POWERLONG
宝 龙

POWERLONG REAL ESTATE HOLDINGS LIMITED
寶 龍 地 產 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1238)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2022

RESULTS HIGHLIGHTS

For the six months ended 30 June 2022

- Contracted sales amounted to approximately RMB23,241 million, and contracted sales area amounted to approximately 1,532,058 square meters;

- Revenue amounted to approximately RMB16,897 million, representing a decrease of approximately 18.5% over the corresponding period in 2021;

- Rental income and income from provision of commercial operational services and residential property management services amounted to approximately RMB1,920 million, representing an increase of approximately 3.9% over the corresponding period in 2021;

- Core earnings attributable to the owners of the Company was approximately RMB1,691 million, representing a decrease of approximately 33.7% over the corresponding period in 2021.

The board (the "**Board**") of directors (the "**Directors**") of Powerlong Real Estate Holdings Limited (the "**Company**" or "**Powerlong**") is pleased to announce the unaudited interim condensed consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2022, together with the comparative figures for the corresponding period in 2021, as follows:

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	30 June 2022 Unaudited *RMB'000*	31 December 2021 Audited *RMB'000*
ASSETS			
Non-current assets			
Property and equipment		**6,692,023**	6,228,971
Investment properties	*3*	**79,574,017**	78,329,755
Intangible assets		**4,608**	4,859
Goodwill		**20,640**	20,640
Investments accounted for using the equity method		**9,870,357**	9,769,743
Deferred income tax assets		**1,979,231**	1,109,849
Financial assets at fair value through profit or loss		**558**	558
Financial assets at fair value through other comprehensive income		**293,542**	299,081
Prepayments		**663,469**	571,656
Trade receivables	*4*	**227,369**	222,781
		99,325,814	96,557,893
Current assets			
Properties under development		**68,511,065**	70,865,579
Completed properties held for sale		**18,268,599**	16,833,381
Contract assets		**635,730**	557,363
Trade receivables	*4*	**2,881,235**	3,009,089
Other receivables		**23,602,373**	24,181,964
Prepayments		**4,403,997**	6,381,782
Prepaid taxes		**1,460,182**	1,411,024
Financial assets at fair value through profit or loss		**166,447**	189,924
Restricted cash		**4,658,201**	5,661,262
Cash and cash equivalents		**14,706,191**	19,407,192
		139,294,020	148,498,560
Total assets		**238,619,834**	245,056,453

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

	Notes	**30 June 2022 Unaudited** *RMB'000*	31 December 2021 Audited *RMB'000*
EQUITY			
Equity attributable to owners of the Company			
Share capital and share premium		**36,779**	36,779
Other reserves		**2,340,400**	1,808,496
Retained earnings		**39,193,461**	38,848,385
		41,570,640	40,693,660
Perpetual Capital Instruments		**500,625**	519,781
Non-controlling interests		**20,566,605**	21,194,011
Total equity		**62,637,870**	62,407,452
LIABILITIES			
Non-current liabilities			
Borrowings	*5*	**52,015,536**	50,934,930
Lease liabilities		**2,649,963**	2,349,586
Other payables	*6*	**176,702**	137,115
Deferred income tax liabilities		**8,016,440**	8,472,243
		62,858,641	61,893,874
Current liabilities			
Borrowings	*5*	**14,552,172**	22,022,693
Trade and other payables	*6*	**43,693,901**	46,378,690
Contract liabilities		**39,706,477**	38,925,437
Current income tax liabilities		**15,091,563**	13,238,405
Lease liabilities		**79,210**	189,902
		113,123,323	120,755,127
Total liabilities		**175,981,964**	182,649,001
Total equity and liabilities		**238,619,834**	245,056,453

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Six months ended 30 June **2022** **Unaudited** ***RMB'000***	2021 Unaudited *RMB'000*
Revenue	*2*	**16,897,225**	20,730,092
Cost of sales		**(11,664,474)**	(13,437,686)
Gross profit		**5,232,751**	7,292,406
Fair value (losses)/gains on investment properties – net	*3*	**(44,620)**	1,177,436
Selling and marketing costs		**(543,548)**	(587,589)
Administrative expenses		**(784,349)**	(1,014,039)
Reverse of impairment losses/(impairment losses) on financial assets – net		**72,578**	(95,858)
Other income and (losses)/gains – net		**(619,711)**	729,561
Operating profit		**3,313,101**	7,501,917
Finance costs – net	*7*	**(1,310,765)**	(356,383)
Share of profit of investments accounted for using the equity method		**548,832**	598,418
Profit before income tax		**2,551,168**	7,743,952
Income tax expense	*8*	**(1,337,886)**	(2,666,858)
Profit for the period		**1,213,282**	5,077,094
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Currency translation differences		**9,507**	(1,830)
Items that will not be reclassified to profit or loss:			
Changes in the fair value of financial assets at fair value through other comprehensive income		**(2,485)**	(78,085)
Total other comprehensive income for the period, net of tax		**7,022**	(79,915)
Total comprehensive income for the period		**1,220,304**	4,997,179

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

		Six months ended 30 June	
		2022	2021
		Unaudited	Unaudited
	Notes	***RMB'000***	*RMB'000*
Profit attributable to:			
Owners of the Company		**698,066**	3,907,789
Holders of Perpetual Capital Instruments		**18,844**	18,844
Non-controlling interests		**496,372**	1,150,461
		1,213,282	5,077,094
Total comprehensive income attributable to:			
Owners of the Company		**705,088**	3,827,874
Holders of Perpetual Capital Instruments		**18,844**	18,844
Non-controlling interests		**496,372**	1,150,461
		1,220,304	4,997,179
Earnings per share for profit attributable to owners of the Company during the period (expressed in RMB cents per share)	*9*		
– Basic		**16.9**	94.3
– Diluted		**16.9**	94.3

NOTES TO THE INTERIM FINANCIAL INFORMATION

1 Basis of preparation and accounting policies

The interim financial information has been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 "*Interim Financial Reporting*". The interim financial information should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2021, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**").

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 2022 are the same as those set out in the Group's annual financial statements for the year ended 31 December 2021.

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.

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

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.

Going concern basis

The Group continued to record a profit for the period of RMB1,213 million in its operating results during the period (six months ended 30 June 2021: RMB5,077 million). The Group's revenue decreased from RMB20,730 million for the six months ended 30 June 2021 to RMB16,897 million for the six months ended 30 June 2022. As at 30 June 2022, the Group recorded a net current assets of RMB26,171 million, and the Group's current portion of borrowings amounted to RMB14,552 million, while its cash and cash equivalents (excluding restricted cash) amounted to RMB14,706 million.

