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 2015

RESULTS HIGHLIGHTS

- For the six months ended 30 June 2015, contracted sales amounted to approximately RMB7,080 million, representing an increase of approximately 91.9% over the corresponding period in 2014;

- For the six months ended 30 June 2015, revenue amounted to approximately RMB4,728 million, representing an increase of approximately 6.9% over the corresponding period in 2014;

- For the six months ended 30 June 2015, rental income from investment properties and income from property management services amounted to approximately RMB504 million, representing an increase of approximately 15.6% over the corresponding period in 2014;

- For the six months ended 30 June 2015, profit for the period was approximately RMB1,143 million, increased by approximately 59.6% over the corresponding period in 2014;

- For the six months ended 30 June 2015, core earnings (excluding the profit attributable to fair value gains on investment properties for the period under review) was approximately RMB618 million, increased by approximately 11.2% over the corresponding period in 2014;

- For the six months ended 30 June 2015, gross profit margin increased to 32.3% from 29.2% for the corresponding period in 2014.

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 2015, together with the comparative figures for the corresponding period in 2014, as follows:

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

	Note	**30 June 2015 Unaudited** ***RMB'000***	31 December 2014 Audited *RMB'000*
ASSETS			
Non-current assets			
Property and equipment		**2,019,850**	1,898,666
Land use rights		**1,018,818**	797,138
Investment properties	*3*	**26,400,985**	24,381,596
Investments accounted for using equity method		**1,411,904**	1,548,554
Deferred income tax assets		**333,701**	380,313
Available-for-sale financial assets		**180,000**	–
		31,365,258	29,006,267
Current assets			
Properties under development		**14,555,957**	13,668,618
Completed properties held for sale		**8,291,907**	6,162,421
Trade and other receivables	*4*	**2,214,502**	2,196,727
Prepayments		**679,061**	852,374
Prepaid taxes		**379,534**	300,334
Available-for-sale financial assets		**17,190**	16,042
Financial assets at fair value through profit or loss		**–**	1,500
Restricted cash		**647,959**	603,687
Cash and cash equivalents		**4,349,926**	4,345,757
		31,136,036	28,147,460
Total assets		**62,501,294**	57,153,727

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (CONTINUED)

	Note	30 June 2015 Unaudited *RMB'000*	31 December 2014 Audited *RMB'000*
EQUITY			
Equity attributable to owners of the Company			
Share capital and premium		**2,979,696**	2,979,696
Other reserves		**668,491**	664,827
Retained earnings		**15,746,360**	14,965,316
		19,394,547	18,609,839
Perpetual Capital Instruments		**1,304,531**	1,302,139
Non-controlling interests		**737,786**	697,504
Total equity		**21,436,864**	20,609,482
LIABILITIES			
Non-current liabilities			
Borrowings	*5*	**14,663,620**	14,294,043
Deferred income tax liabilities		**3,489,040**	3,314,613
Derivative financial instruments		**53,025**	81,178
		18,205,685	17,689,834
Current liabilities			
Trade and other payables	*6*	**10,522,744**	7,727,082
Advances from customers		**5,153,353**	4,641,997
Current income tax liabilities		**2,178,184**	2,194,391
Borrowings	*5*	**4,985,524**	4,290,941
Derivative financial instruments		**18,940**	–
		22,858,745	18,854,411
Total liabilities		**41,064,430**	36,544,245
Total equity and liabilities		**62,501,294**	57,153,727
Net current assets		**8,277,291**	9,293,049
Total assets less current liabilities		**39,642,549**	38,299,316

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

		Six months ended 30 June	
		2015	2014
		Unaudited	Unaudited
	Note	***RMB'000***	*RMB'000*
Revenue	*2*	**4,728,402**	4,422,701
Cost of sales	*7*	**(3,202,764)**	(3,130,748)
Gross profit		**1,525,638**	1,291,953
Fair value gains on investment properties – net	*3*	**701,316**	214,256
Selling and marketing costs	*7*	**(209,604)**	(151,340)
Administrative expenses	*7*	**(350,854)**	(333,126)
Other gains/(losses) – net	*8*	**13,010**	(29,357)
Exchange gains – net		**5,139**	6,075
Operating profit		**1,684,645**	998,461
Finance income/(costs) – net	*9*	**2,587**	(73,581)
Share of profit of investments accounted for using equity method		**41,799**	52,375
Profit before income tax		**1,729,031**	977,255
Income tax expenses	*10*	**(585,537)**	(260,823)
Profit for the period		**1,143,494**	716,432
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss:			
Change in value of available-for-sale financial assets		**1,148**	766
Total other comprehensive income for the period, net of tax		**1,148**	766
Total comprehensive income for the period		**1,144,642**	717,198

