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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)

2010 ANNUAL RESULTS ANNOUNCEMENT
KEY ACHIEVEMENTS IN FY 2010

In 2010, the Group realised contract sales of RMB6,215.3 million, representing an increase of 114.1% over last year.

Revenue increased by 7.2% to approximately RMB4,432.7 million, of which rental income and property management services income increased by 85.9% to approximately RMB237.0 million.

Net profit increased by 4.7% to approximately RMB3,185.4 million; by excluding the profit attributable to fair value gains on investment properties, the net profit increased by 3.4% to approximately RMB1,263.4 million.

Gross profit margin was 54.2%, and net profit margin (excluding the profit attributable to fair value gains on investment properties) was 28.5%.

Equity amounted to RMB11,146.6 million, increased by 35.4% as at 31 December 2010 and net gearing ratio (net debt to equity) was 19.9%.

Proposed declaration of final dividend of the Company was RMB6 cents per ordinary share.

The board of directors (the "Board") of Powerlong Real Estate Holdings Limited (the "Company") is pleased to announce its annual consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2010, together with comparative figure for 2009, which is set out below.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 December	
		2010	2009
	Note	***RMB'000***	*RMB'000*
Revenue	*3*	**4,432,657**	4,135,739
Cost of sales	*4*	**(2,030,297)**	(1,829,484)
Gross profit		**2,402,360**	2,306,255
Fair value gains on investment properties	*9*	**2,562,730**	2,425,853
Selling and marketing costs	*4*	**(118,933)**	(66,218)
Administrative expenses	*4*	**(395,413)**	(178,251)
Other gains/(losses) – net		**9,081**	(3,553)
Operating profit		**4,459,825**	4,484,086
Finance income/(costs) – net	*5*	**30,128**	(851)
Profit before income tax		**4,489,953**	4,483,235
Income tax expenses	*6*	**(1,304,512)**	(1,442,165)
Profit for the year		**3,185,441**	3,041,070
Other comprehensive income		**–**	–
Total comprehensive income for the year		**3,185,441**	3,041,070
Attributable to:			
Equity holders of the Company		**2,955,645**	3,042,669
Non-controlling interests		**229,796**	(1,599)
		3,185,441	3,041,070
Earnings per share for profit attributable to equity holders of the Company for the year (expressed in RMB cents per share)			
– Basic	*7*	**72.53 cents**	93.93 cents
– Diluted	*7*	**72.53 cents**	93.92 cents
Dividends	*8*	**244,107**	245,247

CONSOLIDATED BALANCE SHEET

	Note	31 December **2010** *RMB'000*	2009 *RMB'000*
ASSETS			
Non-current assets			
Property and equipment		**904,176**	323,917
Land use rights		**108,490**	61,343
Investment properties	*9*	**10,088,058**	6,507,786
Deferred income tax assets		**75,514**	30,596
		11,176,238	6,923,642
Current assets			
Land use rights		**1,741,981**	1,616,364
Properties under development		**1,924,716**	1,210,068
Completed properties held for sale		**1,199,765**	478,410
Trade and other receivables and loans	*10*	**1,141,362**	511,837
Prepayments		**3,246,298**	1,276,725
Prepaid income taxes		**12,395**	11,639
Financial assets at fair value through profit or loss		**21,598**	11,517
Restricted cash		**1,262,045**	719,891
Cash and cash equivalents		**2,739,908**	1,764,225
		13,290,068	7,600,676
Total assets		**24,466,306**	14,524,318
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital and premium	*11*	**3,107,456**	3,172,401
Other reserves	*12*	**378,062**	347,231
Retained earnings			
– Proposed final dividend		**244,107**	245,247
– Unappropriated retained earnings		**7,149,289**	4,437,751
		10,878,914	8,202,630
Non-controlling interests		**267,664**	26,927
Total equity		**11,146,578**	8,229,557

		31 December	
		2010	2009
	Note	***RMB'000***	*RMB'000*
LIABILITIES			
Non-current liabilities			
Borrowings	*13*	**4,267,087**	1,026,201
Deferred income tax liabilities		**1,602,362**	961,679
		5,869,449	1,987,880
Current liabilities			
Borrowings	*13*	**1,954,281**	1,145,715
Trade and other payables	*14*	**1,536,007**	901,829
Advances from customers		**2,453,110**	1,231,758
Current income tax liabilities		**1,506,881**	1,027,579
		7,450,279	4,306,881
Total liabilities		**13,319,728**	6,294,761
Total equity and liabilities		**24,466,306**	14,524,318
Net current assets		**5,839,789**	3,293,795
Total assets less current liabilities		**17,016,027**	10,217,437

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 P.O.Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. 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

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 and financial assets at fair value through profit or loss which are carried at fair values.

The preparation of these consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

Changes in accounting policy and disclosures

(i) New and amended standards adopted by the Group

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2010.

- HKFRS 3 (revised), 'Business combinations', and consequential amendments to HKAS 27, 'Consolidated and separate financial statements', HKAS 28, 'Investments in associates', and HKAS 31, 'Interests in joint ventures', are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with HKFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the statement of comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are expensed. The amendment does not have material impact on the Group's consolidated financial statements.

