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)

2015 ANNUAL RESULTS ANNOUNCEMENT

SUMMARY OF RESULTS

- For the year ended 31 December 2015, contracted sales amounted to approximately RMB14,305 million, representing an increase of approximately 34.3% as compared with the corresponding period in 2014.

- For the year ended 31 December 2015, revenue amounted to approximately RMB11,907.3 million, representing an increase of approximately 23.2% as compared with the corresponding period in 2014.

- For the year ended 31 December 2015, rental income and income from property management services amounted to approximately RMB1,101.1 million, representing an increase of approximately 20.7% as compared with the corresponding period in 2014.

- For the year ended 31 December 2015, gross profit margin amounted to 32.9%, representing an increase as compared with 28.8% of the corresponding period in 2014.

- For the year ended 31 December 2015, net profit amounted to approximately RMB2,335.1 million, representing an increase of approximately 54.9% as compared with the corresponding period in 2014.

- For the year ended 31 December 2015, core earnings (being the profit for the year after excluding the profit attributable to fair value gains on investment properties) was approximately RMB1,207.4 million, representing an increase of approximately 14.1% as compared with the corresponding period in 2014.

- The Board recommends the payment of a final dividend of HK$9.0 cents per ordinary share for the year ended 31 December 2015.

The board (the "Board") of directors (the "Directors") of Powerlong Real Estate Holdings Limited (the "Company") is pleased to announce its annual consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2015, together with comparative figures for the year ended 31 December 2014, which is set out below.

CONSOLIDATED BALANCE SHEET

		31 December	
		2015	2014
	Note	***RMB'000***	*RMB'000*
ASSETS			
Non-current assets			
Property and equipment		**2,354,664**	1,898,666
Land use rights		**1,033,527**	797,138
Investment properties	3	**28,370,318**	24,381,596
Investments accounted for using the equity method		**1,523,949**	1,548,554
Deferred income tax assets		**394,724**	380,313
Available-for-sale financial assets		**318,000**	–
Prepayments		**407,880**	–
		34,403,062	29,006,267
Current assets			
Properties under development		**13,010,714**	13,668,618
Completed properties held for sale		**9,086,095**	6,162,421
Trade and other receivables	4	**2,392,543**	2,196,727
Prepayments		**671,529**	852,374
Prepaid taxes		**356,048**	300,334
Available-for-sale financial assets		**16,491**	16,042
Financial assets at fair value through profit or loss		**–**	1,500
Restricted cash		**1,085,889**	603,687
Cash and cash equivalents		**5,639,843**	4,345,757
		32,259,152	28,147,460
Total assets		**66,662,214**	57,153,727
EQUITY			
Equity attributable to owners of the Company			
Share capital and premium		**2,979,696**	2,979,696
Other reserves		**656,386**	664,827
Retained earnings		**16,808,903**	14,965,316
		20,444,985	18,609,839
Perpetual Capital Instruments		**1,305,161**	1,302,139
Non-controlling interests		**1,008,383**	697,504
Total equity		**22,758,529**	20,609,482

	Note	31 December 2015 RMB'000	2014 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	*5*	**16,635,538**	14,294,043
Deferred income tax liabilities		**3,685,327**	3,314,613
Derivative financial instruments		**170,907**	81,178
		20,491,772	17,689,834
Current liabilities			
Trade and other payables	*6*	**9,950,897**	7,727,082
Advances from customers		**4,563,340**	4,641,997
Current income tax liabilities		**2,815,776**	2,194,391
Borrowings	*5*	**6,010,951**	4,290,941
Derivative financial instruments		**70,949**	–
		23,411,913	18,854,411
Total liabilities		**43,903,685**	36,544,245
Total equity and liabilities		**66,662,214**	57,153,727

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 December	
		2015	2014
	Note	***RMB'000***	*RMB'000*
Revenue	*2*	**11,907,300**	9,662,995
Cost of sales	*7*	**(7,985,447)**	(6,880,023)
Gross profit		**3,921,853**	2,782,972
Fair value gains on investment properties – net	*3*	**1,503,628**	599,325
Selling and marketing costs	*7*	**(486,118)**	(395,666)
Administrative expenses	*7*	**(735,212)**	(676,140)
Other losses – net	*8*	**(140,586)**	(124,963)
Exchange (losses)/gains – net		**(9,178)**	4,721
Operating profit		**4,054,387**	2,190,249
Finance costs – net	*9*	**(364,189)**	(30,606)
Share of profit/(loss) of investments accounted for using the equity method		**157,659**	(709)
Profit before income tax		**3,847,857**	2,158,934
Income tax expense	*10*	**(1,512,768)**	(651,340)
Profit for the year		**2,335,089**	1,507,594
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Revaluation gains on property and equipment and land use rights transferred to investment properties, net of tax		**–**	149,379
Items that may be reclassified to profit or loss:			
Change in fair value of available-for-sale financial assets, net of tax		**8,549**	(259)
Total other comprehensive income for the year, net of tax		**8,549**	149,120
Total comprehensive income for the year		**2,343,638**	1,656,714

		Year ended 31 December	
		2015	2014
	Note	***RMB'000***	*RMB'000*
Profit attributable to:			
Owners of the Company		**2,071,110**	1,370,828
Holders of Perpetual Capital Instruments		**153,100**	36,750
Non-controlling interests		**110,879**	100,016
		2,335,089	1,507,594
Total comprehensive income attributable to:			
Owners of the Company		**2,079,659**	1,519,948
Holders of Perpetual Capital Instruments		**153,100**	36,750
Non-controlling interests		**110,879**	100,016
		2,343,638	1,656,714
Earnings per share for profit attributable to owners of the Company for the year (expressed in RMB cents per share)			
– Basic	*11*	**52.41**	34.56
– Diluted		**52.32**	34.54

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 BASIS OF PREPARATION

These consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets at fair value through profit or loss, investment properties and derivative financial instruments which are carried at fair value.

