

# 2024 INTERIM REPORT

寶龍商業管理控股有限公司

POWERLONG COMMERCIAL MANAGEMENT HOLDINGS LIMITED

(Incorporated in the Cayman Islands with Limited Liability)

Stock code: 9909.HK



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# Group Introduction



Powerlong Commercial Management Holdings Limited (9909.HK) (the “**Company**” or “**Powerlong CM**”) and its subsidiaries (together, the “**Group**”) is a leading commercial operational service provider in the People’s Republic of China (“**China**” or the “**PRC**”). The Company was successfully listed (the “**Listing**”) on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 30 December 2019 (the “**Listing Date**”), being the first commercial management operational service provider under an asset-light business model listed on the Stock Exchange. The Group focuses on the Yangtze River Delta region, especially city clusters with vast potentials for economic development. Based on local demand, it is committed to creating good city living.

The Group mainly provides commercial operational services 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). As at 30 June 2024, the Group had 97 retail commercial properties in operation, with an aggregate gross floor area (“**GFA**”) <sup>note</sup> in operation of approximately 10.8 million square meters (“**sq.m.**”). As at the same date, the Group was contracted to provide commercial operational services for a total of 138 retail commercial properties with an aggregate contracted GFA of approximately 14.9 million sq.m..

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

With the corporate 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.

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

# Corporate Information

## DIRECTORS

### Executive Directors

Mr. Hoi Wa Fong (Chairman of the Board)  
Mr. Chen Deli (Chief executive officer)

### Non-executive Directors

Mr. Zhang Yunfeng (resigned with effect from 27 August 2024)  
Ms. Hoi Wa Fan  
Ms. Hoi Wa Lam

### Independent non-executive Directors

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

## AUDIT COMMITTEE

Ms. Ng Yi Kum, Estella (Chairlady)  
Mr. Chan Wai Yan, Ronald  
Dr. Lu Xiongwen

## REMUNERATION COMMITTEE

Dr. Lu Xiongwen (Chairman)  
Mr. Hoi Wa Fong  
Mr. Chan Wai Yan, Ronald

## NOMINATION COMMITTEE

Mr. Hoi Wa Fong (Chairman)  
Mr. Chan Wai Yan, Ronald  
Dr. Lu Xiongwen

## COMPANY SECRETARIES

Ms. Zhang Yiting  
Ms. Leung Wai Yan

## AUTHORIZED REPRESENTATIVES

Mr. Zhang Yunfeng (resigned with effect from 27 August 2024)  
Ms. Hoi Wa Lam (appointed with effect from 27 August 2024)  
Ms. Leung Wai Yan

## REGISTERED OFFICE

Maples Corporate Services Limited  
P.O. Box 309  
Ugland House  
Grand Cayman KY1-1104  
Cayman Islands

## PLACE OF BUSINESS IN HONG KONG

19/F, Lee Garden One  
33 Hysan Avenue  
Causeway Bay  
Hong Kong

## PRINCIPAL PLACE OF BUSINESS IN THE PRC

Powerlong Tower  
1399 Xinzhen Road  
Minhang District  
Shanghai  
PRC  
Postal Code: 201101

## PRINCIPAL SHARE REGISTRAR

Maples Fund Services (Cayman) Limited  
P.O. Box 1093  
Boundary Hall  
Cricket Square  
Grand Cayman KY1-1102  
Cayman Islands

## HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited  
Shops 1712–1716, 17th Floor  
Hopewell Centre  
183 Queen's Road East  
Wanchai  
Hong Kong

## PRINCIPAL BANKERS

Industrial and Commercial Bank of China Limited  
Bank of Communications Co., Ltd.  
Agricultural Bank of China Limited  
Bank of China Limited

## HONG KONG LEGAL ADVISOR

Sidley Austin

## COMPANY'S WEBSITE

[www.powerlongcm.com](http://www.powerlongcm.com)

# 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.

## Management Discussion and Analysis

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

	Six months ended 30 June			
	2024		2023	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	%	RMB'000	%
Commercial operational services	384,683	35.7	378,318	36.1
Residential property management services	64,676	25.3	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
	sq.m.	sq.m.	RMB (in thousands)	sq.m.	sq.m.	RMB
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.

## Management Discussion and Analysis

### 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>

## Management Discussion and Analysis

### New Contracted Projects

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

No.	Name of project	City	Geographic region	Manager	Management model	Expected total GFA (sq. m.)
<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	Liping 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 at 30 June
	30 June 2024	31 December 2023	2024
	%	%	(in thousand sq. m.)
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 at 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.



## Management Discussion and Analysis

### 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 (嵊州寶龍廣場)	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.

## Management Discussion and Analysis

### 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>(in thousands)</i>	<i>sq.m.</i>	<i>sq.m.</i>	<i>RMB</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.

## Management Discussion and Analysis

### 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.

## Management Discussion and Analysis

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

#### 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.

## Management Discussion and Analysis

### 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.

## Management Discussion and Analysis

Revenue indicated by type of customers is as follows:

	For the six months ended 30 June			
	2024		2023	
	RMB'000	%	RMB'000	%
<b>Commercial Operational Services</b>				
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>	1,047,889	82.2
<b>Residential Property Management Services</b>				
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>	226,941	17.8
<b>Total</b>	<b>1,332,942</b>	<b>100.0</b>	1,274,830	100.0

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.

## Management Discussion and Analysis

Revenue indicated by geographic regions is as follows:

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

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.

## Management Discussion and Analysis

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
	RMB'000	%	RMB'000	%
Commercial operational services	384,683	35.7	378,318	36.1
Residential property management services	64,676	25.3	59,893	26.4
<b>Total</b>	<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 six months ended 30 June 2024.

### 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.



## Management Discussion and Analysis

### 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 at 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 at 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 at 31 December 2023, which was mainly due to the expansion of the Group's business scale.

### Pledge of assets

As at 30 June 2024, none of the Group's assets were pledged (31 December 2023: nil).

### Contingent liabilities

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

### Gearing ratio

Gearing ratio is calculated based on total liabilities divided by total assets. As at 30 June 2024, gearing ratio of the Group was 0.46 (31 December 2023: 0.46).

### Foreign exchange risk

The Group's businesses are principally conducted in RMB and exposure to foreign currency risk is minimal. As at 30 June 2024, the Group had not entered into any forward exchange contract to hedge its exposure to foreign exchange risk.

As at 30 June 2024, major non-RMB assets and liabilities of the Group were cash and bank balances denominated in United States dollars ("US\$") and Hong Kong dollars ("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.

### 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 at 31 December 2023. This was primarily attributable to the Group's stepped up efforts in collection.

### Borrowing

As at 30 June 2024, the Group did not have any interest-bearing borrowing (31 December 2023: nil).

## Management Discussion and Analysis

### 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 total staff costs of the Group for the six months ended 30 June 2024 amounted to approximately RMB427.5 million (six months ended 30 June 2023: RMB423.8 million). 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.

