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)

2012 ANNUAL RESULTS ANNOUNCEMENT
KEY ACHIEVEMENTS IN FY 2012

For the year ended 31 December 2012, revenue increased by 11.8% to approximately RMB5,871.8 million and rental and property management services income increased by 78.9% to approximately RMB508 million.

For the year ended 31 December 2012, contracted sales increased by 18.9% to approximately RMB6,519 million.

For the year ended 31 December 2012, net profit amounted to RMB2,213 million, core profits (excluding the profit attributable to fair value gains on investment properties) increased by 7.2% to approximately RMB968 million.

As at 31 December 2012, equity attributable to owners of the Company amounted to RMB16.04 billion, increased by 14.6% as comparing to the previous year amount.

For the year ended 31 December 2012, the Board has recommended the payment of final dividend of RMB8 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 2012, together with comparative figures for the year ended 31 December 2011, which is set out below.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 December	
		2012	2011
	Note	***RMB'000***	*RMB'000*
Revenue	*2*	**5,871,763**	5,254,027
Cost of sales	*3*	**(3,540,058)**	(2,951,046)
Gross profit		**2,331,705**	2,302,981
Fair value gains on investment properties – net	*9*	**1,743,684**	3,559,072
Selling and marketing costs	*3*	**(208,258)**	(207,902)
Administrative expenses	*3*	**(505,331)**	(503,620)
Other (losses)/gains – net	*4*	**(56,440)**	60,242
Exchange gains/(losses) – net		**248**	(10,454)
Operating profit		**3,305,608**	5,200,319
Finance (costs)/income – net	*5*	**(29,389)**	86,562
Share of post-tax profit of a jointly controlled entity		**134,079**	–
Profit before income tax		**3,410,298**	5,286,881
Income tax expense	*6*	**(1,197,312)**	(1,736,424)
Profit for the year		**2,212,986**	3,550,457
Other comprehensive income			
Revaluation gains on property and equipment and land use rights transferred to investment properties		**83,129**	–
Change in value of available-for-sale financial assets		**132**	–
Other comprehensive income for the year, net of tax		**83,261**	–
Total comprehensive income for the year		**2,296,247**	3,550,457
Profit attributable to:			
Owners of the Company		**2,193,852**	3,415,230
Non-controlling interests		**19,134**	135,227
		2,212,986	3,550,457
Total comprehensive income attributable to:			
Owners of the Company		**2,272,133**	3,415,230
Non-controlling interests		**24,114**	135,227
		2,296,247	3,550,457
Earnings per share for profit attributable to owners of the Company during the year (expressed in RMB cents per share)	*7*		
– Basic		**54.71**	84.73
– Diluted		**54.71**	84.73

		Year ended 31 December	
		2012	2011
	Note	***RMB'000***	*RMB'000*
Dividends	*8*	**323,841**	243,065

CONSOLIDATED BALANCE SHEET

	Note	31 December 2012 RMB'000	2011 RMB'000
ASSETS			
Non-current assets			
Property and equipment		**1,578,966**	1,676,394
Land use rights		**543,527**	648,722
Investment properties	*9*	**18,147,844**	15,025,359
Interests in a jointly controlled entity		**1,012,423**	887,131
Deferred income tax assets		**167,094**	146,446
Loans and receivables	*10*	**270,000**	–
		21,719,854	18,384,052
Current assets			
Properties under development		**10,789,478**	6,407,247
Completed properties held for sale		**2,649,985**	2,228,846
Trade and other receivables and loans	*10*	**1,452,635**	1,357,441
Prepayments		**1,371,281**	3,682,762
Prepaid taxes		**195,964**	122,910
Available-for-sale financial assets		**16,462**	–
Financial assets at fair value through profit or loss		**1,750**	2,524
Restricted cash		**557,979**	407,428
Cash and cash equivalents		**1,452,217**	1,411,182
		18,487,751	15,620,340
Total assets		**40,207,605**	34,004,392
EQUITY			
Equity attributable to owners of the Company			
Share capital and premium		**3,035,471**	3,037,979
Other reserves		**488,132**	400,150
Retained earnings			
– Proposed final dividends		**323,841**	243,065
– Unappropriated retained earnings		**12,191,620**	10,319,245
		16,039,064	14,000,439
Non-controlling interests		**460,376**	404,891
Total equity		**16,499,440**	14,405,330

		31 December	
		2012	2011
	Note	***RMB'000***	*RMB'000*
LIABILITIES			
Non-current liabilities			
Borrowings	*11*	**7,731,776**	6,919,854
Deferred income tax liabilities		**3,009,963**	2,420,330
		10,741,739	9,340,184
Current liabilities			
Trade and other payables	*12*	**3,910,015**	3,109,877
Advances from customers		**3,633,826**	2,786,218
Current income tax liabilities		**2,100,335**	1,926,782
Borrowings	*11*	**3,322,250**	2,436,001
		12,966,426	10,258,878
Total liabilities		**23,708,165**	19,599,062
Total equity and liabilities		**40,207,605**	34,004,392
Net current assets		**5,521,325**	5,361,462
Total assets less current liabilities		**27,241,179**	23,745,514