The preparation of these consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

(a) New and amended standards 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 new and amended standards did not have any material impact on the consolidated financial statements except for disclosure.

(b) New Hong Kong Companies Ordinance (Cap. 622)

The requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

(c) The following new standards and interpretations and amendments to standards have been issued but are not effective for the financial year beginning 1 January 2015 and have not been early adopted by the Group:

		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 38	Clarification of acceptable methods of depreciation and amortization	1 January 2016
Amendment to HKAS 16 and 41	Agriculture: bearer plants	1 January 2016
HKAS 27	Equity method in separate financial statements	1 January 2016
Annual improvements 2014	2012-2014 cycle	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
Amendments to IAS 12	Income taxes	1 January 2017
Amendments to IAS 7	Statement of cash flows	1 January 2017
HKFRS 15	Revenue from contracts with customers	1 January 2018
HKFRS 9	Financial instruments	1 January 2018
IFRS 16	Leases	1 January 2019
Amendment to HKAS 10 and 28	Sale or contribution of assets between an investor and its associate or joint venture	Deferred

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.

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.

Revenue consists of sales of properties, rental income of investment properties, income of property management services and other property development related services. Revenue of the year consists of the following:

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Sales of properties	**10,480,514**	8,265,185
Rental income of investment properties	**552,096**	444,772
Income of property management services	**549,030**	467,502
Income of other property development related services	**325,660**	485,536
	11,907,300	9,662,995

Segment results represents the profit earned by each segment without other losses, unallocated operating costs, finance costs, share of results of associates and joint ventures and income tax expenses. Other property development related services comprise hotels, KTVs and department store. The segment results and other segment items for the year ended 31 December 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	**10,480,514**	**552,096**	**622,067**	**325,660**	**–**	**11,980,337**
Inter-segment revenue	**–**	**–**	**(73,037)**	**–**	**–**	**(73,037)**
Revenue	**10,480,514**	**552,096**	**549,030**	**325,660**	**–**	**11,907,300**
Segment results	**2,866,922**	**1,693,231**	**1,588**	**(50,983)**	**–**	**4,510,758**
Other losses – net						**(140,586)**
Share of loss of investments accounted for using the equity method						**157,659**
Unallocated operating costs						**(315,785)**
Finance costs – net						**(364,189)**
Profit before income tax						**3,847,857**
Income tax expenses						**(1,512,768)**
Profit for the year						**2,335,089**
Depreciation	**11,030**	**–**	**5,838**	**116,401**	**–**	**133,269**
Amortisation of land use rights recognised as expenses	**–**	**–**	**–**	**22,853**	**–**	**22,853**
Fair value gains on investment properties – net	**–**	**1,503,628**	**–**	**–**	**–**	**1,503,628**

The segment results and other segment items included in the profit for the year ended 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*
Gross segment revenue	8,265,185	444,772	514,931	485,536	–	9,710,424
Inter-segment revenue	–	–	(47,429)	–	–	(47,429)
Revenue	8,265,185	444,772	467,502	485,536	–	9,662,995
Segment results	1,742,932	827,010	718	30,162	–	2,600,822
Other losses – net						(124,963)
Share of loss of investments accounted for using the equity method						(709)
Unallocated operating costs						(285,610)
Finance costs – net						(30,606)
Profit before income tax						2,158,934
Income tax expense						(651,340)
Profit for the year						1,507,594
Depreciation	18,901	–	5,118	108,646	–	132,665
Amortisation of land use rights recognised as expenses	–	–	–	15,846	–	15,846
Fair value gains on investment properties – net	–	599,325	–	–	–	599,325

Segment assets, liabilities and interests in joint ventures and an associate as at 31 December 2015 and capital expenditure for the year then ended are as follows:

	Property development *RMB'000*	Property investment *RMB'000*	Property management services *RMB'000*	Other property development related services *RMB'000*	Elimination *RMB'000*	Group *RMB'000*
Segment assets	**30,808,047**	**29,339,716**	**769,988**	**3,824,129**	**(3,052,907)**	**61,688,973**
Other assets						**4,973,241**
Total assets						**66,662,214**
Segment liabilities	**9,416,333**	**1,760,445**	**785,398**	**2,350,775**	**(3,052,907)**	**11,260,044**
Other liabilities						**32,643,641**
Total liabilities						**43,903,685**
Capital expenditure	**577,015**	**1,748,318**	**5,487**	**266,168**	**–**	**2,596,988**
Interests in joint ventures						**1,488,849**
Interests in an associate						**35,100**