  HKAS 27 (revised) requires the effects of all transactions with non-controlling interests 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. HKAS 27 (revised) has had no impact on the current period, as none of the non-controlling interests have a deficit balance; there have been no transactions whereby an interest in an entity is retained after the loss of control of that entity, and there have been no transactions with non-controlling interests during the year.

- HKAS 17 (amendment), 'Leases', deletes specific guidance regarding classification of leases of land, so as to eliminate inconsistency with the general guidance on lease classification. As a result, leases of land should be classified as either finance or operating lease using the general principles of HKAS 17, i.e. whether the lease transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee. Prior to the amendment, land interest which title is not expected to pass to the Group by the end of the lease term was classified as operating lease under "Land use rights", and amortised over the lease term. The amendment does not have material impact on the Group's consolidated financial statements.

- HK Int-5 – The HKICPA issued on 29 November 2010 HK Interpretation 5 "Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause". This Interpretation, as a clarification of an existing standard, is effective immediately. According to the Interpretation, the classification of a term loan in accordance with paragraph 69(d) of HKAS 1 shall depend on whether or not the borrower has an unconditional right to defer payment for at least twelve months after the reporting period. Consequently, amounts repayable under a loan agreement which includes a clause that gives the lender the unconditional right to call the loan at any time shall be classified by the borrower as current in its balance sheet. This Interpretation did not have a material impact on the Group's financial statements.

(ii) New and amended standards, and interpretations mandatory for the first time for the financial year beginning 1 January 2010 but not currently relevant to the Group (although they may affect the accounting for future transactions and events)

HK(IFRIC) 17	Distribution of non-cash assets to owners
HKFRSs (Amendments)	Improvements to HKFRS (2009)
HKAS 36 (Amendment)	Impairment of assets
HKFRS 2 (Amendments)	Group cash-settled share-based payment transactions
HKFRS 5 (Amendment)	Non-current assets held for sale and discontinued operations
HKFRS 1 (Revised)	First-time adoption of HKFRSs
HKAS 39 (Amendment)	Eligible hedge items
HKFRS 1 (Amendment)	Additional exemptions for first-time adopters

The adoption of the above new and amended standards and interpretations did not have any material impact on the consolidated financial statements except for disclosure.

(iii) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2010 and have not been early adopted.

		Effective for annual periods beginning on or after
HKFRS 9	Financial instruments	1 January 2013
HKAS 24 (Revised)	Related party disclosures	1 January 2011
HKAS 32 (Amendment)	Classification of rights issues	1 February 2010
HKFRSs (Amendments)	Improvements to HKFRSs (2010)	1 January 2011
HK (IFRIC) – Int 19	Extinguishing financial liabilities with equity instruments	1 July 2010
Amendments to HK (IFRIC) – Int 14	Prepayments of a minimum funding requirement	1 January 2011
Amendments to HKAS 12	Income taxes	1 January 2012
Amendments to HKFRS 7	Transfers of financial assets	1 July 2011
Additions to HKFRS 9 dealing with financial liabilities	Financial instruments: Classification and measurement for financial liability accounting	1 January 2013

Management is in the process of making an assessment of their impact and is not yet in a position to state whether any substantial changes to the Group's significant accounting policies and presentation of the financial information will be resulted.

3. SEGMENT INFORMATION

The Board of the Company, 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 of the Company considers most of the Group's consolidated revenue and results are attributable to the market in the People's Republic of China (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, income of property management services and other property development related services. Revenue of the year consists of the followings:

	Year ended 31 December	
	2010	2009
	RMB'000	*RMB'000*
Sales of properties	**4,162,350**	4,008,255
Rental income of investment properties	**180,635**	94,047
Property management services	**56,409**	33,437
Other property development related services	**33,263**	–
	4,432,657	4,135,739

The segment results and other segment items included in the profit for the year ended 31 December 2010 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	**4,162,350**	**180,635**	**111,525**	**285,744**	**–**	**4,740,254**
Inter-segment revenue	**–**	**–**	**(55,116)**	**(252,481)**	**–**	**(307,597)**
Revenue	**4,162,350**	**180,635**	**56,409**	**33,263**	**–**	**4,432,657**
Segment results	**1,968,849**	**2,651,325**	**6,819**	**(34,892)**	**(79,511)**	**4,512,590**
Unallocated operating costs						**(52,765)**
Finance income – net						**30,128**
Profit before income tax						**4,489,953**
Income tax expenses						**(1,304,512)**
Profit for the year						**3,185,441**
Depreciation	**7,062**	**–**	**925**	**9,428**	**–**	**17,415**
Amortisation of land use rights recognised as expenses	**16,110**	**–**	**–**	**–**	**–**	**16,110**
Fair value gains on investment properties *(note 9)*	**–**	**2,562,730**	**–**	**–**	**–**	**2,562,730**

The segment results and other segment items included in the profit for the year ended 31 December 2009 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	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 – net						(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

