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: 01238)

2009 ANNUAL RESULTS ANNOUNCEMENT
A YEAR OF NEW RECORDS: KEY ACHIEVEMENTS IN FY 2009

- **Revenue increased by 161% to approximately RMB4.14 billion**
- **Contracted sales increased by 60% to approximately RMB2.9 billion**
- **Sold and delivered GFA increased by 133% to 669,090 square meters**
- **Net profit attributable to shareholders increased by 226% to approximately RMB3.04 billion (net profit after deducting the fair value gains from revaluation on investment properties increased by 314% to RMB1.22 billion)**
- **Basic earnings per share increased by 202% to RMB93.93 cents**
- **Net assets per share up by 199% to RMB2.01**
- **GFA of investment properties up 165% to 544,964 square meters**
- **Rental income from investment properties up by 76% to approximately RMB94 million**
- **Proposed declaration of dividend of RMB6 cents per ordinary share of the Company**

The board of directors (the "Board") of Powerlong Real Estate Holdings Limited (the "Company") is pleased to announce its first annual consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2009 upon its listing on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 14 October 2009.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 December	
		2009	2008
	Note	***RMB'000***	*RMB'000*
Revenue	*3*	**4,135,739**	1,583,766
Cost of sales	*4*	**(1,829,484)**	(869,057)
Gross profit		**2,306,255**	714,709
Fair value gains on investment properties	*9*	**2,425,853**	856,040
Selling and marketing costs	*4*	**(66,218)**	(60,927)
Administrative expenses	*4*	**(178,251)**	(140,918)
Other losses – net		**(3,553)**	(37,786)
Operating profit		**4,484,086**	1,331,118
Fair value losses on embedded financial derivatives		**–**	(14,834)
Finance costs	*5*	**(851)**	(33,655)
Profit before income tax		**4,483,235**	1,282,629
Income tax expenses	*6*	**(1,442,165)**	(345,313)
Profit for the year		**3,041,070**	937,316
Other comprehensive income		**–**	–
Total comprehensive income for the year		**3,041,070**	937,316
Attributable to:			
Equity holders of the Company		**3,042,669**	932,658
Minority interests		**(1,599)**	4,658
		3,041,070	937,316
Earnings per share for profit attributable to equity holders of the Company during the year (expressed in RMB cents per share)			
– Basic	*7*	**93.93 cents**	31.09 cents
– Diluted		**93.92 cents**	31.09 cents
		RMB'000	*RMB'000*
Dividend	*8*	**245,247**	–

CONSOLIDATED BALANCE SHEET

		31 December	
		2009	2008
	Note	***RMB'000***	*RMB'000*
ASSETS			
Non-current assets			
Property and equipment		**323,917**	226,149
Land use rights		**61,343**	38,490
Investment properties	*9*	**6,507,786**	3,391,894
Deferred income tax assets		**30,596**	38,408
		6,923,642	3,694,941
Current assets			
Land use rights		**1,616,364**	1,116,746
Properties under development		**1,210,068**	1,577,230
Completed properties held for sale		**478,410**	417,474
Trade and other receivables and prepayments	*10*	**1,788,562**	1,408,101
Prepaid taxes		**11,639**	120,109
Financial assets at fair value through profit or loss		**11,517**	–
Restricted cash		**719,891**	31,112
Cash and cash equivalents		**1,764,225**	205,302
		7,600,676	4,876,074
Total assets		**14,524,318**	8,571,015
OWNERS' EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital and premium	*11*	**3,172,401**	26,659
Other reserves	*12*	**347,231**	341,983
Retained earnings			
– Proposed final dividend		**245,247**	–
– Others		**4,437,751**	1,640,329
		8,202,630	2,008,971
Minority interests		**26,927**	34,501
Total equity		**8,229,557**	2,043,472

	Note	31 December 2009 RMB'000	2008 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	*13*	**1,026,201**	547,276
Deferred income tax liabilities		**961,679**	367,692
		1,987,880	914,968
Current liabilities			
Borrowings	*13*	**1,145,715**	563,727
Secured bonds and secured notes		**–**	833,812
Trade and other payables	*14*	**901,829**	1,575,517
Advances from customers		**1,231,758**	2,267,935
Income tax payables		**1,027,579**	371,584
		4,306,881	5,612,575
Total liabilities		**6,294,761**	6,527,543
Total equity and liabilities		**14,524,318**	**8,571,015**
Net current assets/(liabilities)		**3,293,795**	**(736,501)**
Total assets less current liabilities		**10,217,437**	2,958,440

NOTES:

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 18 July 2007 as an exempted company with limited liability under the Companies Law, Cap 22 of the Cayman Islands. The address of the Company's registered office is Unit 5813, 58/F., The Center, 99 Queen's Road Central, Hong Kong. The Company's principal activity is investment holding. The Group is principally engaged in property development, property investment, property management, and other property development related services.

The Company has its primary listing on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 14 October 2009.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") under the historical cost convention, as modified by the revaluation of investment properties, financial assets at fair value through profit or loss and embedded financial derivatives which are carried at fair values.

The following new standards and amendments to standards relevant to the Group's operation have been issued that are mandatory for accounting periods beginning on or after 1 July 2009 or later periods and which the Group has not early adopted.

- HKAS 27 (revised) "Consolidated and separate financial statements" (effective for annual period beginning on or after 1 July 2009 and applicable for year ending 30 June 2010 or after). The revised standard requires the effects of all transactions with minority interest to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. The Group will apply HKAS 27 (revised) prospectively to transactions with minority interest from 1 January 2010.

