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POWERLONG
宝 龙

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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1238)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2013

RESULTS HIGHLIGHTS

- Revenue for the six months ended 30 June 2013 amounted to approximately RMB3,472.1 million, representing an increase of 24.1% over the revenue for the corresponding period in 2012.

- Sales of properties for the six months ended 30 June 2013 amounted to approximately RMB3,038.9 million, representing an increase of 28.6% over the sales of properties for the corresponding period in 2012.

- Rental income and property management fee income for the six months ended 30 June 2013 amounted to approximately RMB328.9 million, representing an increase of 36.5% over the rental income and property management fee income for the corresponding period in 2012.

- Core earnings (being the profit for the period under review after excluding the profit attributable to fair value gains on investment properties) for the six months ended 30 June 2013 was approximately RMB543.3 million, increased by 37.8% as compared to the core earnings for the corresponding period in 2012.

- As at 30 June 2013, cash and cash equivalents and restricted cash up 117.0% to RMB4,362.0 million compared to end of 2012. Cash and cash equivalents and restricted cash over current borrowings rose from 0.6 to 1.1 since end of 2012. Liquidity was significantly optimized.

- Issuance of a 5-year senior notes in an amount of US$250 million at an interest rate of 11.25% in January 2013 and a 3-year senior notes in an amount of RMB800 million at an interest rate of 9.5% in May 2013, respectively.

The board (the "**Board**") of directors (the "**Directors**") of Powerlong Real Estate Holdings Limited (the "**Company**" or "**Powerlong**") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2013, together with the comparative figures for the corresponding period in 2012, as follows:

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

		Six months ended 30 June	
		2013	2012
		Unaudited	Unaudited
	Note	***RMB'000***	*RMB'000*
Revenue	*2*	**3,472,093**	2,797,781
Cost of sales	*3*	**(2,415,183)**	(1,655,779)
Gross profit		**1,056,910**	1,142,002
Fair value gains on investment properties – net	*9*	**242,003**	1,122,612
Selling and marketing costs	*3*	**(77,083)**	(91,896)
Administrative expenses	*3*	**(270,357)**	(268,496)
Other gains/(losses) – net	*4*	**45,957**	(27,902)
Exchange (losses)/gains – net		**(3,046)**	624
Operating profit		**994,384**	1,876,944
Finance income/(costs) – net	*5*	**59,341**	(27,030)
Share of post-tax profit of a joint venture		**24,175**	13,315
Share of post-tax loss of an associate		**(118)**	–
Profit before income tax		**1,077,782**	1,863,229
Income tax expense	*6*	**(356,458)**	(634,012)
Profit for the period		**721,324**	1,229,217
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Revaluation gains on property and equipment and land use rights transferred to investment properties		**–**	80,161
Items that may be reclassified subsequently to profit or loss:			
Change in value of available-for-sale financial assets		**367**	(145)
Total other comprehensive income for the period, net of tax		**367**	80,016
Total comprehensive income for the period		**721,691**	1,309,233
Profit attributable to:			
Owners of the Company		**719,311**	1,221,003
Non-controlling interests		**2,013**	8,214
		721,324	1,229,217

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

		Six months ended 30 June	
		2013	2012
		Unaudited	Unaudited
	Note	***RMB'000***	*RMB'000*
Total comprehensive income attributable to:			
Owners of the Company		**719,678**	1,296,039
Non-controlling interests		**2,013**	13,194
		721,691	1,309,233
Earnings per share for profit attributable to owners of the Company during the period (expressed in RMB cents per share)	*7*		
– Basic		**17.939**	30.449
– Diluted		**17.936**	30.449
Dividends	*8*	**–**	–

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

	Note	**30 June 2013 Unaudited** *RMB'000*	31 December 2012 Audited *RMB'000*
ASSETS			
Non-current assets			
Property and equipment		**1,596,888**	1,578,966
Land use rights		**581,534**	543,527
Investment properties	*9*	**19,043,861**	18,147,844
Interests in a joint venture		**1,032,396**	1,012,423
Interests in an associate		**36,882**	–
Deferred income tax assets		**161,937**	167,094
Loans	*10*	**–**	270,000
		22,453,498	21,719,854
Current assets			
Properties under development		**11,408,377**	10,789,478
Completed properties held for sale		**3,063,512**	2,649,985
Loans	*10*	**270,000**	–
Trade and other receivables	*11*	**1,793,366**	1,452,635
Prepayments		**906,790**	1,371,281
Prepaid taxes		**195,121**	195,964
Available-for-sale financial assets		**16,829**	16,462
Financial assets at fair value through profit or loss		**2,750**	1,750
Restricted cash		**410,166**	557,979
Cash and cash equivalents		**3,951,846**	1,452,217
		22,018,757	18,487,751
Total assets		**44,472,255**	40,207,605
EQUITY			
Equity attributable to owners of the Company			
Share capital and premium		**3,035,471**	3,035,471
Other reserves		**485,497**	488,132
Retained earnings			
– Proposed dividends		**–**	323,841
– Unappropriated retained earnings		**12,918,779**	12,191,620
		16,439,747	16,039,064
Non-controlling interests		**461,371**	460,376
Total equity		**16,901,118**	16,499,440

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (CONTINUED)