Segment assets and liabilities as at 31 December 2010 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	**13,249,277**	**10,749,980**	**115,078**	**1,724,345**	**(2,400,340)**	**23,438,340**
Other assets						**1,027,966**
Total assets						**24,466,306**
Segment liabilities	**3,579,846**	**369,113**	**109,679**	**1,885,538**	**(2,127,923)**	**3,816,253**
Other liabilities						**9,503,475**
Total liabilities						**13,319,728**
Capital expenditure	**722,429**	**916,852**	**2,559**	**624,854**	**–**	**2,266,694**

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 expenditure	867,793	705,955	1,168	100,452	–	1,675,368

Segment assets are reconciled to total assets as follows:

	31 December	
	2010	2009
	RMB'000	*RMB'000*
Segment assets	**23,438,340**	13,622,798
Other assets		
Prepaid income taxes	**12,395**	11,639
Deferred income tax assets	**75,514**	30,596
Unallocated cash and cash equivalents and restricted cash	**897,112**	828,987
Amounts due from related parties	**17,338**	23,844
Unallocated property and equipment	**1,796**	2,679
Other corporate assets	**23,811**	3,775
Total assets	**24,466,306**	14,524,318

Segment liabilities are reconciled to total liabilities as follows:

	31 December	
	2010	2009
	RMB'000	*RMB'000*
Segment liabilities	**3,816,253**	2,080,566
Other liabilities		
Current income tax liabilities	**1,506,881**	1,027,579
Deferred income tax liabilities	**1,602,362**	961,679
Interests payable	**7,744**	2,624
Current borrowings	**1,954,281**	1,145,715
Non-current borrowings	**4,267,087**	1,026,201
Amounts due to related parties	**82,800**	32,900
Other corporate liabilities	**82,320**	17,497
Total liabilities	**13,319,728**	6,294,761

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 statement of comprehensive income.

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

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

Segment liabilities consist of operating liabilities.

Capital expenditure comprises additions to property and equipment, land use rights and investment properties.

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	
	2010	2009
	RMB'000	*RMB'000*
Business taxes and other levies *(note (a))*	**234,890**	215,063
Cost of properties sold (excluding staff costs)	**1,757,458**	1,596,457
Staff costs (including directors' emoluments)	**194,373**	96,120
Advertising costs	**62,465**	36,789
Depreciation	**17,415**	7,205
Amortisation of land use rights	**16,110**	15,039
Auditors' remuneration	**4,855**	3,280
Donations to governmental charity	**38,072**	5,060

(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 INCOME/(COSTS) – NET

	Year ended 31 December	
	2010	2009
	RMB'000	*RMB'000*
Interest expenses:		
– Bank borrowings and other borrowings wholly repayable within five years	**(181,753)**	(75,645)
– Senior notes	**(55,335)**	–
– Secured bonds and secured notes	**–**	(88,011)
Less: interest capitalised	**230,942**	159,669
	(6,146)	(3,987)
Net foreign exchange gains on borrowings	**36,274**	3,136
	30,128	(851)

6. INCOME TAX EXPENSES

	Year ended 31 December	
	2010	2009
	RMB'000	*RMB'000*
Current tax		
– PRC corporate income tax	**486,266**	405,155
– PRC land appreciation tax	**195,358**	404,911
– Withholding income tax for profit to be distributed from the group companies in the PRC	**27,123**	30,300
Deferred income tax		
– PRC corporate income tax	**595,765**	601,799
	1,304,512	1,442,165

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	
	2010	2009
	RMB'000	*RMB'000*
Operating profit before income tax	**4,489,953**	4,483,235
Calculated at applicable corporate income tax rate	**1,128,598**	1,106,870
Effect of expenses not deductible for income tax	**11,341**	1,312
Effect of income not subject to income tax	**(9,069)**	–
PRC land appreciation tax deductible for PRC corporate income tax purposes	**(48,839)**	(101,228)
	1,082,031	1,006,954
Withholding income tax for profit to be distributed from the group companies in the PRC	**27,123**	30,300
PRC land appreciation tax	**195,358**	404,911
	1,304,512	1,442,165

The weighted average applicable corporate income tax rate for the years ended 31 December 2010 is 25% (2009: 25%).

Overseas income tax

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap 22 of Cayman Islands and 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 entities located in Mainland China 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 distributed 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 entities of the Group in Henan Province, Anhui Province and Jiangsu Province are subject to LAT which are calculated based on 0.5% to 3.5% of the sales of properties in accordance with the authorised taxation method obtained from tax authorities before 2009. In 2010, certain projects of the Group have cleared the LAT with local tax bureaus at rates ranged from 1% to 12%.

7. EARNINGS PER SHARE (BASIC AND DILUTED)

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the Group and held for Share Award Scheme.

	Year ended 31 December	
	2010	2009
Profit attributable to equity holders of the Company (RMB'000)	**2,955,645**	3,042,669
Weighted average number of ordinary shares in issue (thousand shares)	**4,075,024**	3,239,159
Basic earnings per share (RMB cents per share)	**72.53 cents**	93.93 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 has two categories of dilutive potential ordinary shares: Pre-IPO Share Option Scheme and Share Award Scheme. 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 under the two schemes.

For the year ended 31 December 2010, as the average market share price of the ordinary shares during the year was lower than the subscription price, the diluted earnings per share was equal to the basic earnings per share.

For the year ended 31 December 2009, the diluted earnings per share was RMB93.92 cents per share.