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, available-for-sale financial assets 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) Amended standards adopted by the Group

HKFRS 7 (Amendment)	Financial instruments: Disclosures – Transfers of financial assets
HKFRS 1 (Amendment)	Severe hyperinflation and removal of fixed dates for first-time adopters
HKAS 12 (Amendment) *(note (1))*	Deferred tax: Recovery of underlying assets

1. In December 2010, the Hong Kong Institute of Certified Public Accountants ("HKICPA") amended HKAS 12 "Income taxes", to introduce an exception to the principle for the measurement of deferred income tax assets or liabilities arising on investment properties measured at fair value. HKAS 12 requires an entity to measure the deferred income tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. The amendment introduces a rebuttable presumption that an investment property measured at fair value is recovered entirely by sale. The amendment is applicable retrospectively to annual periods beginning on or after 1 January 2012 with early adoption permitted.

   Investment properties of the Group are held with a business model to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. For these investment properties, the presumption is rebutted and related deferred income tax is not remeasured.

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

(ii) New and amended standards and interpretation have been issued but are not effective for the financial year beginning 1 January 2012 and have not been early adopted.

		Effective for annual periods beginning on or after
HKAS 1 (Amendment)	Financial statements presentation regarding other comprehensive income	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
HKFRS (Amendments)	Annual Improvements 2009–2011 Cycle	1 January 2013
HKFRS 1 (Amendment)	First time adoption on government loans	1 January 2013
HKAS 32 (Amendment)	Financial instruments: Presentation – Offsetting financial assets and financial liabilities	1 January 2014
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment entities	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 People's Republic of China (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	
	2012	2011
	RMB'000	*RMB'000*
Sales of properties	**4,975,660**	4,749,014
Rental income of investment properties	**320,760**	194,879
Income of property management services	**187,620**	89,394
Income of other property development related services	**387,723**	220,740
	5,871,763	5,254,027

The segment results and other segment items included in the profit for the year ended 31 December 2012 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	4,975,660	320,760	254,624	387,723	–	5,938,767
Inter-segment revenue	–	–	(67,004)	–	–	(67,004)
Revenue	4,975,660	320,760	187,620	387,723	–	5,871,763
Segment results	1,603,003	1,924,737	(16,653)	(55,529)	(3,290)	3,452,268
Interest income on entrusted loans *(note 4)*						19,894
Losses from disposal of subsidiaries *(note 4)*						(38,451)
Share of post-tax profit of a jointly controlled entity						134,079
Unallocated operating costs						(128,103)
Finance costs – net *(note 5)*						(29,389)
Profit before income tax						3,410,298
Income tax expense						(1,197,312)
Profit for the year						2,212,986
Depreciation	17,861	–	2,622	92,939	–	113,422
Amortisation of land use rights recognised as expenses	–	–	–	17,160	–	17,160
Fair value gains on investment properties – net *(note 9)*	–	1,743,684	–	–	–	1,743,684

The segment results and other segment items included in the profit for the year ended 31 December 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	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 *(note 5)*						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

Segment assets and liabilities as at 31 December 2012 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	**21,534,492**	**18,087,065**	**232,470**	**2,325,537**	**(2,684,709)**	**39,494,855**
Other assets						**712,750**
Total assets						**40,207,605**
Segment liabilities	**5,676,278**	**1,424,920**	**217,595**	**2,307,631**	**(2,684,709)**	**6,941,715**
Other liabilities						**16,766,450**
Total liabilities						**23,708,165**
Capital expenditure	**4,118**	**1,166,402**	**2,027**	**195,795**	**–**	**1,368,342**

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 are reconciled to total assets as follows:

	31 December	
	2012	2011
	RMB'000	*RMB'000*
Segment assets	**39,494,855**	33,131,605
Other assets		
Prepaid taxes	**195,964**	122,910
Deferred income tax assets	**167,094**	146,446
Unallocated cash and cash equivalents and restricted cash	**297,944**	519,235
Amounts due from related parties	**25,369**	65,686
Unallocated property and equipment	**9,232**	8,287
Other corporate assets	**17,147**	10,223
Total assets	**40,207,605**	34,004,392

Segment liabilities are reconciled to total liabilities as follows:

	31 December	
	2012	2011
	RMB'000	*RMB'000*
Segment liabilities	**6,941,715**	5,522,545
Other liabilities		
Current income tax liabilities	**2,100,335**	1,926,782
Deferred income tax liabilities	**3,009,963**	2,420,330
Current borrowings	**3,322,250**	2,436,001
Non-current borrowings	**7,731,776**	6,919,854
Amounts due to related parties	**531,425**	302,706
Other corporate liabilities	**70,701**	70,844
Total liabilities	**23,708,165**	19,599,062

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	
	2012	2011
	RMB'000	*RMB'000*
Cost of properties sold (excluding staff costs)	**2,595,218**	2,267,084
Staff costs (including directors' emoluments)	**404,599**	370,867
Business taxes and other levies	**343,697**	301,089
Cost of hotel operations	**169,533**	106,614
Advertising costs	**118,433**	117,127
Depreciation	**113,422**	73,759
Cost of property management service	**58,776**	36,456
Amortisation of land use rights	**17,160**	8,966
Office lease payments	**13,227**	12,908
Donations to governmental charities	**7,806**	25,913
Auditors' remuneration	**4,800**	6,484

4. OTHER (LOSSES)/GAINS – NET

	Year ended 31 December	
	2012	2011
	RMB'000	*RMB'000*
Interest income on entrusted loans	**19,894**	28,876
(Losses)/gains from disposal of subsidiaries *(note (a))*	**(38,451)**	31,251
Revaluation loss recognised on transfer of property and equipment and land use rights to investment properties	**(37,999)**	–
Gains on financial assets at fair value through profit or loss	**116**	115
	(56,440)	60,242

(a) On 25 May 2012, the Group disposed of 100% equity interest in a wholly owned subsidiary in the PRC to a third party at a consideration of RMB64,482,000. Details of net assets disposed of and loss on the disposal are as follows:

	RMB'000
Net assets disposed of:	
Property and equipment	9,915
Land use rights	202,890
Deferred income tax assets	1,706
Amounts due to the Group	(111,578)
Net assets	102,933
Consideration	64,482
Less: net assets disposed of	(102,933)
Loss on the disposal of a subsidiary	(38,451)

5. FINANCE (COSTS)/INCOME – NET

	Year ended 31 December	
	2012	2011
	RMB'000	*RMB'000*
Interest expenses:		
– Bank borrowings, other borrowings and finance lease liabilities	**(731,532)**	(481,677)
– Senior notes	**(406,563)**	(301,985)
Less: interest capitalised	**1,104,134**	764,699
	(33,961)	(18,963)
Net foreign exchange gains on financing activities	**4,572**	105,525
	(29,389)	86,562

6. INCOME TAX EXPENSE

	Year ended 31 December	
	2012	2011
	RMB'000	*RMB'000*
Current tax:		
– PRC corporate income tax	**266,763**	450,809
– PRC land appreciation tax	**355,660**	524,273
– Withholding income tax for profits to be distributed from the group companies in the PRC	**35,982**	14,306
Deferred income tax:		
– PRC corporate income tax	**538,907**	747,036
	1,197,312	1,736,424

The income tax charge relating to components of other comprehensive income for the year ended 31 December 2012 is as follows:

	Before tax	**Tax charge**	**After tax**
	RMB'000	*RMB'000*	*RMB'000*
Revaluation reserves of property and equipment and land use rights transferred to investment properties	110,839	(27,710)	83,129
Fair value gains on available-for-sale financial assets	158	(26)	132
Other comprehensive income	110,997	(27,736)	83,261
Deferred income tax		(27,736)	

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	
	2012	2011
	RMB'000	*RMB'000*
Profit before income tax	**3,410,298**	5,286,881
Calculated at applicable corporate income tax rate	**796,355**	1,304,681
Effect of expenses not deductible for income tax	**78,626**	50,613
Effect of income not subject to income tax	**(1,143)**	(26,381)
A jointly controlled entity's result reported net of tax	**(33,520)**	–
Tax losses for which no deferred income tax asset was recognised	**54,267**	–
PRC land appreciation tax deductible for PRC corporate income tax purposes	**(88,915)**	(131,068)
	805,670	1,197,845
Withholding income tax for profits to be distributed by certain group companies in the PRC	**35,982**	14,306
PRC land appreciation tax	**355,660**	524,273
	1,197,312	1,736,424

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 PRC (the "CIT Law"), which is effective from 1 January 2008. Under the CIT Law, the corporate income tax rate applicable to the group entities located in Mainland China is 25%. Under the 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 2012 is 25% (2011: 24%).

According to the 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 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	
	2012	2011
Profit attributable to owners of the Company (RMB'000)	**2,193,852**	3,415,230
Weighted average number of ordinary shares in issue (thousand shares)	**4,009,786**	4,030,607
Basic earnings per share (RMB cents per share)	**54.71**	84.73

(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 2012, 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 (2011: same).