	Note	30 June 2013 Unaudited *RMB'000*	31 December 2012 Audited *RMB'000*
LIABILITIES			
Non-current liabilities			
Borrowings	*12*	**10,677,927**	7,731,776
Derivative financial instruments		**16,898**	–
Deferred income tax liabilities		**3,123,069**	3,009,963
		13,817,894	10,741,739
Current liabilities			
Trade and other payables	*13*	**4,258,769**	3,910,015
Advances from customers		**3,449,871**	3,633,826
Current income tax liabilities		**2,116,975**	2,100,335
Borrowings	*12*	**3,927,628**	3,322,250
		13,753,243	12,966,426
Total liabilities		**27,571,137**	23,708,165
Total equity and liabilities		**44,472,255**	40,207,605
Net current assets		**8,265,514**	5,521,325
Total assets less current liabilities		**30,719,012**	27,241,179

NOTES:

1 Basis of preparation and accounting policies

This condensed consolidated interim financial information ("Interim Financial Information") has been prepared in accordance with HKAS 34 "Interim Financial Reporting". The Interim Financial Information should be read in conjunction with the annual financial statements for the year ended 31 December 2012, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2012 as described in those annual financial statements.

(a) New and amended standards and interpretations adopted by the Group

HKAS 1 (Amendment)	Presentation of financial statements
HKFRS 10	Consolidated financial statements
HKAS 27 (Revised 2011)	Separate financial statements
HKFRS 11	Joint arrangements
HKAS 28 (Revised 2011)	Associates and joint ventures
HKFRS 12	Disclosure of interests in other entities
HKFRS 13	Fair value measurements
HKAS 19 (Amendment)	Employee benefits
HKFRS 7 (Amendment)	Financial instruments: Disclosures – Offsetting financial assets and financial liabilities
HK(IFRIC) – Int 20	Stripping costs in the production phase of a surface mine
HKFRS (Amendments)	Annual Improvements 2009-2011 Cycle
HKFRS 1 (Amendment)	First time adoption on government loans

The adoption of the above new and amended standards and interpretations did not have any material impact on the Interim Financial Information except for disclosure.

(b) The following new standards and interpretations and amendments to standards have been issued but are not effective for the financial year ending 31 December 2013 and have not been early adopted:

		Effective for annual periods beginning on or after
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
HK(IFRIC) – Int 21	Levies	1 January 2014
HKAS 36 (Amendment)	Recoverable amount disclosures for non-financial assets	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 in.

(c) Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

2 Segment information

The executive directors of the Company (the "Executive Directors"), 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 Executive Directors consider 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.

The segment results and other segment items included in the profit for the six months ended 30 June 2013 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	**3,038,916**	**197,876**	**140,564**	**104,261**	**–**	**3,481,617**
Inter-segment revenue	**–**	**–**	**(9,524)**	**–**	**–**	**(9,524)**
Revenue	**3,038,916**	**197,876**	**131,040**	**104,261**	**–**	**3,472,093**
Segment results	**770,587**	**313,030**	**15,046**	**(81,495)**	**(2,633)**	**1,014,535**
Other gains – net *(note 4)*						**45,957**
Share of post-tax profit of a joint venture						**24,175**
Share of post-tax loss of an associate						**(118)**
Unallocated operating costs						**(66,108)**
Finance income – net *(note 5)*						**59,341**
Profit before income tax						**1,077,782**
Income tax expense *(note 6)*						**(356,458)**
Profit for the period						**721,324**
Capital expenditure	**8,421**	**708,285**	**498**	**102,806**	**–**	**820,010**
Depreciation	**17,281**	**–**	**1,146**	**30,273**	**–**	**48,700**
Amortisation of land use rights recognised as expenses	**–**	**–**	**–**	**6,342**	**–**	**6,342**
Fair value gains on investment properties – net *(note9)*	**–**	**242,003**	**–**	**–**	**–**	**242,003**

The segment results and other segment items included in the profit for the six months ended 30 June 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	2,362,835	159,763	86,033	193,909	–	2,802,540
Inter-segment revenue	–	–	(4,759)	–	–	(4,759)
Revenue	2,362,835	159,763	81,274	193,909	–	2,797,781
Segment results	862,291	1,229,286	(6,736)	(98,116)	(3,541)	1,983,184
Other losses – net *(note 4)*						(27,902)
Share of post-tax profit of a joint venture						13,315
Unallocated operating costs						(78,338)
Finance costs – net *(note 5)*						(27,030)
Profit before income tax						1,863,229
Income tax expense *(note 6)*						(634,012)
Profit for the period						1,229,217
Capital expenditure	9,744	328,640	544	111,497	–	450,425
Depreciation	6,580	–	1,358	42,363	–	50,301
Amortisation of land use rights recognised as expenses	–	–	–	2,955	–	2,955
Fair value gains on investment properties – net *(note 9)*	–	1,122,612	–	–	–	1,122,612

Segment assets and liabilities as at 30 June 2013 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	**22,218,730**	**20,225,369**	**216,840**	**3,095,876**	**(2,785,849)**	**42,970,966**
Other assets						**1,501,289**
Total assets						**44,472,255**
Segment liabilities	**5,128,868**	**727,209**	**247,939**	**3,316,855**	**(2,785,849)**	**6,635,022**
Other liabilities						**20,936,115**
Total liabilities						**27,571,137**

Segment assets and liabilities as at 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*
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

Segment assets are reconciled to total assets as follows:

	30 June 2013 *RMB'000*	31 December 2012 *RMB'000*
Segment assets	**42,970,966**	39,494,855
Other assets		
– Prepaid taxes	**195,121**	195,964
– Deferred income tax assets	**161,937**	167,094
– Unallocated cash and cash equivalents and restricted cash	**1,028,732**	297,944
– Amounts due from related parties	**28,865**	25,369
– Unallocated property and equipment	**8,304**	9,232
– Other corporate assets	**78,330**	17,147
Total assets	**44,472,255**	40,207,605