Segment assets, liabilities and interests in a joint venture as at 31 December 2014 and capital expenditure for the year then ended are as follows:

	Property development *RMB'000*	Property investment *RMB'000*	Property management services *RMB'000*	Other property development related services *RMB'000*	Elimination *RMB'000*	Group *RMB'000*
Segment assets	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
Capital expenditure	241,162	3,526,739	3,514	826,994	–	4,598,409
Interest in a joint venture						1,512,375
Interest in an associate						36,179

Segment assets are reconciled to total assets as follows:

	31 December 2015 RMB'000	2014 RMB'000
Segment assets	**61,688,973**	55,479,733
Other assets		
– Prepaid taxes	**356,048**	300,334
– Deferred income tax assets	**394,724**	380,313
– Unallocated cash and cash equivalents and restricted cash	**3,431,264**	550,108
– Other receivables from related parties	**288,651**	298,936
– Unallocated property and equipment	**80,692**	81,221
– Other corporate assets	**87,371**	47,040
– Available-for-sale financial assets	**334,491**	16,042
Total assets	**66,662,214**	57,153,727

Segment liabilities are reconciled to total liabilities as follows:

	31 December 2015 RMB'000	2014 RMB'000
Segment liabilities	**11,260,044**	9,539,091
Other liabilities		
– Current income tax liabilities	**2,815,776**	2,194,391
– Deferred income tax liabilities	**3,685,327**	3,314,613
– Current borrowings	**6,010,951**	4,290,941
– Non-current borrowings	**16,635,538**	14,294,043
– Other payables to related parties	**2,995,850**	2,667,462
– Other corporate liabilities	**500,199**	243,704
Total liabilities	**43,903,685**	36,544,245

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 consolidated 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*
Year ended 31 December 2015			
At 1 January 2015	**19,138,427**	**5,243,169**	**24,381,596**
Additions	**10,602**	**1,737,716**	**1,748,318**
Transfers	**2,783,891**	**(2,783,891)**	**–**
Transfers from completed properties held for sale	**736,776**	**–**	**736,776**
Fair value (losses)/gains – net	**(382,711)**	**1,886,339**	**1,503,628**
At 31 December 2015	**22,286,985**	**6,083,333**	**28,370,318**
Total gains or losses for the year included in profit or loss for assets held at the end of the year, under 'other losses – net'	**(382,711)**	**1,886,339**	**1,503,628**
Change in unrealised gains or losses for the year included in profit or loss for assets held at the end of the year	**(382,711)**	**1,886,339**	**1,503,628**
Year ended 31 December 2014			
At 1 January 2014	18,433,700	1,156,630	19,590,330
Additions	201,779	3,324,960	3,526,739
Fair value (losses)/gains – net	(162,254)	761,579	599,325
Transfers from property and equipment and land use rights	689,765	–	689,765
Disposals	(24,563)	–	(24,563)
At 31 December 2014	19,138,427	5,243,169	24,381,596
Total gains or losses for the year included in profit or loss for assets held at the end of the year, under 'other losses – net'	(162,254)	761,579	599,325
Change in unrealised gains or losses for the year included in profit or loss for assets held at the end of the year	(162,254)	761,579	599,325

4 TRADE AND OTHER RECEIVABLES

	31 December 2015 RMB'000	2014 RMB'000
Trade receivables (Note (a))	**1,213,454**	1,214,071
– Related parties	**–**	38,395
– Third parties	**1,213,454**	1,175,676
Less: provision for impairment of trade receivables (Note (a))	**(19,165)**	(26,558)
Trade receivables – net	**1,194,289**	1,187,513
Deposits for acquisition of land use rights	**171,600**	41,600
Other receivables from:	**1,026,654**	967,614
– Related parties	**288,651**	298,936
– Third parties	**738,003**	668,678
	2,392,543	2,196,727

(a) The majority of the Group's sales are derived from sales of properties and rental income. The remaining amounts are with credit terms of related sales and purchase agreements and rental contracts.

	31 December 2015 RMB'000	2014 RMB'000
Not due	**1,098,078**	1,138,777
Over due	**115,376**	75,294
	1,213,454	1,214,071

As at 31 December 2015 and 2014, the ageing analysis of trade receivables of the Group were as follows:

	31 December 2015 RMB'000	2014 RMB'000
Within 180 days	**57,349**	23,796
180 days to 365 days	**43,884**	34,064
Over 365 days	**14,143**	17,434
	115,376	75,294

As at 31 December 2015, trade receivables of RMB94,251,000 (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, the Group consider that these past due trade receivables would be recovered and no provision was made.

As at 31 December 2015, trade receivables of RMB21,125,000 were impaired (2014: RMB37,553,000) and a provision of RMB19,165,000 were provided (2014: RMB26,558,000). The individually impaired receivables mainly relate to certain lessees of the Group's investment properties, which are in unexpectedly difficult economic situations.