8. DIVIDENDS

The directors recommend the payment of a final dividend of RMB6.00 cents (2009: RMB6.00 cents) per ordinary share, totaling RMB244,107,000 (2009: RMB245,247,000). Such dividend is to be approved by the shareholders at the Annual General Meeting on 27 May 2011. These financial statements do not reflect this dividend payable.

	Year ended 31 December	
	2010	2009
	RMB'000	*RMB'000*
Proposed final dividend of RMB6.00 cents (2009: RMB6.00 cents) per ordinary share	**244,107**	245,247

9. INVESTMENT PROPERTIES

	Completed investment properties	**Investment properties under construction**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
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
Year ended 31 December 2010			
At 1 January 2010	5,582,400	925,386	6,507,786
Addition	33,252	883,600	916,852
Transfer from land use rights	–	100,690	100,690
Transfers	805,618	(805,618)	–
Fair value gains	2,562,730	–	2,562,730
At 31 December 2010	8,984,000	1,104,058	10,088,058

The completed investment properties have been revalued at 31 December 2010 and 2009 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 2010 and 2009 could not be measured reliably, therefore, the Group's investment properties under construction continue to be measured at cost as at 31 December 2010 and 2009.

The Group owned 100% interests in the investment properties as at 31 December 2010, which are held in the PRC on leases of between 10 to 50 years (2009: same).

10. TRADE AND OTHER RECEIVABLES AND LOANS

	31 December	
	2010	2009
	RMB'000	*RMB'000*
Trade receivables *(note (a))*	**498,541**	413,076
– Related parties	**40,806**	15,433
– Third parties	**457,735**	397,643
Entrusted loans *(note (b))*	**170,000**	–
Other receivables from:	**444,584**	69,553
– Related parties	**17,338**	23,844
– Third parties *(note (c))*	**427,246**	45,709
Prepaid business taxes and other taxes	**28,237**	29,208
	1,141,362	511,837

(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 2010 and 2009 were aged less than one year.

(b) A group entity has entered into agreements with a finance institution in February 2010 and June 2010 to provide entrusted short-term loans to third parties of RMB100,000,000 and RMB70,000,000, respectively. The interest rates of the loans are 5.6% and 5.841% per annum, respectively. The loans are repayable in one year. The loan of RMB100,000,000 and the net interest of RMB5,000,000 have been received in February 2011.

(c) Amounts mainly represent auction deposits for bidding of land use rights.

As at 31 December 2010 and 2009, the fair value of trade and other receivables and loans approximated their carrying amounts.

Trade and other receivables are unsecured and interest free. The Group's trade and other receivables and loans are denominated in RMB. No material trade and other receivables and loans were impaired or past due as at 31 December 2010 and 2009.

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*	Shares held for share award scheme *RMB'000*	Total *RMB'000*
Authorised:							
As at 1 January and 31 December 2009 and 31 December 2010	*(a)*	30,000,000,000	HK$300,000,000				
Issued and fully paid:							
As at 1 January 2009		3,000,000,000	HK$30,000,000	26,658	1	–	26,659
Capitalisation issue	*(b)*	150,000,000	HK$1,500,000	1,320	998,680	–	1,000,000
Issue of ordinary shares in connection with the listing	*(c)*	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
Repurchase of the share of the Company	*(d)*	(19,000,000)	(HK$190,000)	(167)	(35,312)	–	(35,479)
Purchased shares held for share award scheme	*(e)*	–	–	–	–	(29,466)	(29,466)
As at 31 December 2010		4,068,448,000	HK$40,684,480	36,102	3,100,820	(29,466)	3,107,456

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

(c) 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 2009, 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).

(d) In the year ended 31 December 2010, the Company acquired 19,000,000 of its own ordinary shares through the Stock Exchange at a consideration of approximately HK$40,341,000 (equivalent to RMB35,479,000). The shares were cancelled after the repurchase.

(e) During the year, the Group, through a group entity, has acquired 13,956,000 of the Company's shares from the Stock Exchange for the purpose of setting up a share award scheme for designated employees. The total amount paid to acquire the shares was HK$34,630,000 (equivalent to RMB29,466,000) and have been deducted from owners' equity.

12. OTHER RESERVES

	Merger reserve *RMB'000*	Statutory reserves *RMB'000*	Share option reserve *RMB'000*	Total *RMB'000*
Balance at 1 January 2009	337,203	4,780	-	341,983
Pre-IPO Share Option Scheme	-	-	5,248	5,248
Balance at 31 December 2009	337,203	4,780	5,248	347,231
Balance at 1 January 2010	337,203	4,780	5,248	347,231
Pre-IPO Share Option Scheme	-	-	30,831	30,831
Balance at 31 December 2010	337,203	4,780	36,079	378,062

13. BORROWINGS

	31 December **2010** *RMB'000*	2009 *RMB'000*
Borrowings included in non-current liabilities:		
Senior notes – secured (note (a))	**1,344,658**	–
Bank borrowings – secured	**3,349,845**	1,405,526
Other borrowings – unsecured	**490,124**	–
Less: amounts due within one year	**(917,540)**	(379,325)
	4,267,087	1,026,201
Borrowings included in current liabilities:		
Bank borrowings		
– secured	**682,771**	766,390
– unsecured	**50,470**	–
Other borrowings – unsecured	**303,500**	–
Current portion of long-term borrowings	**917,540**	379,325
	1,954,281	1,145,715

Note (a)

On 16 September 2010, the Company issued 13.75%, due on 16 September 2015 senior notes (the "2015 Notes"), with an aggregated nominal value of US$200,000,000 (equivalent to approximately RMB1,343,440,000) at face value. The net proceeds, after deducting the issuance costs, amounted to US$194,800,000 (equivalent to RMB1,308,511,000). The 2015 Notes mature on 16 September 2015.