## Other Information

### DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

As at 30 June 2024, the interests and short positions of our Directors or chief executives of our Company in the shares, underlying shares and debentures of our Company or its associated corporation (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as contained in Appendix C3 to the Rules Governing the Listing of Securities (the "Listing Rules") were as follows:

#### (i) Long position in shares and underlying shares of the Company

Name of Director	Number of ordinary shares				Total	Approximate percentage of holding <sup>(1)</sup>
	Personal interests	Beneficiary of a trust	Interest of a controlled corporation	Other interests		
Mr. Hoi Wa Fong	–	–	23,572,000 <sup>(2)</sup>	1,500,000 <sup>(3)</sup>	25,072,000	3.90%
Mr. Chen Deli	11,250,000 <sup>(4)</sup>	5,625,000 <sup>(4)</sup>	5,807,500 <sup>(5)</sup>	–	22,682,500	3.53%
Mr. Zhang Yunfeng	640,000 <sup>(6)</sup>	–	–	–	640,000	0.10%

Notes:

- (1) The calculation of the percentages is based on the total number of issued shares of the Company (i.e. 642,900,000 shares) as at 30 June 2024.
- (2) Huihong Management (PTC) Limited ("Huihong Management"), the trustee of the Huihong Trust, is wholly-owned by Mr. Hoi Wa Fong for the purpose of a share award scheme (the "Huihong Share Award Scheme") to be adopted at least six months after the Listing. The Huihong Share Award Scheme was adopted by Huihong Management on 31 December 2020. Further details are set out in the announcement of the Company dated 31 December 2020. By virtue of the SFO, Mr. Hoi Wa Fong is deemed to be interested in the shares held by Huihong Management.
- (3) These shares are held by Sky Infinity Holdings Limited, which is wholly-owned by Sky Infinity Family Limited, which is in turn 100% owned by TMF (Cayman) Ltd. in its capacity as the trustee of the Sky Infinity Trust, a discretionary trust of which Mr. Hoi Wa Fong is the settlor. Pursuant to the SFO, Mr. Hoi Wa Fong is deemed to be interested in the shares held under the Sky Infinity Trust.
- (4) These shares include: (i) 11,250,000 shares allotted and issued to Mr. Chen Deli by the Company pursuant to the subscription agreement dated 10 September 2020 entered into between the Company and Mr. Chen Deli, which shares are held by Mr. Chen Deli in personal capacity as at 30 June 2024; (ii) 11,250,000 shares awarded to Mr. Chen Deli by the Company pursuant to the share award scheme adopted by the Company on 10 September 2020, 5,625,000 shares of which were vested in Mr. Chen Deli on 1 June 2023, while the remaining 5,625,000 shares were not yet vested as at 30 June 2024 and continued to be held by Tricor Trust (Hong Kong) Limited in the capacity of trustee under the share award scheme. Details of (i) and (ii) are set out in the announcement of the Company dated 10 September 2020 and the circular of the Company dated 6 November 2020.
- (5) These shares are held by Soar Eagle Enterprises Limited (鷹翔企業有限公司), which is wholly and beneficially held by Mr. Chen Deli.
- (6) These shares include the awarded shares granted to Mr. Zhang Yunfeng under the Huihong Share Award Scheme on 22 September 2022 and 2 January 2024.

## Other Information

### (ii) Long position in shares of associated corporations

Name of Director	Name of associated corporation	Personal interests	Number of ordinary shares			Total	Approximate percentage of holding <sup>(1)</sup>
			Interests of spouse	Interests of a controlled corporation	Other interests		
Mr. Hoi Wa Fong	Powerlong Holdings	8,988,000	503,400 <sup>(2)</sup>	–	597,568,000 <sup>(3)</sup>	607,059,400	14.66%
Ms. Hoi Wa Fan	Powerlong Holdings	61,470,000	–	226,623,000 <sup>(4)</sup>	–	288,093,000	6.96%

Notes:

- (1) The calculation of the percentages is based on the total number of issued shares of Powerlong Holdings (i.e. 4,140,403,000 shares) as at 30 June 2024.
- (2) These shares are held by Ms. Shih Sze Ni Cecilia, the spouse of Mr. Hoi Wa Fong.
- (3) These shares are held by Sky Infinity Holdings Limited, which is wholly-owned by Sky Infinity Family Limited, which is in turn 100% owned by TMF (Cayman) Ltd. in its capacity as the trustee of the Sky Infinity Trust, a discretionary trust of which Mr. Hoi Wa Fong is the settlor. Pursuant to the SFO, Mr. Hoi Wa Fong is deemed to be interested in the shares held under the Sky Infinity Trust.
- (4) These shares are held by Walong Holdings Limited and Mantong (HK) Trading Co., Ltd, which are wholly and beneficially owned by Ms. Hoi Wa Fan.

Save as disclosed above, as at 30 June 2024, none of the Directors or the chief executives of the Company had, or were deemed to have, any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (a) were recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (b) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

## Other Information

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2024, so far as the Directors are aware, the following persons (other than the Directors or chief executives of the Company) and companies had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

#### (i) Long position in shares of the Company

Name of Shareholder	Capacity/Nature of interest	Number of ordinary shares	Approximate percentage of holding <sup>(1)</sup>
Mr. Hoi Kin Hong <sup>(2)</sup>	Interest in a controlled corporation	405,000,000	63.00%
Powerlong Real Estate (BVI) Holdings Limited ("Powerlong BVI Holding") <sup>(2)</sup>	Beneficial owner	405,000,000	63.00%
Powerlong Holdings <sup>(2)</sup>	Interest in a controlled corporation	405,000,000	63.00%
Skylong Holdings Limited <sup>(2)</sup>	Interest in a controlled corporation	405,000,000	63.00%
Ms. Wong Lai Chan <sup>(3)</sup>	Interest of spouse	405,000,000	63.00%
Huihong Management <sup>(4)</sup>	Trustee	23,572,000	3.67%
Ms. Shih Sze Ni Cecilia <sup>(5)</sup>	Interest of spouse	25,072,000	3.90%

#### Notes:

- The calculation of the percentages is based on the total number of 642,900,000 Shares in issue as at 30 June 2024.
- Powerlong BVI Holding is wholly-owned by Powerlong Holdings, which is in turn owned as to approximately 43.61% by Skylong Holdings Limited, a company wholly-owned by Mr. Hoi Kin Hong. By virtue of the SFO, each of Powerlong Holdings, Skylong Holdings Limited and Mr. Hoi Kin Hong is deemed to be interested in the same number of shares in which Powerlong BVI Holding is interested in. Mr. Hoi Kin Hong and Ms. Wong Lai Chan also hold approximately 0.69% and 0.07% of direct interest in Powerlong Holdings, respectively. Mr. Hoi Wa Fong is the son of Mr. Hoi Kin Hong and Ms. Wong Lai Chan.
- Ms. Wong Lai Chan is the spouse of Mr. Hoi Kin Hong. By virtue of the SFO, Ms. Wong Lai Chan is deemed to be interested in the shares held by Mr. Hoi Kin Hong.
- Huihong Management, the trustee of the Huihong Trust, is wholly-owned by Mr. Hoi Wa Fong for the purpose of the Huihong Share Award Scheme which was adopted on 31 December 2020. Further details are set out in the announcement of the Company dated 31 December 2020. By virtue of the SFO, Mr. Hoi Wa Fong is deemed to be interested in the shares held by Huihong Management.
- Ms. Shih Sze Ni Cecilia is the spouse of Mr. Hoi Wa Fong. By virtue of the SFO, Ms. Shih Sze Ni Cecilia is deemed to be interested in the shares held by Mr. Hoi Wa Fong.