In view of the prevailing slow-down of the property market, coupled with the limited source of financing from the capital market, the Group may take longer time than expected to realise cash from the sale of its properties and/or have the cash from external financing to meet its loan repayment obligations.

In view of aforesaid mentioned, the directors have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial sources to continue as a going concern. The following plans and measures are formulated to mitigate the liquidity pressure and to improve the financial position of the Group:

(i) The Group is actively negotiating with several existing financial institutions and investors on the extension of certain borrowings. The Group is also actively negotiating with various financial institutions to secure new loans at reasonable costs.

(ii) The Group will continue to implement measures to accelerate the pre-sales and sales of its properties under development and completed properties, and to speed up the collection of outstanding sales proceeds and other receivables.

(iii) The Group continues to identify suitable buyers and engage in discussions with certain potential buyers regarding the possible disposal of the equity interests in certain property development projects or shopping malls of the Group in order to raise additional funds.

(iv) The Group will continue to take active measures to control administrative costs and maintain containment of capital expenditures.

In addition, the Group completed an offer to exchange and a consent solicitation relating to notes in July 2022. Please refer to the announcements of the Company dated 4 July 2022, 13 July 2022, 14 July 2022, 16 July 2022, 19 July 2022 and 25 July 2022 for details.

The directors have reviewed the Group's cash flow projections prepared by management, which cover a period of not less than twelve months from 30 June 2022. They are of the opinion that, taking into account the above mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 30 June 2022. Accordingly, the directors are satisfied that it is appropriate to prepare the condensed consolidated financial statements on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the Group is able to achieve its plans and measures as described above. Should the Group be unable to achieve the above-mentioned plans and measures and operate as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these condensed consolidated financial statements.

2 Segment information

The executive directors, as the chief operating decision-makers ("**CODM**") of the Group review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports. The Group is organised into four business segments: property development, property investment, commercial operation and residential property management and other property development related businesses. Other property development related business are mainly operations of hotels. As the CODM consider most of the Group's consolidated revenue and results are attributable to the market in the PRC and the Group's consolidated assets are substantially located in the PRC, no geographical information is presented.

Segment results represent profit earned by each segment without net fair value gains or losses on financial assets, losses on disposal of financial assets, unallocated operating costs, finance costs – net and income tax expense.

The segment results and other segment items for the six months ended 30 June 2022 are as follows:

	Property development *RMB'000*	Property investment *RMB'000*	Commercial operation and residential property management *RMB'000*	Other property development related businesses *RMB'000*	Elimination *RMB'000*	Group *RMB'000*
Six months ended 30 June 2022 (Unaudited)						
Gross segment revenue	**14,546,615**	**950,842**	**1,259,612**	**436,417**	**–**	**17,193,486**
Inter-segment revenue	**–**	**(84,880)**	**(205,023)**	**(6,358)**	**–**	**(296,261)**
Revenue	**14,546,615**	**865,962**	**1,054,589**	**430,059**	**–**	**16,897,225**
Share of post-tax profit/(losses) of joint ventures and associates	**550,786**	**–**	**(1,547)**	**(407)**	**–**	**548,832**
Segment results	**4,283,431**	**634,366**	**169,448**	**(115,797)**	**–**	**4,971,448**
Fair value losses on financial assets measured at fair value through profit or loss						**(11,663)**
Losses on disposal of financial assets measured at fair value through profit or loss						**(4,384)**
Unallocated operating costs						**(1,093,468)**
Finance costs – net *(Note 7)*						**(1,310,765)**
Profit before income tax						**2,551,168**
Income tax expense						**(1,337,886)**
Profit for the period						**1,213,282**
Depreciation and amortisation recognised as expenses	**34,898**	**–**	**3,971**	**102,581**	**–**	**141,450**
Fair value gains/(losses) on investment properties – net *(Note 3)*	**–**	**1,566**	**(46,186)**	**–**	**–**	**(44,620)**

The segment results and other segment items for the six months ended 30 June 2021 are as follows:

	Property development *RMB'000*	Property investment *RMB'000*	Commercial operation and residential property management *RMB'000*	Other property development related businesses *RMB'000*	Elimination *RMB'000*	Group *RMB'000*
Six months ended 30 June 2021 (Unaudited)						
Gross segment revenue	18,421,460	924,590	1,170,561	475,054	–	20,991,665
Inter-segment revenue	–	(64,705)	(182,746)	(14,122)	–	(261,573)
Revenue	18,421,460	859,885	987,815	460,932	–	20,730,092
Share of post-tax profit/(losses) of joint ventures and associates	597,645	–	823	(50)	–	598,418
Segment results	6,370,469	2,124,778	197,185	(83,091)	–	8,609,341
Fair value losses on financial assets measured at fair value through profit or loss						(3,490)
Unallocated operating costs						(505,516)
Finance costs – net *(Note 7)*						(356,383)
Profit before income tax						7,743,952
Income tax expense						(2,666,858)
Profit for the period						5,077,094
Depreciation recognised as expenses	34,580	–	2,074	107,525	–	144,179
Fair value gains/(losses) on investment properties – net *(Note 3)*	–	1,211,810	(34,374)	–	–	1,177,436

Segment assets and liabilities as at 30 June 2022 are as follows:

	Property development *RMB'000*	Property investment *RMB'000*	Commercial operation and residential property management *RMB'000*	Other property development related businesses *RMB'000*	Elimination *RMB'000*	Group *RMB'000*
At 30 June 2022 (Unaudited)						
Segment assets	**131,832,018**	**79,031,650**	**5,304,325**	**13,517,697**	**(8,009,070)**	**221,676,620**
Other assets						**16,943,214**
Total assets						**238,619,834**
Segment assets include:						
Interests in joint ventures and associates	**9,859,107**	**–**	**2,123**	**9,127**	**–**	**9,870,357**
Segment liabilities	**68,256,472**	**2,453,080**	**4,881,595**	**9,427,942**	**(8,009,070)**	**77,010,019**
Other liabilities						**98,971,945**
Total liabilities						**175,981,964**
Capital expenditure	**314,844**	**718,228**	**2,954**	**309,589**	**–**	**1,345,615**

Segment assets and liabilities as at 31 December 2021 are as follows:

	Property development *RMB'000*	Property investment *RMB'000*	Commercial operation and residential property management *RMB'000*	Other property development related businesses *RMB'000*	Elimination *RMB'000*	Group *RMB'000*
At 31 December 2021 (Audited)						
Segment assets	142,843,678	77,432,465	4,877,578	8,977,976	(6,822,467)	227,309,230
Other assets						17,747,223
Total assets						245,056,453
Segment assets include:						
Interests in joint ventures and associates	9,675,542	–	53,918	40,283	–	9,769,743
Segment liabilities	71,129,680	2,701,404	2,086,525	6,586,311	(6,822,467)	75,681,453
Other liabilities						106,967,548
Total liabilities						182,649,001
Capital expenditure (six months ended 30 June 2021) (unaudited)	13,179	4,942,806	2,494	267,825	–	5,226,304

There are no differences from the last annual financial statements in the basis of segmentation or in the basis of measurement of segment profit or loss.