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

		Six months ended 30 June	
		2015	2014
		Unaudited	Unaudited
	Note	***RMB'000***	*RMB'000*
Profit attributable to:			
Owners of the Company		**1,030,458**	758,823
Holder of Perpetual Capital Instruments		**72,754**	972
Non-controlling interests		**40,282**	(43,363)
		1,143,494	716,432
Total comprehensive income attributable to:			
Owners of the Company		**1,031,606**	759,589
Holder of Perpetual Capital Instruments		**72,754**	972
Non-controlling interests		**40,282**	(43,363)
		1,144,642	717,198
Earnings per share for profit attributable to owners of the Company during the period (expressed in RMB cents per share)	*11*		
– Basic		**26.075**	19.170
– Diluted		**26.032**	19.158

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 Basis of preparation and accounting policies

The Interim Financial Information has been prepared in accordance with HKAS 34 "Interim Financial Reporting". The Interim Financial Information should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2014, 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 2014 as described in those annual financial statements.

(a) Amended standards and interpretations adopted by the Group

Amendment to HKAS19	Defined benefit plans
Annual improvements 2012	2010–2012 cycle of the annual improvements project
Annual improvements 2013	2011–2013 cycle of the annual improvements project

The adoption of the above 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 six months ended 30 June 2015 and have not been early adopted:

		Effective for annual periods beginning on or after
HKFRS 14	Regulatory deferral accounts	1 January 2016
Amendment to HKFRS 11	Accounting for acquisitions of interest in joint operation	1 January 2016
Amendment to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation	1 January 2016
Amendment to HKAS 16 and HKAS 41	Agriculture: bearer plants	1 January 2016
Amendment to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	1 January 2016
HKAS 27	Equity method in separate financial statements	1 January 2016
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: applying the consolidation exception	1 January 2016
Amendments to HKAS 1	Disclosure initiative	1 January 2016
Annual improvements 2014	2012–2014 cycle of the annual improvements	1 January 2016
HKFRS 15	Revenue from contracts with customers	1 January 2017
HKFRS 9	Financial instruments	1 January 2018

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, as the chief operating decision-makers ("**CODM**") of the Group review 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 CODM considers most of the Group's consolidated revenue and results are attributable to the market in the PRC and the Group's consolidated assets are substantially located in the PRC, no geographical information is presented.

The segment results and other segment items included in the profit for the six months ended 30 June 2015 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	**4,073,434**	**259,886**	**258,416**	**151,411**	**–**	**4,743,147**
Inter-segment revenue	**–**	**–**	**(14,745)**	**–**	**–**	**(14,745)**
Revenue	**4,073,434**	**259,886**	**243,671**	**151,411**	**–**	**4,728,402**
Segment results	**1,051,714**	**818,763**	**1,710**	**(49,183)**	**–**	**1,823,004**
Other gains – net						**13,010**
Share of profit of investments accounted for using equity method						**41,799**
Unallocated operating costs						**(151,369)**
Finance income – net						**2,587**
Profit before income tax						**1,729,031**
Income tax expenses						**(585,537)**
Profit for the period						**1,143,494**
Capital expenditure	**280,105**	**1,318,073**	**966**	**136,791**	**–**	**1,735,935**
Depreciation	**8,897**	**–**	**2,286**	**54,559**	**–**	**65,742**
Amortisation of land use rights recognised as expenses	**–**	**–**	**–**	**9,095**	**–**	**9,095**
Fair value gains on investment properties – net	**–**	**701,316**	**–**	**–**	**–**	**701,316**

The segment results and other segment items included in the profit for the six months ended 30 June 2014 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	3,770,979	212,233	238,454	216,112	–	4,437,778
Inter-segment revenue	–	–	(15,077)	–	–	(15,077)
Revenue	3,770,979	212,233	223,377	216,112	–	4,422,701
Segment results	778,869	345,822	5,988	(19,131)	(1,926)	1,109,622
Other losses – net						(29,357)
Share of profit of investments accounted for using equity method						52,375
Unallocated operating costs						(81,804)
Finance costs – net						(73,581)
Profit before income tax						977,255
Income tax expenses						(260,823)
Profit for the period						716,432
Capital expenditure	16,430	1,215,264	1,210	404,898	–	1,637,802
Depreciation	11,888	–	2,234	49,070	–	63,192
Amortisation of land use rights recognised as expenses	–	–	–	8,306	–	8,306
Fair value gains on investment properties – net	–	214,256	–	–	–	214,256

