POWERLONG
宝 龙

POWERLONG REAL ESTATE HOLDINGS LIMITED
寶龍地產控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1238)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2011

RESULTS HIGHLIGHTS

- Contracted sales for the six months ended 30 June 2011 amounted to RMB2,334.6 million, representing an increase of 87.0% over the corresponding period of last year.

- Land bank area as at 30 June 2011 amounted to 9.1 million square meters, representing an increase of 19.7% as compared to 31 December 2010.

- Fair value gains on investment properties for the six months ended 30 June 2011 was RMB3,021.5 million, representing an increase of 314.0% over the corresponding period of last year, which is mainly contributed from the fair value gains on certain investment properties under construction.

- Equity attributable to owners of the Company as at 30 June 2011 amounted to approximately RMB13.1 billion, representing an increase of 20.0% as compared to 31 December 2010.

- For the six months ended 30 June 2011, gross profit margin was 43.3%, and net profit margin (excluding the profit attributable to fair value gains on investment properties) was 13.9%.

- For the six months ended 30 June 2011, earnings per share were RMB61.55 cents.

The board of directors (the "**Board**") of Powerlong Real Estate Holdings Limited (the "**Company**") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2011, together with the comparative figures for the corresponding period of year 2010, as follows:

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

		Six months ended 30 June	
		2011	2010
		Unaudited	Unaudited
	Note	***RMB'000***	*RMB'000*
Revenue	*3*	**1,950,577**	1,042,037
Cost of sales	*4*	**(1,105,470)**	(513,191)
Gross profit		**845,107**	528,846
Fair value gains on investment properties	*9*	**3,021,514**	729,894
Selling and marketing costs	*4*	**(71,525)**	(41,860)
Administrative expenses	*4*	**(272,698)**	(165,861)
Other gains – net		**8,471**	12,971
Exchange losses – net		**(8,867)**	(1,576)
Operating profit		**3,522,002**	1,062,414
Finance income – net	*5*	**41,272**	3,673
Profit before income tax		**3,563,274**	1,066,087
Income tax expense	*6*	**(1,042,153)**	(252,206)
Profit for the period		**2,521,121**	813,881
Other comprehensive income		**–**	–
Total comprehensive income for the period		**2,521,121**	813,881
Attributable to:			
Equity owners of the Company		**2,468,706**	815,250
Non-controlling interests		**52,415**	(1,369)
		2,521,121	813,881
Earnings per share for profit attributable to equity owners of the Company for the period (expressed in RMB cents per share)	*7*		
– Basic		**61.55 cents**	19.97 cents
– Diluted		**61.55 cents**	19.97 cents
		RMB'000	*RMB'000*
Dividends	*8*	**–**	–

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

	Note	**30 June 2011 Unaudited RMB'000**	31 December 2010 Restated *(Note 2.2(b))* *RMB'000*	1 January 2010 Restated *(Note 2.2(b))* *RMB'000*
ASSETS				
Non-current assets				
Property and equipment		**1,418,161**	904,176	323,917
Land use rights		**615,089**	108,490	61,343
Investment properties	*9*	**13,934,232**	10,088,058	6,507,786
Deferred income tax assets		**104,933**	75,514	30,596
		16,072,415	11,176,238	6,923,642
Current assets				
Properties under development		**5,884,879**	3,507,149	2,500,814
Completed properties held for sale		**1,390,557**	1,359,313	804,028
Trade and other receivables and loans	*10*	**1,181,042**	1,141,362	511,837
Prepayments		**3,400,109**	3,246,298	1,276,725
Prepaid income taxes		**67,887**	12,395	11,639
Financial assets at fair value through profit or loss		**6,289**	21,598	11,517
Restricted cash		**1,365,943**	1,262,045	719,891
Cash and cash equivalents		**1,306,600**	2,739,908	1,764,225
		14,603,306	13,290,068	7,600,676
Total assets		**30,675,721**	24,466,306	14,524,318
EQUITY				
Equity attributable to owners of the Company				
Share capital and premium	*11*	**3,052,201**	3,107,456	3,172,401
Other reserves	*12*	**390,025**	378,062	347,231
Retained earnings				
– Proposed dividends		**–**	244,107	245,247
– Unappropriated retained earnings		**9,617,852**	7,149,289	4,437,751
		13,060,078	10,878,914	8,202,630
Non-controlling interests		**320,079**	267,664	26,927
Total equity		**13,380,157**	11,146,578	8,229,557

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (CONTINUED)

	Note	**30 June 2011 Unaudited** *RMB'000*	31 December 2010 Restated *(Note 2.2(b))* *RMB'000*	1 January 2010 Restated *(Note 2.2(b))* *RMB'000*
LIABILITIES				
Non-current liabilities				
Borrowings	*13*	**6,512,570**	4,267,087	1,026,201
Deferred income tax liabilities		**2,372,802**	1,602,362	961,679
		8,885,372	5,869,449	1,987,880
Current liabilities				
Borrowings	*13*	**2,330,062**	1,954,281	1,145,715
Trade and other payables	*14*	**1,577,219**	1,536,007	901,829
Advances from customers		**3,003,500**	2,453,110	1,231,758
Current income tax liabilities		**1,499,411**	1,506,881	1,027,579
		8,410,192	7,450,279	4,306,881
Total liabilities		**17,295,564**	13,319,728	6,294,761
Total equity and liabilities		**30,675,721**	24,466,306	14,524,318
Net current assets		**6,193,114**	5,839,789	3,293,795
Total assets less current liabilities		**22,265,529**	17,016,027	10,217,437