8. DIVIDENDS

	Year ended 31 December	
	2012	2011
	RMB'000	*RMB'000*
Proposed final dividend of RMB8.00 cents (2011: RMB6.00 cents) per ordinary share	**323,841**	243,065

2011 final cash dividend amounting to RMB242,881,000 (2010: RMB244,107,000) has been approved by Annual General Meeting on 18 May 2012 and subsequently paid in July 2012. The net dividends of RMB240,580,000, 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 2012.

The directors recommended the payment of a final dividend of RMB8.00 cents per ordinary share, totaling RMB323,841,000 based on the ordinary shares in issue as of 31 December 2012. Such dividend is subject to approval by the shareholders at the Annual General Meeting on 20 May 2013. These consolidated financial statements do not reflect this dividend payable.

9. INVESTMENT PROPERTIES

	Completed investment properties	**Investment properties under construction**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Year ended 31 December 2011			
At 1 January 2011	8,984,000	1,104,058	10,088,058
Subsequent expenditure on investment properties	294,719	2,618,666	2,913,385
Transfers to property and equipment and land use rights	(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
Year ended 31 December 2012			
At 1 January 2012	14,017,695	1,007,664	15,025,359
Additions through the settlement of prepayments for acquisition of properties	582,000	–	582,000
Subsequent expenditure on investment properties	125,160	459,242	584,402
Transfers from property held for sale	104,237	–	104,237
Transfers from property and equipment and land use rights	333,355	–	333,355
Transfers to property and equipment and land use rights	(225,193)	–	(225,193)
Fair value gains – net	669,285	1,074,399	1,743,684
Transfers	589,779	(589,779)	–
At 31 December 2012	16,196,318	1,951,526	18,147,844

Completed investment properties and certain investment properties under construction of the Group are measured at fair value as at 31 December 2012, 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	
	2012	2011
	RMB'000	*RMB'000*
Rental income *(note 2)*	**320,760**	194,879
Direct operating expenses arising from investment properties that generate rental income	**(89,525)**	(58,300)
Direct operating expenses that did not generate rental income.	**(67,074)**	(25,785)

Investment properties as at 31 December 2012 are held in the PRC on leases between 10 to 50 years (2011: same).

Borrowing costs of RMB80,290,000 have been capitalised in certain investment properties for the year ended 31 December 2012 (2011: RMB101,866,000).

The capitalisation rate of borrowings for the year ended 31 December 2012 is 10.22% (2011: 9.09%).

As at 31 December 2012, investment properties of RMB10,532,320,000 (2011: RMB9,867,943,000) were pledged as collateral for the Group's borrowings (note 11).

Certain equipments affiliated with the investment properties of the Group of RMB132,538,000 where the Group was a lessee were held under non-cancellable finance lease agreement. The lease terms are 3 years (note 11).

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

	31 December	
	2012	2011
	RMB'000	*RMB'000*
Not later than one year	**2,007**	2,007
Later than one year and not later than five years	**6,523**	8,028
Later than five years	**–**	502
	8,530	10,537

10. TRADE AND OTHER RECEIVABLES AND LOANS

	31 December **2012** *RMB'000*	2011 *RMB'000*
Non-current assets:		
Loans and receivables – entrusted loans to third parties	**270,000**	–
Current assets:		
Trade receivables *(note (a))*	**987,888**	733,349
– Related parties	**78,082**	57,348
– Third parties	**909,806**	676,001
Less: provision for impairment of trade receivables *(note (a))*	**(19,192)**	–
Trade receivables – net	**968,696**	733,349
Entrusted loans to third parties	**–**	270,000
Deposits for acquisition of land use rights	**15,000**	100,000
Other receivables from:	**468,939**	254,092
– Related parties	**25,369**	65,686
– Third parties	**443,570**	188,406
	1,452,635	1,357,441

(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 2012 and 2011, the ageing analysis of the trade receivables based on invoice date is as follows:

	31 December **2012** *RMB'000*	2011 *RMB'000*
Within 90 days	**744,959**	574,285
Over 90 days and within 365 days	**242,929**	159,064
	987,888	733,349

As at 31 December 2012, trade receivables of RMB73,904,000 (2011: RMB55,019,000) were past due but not impaired. These relate to a number of independent customers for whom there is no significant financial difficulty. The overdue amounts can be recovered as the Group is entitled to take over legal title and possession of underlying properties for re-sales. The ageing analysis of these trade receivables based on invoice date is as follows:

	31 December **2012** *RMB'000*	2011 *RMB'000*
Over 90 days and within 365 days	**73,904**	55,019

As of 31 December 2012, trade receivables of RMB55,190,000 were impaired (2011:nill) and provision of RMB19,192,000 were provided. The individually impaired receivables mainly relate to certain lessees of the Group's investment properties, which are in unexpectedly difficult economic situations.

