopping mall <i>(sq.m.)</i>	Commercial street <i>(sq.m.)</i>	Car park <i>(sq.m.)</i>
<b>Powerlong Plaza</b>										
1	Quanzhou Taishang Powerlong Plaza (泉州台商寶龍廣場)	March 2024	Quanzhou	Others	Powerlong Real Estate	Entrusted management	148,950	106,060	-	42,890
<b>Powerlong Xinghui</b>										
1	Jindi Xinglong City (金帝星隆城)	March 2024	Shaoxing	Yangtze River Delta	Third Party	Entrusted management	86,000	86,000	-	-
<b>Total</b>							<b>234,950</b>	<b>192,060</b>	<b>-</b>	<b>42,890</b>

## New Contracted Projects

New retail commercial property contracted projects during the six months ended 30 June 2024 and up to the date of this announcement are shown in the following table:

No.	Name of project	City	Geographic region	Manager	Management model	Expected total GFA <i>(sq. m.)</i>
<b>From independent third parties</b>						
1	Dongyang Powerlong Plaza (東陽寶龍廣場)	Jinhua	Yangtze River Delta	Powerlong Xinghui	Advisory consultation	30,008
2	Linping Powerlong Plaza (臨平寶龍廣場)	Hangzhou	Yangtze River Delta	Powerlong Xinghui	Advisory consultation	80,000
3	Tongxiang Powerlong Plaza (桐鄉寶龍廣場) <sup>(1)</sup>	Jiaxing	Yangtze River Delta	Powerlong Xinghui	Net earning sharing	152,065
4	Gao'an Powerlong Plaza (高安寶龍廣場) <sup>(1)</sup>	Yichun	Others	Powerlong Xinghui	Net earning sharing	62,000
<b>Total</b>						<b>324,073</b>

(1) The contracts were entered into in July 2024 and August 2024 respectively, and have not been included in the various statistics for the six months ended 30 June 2024.

## Occupancy Rate

The table below sets forth the average occupancy rate and GFA in operation of retail commercial properties that had commenced operation as at 30 June 2024 by product category.

Product category	Average occupancy rate <sup>(1)</sup>		GFA in operation as of 30 June 2024 <i>(in thousand sq. m.)</i>
	30 June 2024 %	31 December 2023 %	
Powerlong One Mall	99.1	98.9	171
Powerlong City	97.8	97.7	574
Powerlong Plaza	90.9	90.6	8,776
Powerlong Land	90.6	90.7	548
Powerlong Xinghui	93.0	91.8	752
<b>Total</b>	<b>91.5</b>	<b>91.2</b>	<b>10,821</b>

- (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.

## Pipeline Projects in the Second Half of 2024

The Group's retail commercial property projects planned for opening in the second half of 2024 are shown in the following table:

No.	Name of project	Opening date <sup>(1)</sup> <i>month-year</i>	City	Geographic region	Source of project	Management model	Expected total GFA <i>(sq.m.)</i>
<b>Powerlong Plaza</b>							
1	Yuyao Powerlong Plaza (余姚寶龍廣場)	December 2024	Ningbo	Yangtze River Delta	Powerlong Real Estate	Entrusted management	65,915
2	Shanghai Fengfa Powerlong Plaza (上海奉發寶龍廣場)	December 2024	Shanghai	Yangtze River Delta	Powerlong Real Estate	Entrusted management	83,550
3	Jiyuan Powerlong Plaza (濟源寶龍廣場)	December 2024	Jiyuan	Others	Third Party	Net earning sharing	90,000
4	Shengzhou Powerlong Plaza (嵯州寶龍廣場)	December 2024	Shengzhou	Yangtze River Delta	Third Party	Net earning sharing	159,338
<b>Sub-total</b>							<b>398,803</b>
<b>Powerlong Land</b>							
1	Ningbo Wenchuanggang Powerlong Land (寧波文創港寶龍天地)	December 2024	Ningbo	Yangtze River Delta	Powerlong Real Estate	Entrusted management	44,900
<b>Sub-total</b>							<b>44,900</b>
<b>Powerlong Xinghui</b>							
1	Shangrao Shuinanjie (上饒水南街)	September 2024	Shangrao	Others	Third Party	Advisory consultation	158,000
2	Dongyang Powerlong Plaza (東陽寶龍廣場)	December 2024	Jinhua	Yangtze River Delta	Third Party	Advisory consultation	30,008
<b>Sub-total</b>							<b>188,008</b>
<b>Total</b>							<b>631,711</b>