Segment assets and liabilities as at 30 June 2015 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	**31,339,014**	**27,322,235**	**801,955**	**4,190,292**	**(4,057,953)**	**59,595,543**
Other assets						**2,905,751**
Total assets						**62,501,294**
Segment liabilities	**11,130,868**	**1,701,627**	**568,512**	**2,606,380**	**(4,057,953)**	**11,949,434**
Other liabilities						**29,114,996**
Total liabilities						**41,064,430**
Interest in joint ventures	**1,376,573**	**–**	**–**	**–**	**–**	**1,376,573**
Interest in an associate	**35,331**	**–**	**–**	**–**	**–**	**35,331**

Segment assets and liabilities as at 31 December 2014 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	28,042,279	25,386,731	784,624	5,319,214	(4,053,115)	55,479,733
Other assets						1,673,994
Total assets						57,153,727
Segment liabilities	10,489,800	1,267,592	576,018	1,258,796	(4,053,115)	9,539,091
Other liabilities						27,005,154
Total liabilities						36,544,245
Interest in joint ventures	1,512,375	–	–	–	–	1,512,375
Interest in an associate	36,179	–	–	–	–	36,179

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 Board is measured in a manner consistent with that in the condensed consolidated interim statement of comprehensive income.

The amounts provided to the CODM with respect to total assets and liabilities are measured in a manner consistent with that of the consolidated 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 Investment properties

	Completed investment properties *RMB'000*	Investment properties under construction *RMB'000*	Total *RMB'000*
Six months ended 30 June 2015			
Opening amount as at 1 January 2015	**19,138,427**	**5,243,169**	**24,381,596**
Additions	**5,302**	**1,312,771**	**1,318,073**
Transfers	**1,434,411**	**(1,434,411)**	**–**
Fair value (losses)/gains – net	**(563,993)**	**1,265,309**	**701,316**
Closing amount as at 30 June 2015	**20,014,147**	**6,386,838**	**26,400,985**
Change in unrealised gains or losses for the period included in profit or loss for assets held at the end of the period	**(563,993)**	**1,265,309**	**701,316**
Six months ended 30 June 2014			
Opening amount as at 1 January 2014	18,433,700	1,156,630	19,590,330
Additions	67,792	1,147,472	1,215,264
Fair value (losses)/gains – net	(243,294)	457,550	214,256
Closing amount as at 30 June 2014	18,258,198	2,761,652	21,019,850
Change in unrealised gains or losses for the period included in profit or loss for assets held at the end of the period	(243,294)	457,550	214,256

Investment properties as at 30 June 2015 are held in the PRC on leases between 10 to 50 years (31 December 2014: same).

The capitalisation rate of borrowings for the six months ended 30 June 2015 was 8.58% (six months ended 30 June 2014: 8.82%).

As at 30 June 2015, investment properties of RMB17,332,384,000 (31 December 2014: RMB20,554,430,000) were pledged as collateral for the Group's borrowings.

4 Trade and other receivables

	30 June 2015 RMB'000	31 December 2014 RMB'000
Trade receivables *(Note (a))*	**1,049,361**	1,214,071
– Related parties	**2,495**	38,395
– Third parties	**1,046,866**	1,175,676
Less: provision for impairment of trade receivables *(Note (a))*	**(20,250)**	(26,558)
Trade receivables – net	**1,029,111**	1,187,513
Deposits for acquisition of land use rights	**41,600**	41,600
Other receivables from:	**1,143,791**	967,614
– Related parties	**287,751**	298,936
– Third parties	**856,040**	668,678
	2,214,502	2,196,727

(a) Trade receivables are mainly derived from sales of properties and rental income. Sales proceeds and rental fee are paid in accordance with the terms of the related sales and purchase agreements and rental contracts. As at 30 June 2015 and 31 December 2014, the ageing analysis of the trade receivables of the Group based on billing date is as follows:

	30 June 2015 RMB'000	31 December 2014 RMB'000
Not due	**368,562**	347,694
Within 90 days	**416,311**	533,945
Over 90 days	**264,488**	332,432
	1,049,361	1,214,071

As at 30 June 2015, trade receivables of RMB72,144,000 (31 December 2014: RMB37,741,000) were past due but not impaired. As the Group normally holds collateral of the properties before collection of the outstanding balances and passing the titles to the purchasers, the Group considers that the past due trade receivables would be recovered and no provision was made against past due receivables.

	30 June 2015 RMB'000	31 December 2014 RMB'000
Over 90 days	**72,144**	37,741

As of 30 June 2015, trade receivables of RMB21,744,000 were past due and impaired (31 December 2014: RMB37,553,000) and provision of RMB20,250,000 (31 December 2014: RMB26,558,000) has been made. The individually impaired receivables mainly relate to customers who have been in severe financial difficulties and irrecoverable.