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

	Attributable to equity owners of the Company					
	Share capital and premium *RMB'000* *(note 11)*	**Other reserves** *RMB'000* *(note 12)*	**Retained earnings** *RMB'000*	**Total** *RMB'000*	**Non-controlling interests** *RMB'000*	**Total equity** *RMB'000*
Six months ended 30 June 2011 (Unaudited)						
Balance at 1 January 2011	3,107,456	378,062	7,393,396	10,878,914	267,664	11,146,578
Comprehensive income						
– Profit for the period	–	–	2,468,706	2,468,706	52,415	2,521,121
– Other comprehensive income	–	–	–	–	–	–
Total comprehensive income for the six months ended 30 June 2011	–	–	2,468,706	2,468,706	52,415	2,521,121
Transactions with equity owners						
– Dividends	–	–	(241,806)	(241,806)	–	(241,806)
– Purchase of shares held for share award scheme	(55,255)	–	–	(55,255)	–	(55,255)
– Employees share option scheme	–	9,519	–	9,519	–	9,519
Total transactions with equity owners	(55,255)	9,519	(241,806)	(287,542)	–	(287,542)
Appropriation to statutory reserve	–	2,444	(2,444)	–	–	–
Balance at 30 June 2011	3,052,201	390,025	9,617,852	13,060,078	320,079	13,380,157

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Attributable to equity owners of the Company					
	Share capital and premium *RMB'000* *(note 11)*	**Other reserves** *RMB'000* *(note 12)*	**Retained earnings** *RMB'000*	**Total** *RMB'000*	**Non-controlling interests** *RMB'000*	**Total equity** *RMB'000*
Six months ended 30 June 2010 (Unaudited)						
Balance at 1 January 2010	3,172,401	347,231	4,682,998	8,202,630	26,927	8,229,557
Comprehensive income						
– Profit/(loss) for the period	–	–	815,250	815,250	(1,369)	813,881
– Other comprehensive income	–	–	–	–	–	–
Total comprehensive income for the six months ended 30 June 2010	–	–	815,250	815,250	(1,369)	813,881
Transactions with equity owners						
– Dividends	–	–	(245,247)	(245,247)	–	(245,247)
– Repurchase of shares of the Company	(35,479)	–	–	(35,479)	–	(35,479)
– Employees share option scheme	–	18,459	–	18,459	–	18,459
Total transactions with equity owners	(35,479)	18,459	(245,247)	(262,267)	–	(262,267)
Capital contribution from non-controlling interests	–	–	–	–	10,500	10,500
Balance at 30 June 2010	3,136,922	365,690	5,253,001	8,755,613	36,058	8,791,671

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT

	Six months ended 30 June	
	2011	2010
	Unaudited	Unaudited
	RMB'000	*RMB'000*
Net cash used in operating activities	**(2,002,985)**	(37,685)
Cash flows from investing activities		
Purchase of property and equipment	**(132,507)**	(116,073)
Additions of investment properties	**(1,607,320)**	(423,872)
Purchase of land use rights	**(181,608)**	(206,899)
Other cash (used in)/generated from investing activities	**(99,992)**	53,548
Net cash used in investing activities	**(2,021,427)**	(693,296)
Cash flows from financing activities		
Proceeds from borrowings	**4,024,559**	1,285,735
Repayments of borrowings	**(1,426,415)**	(381,501)
Decrease in guarantee deposits	**264,054**	6,062
Distribution of dividends	**(241,806)**	(136,492)
Other cash used in financing activities	**(20,421)**	(24,979)
Net cash generated from financing activities	**2,599,971**	748,825
Net (decrease)/increase in cash and cash equivalents	**(1,424,441)**	17,844
Cash and cash equivalents at the beginning of the period	**2,739,908**	1,764,225
Effect of foreign exchange rate changes	**(8,867)**	(1,576)
Cash and cash equivalents at the end of the period	**1,306,600**	1,780,493

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 (Law 3 of 1961, as consolidated and revised) 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 services, and other property development related services in the People's Republic of China (the "PRC").

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

This condensed consolidated interim financial information (the "Interim Financial Information") was approved for issue by the Board on 25 August 2011.

The Interim Financial Information has not been audited.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1 Basis of preparation

The Interim Financial Information has been prepared in accordance with HKAS 34, 'Interim financial reporting'. The Interim Financial Information should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2010, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

2.2 Accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual consolidated financial statements for the year ended 31 December 2010, as described in those annual financial statements.

(a) Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

(b) Change in accounting policy for land use rights relating to properties developed for sale

Land use rights relating to properties developed for sale meet the definition of both leasehold land under HKAS 17 "Leases" and inventories under HKAS 2 "Inventories". The Group changed its accounting policy for land use rights relating to properties developed for sale since 1 January 2011.

In previous years, upfront payments to obtain land use rights on which properties will be developed for sale were regarded as upfront operating lease payments and were initially recognised as a separate current asset item on the balance sheet. They were subsequently amortised on a straight line basis over the lease period in accordance with HKAS 17. The amortisation during the period of construction of the properties was capitalised as the cost of properties under development. The amortisation during the period before the commencement and after the completion of the construction of the properties was recognised in the profit or loss. The unamortised upfront payments were recognised as cost of sales when the relevant properties are sold and delivered upon completion of the relevant properties.