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

## Residential Property Management Services

For the six months ended 30 June 2024, revenue of the Group's residential property management service business segment amounted to approximately RMB256.1 million, representing an increase of approximately 12.8% from approximately RMB226.9 million for the six months ended 30 June 2023; and the Group had GFA delivered of approximately 23.2 million sq.m., representing an increase of 3.1 million sq.m. from 20.1 million sq.m. for the corresponding period of 2023; 127 projects delivered, representing a net increase of 22 projects from 105 projects for the corresponding period of 2023; contracted GFA of approximately 31.2 million sq.m., representing an increase of approximately 1.4 million sq.m. from approximately 29.8 million sq.m. for the corresponding period of 2023.

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

	For the six months ended 30 June					
	2024			2023		
	Contracted GFA	GFA delivered	Revenue	Contracted GFA	GFA delivered	Revenue
<i>sq.m.</i>	<i>sq.m.</i>	<i>RMB</i>	<i>sq.m.</i>	<i>sq.m.</i>	<i>RMB</i>	
			<i>(in thousands)</i>			
Yangtze River Delta <sup>(1)</sup>	20,664	13,624	174,280	19,253	10,586	139,069
Pearl River Delta <sup>(2)</sup>	559	409	8,373	559	389	8,227
Others <sup>(3)</sup>	9,984	9,172	73,426	9,984	9,104	79,645
<b>Total</b>	<b>31,207</b>	<b>23,205</b>	<b>256,079</b>	<b>29,796</b>	<b>20,079</b>	<b>226,941</b>

Notes:

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

## **WORK PLAN FOR THE SECOND HALF OF 2024**

Stepping into 2024, under the background of “Consumption-Promoting Year (消費促進年)”, China’s economy had a steady start. In the first half of the year, the gross domestic product (GDP) increased by 5.0% year-on-year and reached RMB61.7 trillion. In terms of the consumption end, the total social retail consumption in the first half of the year increased by 3.7% year-on-year. With the continuous expansion in scale of the consumer market, improvements and upgrades in commercial consumption, and continuous expansion in new consumption, consumption has continued to play the fundamental role in driving economic growth. At the same time, confidence of consumers was still rebounding slowly and the scale of household savings remained at a high level. Consumers have been more pragmatic and rational to pay more attention to the cost performance and practical value of goods.

In the first half of 2024, the Group had a slight increase in both customer traffic and sales with a year-on-year increase of 5% in passenger flow in the same store and a year-on-year increase of 3% in sales in the same store. Three shopping malls were newly opened, among which Hangzhou Gongshu Powerlong Plaza (杭州拱墅寶龍廣場) had an outstanding performance. As the 13th project of the Group’s layout in Hangzhou, over 150 well-known brands have been introduced to Hangzhou Gongshu Powerlong Plaza and it was successfully built into an emerging local social life space. Looking ahead to the second half of the year, with the arrival of the new consumption era, young consumers shall become the main force of consumptions in shopping malls in the future. In the face of their emphasis on experiential consumption and emotional value, how to create a distinctive consumption scenario experience shall be the key strategy to be considered at the moment. The Group will continue to adhere to the strategic layout of focusing on the Yangtze River Delta and proactively face the changes in the market and consumption.

### **1. Making every effort for tenant sourcing to undertake fine operation**

With the upgrade of consumption demand and market segmentation, business forms become diversified. While scenario experiential consumption is ranking first, consumptions in restaurants, cultural, sports, entertainment and other scenarios are also having outstanding performance. As consumers’ demand for quality, experience and personalization is constantly rising, tenant sourcing has become one of the core competitiveness, and good brand mix capability will enable the Group to defend against operational risks. At present, focus shall be put on the transformation of tenant sourcing ideas to make breakthroughs from the ideas of sourcing traditional brands and actively seek and innovate tenant sourcing resources. While paying attention to tenant sourcing resources, the operation management shall also strive for perfection and stimulate the vitality and enthusiasm of its operation team. By increasing the frequency of meetings and on-site inspections, problems can be identified and solved in time and the refined management level of project operation can be improved.