- HKFRS 3 (revised) "Business combinations" (effective for annual period beginning on or after 1 July 2009 and applicable for year ending 30 June 2010 or after). The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair vale or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The Group will apply HKFRS 3 (revised) prospectively to all business combinations from 1 January 2010.

- HKAS 1 (amendment) "Presentation of financial statements" (effective for annual period beginning on or after 1 January 2010). The amendment is part of the HKICPA's annual improvements project published in April/May 2009. The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. The Group and Company will apply HKAS 1 (amendment) from 1 January 2010. It is not expected to have a material impact on the Group's or Company's financial statements.

- HKFRS 2 (amendment) "Group cash-settled share-based payment transactions" (effective for annual period beginning on or after 1 January 2010). In addition to incorporating HK(IFRIC)-Int 8, "Scope of HKFRS 2", and HK(IFRIC)-Int 11, "HKFRS 2 - group and treasury share transactions", the amendments expand on the guidance in HK(IFRIC) 11 to address the classification of group arrangements that were not covered by the interpretation. The new guidance is not expected to have a material impact on the Group's financial statements.

3. SEGMENT INFORMATION

The Board, which is the chief operating decision-maker of the Group, reviews 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, property management, and other property development related services. As the Board considers most of the Group's consolidated revenue and results are attributable to the market in the PRC, the Group's consolidated assets are substantially located in the PRC, no geographical information is presented.

Revenue consists of sales of properties, rental income of investment properties, property management services and other property development related services. Revenue of the year consists of the following:

	Year ended 31 December	
	2009	2008
	RMB'000	*RMB'000*
Sales of properties	**4,008,255**	1,511,760
Rental income of investment properties	**94,047**	53,290
Property management services	**33,437**	15,955
Other property development related services	**–**	2,761
	4,135,739	1,583,766

The segment results and other segment items included in the profit for the year ended 31 December 2009 are as follows:

	Property development	Property investment	Property management services	Other property development related services	Elimination	Group
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Gross segment revenue	4,008,255	94,047	65,829	32,930	–	4,201,061
Inter-segment revenue	–	–	(32,392)	(32,930)	–	(65,322)
Revenue	4,008,255	94,047	33,437	–	–	4,135,739
Segment results	2,078,970	2,472,756	(1,302)	(5,305)	(653)	4,544,466
Unallocated operating costs						(60,380)
Finance costs						(851)
Profit before income tax						4,483,235
Income tax expenses						(1,442,165)
Profit for the year						3,041,070
Depreciation	5,230	–	414	1,561	–	7,205
Amortisation of land use rights recognised as expenses	15,039	–	–	–	–	15,039
Fair value gains on investment properties *(note 9)*	–	2,425,853	–	–	–	2,425,853

The segment results and other segment items included in the profit for the year ended 31 December 2008 are as follows:

	Property development *RMB'000*	Property investment *RMB'000*	Property management services *RMB'000*	Other property development related services *RMB'000*	Elimination *RMB'000*	Group *RMB'000*
Gross segment revenue	1,511,760	53,290	15,955	16,163	–	1,597,168
Inter-segment revenue	–	–	–	(13,402)	–	(13,402)
Revenue	1,511,760	53,290	15,955	2,761	–	1,583,766
Segment results	550,175	842,727	5,450	(7,402)	(364)	1,390,586
Unallocated operating costs						(59,468)
Fair value losses on embedded financial derivatives						(14,834)
Finance costs						(33,655)
Profit before income tax						1,282,629
Income tax expenses						(345,313)
Profit for the year						937,316
Depreciation	4,595	–	229	1,565	–	6,389
Amortisation of land use rights recognised as expenses	5,735	–	–	–	–	5,735
Fair value gains on investment properties *(note 9)*	–	856,040	–	–	–	856,040

Segment assets and liabilities as at 31 December 2009 and capital expenditure for the year then ended are as follows:

	Property development ***RMB'000***	**Property investment** ***RMB'000***	**Property management services** ***RMB'000***	**Other property development related services** ***RMB'000***	**Elimination** ***RMB'000***	**Group** ***RMB'000***
Segment assets	**5,789,426**	**7,184,209**	**21,800**	**878,175**	**(250,812)**	**13,622,798**
Other assets						**901,520**
Total assets						**14,524,318**
Segment liabilities	**1,663,562**	**268,057**	**46,963**	**197,232**	**(95,248)**	**2,080,566**
Other liabilities						**4,214,195**
Total liabilities						**6,294,761**
Capital expenditures	**867,793**	**705,955**	**1,168**	**100,452**	**–**	**1,675,368**

Segment assets and liabilities as at 31 December 2008 and capital expenditure for the year then ended are as follows:

	Property development *RMB'000*	Property investment *RMB'000*	Property management services *RMB'000*	Other property development related services *RMB'000*	Elimination *RMB'000*	Group *RMB'000*
Segment assets	4,254,089	3,713,261	13,466	311,109	(184,228)	8,107,697
Other assets						463,318
Total assets						8,571,015
Segment liabilities	3,029,190	29,288	30,572	115,234	(88,282)	3,116,002
Other liabilities						3,411,541
Total liabilities						6,527,543
Capital expenditures	556,668	355,763	1,170	1,794	–	915,395

Reportable segments' assets are reconciled to total assets as follows:

	31 December	
	2009	2008
	RMB'000	*RMB'000*
Segment assets	**13,622,798**	8,107,697
Other assets		
Prepaid taxes	**11,639**	120,109
Deferred tax assets	**30,596**	38,408
Unallocated cash and cash equivalents and restricted cash	**828,987**	50,358
Amounts due from related parties	**23,844**	236,924
Unallocated property and equipment	**2,679**	3,700
Other corporate assets	**3,775**	13,819
Total assets	**14,524,318**	8,571,015

Reportable segments' liabilities are reconciled to total liabilities as follows:

	31 December	
	2009	2008
	RMB'000	*RMB'000*
Segment liabilities	**2,080,566**	3,116,002
Other liabilities		
Income tax payables	**1,027,579**	371,584
Deferred tax liabilities	**961,679**	367,692
Interests payable	**2,624**	55,034
Current borrowings	**1,145,715**	563,727
Non-current borrowings	**1,026,201**	547,276
Amounts due to related parties	**32,900**	666,079
Secured bonds and secured notes	**–**	833,812
Other corporate liabilities	**17,497**	6,337
Total liabilities	**6,294,761**	6,527,543

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

Segment liabilities consist of operating liabilities.

4. EXPENSES BY NATURE

Expenses included in cost of sales, selling and marketing costs and administrative expenses are analysed as follows:

	Year ended 31 December	
	2009	2008
	RMB'000	*RMB'000*
Business taxes and other levies *(note (a))*	**215,063**	82,347
Staff costs (including directors' emoluments)	**96,120**	112,679
Advertising costs	**36,789**	39,243
Depreciation	**7,205**	6,389
Amortisation of land use rights	**15,039**	5,735
Cost of properties sold (excluding staff costs)	**1,596,457**	767,116
Auditors' remuneration	**3,280**	493
Donations to governmental charity	**5,060**	5,658

(a) Business taxes

The group entities established in the PRC are subject to business taxes on their revenue at the following rates:

Category	**Rate**
Sales of properties	5%
Property construction and decoration	3%
Property management	5%

5. FINANCE COSTS

	Year ended 31 December	
	2009	2008
	RMB'000	*RMB'000*
Interest expenses:		
Bank borrowings wholly repayable within five years	**75,645**	68,827
Convertible bonds and secured notes	**–**	211,724
Secured bonds and secured notes	**88,011**	52,350
Less: interest capitalised	**(159,669)**	(299,246)
	3,987	33,655
Net foreign exchange gains on financing activities	**(3,136)**	–
	851	33,655

6. INCOME TAX EXPENSES

	Year ended 31 December	
	2009	2008
	RMB'000	*RMB'000*
Current tax		
PRC corporate income tax	**405,155**	135,121
PRC land appreciation tax	**404,911**	3,945
Withholding income tax for profit to be distributed from the group companies in the PRC	**30,300**	–
Deferred income tax		
PRC corporate income tax	**601,799**	206,247
	1,442,165	345,313

The income tax on the profit before income tax of the Group differs from the theoretical amount that would arise using the enacted tax rate of the home country of the group entities as follows:

	Year ended 31 December	
	2009	2008
	RMB'000	*RMB'000*
Operating profit before income tax	**4,483,235**	1,282,629
Calculated at applicable corporate income tax rate	**1,106,870**	327,975
Effect of expenses not deductible for income tax	**1,312**	14,379
PRC land appreciation tax deductible for PRC corporate income tax purposes	**(101,228)**	(986)
	1,006,954	341,368
Withholding income tax for profit to be distributed from the group companies in the PRC	**30,300**	–
PRC land appreciation tax	**404,911**	3,945
	1,442,165	345,313

The weighted average applicable corporate income tax rate for the years ended 31 December 2009 is 25% (2008: 26%).

Overseas income tax

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap 22 of Cayman Islands and accordingly, is exempted from Cayman Islands income tax. The Company's direct subsidiary in the British Virgin Islands was incorporated under the International Business Companies Act of the British Virgin Islands and, accordingly, is exempted from British Virgin Islands income tax.

PRC corporate income tax

The income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate on the estimated assessable profits for the year, based on the existing legislation, interpretations and practices in respect thereof.

On 16 March 2007, the National People's Congress approved the Corporate Income Tax Law of the People's Republic of China (the "new CIT Law"), which is effective from 1 January 2008. Under the new CIT Law, the corporate income tax rate applicable to the Group's subsidiaries located in Mainland China from 1 January 2008 is 25%. Under the new CIT Law, the corporate income tax rate applicable to certain of the group entities established and operated in Xiamen Special Economic Zone is gradually increased from 15% to 25% in a transitional period of five years starting from 1 January 2008.

Pursuant to the Detailed Implementation Regulations for implementation of the new CIT Law issued on 6 December 2007, a 10% withholding tax shall be levied on the dividends remitted by the companies established in the PRC to their foreign investors starting from 1 January 2008. Dividends coming from the profits generated by the PRC companies after 1 January 2008 shall be subject to this withholding tax.

Hong Kong profits tax

No provision for Hong Kong profits tax has been made in these consolidated financial statements as the Company and the Group did not have assessable profit in Hong Kong for the year. 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 land appreciation tax ("LAT")

Pursuant to the requirements of the Provisional Regulations of the PRC on LAT effective 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.

Certain group entities in Henan Province, Anhui Province and Jiangsu Province were subject to LAT which is calculated based on 0.5% to 3.5% of the sales of properties in accordance with the authorised taxation method.

7. EARNINGS PER SHARE (BASIC AND DILUTED)

(a) Basic

The calculation of basic earnings per share is based on the Group's profit attributable to equity holders and the weighted average shares in issue during the year.