Subsequent to the change in accounting policy in 2011, land use rights relating to properties developed for sale are regarded as part of the inventories and are no longer amortised. They are included in properties under development or completed properties held for sale, which are measured at the lower of cost and net realisable value, depending on the development status in accordance with HKAS 2. Management believes that the new classification of land use rights relating to properties developed for sale results in a more relevant presentation of the financial position of the Group, and of its performance for the six months ended 30 June 2011, reflecting the management's intention on the use of the asset. The new accounting policy also results in a presentation consistent with the industry practices.

The change in accounting policy has no material impact to the profits of the Group for the six months ended 30 June 2011 or for prior years. Accordingly, no retrospective adjustment has been made to the consolidated statements of comprehensive income of the Group for prior years. The only retrospective adjustments made were to include the land use rights relating to properties developed for sale into the respective balances of properties under development and completed properties held for sale and the reclassification made to the consolidated balance sheets of the Group as at 1 January 2010 and 31 December 2010 are as follows:

As at 1 January 2010

	As previously reported	**Reclassification**	**Restated**
	RMB'000	*RMB'000*	*RMB'000*
Current assets			
Land use rights	1,616,364	(1,616,364)	–
Properties under development	1,210,068	1,290,746	2,500,814
Completed properties held for sale	478,410	325,618	804,028

As at 31 December 2010

	As previously reported	**Reclassification**	**Restated**
	RMB'000	*RMB'000*	*RMB'000*
Current assets			
Land use rights	1,741,981	(1,741,981)	–
Properties under development	1,924,716	1,582,433	3,507,149
Completed properties held for sale	1,199,765	159,548	1,359,313

(c) The following interpretations, amendments to standards and amendments to interpretations are mandatory for the first time for the financial year beginning 1 January 2011:

HKAS 24 (Revised)	Related party disclosures
HKFRSs (Amendments)	Improvements to HKFRSs (2010)
Amendment to HKAS 32	Classification of rights issues
Amendment to HK(IFRIC) – Int–14	Prepayments of a minimum funding requirement
HK(IFRIC) – Int 19	Extinguishing financial liabilities with equity instruments

The adoption of the above interpretations, amendments to standards and amendments to interpretations did not have any material impact on the Interim Financial Information except for disclosures and have not led to any changes in the accounting policies except disclosed elsewhere.

(d) The following new standards and amendments to standards have been issued but are not effective for the period and have not been early adopted:

		Effective for annual periods beginning on or after
HKFRS 9	Financial instruments	1 January 2013
HKAS 12 (Amendment)	Deferred tax: Recovery of underlying assets	1 January 2012
HKFRS 7 (Amendment)	Disclosures – Transfers of financial assets	1 July 2011
HKFRS 10	Consolidated financial statements	1 January 2013
HKFRS 11	Joint arrangements	1 January 2013
HKFRS 12	Disclosure of interests in other entities	1 January 2013
HKFRS 13	Fair value measurements	1 January 2013
HKAS 19 (Amendment)	Employee benefits	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, 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 services, 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.

The segment results and other segment items included in the profit for the six months ended 30 June 2011 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	1,744,484	101,827	46,066	64,076	–	1,956,453
Inter-segment revenue	–	–	(5,876)	–	–	(5,876)
Revenue	1,744,484	101,827	40,190	64,076	–	1,950,577
Segment results	650,461	3,061,666	(15,514)	(95,229)	(3,088)	3,598,296
Interest income on entrusted loans						8,668
Unallocated operating costs						(84,962)
Finance income – net						41,272
Profit before income tax						3,563,274
Income tax expense						(1,042,153)
Profit for the period						2,521,121
Capital expenditure	10,206	1,466,816	2,630	399,598	–	1,879,250
Depreciation	3,761	–	929	24,181	–	28,871
Amortisation of land use rights recognised as expense	–	–	–	4,164	–	4,164
Fair value gains on investment properties *(note 9)*	–	3,021,514	–	–	–	3,021,514

The segment results and other segment items included in the profit for the six months ended 30 June 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	956,981	63,608	36,478	61,150	–	1,118,217
Inter-segment revenue	–	–	(15,030)	(61,150)	–	(76,180)
Revenue	956,981	63,608	21,448	–	–	1,042,037
Segment results	400,381	752,061	(5,874)	(12,054)	(3,581)	1,130,933
Unallocated operating costs						(68,519)
Finance income – net						3,673
Profit before income tax						1,066,087
Income tax expense						(252,206)
Profit for the period						813,881
Capital expenditure	43,775	496,672	566	145,789	–	686,802
Depreciation	2,854	–	413	595	–	3,862
Amortisation of land use rights recognised as expense	–	–	–	1,005	–	1,005
Fair value gains on investment properties *(note 9)*	–	729,894	–	–	–	729,894

Segment assets and liabilities as at 30 June 2011 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	**13,915,274**	**16,262,013**	**89,516**	**2,757,620**	**(2,996,258)**	**30,028,165**
Other assets						**647,556**
Total assets						**30,675,721**
Segment liabilities	**4,299,789**	**544,374**	**120,860**	**2,302,839**	**(2,840,369)**	**4,427,493**
Other liabilities						**12,868,071**
Total liabilities						**17,295,564**

Segment assets and liabilities as at 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*
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

Segment assets are reconciled to total assets as follows:

	30 June 2011 ***RMB'000***	31 December 2010 *RMB'000*
Segment assets	**30,028,165**	23,438,340
Other assets		
Prepaid income taxes	**67,887**	12,395
Deferred income tax assets	**104,933**	75,514
Unallocated cash and cash equivalents and restricted cash	**435,625**	897,112
Amounts due from related parties	**26,969**	17,338
Other corporate assets	**12,142**	25,607
Total assets	**30,675,721**	24,466,306

Segment liabilities are reconciled to total liabilities as follows:

	30 June 2011 ***RMB'000***	31 December 2010 *RMB'000*
Segment liabilities	**4,427,493**	3,816,253
Other liabilities		
Current income tax liabilities	**1,499,411**	1,506,881
Deferred income tax liabilities	**2,372,802**	1,602,362
Current borrowings	**2,330,062**	1,954,281
Non-current borrowings	**6,512,570**	4,267,087
Amounts due to related parties	**117,634**	82,800
Other corporate liabilities	**35,592**	90,064
Total liabilities	**17,295,564**	13,319,728

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 condensed consolidated 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 land use rights, investment properties (note 9) and property and equipment.

