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)

2011 ANNUAL RESULTS ANNOUNCEMENT
KEY ACHIEVEMENTS IN FY 2011

For the year ended 31 December 2011, revenue increased by 18.5% to approximately RMB5,254 million, of which rental and property management services income increased by 19.8% to approximately RMB284 million.

For the year ended 31 December 2011, net profit increased by 11.5% to approximately RMB3,550 million; excluding the profit attributable to fair value gains on investment properties, the net profit was approximately RMB903 million.

For the year ended 31 December 2011, gross profit margin was 43.8%, and net profit margin (excluding the profit attributable to fair value gains on investment properties) was 17.2%.

As at 31 December 2011, equity amounted to RMB14.4 billion, increased by 29.2% as comparing to the previous year amount and net gearing ratio (net debt to equity) was 55%.

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 2011, together with comparative figures for the year ended 31 December 2010, which is set out below.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 December	
		2011	2010
	Note	***RMB'000***	*RMB'000*
Revenue	*2*	**5,254,027**	4,432,657
Cost of sales	*3*	**(2,951,046)**	(2,030,297)
Gross profit		**2,302,981**	2,402,360
Fair value gains on investment properties – net	*9*	**3,559,072**	2,562,730
Selling and marketing costs	*3*	**(207,902)**	(118,933)
Administrative expenses	*3*	**(503,620)**	(395,413)
Other gains – net	*4*	**60,242**	14,467
Exchange losses – net		**(10,454)**	(5,386)
Operating profit		**5,200,319**	4,459,825
Finance income – net	*5*	**86,562**	30,128
Profit before income tax		**5,286,881**	4,489,953
Income tax expense	*6*	**(1,736,424)**	(1,304,512)
Profit for the year		**3,550,457**	3,185,441
Other comprehensive income		**–**	–
Total comprehensive income for the year		**3,550,457**	3,185,441
Attributable to:			
Equity owners of the Company		**3,415,230**	2,955,645
Non-controlling interests		**135,227**	229,796
		3,550,457	3,185,441
Earnings per share for profit attributable to equity owners of the Company during the year (expressed in RMB cents per share)	*7*		
– Basic		**84.73 cents**	72.53 cents
– Diluted		**84.73 cents**	72.53 cents

	Year ended 31 December	
	2011	2010
	RMB'000	*RMB'000*
Dividends	**243,065**	244,107

CONSOLIDATED BALANCE SHEET

		31 December		1 January
		2011	2010 Restated (Note 1(i))	2010 Restated (Note 1(i))
	Note	**RMB'000**	*RMB'000*	*RMB'000*
ASSETS				
Non-current assets				
Property and equipment		**1,676,394**	904,176	323,917
Land use rights		**648,722**	108,490	61,343
Investment properties	*9*	**15,025,359**	10,088,058	6,507,786
Interests in a jointly controlled entity		**887,131**	–	–
Deferred income tax assets		**146,446**	75,514	30,596
		18,384,052	11,176,238	6,923,642
Current assets				
Properties under development		**6,407,247**	3,507,149	2,500,814
Completed properties held for sale		**2,228,846**	1,359,313	804,028
Trade and other receivables and loans	*10*	**1,357,441**	1,141,362	511,837
Prepayments		**3,682,762**	3,246,298	1,276,725
Prepaid taxes		**122,910**	12,395	11,639
Financial assets at fair value through profit or loss		**2,524**	21,598	11,517
Restricted cash		**407,428**	1,262,045	719,891
Cash and cash equivalents		**1,411,182**	2,739,908	1,764,225
		15,620,340	13,290,068	7,600,676
Total assets		**34,004,392**	24,466,306	14,524,318
EQUITY				
Equity attributable to owners of the Company				
Share capital and premium		**3,037,979**	3,107,456	3,172,401
Other reserves		**400,150**	378,062	347,231
Retained earnings				
– Proposed final dividend		**243,065**	244,107	245,247
– Unappropriated retained earnings		**10,319,245**	7,149,289	4,437,751
		14,000,439	10,878,914	8,202,630
Non-controlling interests		**404,891**	267,664	26,927
Total equity		**14,405,330**	11,146,578	8,229,557