	Year ended 31 December	
	2009	2008
Profit attributable to equity holders of the Company (RMB'000)	**3,042,669**	932,658
Weighted average number of ordinary shares in issue (thousand shares)	**3,239,159**	3,000,000
Basic earnings per share (RMB cents per share)	**93.93 cents**	31.09 cents

(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. The Company's dilutive potential ordinary shares consist of share options. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	Year ended 31 December	
	2009	2008
Earnings		
Profit attributable to equity holders of the Company (RMB'000)	**3,042,669**	932,658
Weighted average number of ordinary shares in issue (thousand shares)	**3,239,159**	3,000,000
Adjustments for:		
– Share options (thousand shares)	**496**	—
Weighted average number of ordinary shares for diluted earnings per share (thousand shares)	**3,239,655**	3,000,000
Diluted earnings per share (RMB cents per share)	**93.92 cents**	31.09 cents

8. DIVIDEND

The Board recommend the payment of a final dividend of RMB6 cents per share, totaling RMB245,247,000. Such dividend is to be approved by the shareholders at the Annual General Meeting on 11 June 2010. These financial statements do not reflect this dividend payable.

	Year ended 31 December	
	2009	2008
	RMB'000	*RMB'000*
Proposed final dividend of RMB6.00 cents (2008: nil) per ordinary share	**245,247**	–

9. INVESTMENT PROPERTIES

	Completed properties *RMB'000*	Properties under construction *RMB'000*	Total *RMB'000*
Year ended 31 December 2008			
At 1 January 2008	1,073,000	1,631,424	2,704,424
Addition	–	334,869	334,869
Transfer to properties under development	–	(265,700)	(265,700)
Transfer to land use rights	–	(156,337)	(156,337)
Transfers	325,362	(325,362)	–
Disposal of investment properties	(81,402)	–	(81,402)
Fair value gains	856,040	–	856,040
At 31 December 2008	2,173,000	1,218,894	3,391,894
Year ended 31 December 2009			
At 1 January 2009	**2,173,000**	**1,218,894**	**3,391,894**
Addition	**4,137**	**701,212**	**705,349**
Transfers	**994,720**	**(994,720)**	**–**
Disposal of investment properties	**(15,310)**	**–**	**(15,310)**
Fair value gains	**2,425,853**	**–**	**2,425,853**
At 31 December 2009	**5,582,400**	**925,386**	**6,507,786**

The completed investment properties have been revalued at 31 December 2009 and 2008 by Savills Valuation and Professional Services Limited, an independent and professionally qualified valuer. The valuations were based on either capitalisation of the net rental incomes of the property derived from the existing tenancies with due allowance for the reversionary income potential of the property, or by making reference to the comparable market transactions assuming sale with the benefit of vacant possession.

The management of the Group has concluded that the fair value of its investment properties under construction as at 31 December 2009 and 2008 could not be measured reasonably, therefore, the Group's investment properties under construction continue to be measured at cost until construction is completed.

The Group owned 100% interests in the investment properties as at 31 December 2009, which are held in the PRC on leases of between 10 to 50 years (2008: same).

As at 31 December 2009, investment properties amounting to RMB4,198,612,000 (2008: RMB2,210,102,000) were pledged as collateral for the Group's borrowings.

10. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	31 December 2009 *RMB'000*	2008 *RMB'000*
Trade receivables *(note (a))*	**413,076**	56,290
– Related parties	**15,433**	–
– Third parties	**397,643**	56,290
Other receivables from:	**69,553**	262,978
– Related parties	**23,844**	236,924
– Third parties	**45,709**	26,054
Prepaid business taxes and other taxes	**29,208**	92,016
Prepayments for acquisition of properties – related parties	**600,000**	300,000
Prepayments for acquisition of land use rights	**674,911**	677,740
Prepayments for construction fee – third parties	**1,814**	6,543
Other prepayments	**–**	12,534
	1,788,562	1,408,101

(a) Trade receivables are mainly derived from sales of properties and rental income. Sales proceeds and rental fee are paid in accordance with the terms of the related sales and purchase agreements and rental contracts. Trade receivables at 31 December 2009 and 2008 were aged less than 90 days.

As at 31 December 2009 and 2008, the fair value of trade and other receivables approximated their carrying amounts.

Trade receivables and other receivables are unsecured and interest free. The Group's trade and other receivables and prepayments are denominated in RMB. No material trade and other receivables were impaired or past due as at 31 December 2009 and 2008.

11. SHARE CAPITAL AND PREMIUM

	Note	Number of ordinary shares	Nominal value of ordinary shares	Equivalent nominal value of ordinary share *RMB'000*	Share premium *RMB'000*	Total *RMB'000*
Authorised:						
As at 1 January and 31 December 2008 and 31 December 2009	(a)	30,000,000,000	HK$300,000,000			
Issued and fully paid:						
As at 1 January 2008		–	–	–	1	1
Issue of ordinary shares	(b)	3,000,000,000	HK$30,000,000	26,658	–	26,658
As at 31 December 2008		3,000,000,000	HK$30,000,000	26,658	1	26,659
Capitalisation of amounts due to controlling shareholder	(c)	150,000,000	HK$1,500,000	1,320	998,680	1,000,000
Issue of ordinary shares in connection with the listing	(d)	937,448,000	HK$9,374,480	8,291	2,262,447	2,270,738
Share issuance costs in connection with the listing		–	–	–	(124,996)	(124,996)
As at 31 December 2009		4,087,448,000	HK$40,874,480	36,269	3,136,132	3,172,401

(a) As at 1 January 2008, the authorised share capital of the Company is HK$300,000,000 divided into 30,000,000,000 shares of HK$0.01 each.