Segment liabilities are reconciled to total liabilities as follows:

	30 June 2013 *RMB'000*	31 December 2012 *RMB'000*
Segment liabilities	**6,635,022**	6,941,715
Other liabilities		
– Current income tax liabilities	**2,116,975**	2,100,335
– Deferred income tax liabilities	**3,123,069**	3,009,963
– Current borrowings	**3,927,628**	3,322,250
– Non-current borrowings	**10,677,927**	7,731,776
– Amounts due to related parties	**690,577**	531,425
– Dividends payable	**320,773**	–
– Derivative financial instruments	**16,898**	–
– Other corporate liabilities	**62,268**	70,701
Total liabilities	**27,571,137**	23,708,165

There are no differences from the last annual financial statements in the basis of segmentation or in the basis of measurement of segment profit or loss.

Sales between segments are carried out in accordance with the terms of the underlying agreements. The revenue from external parties reported to the Executive Directors is measured in a manner consistent with that in the condensed consolidated interim statement of comprehensive income.

The amounts provided to the Executive Directors 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, land use rights, investment properties, 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:

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
Cost of properties sold (excluding staff costs)	**1,942,580**	1,200,183
Business taxes and other levies	**208,385**	159,568
Staff costs (including directors' emoluments)	**203,773**	174,440
Cost of hotel operations	**73,286**	67,613
Depreciation	**48,700**	50,301
Advertising costs	**45,687**	56,422
Cost of property management services	**34,065**	27,711
Office lease payments	**7,274**	4,638
Amortisation of land use rights	**6,342**	2,955
Donations to governmental charity	**5,236**	1,800
Auditor's remuneration	**2,000**	2,500

4 Other gains/(losses) – net

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
Gain on disposal of investment properties	**51,403**	–
Interest income on entrusted loans	**10,762**	10,520
Investment income from available-for-sale financial assets	**932**	–
Fair value loss on derivative financial instruments	**(16,898)**	–
Loss from repurchase of senior notes	**(429)**	–
Loss from disposal of a subsidiary	**–**	(38,451)
Others	**187**	29
	45,957	(27,902)

5 Finance income/(costs) – net

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
Interest expenses:		
– Bank borrowings, other borrowings and finance lease liabilities	**(397,326)**	(363,130)
– Senior notes	**(288,144)**	(201,265)
Less: interest capitalised	**664,214**	548,545
	(21,256)	(15,850)
Net foreign exchange gains/(losses) on financing activities	**80,597**	(11,180)
	59,341	(27,030)

6 Income tax expense

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
Current income tax:		
– PRC corporate income tax	**126,389**	190,514
– PRC land appreciation tax	**111,806**	196,825
Deferred income tax:		
– PRC corporate income tax	**118,263**	246,673
	356,458	634,012

PRC corporate income tax

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

On 16 March 2007, the National People's Congress approved the Corporate Income Tax Law of the People's Republic of China (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%.

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

Hong Kong profits tax

No provision for Hong Kong profits tax has been made in the Interim Financial Information as the Group did not have assessable profit in Hong Kong for the period. The profit of the group entities in Hong Kong is mainly derived from dividend income, which is not subject to Hong Kong profits tax.

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

	Six months ended 30 June	
	2013	2012
Profit attributable to owners of the Company *(RMB'000)*	**719,311**	1,221,003
Weighted average number of ordinary shares in issue *(thousand shares)*	**4,009,660**	4,009,928
Basic earnings per share *(RMB cents per share)*	**17.939**	30.449

(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 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.

	Six months ended 30 June	
	2013	2012
Profit attributable to owners of the Company *(RMB'000)*	**719,311**	1,221,003
Weighted average number of ordinary shares for diluted earnings per share *(thousand shares)*	**4,010,528**	4,009,928
– Weighted average number of ordinary shares for basic earnings per share *(thousand shares)*	**4,009,660**	4,009,928
– Adjustment for share options and awarded shares *(thousand shares)*	**868**	–
Diluted earnings per share *(RMB cents per share)*	**17.936**	30.449

8 Dividends

No interim dividend in respect of six months ended 30 June 2013 was proposed by the Board (six months ended 30 June 2012: nil).

2012 final cash dividend amounting to RMB323,841,000 (2011: RMB242,881,000) has been approved by Annual General Meeting on 20 May 2013 and not yet paid up to 30 June 2013. The net dividends of RMB320,773,000, after deducting dividend of RMB3,068,000 payable to the share award scheme trust (six months ended 30 June 2012: dividend of RMB2,301,000), is treated as transaction with owners in the condensed consolidated interim statement of changes in equity for the six months ended 30 June 2013.

9 Investment properties

	Completed investment properties *RMB'000*	Investment properties under construction *RMB'000*	Total *RMB'000*
Six months ended 30 June 2013			
Opening amount as at 1 January 2013	**16,196,318**	**1,951,526**	**18,147,844**
Additions	**33,782**	**674,503**	**708,285**
Transfers	**54,271**	**(54,271)**	**–**
Disposals	**(54,271)**	**–**	**(54,271)**
Fair value gains – net	**–**	**242,003**	**242,003**
Closing amount as at 30 June 2013	**16,230,100**	**2,813,761**	**19,043,861**
Six months ended 30 June 2012			
Opening amount as at 1 January 2012	14,017,695	1,007,664	15,025,359
Additions	105,456	223,184	328,640
Transfers to property and equipment and land use rights	(85,424)	–	(85,424)
Transfers from property and equipment and land use rights	239,739	–	239,739
Fair value gains – net	52,523	1,070,089	1,122,612
Closing amount as at 30 June 2012	14,329,989	2,300,937	16,630,926

Completed investment properties and certain investment properties under construction of the Group are measured at fair value as at 30 June 2013 (31 December 2012: same).