	Note	31 December 2011 RMB'000	31 December 2010 Restated (Note 1(i)) RMB'000	1 January 2010 Restated (Note 1(i)) RMB'000
LIABILITIES				
Non-current liabilities				
Borrowings	*11*	**6,919,854**	4,267,087	1,026,201
Deferred income tax liabilities		**2,420,330**	1,602,362	961,679
		9,340,184	5,869,449	1,987,880
Current liabilities				
Borrowings	*11*	**2,436,001**	1,954,281	1,145,715
Trade and other payables	*12*	**3,109,877**	1,536,007	901,829
Advances from customers		**2,786,218**	2,453,110	1,231,758
Current income tax liabilities		**1,926,782**	1,506,881	1,027,579
		10,258,878	7,450,279	4,306,881
Total liabilities		**19,599,062**	13,319,728	6,294,761
Total equity and liabilities		**34,004,392**	24,466,306	14,524,318
Net current assets		**5,361,462**	5,839,789	3,293,795
Total assets less current liabilities		**23,745,514**	17,016,027	10,217,437

1. BASIS OF PREPARATION

These consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") 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 HKFRS 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.

(i) 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.

The Group has changed its accounting policy in 2011, whereby 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 and no less reliable presentation of the financial position of the Group, and of its performance for current year, 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 current year 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. 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

(ii) New and amended standards and interpretations adopted by the Group.

HKAS 32 (Amendment)	Classification of rights issues
HK(IFRIC) – Int 19	Extinguishing financial liabilities with equity instruments
Amendment to HKFRS 1	Limited exemption from comparative HKFRS 7 disclosures for first-time adopters
HKAS 24 (Revised)	Related party disclosures
Amendment to HK(IFRIC) Int – 14	Prepayments of a minimum funding requirement
HKFRS (Amendments)	Improvements to HKFRS (2010)

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 and amended standards and interpretation have been issued but are not effective for the financial year beginning 1 January 2011 and have not been early adopted.

		Effective for annual periods beginning on or after
HKFRS 7 (Amendment)	Financial instruments: Disclosures – Transfers of financial assets	1 July 2011
HKFRS 1 (Amendment)	Severe hyperinflation and removal of fixed dates for first-time adopters	1 July 2011
HKAS 12 (Amendment)	Deferred tax: Recovery of underlying assets	1 January 2012
HKAS 1 (Amendment)	Presentation of financial statements	1 July 2012
HKFRS 10	Consolidated financial statements	1 January 2013
HKAS 27 (revised 2011)	Separate financial statements	1 January 2013
HKFRS 11	Joint arrangements	1 January 2013
HKAS 28 (revised 2011)	Associates and joint ventures	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
HKFRS 7 (Amendment)	Financial instruments: Disclosures – Offsetting financial assets and financial liabilities	1 January 2013
HK(IFRIC) – Int 20	Stripping costs in the production phase of a surface mine	1 January 2013
HKAS 32 (Amendment)	Financial instruments: Presentation – Offsetting financial assets and financial liabilities	1 January 2014
HKFRS 9	Financial instruments	1 January 2015
HKFRS 7 (Amendment)	Mandatory effective date and transition disclosures	1 January 2015

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.

2. 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 and 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 following:

	Year ended 31 December	
	2011	2010
	RMB'000	*RMB'000*
Sales of properties	**4,749,014**	4,162,350
Rental income of investment properties	**194,879**	180,635
Income of property management services	**89,394**	56,409
Income of other property development related services	**220,740**	33,263
	5,254,027	4,432,657

The segment results and other segment items included in the profit for the year ended 31 December 2011 are as follows:

	Property development	Property investment	Property management services	Other property development related services	Elimination	Group
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Gross segment revenue	4,749,014	194,879	156,021	220,740	–	5,320,654
Inter-segment revenue	–	–	(66,627)	–	–	(66,627)
Revenue	4,749,014	194,879	89,394	220,740	–	5,254,027
Segment results	1,728,928	3,681,347	(20,949)	(120,211)	–	5,269,115
Interest income on entrusted loans *(note 4)*						28,876
Gain from disposal of a subsidiary *(note 4)*						31,251
Unallocated operating costs						(128,923)
Finance income – net						86,562
Profit before income tax						5,286,881
Income tax expense						(1,736,424)
Profit for the year						3,550,457
Depreciation	11,044	–	2,114	60,601	–	73,759
Amortisation of land use rights recognised as expenses	–	–	–	8,966	–	8,966
Fair value gains on investment properties – net *(note 9)*	–	3,559,072	–	–	–	3,559,072

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 expense						(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 – net *(note 9)*	–	2,562,730	–	–	–	2,562,730

Segment assets and liabilities as at 31 December 2011 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	**15,829,030**	**16,409,224**	**159,219**	**2,854,117**	**(2,119,985)**	**33,131,605**
Other assets						**872,787**
Total assets						**34,004,392**
Segment liabilities	**4,996,214**	**603,642**	**184,230**	**1,858,444**	**(2,119,985)**	**5,522,545**
Other liabilities						**14,076,517**
Total liabilities						**19,599,062**
Capital expenditure	**14,837**	**2,913,385**	**6,088**	**736,679**	**–**	**3,670,989**