Sales between segments are carried out in accordance with the terms of the underlying agreements. The revenue from external parties reported to the Board is measured in a manner consistent with that in the interim condensed consolidated statement of comprehensive income.

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

Segment assets consist primarily of property and equipment, investment properties, properties under development, completed properties held for sale, contract assets, receivables and cash and cash equivalents.

Segment liabilities consist of operating liabilities.

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

3 Investment properties

	Completed investment properties *RMB'000*	**Investment properties under construction** *RMB'000*	**Total** *RMB'000*
Six months ended 30 June 2022 (Unaudited)			
Opening amount as at 1 January 2022	**61,794,376**	**16,535,379**	**78,329,755**
Additions	**29,660**	**688,568**	**718,228**
Consolidation of entities previously held as associates	**1,256,537**	**–**	**1,256,537**
Transfers	**1,897,071**	**(1,897,071)**	**–**
Fair value (loss)/gains – net	**(75,300)**	**30,680**	**(44,620)**
Disposal	**(685,883)**	**–**	**(685,883)**
Closing amount as at 30 June 2022	**64,216,461**	**15,357,556**	**79,574,017**
Six months ended 30 June 2021 (Unaudited)			
Opening amount as at 1 January 2021	52,519,420	5,723,918	58,243,338
Additions	–	4,942,806	4,942,806
Transfer from completed properties held for sale	445,201	–	445,201
Transfers	785,900	(785,900)	–
Fair value gains – net	548,295	629,141	1,177,436
Closing amount as at 30 June 2021	54,298,816	10,509,965	64,808,781

4 Trade receivables

	30 June 2022	31 December 2021
	Unaudited	Audited
	RMB'000	*RMB'000*
Trade receivables *(Note (a))*	**3,260,743**	3,384,614
– Third parties	**3,189,596**	3,377,871
– Related parties	**71,147**	6,743
Less: loss allowance *(Note (b))*	**(152,139)**	(152,744)
	3,108,604	3,231,870
Less: non-current portion	**(227,369)**	(222,781)
Trade receivables	**2,881,235**	3,009,089

(a) The majority of the Group's sales are derived from sales of properties and rental income. Proceeds in respect of sales of properties and rental income are to be received in accordance with the terms of related sales and purchase agreements and rental contracts.

As at 30 June 2022 and 31 December 2021, the ageing analysis of trade receivables of the Group based on revenue recognition date was as follows:

	30 June 2022	31 December 2021
	Unaudited	Audited
	RMB'000	*RMB'000*
Within one year	**3,027,190**	3,058,406
Over one year	**233,553**	326,208
	3,260,743	3,384,614

(b) The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 30 June 2022, a provision of RMB152,139,000 was made for trade receivables (31 December 2021: RMB152,744,000).

5 Borrowings

	30 June 2022	31 December 2021
	Unaudited	Audited
	RMB'000	*RMB'000*
Borrowings included in non-current liabilities:		
Senior notes	**14,008,622**	12,939,366
Corporate bonds	**6,566,511**	8,993,868
Commercial mortgage backed securities	**2,329,432**	2,329,278
Assets-backed securities	**260,140**	1,275,949
Bank borrowings	**38,827,638**	39,543,692
– secured	**38,742,119**	39,461,932
– unsecured	**85,519**	81,760
Other borrowings – secured	**1,218,000**	2,168,600
Less: amounts due within one year	**(11,194,807)**	(16,315,823)
	52,015,536	50,934,930
Borrowings included in current liabilities:		
Senior notes	**807,938**	3,160,562
Bank borrowings	**1,791,867**	1,261,368
– secured	**1,581,867**	1,261,368
– unsecured	**210,000**	–
Other borrowings	**757,560**	984,940
– secured	**749,480**	822,040
– unsecured	**8,080**	162,900
Short-term commercial papers	**–**	300,000
Current portion of long-term borrowings	**11,194,807**	16,315,823
	14,552,172	22,022,693
Total borrowings	**66,567,708**	72,957,623

6 Trade and other payables

	30 June 2022	31 December 2021
	Unaudited	Audited
	RMB'000	*RMB'000*
Trade payables *(Note (a))*	**13,574,764**	16,197,293
– Related parties	**27,768**	40,273
– Third parties	**12,068,604**	15,014,075
– Notes payable – third parties	**1,478,392**	1,142,945
Other payables	**22,519,791**	23,839,652
– Related parties	**11,167,882**	11,363,136
– Non-controlling interests	**3,852,118**	6,503,912
– Third parties	**7,499,791**	5,972,604
Value-added tax received in advance from customers	**3,261,783**	2,451,453
Dividend payables	**352,990**	–
Dividend payables to non-controlling interests	**46,960**	–
Payables for retention fee	**1,684,930**	1,525,557
Interest payable	**1,461,404**	1,096,805
Other taxes payable	**965,163**	1,403,666
Payables for acquisition of land use rights	**2,818**	1,379
	43,870,603	46,515,805
Less: non-current portion		
Other payables – third parties	**(176,702)**	(137,115)
Current portion	**43,693,901**	46,378,690

(a) As at 30 June 2022 and 31 December 2021, the ageing analysis of trade payables of the Group based on invoice date was as follows:

	30 June 2022	31 December 2021
	Unaudited	Audited
	RMB'000	*RMB'000*
Within one year	**12,093,032**	14,773,714
Over one year	**1,481,732**	1,423,579
	13,574,764	16,197,293

7 Finance costs – net

	Six months ended 30 June	
	2022	2021
	Unaudited	Unaudited
	RMB'000	*RMB'000*
Interest expense:		
– Borrowings	**2,460,429**	2,637,819
– Lease liabilities	**97,993**	22,525
	2,558,422	2,660,344
Less: capitalised	**(2,146,217)**	(1,901,249)
Foreign exchange losses/(gains) on financing activities – net	**1,021,130**	(267,573)
Finance costs	**1,433,335**	491,522
Finance income	**(122,570)**	(135,139)
Finance costs – net	**1,310,765**	356,383

8 Income tax expense

	Six months ended 30 June	
	2022	2021
	Unaudited	Unaudited
	RMB'000	*RMB'000*
Current income tax:		
– PRC corporate income tax	**1,583,670**	1,546,597
– PRC land appreciation tax	**536,064**	927,761
	2,119,734	2,474,358
Deferred income tax:		
– PRC corporate income tax	**(725,436)**	227,397
– PRC land appreciation tax	**(56,412)**	(34,897)
	(781,848)	192,500
	1,337,886	2,666,858

PRC corporate income tax

The 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 corporate income tax rate applicable to the group entities located in the PRC ("**PRC subsidiaries**") is 25% according to the Corporate Income Tax Law of the People's Republic of China effective on 1 January 2008.