(b) On 14 December 2007, the Company issued 3,000,000,000 ordinary shares at par value of HK$0.01 each. The cash consideration of HK$30,000,000 was received on 4 June 2008.

(c) On 16 September 2009, the Company issued 150,000,000 shares to Skylong Holdings Limited as directed by Mr. Hoi Kin Hong, the major shareholder of the Company, credited as fully paid, for capitalisation of the amounts due to Mr. Hoi of RMB1,000,000,000.

(d) On 14 October 2009, the Company issued 850,000,000 ordinary shares of HK$0.01 each at HK$2.75 per share in connection with the listing, and raised gross proceeds of approximately HK$2,337,500,000 (equivalent to RMB2,058,921,000). On 5 November 2010, pursuant to the exercise of the over-allotment option, additional 87,448,000 shares of HK$0.01 each were issued at HK$2.75 per share and raised gross proceeds of HK$240,482,000 (equivalent to RMB211,817,000).

12. OTHER RESERVES

	Merger reserve *RMB'000*	Statutory reserves *RMB'000*	Share option reserve *RMB'000*	Total *RMB'000*
Balance at 1 January and 31 December 2008	337,203	4,780	–	341,983
Employees share option scheme	–	–	5,248	5,248
Balance at 31 December 2009	337,203	4,780	5,248	347,231

13. BORROWINGS

	31 December **2009** ***RMB'000***	2008 *RMB'000*
Borrowings included in non-current liabilities:		
Bank borrowings — secured	**1,405,526**	1,111,003
Less: amounts due within one year	**(379,325)**	(563,727)
	1,026,201	547,276
Borrowings included in current liabilities:		
Short-term borrowings — secured	**766,390**	–
Current portion of long-term borrowings	**379,325**	563,727
	1,145,715	563,727

The maturity of the borrowings included in non-current liabilities is as follows:

	31 December **2009** ***RMB'000***	2008 *RMB'000*
Bank borrowings:		
1–2 years	**507,451**	391,970
2–5 years	**317,500**	106,864
Over 5 years	**201,250**	48,442
	1,026,201	547,276

14. TRADE AND OTHER PAYABLES

	31 December	
	2009	2008
	RMB'000	*RMB'000*
Trade payables – third parties	**456,955**	492,936
Notes payable – third party	**35,855**	–
Other payables and accruals:	**150,218**	820,250
– Related parties	**32,900**	666,079
– Third parties	**117,318**	154,171
Payables for retention fee	**110,827**	99,401
Payables for acquisition of land use rights	**98,627**	143,434
Other taxes payable	**49,347**	19,496
	901,829	1,575,517

The ageing analysis of trade payables included in trade and other payables at the balance sheet date is as follows:

	31 December	
	2009	2008
	RMB'000	*RMB'000*
Within 90 days	**80,063**	34,779
Over 90 days and within 180 days	**30,238**	72,247
Over 180 days and within 365 days	**76,880**	117,412
Over 365 days and within 3 years	**269,774**	268,498
	456,955	492,936

BUSINESS REVIEW

Results

During the year under review, the Group achieved a total revenue of RMB4,135,739,000 (2008: RMB1,583,766,000), representing an increase of 161%. Net profit surged 224% to RMB3,041,070,000 (2008: RMB937,316,000) and the portion attributable to equity holders of the Company was RMB3,042,669,000 (2008: RMB932,658,000), representing a rise of 226%. Basic and diluted earnings per share attributable to equity holders of the Company amounted to RMB93.93 cents and RMB93.92 cents, respectively (2008: RMB31.09 cents and RMB31.09 cents, respectively) for the year ended 31 December 2009.

For the year ended 31 December 2009, the Group conducted its business activities in the following major business segments, namely property development, property investment, property management and other property development related services. During the year under review, property development remains the core business and key revenue driver of the Group.

The surge in revenue was largely derived from overwhelming responses to the sales of the Group's nine projects launched during the year, coupled with the recovery of property market since beginning of the year.

Revenue generated from property sales amounted to RMB4,008,255,000 (2008: RMB1,511,760,000). The revenue from property sales was upheld as a result of the generally positive market environment in 2009 when sales took place.

The rental income from investment properties was RMB94,047,000 (2008: RMB53,290,000). The growth in the rental income on investment properties was mainly due to the openings of new projects completed in 2009 and the increase in GFA for leasing.

MARKET REVIEW

In the first quarter of 2009, the global economic condition continued to remain sluggish and the governments of various countries adopted proactive bailout policies against the financial tsunami to ease the economic downturn. With the stimulus package introduced by the China's Central Government in effect, confidence in the real-estate market was being restored gradually in the second quarter of 2009. Since then, the market has staged a robust comeback with residential property prices rising to a new height, which indicated the revival of property market in China.