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 are reconciled to total assets as follows:

	31 December	
	2011	2010
	RMB'000	*RMB'000*
Segment assets	**33,131,605**	23,438,340
Other assets		
Prepaid taxes	**122,910**	12,395
Deferred income tax assets	**146,446**	75,514
Unallocated cash and cash equivalents and restricted cash	**519,235**	897,112
Amounts due from related parties	**65,686**	17,338
Unallocated property and equipment	**8,287**	1,796
Other corporate assets	**10,223**	23,811
Total assets	**34,004,392**	24,466,306

Segment liabilities are reconciled to total liabilities as follows:

	31 December	
	2011	2010
	RMB'000	*RMB'000*
Segment liabilities	**5,522,545**	3,816,253
Other liabilities		
Current income tax liabilities	**1,926,782**	1,506,881
Deferred income tax liabilities	**2,420,330**	1,602,362
Current borrowings	**2,436,001**	1,954,281
Non-current borrowings	**6,919,854**	4,267,087
Amounts due to related parties	**302,706**	82,800
Other corporate liabilities	**70,844**	90,064
Total liabilities	**19,599,062**	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 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.

3. EXPENSES BY NATURE

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

	Year ended 31 December	
	2011	2010
	RMB'000	*RMB'000*
Business taxes and other levies *(note (a))*	**301,089**	234,890
Cost of properties sold (excluding staff costs)	**2,267,084**	1,757,458
Staff costs (including directors' emoluments)	**370,867**	194,373
Advertising costs	**117,127**	62,465
Depreciation	**73,759**	17,415
Amortisation of land use rights	**8,966**	16,110
Office lease payments	**12,908**	6,770
Auditors' remuneration	**6,484**	4,855
Donations to governmental charity	**25,913**	38,072

(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%
Rental income	5%
Property management	5%
Hotel service	5%

4. OTHER GAINS – NET

	Year ended 31 December	
	2011	2010
	RMB'000	*RMB'000*
Interest income on entrusted loans	**28,876**	–
Gain from disposal of a subsidiary	**31,251**	–
Gain from disposal of land use rights	**–**	9,471
Fair value gains and disposal gains on financial assets at fair value through profit or loss – net	**115**	4,996
	60,242	14,467

5. FINANCE INCOME – NET

	Year ended 31 December	
	2011	2010
	RMB'000	*RMB'000*
Interest expenses:		
– Bank borrowings and other borrowings	**(481,677)**	(181,753)
– Senior notes	**(301,985)**	(55,335)
Less: interest capitalised	**764,699**	230,942
	(18,963)	(6,146)
Net foreign exchange gains on financing activities	**105,525**	36,274
	86,562	30,128

6. INCOME TAX EXPENSE

	Year ended 31 December	
	2011	2010
	RMB'000	*RMB'000*
Current tax:		
– PRC corporate income tax	**450,809**	486,266
– PRC land appreciation tax	**524,273**	195,358
– Withholding income tax for profit to be distributed from the group companies in the PRC	**14,306**	27,123
Deferred income tax:		
– PRC corporate income tax	**747,036**	595,765
	1,736,424	1,304,512

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	
	2011	2010
	RMB'000	*RMB'000*
Operating profit before income tax	**5,286,881**	4,489,953
Calculated at applicable corporate income tax rate	**1,304,681**	1,128,598
Effect of expenses not deductible for income tax	**50,613**	11,341
Effect of income not subject to income tax	**(26,381)**	(9,069)
PRC land appreciation tax deductible for PRC corporate income tax purposes	**(131,068)**	(48,839)
	1,197,845	1,082,031
Withholding income tax for profit to be distributed by certain group companies in the PRC	**14,306**	27,123
PRC land appreciation tax	**524,273**	195,358
	1,736,424	1,304,512

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. The applicable tax rate for 2011 is 24% (2010: 22%).

According to the new CIT Law, starting from 1 January 2008, a withholding tax of 10% will be levied on the immediate holding companies outside the PRC when their PRC subsidiaries declare dividend out of profits earned after 1 January 2008. A lower 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are established in Hong Kong and fulfil requirements under the tax treaty arrangements between the PRC and Hong Kong.

PRC land appreciation tax ("LAT")

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

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

Overseas income tax

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies 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.

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.

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 year excluding ordinary shares purchased by the Group and held for share award scheme.