## **2. Implementing classification management to enhance value**

The Company will implement classification management for projects and adjust the business management mode for projects in operation. For benchmarking projects and projects to be improved, the Company will carry out effective division of labor from the headquarters and the business department with their own focuses, which can give full play to the advantages of different levels and improve management efficiency. Benchmarking projects will be laboriously crafted and service details will be constantly polished to seek self-breakthrough, so as to further improve the project management level and influence. The Company will tailor-make sourcing adjustment plans for projects during incubation and to be improved, focus on their existing problems and difficulties, introduce more competitive tenants or adjust the business format layout, so as to improve the overall quality and competitiveness of the projects.

## **3. Attaching importance to the construction of talent echelon**

Talent is one of the key resources for the Group's development and we promote the construction of reserve leader echelon in multiple dimensions. Through external recruitment and internal talents growing, we focus on supplementing outstanding talents for "tenant sourcing and operation enterprise". The Group will also introduce an automatic assessment system to devise a data-backed and intelligent system for appraising the individuals, continue to optimize organizational efficiency and enhance efficiency of approval process. Focusing on cultural construction and taking striving and struggling as the theme, "Commercial UP DAY" was established for the first time this year, aiming at building a young and energetic first-class business operation team with innovative spirits in the industry.

## FINANCIAL REVIEW

### Revenue

For the six months ended 30 June 2024, the Group recorded revenue of approximately RMB1,332.9 million, representing an increase of approximately RMB58.1 million as compared with approximately RMB1,274.8 million for the six months ended 30 June 2023.

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

	For the six months ended 30 June			
	2024		2023	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Commercial Operational Services				
Market research and positioning, business tenant sourcing and opening preparation services	<b>42,760</b>	<b>3.2</b>	48,042	3.8
Commercial operation and management services	<b>930,562</b>	<b>69.8</b>	912,730	71.6
Commercial property lease income	<b>103,541</b>	<b>7.8</b>	87,117	6.8
	<b><u>1,076,863</u></b>	<b><u>80.8</u></b>	<u>1,047,889</u>	<u>82.2</u>
Residential Property Management Services				
Pre-sale management services	<b>875</b>	<b>0.1</b>	4,095	0.3
Property management services	<b>202,277</b>	<b>15.1</b>	171,137	13.4
Other value-added services	<b>52,927</b>	<b>4.0</b>	51,709	4.1
	<b><u>256,079</u></b>	<b><u>19.2</u></b>	<u>226,941</u>	<u>17.8</u>
Total	<b><u>1,332,942</u></b>	<b><u>100.0</u></b>	<u>1,274,830</u>	<u>100.0</u>

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

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

For the six months ended 30 June 2024, the Group's revenue from market research and positioning, business tenant sourcing and opening preparation services amounted to approximately RMB42.8 million, representing a period-on-period decrease of approximately 11.0% and accounting for approximately 3.2% of the Group's total revenue.

The decrease in the revenue from market research and positioning, business tenant sourcing and opening preparation services was primarily due to the fact that the Group provided market research and positioning, business tenant sourcing and opening preparation services with respect to less retail commercial properties compared to the corresponding period in 2023.

## **Commercial operation and management services**

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

For the six months ended 30 June 2024, the Group's revenue from commercial operation and management services amounted to approximately RMB930.6 million, representing a period-on-period increase of approximately 2.0% and accounting for approximately 69.8% of the Group's total revenue.

The increase in the revenue from commercial operation and management services was primarily driven by the increase in the aggregate GFA in operation and the improvement in operational capability. For the six months ended 30 June 2024, the GFA in operation of the Group's commercial properties was approximately 10.8 million sq.m., representing a period-on-period increase of approximately 1.1%.

## **Commercial property lease income**

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

For the six months ended 30 June 2024, the Group's revenue derived from commercial property lease services amounted to approximately RMB103.5 million, representing a period-on-period increase of approximately 18.9% and accounting for approximately 7.8% of the Group's total revenue.