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

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
At 1 January	**26,558**	11,735
Provision for receivables impairment	**8,903**	15,958
Receivables written off during the year as uncollectible	**(16,296)**	(1,135)
At 31 December	**19,165**	26,558

5 BORROWINGS

	31 December	
	2015	2014
	RMB'000	*RMB'000*
Borrowings included in non-current liabilities:		
Senior notes	**5,277,750**	3,871,221
– senior notes due November 2018 ("2018 Notes (II)")	**1,283,462**	–
– senior notes due September 2017 ("2017 Notes")	**1,524,981**	1,514,307
– senior notes due January 2018 ("2018 Notes (I)")	**1,665,367**	1,558,977
– senior notes due May 2016 ("2016 Notes")	**803,940**	797,937
Bank borrowings – secured	**12,605,732**	9,904,974
Corporate Bonds	**993,458**	–
Other borrowings – secured	**1,653,074**	2,245,880
Borrowings under sale and lease back agreement – secured	**–**	36,569
Less: amounts due within one year	**(3,894,476)**	(1,764,601)
	16,635,538	14,294,043
Borrowings included in current liabilities:		
Bank borrowings	**2,035,475**	2,267,443
– secured	**2,009,575**	2,194,093
– unsecured	**25,900**	73,350
Other borrowings	**81,000**	258,897
– secured	**60,000**	258,897
– unsecured	**21,000**	–
Current portion of long-term borrowings	**3,894,476**	1,764,601
	6,010,951	4,290,941
Total borrowings	**22,646,489**	18,584,984

6 TRADE AND OTHER PAYABLES

	31 December **2015** *RMB'000*	2014 *RMB'000*
Trade payables	**4,852,330**	3,226,856
– Related parties	**31,859**	19,471
– Third parties	**4,249,674**	2,801,559
– Notes payable – third parties	**570,797**	405,826
Other payables and accruals	**4,278,769**	3,890,929
– Related parties	**2,995,850**	2,667,462
– Third parties	**1,282,919**	1,223,467
Payables for retention fee	**370,903**	290,554
Payables for acquisition of land use rights	**282,021**	127,385
Other taxes payables	**166,874**	191,358
	9,950,897	7,727,082

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

	31 December **2015** *RMB'000*	2014 *RMB'000*
Within 90 days	**1,507,787**	1,276,894
Over 90 days and within 180 days	**2,048,149**	869,601
Over 180 days and within 365 days	**537,941**	272,872
Over 365 days and within 3 years	**758,453**	807,489
	4,852,330	3,226,856

7 EXPENSES BY NATURE

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

	Year ended 31 December **2015** *RMB'000*	2014 *RMB'000*
Cost of properties sold (excluding staff costs)	**6,489,811**	5,565,321
Staff costs (including directors' emoluments)	**755,247**	638,680
Business taxes and other levies	**683,069**	576,474
Advertising costs	**269,834**	272,958
Cost of hotel operations (excluding staff costs)	**190,162**	170,989
Depreciation	**133,269**	132,665
Cost of property management service (excluding staff costs)	**159,776**	99,955
Office lease payments	**15,466**	16,131
Amortisation of land use rights	**22,853**	15,846
Donations to governmental charity	**30,038**	10,641
Auditor's remuneration	**5,999**	5,618
– Audit services	**4,300**	4,280
– Non-audit services	**1,699**	1,338

8 OTHER LOSSES – NET

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Gain on disposal of investment properties	**–**	(10,914)
Investment income from financial instruments	**(20,092)**	(6,469)
Fair value losses on derivative financial instruments	**160,678**	92,584
Early redemption cost of 2015 Notes	**–**	49,762
	140,586	124,963

9 FINANCE COSTS – NET

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Interest expenses:		
Bank borrowings, other borrowings and borrowings under sale and lease back agreement	**1,154,365**	1,053,566
Senior notes	**447,789**	570,569
Corporate bonds	**298**	–
Less: interest capitalised	**(1,508,424)**	(1,597,915)
	94,028	26,220
Foreign exchange losses on financing activities - net	**388,840**	4,386
Less: capitalised	**(118,679)**	–
	270,161	4,386
	364,189	30,606

10 INCOME TAX EXPENSES

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Current income tax:		
PRC corporate income tax	**608,909**	643,865
PRC land appreciation tax	**550,256**	90,490
Reversal of withholding income tax for profits to be distributed from the group companies in the PRC	**–**	17,000
Deferred income tax:		
PRC corporate income tax	**353,603**	(100,015)
	1,512,768	651,340

The income tax on the profit before income tax of the Group differs from the theoretical amount that would arise using the enacted tax rate of the home country of the group entities as follows:

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Profit before income tax	**3,847,857**	2,158,934
Calculated at applicable corporate income tax rate	**1,092,702**	527,213
Effect of expenses not deductible for income tax	**20,133**	9,597
Effect of income not subject to income tax	**(801)**	(1,367)
Share of (profit)/loss of investments accounted for using the equity method	**(39,415)**	177
Tax losses for which no deferred income tax asset was recognised	**27,457**	30,853
PRC land appreciation tax deductible for PRC corporate income tax purposes	**(137,564)**	(22,623)
	962,512	543,850
Reversal of withholding income tax for profits to be distributed by certain group companies in the PRC	**–**	17,000
PRC land appreciation tax	**550,256**	90,490
	1,512,768	651,340

PRC corporate income tax

The income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate on the estimated assessable profits for the year, based on the existing legislation, interpretations and practices in respect thereof. 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 Company's direct subsidiary in the British Virgin Islands was incorporated under the International Business Companies Act of the British Virgin Islands and, accordingly, is exempted from British Virgin Islands income tax.