Investment properties as at 30 June 2013 are held in the PRC on leases between 10 to 50 years (31 December 2012: same).

The capitalisation rate of borrowings for the six months ended 30 June 2013 was 9.54% (six months ended 30 June 2012: 12.47%).

As at 30 June 2013, investment properties of RMB13,289,343,000 (31 December 2012: RMB10,532,320,000) were pledged as collateral for the Group's borrowings (note 12).

Certain equipments affiliated with the investment properties of the Group of RMB132,538,000 (31 December 2012: RMB132,538,000) where the Group is a lessee under non-cancellable finance lease agreement. The lease terms are 3 years (note 12).

10 Loans

	30 June 2013 ***RMB'000***	31 December 2012 *RMB'000*
Entrusted loans to third parties:		
– Non – current	**–**	270,000
– Current	**270,000**	–
	270,000	270,000

The entrusted loans are lent to third parties through a finance institution. The effective interest rate as at 30 June 2013 is 7.93% (31 December 2012: 7.93%). The loans of RMB200,000,000 and RMB70,000,000 as of 30 June 2013 will mature in February 2014 and May 2014, respectively.

11 Trade and other receivables

	30 June 2013 *RMB'000*	31 December 2012 *RMB'000*
Trade receivables (note (i))	**1,148,786**	987,888
– Related parties	**67,595**	78,082
– Third parties	**1,081,191**	909,806
Less: provision for impairment of trade receivables (note (i))	**(16,432)**	(19,192)
Trade receivables – net	**1,132,354**	968,696
Deposits for acquisition of land use rights	**181,217**	15,000
Other receivables from:	**479,795**	468,939
– Related parties	**28,865**	25,369
– Third parties	**450,930**	443,570
	1,793,366	1,452,635

(i) Trade receivables are mainly derived from sales of properties and rental income. Sales proceeds and rental fee are paid in accordance with the terms of the related sales and purchase agreements and rental contracts. As at 30 June 2013 and 31 December 2012, the ageing analysis of the trade receivables of the Group based on invoice date is as follows:

	30 June 2013 *RMB'000*	31 December 2012 *RMB'000*
Within 90 days	**612,208**	744,959
Over 90 days	**536,578**	242,929
	1,148,786	987,888

As at 30 June 2013, trade receivables of RMB63,281,000 (31 December 2012: RMB73,904,000) 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:

	30 June 2013 *RMB'000*	31 December 2012 *RMB'000*
Over 90 days	**63,281**	73,904

As of 30 June 2013, trade receivables of RMB47,232,000 were impaired (31 December 2012: RMB55,190,000) and provision of RMB16,432,000 (31 December 2012: 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:

	Six months ended 30 June 2013 *RMB'000*
At 1 January	**19,192**
Provision for receivables impairment	**3,680**
Receivables written off during the period as uncollectible	**(6,440)**
At 30 June	**16,432**

12 Borrowings

	30 June 2013 *RMB'000*	31 December 2012 *RMB'000*
Borrowings included in non-current liabilities:		
Senior notes	**5,222,967**	2,882,764
– senior notes due January 2018	**1,577,169**	–
– senior notes due May 2016	**795,105**	–
– senior notes due September 2015	**1,261,660**	1,287,259
– senior notes due March 2014	**767,804**	762,824
– senior notes due September 2014	**821,229**	832,681
Bank borrowings	**7,043,927**	5,025,145
– secured	**7,043,927**	4,767,750
– unsecured	**–**	257,395
Other borrowings – secured	**1,100,000**	1,580,000
Finance lease liabilities – secured	**138,317**	169,743
Less: amounts due within one year	**(2,827,284)**	(1,925,876)
	10,677,927	7,731,776
Borrowings included in current liabilities:		
Bank borrowings	**929,521**	1,155,580
– secured	**688,521**	970,580
– unsecured	**241,000**	185,000
Other borrowings	**170,823**	240,794
– secured	**170,823**	185,127
– unsecured	**–**	55,667
Current portion of long-term borrowings	**2,827,284**	1,925,876
	3,927,628	3,322,250
Total borrowings	**14,605,555**	11,054,026

13 Trade and other payables

	30 June 2013 *RMB'000*	31 December 2012 *RMB'000*
Trade payables	**2,138,080**	2,040,328
– Related parties	**18,551**	19,097
– Third parties	**1,768,179**	1,631,871
– Notes payable – third parties	**351,350**	389,360
Other payables and accruals	**1,288,194**	1,375,241
– Related parties	**690,577**	531,425
– Third parties	**597,617**	843,816
Payables for retention fee	**194,900**	169,959
Payables for acquisition of land use rights	**166,834**	166,834
Other taxes payable	**149,988**	157,653
Dividends payable to owners of the Company	**320,773**	–
	4,258,769	3,910,015

As at 30 June 2013, the ageing analysis of trade payables of the Group based on invoice date is as follows:

	30 June 2013 *RMB'000*	31 December 2012 *RMB'000*
Within 90 days	**659,766**	827,822
Over 90 days and within 180 days	**657,016**	483,972
Over 180 days and within 365 days	**294,079**	226,616
Over 365 days and within 3 years	**527,219**	501,918
	2,138,080	2,040,328

MANAGEMENT DISCUSSION AND ANALYSIS

Market Review and Outlook

In the first half of 2013, the central government of China continued to adhere to its tightening policies for curbing the property market. Under the "New Five Measures of the State Council" and the related implementation rules issued at the beginning of the year, local governments were expressly required to strictly perform their duties of exercising control over property prices, to continue to implement differential credit and purchase restriction policies, and to further impose taxation on personal gains from property transactions, to curb speculative purchase of properties.