4. EXPENSES BY NATURE

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

	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
Business taxes and other levies	**100,365**	54,623
Staff costs (including directors' emoluments)	**140,704**	103,845
Advertising costs	**34,022**	24,114
Depreciation	**28,871**	3,862
Cost of properties sold (excluding staff costs)	**867,108**	435,745
Auditor's remuneration	**2,700**	1,270
Donations to governmental charity	**5,500**	29,429

5. FINANCE INCOME – NET

	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
Interest expenses:		
– Bank borrowings and other borrowings	**(194,634)**	(58,296)
– Senior notes	**(121,388)**	–
Less: interest capitalised	**312,540**	56,056
	(3,482)	(2,240)
Net foreign exchange gains on financing activities	**44,754**	5,913
	41,272	3,673

6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
Current income tax		
– PRC corporate income tax	**138,916**	112,403
– PRC land appreciation tax	**162,216**	21,854
– PRC land appreciation tax return	**–**	(53,048)
Deferred income tax		
– PRC corporate income tax	**741,021**	170,997
	1,042,153	252,206

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 subsidiaries in the British Virgin Islands were incorporated under the International Business Companies Act of the British Virgin Islands and, accordingly, are exempted from British Virgin Islands income tax.

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 period, based on the existing legislation, interpretations and practices in respect thereof.

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. A lower 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are established in Hong Kong and fulfill requirements under the tax treaty arrangements between the PRC and Hong Kong. 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 the Interim Financial Information as the Group did not have assessable profit in Hong Kong for the period. The profit of the group entities in Hong Kong is mainly derived from dividend income, which is not subject to Hong Kong profits tax.

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.

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

7. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity owners of the Company by the weighted average number of ordinary shares in issue during the period excluding ordinary shares purchased by the Group and held for the Share Award Scheme (note 11(a)).

	Six months ended 30 June	
	2011	2010
Profit attributable to equity owners of the Company (RMB'000)	**2,468,706**	815,250
Weighted average number of ordinary shares in issue (thousand shares)	**4,010,730**	4,082,293
Basic earnings per share (RMB cents per share)	**61.55 cents**	19.97 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 performed 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. For the six months ended 30 June 2011, as the average market share price of the ordinary shares during the period was lower than the subscription price and no any shares were granted under the Share Award Scheme, the diluted earnings per share was equal to the basic earnings per share (six months ended 30 June 2010: same).

8. DIVIDENDS

No interim dividend in respect of six months ended 30 June 2011 was proposed by the Board (six months ended 30 June 2010: nil).

Final cash dividend amounting to RMB244,107,000 (2010: RMB245,247,000) has been approved by Annual General Meeting on 27 May 2011 and subsequently paid in June 2011. The net dividends of RMB241,806,000, after deducting by dividend of RMB2,301,000 (six months ended 30 June 2010: nil) paid to the Share Award Scheme Trust (note 11 (a)), is treated as transaction with owners in the condensed consolidated interim statement of changes in equity.

9. INVESTMENT PROPERTIES

	Completed properties *RMB'000*	Properties under construction *RMB'000*	Total *RMB'000*
Six months ended 30 June 2011			
At 1 January 2011	**8,984,000**	**1,104,058**	**10,088,058**
Addition	**39,212**	**1,427,604**	**1,466,816**
Transfers to property and equipment and land use rights	**(183,958)**	**(458,198)**	**(642,156)**
Fair value gains	**–**	**3,021,514**	**3,021,514**
At 30 June 2011	**8,839,254**	**5,094,978**	**13,934,232**
Six months ended 30 June 2010			
At 1 January 2010	5,582,400	925,386	6,507,786
Addition	80,888	389,053	469,941
Transfers from properties under development	–	26,731	26,731
Transfers	331,318	(331,318)	–
Fair value gains	729,894	–	729,894
At 30 June 2010	6,724,500	1,009,852	7,734,352

Completed investment properties and certain investment properties under construction of the Group are measured at fair value as at 30 June 2011, which have been assessed by Savills Valuation and Professional Services Limited, an independent and professionally qualified valuer.

In respect of the completed investment properties, the valuations are 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.

In respect of the investment properties under construction, the valuations are based on residual method of valuation which is common in valuing development sites by establishing the market value of the properties on an "as-if completed" basis with appropriate deduction on construction costs, professional fees and interest payments to be incurred as well as developer's profits.

The capitalisation rate of borrowings for the six months ended 30 June 2011 is 8.68% (six months ended 30 June 2010: 6.09%).

As at 30 June 2011, investment properties of RMB8,504,932,000 (31 December 2010: RMB6,392,529,000) were pledged as collateral for the Group's borrowings (note 13).