Movements on the provision for impairment of trade receivables are as follows:

	Year ended 31 December	
	2012	2011
	RMB'000	*RMB'000*
At 1 January	**–**	–
Provision for receivables impairment	**19,192**	–
At 31 December	**19,192**	–

11. BORROWINGS

	31 December	
	2012	2011
	RMB'000	*RMB'000*
Borrowings included in non-current liabilities:		
Senior notes	**2,882,764**	2,863,823
– Senior notes due September 2015	**1,287,259**	1,284,301
– Senior notes due March 2014	**762,824**	753,686
– Senior notes due September 2014	**832,681**	825,836
Bank borrowings	**5,025,145**	4,280,679
– secured	**4,767,750**	3,990,400
– unsecured	**257,395**	290,279
Other borrowings – secured	**1,580,000**	893,057
Finance lease liabilities – secured	**169,743**	–
Less: amounts due within one year	**(1,925,876)**	(1,117,705)
	7,731,776	6,919,854
Borrowings included in current liabilities:		
Bank borrowings	**1,155,580**	1,083,934
– secured	**970,580**	898,934
– unsecured	**185,000**	185,000
Other borrowings	**240,794**	234,362
– secured	**185,127**	214,362
– unsecured	**55,667**	20,000
Current portion of long-term borrowings	**1,925,876**	1,117,705
	3,322,250	2,436,001
Total borrowings	**11,054,026**	9,355,855

12. TRADE AND OTHER PAYABLES

	31 December 2012 *RMB'000*	2011 *RMB'000*
Trade payables	**2,040,328**	2,125,387
– Related parties	**19,097**	21,322
– Third parties	**1,631,871**	1,708,133
– Notes payables – third parties	**389,360**	395,932
Other payables and accruals:	**1,375,241**	667,327
– Related parties	**531,425**	302,706
– Third parties	**843,816**	364,621
Payables for retention fee	**169,959**	159,173
Payables for acquisition of land use rights	**166,834**	53,834
Other taxes payables	**157,653**	104,156
	3,910,015	3,109,877

As at 31 December 2012, the ageing analysis of trade payables of the Group based on invoice date is as follows:

	31 December 2012 *RMB'000*	2011 *RMB'000*
Within 90 days	**827,822**	881,433
Over 90 days and within 180 days	**483,972**	474,347
Over 180 days and within 365 days	**226,616**	235,303
Over 365 days and within 3 years	**501,918**	534,304
	2,040,328	2,125,387

MANAGEMENT DISCUSSION AND ANALYSIS

Market Review and Outlook

The Chinese economy managed a relatively stable growth of 7.8% amid the complicated and challenging international economic condition in 2012. In view of the austerity policy from the central government and market uncertainties, the real estate industry has been facing increasing operating pressure. In general, the real estate market regained momentum after a contraction during the year. The market remained sluggish due to the effects arising from the austerity policy in the first half year, yet mass demand and a recovery in liquidity pushed up both transaction price and volume in the second half year. The real estate industry recorded an increase of approximately 10% in total sales as compared with the previous year. The Chinese government remained insisting on the promotion of economic transition and facilitated the implementation of policies in relation to domestic demand. As compared with the previous year, the total retail sales of consumer goods for the year increased by approximately 14%, representing a faster growth than the overall economic development.

Overall Performance

The Group marked its tenth anniversary since entering into the commercial real estate industry in 2012. By focusing on the Chinese commercial real estate sector for a long term, the Company became a leading brand in the industry. In order to further enforce its long-term competitiveness, the Company has been switching its objective from an expansion in operating scale to an improvement of both operating quality and economic benefits. With an aim to ensure stable operation and further improvement, the Company strived to facilitate technology management, engineering quality, cost control and product upgrade for the property development sector, as well as value increase and brand building for commercial operation in 2012. With the contribution from all of the staff of the Group, the Group's operating quality achieved a comprehensive improvement, laying a solid foundation for the development of the forthcoming ten years.

During the year under review, the Company analysed government policies and market trend in an active manner. By successfully seizing market pace, the Company recorded contracted sales of approximately RMB6,519 million, representing an increase of 18.9% over the previous year. Rental income and property management fee income achieved RMB508 million, representing an increase of 78.9% over last year, due to active promotion of commercial operations. The overall operating results improved to a large extent.

For the year ended 31 December 2012, the revenue of the Group amounted to RMB5,872 million (2011: RMB5,254 million), representing an increase of 11.8% over last year.

Revenue generated from property sales for the year ended 31 December 2012 amounted to RMB4,976 million (2011: RMB4,749 million), representing an increase of 4.8% over last year. The satisfactory revenue generated from property sales was primarily due to the increase in areas of properties delivered during the year under review.