	Year ended 31 December	
	2011	2010
Profit attributable to equity owners of the Company (RMB'000)	**3,415,230**	2,955,645
Weighted average number of ordinary shares in issue (thousand shares)	**4,030,607**	4,075,024
Basic earnings per share (RMB cents per share)	**84.73 cents**	72.53 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. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the two schemes.

For the year ended 31 December 2011, 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 (2010: same).

8. DIVIDENDS

	Year ended 31 December	
	2011	2010
	RMB'000	*RMB'000*
Proposed final dividend of RMB6.00 cents (2010: RMB6.00 cents) per ordinary share	**243,065**	244,107

2010 final cash dividend amounting to RMB244,107,000 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 dividend of RMB2,301,000 paid to the share award scheme trust, is treated as transaction with owners in the consolidated statement of changes in equity for the year ended 31 December 2011.

The directors recommended the payment of a final dividend of RMB6.00 cents per ordinary share, totaling RMB243,065,000 based on the ordinary shares in issue as of 31 December 2011. Such dividend is to be approved by the shareholders at the Annual General Meeting on 18 May 2012. These consolidated financial statements do not reflect this dividend payable.

9. INVESTMENT PROPERTIES

	Completed investment properties *RMB'000*	Investment properties under construction *RMB'000*	Total *RMB'000*
Year ended 31 December 2010			
At 1 January 2010	5,582,400	925,386	6,507,786
Additions	33,252	883,600	916,852
Transfer from land use rights	–	100,690	100,690
Transfers	805,618	(805,618)	–
Fair value gains – net	2,562,730	–	2,562,730
At 31 December 2010	8,984,000	1,104,058	10,088,058
Year ended 31 December 2011			
At 1 January 2011	**8,984,000**	**1,104,058**	**10,088,058**
Additions	**294,719**	**2,618,666**	**2,913,385**
Transfers to property and equipment and land use rights *(note (a))*	**(183,958)**	**(458,198)**	**(642,156)**
Fair value gains – net	**11,860**	**3,547,212**	**3,559,072**
Transfers	**4,911,074**	**(4,911,074)**	**–**
Disposal of a subsidiary	**–**	**(893,000)**	**(893,000)**
At 31 December 2011	**14,017,695**	**1,007,664**	**15,025,359**

(a) During the year, certain properties, previously held for long-term rental yields, have been used for the Group's operations of department stores and amusement businesses, and therefore have been reclassified from investment properties to property and equipment and land use rights.

Completed investment properties and certain investment properties under construction of the Group are measured at fair value as at 31 December 2011, which have been assessed by Savills Valuation and Professional Services Limited, an independent and professionally qualified valuer.

The following amounts have been recognised in the consolidated statement of comprehensive income:

	Year ended 31 December **2011** *RMB'000*	2010 *RMB'000*
Rental income	**194,879**	180,635
Direct operating expenses arising from investment properties that generate rental income	**(58,300)**	(49,597)
Direct operating expenses that did not generate rental income.	**(25,785)**	(30,978)

Investment properties as at 31 December 2011 are held in the PRC on leases between 10 to 50 years (2010: same).

Borrowing costs of RMB101,866,000 have been capitalised in certain investment properties for the year ended 31 December 2011 (2010: RMB52,571,000).

The capitalisation rate of borrowings for the year ended 31 December 2011 is 9.09% (2010: 6.43%).

As at 31 December 2011, investment properties of RMB9,867,943,000 (2010: RMB6,364,253,000) were pledged as collateral for the Group's borrowings.

The future aggregate minimum rentals receivables under non-cancellable operating leases are as follows:

	31 December	
	2011	2010
	RMB'000	*RMB'000*
Not later than one year	**2,007**	2,007
Later than one year and not later than five years	**8,028**	8,028
Later than five years	**502**	2,509
	10,537	12,544

10. TRADE AND OTHER RECEIVABLES AND LOANS

	31 December	
	2011	2010
	RMB'000	*RMB'000*
Trade receivables *(note (a))*	**733,349**	498,541
– Related parties	**57,348**	40,806
– Third parties	**676,001**	457,735
Entrusted loans to third parties	**270,000**	170,000
Deposits for acquisition of land use rights	**100,000**	262,342
Other receivables from:	**254,092**	210,479
– Related parties	**65,686**	17,338
– Third parties	**188,406**	193,141
	1,357,441	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 31 December 2011 and 2010, the ageing analysis of the trade receivables is as follows:

	31 December	
	2011	2010
	RMB'000	*RMB'000*
Within 90 days	**574,285**	412,865
Over 90 days and within 365 days	**159,064**	85,676
	733,349	498,541