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

	Six months ended 30 June	
	2015 *RMB'000*	2014 *RMB'000*
At 1 January	**26,558**	11,735
Provision for receivables impairment	**8,281**	5,402
Receivables written off during the period as uncollectible	**(14,589)**	(218)
At 30 June	**20,250**	16,919

5 Borrowings

	30 June 2015	31 December 2014
	RMB'000	*RMB'000*
Borrowings included in non-current liabilities:		
Senior notes	**3,880,790**	3,871,221
– senior notes due September 2017	**1,519,433**	1,514,307
– senior notes due January 2018	**1,560,519**	1,558,977
– senior notes due May 2016	**800,838**	797,937
Bank borrowings – secured	**11,878,042**	9,904,974
Other borrowings – secured	**2,180,800**	2,245,880
Borrowings under sale and lease back agreement – secured	**–**	36,569
Less: amounts due within one year	**(3,276,012)**	(1,764,601)
	14,663,620	14,294,043
Borrowings included in current liabilities:		
Bank borrowings	**1,465,702**	2,267,443
– secured	**1,445,702**	2,194,093
– unsecured	**20,000**	73,350
Other borrowings – secured	**243,810**	258,897
Current portion of long-term borrowings	**3,276,012**	1,764,601
	4,985,524	4,290,941
Total borrowings	**19,649,144**	18,584,984

6 Trade and other payables

	30 June 2015	31 December 2014
	RMB'000	*RMB'000*
Trade payables	**4,933,039**	3,226,856
– Related parties	**14,310**	19,471
– Third parties	**4,427,370**	2,801,559
– Notes payable – third parties	**491,359**	405,826
Other payables and accruals	**4,521,770**	3,890,929
– Related parties	**2,944,197**	2,667,462
– Third parties	**1,577,573**	1,223,467
Payables for retention fee	**367,178**	290,554
Payables for acquisition of land use rights	**300,732**	127,385
Other taxes payable	**150,611**	191,358
Dividend payable to owners of the Company	**249,414**	–
	10,522,744	7,727,082

As at 30 June 2015 and 31 December 2014, the ageing analysis of trade payables of the Group based on invoice date were as follows:

	30 June 2015	31 December 2014
	RMB'000	*RMB'000*
Within 90 days	**2,386,336**	1,276,894
Over 90 days and within 180 days	**1,147,970**	869,601
Over 180 days and within 365 days	**727,178**	272,872
Over 365 days and within 3 years	**671,555**	807,489
	4,933,039	3,226,856

7 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	
	2015	2014
	RMB'000	*RMB'000*
Cost of properties sold (excluding staff costs)	**2,538,679**	2,530,275
Staff costs (including directors' emoluments)	**349,068**	267,031
Business taxes and other levies	**273,472**	249,736
Cost of hotel operations (excluding staff costs)	**115,015**	111,848
Advertising costs	**119,091**	103,647
Depreciation	**65,742**	63,192
Cost of property management services (excluding staff costs)	**56,540**	40,446
Donations to governmental charity	**23,356**	8,358
Office lease payments	**8,159**	7,349
Amortisation of land use rights	**9,095**	8,306
Auditor's remuneration	**2,000**	2,000

8 Other gains/(losses) – net

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
Fair value gains/(losses) on derivative financial instruments	**9,213**	(28,336)
Gain/(losses) from financial instruments	**4,117**	(1,021)
Others	**(320)**	–
	13,010	(29,357)

9 Finance income/(costs) – net

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
Interest expenses:		
– Bank borrowings, other borrowings and finance lease liabilities	**(584,415)**	(449,104)
– Senior notes	**(217,012)**	(307,843)
Less: interest capitalised	**794,948**	728,388
	(6,479)	(28,559)
Net foreign exchange gains/(losses) on financing activities	**9,066**	(45,022)
	2,587	(73,581)

10 Income tax expenses

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
Current income tax:		
– PRC corporate income tax	**165,069**	312,704
– PRC land appreciation tax	**199,429**	8,287
	364,498	320,991
Deferred income tax:		
– PRC corporate income tax	**221,039**	(60,168)
	585,537	260,823

PRC corporate income tax

The income tax provision of the Group in respect of operations in the PRC 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.

In accordance with the Corporate Income Tax Law of the People's Republic of China (the "**CIT Law**"), which is effective from 1 January 2008, the corporate income tax rate applicable to the group entities located in Mainland China is 25%.

According to the CIT Law and Implementation Rules, 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 taxation method approved by 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 direct 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.

11 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 the Share Award Scheme.