## Other Information

### 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).

### SHARE AWARD SCHEME

On 10 September 2020, the Board has resolved to adopt a share award scheme (the “**Share Award Scheme**”). A summary of the major terms is set out below:

#### Purposes and Objectives

1. to recognise and motivate the contributions by certain eligible participants and to give incentives thereto in order to retain them for the continual operation and development of the Group;
2. to attract suitable personnel for further development of the Group; and
3. to provide certain eligible participants with a direct economic interest in attaining a long-term relationship between the Group and certain eligible participants.

#### Eligible Participants

The eligible participants of the Share Award Scheme (the “**Eligible Participants**”) include the following classes of persons:

- (a) any employee of the Group;
- (b) any non-executive directors (including independent non-executive directors) of the Company, any subsidiary or any entity in which any member of the Group holds any equity interest;
- (c) any adviser (professional or otherwise), consultant to or expert in any area of business or business development of any member of the Group or any entity in which any member of the Group holds any equity interest; and
- (d) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group.

#### Administration

The Share Award Scheme shall be subject to the administration of the Board. In the event that a selected participant or his/her associate is a member of the Board, such person will abstain from voting on any approval by the Board of an award of Shares to such selected participant. The Board may, by passing resolutions, appoint any one or more senior management of the Company as authorised representative(s) to give instructions or notices to Tricor Trust (Hong Kong) Limited (the “**Trustee**”) on all matters in connection with the Scheme and other matters in the routine administration of the trust constituted by the trust deed which establishes the Share Award Scheme (the “**Trust Deed**”).

The Trustee will hold the Shares and the income derived therefrom in accordance with the rules of the Share Award Scheme (the “**Scheme Rules**”) and subject to the terms of the Trust Deed.

#### Duration

Subject to any early termination as may be determined by the Board pursuant to the Scheme Rules, the Share Award Scheme shall be valid and effective for a term of 10 years commencing on 10 September 2020. The Share Award Scheme has a remaining term of approximately 6 years as at the date of this report.

## Other Information

### Maximum Limit

The Board shall not make any further grant of award of Shares under the Share Award Scheme such that the total number of Shares granted under the Share Award Scheme will exceed 5% of the total number of issued Shares as at 10 September 2020 (being 31,075,000 shares).

The Board shall not instruct the Trustee to subscribe for and/or purchase any Shares for the purpose of the Share Award Scheme when such subscription and/or purchase will exceed 5% of the total number of issued Shares as at 10 September 2020.

There is no maximum entitlement to each awardee.

### Operation

Pursuant to the terms of the Share Award Scheme, the Board may, from time to time, at its absolute discretion select any Eligible Participant(s) for participation in the Share Award Scheme as a selected participant and determine the number of Shares to be awarded. The Trustee shall purchase from the open market or subscribe for the relevant number of Shares awarded and shall hold such Shares until they are vested in accordance with the terms of the Share Award Scheme.

### Share Awards to Directors and/or Connected Persons

Shares may be awarded to Eligible Participants, including the directors of the Company and/or its subsidiaries and/or connected persons of the Company. If Shares are awarded to any director of the Company and/or its subsidiaries and/or connected persons of the Company, such award may constitute connected transactions under Chapter 14A of the Listing Rules and the Company shall comply with the relevant requirements under the Listing Rules where appropriate.

### Movement of Share Awards

On 24 November 2020, as the grant date, the Company resolved to award (the "Award") an aggregate of 11,250,000 awarded shares ("Awarded Shares") to Mr. Chen Deli. Such Awarded Shares have been issued to a trustee which shall hold on trust for Mr. Chen Deli pursuant to the terms of the Trust Deed. These Awarded Shares shall then be transferred to Mr. Chen Deli after the relevant vesting conditions are fulfilled. As at 30 June 2024, 50% of the Awarded Shares had been vested in Mr. Chen Deli. The remaining 50% will be transferred to Mr. Chen Deli after the relevant vesting conditions are fulfilled.

Further details of the Share Award Scheme and the Award are set out in the announcement of the Company dated 10 September 2020 and the circular of the Company dated 6 November 2020.

The table below sets forth the movement of the outstanding Award under the Share Award Scheme during the Reporting Period:

Category of participants	Date of award	Unvested awarded Shares as at 1 January 2024	Awarded during the Reporting Period	Vested during the Reporting Period	Lapsed during the Reporting period	Unvested awarded shares as at 30 June 2024	Vesting date
Director Mr. Chen Deli	10 September 2020 (Note 1)	5,625,000	–	–	–	5,625,000	1 June 2025 (Notes 2 and 3)
<b>Total</b>		<b>5,625,000</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>5,625,000</b>	

## Other Information

### Notes

1. The grant of the Award was approved by the Board on 10 September 2020 and the shareholders of the Company on 24 November 2020. The closing price of the Shares as at 10 September 2020 and 24 November 2020 as quoted on the Stock Exchange was HK\$24.30 and HK\$20.15 per Share, respectively.
2. The Award is subject to certain vesting conditions, including but not limited to the (a) satisfaction of corporate culture value, including honesty and effective communication and understanding of the corporate mission as well as dedication to the Company's development (whether business-related and/or people-oriented), on the part of Mr. Chen; (b) Mr. Chen has not been degraded from his existing title within the Group on the relevant vesting date(s); and (c) satisfaction of the financial performance target of the Group.
3. Subject to the satisfaction of the vesting conditions, the 5,625,000 Awarded Shares shall be transferred by the trustee of the Share Award Scheme to Mr. Chen Deli (or such other entities as designated and wholly-owned by Mr. Chen) at no consideration upon vesting of such Awarded Shares on 1 June 2025.

As at 30 June 2024, shares issued and outstanding under the Share Award Scheme totaled 11,250,000 shares. Save as disclosed above, for the six months ended 30 June 2024, no awarded shares had been awarded, vested, cancelled or lapsed.

As at 1 January 2024 and 30 June 2024, the number of Shares available for future grants under the Share Award Scheme was 19,825,000, representing approximately 3.1% of the Company's issued share capital as at such dates. There is no service provider sublimit under the Share Award Scheme.

### COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

The Company has adopted the principles and code provisions of Part 2 of the Corporate Governance Code (the "**CG Code**") set out in Appendix C1 to the Listing Rules as the basis of the Company's corporate governance practices, and the CG Code has been applicable to the Company with effect from the Listing Date.

The Directors are of the view that the Company had complied with all applicable code provisions set out in Part 2 of the CG Code throughout the six months ended 30 June 2024 (the "**Reporting Period**").

### COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix C3 to 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.

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

Neither the Company nor any member of the Group purchased, sold or redeemed any of the Company's shares (including sale of treasury shares) during the Reporting Period. As at 30 June 2024, the Company did not hold any treasury shares.