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 and fulfil requirements under the tax treaty arrangements between the PRC and Hong Kong.

PRC land appreciation tax ("LAT")

Pursuant to the requirements of the Provisional Regulations of the PRC on LAT effective on 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT effective on 27 January 1995, all income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for sales of ordinary residential properties if their appreciation values do not exceed 20% of the sum of the total deductible items.

The Group has made provision of LAT for sales of properties according to the aforementioned progressive rate, except for certain group companies which calculate the LAT based on deemed tax rates in accordance with the approved taxation method obtained from tax authorities.

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 accordingly, is exempted from Cayman Islands income tax. The Group's direct subsidiaries in the British Virgin Islands were incorporated under the International Business Companies Act of the British Virgin Islands and, accordingly, are exempted from British Virgin Islands income tax.

Hong Kong profits tax

No provision for Hong Kong profits tax has been made in the interim financial information as the Group did not have assessable profit in Hong Kong for the period. The profit of the group entities in Hong Kong is mainly derived from dividend income, which is not subject to Hong Kong profits tax.

9 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 period.

	Six months ended 30 June	
	2022	2021
	Unaudited	Unaudited
Profit attributable to shareholders of the Company (RMB'000)	**698,066**	3,907,789
Weighted average number of ordinary shares in issue (thousand shares)	**4,140,403**	4,142,403
Basic earnings per share (RMB cents per share)	**16.9**	94.3

(b) Diluted

Since there was no dilutive potential ordinary shares during the six months ended 30 June 2022, diluted earnings per share is equal to basic earnings per share (30 June 2021: same).

10 Dividends

No interim dividend in respect of the six months ended 30 June 2022 was proposed by the Board (six months ended 30 June 2021: HK$18 cents per ordinary share).

The 2021 final dividend amounting to HK$414,040,300 (equivalent to RMB352,990,000) (payable in cash, with scrip option) (2020: final dividend of HK$1,366,993,000 (equivalent to RMB1,124,912,000)) was approved by the shareholders at the annual general meeting of the Company held on 17 June 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

In the first half of 2022, in face of the complexity and severity of the international environment, the ongoing prevalence of the COVID-19 pandemic and out-of-expectation occurrences, the People's Republic of China ("**China**" or "**PRC**") still managed to have economic performance that was stable and on the rise, showcasing its remarkable resilience, potential and long-term prospects. In the real estate sector, the market is experiencing a downward yet solidifying process. Under the policy keynote of stability, "properties being for residential dwellings instead of speculation", adoption of city-specific policies that support the rigid and reasonable upgraders' housing needs, and the proper implementation of a prudent management system of real estate finance, austerity policies on the real estate sector were frequently optimized with demand-side policies being vigorously rolled out, with the launch of measures including reduction of home loan interest rate, reduction of down payment, relaxation of the respective restrictions on purchases, loans and sales, stepping up of support for home purchases with provident fund, and absorption of talents, contributing positively to the rebound of the real estate market. In tandem with the latest trend, real estate enterprises focus their efforts on ensuring stability, timely delivery of products and the maintenance of quality, with a view to fostering the stable and healthy development and hence the virtuous cycle of the real estate market.

BUSINESS REVIEW

For the six months ended 30 June 2022, the Group conducted its business activities in the following major business segments, namely (i) property development; (ii) property investment; (iii) commercial operational and residential property management; and (iv) other property development related businesses. During the period under review, property development remained as the main revenue stream of the Group.

Property Development

As a result of the severe operating environment in the real estate industry and the continuous impact of the COVID-19 pandemic, for the six months ended 30 June 2022, the contracted sales of the Group together with its associates and joint ventures amounted to approximately RMB23,241 million (for the six months ended 30 June 2021: RMB53,039 million). For the six months ended 30 June 2022, the contracted sales area of the Group together with its associates and joint ventures amounted to approximately 1,532,058 square meters (for the six months ended 30 June 2021: 3,385,793 square meters).

Set forth below is the distribution of contracted sales of the Group during the six months ended 30 June 2022:

	For the six months ended 30 June 2022		
Distribution	**Sales area**	**Sales amount**	**Average selling price**
	sq.m.	*RMB million*	*RMB/sq.m.*
Commercial	522,485	7,976	15,266
Residential	1,009,573	15,265	15,120
Total	1,532,058	23,241	15,170

Property Investment and Commercial Operational and Residential Property Management

To generate a stable and recurring income, the Group also retained and operated certain commercial properties for leasing. As at 30 June 2022, the Group had an aggregate gross floor area ("**GFA**") of approximately 7,622,378 square meters (as at 31 December 2021: approximately 7,286,508 square meters) held as investment properties (including completed properties and properties under construction), representing an increase of approximately 4.6% as compared with that as at 31 December 2021.

During the six months ended 30 June 2022, the Group (together with its associates and joint ventures) has completed and commenced operation of one new shopping mall. Taizhou Jiaojiang Powerlong City successfully commenced operation on 24 June 2022. As at 30 June 2022, the Group held and managed 60 shopping malls and managed 8 asset-light shopping malls, with the number of shopping malls in operation held and the floor area in operation and management both being amongst the forefront of the industry.

Hotel Business

The Group continued to develop its hotel business as a source of its long-term recurring income with core businesses in operating international brand hotels and self-operated brand chain hotels.