Property Development

During the year under review, the Group adhered closely to its schedules of completions and deliveries as originally planned. The completed and delivered projects aggregated a total GFA of 669,090 square meters (2008: 287,274 square meters), and represented a growth of 133% when compared with last year, highlighted as follows:

Projects completed and delivered in 2009

Items	Approximate GFA completed *(square meter)*	Approximate GFA sold & delivered *(square meter)*
Fuzhou		
Commercial	–	495
Taicang		
Commercial	5,138	5,138
Zhengzhou		
Commercial	–	55,929
Tai'an		
Commercial	168,960	23,847
Residential	–	55,082
Bengbu		
Commercial	114,730	23,919
Residential	–	32,292
Luoyang		
Commercial	241,300	94,923
Residential	101,378	100,802
Qingdao		
Commercial	235,591	77,347
Residential	124,825	112,163
Wangzhuang		
Commercial	–	353
Yuqi		
Commercial	28,475	19,470
Residential	80,091	67,330
Total		
Commercial	794,194	301,421
Residential	306,294	367,669
	1,100,488	669,090
Add: Car park spaces completed	211,722	
	1,312,210	

Property Sales Performance

Benefited from the favorable macroeconomic environment in China, the Group achieved its property sales performance during the year under review through the provision of products at different tiers. Major sales growth of the Group during the year were attributable to Qingdao project in Shandong Province, and Zhengzhou project and Luoyang project in Henan Province, as highlighted in the following table.

Items	Approximate GFA sold & delivered	Revenue	Average selling price
	(square meter)	*(RMB'000)*	*(RMB/ square meter)*
Fuzhou			
Commercial	495	9,255	18,697
Taicang			
Commercial	5,138	18,314	3,564
Zhengzhou			
Commercial	55,929	659,042	11,784
Tai'an			
Commercial	23,847	146,634	6,149
Residential	55,082	256,497	4,657
Bengbu			
Commercial	23,919	255,731	10,692
Residential	32,292	112,218	3,475
Luoyang			
Commercial	94,923	490,656	5,169
Residential	100,802	275,115	2,729
Qingdao			
Commercial	77,347	831,694	10,753
Residential	112,163	603,135	5,377
Wangzhuang			
Commercial	353	7,205	20,411
Yuqi			
Commercial	19,470	125,973	6,470
Residential	67,330	216,786	3,220
Total			
Commercial	301,421	2,544,504	8,442
Residential	367,669	1,463,751	3,981
	669,090	4,008,255	5,991

For the year of 2009, the total contracted sales area of the Group reached approximately 395,358 square meters (2008: 322,936 square meters), while total contracted sales value in 2009 amounted to RMB2,902,543,000 (2008: RMB1,811,086,000). This represented an increase of 60% when compared with the corresponding year of 2008.

Among the Group's projects available for sale during the year under review, its large-scale commercial and residential projects, including Qingdao Powerlong City Plaza, Zhengzhou Powerlong City Plaza and Luoyang Powerlong City Plaza were the key revenue contributors to this segment. Phases I and II in the commercial section of Qingdao Powerlong City Plaza, Phase II in the commercial section of Bengbu Powerlong City Plaza, Phase II in the commercial section of Tai'an Powerlong City Plaza also reached delivery stage and the respective revenue was recognised in the year of 2009. Apart from the above, Wuxi Wangzhuang Powerlong City Plaza Project achieved steady contracted sales on a monthly basis.

Meanwhile, Yancheng Powerlong City Plaza and Suqian Powerlong City Plaza have reached the stage of presale in the second half of 2009 with overwhelming success in their respective launches. Thirteen out of the Group's eighteen projects have now been launched.

Hotel Development

The Group continues to develop its hotel business for the long-term recurring income stream in the future. The Group is now developing three luxurious hotels in Suzhou, Qingdao and Tai'an, respectively, and has engaged Sheraton Hotels and Resorts International Group to carry out their management services as hotel operator. During the year under review, such hotels were under construction in full speed. Among others, Suzhou Taicang Hotel will officially commence operation by end of April 2010.

Investment Properties and Ancillary Services

To generate stable and recurrent income, the Group also holds some of its commercial properties for leasing. As at 31 December 2009, the Group had an aggregate GFA of approximately 544,964 square meters (2008: 205,022 square meters) held as investment properties, which was increased by 165% compared with the year of 2008.

During the year under review, the Group recorded a rental income from investment properties of approximately RMB94,047,000 (2008: RMB53,290,000), which was increased by 76% when compared with the year of 2008. This was mainly attributable to the completion of construction works for properties at Qingdao and Bengbu, which resulted in an increase of GFA for leasing.

Land Bank Replenishment

The Group's strategy is to maintain a portfolio of land bank which is sufficient to support the Group's development pipeline for the next three to four years.

As at 31 December 2009, the Group had a quality land bank amounting to a total GFA of approximately 6,062,539 square meters, approximately 63% were under development and construction, and approximately 37% of the land bank was held for future development. The land bank will be used for the development of large-scale commercial properties, quality residential properties, apartments and hotels with supermarkets, department stores, cinema complexes, food courts and other leisure facilities.

The Group has successfully expanded its land bank through open tendering and bidding during the year under review:

- *Jimo project at Qingdao, Shandong Province*

  On 23 December 2009, the Group acquired a piece of land with total site area of approximately 152,178 square meters and GFA of approximately 570,000 square meters at a total consideration of RMB228,270,000. This piece of land is located east to North-South Trunk of Yantai Qingdao Expressway, north to East-West Trunk of Ao Lan Road, west to Datong Street and south to Zhenhua Street. It is adjacent to Mosui River and within one kilometer from the People's Government of Jimo. The project has huge potential and it is intended to construct the standard stores of Powerlong City Plaza, residential units and street shops.

Property Management and Related Services

During the year under review, the income from property management and related services generated by the Group from providing property management services, after intra-group elimination, amounted to approximately RMB33,437,000 (2008: RMB15,955,000), representing an increase of 110% as compared with the year of 2008.