As at 31 December 2011, trade receivables of RMB55,019,000 (2010: nil) were past due but not impaired. These relate to a number of independent customers for whom there is no significant financial difficulty and based on past experience, the overdue amounts can be recovered. The ageing analysis of these trade receivables is as follows:

	31 December	
	2011	2010
	RMB'000	*RMB'000*
Within 90 days	**–**	–
Over 90 days and within 365 days	**55,019**	–
	55,019	–

11. BORROWINGS

	31 December	
	2011	2010
	RMB'000	*RMB'000*
Borrowings included in non-current liabilities:		
Senior notes	**2,863,823**	1,344,658
– Senior notes due September 2015	**1,284,301**	1,344,658
– Senior notes due March 2014	**753,686**	–
– Senior notes due September 2014	**825,836**	–
Bank borrowings	**4,280,679**	3,349,845
– secured	**3,990,400**	3,349,845
– unsecured	**290,279**	–
Other borrowings	**893,057**	490,124
– secured	**893,057**	–
– unsecured	**–**	490,124
Less: amounts due within one year	**(1,117,705)**	(917,540)
	6,919,854	4,267,087
Borrowings included in current liabilities:		
Bank borrowings	**1,083,934**	733,241
– secured	**898,934**	682,771
– unsecured	**185,000**	50,470
Other borrowings	**234,362**	303,500
– secured	**214,362**	–
– unsecured	**20,000**	303,500
Current portion of long-term borrowings	**1,117,705**	917,540
	2,436,001	1,954,281
Total borrowings	**9,355,855**	6,221,368

12. TRADE AND OTHER PAYABLES

	31 December 2011 RMB'000	2010 RMB'000
Trade payables	**2,125,387**	1,036,927
– Related parties	**21,322**	23,493
– Third parties	**1,708,133**	1,000,700
– Notes payables – third parties	**395,932**	12,734
Other payables and accruals:	**667,327**	236,401
– Related parties	**302,706**	82,800
– Third parties	**364,621**	153,601
Payables for retention fee	**159,173**	131,463
Payables for acquisition of land use rights	**53,834**	53,834
Other taxes payables	**104,156**	77,382
	3,109,877	1,536,007

As at 31 December 2011, the ageing analysis of trade payables of the Group based on invoice date is as follows:

	31 December 2011 RMB'000	2010 RMB'000
Within 90 days	**881,433**	332,164
Over 90 days and within 180 days	**474,347**	310,110
Over 180 days and within 365 days	**235,303**	145,418
Over 365 days and within 3 years	**534,304**	249,235
	2,125,387	1,036,927

MANAGEMENT DISCUSSIONS AND ANALYSIS

During the year under review, the Group achieved a total revenue of RMB5,254 million (2010: RMB4,433 million), representing an increase of 18.5% as compared with last year. Net profit for the year ended 31 December 2011 increased by 11.5% to RMB3,550 million (2010: RMB3,185 million) and the portion attributable to equity holders of the Company for the year ended 31 December 2011 was RMB3,415 million (2010: RMB2,956 million), representing an increase of 15.5% as compared with last year. Basic and diluted earnings per share attributable to equity holders of the Company amounted to RMB84.73 cents (2010: RMB72.53 cents) for the year ended 31 December 2011.

For the year ended 31 December 2011, 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 key revenue driver of the Group.

The increase in revenue during the year 2011 was mainly derived from increase in revenue from property sales.

For the year ended 31 December 2011, revenue generated from property sales amounted to RMB4,749 million (2010: RMB4,162 million). The satisfactory revenue generated from property sales was mainly attributable to the increase in areas of properties delivered in 2011.

For the year ended 31 December 2011, the rental income and property management services income was RMB284 million (2010: RMB237 million). The growth in the rental income and property management services income was mainly due to the openings of six new shopping malls in late 2011 which increased in total areas for leasing.

Market and Business Review

Year 2011 remained an austerity year for the property market in the PRC. The PRC central government has maintained tight interest rates and credits so as to cool down the property market, resulting in a volatile market sentiment.

In 2011, the Group's biggest achievement was the successful openings of the six new shopping malls located in Suqian, Yancheng, Qingdao Licang, Qingdao Jimo, Luoyang and Quanzhou Anxi, respectively. In addition, two new hotels namely Four Points by Sheraton Qingdao, Chengyang and Aloft Haiyang, Yantai were opened in February and July, respectively, which further expanded the Group's hotel business.

The Group continued to stay cautious on land purchases. During 2011, six new land parcels were added to the Group's landbank including the land parcels in Quanzhou Jinjiang, Tianjin Northern Green Town, Tianjin Binhai, Jiangsu Zhenjiang, Shanghai Caolu and Shanghai Huaxin.