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

## Residential Property Management Services

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

For the six months ended 30 June 2024, the Group's revenue from residential property management services amounted to approximately RMB256.1 million, representing a period-on-period increase of approximately 12.8% and accounting for approximately 19.2% of the Group's total revenue.

The increase in revenue from residential property management services was primarily attributable to the improvement of service quality and the increase in the number of projects under property management services.

Revenue indicated by type of customers is as follows:

	For the six months ended 30 June			
	2024		2023	
	RMB'000	%	RMB'000	%
Commercial Operational Services				
Fellow subsidiaries <sup>(i)</sup>	117,186	8.8	160,875	12.6
Other related parties <sup>(ii)</sup>	13,827	1.0	9,985	0.8
External customers <sup>(iii)</sup>	945,850	71.0	877,029	68.8
	<b>1,076,863</b>	<b>80.8</b>	<b>1,047,889</b>	<b>82.2</b>
Residential Property Management Services				
Fellow subsidiaries <sup>(i)</sup>	13,360	1.0	26,978	2.1
Other related parties <sup>(ii)</sup>	2,060	0.2	2,421	0.2
External customers <sup>(iii)</sup>	240,659	18.0	197,542	15.5
	<b>256,079</b>	<b>19.2</b>	<b>226,941</b>	<b>17.8</b>
Total	<b>1,332,942</b>	<b>100.0</b>	<b>1,274,830</b>	<b>100.0</b>

Notes:

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

Revenue derived from external customers represents the largest source of the Group's revenue. For the six months ended 30 June 2024, revenue derived from external customers was approximately RMB1,186.5 million, representing an increase of approximately RMB111.9 million from approximately RMB1,074.6 million for the six months ended 30 June 2023, and accounting for approximately 89.0% of the total revenue of the Group.

Revenue indicated by geographic regions is as follows:

	For the six months ended 30 June		2023	
	2024			
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
<b>Commercial Operational Services</b>				
Yangtze River Delta	<b>766,720</b>	<b>57.5</b>	754,161	59.2
Pearl River Delta	<b>16,774</b>	<b>1.3</b>	16,539	1.3
Others	<b>293,369</b>	<b>22.0</b>	277,189	21.7
	<b><u>1,076,863</u></b>	<b><u>80.8</u></b>	<b><u>1,047,889</u></b>	<b><u>82.2</u></b>
<b>Residential Property Management Services</b>				
Yangtze River Delta	<b>174,280</b>	<b>13.1</b>	139,069	10.9
Pearl River Delta	<b>8,373</b>	<b>0.6</b>	8,227	0.6
Others	<b>73,426</b>	<b>5.5</b>	79,645	6.3
	<b><u>256,079</u></b>	<b><u>19.2</u></b>	<b><u>226,941</u></b>	<b><u>17.8</u></b>
<b>Total</b>	<b><u>1,332,942</u></b>	<b><u>100.0</u></b>	<b><u>1,274,830</u></b>	<b><u>100.0</u></b>

For the six months ended 30 June 2024, the Group's commercial operational properties and residential management properties were primarily located in the Yangtze River Delta and the revenue generated from this region had further increased.

### Cost of services

The cost of services primarily include: (i) staff 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 six months ended 30 June 2024, the Group's cost of services was approximately RMB883.6 million, representing a period-on-period increase of approximately 5.6%. Such increase in cost of services was in line with the Group's business expansion.

## Gross profit and gross profit margin

The gross profit of the Group for the six months ended 30 June 2024 amounted to approximately RMB449.4 million, representing a period-on-period increase of approximately 2.5%. For the six months ended 30 June 2023, the gross profit margin was 33.7%, representing a decrease of 0.7 percentage point as compared to 34.4% for the six months ended 30 June 2023.

The gross profit of commercial operational services for the six months ended 30 June 2024 amounted to approximately RMB384.7 million, representing a period-on-period increase of approximately 1.7%. The gross profit margin of the Group's commercial operational services for the six months ended 30 June 2024 was 35.7%, representing a decrease of 0.4 percentage point as compared to 36.1% for the six months ended 30 June 2023, primarily due to the increase in revenue contribution from sublease services with relatively lower gross profit margin.