As at 30 June 2022, the Group owned eight international brand hotels, namely Le Meridien Shanghai Minhang (上海閔行寶龍艾美酒店), Radisson Blu Shanghai Pudong Jinqiao (上海寶龍麗笙酒店), Radisson Exhibition Center Shanghai (上海國展寶龍麗筠酒店), Hotel W Xiamen (廈門W酒店), Four Points by Sheraton Taicang Suzhou (蘇州太倉寶龍福朋喜來登酒店), Four Points by Sheraton Qingdao, Chengyang (青島城陽寶龍福朋喜來登酒店), Aloft Yancheng (鹽城雅樂軒酒店) and Wyndham Grand Plaza Royale Powerlong Fuyang (阜陽寶龍溫德姆至尊豪廷大酒店), and also owned and operated twelve self-owned brand chain hotels, namely ARTELS Qingdao (青島寶龍藝築酒店), ARTELS Anxi Quanzhou (泉州安溪寶龍藝築酒店), ARTELS+ Huaian (淮安藝悅酒店), ARTELS+ Fuyang Hangzhou (杭州富陽藝悅酒店), ARTELS+ Collection Lingang Shanghai (上海臨港藝悅精選酒店), ARTELS+ Collection Hechuan Chongqing (重慶合川藝悅精選酒店), ARTELS+ Wujing Shanghai (上海吳涇藝悅酒店), ARTELS+ Xinxiang (新鄉藝悅酒店), JUNTELS Binjiang Hangzhou (杭州濱江藝珺酒店), JUNTELS Penglai Yantai (煙台蓬萊藝珺酒店), ARTELS+ Penglai Yantai (煙台蓬萊藝悅酒店) and JUNTELS Tai'an (泰安寶龍藝珺酒店).

Land Bank

The Group's strategy is to maintain a portfolio of land bank which is sufficient to support the Group's own property development pipeline for the forthcoming three to five years. In the future, the Group will continue to adhere to and optimise the "1+1+N" development strategy, focusing on Yangtze River Delta and the Guangdong-Hong Kong-Macau Bay Area while exploring other premium regions that offer opportunities; and to precisely lay out strategic plans and grasp the policy directions in a timely manner, in strict adherence to the principle of value investment.

As at 30 June 2022, the Group had a quality land bank amounting to a total GFA of approximately 31.5 million square meters, of which approximately 26.8 million square meters were properties under development and construction and approximately 4.7 million square meters were properties held for future development. The land bank under development will be used for the development of large-scale commercial and residential properties with quality residential properties, serviced apartments, office buildings and hotels. As at 30 June 2022, nearly 68% of the Group's land bank is located in the Yangtze River Delta region.

OUTLOOK

Given the successive launch of measures across different parts of China to support the property market and the release of signals for improvement on the policy side, it is anticipated that the second half of 2022 will see the gradual recovery of the real estate market and the improvement in transaction volume as compared with the first half of the year. With the thorough implementation of city-specific policies across China, the differentiations among property markets in different regions and cities may become more prominent. It is expected that first- and second-tier cities will see a stable trend first, especially the core cities in the Yangtze River Delta and the Guangdong-Hong Kong-Macau Bay Area. On the other hand, some cities with long-term excessive land supply will still experience pressure for destocking. At a stage where the real estate industry gradually moves towards high-quality development, real estate enterprises will hold firm to the trend of "maintaining stability while seeking improvement", follow local policies closely, capture structural opportunities in a timely manner, uplift precise management, pay more attention to product strengths and service capability, striving to achieve ongoing sound operation and sustainable high-quality development.

In face of the complexity and severity of the international environment, the ongoing prevalence of the COVID-19 pandemic and the multiple challenges posed by the intense adjustments of the real estate industry in China, in mid-2022, the Group proposed the development theme of "Focused Efforts for New Horizons" (聚力攻堅、勇拓新局). In the second half of 2022, the Group will focus on "ensuring sales, product delivery and debt repayment", with steadfast commitment to implementing city-specific policies, achieving breakthroughs in sales, ensuring product delivery, ensuring balance of funds, deploying assets in an effective manner, leveraging resources to the fullest extent, and boosting confidence. The Group will hold firm to the principle of responsibilities and remain committed to being a responsible enterprise; and hold firm to the principle of quality, by thoroughly understanding the needs of different customers and market environment, adjusting product planning and positioning in a timely manner, solidifying product quality by means of precise management, thereby uplifting product strengths and service capability on an ongoing basis. With vast cohesion from within, the Group will manage to achieve sound deployment of resources so that cost management can be optimized. Team management will take a scientific approach, defining responsibilities in a clear manner, unlocking potential and gathering team power.

The Group will continue to adhere to and optimize the "1+1+N" development strategy, focusing on Yangtze River Delta and the Guangdong-Hong Kong-Macau Bay Area while exploring other premium regions that offer opportunities, to prudently expand its premium land bank and lay solid foundation for its sustainable and healthy operation and high-quality development. In key regional hubs, the Group will strengthen market tracking and research, adhere to more precise and fine-tuned product positioning, and strictly comply with the principle of value investment in acquiring land bank.

The Group will continue to integrate and consolidate its significant resources, seeking to achieve plans for high-quality openings within the year. It will continue to uphold its customer- and quality-centered philosophy, uplift the quality and efficiency of project management holistically, continue to make efforts in tenant sourcing and tenant mix adjustment for its premium projects, and create more industry benchmarks. Efforts will be made to solidify the commercial digitalization system, leveraging intelligent commerce to continue to extend the capability for expansion in commercial asset-light output, further incentivizing commercial vitality, thereby uplifting consumers' experience, continuing to empower its brands, and building a more diversified "Powerlong Commercial Eco-system".

The Group will continue to foster a steady and safe system of financial control, with continual efforts on enhancing and optimizing the digitalized development of financial management for better financial effectiveness and better financial internal control. Meanwhile, the Group will strictly control the overall debt scale, optimize its financing structure, constantly enhance its financing capability and lower its financing cost.

The Group will proactively promote the parallel development of both its talents and the enterprise, and call for employees' pragmatism and revamped re-definition of themselves. The Group will mobilize individuals for the betterment of their self-worth; re-engineer process for the enhancement of working efficiency; and provide multidimensional incentives for building an elite team. The Group will continue to uphold a human resources strategy of "unlocking potential and pooling of talent"; establish a platform and create opportunities for the career development of its staff, with a view to realizing mutual growth and benefits.

The Group will continue to be committed to being a responsible enterprise and following a path of high-quality development. It will adhere to the corporate mission of "create space full of love", follow the corporate values of "simple, truthful, prosper together, forward forever", and continue to live up to the corporate philosophy of "honest, modest, innovative and devoted". It will firmly gather the wisdom and power of all fellow folks of Powerlong, with the same goals and paths and embracing difficulties, to contribute to fostering the steady and healthy development and virtuous cycle of the industry, with a view to continually creating further values for the corporation, its society and the country.

FINANCIAL REVIEW

Revenue

Revenue of the Group mainly comprises income from property sales, rental income from investment properties, income from provision of commercial operational services and residential property management services and income from other property development related businesses. For the six months ended 30 June 2022, the Group recorded a total revenue of approximately RMB16,897 million (for the six months ended 30 June 2021: approximately RMB20,730 million), representing a decrease of approximately 18.5% as compared with the corresponding period in 2021. This was mainly attributable to the decrease in revenue from property sales.