The 2015 Notes recognised in the balance sheet are calculated as follows:

	RMB'000
Face value of 2015 Notes issued on 16 September 2010	1,343,440
Issuance costs	(34,929)
Fair value at the date of issuance	1,308,511
Amortisation	55,335
Exchange gains	(19,188)
Carrying amount as at 31 December 2010	1,344,658

The fair value of the 2015 Notes as at 31 December 2010 amounts to RMB1,384,144,000. The fair value is calculated using the market price of the 2015 Notes on the balance sheet date.

14. TRADE AND OTHER PAYABLES

	31 December	
	2010	2009
	RMB'000	*RMB'000*
Trade payables	**1,036,927**	492,810
– Related parties	**23,493**	–
– Third parties	**1,000,700**	456,955
– Notes payables – third parties	**12,734**	35,855
Other payables and accruals:	**236,401**	150,218
– Related parties	**82,800**	32,900
– Third parties	**153,601**	117,318
Payables for retention fee	**131,463**	110,827
Payables for acquisition of land use rights	**53,834**	98,627
Other taxes payables	**77,382**	49,347
	1,536,007	901,829

The ageing analysis of trade payables of the Group at the balance sheet date is as follows:

	31 December	
	2010	2009
	RMB'000	*RMB'000*
Within 90 days	**332,164**	84,441
Over 90 days and within 180 days	**310,110**	61,715
Over 180 days and within 365 days	**145,418**	76,880
Over 365 days and within 3 years	**249,235**	269,774
	1,036,927	492,810

BUSINESS REVIEW

Results

During the year under review, the Group achieved a total revenue of RMB4,432.7 million (2009: RMB4,135.7 million), representing an increase of 7.2%. Net profit increased by 4.7% to RMB3,185.4 million (2009: RMB3,041.1 million) and the portion attributable to equity holders of the Company was RMB2,955.6 million (2009: RMB3,042.7 million), representing an decrease of 2.9%. Basic and diluted earnings per share attributable to equity holders of the Company amounted to RMB72.53 cents and RMB72.53 cents, respectively (2009: RMB93.93 cents and RMB93.92 cents, respectively) for the year ended 31 December 2010.

For the year ended 31 December 2010, 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 increase in revenue was largely derived from overwhelming responses to the sales of the Group's 12 projects during the year under review.

Revenue generated from property sales amounted to RMB4,162.4 million (2009: RMB4,008.3 million). The satisfactory revenue generated from property sales was due to the generally active market environment in 2010 when sales took place.

The rental income and property management services income was RMB237.0 million (2009: RMB127.5 million). The growth in the rental income and property management services income was mainly due to the openings of new projects in 2010 and the increase in total GFA for leasing.

MARKET REVIEW

2010 was an austerity year for the property market in the PRC. The Central Government has launched a series of policies of tightening interest rate and lending to cool down the overheated property market, resulting in a volatile market sentiment. Overall, the property market of 2010 continued to maintain a rapid growth rate, particularly a more significant growth in the total sales area and amount. Although the Central Government exercised the control policies for the property market in full scale, which has cooled down the upsurge of property prices in the first tier cities to some extent, the pull-back of prices of real estate market of the first tier cities did not exist while those of the second and third tier cities recorded a significant growth. As a commercial property developer, the Group, continued to achieve outstanding results, which were widely recognized, by leveraging on its experience and unique business mode of commercial property operation.

Property Development

During the year under review, the Group adhered closely to its schedules of completion and delivery as originally planned. The total GFA of completed and delivered projects were approximately 515,567 square meters (2009: 669,090 square meters) in aggregate, and represented a decline of 22.9% when compared with the corresponding period of last year, as highlighted in the following table:

Projects completed and delivered in 2010

Project name	Approximate GFA completed *(square meters)*	Approximate GFA sold & delivered *(square meters)*
Fuzhou		
Commercial	–	303
Suzhou Taicang		
Hotel	46,444	–
Zhengzhou		
Commercial	–	14,549
Residential	–	61
Tai'an		
Commercial	–	19,308
Residential	–	6,383
Hotel	47,382	–
Bengbu		
Commercial	211,051	34,600
Residential	–	677
Luoyang		
Commercial	–	46,169
Residential	–	513
Qingdao Chengyang		
Commercial	105,296	25,462
Residential	54,745	64,390
Hotel	39,711	–
Wuxi Wangzhuang		
Commercial	147,723	38,985
Residential	75,460	59,392