## Other Information

### USE OF NET PROCEEDS

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

The Company was listed on the main board of the Stock Exchange on 30 December 2019. The net proceeds from the Listing was approximately HK\$1,380.5 million (equivalent to approximately RMB1,236.9 million). On 22 January 2020, the Company exercised the over-allotment option and issued 22,500,000 shares at a price of HK\$9.5 per share. Discounting the transaction costs attributable to the exercise of the over-allotment option, net proceeds from the over-allotment amounted to approximately HK\$208.0 million (equivalent to approximately RMB184.6 million). The Company intends to apply the proceeds from the over-allotment in proportion to the use of proceeds stated in the prospectus of the Company dated 16 December 2019 (the “**Prospectus**”). The net proceeds from the initial public offering and the over allotment amounted to approximately HK\$1,588.5 million (the “**Net IPO Proceeds**”).

As set out in the Prospectus, the Company intended to use such proceeds for the purposes as follows: (i) approximately 50% of the 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 proceeds will be used to upgrade its 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 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 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 proceeds will be used for general business purpose and as working capital of the Group.

On 30 June 2023, the Company revised the use of unutilised proceeds from the initial public offering and over-allotment of shares. For details, please refer to the Company’s announcement dated 30 June 2023.

## Other Information

The following table sets forth the status of use of the net proceeds from the initial public offering of the Company as of 30 June 2024 together with the expected timeline of use:

	Intended use of the Net IPO Proceeds as stated in the Prospectus	Intended use of the Net IPO Proceeds subsequent to re-allocation	Actual use of the Net IPO Proceeds during the six months ended 30 June 2024	Actual use of the Net IPO Proceeds as at 30 June 2024	Unutilised Net IPO Proceeds as at 30 June 2024	Expected timetable
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	
(i) Pursue strategic acquisition of and investment in other commercial operational service providers	794.3	238.3	–	36.3	202.0	On or before 31 December 2026
(ii) Upgrade the information technology systems	397.1	238.3	10.7	79.3	159.0	On or before 31 December 2026
(iii) Make equity investment in certain tenants and suppliers	158.8	158.8	–	73.4	85.4	On or before 31 December 2026
(iv) Renovation of retail commercial properties developed or owned by independent third parties	79.5	79.5	1.6	32.7	46.8	On or before 31 December 2026
(v) General business purpose and working capital	158.8	158.8	–	158.8	–	–
(vi) Rental expenses for properties under sub-lease services model	–	714.8	24.3	33.9	680.9	On or before 31 December 2026
<b>Total</b>	<b>1,588.5</b>	<b>1,588.5</b>	<b>36.6</b>	<b>414.4</b>	<b>1,174.1</b>	

The remaining amount of unused proceeds is planned to be utilised by 31 December 2026 as revised. The Board will re-assess and revise the timeline of the planned usage of the Net IPO Proceeds where necessary.

As at 30 June 2024, the remaining Net IPO Proceeds that had not yet been utilised were deposited into licensed banks in Hong Kong and mainland China.

## Other Information

### (ii) Use of Net Proceeds from Subscription

On 30 June 2023, the Company revised the use of unutilised proceeds of approximately HK\$273.4 million (the “**Subscription Proceeds**”) from the subscription of 11,250,000 new shares of the Company 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. For details on the revision of use of unutilised Subscription Proceeds, please refer to the Company’s announcement dated 30 June 2023.

The following table sets forth the status of use of Subscription Proceeds of the Company as at 30 June 2024 together with the expected timeline of use:

	Original allocation of the Subscription Proceeds	Planned use of the Subscription Proceeds after re-allocation	Actual use of the Subscription Proceeds during the six months ended 30 June 2024	Actual use of the Subscription Proceeds as at 30 June 2024	Unutilised Subscription Proceeds as at 30 June 2024	Expected timetable
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	
(i) Personnel expansion: attract and recruit additional management personnel to the Group’s projects and headquarters	82.0	82.0	–	82.0	–	–
(ii) Property leasing business: develop three leasing projects, namely Shaoxing Kejiao 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	109.4	9.6	31.7	77.7	On or before 31 December 2026
(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	–	–	–	–	–
(iv) Upgrade the information technology systems	–	82.0	–	–	82.0	On or before 31 December 2026
<b>Total</b>	<b>273.4</b>	<b>273.4</b>	<b>9.6</b>	<b>113.7</b>	<b>159.7</b>	

As at 30 June 2024, the unutilised Subscription Proceeds were deposited into licensed banks in Hong Kong and mainland China.

## Other Information

### CHANGES IN THE BOARD AND THE DIRECTORS' INFORMATION

Changes in the Board and the Directors' biographical information since the publication of the annual report 2023 of the Company and as at the date of approval of this report are set out below:

#### Resignation of Non-Executive Director

On 27 August 2024, Mr. Zhang Yunfeng has resigned as non-executive Director in order to devote more time to his personal commitments. For further details, please refer to the Company's announcement dated 27 August 2024.

#### Change of Directors' Information

- On 27 May 2024, Ms. Ng Yi Kum, Estella, an independent non-executive Director, resigned as an executive director, the deputy chairman, the chief strategy officer, the chief financial officer and the company secretary of Tse Sui Luen Jewellery (International) Limited (stock code: 0417.HK), a jewellery company whose shares are listed on the Main Board of the Stock Exchange.
- On 11 July 2024, Dr. Lu Xiongwen, an independent non-executive Director, resigned as an independent non-executive director of Morgan Stanley Securities (China) Co., Ltd. (摩根士丹利證券(中國)有限公司) (originally named as Morgan Stanley Huaxin Securities Co., Ltd. (摩根士丹利華鑫證券有限責任公司)), a joint venture company established by Morgan Stanley and Huaxin Securities and principally engaged in stocks underwriting and sponsoring, bonds issuance and proprietary trading.

Save as disclosed above, there was no change in the Board and any information of each Director that is required to be disclosed under Rules 13.51(2) and 13.51B(1) of the Listing Rules since the publication of the annual report 2023 of the Company.

### CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

The Company did not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules during the six months ended 30 June 2024.

### AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG Code. The primary duties of the audit committee include, but not limited to (i) review and supervise the financial reporting process and internal control system of the Group, risk management and internal audit; (ii) provide advice and comments to the Board; and (iii) perform other duties and responsibilities as may be assigned by the Board.

The audit committee of the Company (the "Audit Committee") consists of three independent non-executive Directors, namely Ms. Ng Yi Kum, Estella, Mr. Chan Wai Yan, Ronald and Dr. Lu Xiongwen. Ms. Ng Yi Kum, Estella is the chairlady of the Audit Committee. Among them, Ms. Ng Yi Kum, Estella has the appropriate professional qualifications as required under Rule 3.10(2) of the Listing Rules.

The Audit Committee has reviewed the interim report for the six months ended 30 June 2024 in conjunction with the Company's management. The Audit Committee has no disagreement with the accounting treatment adopted by the Company.

### OTHER BOARD COMMITTEES

In addition to the Audit Committee, the Company has also established a nomination committee and a remuneration committee.

### IMPORTANT EVENTS AFTER THE REPORTING DATE

Elite Partners CPA Limited has resigned as the auditor of the Company with effect from 3 September 2024. Please refer to the Company's announcement dated 3 September 2024 for details. Further announcement in relation to the appointment of the Company's new auditor will be made by the Company as and when appropriate.

Save as disclosed above, the Group did not have any material events subsequent to the Reporting Period up to the publication date of this report.