Revenue from Property Sales

During the six months ended 30 June 2022, the Group strictly complied with its original completion and delivery schedule for the delivery of the corresponding projects. Revenue from projects sold and delivered for the six months ended 30 June 2022 amounted to approximately RMB14,547 million (for the six months ended 30 June 2021: approximately RMB18,421 million), representing a decrease of approximately 21.0% as compared with the corresponding period in 2021. This was mainly attributable to the decrease in the delivery of properties.

Set forth below are the details regarding the properties sold and delivered during the six months ended 30 June 2022:

		For the six months ended 30 June 2022		
		GFA sold & delivered *(sq.m.)*	**Amount sold & delivered** *(RMB million)*	**Average selling price** *(RMB/sq.m.)*
Yangtze River Delta	Commercial	293,568	2,211	7,531
	Residential	649,435	10,754	16,559
Hainan	Commercial	6,058	33	5,447
	Residential	5,224	80	15,314
Guangdong-Hong Kong-Macau Bay Area	Commercial	525	15	28,571
	Residential	37,215	838	22,518
Others	Commercial	55,561	297	5,345
	Residential	36,678	319	8,697
	Total	1,084,264	14,547	13,416
	Commercial	355,712	2,556	7,186
	Residential	728,552	11,991	16,459

Rental Income from Investment Properties and Income from Provision of Commercial Operational Services and Residential Property Management Services

For the six months ended 30 June 2022, the Group recorded rental income after elimination of intra-group transactions from investment properties amounting to approximately RMB866 million (for the six months ended 30 June 2021: approximately RMB860 million), which remained relatively stable as compared with the corresponding period in 2021.

For the six months ended 30 June 2022, income from provision of commercial operational services and residential property management services was mainly derived from projects developed by the Group and other third parties. The net income after elimination of intra-group transactions amounted to approximately RMB1,054 million (for the six months ended 30 June 2021: approximately RMB988 million), representing an increase of approximately 6.7% as compared with the corresponding period in 2021.

For the six months ended 30 June 2022, the Group recorded rental income from investment properties and income from provision of commercial operational services and residential property management services of approximately RMB1,920 million (for the six months ended 30 June 2021: approximately RMB1,848 million), representing a slight increase of approximately 3.9% as compared with the corresponding period in 2021.

Income from Other Property Development Related Businesses

Income from other property development related businesses mainly comprises income from hotel operation and the provision of consultation services. For the six months ended 30 June 2022, the Group recorded income from other property development related businesses of approximately RMB430 million (for the six months ended 30 June 2021: approximately RMB461 million), representing a decrease of approximately 6.7% as compared with the corresponding period in 2021, which was mainly because the hotel operations of the Group was affected by the fluctuations in the development of the COVID-19 pandemic in the first half of the year.

Cost of Sales

Cost of sales mainly represents the direct cost related to the property development of the Group. It comprises cost of land use rights, construction costs, decoration costs and other costs. For the six months ended 30 June 2022, cost of sales amounted to approximately RMB11,664 million (for the six months ended 30 June 2021: approximately RMB13,438 million), representing a decrease of approximately 13.2% as compared with the corresponding period in 2021, which was mainly due to the decrease in the GFA of properties sold and delivered, leading to a decrease in the total cost.

Gross Profit and Gross Profit Margin

For the six months ended 30 June 2022, gross profit amounted to approximately RMB5,233 million (for the six months ended 30 June 2021: approximately RMB7,292 million), representing a decrease of approximately 28.2% as compared with the corresponding period in 2021, which was mainly due to the decrease in revenue from property sales. Gross profit margin decreased by 4.2 percentage points from 35.2% for the six months ended 30 June 2021 to 31.0% for the six months ended 30 June 2022, which was mainly attributable to the increase in provision of impairment for the relevant property projects based on the principle of prudence as a result of the severe operating environment in the real estate industry and the continuous impact of the COVID-19 pandemic.

Fair Value (Losses)/Gains on Investment Properties

For the six months ended 30 June 2022, the Group recorded revaluation losses of approximately RMB45 million (for the six months ended 30 June 2021: revaluation gain of approximately RMB1,177 million). The turnaround from fair value gains to fair value losses was mainly due to the slow growth in market rents of shopping malls as a result of the decrease in leasing demand under the continuous impact of the COVID-19 pandemic.

Selling and Marketing Costs and Administrative Expenses

For the six months ended 30 June 2022, the Group's selling and marketing costs and administrative expenses amounted to approximately RMB1,328 million (for the six months ended 30 June 2021: approximately RMB1,602 million), representing a decrease of approximately 17.1% as compared with the corresponding period in 2021, which was mainly attributable to the decrease in the scale of sales and projects management. The Group will continue to exercise stringent control over expenses and costs whilst at the same time strive to continue the Group's business expansion.

Share of Profit of Investments Accounted for Using the Equity Method

For the six months ended 30 June 2022, share of post-tax profit of investments accounted for using the equity method amounted to approximately RMB549 million (for the six months ended 30 June 2021: approximately RMB598 million), representing a decrease of approximately 8.2% as compared with the corresponding period in 2021, which was mainly due to the decrease in net profit from joint ventures.

Income Tax Expense

Income tax expense of the Group amounted to approximately RMB1,338 million for the six months ended 30 June 2022 (for the six months ended 30 June 2021: approximately RMB2,667 million), representing a decrease of approximately 49.8% as compared with the corresponding period in 2021, which was mainly due to the decrease in PRC corporate income tax.

Profit Attributable to Owners of the Company

For the six months ended 30 June 2022, the profit attributable to owners of the Company amounted to approximately RMB698 million (for the six months ended 30 June 2021: approximately RMB3,908 million), representing a decrease of approximately 82.1% over the corresponding period in 2021.

For the six months ended 30 June 2022, basic earnings per share was approximately RMB16.9 cents (for the six months ended 30 June 2021: approximately RMB94.3 cents), representing a decrease of approximately 82.1% over the corresponding period in 2021.

Core earnings (being the profit excluding the fair value gains/(losses) on investment properties, revaluation gains/(losses) on completed properties held for sale transferred to investment properties and foreign exchange gains/(losses) on financing activities during the period under review) for the six months ended 30 June 2022 reached approximately RMB2,268 million (for the six months ended 30 June 2021: approximately RMB3,620 million), representing a decrease of approximately 37.3% as compared with that in the corresponding period in 2021.