On the basis of consistent long-term operation principle of "Sound Operations, Strive for Excellence", the Group determined the operation principle of "Enhancing Efficiency, Establishing Brand Name, Team Building" for the year 2013. Thanks to the collective effort made by all staff, the Group had basically completed all the work objectives in the first half of the year. To sum up the performance for the first half of the year, the total revenue of the Group increased by 24.1% as compared to the corresponding period in 2012 to RMB3,472.1 million, of which, income of sales of property increased by 28.6% to RMB3,038.9 million. The total rental income and property management fee income of the Group increased by approximately 36.5% as compared to the corresponding period in 2012 to approximately RMB328.9 million during the period under review.

In addition to the Group's improved financial results, brand name and image of the Group were also improved. During the first half of 2013, the Group was awarded with various honors, for example, the "37th among the 2013 Top 100 China Real Estate Developers (2013年度中國房地產百強企業第37位)", the "Star of 2013 Top 100 China Real Estate Developers (2013年中國房地產百強之星)", the "China Real Estate Developer Social Responsibility Award of 2012-2013 (2012－2013中國房地產年度社會責任感企業)", the "Outstanding Commercial Property Developers in China 2013 (2013中國商業地產優秀企業)", the "Top 50 China Real Estate Developers (中國房地產企業五十強)", the "Top 10 China Real Estate Developers Listed in Hong Kong in terms of Combined Strengths 2013 (2013大陸在港上市房地產公司綜合實力十強)" and the "Top 10 China Real Estate Developers Listed in Hong Kong in terms of Financial Stability 2013 (2013中國大陸在港上市房地產公司財務穩健性十強)". The Four Points by Sheraton Qingdao was awarded "The Best Service MICE Hotel (最佳卓越服務會議酒店)" and the Shanghai Caolu project was awarded the "Star Property of China Commercial Real Estate 2013 (2013中國商業地產星樓盤獎)". These awards serve as important recognitions of the Group's performance.

In the second half of 2013, the Group will focus on (i) maintaining the same sales target and launching new projects for sale in an orderly manner; (ii) ensuring the smooth openings of Jinjiang Powerlong City Plaza, Shanghai Caolu Powerlong City Plaza and Aloft Yancheng; (iii) continuing to take innovative measures to enhance enterprise competitiveness in the following aspects: research and development of new product lines, establishment of asset management company, establishment of e-commerce platform, and establishment of Powerlong Business School (寶龍商學院). Leveraging on the collective effort made by the Group as a whole, the management is dedicated to bring fruitful returns to the shareholders of the Company.

BUSINESS REVIEW

During the six months ended 30 June 2013, the Group conducted its business activities in the following major business segments, namely (i) property development, (ii) property investment, (iii) property management services and (iv) other property development related services, among which, property development remains the core business and key revenue driver of the Group.

Property Development

During the six months ended 30 June 2013, the revenue of sold and delivered projects amounted to approximately RMB3,038.9 million (for the six months ended 30 June 2012: RMB2,362.8 million), and represented an increase of 28.6% when compared with the amount for the corresponding period in 2012.

Set forth below further details regarding the projects sold and delivered during the first half of 2013 under review:

	Six months ended 30 June 2013		
	GFA Sold & Delievered	**Revenue**	**Average selling price**
	(square meters)	*(RMB'000)*	*(RMB/ square meters)*
Zhengzhou			
Commercial	24	154	6,417
Tai'an			
Commercial	1,554	13,722	8,830
Residential	551	7,200	13,067
Bengbu			
Commercial	137	2,388	17,431
Luoyang			
Commercial	332	4,219	12,708
Residential	3,080	15,539	5,045
Wuxi Wangzhuang			
Commercial	669	3,548	5,303
Wuxi Yuqi			
Commercial	288	1,065	3,698
Residential	6,813	30,136	4,423
Suqian			
Residential	63,509	303,123	4,773
Qingdao Licang			
Commercial	55	828	15,055
Yantai Haiyang			
Commercial	35	205	5,857

	Six months ended 30 June 2013		
	GFA Sold & Delievered	**Revenue**	**Average selling price**
	(square meters)	*(RMB'000)*	*(RMB/ square meters)*
Xinxiang			
Commercial	4,705	53,580	11,388
Residential	31,876	135,079	4,238
Yancheng			
Commercial	530	4,409	8,319
Residential	136	860	6,324
Changzhou			
Commercial	289	5,608	19,405
Residential	5,180	29,417	5,679
Jimo			
Commercial	7,574	97,613	12,888
Residential	79,312	379,284	4,782
Anxi			
Commercial	5,157	51,813	10,047
Residential	9,719	51,411	5,290
Chongqing			
Commercial	14,324	207,517	14,487
Residential	119,310	505,890	4,240
Xiamen			
Commercial	5,139	231,428	45,034
Jinjiang			
Commercial	4,424	73,852	16,693
Residential	84,692	562,404	6,641
Shanghai Caolu			
Commercial	7,615	230,676	30,292
Commercial	52,851	982,625	18,592
Residential	404,178	2,020,343	4,999
Plus carparks:	13,948	35,948	
Total:	470,977	3,038,916	

Contracted Sales Performance

During the six months ended 30 June 2013, the Group recorded contracted sales of approximately RMB2,941.7 million (for the six months ended 30 June 2012: RMB3,059.6 million), representing a decrease of 3.9% compared to the corresponding period in 2012. The total contracted sales area of the Group reached approximately 366,288 square meters (for the six months ended 30 June 2012: 358,881 square meters). Sales area for the six months ended 30 June 2013 increased by approximately 2.1% when compared to the sales area for the corresponding period in 2012. In the period under review, in particular, the key contributing projects included those in Jinjiang, Xiamen, Qingdao Jimo, Luoyang, Shanghai Hongqiao, Shanghai Caolu, etc.. The contracted sales performance was basically in line with the pace of the Group's new launches of properties for sale.