Net profit for the year ended 31 December 2012 amounted to RMB2,213 million (2011: RMB3,550 million) and the portion attributable to equity holders of the Company for the year ended 31 December 2012 was RMB2,194 million (2011: RMB3,415 million).

BUSINESS REVIEW

For the year ended 31 December 2012, 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 remained the key revenue driver of the Group.

Property Development

During the year under review, the Group adhered closely to its completion and delivery schedule. The gross floor area ("GFA") of sold and delivered projects for the year ended 31 December 2012 amounted to approximately 863,082 square meters (2011: 657,575 square meters), representing an increase of 31.3% when compared with the corresponding period in 2011.

Set forth below further details regarding the projects sold and delivered during the year under review:

	FY2012		
	GFA Sold & Delivered *(sq.m.)*	**Revenue** *(RMB'000)*	**Average selling price** *(RMB/sq.m.)*
Zhengzhou			
Commercial	23.68	424.00	17,905
Tai'an			
Commercial	1,235.87	13,584.00	10,991
Bengbu			
Commercial	541.72	3,117.00	5,754
Luoyang			
Commercial	31,189.87	277,387.00	8,893
Residential	117,643.33	615,042.00	5,228
Qingdao			
Commercial	3,280.44	19,558.00	5,962
Wuxi			
Commercial	4,320.12	35,279.00	8,166
Wuxi Yuqi			
Commercial	32.30	184.00	5,697
Residential	28,880.67	127,240.00	4,406
Suqian			
Commercial	4,679.48	37,060.00	7,920
Residential	1,800.58	6,762.00	3,755
Licang			
Commercial	2,685.13	19,128.00	7,124
Residential	170.91	596.00	3,487
Yantai Haiyang			
Commercial	473.66	4,037.00	8,523
Residential	1,035.35	13,174.00	12,724

	FY2012		
	GFA Sold & Delivered *(sq.m.)*	**Revenue** *(RMB'000)*	**Average selling price** *(RMB/sq.m.)*
Xinxiang			
Commercial	7,503.50	102,655.00	13,681
Residential	165,937.54	664,351.00	4,004
Yancheng			
Commercial	66,636.55	484,384.00	7,269
Residential	564.65	5,788.00	10,251
Changzhou			
Commercial	2,633.81	42,911.00	16,292
Residential	100,569.74	620,397.00	6,169
Jimo			
Commercial	22,703.87	277,050.00	12,203
Residential	152,421.68	785,845.00	5,156
Anxi			
Commercial	54,839.15	388,136.00	7,078
Residential	83,532.91	380,647.00	4,557
Chongqing			
Residential	5,284.74	26,007.00	4,921
Xiamen			
Commercial	2,460.48	24,917.00	10,127
Total	863,081.73	4,975,660.00	5,764.99
Commercial	205,240	1,729,811	8,428
Residential	657,842	3,245,849	4,934

Contracted Sales Performance

During the year under review, the contracted sales of the Company reached RMB6,519 million (2011: RMB5,481 million), representing an increase of 18.9% as compared with the corresponding period in 2011. For the year 2012, the contracted sales area of the Company amounted to approximately 843,383 square meters (2011: 811,959 square meters).

Investment Properties and Commercial Operations

To generate a stable and recurring income, the Group also retains and operates certain commercial properties, mainly shopping malls, for leasing. Subsequent to the opening of six new shopping malls in 2011, the Group successfully opened its most advanced shopping mall, namely Henan Xinxiang Powerlong City Plaza in September 2012, during the year under review. During the year ended 31 December 2012, the Group had a total of 13 Powerlong City Plazas.

Apart from newly-opened projects, the Company made an adjustment on some of the major shops in certain old project such as Qingdao Chengyang Powerlong City Plaza and Bengbu Powerlong City Plaza, thus improving the overall operating condition in 2012.

As at 31 December 2012, the Group had an aggregate GFA of approximately 1,678,511 square meters (2011: 1,454,365 square meters) held as investment properties, which was increased by 15.4% as compared with the areas in 2011.

For the year ended 31 December 2012, the Group recorded a rental income from investment properties of approximately RMB321 million (2011: RMB195 million), which increased by 64.6% when compared with the amount in 2011.

For the year ended 31 December 2012, the income of property management service fees generated by the Group from providing property management services, after intra-group elimination, amounted to approximately RMB187 million (2011: RMB89 million), representing an increase of 110.1% as compared to the amount in 2011.

For the year ended 31 December 2012, the rental income and property management services income amounted to RMB508 million (2011: RMB284 million). In addition to the opening of one shopping mall in late 2012 which increased the total areas for leasing, the growth in the rental income and property management services income was mainly due to successful introduction of well-known domestic and international brands drawn by the Group's strengthening operations, which provided mid – to high-end fashion brands for local consumption and optimized the business structure of various shopping malls, thus improving local business quality and attracting consumers.