10. TRADE AND OTHER RECEIVABLES AND LOANS

	30 June 2011 *RMB'000*	31 December 2010 *RMB'000*
Trade receivables *(note (a))*	**498,919**	498,541
– Related parties	**48,370**	40,806
– Third parties	**450,549**	457,735
Entrusted loans to third parties *(note (b))*	**270,000**	170,000
Other receivables from:	**317,465**	444,584
– Related parties	**26,969**	17,338
– Third parties *(note (c))*	**290,496**	427,246
Prepaid business taxes and other taxes	**94,658**	28,237
	1,181,042	1,141,362

(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. As at 30 June 2011 and 31 December 2010, the ageing analysis of the trade receivables is as follows:

	30 June 2011 *RMB'000*	31 December 2010 *RMB'000*
Within 90 days	**342,458**	412,865
Over 90 days and within 365 days	**156,461**	85,676
	498,919	498,541

(b) The entrusted loans are lent to third parties through a finance institution. The weighted average interest rate as at 30 June 2011 is 8.17% (31 December 2010: 5.70%).

Movements of the entrusted loans are as follows:

	Six months ended 30 June 2011 *RMB'000*
At 1 January	170,000
Addition of entrusted loans	200,000
Repayment of entrusted loans	(100,000)
At 30 June	270,000

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

As at 30 June 2011 and 31 December 2010, the fair value of trade and other receivables and loans approximated their carrying amounts.

Except for the entrusted loans in note (b), trade and other receivables are interest free. The Group's trade and other receivables and loans are unsecured and denominated in RMB. No material trade and other receivables were impaired or past due as at 30 June 2011 and 31 December 2010.

11. SHARE CAPITAL AND PREMIUM

	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*
Six months ended 30 June 2011						
Balances as at 1 January 2011	4,068,448,000	HK$40,684,480	36,102	3,100,820	(29,466)	3,107,456
Purchased shares held for share award scheme *(note (a))*	–	–	–	–	(55,255)	(55,255)
Balances as at 30 June 2011	4,068,448,000	HK$40,684,480	36,102	3,100,820	(84,721)	3,052,201
Six months ended 30 June 2010						
Balances as at 1 January 2010	4,087,448,000	HK$40,874,480	36,269	3,136,132	–	3,172,401
Repurchase of shares of the Company	(19,000,000)	(HK$190,000)	(167)	(35,312)	–	(35,479)
Balances as at 30 June 2010	4,068,448,000	HK$40,684,480	36,102	3,100,820	–	3,136,922

(a) Shares held for share award scheme

On 2 December 2010 (the "Adoption Date"), the Board approved and adopted a share award scheme in which a number of selected employees of the Group are entitled to participate (the "Share Award Scheme"). The Group has set up a trust (the "Share Award Scheme Trust") for the purpose of administrating the Share Award Scheme. Under the sole discretion of the Board, the Share Award Scheme Trust will acquire the Company's shares from the Stock Exchange, with a maximum number determined by the Board, and hold the shares granted to the employees but not vested for the employees until they are vested. Unless early terminated by the Board, the Share Award Scheme shall be valid and effective for a term of six years commencing on the Adoption Date.

During the six months ended 30 June 2011, the Share Award Scheme Trust acquired 24,397,000 shares of the Company through the open market (six months ended 30 June 2010: nil) at a total cost (including related transaction costs) of approximately RMB55,255,000. As at 30 June 2011, the Share Award Scheme Trust holds 38,353,000 shares of the Company (31 December 2010:13,956,000 shares).

No expenses or reserves were recognised for the Share Award Scheme as no Company's shares were granted for the six months ended 30 June 2011 (six months ended 30 June 2010: nil).

During the six months ended 30 June 2011, the Share Award Scheme Trust received cash dividend amounting to RMB2,301,000 which will be used to pay for the fees of trust or acquire the Company's shares (note 8).

12. OTHER RESERVES

	Merger reserve *RMB'000*	Statutory reserves *RMB'000*	Share option reserve *RMB'000*	Total *RMB'000*
Six months ended 30 June 2011				
Balance at 1 January 2011	**337,203**	**4,780**	**36,079**	**378,062**
Appropriation to statutory reserve	**–**	**2,444**	**–**	**2,444**
Employees share option scheme	**–**	**–**	**9,519**	**9,519**
Balance at 30 June 2011	**337,203**	**7,224**	**45,598**	**390,025**
Six months ended 30 June 2010				
Balance at 1 January 2010	337,203	4,780	5,248	347,231
Employees share option scheme	–	–	18,459	18,459
Balance at 30 June 2010	337,203	4,780	23,707	365,690

13. BORROWINGS

	30 June 2011 ***RMB'000***	31 December 2010 *RMB'000*
Borrowings included in non–current liabilities:		
Senior notes	**2,065,129**	1,344,658
– Senior notes due 2015	**1,315,825**	1,344,658
– Senior notes due 2014	**749,304**	–
Bank borrowings	**4,369,508**	3,349,845
– secured	**4,052,039**	3,349,845
– unsecured	**317,469**	–
Other borrowings	**865,640**	490,124
– secured	**468,347**	–
– unsecured	**397,293**	490,124
Less: amounts due within one year	**(787,707)**	(917,540)
	6,512,570	4,267,087
Borrowings included in current liabilities:		
Bank borrowings	**1,238,855**	733,241
– secured	**1,183,855**	682,771
– unsecured	**55,000**	50,470
Other borrowings – unsecured	**303,500**	303,500
Current portion of long-term borrowings	**787,707**	917,540
	2,330,062	1,954,281