To ensure liquidity and funding flexibility, in March 2011, the Company has successfully issued RMB750 million 11.5% US$ settled senior notes due March 2014. Further, a term loan facility of an aggregate amount of USD47 million from a bank syndicate was granted during the same month. In September 2011, the Company issued 13.8% HK$1 billion senior notes due September 2014 to China Life Trustees Limited. The Company will continuously improve its development pace in a stable and practical manner in order to cope with the ever-changing environment.

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 657,575 square meters (2010: 515,567 square meters) in aggregate, representing an increase of 27.5% when compared with the amount in 2010.

The Group achieved remarkable property sales performance during the year under review through the provision of products at different tiers of cities in China. Sales growth of the Group during the year 2011 was mainly attributable to properties delivered in Qingdao Licang, Yancheng, Suqian, Luoyang and Changzhou as in the following table:

	Delivered GFA	**Revenue**	**Average Selling Price**
	(square meters)	*(RMB'000)*	*(RMB/ Square meters)*
Bengbu			
commercial	4,667	58,774	12,594
residential	264	1,285	4,867
Changzhou			
commercial	3,229	60,046	18,596
residential	83,387	421,641	5,056
Luoyang			
commercial	82,700	595,582	7,202
Quanzhou Anxi			
commercial	11,365	141,578	12,457
Qingdao Chengyang			
residential	370	2,315	6,257
Qingchao Jimo			
commercial	5,075	73,212	14,426
Qingdao Licang			
commercial	14,704	327,952	22,303
residential	113,684	953,115	8,384
Suqian			
commercial	40,876	333,458	8,158
residential	87,359	393,928	4,509
Tai'an			
commercial	1,239	8,357	6,745
residential	551	6,151	11,163
Wuxi Wangzhuang			
commercial	823	21,405	26,009
residential	7,539	67,240	8,919
Wuxi Yuqi			
commercial	816	5,399	6,616
residential	49,498	203,908	4,120

	Delivered GFA *(square meters)*	Revenue *(RMB'000)*	Average Selling Price *(RMB/ Square meters)*
Xingxiang			
commercial	18,961	187,640	9,896
Yancheng			
commercial	12,869	219,261	17,038
residential	113,146	619,267	5,473
Yantai Haiyang			
commercial	814	6,378	7,835
residential	3,639	41,122	11,300
Total			
commercial	198,138	2,039,042	10,291
residential	459,437	2,709,972	5,898
	657,575	4,749,014	7,222

In 2011, total contracted sales area of the Group decreased by 7.2% to approximately 811,959 square meters (2010: 874,560 square meters), while total contracted sales in 2011 amounted to RMB5,481 million (2010: RMB6,215 million), representing a 11.8% decrease when compared with the amount in 2010.

Investment Properties

To generate a stable and recurring income, the Group also retains and operates certain commercial properties, mainly shopping malls, for leasing. As at 31 December 2011, the Group had an aggregate GFA of approximately 1,454,365 square meters (2010: 774,423 square meters) held as investment properties, which was increased by 87.8% as compared with the areas in 2010.

In 2011, the Group recorded a rental income from investment properties of approximately RMB195 million (2010: RMB181 million), which increased by 7.7% when compared with the amount in 2010. This was mainly attributable to the openings of the Powerlong City Plazas in Suqian and Yancheng in September 2011.

In 2011, the income from property management services generated by the Group from providing property management services, after intra-group elimination, amounted to approximately RMB89 million (2010: RMB56 million), representing an increase of 58.9% as compared to the amount in 2010.

Hotel Development

The Group continued to develop its hotel business as a long-term recurring income stream. After the grand openings of Four Points by Sheraton Qingdao, Chengyang in February 2011 and the Aloft Haiyang, Yantai in July 2011, by end of 2011, the Group owned four hotels in total. The Group has engaged a subsidiary of Sheraton Hotels and Resorts International Group for their management services as the hotel operator. In 2011, the Group recorded hotel revenue of approximately RMB139 million, representing a 451.2% increase when compared with the amount in 2010. The increase was mainly attributable to the openings the two new hotels and the increase of revenue of Four Points by Sheraton, Suzhou Taicang.

Retail and Ancillary Services

In 2011, the Group also commenced operations of department stores, KTV and amusement arcades under the brands, Balloon Department Stores, Loongmic KTV and Fly on Prairie respectively in certain Powerlong City Plazas.

Cost of Sales

Cost of sales comprises land costs, construction costs, decoration costs, capitalised interest expenses and business taxes. Cost of sales in 2011 increased by 45.3% from approximately RMB2,030 million in 2010 to approximately RMB2,951 million, which mainly reflected the corresponding increase in revenue.