On behalf of the Board

**HOI Wa Fong**

*Chairman*

Hong Kong, 27 August 2024

# Interim Condensed Consolidated Statement of Comprehensive Income

	Note	Six months ended 30 June	
		2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
<b>Revenue</b>	6	<b>1,332,942</b>	1,274,830
Cost of services	7	<b>(883,583)</b>	(836,619)
<b>Gross profit</b>		<b>449,359</b>	438,211
Selling and marketing expenses	7	<b>(53,757)</b>	(30,638)
Administrative expenses	7	<b>(96,149)</b>	(87,621)
Other income and other losses – net	9	<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	10	<b>(35,413)</b>	(18,028)
Finance income	10	<b>26,941</b>	30,792
Finance (costs)/income – net	10	<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	11	<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	12	<b>30.63</b>	40.63
– Diluted earnings per share	12	<b>30.63</b>	40.63

The above interim condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

# Interim Condensed Consolidated Balance Sheet

	Note	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property and equipment	13	48,322	45,753
Financial assets at fair value through profit or loss		10,473	9,890
Investment properties	14	1,022,068	749,749
Intangible assets		5,660	6,752
Goodwill	15	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
		<b>1,265,350</b>	980,199
<b>Current assets</b>			
Inventories		9,145	9,602
Operating lease and trade receivables	16	534,445	412,357
Prepayments and other receivables	17	330,882	328,939
Current income tax recoverables		134	161
Cash and bank balances	18	3,963,243	3,881,880
		<b>4,837,849</b>	4,632,939
<b>Total assets</b>		<b>6,103,199</b>	5,613,138
<b>Equity</b>			
Share capital and share premium	19	992,379	967,206
Other reserves	20	106,741	120,223
Shares held for shares award scheme	19	(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

## Interim Condensed Consolidated Balance Sheet

	Note	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred income tax liabilities		1,125	1,235
Lease liabilities	22	1,210,361	931,103
		<b>1,211,486</b>	932,338
<b>Current liabilities</b>			
Trade and other payables	23	1,024,479	1,097,366
Advances from lessees		35,390	22,087
Current income tax liabilities		139,664	138,223
Lease liabilities	22	94,335	64,550
Contract liabilities	6(b)	328,613	301,035
		<b>1,622,481</b>	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

The above interim condensed consolidated balance sheet should be read in conjunction with the accompanying notes.

The interim financial information on pages 28 to 58 were approved by the board of directors of the Company on 27 August 2024 and were signed on its behalf.

**Hoi Wa Fong**  
Director

**Chen Deli**  
Director

# Interim Condensed Consolidated Statement of Changes in Equity

	Note	Attributable to owners of the Company						Non-controlling interests RMB'000	Total equity RMB'000	
		Share capital RMB'000 (Note 19)	Share premium RMB'000 (Note 19)	Shares held		Other reserves RMB'000 (Note 20)	Retained earnings RMB'000			Subtotal RMB'000
				for shares award scheme RMB'000 (Note 19)						
<b>Six months ended 30 June 2024</b>										
<b>(Unaudited)</b>										
<b>Balance as at 1 January 2024</b>		<b>5,747</b>	<b>961,459</b>	<b>(44)</b>	<b>120,223</b>	<b>1,965,883</b>	<b>3,053,268</b>	<b>4,271</b>	<b>3,057,539</b>	
<b>Comprehensive income</b>										
Profit for the period		–	–	–	–	194,505	194,505	5,497	200,002	
<b>Total comprehensive income</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>194,505</b>	<b>194,505</b>	<b>5,497</b>	<b>200,002</b>	
<b>Transactions with owners</b>										
– Shares Award Scheme – value of employee service	20	–	–	–	11,691	–	11,691	–	11,691	
– Vesting of awarded shares		–	25,173	–	(25,173)	–	–	–	–	
<b>Total transactions with owners</b>		<b>–</b>	<b>25,173</b>	<b>–</b>	<b>(13,482)</b>	<b>–</b>	<b>11,691</b>	<b>–</b>	<b>11,691</b>	
<b>Balance at 30 June 2024</b>		<b>5,747</b>	<b>986,632</b>	<b>(44)</b>	<b>106,741</b>	<b>2,160,388</b>	<b>3,259,464</b>	<b>9,768</b>	<b>3,269,232</b>	
<b>(Unaudited)</b>										
<b>Six months ended 30 June 2023</b>										
<b>(Unaudited)</b>										
<b>Balance as at 1 January 2023</b>		<b>5,747</b>	<b>1,038,193</b>	<b>(95)</b>	<b>171,326</b>	<b>1,512,931</b>	<b>2,728,102</b>	<b>8,027</b>	<b>2,736,129</b>	
<b>Comprehensive income</b>										
Profit for the period		–	–	–	–	256,978	256,978	(719)	256,259	
<b>Total comprehensive income</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>256,978</b>	<b>256,978</b>	<b>(719)</b>	<b>256,259</b>	
<b>Transactions with owners</b>										
– Dividends	19	–	(87,924)	–	–	–	(87,924)	(3,198)	(91,122)	
– Shares Award Scheme – value of employee service	20	–	–	–	31,042	–	31,042	–	31,042	
– Vesting of awarded shares		–	96,172	51	(96,223)	–	–	–	–	
<b>Total transactions with owners</b>		<b>–</b>	<b>8,248</b>	<b>51</b>	<b>(65,181)</b>	<b>–</b>	<b>(56,882)</b>	<b>(3,198)</b>	<b>(60,080)</b>	
<b>Balance at 30 June 2023</b>		<b>5,747</b>	<b>1,046,441</b>	<b>(44)</b>	<b>106,145</b>	<b>1,769,909</b>	<b>2,928,198</b>	<b>4,110</b>	<b>2,932,308</b>	
<b>(Unaudited)</b>										

The above interim condensed consolidated statement of change in equity should be read in conjunction with the accompanying notes.



## Interim Condensed Consolidated Statement of Cash Flows

	Six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
<b>Cash flows of operating activities</b>		
Cash generated from operations	233,709	200,369
PRC corporate income tax paid	(88,265)	(125,696)
<b>Net cash generated from operating activities</b>	<b>145,444</b>	<b>74,673</b>
<b>Cash flows of investing activities</b>		
Purchases of property and equipment	(8,479)	(2,795)
Net proceeds from disposals of property and equipment	228	2,338
Interest received	–	30,792
Purchases of intangible assets	(166)	(19)
Investment in an associate	6,834	–
Deposit (paid)/refund for the exclusive sales agency rights	(6,408)	6,393
<b>Net cash (used in)/generated from investing activities</b>	<b>(7,991)</b>	<b>36,709</b>
<b>Cash flows of financing activities</b>		
Payments of principal and interest elements of lease	(51,599)	(35,484)
<b>Net cash used in financing activities</b>	<b>(51,599)</b>	<b>(35,484)</b>
Net increase in cash and cash equivalents	85,854	75,898
Cash and cash equivalents at beginning of the period	3,866,722	3,450,788
Foreign exchanges on cash and cash equivalents	187	(856)
<b>Cash and cash equivalents at end of the period</b>	<b>3,952,763</b>	<b>3,525,830</b>
	18	

The above interim condensed consolidated statement of cash flow should be read in conjunction with the accompanying notes.