Hong Kong profits tax

No provision for Hong Kong profits tax has been made in these consolidated financial statements as the Company and the Group did not have assessable profit in Hong Kong for the year. The profit of the group entities in Hong Kong is mainly derived from dividend income, which is not subject to Hong Kong profits tax.

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 year excluding ordinary shares purchased by the Group and held for Share Award Scheme.

	Year ended 31 December	
	2015	2014
Profit attributable to owners of the Company (RMB'000)	**2,071,110**	1,370,828
Weighted average number of ordinary shares in issue (thousand shares)	**3,951,923**	3,966,152
Basic earnings per share (RMB cents per share)	**52.41**	34.56

(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.

	Year ended 31 December	
	2015	2014
Profit attributable to owners of the Company (RMB'000)	**2,071,110**	1,370,828
Weighted average number of ordinary shares for diluted earnings per share (thousand shares)	**3,958,607**	3,968,511
– Weighted average number of ordinary shares for basic earnings per share (thousand shares)	**3,951,923**	3,966,152
– Adjustment for share options and awarded shares (thousand shares)	**6,684**	2,359
Diluted earnings per share (RMB cents per share)	**52.32**	34.54

12 DIVIDENDS

The Board recommended the payment of a final dividend of HK$9.0 cents (equivalent to RMB7.54 cents) per ordinary share. The totalling amount of HK$359,756,000 (equivalent to RMB301,397,000) is based on the ordinary shares in issue as of 31 December 2015. Such dividend is subject to approval by the shareholders at the Annual General Meeting on 13 June 2016. These consolidated financial statements do not reflect this dividend payable.

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Proposed final dividends (2014: HK$8.0 cents)	**301,397**	252,278

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

In 2015, the PRC central government adhered to its overarching message of seeking progress in stability in light of the global economic slowdown and implemented a series of innovative marco-control policies targeted at steady growth to buoy up the economy within a reasonable level and unceasingly improve people's livelihood. With respect to PRC property market, under the principle of "reducing inventories", the central and local government had carried out various supportive policies to lower costs of home purchases and encourage demand for better housing. Stimulated by relaxed policies, property market in first-tier and second-tier cities in the PRC were making remarkable recovery, whereas third-tier and fourth-tier cities were still under rather considerable inventory pressure.

BUSINESS REVIEW

For the year ended 31 December 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 year under review, property development remained the main revenue stream of the Group.

The Group adhered to the development strategy of "Focus on Shanghai and Intensive Development in Yangtze River Delta" in order to accurately adapt itself along the market trend under such complicated and dynamic market environment. With the combination of the year's operating strategy of "Reducing Inventories, Enhancing Efficiency, Becoming Benchmark, Creating Breakthroughs", the Group recorded satisfactory results for the year under review.

Property Development

For the year ended 31 December 2015, the contracted sales of the Group reached approximately RMB14,305 million (2014: RMB10,648 million), representing an increase of approximately 34.3% as compared with the corresponding period in 2014. In 2015, the contracted sales area of the Group amounted to approximately 1,532,013 square meters (2014: 1,208,555 square meters), representing a year-on-year increase of approximately 26.8% over 2014.

With the combination of the various development strategies adopted by the Group, the Group's contracted sales as at 31 December 2015 once again hit a record high. During the year under review, the key contributing projects were located in Tianjin Binhai, Anhui Fuyang, Shanghai Hongqiao Powerlong City, Shanghai Qibao, Xiamen Powerlong One Mall and Shanghai Fengxian.

Set forth below is the distribution of the Group's contracted sales during the year under review:

	FY 2015		
Distribution	**Sales area**	**Sales amount**	**Average selling price**
	sq.m.	*RMB'000*	*RMB/sq.m.*
Commercial	522,698	8,255,071	15,793
Residential	1,009,315	6,049,458	5,994
Total	1,532,013	14,304,529	9,337

During the year under review, the remarkable sales performance proved the effectiveness of the measures adopted by the Group for boosting sales such as marketing team recomposition, additional marketing standards and maximized application of "we media". The enthusiastic reception of projects such as Tianjin Binhai, Anhui Fuyang, Shanghai Hongqiao Powerlong City, Shanghai Qibao, Xiamen Powerlong One Mall and Shanghai Fengxian further acknowledged the effectiveness and feasibility of the Group's strategy of developing products based on different markets.

Investment Properties and Property Management Services

To generate a stable and recurring income, the Group also retained and operated certain commercial properties, principally including shopping malls, for leasing. As at 31 December 2015, the Group had an aggregate GFA of approximately 3,014,349 square meters (2014: 2,832,095 square meters) held as investment properties (including investment properties completed and under construction), representing an increase of approximately 6.4% as compared with 2014.