Hotel Development

The Group continued to develop its hotel business as its long-term recurring income stream. During the year under review, the Group operated three graded hotels and two budget hotels namely, Four Points by Sheraton Qingdao, Four Points by Sheraton Tai'an, Four Points by Sheraton Taicang, Aloft Haiyang and Days Inn Powerlong Qingdao. During the year under review, the Group recorded hotel revenue of approximately RMB175 million (2011: RMB138 million), representing an increase of 26.8% over last year.

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 the forthcoming five years.

As at 31 December 2012, the Group had a quality land bank amounting to a total GFA of approximately 7.8 million square meters, of which approximately 3.2 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, leisure facilities, quality residential properties, furnished apartments and hotels.

During the year under review, the market was still in a state of fluctuation. The Group upheld cautious and stringent standards on land investment decision, and, therefore, only two new land parcels located in Penglai of Yantai, Shandong and Fengxian of Shanghai, were added to the Group's land bank during 2012.

FINANCIAL REVIEW

Cost of Sales

Cost of sales comprises land costs, construction costs, decoration costs, capitalised interest expenses and business taxes. Cost of sales for the year ended 31 December 2012 increased by 20.0% to approximately RMB3,540 million (2011: RMB2,951 million) as compared with 2011, which mainly reflected the corresponding increase in revenue.

Gross Profit and Margin

For the year ended 31 December 2012, gross profit slightly increased to RMB2,332 million (2011: RMB2,303 million) as compared with 2011. Gross profit margin slightly dropped from 43.8% in 2011 to 39.7% in 2012, mainly attributable to the differences in product mix and locations of properties delivered.

Selling and Marketing Costs and Administrative Expenses

For the year ended 31 December 2012, selling and marketing costs and administrative expenses amounted to approximately RMB714 million (2011: RMB712 million), which increased by approximately 0.28% over 2011, which was mainly attributable to a more stringent control over all expenses, which was in line with the cost-oriented strategy of the Group.

Revaluation Gains of Investment Properties

For the year ended 31 December 2012, the Group recorded revaluation gains of approximately RMB1,744 million (2011: RMB3,559 million) in 2012, representing a decrease of 51.0% over the amount in 2011, primarily due to the opening of only one shopping mall during the year as compared with that of six shopping malls in 2011. During the year under review, the appreciation value of investment properties was mainly revaluation gains of existing investment properties.

Income Tax Expenses

Income tax expenses dropped by 31.0% to RMB1,197 million (2011: RMB1,736 million) for the year ended 31 December 2012 as compared with 2011, primarily due to a significant decrease in valuation gains of investment properties in 2012 over 2011.

Profit attributable to Equity Owners of the Company

For the year ended 31 December 2012, the Group recorded a profit attributable to equity owners of the Company of RMB2,194 million (2011: RMB3,415 million), representing a decrease of 35.8% over 2011.

Core profits (excluding the profit attributable to fair value gains on investment properties) for the year ended 31 December 2012 reached approximately RMB968 million (2011: RMB903 million), representing an increase of 7.2% as compared with the amount in 2011. Core profit margin (excluding the profit attributable to fair value gains on investment properties) dropped from 17.2% in 2011 to 16.5%.

LIQUIDITY AND FINANCIAL RESOURCES

Cash Position

The long-term funding and working capital required by the Group are primarily derived from income generated from core business operations, 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 2012. The Group's cash and cash equivalents and restricted cash amounted to RMB2,010 million in total as at 31 December 2012 (2011: RMB1,819 million).

Borrowings

Total borrowings as at 31 December 2012 increased by 18.1% to RMB11,054 million (2011: RMB9,356 million) as compared with the amount in 2011.

As at 31 December 2012, the Group had net debt (total borrowings less cash and cash equivalents) of RMB9,602 million (2011: RMB7,945 million), representing a net gearing ratio (net debt over total equity) of 58.2%.

Of the Group's total borrowings, RMB3,322 million was repayable within one year while RMB7,732 million was repayable after one year.

On 18 January 2013, the Company has issued a US dollar ("US$") denominated senior notes at 98.608% discount in an aggregate amount of US$250,000,000. The nominal interest rate is 11.25% per annum. The maturity date is 18 January 2018. The Company has an option to redeem the senior notes prior to the maturity date in accordance with underlying terms of the senior notes indenture. For further details regarding the issuance of such senior notes, please refer to the announcement of the Company dated 21 January 2013.

Cost of Borrowings

The effective interest rate of borrowings as at 31 December 2012 was as follows:

	31 December	
	2012	2011
Senior notes		
– Senior notes due September 2015	**15.02%**	15.02%
– Senior notes due March 2014	**13.46%**	13.46%
– Senior notes due September 2014	**15.50%**	15.50%
Bank and other borrowings	**8.59%**	7.76%
Finance lease liabilities	**7.90%**	–

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 the Group's level as a whole.