Project name	Approximate GFA completed (square meters)	Approximate GFA sold & delivered (square meters)
Wuxi Yuqi		
Commercial	–	1,312
Residential	–	7,147
Suqian		
Commercial	60,343	37,216
Residential	39,409	35,018
Qingdao Licang		
Commercial	2,775	2,402
Residential	26,874	29,649
Yantai Haiyang		
Residential	22,425	1,750
Yancheng		
Commercial	32,603	28,609
Residential	66,600	61,672
Total		
Commercial	559,791	248,915
Residential	285,513	266,652
Hotel	133,537	–
Total	978,841	515,567
Add: Car park spaces completed	168,750	
	1,147,591	

Property Sales Performance

The Company achieved remarkable property sales performance during the year under review through the provision of products at different tiers. Major sales growth of the Company during the year was attributable to Wuxi Powerlong City Plaza (Wuxi Wangzhuang), Yancheng Powerlong City Plaza, Suqian Powerlong City Plaza and Qingdao Chengyang Powerlong City Plaza as highlighted in the following table.

	Delivered GFA *(square meters)*	**Revenue** *(RMB'000)*	**Average Selling Price** *(RMB/ Square meters)*
Fuzhou			
Commercial	303	6,111	20,168
Zhengzhou			
Commercial	14,549	204,174	14,034
Residential	61	1,604	26,295
Bengbu			
Commercial	34,600	358,909	10,373
Residential	677	6,122	9,043
Luoyang			
Commercial	46,169	293,754	6,363
Residential	513	1,736	3,384
Suqian			
Commercial	37,216	383,780	10,312
Residential	35,018	174,811	4,992
Qingdao Chengyang			
Commercial	25,462	224,088	8,801
Residential	64,390	299,684	4,654
Tai'an			
Commercial	19,308	125,869	6,519
Residential	6,383	48,667	7,624
Wuxi Wangzhuang			
Commercial	38,985	577,887	14,823
Residential	59,392	416,571	7,014
Wuxi Yuqi			
Commercial	1,312	9,327	7,109
Residential	7,147	32,048	4,484

	Delivered GFA *(square meters)*	Revenue *(RMB'000)*	Average Selling Price *(RMB/ Square meters)*
Yantai Haiyang			
Residential	1,750	20,946	11,969
Qingdao Licang			
Commercial	2,402	78,732	32,778
Residential	29,649	233,676	7,881
Yancheng			
Commercial	28,609	320,341	11,197
Residential	61,672	343,513	5,570
Total			
Commercial	248,915	2,582,972	10,377
Residential	266,652	1,579,378	5,923
	515,567	4,162,350	8,073

During the year under review, the total contracted sales area of the Group reached approximately 874,560 square meters (2009: 395,358 square meters), while total contracted sales in 2010 amounted to RMB6,215.3million (2009: RMB2,902.5 million). This represented a significant 114.1% increase when compared with 2009.

During the year under review, Wuxi Powerlong City Plaza and Phase II of Bengbu Powerlong City Plaza had opened and commenced operations respectively. Powelong has acquired 7 various lots of land in Anxi of Quanzhou, Yu Jia Pu of Tianjin, Guang Fu Lin of Shanghai, Hechuan of Chongqing, Lakeside Reservoir of Xiamen, Xiasha of Hangzhou and South Xincheng of Changchun.

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 Taicang, Qingdao Chengyang and Tai'an, respectively, and has engaged a subsidiary of Sheraton Hotels and Resorts International Group for their management services as the hotel operator. During the year under review, Four Points by Sheraton Taicang and Four Points by Sheraton Tai'an have officially commenced operations, marking a key milestone of the Group.

Investment Properties and Ancillary Services

To generate a stable and recurrent income, the Group also holds some of its commercial properties for leasing. As at 31 December 2010, the Group had an aggregate GFA of approximately 774,423 square meters (2009: 544,964 square meters) held as investment properties, which was increased by 42.1% compared with the corresponding period of 2009.

During the year under review, the Group recorded a rental income from investment properties of approximately RMB180.6 million (2009: RMB94.0 million), which was increased by 92.1% when compared with the corresponding period of 2009. This was mainly attributable to the completion of construction works and delivery of properties at Wuxi Wangzhuang, Bengbu and Qingdao Chengyang, 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 2010, the Group had a quality land bank amounting to a total GFA of approximately 7,633,439 square meters, of which approximately 3,561,512 square meters were under development and construction, and approximately 4,071,927 square meters 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:

(1) Shanghai Powerlong World

The project is located at Guang Fu Lin area, Fang Song Street, Songjiang District, Shanghai. The site is located east to Longyuan Road, south to Guang Fu Lin Cultural Heritage Area, west to Guang Fu Lin Lot Nos 2-7 and north to Yin Ze Road. It lies in the transition zone between Songjiang Xincheng (University Town) and Sheshan national tourism region and is 30 kilometers away from the CBD of Shanghai.

The project occupies a total site area of 30,096 square meters with a total GFA of 52,742 square meters.

This project is expected to consist of retail shops, restaurants and a hotel.

(2) Tianjin Powerlong International Center

The project is located at Yu Jia Pu Financial Zone, Binhai New Area, Tianjin.

This project occupies a total site area of 30,141 square meters with a total GFA of 374,363 square meters.