The gross profit of residential property management services for the six months ended 30 June 2024 amounted to approximately RMB64.7 million, representing a period-on-period increase of approximately 8.0%. The gross profit margin of the Group's residential property management services for the six months ended 30 June 2024 was 25.3%, representing a decrease of 1.1 percentage points as compared to 26.4% for the six months ended 30 June 2023, primarily because of the adjustment of business structure, resulting in the decrease in the proportion of certain businesses which had higher gross profit margin but were affected by the real estate cycle.

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

	For the six months ended 30 June			
	2024		2023	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Commercial operational services	<b>384,683</b>	<b>35.7</b>	378,318	36.1
Residential property management services	<b>64,676</b>	<b>25.3</b>	59,893	26.4
Total	<b>449,359</b>	<b>33.7</b>	438,211	34.4

### **Other income and other losses – net**

Other income and other losses – net mainly represented the various government grants and subsidies income from local governments and the forfeited deposits from tenants due to their premature termination of contracts. For the six months ended 30 June 2024, the Group's other income and other losses – net amounted to approximately RMB16.6 million, representing a period-on-period decrease of approximately 47.0%, which was mainly attributable to the decrease in government grants received during the Reporting Period.

### **Impairment losses on financial assets**

The Group's impairment losses on financial assets mainly include the allowance for impairment made in respect of operating leases and trade receivables and other receivables. For the six months ended 30 June 2024, the Group's impairment losses on financial assets amounted to approximately RMB36.1 million, representing a period-on-period increase of approximately 155.0%. This was mainly because the Group performed impairment tests on the carrying amount of trade receivables and other receivables and made reasonable impairment provisions based on the principle of prudence.

### **Finance (costs)/income – net**

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

For the six months ended 30 June 2024, the Group's net finance costs amounted to approximately RMB8.5 million, as compared to the net finance income of approximately RMB12.8 million for the corresponding period in 2023. This was mainly because of the increase in interest expense from lease liabilities.

### **Income tax expense**

The Group's income tax expense mainly comprises PRC corporate income tax. The effective income tax rate of the Group remained relatively stable at approximately 26.8% and 26.7% for the six months ended 30 June 2024 and 2023, respectively.

### **Profit for the period**

For the six months ended 30 June 2024, the Group's profit attributable to the Shareholders was approximately RMB194.5 million, representing a decrease of approximately 24.3% as compared with approximately RMB257.0 million for the six months ended 30 June 2023.

## **Operating lease and trade receivables**

The Group's operating lease and trade receivables primarily arose from property leasing services for units located within the shopping malls and shopping streets as well as the provision of various services under the Group's commercial operational services segment and residential property management services segment. As at 30 June 2024, the Group's operating lease and trade receivables were approximately RMB534.4 million, representing an increase of approximately 29.6% as compared with approximately RMB412.4 million as of 31 December 2023, primarily attributable to the business growth of the Group.

## **Trade and other payables**

The Group's trade and other payables primarily represent amounts due to suppliers/subcontractors for the purchase of services and goods and amounts due to related parties, cash received on behalf of tenants or residents, deposits received from tenants or residents and others. As at 30 June 2024, the Group's trade and other payables amounted to approximately RMB1,024.5 million, representing a decrease of approximately 6.6% as compared with approximately RMB1,097.4 million as of 31 December 2023. This was primarily attributable to the decrease in trade payables to suppliers.

## **Contract liabilities**

Contract liabilities mainly represent advance payments made by the customers of the Group's commercial operational services and residential property management services. As at 30 June 2024, contract liabilities amounted to approximately RMB328.6 million, representing an increase of approximately 9.2% as compared with approximately RMB301.0 million as of 31 December 2023, which was mainly due to the expansion of the Group's business scale.

## **Contingent liabilities**

As at 30 June 2024 and 31 December 2023, the Group did not have any material contingent liabilities.

## **Liquidity and capital resources**

The Group has maintained stable financial condition and sufficient liquidity. As at 30 June 2024, the Group's cash and bank balances amounted to approximately RMB3,963.2 million, representing an increase of approximately 2.1% as compared with approximately RMB3,881.9 million as of 31 December 2023. This was primarily attributable to the Group's stepped up efforts in collection.