Core earnings attributable to owners of the Company (being the profit excluding the attributable fair value gains/(losses) on investment properties, revaluation gains/(losses) on completed properties held for sale transferred to investment properties and foreign exchange gains/(losses) on financing activities during the period under review) for the six months ended 30 June 2022 reached approximately RMB1,691 million (for the six months ended 30 June 2021: approximately RMB2,549 million), representing a decrease of approximately 33.7% as compared with the corresponding period in 2021.

LIQUIDITY AND FINANCIAL RESOURCES

Cash Position

The long-term funding and working capital required by the Group are primarily derived from income generated from core business operations, bank borrowings and cash proceeds raised from issuance of bonds, which were used as working capital and investment in development projects.

The Group's cash and cash equivalents and restricted cash amounted to approximately RMB19,364 million in total as at 30 June 2022 (as at 31 December 2021: approximately RMB25,068 million), representing a decrease of approximately 22.8% as compared with that as at 31 December 2021.

Borrowings

Total borrowings of the Group as at 30 June 2022 was approximately RMB66,568 million (as at 31 December 2021: approximately RMB72,958 million), representing a decrease of approximately 9.4% as compared with that as at 31 December 2021. The Group's borrowings comprise bank and other borrowings of approximately RMB42,595 million, corporate bonds of approximately RMB6,567 million, commercial mortgage backed securities (the "**CMBS**") of approximately RMB2,329 million, assets-backed securities (the "**ABS**") of approximately RMB260 million and senior notes of approximately RMB14,817 million.

Out of the total borrowings, approximately RMB14,552 million was repayable within one year, while approximately RMB52,016 million was repayable after one year.

Net Gearing Ratio

As at 30 June 2022, the Group had a net gearing ratio (which is total borrowings less cash and cash equivalents and restricted cash over total equity) of approximately 75.4% (as at 31 December 2021: approximately 76.7%).

Borrowing Costs

Total interest expenses for the six months ended 30 June 2022 amounted to approximately RMB2,558 million (for the six months ended 30 June 2021: approximately RMB2,660 million), representing a decrease of approximately 3.8% as compared with the corresponding period in 2021. The decrease was mainly due to the decrease in total borrowings of the Group as compared with the corresponding period in 2021. Effective interest rate increased slightly from 6.42% for the six months ended 30 June 2021 to 6.43% for the six months ended 30 June 2022, primarily due to the changes in the capital market. The Group will continue to enhance its stringent control over finance costs.

Credit Policy

Trade receivables mainly arose from sales and lease of properties. Receivables in respect of sales and lease of properties are settled in accordance with the terms stipulated in the sale and purchase agreements and lease agreements respectively.

Pledge of Assets

As at 30 June 2022, the Group pledged its property and equipment, land use rights, investment properties, properties under construction, completed properties held for sale and restricted cash with carrying amount of approximately RMB87,989 million (as at 31 December 2021: RMB103,261 million) to secure borrowings of the Group. The total secured bank and other borrowings and CMBS as at 30 June 2022 amounted to approximately RMB44,621 million (as at 31 December 2021: approximately RM46,043 million). The ABS of RMB260 million (as at 31 December 2021: RMB1,276 million) were secured by the trade receivables of the Group. The senior notes issued by the Company are guaranteed and secured by share pledges of certain non-PRC subsidiaries and non-PRC joint ventures of the Group.

Contingent Liabilities

As at 30 June 2022, the Group had no significant contingent liabilities.

Financial Guarantees

The face value of the financial guarantees provided by the Group is analysed as below:

	30 June 2022 Unaudited ***RMB'000***	31 December 2021 Audited *RMB'000*
Guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties	**24,993,691**	32,685,377
Guarantees for borrowings of joint ventures and associates	**1,258,905**	1,234,831
	26,252,596	33,920,208

Commitments

(1) Commitments for property development expenditures

	30 June 2022 Unaudited ***RMB'000***	31 December 2021 Audited *RMB'000*
Contracted but not provided for		
– Property development activities	**12,537,675**	14,477,443
– Acquisition of land use rights	**3,298,879**	3,448,488
	15,836,554	17,925,931

(2) Lease commitments

As at 30 June 2022, the Group did not have any material short-term lease commitment.

Foreign Currency Risk

The Group primarily operates its business in the PRC. The currency in which the Group denominates and settles substantially all of its transactions is Renminbi. The major non-RMB financial assets or liabilities as at 30 June 2022 are the Group's borrowings denominated in US$ or HK$ totalling approximately RMB21,998 million. Any depreciation of Renminbi would adversely affect the value of any dividends to be paid by the Group to the shareholders of the Company (the "**Shareholders**") outside the PRC. The Group currently does not engage in hedging activities designed or used to manage foreign exchange rate risk. The Group will continue to monitor foreign exchange changes to best preserve the Group's cash value.

SIGNIFICANT INVESTMENTS AND MATERIAL ACQUISITIONS AND DISPOSALS

Save as disclosed in this announcement, the Group did not hold any significant investments and did not conduct any material acquisition or disposal of subsidiaries, associates or joint ventures during the six months ended 30 June 2022.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this announcement, the Group had not authorised any plans for any other material investments or additions of capital assets as at 30 June 2022.

EMPLOYEES AND EMOLUMENT POLICY

As at 30 June 2022, the Group employed a total of 11,450 full-time employees (as at 31 December 2021: 13,212 employees). The total staff costs of the Group incurred was approximately RMB1,540 million for the six months ended 30 June 2022. The Group has adopted a performance-based rewarding system to motivate its staff. In addition to a basic salary, year-end bonuses are offered to those staff with outstanding performance. The Group reviews the remuneration policies and packages on a regular basis and makes necessary adjustments commensurate with the pay level in the industry. In relation to staff training, the Group also provides different types of training programs for its staff to improve their skills and develop their respective expertise.

INTERIM DIVIDEND

The Board resolved not to declare an interim dividend for the six months ended 30 June 2022.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**Listing Rules**") as the code for dealing in securities of the Company by the Directors. 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. Specific enquiry has been made by the Company to all the Directors who have confirmed compliance with the required standard set out in the Model Code for the six months ended 30 June 2022. No incident of non-compliance was noted by the Company throughout the six months ended 30 June 2022.

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

As of 31 March 2022, the Company had made partial repurchases of the 3.9% senior notes due 2022 issued by the Company and listed on the Singapore Exchange Securities Trading Limited (the "**April 2022 Notes**") in the aggregate principal amount of US$32,950,000. The April 2022 Notes matured on 13 April 2022 and was fully repaid by the Company. Please refer to the announcements of the Company dated 25 February 2022, 28 February 2022, 31 March 2022 and 6 April 2022 for further details.