	Six months ended 30 June	
	2015	2014
Profit attributable to owners of the Company (RMB'000)	**1,030,458**	758,823
Weighted average number of ordinary shares in issue (thousand shares)	**3,951,923**	3,958,425
Basic earnings per share (RMB cents per share)	**26.075**	19.170

(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 for the period ended 30 June 2015) 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	
	2015	2014
Profit attributable to owners of the Company (RMB'000)	**1,030,458**	758,823
Weighted average number of ordinary shares for diluted earnings per share (thousand shares)	**3,958,353**	3,960,775
– Weighted average number of ordinary shares for basic earnings per share (thousand shares)	**3,951,923**	3,958,425
– Adjustment for share options and awarded shares (thousand shares)	**6,430**	2,350
Diluted earnings per share (RMB cents per share)	**26.032**	19.158

As for the Pre-IPO Share Option, as the average market share price of the ordinary shares during the period ended 30 June 2015 was lower than the subscription price, which will have no impact on adjusting the weighted average number of the ordinary shares (six months ended 30 June 2014: same).

12 Dividends

No interim dividend in respect of six months ended 30 June 2015 was proposed by the Board (six months ended 30 June 2014: nil).

2014 final cash dividend amounting to RMB252,278,000 (2013: nil) has been approved by Annual General Meeting on 9 June 2015 and not yet paid up to 30 June 2015. The net dividends of RMB249,414,000 after deducting dividend of RMB2,864,000 payable to the Share Award Scheme Trust (six months ended 30 June 2014: nil), is treated as transaction with owners in the condensed consolidated interim statement of changes in equity for the six months ended 30 June 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

Looking back to the first half of year 2015, the real estate policy in China continued to be loose as in 2014 under the persistent pressure of the general macroeconomic environment. The Central Government emphasized on stabilizing the housing consumption, supporting self-living and improved housing demand and improving the market environment as well as facilitating the steady development of the real estate market. In the first half of 2015, upon promulgation of several rounds of finance and credits related measures, the real estate market recovered gradually as compared to last year, where first and second tiers cities were the first to record a rebound in transaction amount. It is expected that effects of loose policies will be reflected further in the second half of 2015, while the development of real estate market will continue to be steady.

BUSINESS REVIEW

For the six months ended 30 June 2015, 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. During the period under review, property development remained the key revenue driver of the Group.

Property Development

For the six months ended 30 June 2015, contracted sales of the Group reached approximately RMB7,080 million (for the six months ended 30 June 2014: RMB3,689 million), representing an increase of approximately 91.9% as compared to the corresponding period in 2014. For the six months ended 30 June 2015, contracted sales area of the Group amounted to approximately 749,640 square meters (for the six months ended 30 June 2014: 430,887 square meters), representing an increase of approximately 74.0% as compared to the corresponding period in 2014.

Leveraging on the experienced management team, the Group is capable to recognize the market trend, proactively respond to market changes and flexibly adjust sales strategy in different regions and projects, so as to realize rapid growth in contracted sales.

During the period under review, key contributing projects of the Group are located in Shanghai, Hangzhou, Fuyang, Tianjin, Dongying and Xiamen.

Set forth below is the distribution of contracted sales during the period under review:

Distribution	For the six months ended 30 June 2015 Sales area	Sales amount	Average selling price
	sq.m.	*RMB'000*	*RMB/sq.m.*
Commercial	192,236	3,683,996	19,164
Residential	557,404	3,396,182	6,093
Total	749,640	7,080,178	9,445

Investment Properties and Property Management Services

To generate stable and recurring income, the Group also retains and operates certain commercial properties, such as shopping malls, for leasing. As at 30 June 2015, the Group had an aggregate gross floor area ("**GFA**") of approximately 2.9 million square meters (as at 31 December 2014: 2.6 million square meters) held as investment properties, representing an increase of approximately 11.5% as compared with that in as at 31 December 2014.

As at 30 June 2015, the Group operated and managed 19 commercial plazas, number of operating projects and operating area are both among the forefront of the industry. In February 2015, Qingdao Jiaozhou Powerlong Plaza, which is operated by the Group, successfully commenced operation with an overall occupancy rate of over 90%. Jiaozhou Powerlong Plaza is the fourth city complex in Qingdao opened by the Group.

Hotel Development

The Group continued to develop its hotel business as its long-term recurring income stream. As at 30 June 2015, the Group owned three star-rated hotels, namely, Four Points by Sheraton Qingdao, Four Points by Sheraton Tai'an and Four Points by Sheraton Taicang, two mid-range hotels, namely, Aloft Haiyang Hotel and Aloft Yancheng Hotel as well as one self-operated hotel, namely, ARTELS Powerlong Qingdao, and operated a hotel namely Shandong Penglai Powerlong Inn.

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 to five years. The Group positions Shanghai as core development region for the Group, while also actively seeking opportunities for land acquisition in Jiangsu Province, Zhejiang Province, Fujian Province and Shandong Province.