This project is expected to consist of apartment suites, an office building, a shopping mall and car parking spaces.

(3) Changchun Powerlong Center

The project is located in the vicinity of C45 Road, Nanguan District.

This project occupies a total site area of 26,919 square meters with a total GFA of 312,000 square meters.

The project is expected to consist of furnished apartments, a shopping mall and an office building.

(4) Quanzhou Anxi Powerlong City Plaza

The project is located at Jian'an Block, the junction of Jian'an Road and the Second Ring Road of Anxi, Quanzhou, Fujian Province, and is the core block of extention from the old urban area to the new urban area of Anxi City.

This project occupies a total site area of 86,902 square meters with a total GFA of 332,769 square meters.

This project consists of a large-scale multi-functional retail complex, hotel style apartment suites, apartment units, retail shops, a hotel and car parking spaces. It is expected to open in 2012.

(5) Hangzhou Powerlong City Plaza

The project includes three adjacent lots located at Xiasha Higher Education Zone, Hangzhou Economic and Technological Development Area.

This project occupies a total site area of 90,036 square meters with a total GFA of 270,800 square meters.

This project is expected to consist of residential units, villas, furnished apartments, retail shops, a shopping mall.

(6) Chongqing Hechuan Powerlong City Plaza

The project is located at the junction of Heyangcheng Street, Chengbei Avenue and North Ring Road, Hechuan District, Chongqing.

This project occupies a total site area of 180,181 square meters with a total GFA of 614,861 square meters.

This project is expected to consist of residential units, furnished apartments, retail shops, a shopping mall and a hotel.

(7) Xiamen Project

The project is located at Lakeside Reservoir Block in Huli District.

This project occupies a total site area of 29,767 square meters with a total GFA of 53,660 square meters.

This project is expected to consist of residential units, villas and retail shops.

To further expand the commercial property segment of the Group, Powerlong successfully completed two hotel projects in 2010, including:

(1) Four Points by Sheraton Taicang

(2) Four Points by Sheraton Tai'an

Four Points by Sheraton Taicang in Suzhou opened in June 2010, Four Points by Sheraton Tai'an opened in December 2010.

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 RMB89.7 million (2009: RMB33.4 million), representing an increase of 168.6% as compared with the corresponding period of 2009.

Outlook

2010 was an austerity year for the property market in the PRC. The central government has launched a series of policies of tightening interest rate and lending to cool down the overheated property market, resulting in a volatile market sentiment. In the long-run, the Group remains optimistic toward the prospect of the commercial property market in China. The Central Economic Work Conference emphasizes that the commercial real estate industry remains to be one of the nation's economic pillars. Together with rapid urbanization and boosting 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 its customers.

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

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 2010 was RMB4,432.7 million. 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:

Types of properties sold and delivered	GFA	Average selling price
	(square meter)	*(RMB/ square meter)*
Commercial	248,915	10,377
Residential	266,652	5,923
Total	515,567	8,073

In 2010, the Group successfully completed and delivered residential and commercial units in Wuxi Powerlong City Plaza, Suqian Powerlong City Plaza, Yancheng Powerlong City Plaza, Tai'an Powerlong City Plaza, Yantai Haiyang Powerlong City Plaza, Qingdao Licang Powerlong City Plaza, Qingdao Chengyang Powerlong City Plaza, Zhengzhou Powerlong City Plaza, Luoyang Powerlong City Plaza, Fuzhou Powerlong City Plaza, Wuxi Yuqi Riverside Garden and Bengbu Powerlong City Plaza. Therefore, the total GFA delivered reached 515,567 square meters (2009: 669,090 square meters).

Segment Information

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

	Year ended 31 December	
	2010	2009
	RMB'000	*RMB'000*
Sales of properties	**4,162,350**	4,008,255
Rental income of investment properties	**180,635**	94,047
Property management services	**56,409**	33,437
Other property development related services	**33,263**	–
	4,432,657	4,135,739

Sales of property remains the Group's core business activity, representing 93.9% of total revenue in 2010. Rental income and property management services income accounted for 4.1% and 1.3% of total revenue in 2010, respectively.

Cost of Sales

Cost of sales comprises land costs, construction costs, decoration costs, capitalised interest expenses and business taxes. Cost of sales in 2010 increased by 11.0% from approximately RMB1,829.5 million in 2009 to approximately RMB2,030.3 million being in line with the increase in revenue.

Gross Profit and Margin

Gross profit increased from RMB2,306.3 million in 2009 to RMB2,402.4 million in 2010. Gross profit margin slightly decreased from 55.8% in 2009 to 54.2% in 2010, due to the differences in product mix and locations of properties delivered.

Selling and Marketing Costs and Administrative Expenses

Selling and marketing costs and administrative expenses for the year ended 31 December 2010 was approximately RMB514.3 million, which increased by 110.3% from approximately RMB244.5 million in 2009, of which selling and marketing cost increased from approximately RMB66.2 million in 2009 by 79.6% to approximately RMB118.9 million in 2010 and administrative expenses increased from approximately RMB178.3 million in 2009 by 121.8% to approximately RMB395.4 million in 2010, which was mainly attributable to the increase in staff costs due to Group's expansion.