## **HUMAN RESOURCES**

The Group believes that the expertise, experience and professional development of the employees contribute to the growth of the Group. The human resources department of the Company manages, trains and hires employees. As at 30 June 2024, the Group had 5,502 (31 December 2023: 5,798) employees. The Group believes in the importance of attraction, recruitment and retention of quality employees in achieving the Group's success. The Group's success depends on the Group's ability to attract, retain and motivate qualified personnel. As part of the Group's retention strategy, the Group offers employees performance-based cash bonuses and other incentives in addition to basic salaries. The Group also participates in various employee social security plans for its employees, including housing provident fund, pension, medical insurance, social insurance and unemployment insurance. In relation to staff training, the Group also provides different types of programs for its staff to improve their skills and develop their respective expertise. During the six months ended 30 June 2024, the Group did not experience any significant labour disputes or difficulty in recruiting employees.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS**

The Company had not authorized any plan for other material investments or acquisition of capital assets as at 30 June 2024.

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

The Company had no significant investments or significant acquisitions, and had no disposal of subsidiaries, associates and joint ventures during the six months ended 30 June 2024.

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

The Group did not have any other material subsequent events after the Reporting Period.

## **INTERIM DIVIDEND**

At the Board meeting held on 27 August 2024, the Board did not recommend the payment of an interim dividend for the six months ended 30 June 2024 (30 June 2023: HK\$0.15 per ordinary share).

## **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 C3 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) as the code for dealing in securities of the Company by the Directors. Having made specific enquiry by the Company to all the Directors, the Directors confirmed that they were in compliance with the required standard as set out in the Model Code during the Reporting Period. Relevant employees who are likely to be in possession of unpublished inside information of the Group are also subject to compliance with written guidelines on no less exacting terms than the Model Code throughout the Reporting Period.

## **CORPORATE GOVERNANCE**

The Company is committed to the establishment of good corporate governance practices and procedures with a view to enhancing investors’ confidence in the Company and the Company’s accountability. The Company therefore strives to attain and maintain effective corporate governance practices and procedures.

The Company has adopted the code provisions set out in the Corporate Governance Code contained in Appendix C1 to the Listing Rules as in force from time to time as its own code on corporate governance and, to the best knowledge of the Directors, the Company had complied with all applicable code provisions contained in Part 2 of the Corporate Governance Code throughout the Reporting Period.

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

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

## **REVIEW OF INTERIM RESULTS**

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

The Audit Committee has reviewed the unaudited interim condensed consolidated financial information of the Group for the six months ended 30 June 2024 with the Company’s management and considered that such information have been prepared in accordance with applicable accounting standards and requirements with sufficient disclosure. There is no disagreement by the Audit Committee with the accounting treatment adopted by the Company.

## **PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY**

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

The interim report of the Company for the six months ended 30 June 2024 will be made available on the abovementioned websites and (if necessary) despatched to the Shareholders in due course.

## APPRECIATION

The steady growth of the Group is attributable to the enormous support from the relevant parties over the 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 high quality work 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.

## RESIGNATION OF NON-EXECUTIVE DIRECTOR AND CHANGE OF AUTHORIZED REPRESENTATIVE

### Resignation of Non-Executive Director

The Board announces that Mr. Zhang Yunfeng ("**Mr. Zhang**") has resigned as non-executive Director and as the authorized representative of the Company under Rule 3.05 of the Listing Rules (the "**Authorized Representative**") in order to devote more time to his personal commitments with effect from 27 August 2024.

Mr. Zhang has confirmed that he has no disagreement with the Board and there is no matter relating to his resignation that needs to be brought to the attention of the Shareholders and the Stock Exchange.

The Board would like to take this opportunity to express its sincere gratitude to Mr. Zhang for his valuable contributions to the Company during his tenure of office.

### Change of Authorized Representative

Following Mr. Zhang's resignation, Ms. Hoi Wa Lam has been appointed as the Authorized Representative with effect from 27 August 2024.

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

Hong Kong, 27 August 2024

*As at the date of this announcement, the Board comprises of two executive Directors, namely, Mr. Hoi Wa Fong and Mr. Chen Deli, 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](http://www.powerlongcm.com) and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk).*