As at 30 June 2015, the Group had a land bank with a total GFA of approximately 12.8 million square meters, of which approximately 6.9 million square meters were properties under development, approximately 3.9 million square meters were properties held for future development and approximately 2.0 million square meters were shopping malls in operation. The land bank under development (including properties under development and construction and properties held for future development of approximately 10.8 million square meters) will be used for the development of large-scale commercial and residential properties with supermarkets, department stores, cinema complexes, food courts and other leisure facilities, quality residential properties, serviced apartments and hotels.

During the period under review, the Group upheld cautious and stringent standards on land investment decision, one parcel of land located in Shanghai was acquired.

OUTLOOK

In the second half of 2015, the Group will continue to implement the strategy of "focus on Shanghai and intensive development in Yangtze River Delta", identify development opportunities of new projects based on the development needs of the Group and control land prices prudently and strictly. The Group will also expand financing channels, adjust financial structure and strive to reduce financing costs. In terms of sales, the de-stocking process will be expedited in order to realize the annual sales target and achieve a further breakthrough in sales of office buildings. In addition, the Group will ensure the timely opening of new shopping malls and fully realize the market-oriented development of e-commerce platform. It is believed that the implementation of these strategies will build a solid foundation for the long-term sustainability of the Group.

FINANCIAL REVIEW

Revenue

Revenue of the Group mainly comprises of property sales, rental income from investment properties, income from property management services and other income from property development related services. For the six months ended 30 June 2015, the Group recorded a total revenue of approximately RMB4,728 million (for the six months ended 30 June 2014: RMB4,423 million), representing an increase of approximately 6.9% as compared to the corresponding period in 2014. This was mainly attributable to the increase in property sales, rental income from investment properties and income from property management services.

Property Sales

During the period under review, the Group strictly complied with its original completion and delivery schedule for the delivery of the corresponding projects. Revenue from projects sold and delivered during the six months ended 30 June 2015 amounted to approximately RMB4,073 million (for the six months ended 30 June 2014: RMB3,771 million), representing an increase of approximately 8.0% as compared to the corresponding period in 2014. This was mainly attributable to an increase in delivered GFA as compared to the corresponding period last year.

Set forth below are the distribution of the properties sold and delivered during the period under review:

		For the six months ended 30 June 2015		
		GFA sold & delivered *(sq.m)*	**Amount sold & delivered** *(RMB'000)*	**Average selling price** *(RMB/ sq.m)*
Shanghai Caolu Powerlong Plaza	Commercial	7,147	146,159	20,449
Shanghai Fengxian Powerlong Plaza	Commercial	19,213	529,855	27,578
Shanghai Hongqiao Powerlong City	Commercial	2,845	47,416	16,666
	Residential	7,609	142,908	18,780
Changzhou Powerlong Plaza	Commercial	659	9,137	13,865
	Residential	74,198	477,614	6,437
Zhenjiang Powerlong Plaza	Commercial	2,990	38,360	12,830
	Residential	87,790	409,418	4,664
Hangzhou Xiasha Powerlong Plaza	Residential	2,118	24,494	11,564
Qingdao Jimo Powerlong Plaza	Commercial	14,810	72,868	4,920
	Residential	624	2,796	4,483
Qingdao Jiaozhou Powerlong Plaza	Commercial	34,753	229,308	6,598
	Residential	52,598	295,482	5,618
Yantai Penglai Powerlong Plaza	Commercial	627	5,291	8,434
Yantai Haiyang Powerlong City	Commercial	514	4,360	8,480
Xiamen Powerlong Lakeside Mansions	Commercial	692	21,288	30,764
	Residential	200	8,140	40,612
Quanzhou Anxi Powerlong Plaza	Commercial	26,357	191,000	7,247
Quanzhou Jinjiang Powerlong Plaza	Commercial	9,097	49,089	5,396
	Residential	1,776	11,196	6,304

		For the six months ended 30 June 2015		
		GFA sold & delivered	**Amount sold & delivered**	**Average selling price**
		(sq.m)	*(RMB'000)*	*(RMB/ sq.m)*
Quanzhou Yongchun Powerlong Plaza	Commercial	2,279	24,944	10,947
Zhangzhou Yunxiao General Avenue No.1	Commercial	507	8,648	17,070
	Residential	9,225	47,877	5,190
Luoyang Powerlong Plaza	Commercial	20,528	179,184	8,729
	Residential	130,760	738,796	5,650
Xinxiang Powerlong Plaza	Commercial	7,744	90,698	11,713
	Residential	46,979	225,037	4,790
Chongqing Hechuan Powerlong Plaza	Commercial	2,957	31,919	10,793
	Residential	76	1,973	25,846
Other Projects	Commercial	910	8,176	8,987
Total		**568,583**	**4,073,434**	**7,164**
	Commercial	154,629	1,687,701	10,915
	Residential	413,954	2,385,733	5,763

Rental Income from Investment Properties and Income from Property Management Services

For the six months ended 30 June 2015, the Group recorded a rental income from investment properties of approximately RMB260 million (for the six months ended 30 June 2014: RMB212 million), representing an increase of approximately 22.6% as compared to the amount in the corresponding period in 2014.