Outlook

The Chinese Government has recently implemented various measures to tame the liquidity in the market. It is expected that the sentiment of the residential property market may be affected in the short-run. However, in the long-run, the Group remains optimistic toward the prospect of the commercial property market in China. The Central Economic Work Conference emphasises the commercial real estate industry being one of the nation's economic pillars. Together with rapid urbanisation and increasing housing demand in China, the Group is well-positioned to capture business opportunities and to develop commercial and residential properties of high quality that are well-received by customers.

The Group will continue to maintain focus on the development of large-scale complex projects. The Group will consolidate its presence in large-scale commercial complex business at Shandong Province, Jiangsu Province, Henan Province, and Fujian Province as well as second and third tier cities which are economically well developed, for which the Group enjoys well-established local market knowledge and a reputable brand name with proven track record. The successful sales launched and risen in average selling price in these projects have built a solid foundation for the Group's operating results in 2010. In parallel, the Group will continue to seek for business opportunities in other cities with regional economic importance and high growth potentials.

Looking ahead, the Group is to adhere to its vision of "Creditability, Courteous, Innovation, Enthusiasm" through top quality products, flexible marketing strategies, and strategic alliance to maximise the Group's profits as well as our shareholders' returns.

FINANCIAL ANALYSIS

Revenue

The total revenue for the Group for the year of 2009 was RMB4,135,739,000. In terms of the overall unit selling price and volume of transactions, a table of analysis on the sales of properties is provided as follows:

Type sold and delivered	GFA	Average selling price
	(square meter)	*(RMB/ square meter)*
Commercial	301,421	8,442
Residential	367,669	3,981
Total	669,090	5,991

In 2009, the Group successfully completed the development and delivered residential and commercial units in Tai'an Powerlong City Plaza, Qingdao Powerlong City Plaza, Bengbu Powerlong City Plaza and Yuqi Powerlong Riverside Garden. Therefore, the total GFA delivered reached 669,090 sqaure meters (2008: 287,274 square meters).

Segmental Information

The Group's business is currently categorised into four operating segments – property development, property investment, property management and other property development related services. An analysis of the Group's revenue is as follows:

Revenue Stream

	Year ended 31 December		
	2009	2008	Change between 2009 and 2008
	RMB'000	*RMB'000*	*RMB'000*
Sales of property	**4,008,255**	1,511,760	2,496,495
Rental income from investment properties	**94,047**	53,290	40,757
Property management services	**33,437**	15,955	17,482
Other services related to property development	**–**	2,761	(2,761)
Total	**4,135,739**	1,583,766	2,551,973

Sales of property remains the Group's core business activity representing 97% of the total revenue in 2009. Rental income and property management services income accounted for 2.3% and 0.8%, respectively of total revenue in 2009.

Cost of Sales

Cost of sales comprises land acquisition costs, construction costs, decoration costs, capitalised interest expenses, amortization of land premium and business taxes. Cost of sales in 2009 increased by 111% from RMB869,057,000 to RMB1,829,484,000, being in line with the increase in revenue.

Gross Profit and Margin

Gross profit increased from RMB714,709,000 in 2008 to RMB2,306,255,000 in 2009. Gross profit margin increased from 45% in 2008 to 56% in 2009, which was mainly attributable to the proportion of revenue from commercial properties accounting for 56%, for which the gross profit margin is higher.

Selling and Marketing Costs and Administrative Expenses

Selling and marketing costs and administrative expenses for the year ended 31 December 2009 was RMB244,469,000, which increased by 21% from approximately RMB201,845,000 in 2008. Administrative expenses increased from RMB140,918,000 in 2008 by 26% to RMB178,251,000 in 2009, which was mainly attributable to the amortization of land use right arising from the huge land bank held by the Group.

Revaluation Gains on Investment Properties

The Group recorded a revaluation gain of approximately RMB2,425,853,000 in 2009. The increase by about RMB1,569,813,000 as compared with last year was mainly due to the substantial increase in area completed of the Group's investment properties during the year under review.

Income Tax Expenses

Income tax expenses increased by 318% from RMB345,313,000 in 2008 to RMB1,442,165,000 in 2009. The increase was mainly attributable to the profit from property development and the increase in revaluation gains on investment properties.

Profit Attributable to Equity Holders of the Company

The Group achieved a profit attributable to equity holders of RMB3,042,669,000 (2008: RMB932,658,000), increased by RMB2,110,011,000 or 226% as compared with last year. Basic earnings per share rose by 202% to RMB93.93 cents from RMB31.09 cents in 2008.

Net profit margin for the year under review increased from 19% in 2008 to 30% in 2009, which was mainly attributable to the proportion of area in commercial properties delivered increased from 21% in 2008 to 45% in 2009.

Liquidity and Financial Resources

The long-term funding and working capital required by the Group primarily comes from income generated from core business operations, bank borrowings and cash proceeds raised from the initial public offering of shares in mid-October 2009, which were used to finance its business operations and investment in development projects. The Group's liquidity position was well-managed in 2009. The Group had net cash (cash and cash equivalents, including restricted cash, less total borrowings) of RMB312,200,000. Gearing ratio (total borrowings over total asset) stood at a healthy level of 15% as at 31 December 2009. The Group's cash and cash equivalents (including restricted cash) amounted to RMB2,484,116,000 in total. Total borrowings as at 31 December 2009 was RMB2,171,916,000.

Of the total borrowings, RMB1,145,715,000 was repayable within one year while RMB1,026,201,000 was repayable after more than one year. The effective interest rate as at 31 December 2009 was 4.41% (2008: 7.12%).