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

The Company and its subsidiaries (the “**Group**”) are primarily engaged in the provision of commercial operational services and residential property management services 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**”) 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 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 of directors (the “**Board**”) of the Company 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 “ <b>2020 Amendments</b> ”) |
| • Amendments to HKAS 1             | Non-current Liabilities with Covenants (the “ <b>2022 Amendments</b> ”)                  |
| • 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.

## Notes to the Interim Financial Information

### 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

#### (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:

		Effective for annual periods beginning on or after
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 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

The interim financial information does not include all financial risk management information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2023.

There have been no changes in the risk management department or in any risk management policies since 31 December 2023.

### 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements for the year ended 31 December 2023.

## Notes to the Interim Financial Information

### 5 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 (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.

## Notes to the Interim Financial Information

**5 SEGMENT INFORMATION (CONTINUED)**

- (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)**

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

## Notes to the Interim Financial Information

**5 SEGMENT INFORMATION (CONTINUED)**

(a) (continued)

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

	Commercial operational services RMB'000	Residential property management services RMB'000	Group RMB'000
Gross segment revenue	1,047,889	226,941	1,274,830
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			(232)
Profit before income tax			349,701
Income tax expenses			(93,442)
Profit for the period			256,259
Depreciation and amortisation	40,904	1,450	42,354

## Notes to the Interim Financial Information

**5 SEGMENT INFORMATION (CONTINUED)**

(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)**

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

**As at 31 December 2023 (Audited)**

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

## Notes to the Interim Financial Information

**5 SEGMENT INFORMATION (CONTINUED)**

Segment assets are reconciled to total assets as follows:

	<b>30 June 2024</b> <b>(Unaudited)</b> <b>RMB'000</b>	31 December 2023 <b>(Audited)</b> <b>RMB'000</b>
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
<b>Total assets</b>	<b>6,103,199</b>	5,613,138

Segment liabilities are reconciled to total liabilities as follows:

	<b>30 June 2024</b> <b>(Unaudited)</b> <b>RMB'000</b>	31 December 2023 <b>(Audited)</b> <b>RMB'000</b>
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
<b>Total liabilities</b>	<b>2,833,967</b>	2,555,599

The amounts provided to the CODM with respect to total assets and liabilities are measured in a manner consistent with that of the consolidated financial statements. These assets and liabilities are allocated based on the operations of the segment.

Segment assets consist primarily of property and equipment, investment properties, intangible assets, receivables from commercial and residential property management services and cash and bank balances other than current income tax 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 (Note 13), investment properties (Note 14) and intangible assets.



## Notes to the Interim Financial Information

## 6 REVENUE

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

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

- (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).

## Notes to the Interim Financial Information

**6 REVENUE (CONTINUED)****(b) Liabilities related to contracts with customers**

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

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.

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

**(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.

## Notes to the Interim Financial Information

## 7 EXPENSES BY NATURE

	Six months ended 30 June	
	2024	2023
	(Unaudited) RMB'000	(Unaudited) RMB'000
Employee and other labour costs	603,459	612,916
Utilities	123,234	106,840
Short-term lease expenditure (Note 22(b))	118,094	103,449
Depreciation and amortisation	59,850	42,354
Promotion and advertising expenses	51,046	29,531
Office expenses	10,551	7,931
Travelling and entertainment expenses	8,229	6,317
Variable lease payments (Note 22(b))	16,172	6,098
Taxes and other levies	4,929	6,079
Professional fees	10,274	11,785
Auditors' remuneration – Audit services	20	855
Others	27,631	20,723
	<b>1,033,489</b>	<b>954,878</b>

## 8 STAFF COSTS

	Six months ended 30 June	
	2024	2023
	(Unaudited) RMB'000	(Unaudited) RMB'000
Wages and salaries	336,064	323,322
Social insurance expenses (Note (a))	57,201	51,055
Share-based payments (Note 20)	11,691	31,042
Housing benefits	18,846	17,651
Other employee benefits (Note (b))	3,684	728
	<b>427,486</b>	<b>423,798</b>

- (a) Employees in the Group's PRC subsidiaries are required to participate in a defined contribution retirement scheme administrated and operated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated on certain percentage of the average employee salary as agreed by local municipal government to the scheme to fund the retirement benefits of the employees.
- (b) Other employee benefits mainly include meal, travelling and transportation allowances.

## Notes to the Interim Financial Information

## 9 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 (Note (a))	3,138	16,598
Others	3,632	4,224
	<b>16,744</b>	32,072
<b>Other losses</b>		
Foreign exchange losses	(187)	(856)
	<b>16,557</b>	31,216

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

## 10 FINANCE (COSTS)/INCOME – NET

	Six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
<i>Interest expense in respect of:</i>		
Lease liabilities	(35,413)	(16,980)
Others	–	(1,048)
	<b>(35,413)</b>	(18,028)
<i>Interest income in respect of:</i>		
Bank deposits	26,941	30,792
Finance (costs)/income – net	<b>(8,472)</b>	12,764

## Notes to the Interim Financial Information

## 11 INCOME TAX EXPENSES

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

**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.

## Notes to the Interim Financial Information

**12 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.

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

**(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.

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

## Notes to the Interim Financial Information

## 13 PROPERTY AND EQUIPMENT

	Rental property improvement expenses RMB'000	Motor vehicles RMB'000	Furniture, fitting and equipment RMB'000	Total RMB'000
<b>Six months ended 30 June 2024 (Unaudited)</b>				
Opening net book amount	35,066	373	10,314	45,753
Additions	7,352	13	1,114	8,479
Disposals	–	(14)	(214)	(228)
Depreciation charge	(3,031)	(104)	(2,547)	(5,682)
<b>Closing net book amount</b>	<b>39,387</b>	<b>268</b>	<b>8,667</b>	<b>48,322</b>
<b>As at 30 June 2024 (Unaudited)</b>				
Cost	45,252	5,427	40,601	91,280
Accumulated depreciation	(5,865)	(5,159)	(31,934)	(42,958)
<b>Net book amount</b>	<b>39,387</b>	<b>268</b>	<b>8,667</b>	<b>48,322</b>
<b>Six months ended 30 June 2023 (Unaudited)</b>				
Opening net book amount	–	614	12,368	12,982
Additions	–	–	2,795	2,795
Disposals	–	–	(244)	(244)
Depreciation charge	–	(77)	(3,298)	(3,375)
<b>Closing net book amount</b>	<b>–</b>	<b>537</b>	<b>11,621</b>	<b>12,158</b>
<b>As at 30 June 2023 (Unaudited)</b>				
Cost	–	5,876	36,146	42,022
Accumulated depreciation	–	(5,339)	(24,525)	(29,864)
<b>Net book amount</b>	<b>–</b>	<b>537</b>	<b>11,621</b>	<b>12,158</b>

- (a) Depreciation expenses were charged to the following categories in the interim condensed consolidated statements of comprehensive income:

	Six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Depreciation expense	5,682	3,375

## Notes to the Interim Financial Information

## 14 INVESTMENT PROPERTIES

	Leased commercial properties – right of use assets RMB'000
<b>Six months ended 30 June 2024 (Unaudited)</b>	
Opening net book amount	749,749
Additions	325,229
Depreciation charge	(52,910)
<b>Closing net book amount</b>	<b>1,022,068</b>
<b>As at 30 June 2024 (Unaudited)</b>	
Cost	1,373,834
Accumulated depreciation	(351,766)
<b>Net book amount</b>	<b>1,022,068</b>
<b>Six months ended 30 June 2023 (Unaudited)</b>	
Opening net book amount	751,872
Depreciation charge	(37,615)
<b>Closing net book amount</b>	<b>714,257</b>
<b>As at 30 June 2023 (Unaudited)</b>	
Cost	1,130,783
Accumulated depreciation	(416,526)
<b>Net book amount</b>	<b>714,257</b>

(a) Depreciation expenses were charged to the following categories in the consolidated statements of comprehensive income:

	Six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Cost of services	52,910	37,615



## Notes to the Interim Financial Information

**15 GOODWILL**

No impairment provision on goodwill was recognised as at 30 June 2024.