On 16 March 2022, Shanghai Powerlong Industrial Development Co. Ltd deposited all necessary funds into the designated bank account of China Securities Depository and Clearing Corporation Limited for the redemption of the 2020 corporate bonds specialized in rental housing (Tranche 1) in the PRC (the "**2020 Corporate Bonds**") at maturity in full at their outstanding principal amount together with interest accrued to the maturity date. The 2020 Corporate Bonds were redeemed on 20 March 2022. Please refer to the announcement of the Company dated 16 March 2022 for further details.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 June 2022.

CORPORATE GOVERNANCE

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

The Directors are of the view that the Company had complied with all the applicable code provisions set out in the Corporate Governance Code contained in Part 2 of Appendix 14 to the Listing Rules during the six months ended 30 June 2022. Further information about the corporate governance practices of the Company will be set out in the interim report of the Company for the six months ended 30 June 2022.

AUDIT COMMITTEE

The Company has established an audit committee (the "**Audit Committee**"), which comprises three independent non-executive Directors pursuant to the Listing Rules.

The Audit Committee has reviewed the unaudited interim results of the Group for the six months ended 30 June 2022 and considered that such results have been prepared in accordance with applicable accounting standards and requirements with sufficient disclosure.

EVENTS AFTER THE REPORTING PERIOD

Completion of the Exchange Offer and the Consent Solicitation

References are made to the announcements of the Company dated 4 July 2022, 13 July 2022, 14 July 2022, 16 July 2022, 19 July 2022 and 25 July 2022 (collectively, the "**Relevant Announcements**"). Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Relevant Announcements.

On 4 July 2022, the Company conducted the Exchange Offer and the Consent Solicitation with respect to (i) the Fourth 2022 Notes and the Second 2022 Notes upon the terms and subject to the conditions set forth in the Exchange Offer Memorandum; and (ii) the July 2019 Notes, the August 2020 Notes, the October 2020 Notes and the May 2021 Notes upon the terms and subject to the conditions set forth in the Consent Solicitation Statement.

The Exchange Offer and the Consent Solicitation were completed on 15 July 2022. As part of the exchange consideration for the Exchange Notes, the Company issued (i) US$169,770,700 in aggregate principal amount of the July 2023 New Notes; and (ii) US$262,741,000 in aggregate principal amount of the January 2024 New Notes. For further details, please refer to the Relevant Announcements.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, throughout the six months ended 30 June 2022 and up to the date of this announcement, the Company has maintained a sufficient public float of more than 25% of the total number of issued shares of the Company as required under the Listing Rules.

PUBLICATION OF INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The interim report of the Company for the six months ended 30 June 2022 will be despatched to the Shareholders and made available on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.powerlong.com in due course.

CHANGE OF JOINT COMPANY SECRETARY, AUTHORISED REPRESENTATIVE AND PROCESS AGENT

The Board hereby announces that Ms. Suen Pui Chun Hannah ("**Ms. Suen**") has tendered her resignation as (i) the joint company secretary of the Company (the "**Joint Company Secretary**"); (ii) an authorised representative (the "**Authorised Representative**") of the Company under Rule 3.05 of the Listing Rules; and (iii) an authorized representative of the Company to accept service of process and notices on behalf of the Company in Hong Kong as required under Rule 19.05(2) of the Listing Rules and Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "**Process Agent**"), with effect from 30 August 2022.

Ms. Suen has confirmed that she does not have any disagreement with the Board and there are no other matters in relation to her resignation of the above positions that need to be brought to the attention of the Shareholders and the Stock Exchange.

The Board is pleased to announce that, following the resignation of Ms. Suen, Ms. Leung Wai Yan ("**Ms. Leung**") has been appointed as the Joint Company Secretary, the Authorised Representative and the Process Agent with effect from 30 August 2022. Ms. Hai Di ("**Ms. Hai**") will continue to serve as the other Joint Company Secretary. The biographical details of Ms. Leung are set out below:

Ms. Leung is currently a manager of corporate services of Vistra Corporate Services (HK) Limited. She has over 14 years of experience in providing company secretarial services to numerous listed and private companies. Ms. Leung obtained a Bachelor of Business (Administrative Management) from University of South Australia. She has been an associate member of The Hong Kong Chartered Governance Institute and an associate member of The Chartered Governance Institute in the United Kingdom since 2009.

WAIVER FROM STRICT COMPLIANCE WITH RULES 3.28 AND 8.17 OF THE LISTING RULES

Reference is made to the announcement of the Company dated 18 December 2020 (the "**Announcement**") in relation to, among others, the Waiver granted to the Company by the Stock Exchange from strict compliance with the requirements of Rules 3.28 and 8.17 of the Listing Rules in respect of the Waiver Period (i.e. from 18 December 2020 to 17 December 2023) (the "**Waiver Period**"). Unless otherwise defined, capitalised terms herein shall have the same meaning as those defined in the Announcement.

Given the condition of the Waiver could no longer be fulfilled following the resignation of Ms. Suen, the Company has applied to the Stock Exchange for, and the Stock Exchange has granted a new waiver (the "**New Waiver**") from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules for the remaining period of the Waiver Period (i.e. from 30 August 2022 to 17 December 2023) (the "**New Waiver Period**") in relation to the eligibility of Ms. Hai to act as the Joint Company Secretary, on the conditions that: (i) Ms. Hai will be assisted by Ms. Leung during the New Waiver Period; and (ii) the New Waiver could be revoked if there are material breaches of the Listing Rules by the Company.

Before the end of the New Waiver Period, the Company must demonstrate and seek the Stock Exchange's confirmation that Ms. Hai, having had the benefit of Ms. Leung's assistance during the New Waiver Period, has attained the relevant experience and is capable of discharging the functions of company secretary under Rule 3.28 of the Listing Rules such that a further waiver will not be necessary. The Stock Exchange may withdraw or change the New Waiver if the Company's situation changes.

The Board would like to take this opportunity to express its gratitude to Ms. Suen for her valuable contributions to the Company during her tenure of service and extend its warm welcome to Ms. Leung on her new appointment.

By order of the Board
Powerlong Real Estate Holdings Limited
Hoi Kin Hong
Chairman

Hong Kong, 30 August 2022

As at the date of this announcement, the executive Directors are Mr. Hoi Kin Hong, Mr. Hoi Wa Fong, Mr. Xiao Qing Ping, Ms. Shih Sze Ni Cecilia and Mr. Zhang Hong Feng; the non-executive Director is Ms. Hoi Wa Fan; and the independent non-executive Directors are Dr. Ngai Wai Fung, Dr. Mei Jian Ping and Dr. Ding Zu Yu.