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 comparing its existing agreements' interest margin spread with market and bank interest rates.

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 2012, the Group pledged its property and equipment, land use rights, investment properties, properties under construction, completed properties held for sale and restricted cash with carrying amount of RMB18,903 million to secure borrowings of the Group. The total secured borrowings as at 31 December 2012 amounted to RMB7,673 million.

Financial Guarantees

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

	As at 31 December	
	2012	2011
	RMB'000	*RMB'000*
Guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties	**3,723,131**	2,995,056

Capital Commitment

(1) Commitments for property development expenditures

	As at 31 December	
	2012	2011
	RMB'000	*RMB'000*
Contracted but not provided for		
– Property development activities	**2,291,304**	3,907,013
– Acquisition of land use rights	**407,211**	1,205,200
	2,698,515	5,112,213

(2) *Operating leases commitments*

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

	As at 31 December	
	2012	2011
	RMB'000	*RMB'000*
Not later than one year	**11,227**	13,227
Later than one year and not later than two years	**11,227**	727
Later than two years and not later than three years	**10,719**	–
	33,173	13,954

Outlook

The Group will keep focusing on the development of large commercial complexes and become the leading multi-functional complex operator in the PRC through continuous innovation and enhancement.

The second – and third-tier cities will continue to be the focus of the Group. The Group also plans to strategically enter into the first – and second-tier cities with Yangtze River as core regions, and expand into the Bohai Rim, Central China Region and West Strait Region as core regions. The Group has acquired more mature market knowledge and famous brands in its foothold in developed second – and third-tier cities, particularly in Shandong, Jiangsu, Henan, Tianjin and Fujian, which mark a satisfactory performance. At the same time, the Group will continue to seek opportunities in first-tier cities, especially Shanghai, so as to develop its comprehensive community complex operations with a smaller scale.

The Group will endeavour to strengthen sales so as to increase asset liquidity in 2013. Simultaneously, a continuous improvement in the efficiency of commercial operation will facilitate turnover and raise the quality of assets. The quality of business operation and our products is always the focus of Powerlong. The Group will make further adjustment based on the existing standards, with an aim to build a better brand. At last, the Group will keep enforcing training and allocation of human resources in order to raise its competitiveness and capacity through the establishment of a bigger team. With the Group's consolidated efforts, Powerlong will strive to continue to stand out and achieve continuous improvement in operating performance. The Company will strive to strengthen its leading position in the industry in order to ensure maximize long-term return to shareholders.

MATERIAL ACQUISITION AND DISPOSAL

For the year ended 31 December 2012, the Group did not have any material acquisition or disposal.

EMPLOYEES AND EMOLUMENT POLICY

As at 31 December 2012, the Group employed a total of 5,087 employees (2011: 4,154 employees). The total staff costs of the Group for the year under review was RMB405 million. 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. In relation to staff training, the Group also provides different types of programs for its staff to improve their skills and develop their respective expertise.

DIVIDEND

The Board has recommended the payment of a final dividend of RMB8 cents per ordinary share of the Company for the year ended 31 December 2012.

SUFFICIENT PUBLIC FLOAT

For the year ended 31 December 2012, the Company has maintained the public float stipulated under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

CORPORATE GOVERNANCE

The Company is committed to the establishment of good corporate governance practices and procedures with a view to enhancing investor confidence and the Company's accountability and transparency. The Company therefore strives to attain and maintain effective corporate governance practices and procedures. The Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 to the Listing Rules throughout the year ended 31 December 2012.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on Monday, 20 May 2013. 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, 14 May 2013 to Monday, 20 May 2013, 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 Monday, 20 May 2013, 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, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Monday, 13 May 2013. 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 East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Thursday, 23 May 2013. The register of members of the Company will be closed from Friday, 24 May 2013 to Wednesday, 29 May 2013, both days inclusive, during which period no transfer of shares will be registered. Subject to shareholders' approval of the proposed final dividend at the annual general meeting to be held on Monday, 20 May 2013, 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 Wednesday, 29 May 2013.

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

During the year ended 31 December 2012, the Company had repurchased from the market a total of 3,066,000 shares of the Company at price per share ranging from HK$0.98 to HK$1.10 for an aggregate consideration of approximately HK$3,055,330. All the repurchased shares were subsequently cancelled on 17 February 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 2012. 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$*
January 2012	3,066,000	1.01	0.98	3,055,330

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 2012.

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 2012 and considered it is prepared in accordance with applicable accounting standards and requirements with sufficient disclosure.

PUBLICATION OF THE 2012 ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE OF HONG KONG LIMITED AND THE COMPANY

The annual report of the Company for the year ended 31 December 2012 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 of Hong Kong Limited 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, 18 March 2013

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