14. TRADE AND OTHER PAYABLES

	30 June 2011 RMB'000	31 December 2010 RMB'000
Trade payables	**1,065,400**	1,036,927
– Related parties	**36,902**	23,493
– Third parties	**849,324**	1,000,700
– Notes payable – third parties	**179,174**	12,734
Other payables and accruals:	**270,704**	236,401
– Related parties	**117,634**	82,800
– Third parties	**153,070**	153,601
Payables for retention fee	**150,278**	131,463
Payables for acquisition of land use rights	**53,834**	53,834
Other taxes payable	**37,003**	77,382
	1,577,219	1,536,007

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

	30 June 2011 RMB'000	31 December 2010 RMB'000
Within 90 days	**238,788**	332,164
Over 90 days and within 180 days	**277,980**	310,110
Over 180 days and within 365 days	**306,335**	145,418
Over 365 days and within 3 years	**242,297**	249,235
	1,065,400	1,036,927

MANAGEMENT DISCUSSION AND ANALYSIS

Market Review and Outlook

During the first half of 2011, the PRC government implemented macro control policy over the real estate sector to curb the overheated property market. Measures including property tax, purchase restrictions, controlled mortgages, controlled prices, interest rate rise and tightened monetary supply were imposed creating great pressure within the real estate sector.

During the first half of 2011, the Group appropriately adjusted the sales strategy and its pace of development. The Group adopted a competitive pricing strategy and grasped the opportunities to introduce property projects in a timely manner. Total contracted sales area around 345,687 square meters and the contracted sales amounted to approximately RMB2,334.6 million. Yancheng, Suqian, Luoyang and Qingdao Licang which were launched during the six months ended 30 June 2011 contributed 54.8% of the total contracted sales amount. The Group acquired four pieces of land, namely Tianjin Binhai, Tianjin North Green Area, Shanghai Caolu Town and Quanzhou Jinjiang. Land bank expanded by approximately 1,700,000 square meters during the six months ended 30 June 2011, providing sufficient resources for sustainable development in the future. The Group also successfully increased its rental and management fee by 67.0% to RMB142.0 million during the first half of 2011. Four large-scale commercial and residential complexes will be opened in the third or forth quarters of 2011. Meanwhile, the Group achieved business expansion by means of expanding its hotels, department stores and KTV business, and the Group's Four Points by Sheraton Qingdao commenced business in January 2011. Furthermore, despite the tightening banking environment, the Group successfully issued three-years RMB denominated and USD settled bonds of RMB750 million and obtained a term loan facility of USD47 million at the beginning of 2011, which enhanced the Group's overall liquidity.

With the Group's core philosophy of "Growing with the City", the Group strives to become an important participant in the PRC's urbanization process. The Group receives high recognition from the government and industry, and has been awarded Top 10 Leading China Real Estate Company Brands, Top 10 Operators of Comprehensive Urban Complexes, a Leading Brands of China Real Estate Companies – Retail and Leisure Real Estate and Top 100 China Real Estate Enterprises for seven consecutive years. The Company has also been awarded Top 50 in Comprehensive Strength was ranked and Top 10 in profitability among China Real Estate Listed Companies for the year 2011.

For the second half of 2011, the Group anticipates that it will continue to face the uncertainties arising from macro control policies in the PRC real estate market. In the second half of 2011, the Group will focus on its core business and endeavor to continue implementing the strategy of developing "standardized malls", centralize resources on developing products meeting market demand. The Group will continue to focus on selecting suitable area for development and expanding the land bank area in a rational and sensible manner, continue to adopt sound financial management, make appropriate financing arrangement and reasonably arrange the use of cash flows and invest prudently within its resource capacity based on the financial condition of the Company, in order to ensure that the Group is maintaining a healthy financial status. At the same time, the Group will strive to capture the opportunities brought by commercial properties and take full advantage of the stable cash flow from the commercial properties. This enables the Group to manage the business fluctuation and improve its operating results, so as to bring satisfactory returns to the shareholders of the Company ("Shareholders").

BUSINESS REVIEW

During the six months ended 30 June 2011, the Group conducted its business activities in the following major business segments, namely property development, property investment, property management services and other property development related services. Property development remains the core business and key revenue driver of the Group.

Property Development

During the six months ended 30 June 2011, the Group adhered closely to its completion and delivery schedule. The gross floor area ("GFA") of sold and delivered projects amounted to approximately 251,575 square meters (for the six months ended 30 June 2010: 129,032 square meters), and represented an increase of 95.0% when compared with the corresponding period of year 2010, as detailed in the following table.

Projects completed and projects delivered during the six months ended 30 June 2011

Projects	**GFA Completed** *(Square meters)*	**GFA Sold & Delivered** *(Square meters)*
Bengbu		
commercial	–	3,896
residential	–	252
Yantai Haiyang		
residential	565	2,615
hotel	38,062	
Qingdao Licang		
commercial	568	568
residential	106,463	85,436
Luoyang		
commercial	–	11,579
Qingdao Chengyang		
residential	–	326
Tai'an		
commercial	–	1,210
residential	–	551
Wuxi Wangzhuang		
commercial	–	177
residential	–	6,409
Wuxi Yuqi		
commercial	–	810
residential	–	4,327
Suqian		
commercial	21,868	23,670
residential	–	3,822
Yancheng		
residential	126,512	105,927
Total		
commercial	22,436	41,910
residential	233,540	209,665
hotel	38,062	–
	294,038	251,575

Property Sales Performance

During the six months ended 30 June 2011, the Company recorded steady property sales performance. Major sales growth of the Company during the period was attributable to Licang project of Shandong province, Suqian and Yancheng projects of Jiangsu province as detailed in the following table.