Gross Profit and Margin

Gross profit decreased by 4.1% from RMB2,402 million in 2010 to RMB2,303 million in 2011. Gross profit margin slightly decreased from 54.2% in 2010 to 43.8% in 2011, mainly attributable 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 2011 amounted to approximately RMB712 million, which increased by 38.5% from approximately RMB514 million in 2010, of which selling and marketing cost increased from approximately RMB119 million in 2010 by 74.8% to approximately RMB208 million in 2011 and administrative expenses increased from approximately RMB395 million in 2010 by 27.6% to approximately RMB504 million in 2011, which was mainly attributable to the increase in staff costs due to the Group's expansion.

Revaluation Gains on Investment Properties

The Group recorded revaluation gains of approximately RMB3,559 million in 2011, representing an increase of approximately RMB996 million as compared with the last year. The increase was mainly because of more investment properties are subject to revaluation in terms of both GFA and numbers of malls at 31 December 2011 as compared with those of 31 December 2010.

Income Tax Expenses

Income tax expenses increased by 33% from RMB1,305 million in 2010 to RMB1,736 million in 2011. The smaller amount in 2010 was mainly because of certain one-off LAT concessions obtained.

Profit Attributable to Equity Owners of the Company

For the year ended 31 December 2011, the Group achieved a profit attributable to equity holders of RMB3,415 million (2010: RMB2,956 million), increased by RMB459million or 15.5% as compared with the amount in 2010. Excluding the profit attributable to fair value gains on investment properties, the net profit was approximately RMB903 million. Basic earnings per share increased by 16.8% to RMB84.73 cents in 2011 from RMB72.53 cents in 2010.

Net profit margin (excluding the profit attributable to fair value gains on investment properties) for the year under review decreased from 28.5% in 2010 to 17.2% in 2011.

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 issue of senior notes, which were used to finance its business operations and investment in development projects. The Group's liquidity position was well-managed in the year 2011. The Group had net debt (total borrowings less cash and cash equivalents) of RMB7,945 million as at 31 December 2011 and its net gearing ratio (net debt over total equity) stood at 55.2% as at 31 December 2011. The Group's cash and cash equivalents and restricted cash amounted to RMB1,819 million in total as at 31 December 2011 (2010: 4,002 million). Total borrowings as at 31 December 2011was RMB9,356 million (2010: 6,221 million).

Of the total borrowings, RMB2,436 million was repayable within one year while RMB6,920 million was repayable after one year.

The effective interest rate of borrowings as at 31 December 2011 is as follows:

	31 December	
	2011	2010
Senior notes		
Senior notes due September 2015	**15.02%**	15.02%
Senior notes due March 2014	**13.46%**	–
Senior notes due September 2014	**15.50%**	–
Bank and other borrowings	**7.76%**	5.21%

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 2011, the Group pledged its properties, properties under construction and land use rights with carrying amount of RMB14,119 million to secure bank facilities granted to the Group. The total secured bank borrowings as at 31 December 2011 amounted to RMB5,997 million.

Financial Guarantees

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

	31 December	
	2011	2010
	RMB'000	*RMB'000*
Guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties	**2,995,056**	1,876,958

Capital Commitment

(1) Commitments for property development expenditures

	31 December	
	2011	2010
	RMB'000	*RMB'000*
Contracted but not provided for		
– Property development activities	**3,907,013**	2,766,366
– Acquisition of land use rights	**1,205,200**	1,809,186
	5,112,213	4,575,552

(2) Operating leases commitments

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

	31 December	
	2011	2010
	RMB'000	*RMB'000*
Not later than one year	**13,227**	12,908
Later than one year and not later than two years	**727**	13,227
Later than two years and not later than three years	**–**	727
	13,954	26,862

Land Bank Replenishment

The Group's strategy is to maintain a portfolio of land bank which is sufficient to support the Group's own development pipeline for around five forthcoming years.

As at 31 December 2011, the Group had a quality land bank amounting to a total GFA of approximately 8.4 million square meters, of which approximately 3.8 million square meters were under development and construction, and approximately 4.6 million square meters were held for future development. The land bank will be used for the development of large-scale commercial properties with supermarkets, department stores, cinema complexes, food courts and other leisure facilities, quality residential properties, furnished apartments and hotels.

During the year under review, the Group has successfully expanded its land bank through open tendering and bidding of the following projects:

1. *Tianijn Binhai Project*

   This project is located at the Binhai Resort in Tanggu.

   This project has a development GFA of approximately 693,000 square meters (excluding GFA of basement).