For the six months ended 30 June 2015, the income from property management services fee generated by the Group from providing property management services, after intra-group elimination, amounted to approximately RMB244 million (for the six months ended 30 June 2014: RMB223 million), representing an increase of approximately 9.4% as compared to the amount in the corresponding period in 2014.

For the six months ended 30 June 2015, the rental income from investment properties and income from property management services amounted to RMB504 million (for the six months ended 30 June 2014: RMB436 million), representing an increase of approximately 15.6% as compared to the amount in the corresponding period in 2014. In addition to the increasing areas of properties held and commercial and residential properties managed by the Group, rental income generated from shopping malls operated by the Company increased due to the continuous enhancement of quality in operation of malls, thereby attracting more new tenants.

Income from Other Property Development Related Services

Income from other property development related services mainly comprises of income from hotel operation, income from department stores retail sales and revenue from amusement park businesses, construction and decoration services. For the six months ended 30 June 2015, the Group's other income amounted to RMB151 million (for the six months ended 30 June 2014: RMB216 million), representing a decrease of approximately 30.1% as compared to the amount in the corresponding period in 2014, mainly due to the structural adjustment in other businesses.

Cost of Sales

Cost of sales of the Group mainly represents the cost directly attributed to the Group's own property development activities. It comprises cost of land use rights, construction costs, decoration costs, capitalized interest expenses and business taxes. For the six months ended 30 June 2015, cost of sales amounted to approximately RMB3,203 million (for the six months ended 30 June 2014: RMB3,131 million), representing an increase of approximately 2.3% as compared to the amount in the corresponding period in 2014, mainly due to the increase in total costs as a result of the increase in total GFA of properties sold and delivered during the period under review.

Gross Profit and Margin

For the six months ended 30 June 2015, the Group recorded gross profit of RMB1,526 million (for the six months ended 30 June 2014: RMB1,292 million), representing an increase of approximately 18.1% as compared to the amount in the corresponding period in 2014. Gross profit margin rose from 29.2% in the corresponding period in 2014 to 32.3% for the six months ended 30 June 2015, mainly due to the increase in properties with a higher gross profit delivered during the period under review.

Fair Value Gains of Investment Properties

For the six months ended 30 June 2015, the Group recorded revaluation gains of approximately RMB701 million (for the six months ended 30 June 2014: RMB214 million), representing an increase of approximately 227.6% over the amount in the corresponding period in 2014. The revaluation gains were mainly due to the increase of investment properties under construction.

Selling and Marketing Costs and Administrative Expenses

For the six months ended 30 June 2015, selling and marketing costs and administrative expenses amounted to approximately RMB560 million (for the six months ended 30 June 2014: RMB484 million), representing an increase of approximately 15.7% as compared with that in the corresponding period in 2014, which was mainly attributable to the Group's business expansion which in turn expanded the scale of projects sold and managed. Despite so, the Group will continue to maintain a stringent control over all expenses.

Share of Profit of Investments Accounted for Using Equity Method

For the six months ended 30 June 2015, share of post-tax profit of joint ventures amounted to RMB42 million (for the six months ended 30 June 2014: RMB52 million), representing a decrease of approximately 19.2% as compared to the corresponding period in 2014, mainly due to the decrease in revenue from properties of joint venture projects sold and delivered in the corresponding period.

Income Tax Expenses

Income tax expenses amounted to RMB586 million (for the six months ended 30 June 2014: RMB261 million) for the six months ended 30 June 2015, representing an increase of approximately 124.5% as compared with the corresponding period in 2014, primarily due to the increase in profit before tax.

Profit Attributable to Owners of the Company

For the six months ended 30 June 2015, the Group recorded a profit attributable to owners of the Company of RMB1,030 million (for the six months ended 30 June 2014: RMB759 million), representing an increase of approximately 35.7% over the corresponding period in 2014.

For the six months ended 30 June 2015, basic earnings per share was RMB26.08 cents (for the six months ended 30 June 2014: RMB19.17 cents), representing an increase of approximately 36.0% over the corresponding period in 2014.

Core earnings (excluding the profit attributable to fair value gains on investment properties during the period under review) for the six months ended 30 June 2015 reached approximately RMB618 million (for the six months ended 30 June 2014: RMB556 million), increased by approximately 11.2% as compared with that in the corresponding period in 2014.