Projects	**GFA Sold & Delivered**	**Revenue**	**Average selling price**
	(Square meters)	*(RMB ’000)*	*(RMB per square meters)*
Bengbu			
commercial	3,896	40,134	10,301
residential	252	1,547	6,139
Yantai Haiyang			
residential	2,615	33,119	12,665
Qingdao Licang			
commercial	568	18,578	32,708
residential	85,436	712,125	8,335
Luoyang			
commercial	11,579	85,668	7,399
Qingdao Chengyang			
residential	326	2,423	7,433
Tai’an			
commercial	1,210	8,677	7,171
residential	551	6,151	11,163
Wuxi Wangzhuang			
commercial	177	4,337	24,503
residential	6,409	60,187	9,391
Wuxi Yuqi			
commercial	810	5,399	6,665
residential	4,327	16,134	3,729
Suqian			
commercial	23,670	157,390	6,649
residential	3,822	18,189	4,759
Yancheng			
residential	105,927	574,426	5,423
Total			
commercial	41,910	320,183	7,640
residential	209,665	1,424,301	6,793
	251,575	1,744,484	6,934

During the six months ended 30 June 2011, the total contracted sales area of the Company reached approximately 345,687 square meters (for the six months ended 30 June 2010: 158,828 square meters), while the total contracted sales value amounted to RMB2,334.6 million (for the six months ended 30 June 2010: RMB1,248.5 million). Sales value increased by 87.0% when compared to the corresponding period of 2010.

Project name	**Contracted sales area** *(Square meters)*	**Contracted sales amount** *(RMB'000)*
Anxi	42,439	244,882
Bengbu	3,877	40,742
Changzhou	771	3,987
Yantai Haiyang	2,615	33,092
Qingdao Jimo	38,025	263,898
Qingdao Licang	19,848	261,904
Luoyang	11,016	83,920
Luoyang Phase II	56,150	369,243
Qingdao Chengyang	425	4,095
Suqian	71,831	438,344
Tai'an	1,210	8,677
Wuxi Wangzhuang	6,796	66,258
Wuxi Yuqi	5,230	22,124
Wuxi Yuqi Phase II	9,013	44,501
Xinxiang	62,489	323,456
Yancheng	13,952	125,454
Total	345,687	2,334,577

Hotel Development

The Group continues to develop its hotel business as its long-term recurring income stream. As at 30 June 2011, the Group operated 3 hotels (of which 2 were open in 2011) in Suzhou, Qingdao and Tai'an, respectively. Aloft Haiyang in Shandong Yantai also commenced operation in July 2011. The hotels served as the important ancillary facilities of Powerlong's complex projects.

Investment Properties

To generate a stable income flow, the Group holds and manages a portfolio of commercial properties for leasing. As at 30 June 2011, the Group had an aggregate GFA of approximately 1,307,586 square meters (31 December 2010: 774,423 square meters) held as investment properties, representing an increase of 68.8% over the end of 2010.

During the six months ended 30 June 2011, the Group recorded a rental income from investment properties of approximately RMB101.8 million (for the six months ended 30 June 2010: RMB63.6 million), representing an increase of 60.1% when compared to the corresponding period of 2010. This was mainly attributable to rental increase of properties at Zhengzhou and Wuxi Wangzhuang.

Land Bank Replenishment

As at 30 June 2011, the Group had a quality land bank amounting to a total GFA of approximately 9.1 million square meters. The land bank will be used for the development of shopping malls with supermarkets, department stores, cinema complexes, food courts and other leisure facilities, as well as residential properties and hotels.

The Group is upholding prudent land bank replenishment strategies and has successfully expanded its land bank area during the six months ended 30 June 2011:

- *Binhai of Tianjin*

  The project is located at Binhai tourism area of Tanggu District with a total site area of 528,900 square meters with a GFA of approximately 695,000 square meters and land costs of approximately RMB848.6 million. Initial development includes retail shops, residential units and a hotel.

- *Tianjin North Green Area*

  The project is located adjacent to Tianjin Powerlong International Center at Yujiapu Financial District, which occupies a total site area of 73,367 square meters with a GFA of approximately 70,000 square meters and land costs of approximately RMB140.5 million. The project is expected to consist of a large-scale supermarket, electrical appliance store, KTV, food court and retail shops.

- *Shanghai Caolu Town*

  The project is located at Caolu town in Shanghai Pudong New Area with a total site area of 71,200 square meters with a GFA of approximately 116,000 square meters and land costs is approximately RMB609.9 million. The project is expected to consist of residential units, a hotel and retail shops.

- *Quanzhou Jinjiang*

  The land is located at Qingyang Street of Chencun Area in Quanzhou Jinjiang. This is the Company's second commercial complex project in Quanzhou, which occupies a total site area of 135,402 square meters with GFA of approximately 810,000 square meters and land costs of approximately RMB1,047.0 million. Construction of the project commenced on 1 April 2011. The project is expected to include a shopping mall, furnished apartments, retail shops, residential units and a hotel etc.

Property Management and Related Services

During the six months ended 30 June 2011, the income from property management and related services generated from property management services, after intra-group elimination, amounted to approximately RMB40.2 million (for the six months ended 30 June 2010: RMB21.4 million), representing a substantial increase of 87.9% as compared with the corresponding period of 2010.