Set forth below are further details regarding the contracted sales projects during the period under review:

	Six months ended 30 June 2013		
	Sales area	**Revenue**	**Average selling price**
	(square meters)	*(RMB'000)*	*(RMB/ square meters)*
Anxi			
Commercial	4,973	50,494	10,154
Residential	11,268	55,029	4,884
Bengbu			
Commercial	250	5,627	22,508
Changzhou			
Commercial	6,469	48,781	7,541
Residential	8,707	34,136	3,921
Yantai Haiyang			
Commercial	191	863	4,518
Hangzhou			
Commercial	852	24,352	28,582
Residential	9,783	122,484	12,520
Chongqing Hechuan			
Residential	44,448	187,072	4,209
Qingdao Jimo			
Commercial	16,908	125,559	7,426
Residential	41,168	195,462	4,748
Jinjiang			
Commercial	6,347	66,811	10,526
Residential	56,678	399,419	7,047
Qingdao Licang			
Commercial	147	4,124	28,054
Residential	138	948	6,870
Luoyang			
Commercial	2,643	40,945	15,492
Residential	54,076	283,890	5,250

	Six months ended 30 June 2013		
	Sales area	**Revenue**	**Average selling price**
	(square meters)	*(RMB'000)*	*(RMB/ square meters)*
Qingdao Chengyang			
Residential	51	299	5,863
Shanghai Caolu			
Commercial	8,387	266,372	31,760
Shanghai Hongqiao			
Residential	28,493	383,822	13,471
Suqian			
Commercial	554	2,579	4,655
Residential	825	3,038	3,682
Suzhou Taicang			
Commercial	1,551	9,338	6,021
Residential	126	900	7,143
Tai'an			
Commercial	1,554	14,529	9,349
Residential	551	7,200	13,067
Tianjin Yujiapu			
Commercial	1,657	34,145	20,607
Wuxi Wangzhuang			
Commercial	95	1,348	14,189
Residential	1,111	7,207	6,487
Wuxi Yuqi			
Commercial	288	1,065	3,698
Residential	7,584	33,005	4,352
Xiamen			
Residential	11,625	336,796	28,972
Xinxiang			
Commercial	2,347	30,335	12,925
Residential	32,335	139,578	4,317
Yancheng			
Commercial	616	5,103	8,284
Residential	136	860	6,324
Zhenjiang			
Commercial	1,356	18,184	13,410
Total	366,288	2,941,699	8,031
Commercial	57,185	750,554	13,125
Residential	309,103	2,191,145	7,089

Property Investment and Commercial Operations

To generate a stable income flow, the Group holds and manages an investment portfolio of commercial properties for leasing. As at 30 June 2013, the Group had an aggregate GFA of approximately 1.6 million square meters held as investment properties measured at fair value, which remained the same as compared with that as at 31 December 2012.

As of 30 June 2013, the Group operated a total of 13 Powerlong City Plazas.

During the six months ended 30 June 2013, the Group recorded a rental income from investment properties of approximately RMB197.9 million (for the six months ended 30 June 2012: RMB159.8 million), representing an increase of 23.8% when compared to the amount for the corresponding period in 2012. This was mainly attributable to the steady growth of rental income and the increasingly more mature operation of shopping malls.

During the six months ended 30 June 2013, the Group's income from property management services, after intra-group elimination, amounted to approximately RMB131.0 million (for the six months ended 30 June 2012: RMB81.3 million), representing an increase of 61.1% as compared with the amount for the corresponding period in 2012.

For the six months ended 30 June 2013, the rental income and property management fee income amounted to RMB328.9 million (for the six months ended 30 June 2012: RMB241.1 million).

Hotel Operations

The Group continues to develop its hotel business as its long-term recurring income stream. As at 30 June 2013, 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. In addition, Aloft Yancheng is planned to commence operation in the second half of the year 2013. These hotels continue to serve as the important ancillary facilities of the Group's complex projects.

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 three years.

As at 30 June 2013, the Group had a quality land bank amounting to a total GFA of approximately 7.8 million square meters, of which approximately 3.1 million square meters were under development and construction, and approximately 4.7 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, other leisure facilities, quality residential properties, furnished apartments and hotels.

During the period under review, the Group upheld cautious and stringent standards on land investment decision. Land bank newly added during the first half of 2013 is as follows:

Penglai, Shandong

The project is located at north of Beiguan Road and west of Jungong Street in Penglai City, Shandong Province. It occupies a site area of 60,792 square meters, with a planned GFA of approximately 87,000 square meters. Land costs amounted to approximately RMB182.4 million. This land parcel, together with the surrounding land parcels acquired by the Group previously, occupied a total land area of 164,470 square meters and the total planned above-ground gross floor area was 261,000 square meters. Upon completion, the project will be developed into a modern city complex commercial street which comprises various types of products, including shopping malls, a five-star hotel, boutique commercial walk and boutique residential buildings. The project will provide formidable driving force and penetration power for the promotion of the city image of Penglai.