The fund raising transactions of the Group were mainly denominated in Renminbi and HK$.

The Group has established a treasury policy with the objective of better controlling of treasury functions and lowering cost of funds. In providing funds to all its operations, funding terms have been reviewed and monitored at Group level.

In accomplishing the aim of minimising interest risk, it is the policy of the Group to continue to closely monitor and manage the Group's loan portfolio by its existing agreements' interest margin spread with market interest rates and offers from banks.

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 or lease agreements.

Pledge of Assets

As at 31 December 2009, the Group pledged properties, properties under construction and land use rights with carrying amount of RMB5,082,250,000 to secure bank facilities granted to the Group. The total secured loan balance outstanding as at 31 December 2009 amounted to RMB2,171,916,000.

Financial Guarantees

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

	31 December	
	2009	2008
	RMB'000	*RMB'000*
Guarantees given to banks for mortgage facilities granted to purchasers of the Group's property units	**1,065,978**	1,029,327

Capital Commitment

(1) Commitments for property development expenditures

	31 December	
	2009	2008
	RMB'000	*RMB'000*
Contracted but not provided for:		
— Property development activities	**999,922**	1,544,969
— Acquisition of land use rights	**139,356**	910,590
Total	**1,139,278**	2,455,559

(2) Operating lease commitments

	31 December	
	2009	2008
	RMB'000	*RMB'000*
No later than one year	**4,838**	–
1-2 years	**7,016**	–
2-3 years	**6,681**	–
Total	**18,535**	–

USE OF PROCEEDS FROM INITIAL PUBLIC OFFERING

In October 2009, the Group raised net proceeds of approximately RMB2,158,276,000 from initial public offering. During the year ended 31 December 2009, the Company had applied approximately RMB309.2 million to redeem the Secured Bonds and Secured Notes issued by Superb Miles Limited, approximately RMB133.0 million, RMB40.0 million, RMB198.0 million, RMB110.6 million and RMB256.6 million to settle outstanding land premium in relation to Xinxiang Project, Yantai Project, Suqian Project, Licang Project and Yancheng Project respectively, approximately RMB100 million to finance the land premium in relation to Jimo Project recently acquired and approximately RMB264.0 million for the development in relation to Wuxi Project and Qingdao Project. The balance of untilised proceeds from initial public offering is approximately RMB746.8 million, which will be used for future land acquisition and working capital of the Group.

EMPLOYEES AND EMOLUMENT POLICY

As at 31 December 2009, the Group employed a total of 1,936 employees (2008: 1,498 employees). 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 has reviewed the remuneration policies and packages on a regular basis and will make necessary adjustment commensurate with the pay level in the industry. Share option schemes were adopted on 16 September 2009 to attract and retain eligible employees to contribute to the Group. As at 31 December 2009, no options had been granted, exercised or cancelled under the scheme. 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.

DIVIDEND

The Board has recommended the payment of a final dividend of RMB6 cents per ordinary share of the Company for the year ended 31 December 2009. The proposed final dividend, if approved by the shareholders of the forthcoming annual general meeting, will be paid to the shareholders on the register of members of the Company on 11 June 2010.

CORPORATE GOVERNANCE

The Company is committed to the establishment of good corporate governance practices and procedures with a view to enhancing investor confidence and the Company's accountability and transparency. The Company therefore strives to attain and maintain effective corporate governance practices and procedures. Since its listing on 14 October 2009, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") for the year ended 31 December 2009.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on 11 June 2010. A notice convening the annual general meeting will be published and dispatched to the shareholders of the Company in the manner required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 7 June 2010 to Friday, 11 June 2010, both days inclusive, during which period no transfer of shares will be registered. In order to determine who are entitled to the proposed final dividend and to attend and vote at the forthcoming annual general meeting of the Company to be held on 11 June 2010, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Friday, 4 June 2010. Subject to shareholders' approval of the proposed final dividend of shares at the annual general meeting to be held on Friday, 11 June 2010, will be paid on Friday, 25 June 2010 to shareholders whose names appear on the register of members of the Company at the close of business on Friday, 11 June 2010.

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

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2009.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its code of conduct for dealings in securities of the Company by the directors. The Company has made specific enquiry of all directors regarding any non-compliance with the Model Code and all directors of the Company have confirmed that they have complied with the required standards set out in the Model Code during the year ended 31 December 2009.

AUDIT COMMITTEE

The Company has an audit committee which was established in compliance with Rule 3.21 of Listing Rules for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises three members who are the independent non-executive directors of the Company, namely Mr. Ngai Wai Fung, Mr. Mei Jian Ping and Ms. Nie Mei Sheng.

The audit committee has reviewed the annual results for the year ended 31 December 2009.

PUBLICATION OF DETAILED RESULTS ANNOUNCEMENT ON THE STOCK EXCHANGE'S WEBSITE

The annual report of the Company for the year ended 31 December 2009 containing all the information required by the Listing Rules is to be despatched to shareholders of the Company and made available on the website of the Stock Exchange at www.hkex.com.hk and the website of the Company at www.powerlong.com in due course.

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

Hong Kong, 9 April 2010

As at the date of this announcement, the executive directors of the Company are Mr. Hoi Kin Hong, Mr. Hoi Wa Fong, Mr. Xiao Qing Ping, Ms. Shih Sze Ni and Ms. Liu Xiao Lan; the non-executive director of the Company is Ms. Hoi Wa Fan; and the independent non-executive directors of the Company are Mr. Ngai Wai Fung, Mr. Mei Jian Ping and Ms. Nie Mei Sheng.