**16 OPERATING LEASE AND TRADE RECEIVABLES**

	<b>30 June 2024</b> <b>(Unaudited)</b> <b>RMB'000</b>	31 December 2023 <b>(Audited)</b> <b>RMB'000</b>
Operating lease receivables (Note (a))		
– Third parties	<b>27,155</b>	29,064
Trade receivables (Note (a))		
– Related parties (Note 24(d))	<b>317,910</b>	215,952
– Third parties	<b>300,190</b>	245,629
	<b>618,100</b>	461,581
Operating lease and trade receivables	<b>645,255</b>	490,645
Less: allowance for impairment	<b>(110,810)</b>	(78,288)
	<b>534,445</b>	412,357

- (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</b> <b>(Unaudited)</b> <b>RMB'000</b>	31 December 2023 <b>(Audited)</b> <b>RMB'000</b>
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
	<b>645,255</b>	490,645

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).

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.

## Notes to the Interim Financial Information

## 17 PREPAYMENTS AND OTHER RECEIVABLES

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Other receivables		
– Payments on behalf of tenants or residents (Note (a))	15,698	10,877
– Related parties (Note 24(d))	14,204	7,731
– Deposit paid to a related company (Note (b) and Note 24(d))	198,000	198,000
– Deposit paid to a third party (Note (c))	82,147	83,687
– Others	100	4,202
	<b>310,149</b>	304,497
Less: allowance for impairment	<b>(31,491)</b>	(27,911)
	<b>278,658</b>	276,586
Prepayments		
– Third parties (Note (d))	24,915	30,702
– Related parties (Note 24(d))	27,309	21,651
	<b>52,224</b>	52,353
	<b>330,882</b>	328,939

- (a) Amounts mainly represented the payments of utility fees on behalf of tenants or residential communities.
- (b) Amounts represented a refundable deposit paid to a related company for the exclusive sales right of car park spaces in the PRC held by this related company.
- (c) Amounts represented a refundable deposit paid to a third party for the exclusive sales right of shops in the PRC held by this third party.
- (d) Amounts mainly represented the prepaid utility expenses.
- (e) The balances of prepayments and other receivables were all denominated in RMB.

## Notes to the Interim Financial Information

## 18 CASH AND BANK BALANCES

	<b>30 June 2024</b> <b>(Unaudited)</b> <b>RMB'000</b>	31 December 2023 <b>(Audited)</b> <b>RMB'000</b>
Cash at banks and in hand (Note (a))	<b>3,963,243</b>	3,881,880
Restricted cash – others	<b>(10,480)</b>	(15,158)
	<b>3,952,763</b>	3,866,722
Cash and cash equivalents	<b>3,952,763</b>	3,866,722

(a) Cash at banks and in hand were denominated in the following currencies:

	<b>30 June 2024</b> <b>(Unaudited)</b> <b>RMB'000</b>	31 December 2023 <b>(Audited)</b> <b>RMB'000</b>
RMB	<b>3,953,684</b>	3,870,606
HK\$	<b>9,547</b>	11,274
US\$	<b>12</b>	–
	<b>3,963,243</b>	3,881,880

## Notes to the Interim Financial Information

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

	Number of ordinary shares	Share capital		Share premium	Total	Shares held for Shares Award Scheme
		HK\$'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Authorised</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>Authorised</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>

## Notes to the Interim Financial Information

## 20 OTHER RESERVES

	Statutory reserves RMB'000	Shares Award Scheme and Shares Incentive Scheme reserves (Note (a)) RMB'000	Total reserves RMB'000
<b>Balance at 1 January 2024</b>	<b>23,617</b>	<b>96,606</b>	<b>120,223</b>
Shares Award Scheme and Shares Incentive Scheme – value of employee service	–	<b>11,691</b>	<b>11,691</b>
Vesting of awarded shares	–	<b>(25,173)</b>	<b>(25,173)</b>
<b>Balance at 30 June 2024 (Unaudited)</b>	<b>23,617</b>	<b>83,124</b>	<b>106,741</b>
<b>Balance at 1 January 2023</b>	23,617	147,709	171,326
Shares Award Scheme and Shares Incentive Scheme – value of employee service	–	31,042	31,042
Vesting of awarded shares	–	(96,223)	(96,223)
<b>Balance at 30 June 2023 (Unaudited)</b>	23,617	82,528	106,145

**(a) Shares Award Scheme and Shares Incentive Scheme reserves****Shares Award Scheme**

On 24 November 2020, the Company's shareholders approved and adopted a shares award scheme ("**Shares Award Scheme**") and the Company has appointed Tricor Trust (Hong Kong) Limited as the trustee (the "**Trustee**") to assist with the administration of the awarded shares and Elitelong Holdings Limited, a wholly-owned subsidiary of the Trustee, as nominee. On the same date, the Company's shareholders approved the award of an aggregate of 11,250,000 awarded shares ("**Awarded Shares**") to Mr. Chen Deli, an executive Director of the Company, under the Share Award Scheme. On 4 December 2020, 11,250,000 ordinary shares of the Company, being the Awarded Shares, were issued to Elitelong Holdings Limited as nominee of the Trustee which shall hold such shares on trust for Mr. Chen Deli pursuant to the terms of the trust deed.

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

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

In June 2023, 5,625,000 Awarded Shares were vested.

The Awarded Shares have an aggregate nominal value of HK\$112,500 and a fair value of HK\$226,688,000 based on the price of HK\$20.15 on the date of shareholders' approval for the grant (equivalent to approximately RMB192,446,000). For the six months ended 30 June 2024, an expense of RMB10,128,000 (30 June 2023: RMB24,708,000) was recognised in relation to the Shares Award Scheme.

## Notes to the Interim Financial Information

### 20 OTHER RESERVES (CONTINUED)

#### (a) Shares Award Scheme and Shares Incentive Scheme reserves (Continued)

##### Shares Incentive Scheme

On 19 July 2019, 8,778 shares were issued and allotted to Huihong Management (PTC) Limited ("**Huihong Management**") at par value, representing 10% of the Company's issued share capital before the listing of the Company. Huihong Management was incorporated in the BVI as a special purpose vehicle to hold shares to be granted to eligible grantees under a share incentive scheme ("**Share Incentive Scheme**") to be adopted at least six months after the listing. Huihong Management is consolidated by the Company.