During the year under review, the Group has completed the unprecedented intensive commencement mission. The seven property projects, namely Shanghai Fengxian Powerlong Plaza, Shanghai Lingang Powerlong Plaza, Shanghai Baoshan Powerlong Plaza, Hangzhou Xiaoshan Powerlong Plaza, Hangzhou Fuyang Powerlong Plaza, Zhenjiang Powerlong Plaza and Qingdao Jiaozhou Powerlong Plaza, which are operated by the Group, commenced operation successively in 2015. Among which, Shanghai Lingang Powerlong Plaza achieved an occupancy rate of 90%, while Shanghai Fengxian Project recorded a customer traffic of 500,000 within 3 days upon its opening.

Benefited from effective investment invitation and powerful preparation and organization, the outstanding opening performance of the newly operated projects realized the core business competitiveness of the Group as the whole.

Hotel Development

The Group continued to develop its hotel business as its long-term recurring income stream. The Group's Powerlong Hotel Group was officially established in July 2015, the core businesses of which are international brand hotels, own brand chain hotels and own brand chain restaurants. As of 31 December 2015, the Group owned seven international brand hotels, namely Four Points by Sheraton Qingdao, Four Points by Sheraton Tai'an, Four Points by Sheraton Taicang, Aloft Haiyang, Aloft Yancheng, Days Hotel Powerlong Chongqing and Radisson BLU Shanghai Pudong Jinqiao, three own brand chain hotels, namely ARTELS Qingdao, ARTELS Anxi and POWERLONG Inn. Penglai, and two own brand chain restaurants.

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. It adheres to the development strategy of "Focus on Shanghai and Intensive Development in Yangtze River Delta", refines planning and selectively obtains projects.

As at 31 December 2015, the Group had a quality land bank amounting to a total GFA of approximately 12.1 million square meters, of which approximately 6.4 million square meters were properties under development and construction, approximately 3.6 million square meters were properties held for future development and approximately 2.1 million square meters were malls in operation. The land bank under development will be used for the development of large-scale commercial and residential properties with supermarkets, department stores, cinema complexes, food courts, leisure facilities, quality residential properties, furnished apartments, office buildings and hotels.

During the year under review, the Group upheld cautious and stringent standards on land investment decision, and the following prime land parcels were added to the Group's land bank during the year 2015:

Name of project	**Usage**	**Site area**	**Total GFA***	**Land premium**
		'000 sq.m.	*'000 sq.m.*	*RMB million*
Shanghai Wujing Powerlong Plaza	Commercial	41	92	444
A parcel of land located at Baoyang Road, Baoshan District, Shanghai	Commercial	57	268	1,222
A parcel of land located at Jiuting, Songjiang District, Shanghai**	Commercial	83	302	1,236
Total		181	662	2,902

* Total GFA includes underground car parking spaces

** This projects is held by joint venture, the Company holds 33% of the project company

Outlook

For the year 2016, as the PRC central government continues to strive to seek progress in stability, it will follow stable macroeconomic policies with ongoing improvement in order to sustain high economic growth, it is expected that the policies will remain relaxed, which in turn shall facilitate the stable and healthy development of real estate industry despite the future new norm of long-term adjustment in the property market. Further, to realize rapid urbanization and improvement of people's living standard and quality under the 13th Five Year Plan, it is anticipated that the central and local government will formulate policies depending on the situation of each city and keep unleashing demand for better housing in 2016.

Hence, the Group focuses on its own development and comes up with a "Five-Year Plan" according to the current national and foreign economic condition to draw up concrete blueprint for development in 2016-2020. The "Five-Year Plan" suggests a business property strategy of "three-incentive" on the main business segment for the Group to succeed in business operation, quality property provision and asset management. Identifying hotels, culture and investment as the supplementary segments of the Group, the strategy, on one hand, promotes the principles of profit-making, synergy and energy, ranked in order of importance, for creating greater value for the Group; on the other, offers the strategic factors of "Focus, Quality and Capital", which are interpreted as firmly focusing on the Yangtze River Delta where Shanghai is the core, enhancing the quality of our products and services comprehensively and strengthening market value management to improve returns to shareholders.

In view of the current development of the PRC property market, inventory reduction will remain the main marketing focus of the Group in 2016. The Group is confident in completing the goal of a further increase in sales targets of RMB15,000 million in 2016, representing a year-on-year increase of 15.4%. The Group will continue to reorganize the marketing team thoroughly, and define the management mechanism and allocation of VIP department, channel department and leasing department. Focusing on the Group's objective of commercial and office business, the Group will innovate in commercial sales mode and change the practice of lump-sum lease and sales of commercial buildings in line with its large-scale products. Customer experience program will be activated in Shanghai to diversify marketing channels, perfect customer system and achieve sales breakthrough.

"Delivery of Quality Products, Efficiency Enhancement and Launch of Benchmark Projects" is the business strategy of the Group in 2016. Stressing the importance of delivering quality products, the Group will strictly monitor the quality of the newly commenced projects. The Group will also comprehensively enhance efficiency by firmly and effectively implementing upgrade plans for all operating projects. In the meantime, the Group will systematically commence various projects with higher efficiency, so as to ensure leasing processes and opening of five commercial plazas in 2016, particularly the successful opening of two benchmark projects in Shanghai Qibao and Hangzhou Binjiang.