   Upon completion, the project is expected to include retail outlets, residential units and a hotel.

2. *Tianjin North Green Area*

   The project is closed to the Tianjin Powerlong International Center project at the Yujiapu Financial District.

   This project has a development GFA of approximately 70,000 square meters (including basement).

   This project is expected to consist of a supermarket, an electronic appliances store, a self-serviced KTV, a food court, and other retail outlets, etc.

3. Shanghai Caolu

This project is located at the eastern part of Pudong New Area, Shanghai.

This land occupies a site area of 71,162 square meters with a development GFA of approximately 194,000 square meters (including basement).

Upon completion, this project is expected to consist of commercial villas (企業公館), a business hotel, furnished apartments and a street mall, etc upon completion.

4. Quanzhou Jinjiang Project

The project is situated at the Chen Village of Qingyang Sub-District, Jinjiang, Quanzhou.

This land occupies a site area of 135,402 square meters with a development GFA of approximately 831,000 square meters (including basement).

Once completed, the project is expected to include a shopping mall, furnished apartments, a street mall, residential units, a hotel, etc.

5. Jiangsu Zhenjiang

This land is located at the eastern side of Jingu East Road and the southern side of Guyang Road.

This land occupies a site area of 79,094 square meters with a GFA of approximately 232,000 square meters.

Upon completion, the project is expected to include a shopping mall, furnished apartments, a street mall, residential units a hotel, etc.

6. Shanghai Huaxin

The project is located at the eastern side of Xinfu Road Central in Huaxin Town, Qingpu Area, Shanghai.

This land occupies a site area of 147,402 square meters with a development GFA of approximately 298,000 square meters.

Upon completion, the project is expected to include furnished apartments, a street mall, residential units, a hotel, etc.

Outlook

The Group will continue to maintain focus on the development of large-scale commercial complex projects. The Group will extend its presence in second and third tier cities which are economically well developed. In Particular, in Shandong Province, Jiangsu Province, Henan Province, Tianjin and Fujian Province, the Group enjoys well-established local market knowledge and a reputable brand name with proven track record. Besides, the Group will continue to seek business opportunities to develop community commercial complex projects of smaller scales in first tier cities, in particular, Shanghai.

Further, the Group will continue to improve the management of its shopping malls and hotels with the aim to achieve better returns for the shareholders of the Company.

Looking forward, the Group is to adhere to its vision of “Creditability, Courteous, Innovation, Enthusiasm” through its good quality products, flexible marketing strategies, and strategic alliances with retailers to maximise the Group’s profits as well as shareholders’ returns.

EMPLOYEES AND EMOLUMENT POLICY

As at 31 December 2011, the Group employed a total of 4,154 full-time employees (2010: 2,330 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 2011, no option had been 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. A share award scheme was adopted on 2 December 2010 to recognize and motivate the contributions by employees and to give incentives in order to retain them for the continual operation and development of the Group. As at 31 December 2011, no share had been awarded under the scheme.

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 2011.

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 Rules Governing the Listing of Securities of the Stock Exchange of Hong Kong Limited (the “Listing Rules”) throughout the year ended 31 December 2011.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on Friday, 18 May 2012. 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, 15 May 2012 to Friday, 18 May 2012, both days inclusive, during which period no transfer of shares will be registered. In order to determine who are eligible to attend and vote at the forthcoming annual general meeting of the Company to be held on Friday, 18 May 2012, 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, 14 May 2012. In order to qualify for the proposed final dividend, all transfers, 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, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 23 May 2012. The register of members of the Company will be closed from 24 May 2012 to 29 May 2012, both days inclusive, during which period no transfer of Shares will be registered. Subject to shareholders' approval of the proposed final dividend of shares at the annual general meeting to be held on Friday, 18 May 2012, 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 Tuesday, 29 May 2012.

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

During the year ended 31 December 2011, the Company had repurchased from the market a total of 17,369,000 shares of the Company at price per share ranging from HK$0.96 to HK$1.06 for an aggregate consideration of HK$17,508,160. All the repurchased shares were subsequently cancelled on 9 January 2012. 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 2011. 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$*
December 2011	17,369,000	1.06	0.96	17,490,540

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 year ended 31 December 2011.

AUDIT COMMITTEE

The Company has an audit committee (the "Audit Committee") which was established in compliance with Rule 3.21 and Rule 3.22 of Listing Rules with written terms of reference in compliance of the Code. The primary duties of the Audit Committee are 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 of the Group for the year ended 31 December 2011.

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

The annual report of the Company for the year ended 31 December 2011 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.hkexnews.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, 22 March 2012

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.