Shaohai, Jiaozhou, Shandong

The project is located at Shao Hai Xin Cheng, Jiaozhou, Shandong Province. It occupies a site area of 128,467 square meters, with a planned GFA of approximately 340,000 square meters. Land costs amounted to approximately RMB129.4 million. The project is expected to be developed into a large-scale cultural and tourism complex, offering Dagu River historic and cultural street, artistic hotel, art street, high-end residential area, museum, tourist centre and RV Park.

Sanlihe, Jiaozhou, Shandong

The project is located at Sanlihe Road, Jiaozhou City, Shandong Province. It occupies a site area of 78,620 square meters, with a planned GFA of approximately 111,000 square meters. Land costs amounted to approximately RMB139.2 million. The project is expected to be developed into a city complex comprising of shopping malls, commercial streets, furnished apartments, SOHO offices and high-end residential buildings.

Jiading, Shanghai

The project is located at the centre of Jiading New Town, Shanghai City, adjacent to the central green belt of the new town to its north. It is a major project recently developed at the centre of Jiading New Town. It has a site area of 40,905 square meters and a planned GFA of approximately 203,000 square meters. Land costs amounted to approximately RMB271.0 million. The land is expected to be developed into a modern commercial office complex which serves the comprehensive functions of shopping, dining, leisure, entertainment and business.

Fengxian, Shanghai

The project is located at Nanqiao New Town, Fengxian, Shanghai City. It occupies a site area of 40,688 square meters, with a planned GFA of approximately 179,000 square meters. Land costs amounted to approximately RMB460.3 million. The land is expected to comprise of large shopping mall, high-rise office buildings and commercial streets. The project is positioned to be established as a regional mid-to-high-end commercial complex which features popular brands, special restaurants, leisure and entertainment, targeting residents of Nanqiao District, Fengxian.

FINANCIAL ANALYSIS

Revenue

During the six months ended 30 June 2013, the Group recorded a total income of RMB3,472.1 million, representing an increase of 24.1% when compared to approximately RMB2,797.8 million for the corresponding period in 2012. This was mainly attributable to the increase in the amount of property sold and delivered as well as the increase in rental income and property management fee income.

The following major business segments, namely property sales, property investment, property management and other property development related services were the key revenue drivers of the Group:

	For the six months ended 30 June	
	2013	2012
	RMB million	*RMB million*
Sales of property	**3,038.9**	2,362.8
Rental income of investment properties	**197.9**	159.8
Income of property management services	**131.0**	81.3
Other income	**104.3**	193.9
Total	**3,472.1**	2,797.8

Cost of Sales

Cost of sales mainly represents the cost directly generated from the development of the Group's properties. It comprises cost of land use rights, construction costs, decoration costs, capitalized interest expenses, business taxes and so on. Cost of sales of the Group increased from approximately RMB1,655.8 million for the six months ended 30 June 2012 to approximately RMB2,415.2 million for the six months ended 30 June 2013, representing an increase of approximately 45.9%. This was mainly attributable to the increase in area of properties sold and delivered.

Gross Profit

Gross profit before provision of land appreciation tax decreased by approximately RMB85.1 million to approximately RMB1,056.9 million for the six months ended 30 June 2013 as compared with the corresponding period in 2012, representing a decrease of 7.5%.

Gross profit margin decreased to 30.4% in the first half of 2013 from 40.8% for the corresponding period in 2012. The decrease in gross profit margin is mainly attributable to the change in the regional distribution and format of the property projects sold and delivered.

Fair Value Gains of Investment Properties

During the six months ended 30 June 2013, the Group recorded fair value gains of investment properties of approximately RMB242.0 million (30 June 2012: RMB1,122.6 million).

The decrease in the fair value gains of investment properties was mainly attributable to the area decrease of newly-added investment properties.

Selling and Marketing Costs and Administrative Expenses

Selling and marketing costs of the Group for the six months ended 30 June 2013 amounted to RMB77.1 million (for the six months ended 30 June 2012: RMB91.9 million). The decrease in selling and marketing costs was mainly attributable to the Company's increased control over selling expenses. Administrative expenses was approximately RMB270.4 million (for the six months ended 30 June 2012: RMB268.5 million). Administrative expenses slightly increased by 0.7% as compared to the corresponding period in 2012.

Income Tax Expenses

Income tax expenses decreased from RMB634.0 million for the six months ended 30 June 2012 to RMB356.5 million for the six months ended 30 June 2013, representing a decrease of 43.8%. This was mainly attributed to the decrease in fair value gains of investment properties and the decrease in gross profit.

Profit Attributable to Owners of the Company

For the six months ended 30 June 2013, the Group achieved a profit attributable to owners of the Company of RMB719.3 million (for the six months ended 30 June 2012: RMB1,221.0 million), representing a decrease of 41.1%. Basic earnings per share was RMB17.939 cents (for the six months ended 30 June 2012: RMB30.449 cents), representing a decrease of 41.1% as compared to the amount for the corresponding period in 2012. The decrease in the profit attributable to owners of the Company and basic earnings per share was mainly attributed to the decrease in the fair value gains of investment properties for that period.

For the six months ended 30 June 2013, core profit (excluding the profit attributable to fair value gains on investment properties) amounted to approximately RMB543.3 million (for the six months ended 30 June 2012: RMB394.4 million), representing an increase of 37.8%. Core net profit margin (excluding the profit attributable to fair value gains on investment properties) increased from 14.1% for the six months ended 30 June 2012 to 15.6% in the first half of 2013.