In early 2016, the headquarters of the Group has been relocated at the Shanghai Qibao Project. In addition to highlighting the development strategy of "Focusing on Shanghai" and building a solid foundation for future projects, it is also a benchmark event which indicates the success of adopting the overall development strategy by relocating its headquarter from Xiamen to Shanghai in 2010. This will significantly promote the Group's brand image.

To prepare for any new opportunities in 2016, the Group establishes a policy of "Strong Consensus, Quality Breakthrough, Effective Operation and Team Recomposition", striving for perfection and thorough capacity building to upgrade the Group's brand image. With the aim of realizing the successful opening of two benchmark projects in Shanghai Qibao and Hangzhou Binjiang in 2016, the Group will make every effort to strengthen its leading position in Shanghai and in the area of commercial properties, so as to maximize returns for its shareholders in the long run.

FINANCIAL REVIEW

Revenue

Revenue of the Group mainly comprises property sales, rental income from investment properties, income from property management services and income of other property development related services. During the year ended 31 December 2015, the Group recorded a total revenue of RMB11,907 million (2014: RMB9,663 million), representing an increase of approximately 23.2% when compared to the corresponding period in 2014. This was mainly attributable to increase in income from each business segment.

Property Sales

During the year under review, the Group strictly complied with its original completion and delivery schedule for the delivery of the corresponding projects. The revenue from projects sold and delivered for the year ended 31 December 2015 amounted to approximately RMB10,481 million (2014: RMB8,265 million), representing an increase of approximately 26.8% when compared with the corresponding period in 2014. This was mainly attributable to the increase in unit price of sales of properties.

Set forth below are the details regarding the properties sold and delivered during the year under review:

		For the twelve months ended 31 December 2015		
		GFA sold & delivered *(sq.m.)*	**Amount sold & delivered** *(RMB'000)*	**Average selling price** *(RMB/sq.m.)*
Shanghai Qibao Powerlong City	Commercial	24,309	911,049	37,477
Shanghai Caolu Powerlong Plaza	Commercial	14,643	291,321	19,895
Shanghai Fengxian Powerlong Plaza	Commercial	35,879	827,401	23,061
Shanghai Hongqiao	Commercial	28,180	361,011	12,811
Powerlong City	Residential	7,885	137,944	17,494
Shanghai Lingang Powerlong Plaza	Commercial	12,270	242,671	19,778

		For the twelve months ended 31 December 2015		
		GFA sold & delivered *(sq.m.)*	**Amount sold & delivered** *(RMB'000)*	**Average selling price** *(RMB/sq.m.)*
Shanghai Baoshan Powerlong Plaza	Commercial	3,976	118,157	29,717
Suzhou Taicang Powerlong Plaza	Commercial	471	2,665	5,661
Wuxi Powerlong Plaza	Commercial	232	1,909	8,224
Wuxi Yuqi Powerlong	Commercial	164	1,473	8,959
Riverside Garden	Residential	22,597	101,014	4,470
Changzhou Powerlong	Commercial	7,599	104,571	13,762
Plaza	Residential	79,637	511,675	6,425
Zhenjiang Powerlong	Commercial	4,812	63,818	13,263
Plaza	Residential	93,539	437,157	4,674
Suqian Powerlong	Commercial	4,468	26,575	5,948
Plaza	Residential	670	2,728	4,074
Hangzhou Xiasha	Commercial	3,972	109,376	27,536
Powerlong Plaza	Residential	2,691	30,191	11,220
Hangzhou Binjiang Powerlong City	Commercial	13,463	518,512	38,514
Hangzhou Fuyang	Commercial	8,472	127,552	15,055
Powerlong Plaza	Residential	83,413	748,076	8,968
Bengbu Powerlong Plaza	Commercial	513	10,079	19,645
Tianjin Powerlong City	Residential	139,008	851,020	6,122
Qingdao Chengyang	Commercial	710	11,341	15,977
Powerlong Plaza	Residential	1,063	7,726	7,265
Qingdao Licang Powerlong Plaza	Commercial	169	1,284	7,598
Qingdao Jimo	Commercial	14,825	73,106	4,931
Powerlong Plaza	Residential	914.21	4,120	4,506
Jiaozhou Powerlong	Commercial	15,154	141,986	9,370
Plaza	Residential	87,050	485,307	5,575
Tai'an Powerlong Plaza	Commercial	304	3,468	11,408
Yantai Penglai	Commercial	5,549	52,096	9,388
Powerlong Plaza	Residential	19,931	141,600	7,105
Yantai Haiyang	Commercial	514	4,468	8,693
Powerlong City	Residential	3,304	18,402	5,570