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, and cash proceeds raised from bank and other borrowings and 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 RMB4,998 million in total as at 30 June 2015 (as at 31 December 2014: RMB4,949 million).

Borrowings

Total borrowings as at 30 June 2015 was RMB19,649 million, comprising bank and other borrowings of approximately RMB15,768 million and senior notes of approximately RMB3,881 million.

Out of the total borrowings, RMB4,986 million was repayable within one year, while approximately RMB14,663 million was repayable after one year.

As at 30 June 2015, the Group's net gearing ratio (which is calculated by dividing total borrowings less cash and cash equivalents and restricted cash over total equity) was 68.3% (as at 31 December 2014: 66.2%).

Total interest charges for the six months ended 30 June 2015 amounted to RMB801 million, representing an increase of approximately 5.8% as compared to RMB757 million in the corresponding period in 2014, mainly due to an increase in total borrowings.

Credit Policy

Trade receivables mainly arises 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 30 June 2015, 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 RMB27,015 million to secure borrowings of the Group (as at 31 December 2014: RMB29,332 million). The total secured borrowings as at 30 June 2015 amounted to RMB15,748 million (as at 31 December 2014: RMB14,640 million).

Financial Guarantees

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

	30 June 2015 *RMB'000*	31 December 2014 *RMB'000*
Guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties	**7,116,037**	6,462,924
Guarantees for borrowings of joint ventures	**2,431,330**	1,670,730
	9,547,367	8,133,654

Commitment

(1) *Commitments for property development expenditures*

	30 June 2015 *RMB'000*	31 December 2014 *RMB'000*
Contracted but not provided for		
– Property development activities	**5,613,503**	6,261,982
– Acquisition of land use rights	**16,259**	41,461
	5,629,762	6,303,443

(2) *Operating leases commitments*

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

	30 June 2015 *RMB'000*	31 December 2014 *RMB'000*
Not later than one year	**9,297**	15,887
Later than one year and not later than two years	**1,064**	1,862
Later than two years and not later than three years	**–**	191
	10,361	17,940

FOREIGN CURRENCY RISK

The Group primarily operates its business in the PRC. The currency in which the Group denominates and settles substantially all of its transactions is Renminbi. Any depreciation of Renminbi would adversely affect the value of any dividends the Group pay to shareholders outside of the PRC. The Group currently does not engage in hedging activities designed or intended to manage foreign exchange rate risk.

MATERIAL ACQUISITION AND DISPOSAL

During the six months ended 30 June 2015, the Group did not have any material acquisition or disposal.

EMPLOYEES AND EMOLUMENT POLICY

As at 30 June 2015, the Group employed a total of 6,973 employees (as at 30 June 2014: 5,976 employees). The total staff costs of the Group incurred during the period under review was approximately RMB349 million (for the six months ended 30 June 2014: RMB267 million). The Group adopts a performance-based rewarding system to motivate its staff. The Group also provides 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 2015 (for the six months ended 30 June 2014: Nil).

CORPORATE GOVERNANCE

The Company is committed to the establishment of good corporate governance practices and procedures for enhancing investor confidence in the Company and the Company's accountability. Throughout the six months ended 30 June 2015, the Company has complied with all the applicable 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**").

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2015.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules as the code for dealing in securities of the Company by the Directors. After specific inquiry to all Directors, it is confirmed that all Directors have complied with the required standard set out in the Model Code for the six months ended 30 June 2015. Relevant employees who are likely to be in possession of unpublished inside information of the Group are also subject to compliance with guidelines on securities transactions on no less exacting terms than the Model Code. No incident of non-compliance was noted by the Company to date.

SUFFICIENCY OF PUBLIC FLOAT

Based on information available to the Company and to the best knowledge of the Directors, throughout the six months ended 30 June 2015, the Company has maintained a sufficient public float of more than 25% of the Company's total number of issued shares as required under the Listing Rules.

AUDIT COMMITTEE

The Company has established an audit committee ("**Audit Committee**") 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, Dr. Mei Jian Ping and Dr. Ding Zu Yu.

The Audit Committee has reviewed the unaudited interim results for the six months ended 30 June 2015 with the Company's management. The Audit Committee has no disagreement with the accounting treatment adopted by the Company.

PUBLICATION OF INTERIM REPORT

The interim report of the Company for the six months ended 30 June 2015 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, 18 August 2015

As at the date of this announcement, the executive directors of the Company are Mr. Hoi Kin Hong, Mr. Hoi Wa Fong, Mr. Xiao Qing Ping, Ms. Shih Sze Ni and Mr. Guo Jun; the non-executive Director is Ms. Hoi Wa Fan; and the independent non-executive directors of the Company are Dr. Ngai Wai Fung, Dr. Mei Jian Ping and Dr. Ding Zu Yu.