On 10 December 2019, the Company increased its authorized share capital to HK\$20,000,000 by the creation of 1,962,000,000 additional shares of nominal value of HK\$0.01 each. Pursuant to the written resolutions passed by the shareholders on 10 December 2019, the Company was authorized to capitalise HK\$4,499,122.22 standing to the credit of the share premium account of the Company by applying such sum in paying up in full at par 449,912,222 shares for issue and allotment to the respective shareholders. Accordingly, the numbers of shares held by Huihong Management increased from 8,778 to 45,000,000, i.e. 10% of the Company's issued share capital before the listing.

On 21 September 2022, as the grant date, the Company resolved to award 25,000,000 shares held by Huihong Management as incentive shares ("**Incentive Shares**") to the eligible grantees at the price of RMB1.1111 per share upon the terms and subject to the conditions under the Shares Incentive Scheme.

Under the terms of the Shares Incentive Scheme, when the vesting conditions are fulfilled, the Incentive Shares shall be vested 100% not later than 31 December 2024. As at 30 June 2024, a total number of 21,428,000 shares were transferred to the grantees (as at 31 December 2023: 12,463,000 shares). For the six months ended 30 June 2024, an expense of RMB1,563,000 was recognised in relation to the Shares Incentive Scheme (30 June 2023: RMB6,334,000).

### 21 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).

## Notes to the Interim Financial Information

**22 LEASES****(a) Amounts recognised in the interim condensed consolidated balance sheets**

	<b>30 June 2024</b> <b>(Unaudited)</b> <b>RMB'000</b>	31 December 2023 <b>(Audited)</b> <b>RMB'000</b>
Leased in properties for sub-lease to tenants – Leased commercial properties (Note 14)	<b>1,022,068</b>	749,749
Lease liabilities		
Current	<b>94,335</b>	64,550
Non-current	<b>1,210,361</b>	931,103
	<b>1,304,696</b>	995,653

**(b) Amounts recognised in profit and loss**

	<b>Six months ended 30 June</b> <b>2024</b> <b>(Unaudited)</b> <b>RMB'000</b>	2023 <b>(Unaudited)</b> <b>RMB'000</b>
Depreciation charge Commercial properties (Note 14)	<b>52,910</b>	37,615
Interest expense (included in finance (costs)/income – net)	<b>35,413</b>	16,980
Variable lease payments (included in cost of services)	<b>16,172</b>	6,098
Short-term lease expenditure for car parks and common areas and advertising space	<b>118,094</b>	103,449
Cash outflows for lease payments (including principal elements and relevant interest expense)	<b>51,599</b>	35,484

## Notes to the Interim Financial Information

## 23 TRADE AND OTHER PAYABLES

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Trade payables		
– Related parties (Note 24(d))	81	595
– Third parties	151,088	173,923
	<b>151,169</b>	174,518
Other payables		
– Related parties (Note 24(d))	149,927	141,117
– Receipts on behalf of tenants or residents (Note (a))	76,493	84,243
– Payables for promotion fees on behalf of owners of the commercial properties (Note (b))	39,338	66,985
– Deposits received (Note (c))	543,604	534,787
– Others	3,872	11,404
	<b>813,234</b>	838,536
Accrued payroll	49,014	71,389
Other taxes payables	11,062	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:

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



## Notes to the Interim Financial Information

**23 TRADE AND OTHER PAYABLES (CONTINUED)**

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

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

**24 RELATED PARTY TRANSACTIONS**

(a) Transactions with related parties

	<b>Six months ended 30 June</b>	
	<b>2024</b> (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Revenue arising from provision of services (Note (ii))		
– Entities controlled by Mr. Hoi	<b>130,546</b>	187,853
– Entities jointly controlled by Mr. Hoi	<b>15,887</b>	12,406
	<b>146,433</b>	200,259
Office leasing expenditure paid/payable		
– Entities controlled by Mr. Hoi	<b>917</b>	954
Short-term lease expenditure for car parks, common areas and advertising space		
– Entities controlled by Mr. Hoi	<b>106,630</b>	99,242
– Entities jointly controlled by Mr. Hoi	<b>3,617</b>	–
	<b>110,247</b>	99,242
Purchase of low-value consuming goods		
– Entities controlled by Mr. Hoi	<b>362</b>	448
Purchase of information technology services		
– Entities jointly controlled by Mr. Hoi	<b>4,245</b>	11,238

## Notes to the Interim Financial Information

**24 RELATED PARTY TRANSACTIONS (CONTINUED)****(a) Transactions with related parties (Continued)**

- (i) All of the transactions above were carried out in the normal course of the Group's business and on terms as agreed between the transacting parties.
- (ii) The provision of services mainly comprised of revenue from commercial operational services and residential properties management services.

**(b) Free trademark license agreement**

On 8 August 2019, a trademark licencing agreement was entered into between the Group and Powerlong Group Development Co., Ltd. (寶龍集團發展有限公司) ("Powerlong Group Development"), pursuant to which Powerlong Group Development agreed to irrevocably and unconditionally grant to the Group the right to (i) use; and/or (ii) sub-license to a third party due to operational needs arising from its usual and ordinary course of business and other activities, certain trademarks registered in the PRC for a perpetual term commencing from the date of the trademark licencing agreement on a royalty-free basis.

**(c) Key management compensation**

Compensations for key management is set out below.

	Six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Salaries and other short-term employee benefits	<b>2,690</b>	2,657

**(d) Balances with related parties**

	30 June 2024	31 December 2023
	(Unaudited) RMB'000	(Audited) RMB'000
Trade receivables		
– Entities controlled by Mr. Hoi	<b>296,878</b>	211,748
– Entities jointly controlled by Mr. Hoi	<b>21,032</b>	4,204
	<b>317,910</b>	215,952
Prepayments		
– Entities jointly controlled by Mr. Hoi	<b>27,309</b>	21,651
	<b>27,309</b>	21,651

## Notes to the Interim Financial Information

**24 RELATED PARTY TRANSACTIONS (CONTINUED)****(d) Balances with related parties (Continued)**

	<b>30 June 2024 (Unaudited) RMB'000</b>	31 December 2023 (Audited) RMB'000
Other receivables		
– Entities controlled by Mr. Hoi	<b>209,553</b>	204,974
– Entities jointly controlled by Mr. Hoi	<b>2,651</b>	757
	<b>212,204</b>	205,731
Trade payables		
– Entities controlled by Mr. Hoi	<b>81</b>	595
Other payables (Note (i))		
– Entities controlled by Mr. Hoi	<b>145,197</b>	129,490
– Entities jointly controlled by Mr. Hoi	<b>4,730</b>	11,627
	<b>149,927</b>	141,117
Contract liabilities		
– Entities controlled by Mr. Hoi	<b>47,025</b>	39,524
– Entities jointly controlled by Mr. Hoi	<b>767</b>	3,373
	<b>47,792</b>	42,897

(i) The balances consisted of the receipts on behalf of owners of the commercial properties to settle the expenses of promotion and marketing activities relating to car parks, common areas and advertising spaces.

Trade receivables, prepayments, other receivables, trade payables, other payables and contract liabilities due from/to related parties were unsecured and interest-free.

**25 CONTINGENCIES**

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

**26 COMMITMENTS**

As at 30 June 2024, the Group's future aggregate minimum lease payments under non-cancellable short-term leases arrangements were RMB Nil which is due within one year (31 December 2023: RMB Nil).