Revaluation Gains on Investment Properties

The Group recorded a revaluation gain of approximately RMB2,562.7 million in 2010. The increase by about RMB136.9 million as compared with the corresponding period of last year was mainly due to the increase in area of the Group's investment properties completed during the year under review.

Income Tax Expenses

Income tax expenses decreased by 9.5% from RMB1,442.2 million in 2009 to RMB1,304.5 million in 2010. The decrease was mainly attributable to the reduction of LAT.

Profit Attributable to Equity Holders of the Company

The Group achieved a profit attributable to equity holders of RMB2,955.6 million (2009: RMB3,042.7 million), decreased by RMB87.1 million or 2.9% as compared with the corresponding period of last year. Basic earnings per share dropped by 22.8% to RMB72.53 cents from RMB93.93 cents in 2009.

Net profit margin (excluding the profit attributable to fair value gains on investment properties) for the year under review decreased from 29.5% in 2009 to 28.5% in 2010.

Liquidity and Financial Resources

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 the 13.75% senior notes due 2015 on 16 September 2015, which were used to finance its business operations and investment in development projects. The Group's liquidity position was well-managed in 2010. The Group had net debt (total borrowings less cash and cash equivalents and restricted cash) of RMB2,219.4 million and its net gearing ratio (net debt over total equity) stood at a healthy level of 19.9% as at 31 December 2010. The Group's cash and cash equivalents and restricted cash amounted to RMB4,002.0 million in total as at 31 December 2010. Total borrowings as at 31 December 2010 was RMB6,221.4 million.

Of the total borrowings, RMB1,954.3 million was repayable within one year while RMB4,267.1 million was repayable after one year.

The effective interest rate of borrowings as at 31 December 2010 is as follows:

	31 December	
	2010	2009
	RMB'000	*RMB'000*
Senior notes	**15.0%**	–
Bank and other borrowings	**5.2%**	4.4%

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

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

To accomplish the aim of minimising interest rate 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 2010, the Group pledged its properties, properties under construction and land use rights with carrying amount of RMB10,093.8 million to secure bank facilities granted to the Group. The total secured bank borrowings as at 31 December 2010 amounted to RMB4,032.6 million.

Financial Guarantees

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

	31 December 2010 RMB'000	2009 RMB'000
Guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties	**1,876,958**	1,065,978

Capital Commitment

(1) Commitments for property development expenditures

	31 December 2010 RMB'000	2009 RMB'000
Contracted but not provided for		
– Property development activities	**2,766,366**	999,922
– Acquisition of land use rights	**1,809,186**	139,356
	4,575,552	1,139,278

(2) Operating leases commitments

The future aggregate minimum lease payments under non-cancelable operating leases are as follows:

	31 December 2010 RMB'000	2009 RMB'000
Not later than one year	**12,908**	4,838
Later than one year and not later than two years	**13,227**	7,016
Later than two years and not later than three years	**727**	6,681
	26,862	18,535

ISSUANCE OF SENIOR NOTES

On 16 September 2010, the Group issued senior notes due 2015 with an aggregate principal amount of US$200 million at a coupon rate of 13.75% per annum for financing its existing and new property projects and for its general working capital purpose. The Group, at its option, may redeem the 2015 Notes (i) in whole, but not in part, prior to 16 September 2013 at the redemption price equal to 100% of the principal amount of the 2015 Notes plus the applicable premium as of, and accrued and unpaid interest to the redemption date and (ii) in whole or in part, on or after 16 September 2013, at the redemption prices plus accrued and unpaid interest to the redemption date.

EMPLOYEES AND EMOLUMENT POLICY

As at 31 December 2010, the Group employed a total of 2,330 full-time employees (2009: 1,936 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 reviews the remuneration policies and packages on a regular basis and makes necessary adjustment commensurate with the pay level in the industry. A share option scheme was adopted on 16 September 2009 to attract and retain eligible employees to contribute to the Group. As at 31 December 2010, no option has been granted or exercised 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 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. 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 Listing Rules for the year ended 31 December 2010.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on 27 May 2011. 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 Tuesday, 24 May 2011 to Friday, 27 May 2011, 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 27 May 2011, 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 Monday, 23 May 2011. Subject to shareholders' approval of the proposed final dividend of shares at the annual general meeting to be held on Friday, 27 May 2011, the final dividend will be paid to shareholders whose names appear on the register of members of the Company at the close of business of Friday, 27 May 2011.

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

During the year ended 31 December 2010, the Company had repurchased from the market a total of 19,000,000 shares of the Company at price per share ranging from HK$2.06 to HK$2.19 for an aggregate consideration of HK$40.3 million. All the repurchased shares were subsequently cancelled. The Directors believe that the repurchases of shares would lead to an enhancement of the net value of the Group and its assets and/or its earnings per share. Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2010. Details of the repurchases of shares were as follows:

Month of repurchase	Number of shares repurchased	Highest price per share *HK$*	Lowest price per share *HK$*	Aggregate purchase price *HK$*
May 2010	19,000,000	2.19	2.06	40,341,000

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 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 Model Code during the year ended 31 December 2010.

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 2010.

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

The annual report of the Company for the year ended 31 December 2010 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, 24 March 2011

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.