LIQUIDITY AND FINANCIAL RESOURCES

Cash Position

The long-term funding and working capital required by the Group are primarily derived from income generated from the Group's core business operations, bank borrowings and the cash proceeds raised from issue of senior notes, which were used as working capital and investment in development projects.

The Group's cash and cash equivalents and restricted cash amounted to approximately RMB4,362.0 million in total as at 30 June 2013 (31 December 2012: approximately RMB2,010.2 million). Cash and cash equivalents and restricted cash over current borrowings rose from 0.6 to 1.1 since end of 2012. Liquidity was significantly optimized.

Borrowings

Total borrowings as at 30 June 2013 were RMB14,605.6 million. It comprises bank and other borrowings and finance lease liabilities of approximately RMB9,382.6 million and senior notes of approximately RMB5,223.0 million.

Out of the total borrowings, RMB3,927.6 million was repayable within one year, while approximately RMB10,678.0 million was repayable later than one year.

Two senior notes were issued during the period under review. On 25 January 2013, the Company issued senior notes denominated in US dollar ("US$") at 98.608% discount in an aggregate amount of US$250,000,000, with a nominal interest rate of 11.25% per annum and maturity date of 25 January 2018. Further, 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 on the issuance of these senior notes, please refer to the Company's announcement dated 21 January 2013. On 27 May 2013, the Company issued senior notes denominated in RMB in an aggregate amount of RMB800,000,000, with a nominal interest rate of 9.5% per annum and maturity date of 27 May 2016. Further, 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 on the issuance of these senior notes, please refer to the Company's announcement dated 21 May 2013.

As at 30 June 2013, the Group had net gearing ratio (which is total borrowings less cash and cash equivalents and restricted cash over total equity) of 60.6% (31 December 2012: 54.8%).

Credit Policy

Trade receivables mainly arose from sales and lease of properties. Receivables in respect of sales and leases of properties are settled in accordance with the terms stipulated in the sale and purchase agreements or lease agreements.

Pledge of Assets

As at 30 June 2013, 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 RMB20,491 million to secure borrowings of the Group. The total secured borrowings as at 30 June 2013 amounted to RMB9,141.6 million.

Financial Guarantees

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

	30 June 2013	31 December 2012
	RMB'000	*RMB'000*
Guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties	**4,803,048**	3,723,131

Capital Commitment

(1) Commitments for property development expenditures

	30 June 2013	31 December 2012
	RMB'000	*RMB'000*
– Property development activities	**2,505,517**	2,291,304
– Acquisition of land use rights	**323,993**	407,211
	2,829,510	2,698,515

(2) Operating Leases Commitments

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

	30 June 2013	31 December 2012
	RMB'000	*RMB'000*
Not later than one year	**12,112**	11,227
Later than one year and not later than two years	**11,265**	11,227
Later than two years and not later than three years	**5,360**	10,719
	28,737	33,173

Material Acquisition and Disposal

During the six months ended 30 June 2013, the Group did not have any material acquisition or disposal.

Employees and Emolument Policy

As at 30 June 2013, the Group employed a total of 5,362 employees (30 June 2012: 5,133 employees). The total staff costs of the Group incurred during the period under review was RMB203.8 million. The Group adopted a performance-based rewarding system to motivate its staff. The Group also provided different types of training programmes for its staff to improve their skills and expertise.

Interim Dividend

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2013 (2012: Nil).

CORPORATE GOVERNANCE

The Company is committed to the establishment of good corporate governance practices and procedures for enhancing investor confidence and the Company's accountability. For the six months ended 30 June 2013, the Company has been complying with the code provisions set out in the Corporate Governance Code (the "**CG Code**") as set forth in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), save for the deviation of paragraph A.6.7 of the CG Code as follows.

Code Provision A.6.7

Under code provision A.6.7 of the CG Code, the independent non-executive directors and the non-executive directors of the Company should attend the general meetings of the Company. However, due to other business commitment, the independent non-executive Director, Ms. Nie Mei Sheng did not attend the annual general meeting of the Company held on 20 May 2013.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2013.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies as set out in Appendix 10 of the Listing Rules (the "**Model Code**") as its code of conduct for dealings in securities of the Company by the Directors. The Company has made specific enquiry to all Directors regarding any non-compliance with the Model Code and all Directors of the Company have confirmed that they have complied with the required standard set out in the Model Code during the six months ended 30 June 2013.

SUFFICIENCY OF PUBLIC FLOAT

Based on information available to the Company and to the best knowledge of the Directors, the Company has maintained sufficient public float throughout the period ended 30 June 2013.

AUDIT COMMITTEE

The Company has an audit committee ("**Audit Committee**") which was established in compliance with Rule 3.21 of Listing Rules for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls and set out the written terms of reference for the committee. The Audit Committee comprises three members who are the independent non-executive Directors of the Company, namely Dr. Ngai Wai Fung, Mr. Mei Jian Ping and Ms. Nie Mei Sheng.

The Audit Committee has reviewed the unaudited interim results for the six months ended 30 June 2013 with the Company's management.

PUBLICATION OF INTERIM REPORT

The interim report of the Company for the six months ended 30 June 2013 containing all the information required by the Listing Rules is to be dispatched to the shareholders of the Company and made available for review 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, 22 August 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 Dr. Ngai Wai Fung, Mr. Mei Jian Ping and Ms. Nie Mei Sheng.