FINANCIAL ANALYSIS

Revenue

The total revenue for the Group for the six months ended 30 June 2011 was RMB1,950.6 million. During the period under review, the total GFA delivered by the Group reached 251,575 square meters (the corresponding period of 2010: 129,032 square meters). In terms of the unit average selling price and transaction volume, a table of analysis on the sales of properties is provided as follows:

Types of properties sold and delivered:

	GFA *(Square Meters)*	**Average selling price** *(RMB per Square Meters)*
Commercial	41,910	7,640
Residential	209,665	6,793
Total	251,575	6,934

Segment Information

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

	For the six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
Sales of properties	**1,744,484**	956,981
Rental income of investment properties	**101,827**	63,608
Income of property management services	**40,190**	21,448
Other income	**64,076**	–
Total	**1,950,577**	1,042,037

Revenue Stream

Sales of property remains the Group's core business activity, representing 89.4% of the Group's total revenue. Rental income, property management services and other property development related services income accounted for 5.2%, 2.1% and 3.3% of the Group's total revenue, respectively.

Cost of Sales

Cost of sales comprises land costs, construction costs, decoration costs, capitalised interest expenses, and business taxes and so on. Cost of sales increased from approximately RMB513.2 million for the six months ended 30 June 2010 to approximately RMB1,105.5 million for the six months ended 30 June 2011, representing an increase of 115.4%. This was mainly attributable to the increase of properties sold and delivered. Average land costs for the six months ended 30 June 2011 was RMB831 per square meter.

Profit Before Income Tax

Profits before income tax for the six months ended 30 June 2011 amounted to RMB3,563.3 million (of which, fair value gains of investment properties amounted to RMB3,021.5 million), representing an increase of 234.2% as compared with the corresponding period in 2010.

Selling and Marketing Costs and Administrative Expenses

Selling and marketing costs for the six months ended 30 June 2011 amounted to RMB71.5 million (for the six months ended 30 June 2010: RMB41.9 million). The increase in selling and marketing costs was mainly attributable to the increased number of sales projects. Administrative expenses increased by 64.4% to approximately RMB272.7 million (for the six months ended 30 June 2010: RMB165.9 million) due to the increase of numbers of projects and staff during the period.

Fair Value Gains of Investment Properties

During the six months ended 30 June 2011, the Group recorded fair value gains of investment properties of approximately RMB3,021.5 million (for the six months ended 30 June 2010: RMB729.9 million), mainly attributable to the fair value gains of certain projects under construction, mainly including: Anxi Powerlong City Plaza, Qingdao Jimo Powerlong City Plaza, Qingdao Licang Powerlong City Plaza, Phase II of Luoyang Powerlong City Plaza, Suqian Powerlong City Plaza, Xinxiang Powerlong City Plaza and Yancheng Powerlong City Plaza.

Income Tax Expenses

Income tax expenses increased from RMB252.2 million for the six months ended 30 June 2010 to RMB1,042.2 million for the six months ended 30 June 2011, representing an increase of 313.2%. The increase was mainly attributable to the increase of fair value gains on investment properties.

Profit Attributable to Equity Owners of the Company

For the six months ended 30 June 2011, the Group achieved a profit attributable to equity holders of RMB2,468.7 million (for the six months ended 30 June 2010: RMB815.3 million), representing an increase of 202.8%. Basic earnings per share was RMB61.55 cents (for the six months ended 30 June 2010: RMB19.97 cents), representing an increase of 208% as compared to the corresponding period of 2010.

For the six months ended 30 June 2011, net profit margin (excluding the profit attributable to fair value gains on investment properties) decreased from 25.6% for the six months ended 30 June 2010 to 13.9% in the first half of 2011. This was mainly due to the decrease of gross profit margin and increase of income tax.

Liquidity and Financial Resources

The long term funding and working capital required by the Group are primarily derived from income generated from the Group's core business operations, bank borrowings and cash proceeds raised from capital markets during 2010 and 2011, which were used as working capital. As at 30 June 2011, the Group had net debt (total borrowings less cash and cash equivalents, including restricted cash) of RMB6,170.1 million and its net gearing ratio (net debt over total equity) stood at 46.1%. As at 30 June 2011, the Group had cash and cash equivalents (including restricted cash) in total amounting to RMB2,672.5 million and total borrowings amounting to RMB8,842.6 million.

Of the total borrowings, RMB2,330.0 million was repayable within one year while RMB6,512.6 million was repayable after one year.

The fund raising transactions of the Group were mainly denominated in US Dollars and Renminbi Yuan.

Material Acquisition and Disposal

For the six months ended 30 June 2011, the Group had no material acquisitions or disposal.

Employees and Emolument Policy

As at 30 June 2011, the Group employed a total of 3,499 employees. The total staff costs of the Group incurred during the period was RMB140.7 million. The Group has adopted a performance-based rewarding system to motivate its staff. The Group has also provided different types of training programs for its staff to improve their skills and expertise.

Interim Dividend

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2011.

CORPORATE GOVERNANCE

The Company is committed to the establishment of good corporate governance practices and procedures for enhancing investor confidence and the Company's accountability. The Company has complied with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Rules Governing the Listing of Securities of the Stock Exchange of Hong Kong Ltd. (the "Listing Rules") for the six months ended 30 June 2011.

Purchase, Sale Or Redemption of the Company's Listed Securities

For the six months ended 30 June 2011, the Company did not repurchase any share of the Company.

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 have confirmed that they have complied with the Model Code during the six months ended 30 June 2011.

AUDIT COMMITTEE

The Company has an audit committee ("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 interim results for the six months ended 30 June 2011 with the Company's management.

PUBLICATION OF INTERIM REPORT

The interim report of the Company for the six months ended 30 June 2011 containing all the information required by the Listing Rules is to be despatched to the Shareholders and made available for review 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, 25 August 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.