		For the twelve months ended 31 December 2015		
		GFA sold & delivered *(sq.m.)*	**Amount sold & delivered** *(RMB'000)*	**Average selling price** *(RMB/sq.m.)*
Yantai Laishan	Commercial	7,763	175,050	22,551
Powerlong Plaza	Residential	30,272	201,960	6,672
Xiamen Powerlong	Commercial	677	21,353	28,688
Lakeside Mansions	Residential	200	10,741	53,588
Quanzhou Anxi	Commercial	26,729	198,933	7,443
Powerlong Plaza	Residential	671	2,803	4,179
Quanzhou Jinjiang	Commercial	5,087	25,670	5,046
Powerlong Plaza	Residential	12,800	75,851	5,926
Quanzhou Yongchun	Commercial	3,840	43,806	11,407
Powerlong Plaza	Residential	87,033	417,415	4,796
Zhangzhou Yunxiao	Commercial	769	13,191	17,153
General Avenue No. 1	Residential	20,156	104,268	5,173
Zhengzhou Powerlong Plaza	Commercial	429	921	2,147
Luoyang Powerlong	Commercial	6,907	134,341	19,451
Plaza	Residential	149,794	812,393	5,424
Xinxiang Powerlong	Commercial	13,126	156,136	11,895
Plaza	Residential	62,415	298,079	4,776
Chongqing Hechuan	Commercial	3,481	34,854	10,012
Powerlong Plaza	Residential	63,955	269,900	4,220
Total		**1,238,454**	**10,480,514**	**8,463**
	Commercial	269,456	4,810,144	17,851
	Residential	968,998	5,670,370	5,852

Rental Income from Investment Properties and Income from Property Management Services

For the year ended 31 December 2015, the Group recorded rental income from investment properties of approximately RMB552 million (2014: RMB445 million), representing an increase of approximately 24.0% when compared to the corresponding period in 2014.

For the year ended 31 December 2015, income from property management services generated by the Group from providing property management services, after intra-group elimination, amounted to approximately RMB549 million (2014: RMB468 million), representing an increase of approximately 17.3% as compared to the corresponding period in 2014.

For the year ended 31 December 2015, rental income from investment properties and income from property management services fee amounted to RMB1,101 million (2014: RMB912 million), representing an increase of approximately 20.7% as compared to 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 malls operated by the Group also increased as a result of the continuous enhancement of quality in commercial operation, which in turn attracting a number of new tenants.

Income of Other Property Development Related Services

Income of other property development related services mainly comprises income from hotel operation, income from department stores retail sales and revenue from amusement businesses, construction and decoration services. For the year ended 31 December 2015, the Group's other income amounted to RMB326 million (2014: RMB486 million), representing a decrease of approximately 33% as compared to the corresponding period in 2014. The reason was mainly due to the decrease in income resulting from the divestment of department store business by the Company and the year-on-year increase in income from hotel operation.

Cost of Sales

Cost of sales mainly represents the cost directly related to the development of the Group's properties. It comprises cost of land use rights, construction costs, decoration costs, capitalized interest expenses and business taxes. Cost of sales for the year ended 31 December 2015 increased by approximately 16.1% to approximately RMB7,985 million (2014: RMB6,880 million) as compared with 2014, which was mainly due to the increase of unit cost as the properties sold and delivered during the year under review were mainly located in the first- and second-tier cities.

Gross Profit and Margin

For the year ended 31 December 2015, gross profit increased to RMB3,922 million (2014: RMB2,783 million) as compared with the corresponding period in 2014. Gross profit margin increased from 28.8% in 2014 to 32.9% in 2015.

Fair Value Gains of Investment Properties

For the year ended 31 December 2015, the Group recorded revaluation gains of approximately RMB1,504 million (2014: RMB599 million), representing an increase of 151.1% over the amount in 2014. The revaluation gains were mainly due to the increase in realization of the value of the investment properties located in the first- and second-tier cities.

Selling and Marketing Costs and Administrative Expenses

Selling and marketing costs and administrative expenses for the year ended 31 December 2015 amounted to approximately RMB1,221 million (2014: RMB1,072 million), representing an increase of approximately 13.9% over 2014, which was mainly due to the Group's business expansion, which in turn caused the expansion in scale of sales and management projects. The Group will continue to exercise stringent control over expenses and costs whilst at the same time strive to continue the Group's business expansion.

Share of Profit/(Loss) of Investments Accounted for Using the Equity Method

Share of post-tax profit of investments accounted for using the equity method amounted to RMB158 million (2014: loss amounted to RMB0.7 million), representing an increase of approximately 226.7% as compared with 2014. The increase was mainly due to an increase in income from joint ventures.

Income Tax Expenses

Income tax expense amounted to RMB1,513 million (2014: RMB651 million) for the year ended 31 December 2015, increased by approximately 132.4% as compared with 2014, primarily due to the increase of PRC land appreciation tax.

Profit Attributable to Owners of the Company

For the year ended 31 December 2015, the Group recorded profit attributable to owners of the Company of approximately RMB2,071 million (2014: RMB1,371 million), representing an increase of approximately 51.1% over 2014.

Basic earnings per share was RMB52.41 cents (2014: RMB34.56 cents), representing an increase of approximately 51.6% over 2014. The increase in the profit attributable to owners of the Company and basic earnings per share was mainly due to an increase in profit during the year under review.

Core profits (being the profit for the year after excluding the profit attributable to fair value gains on investment properties) for the year ended 31 December 2015 reached approximately RMB1,207 million (2014: RMB1,058 million), representing an increase of approximately 14.1% as compared with the corresponding period in 2014.

LIQUIDITY AND FINANCIAL RESOURCES

Cash Position

The short-term and long-term funding of the Group are primarily derived from income generated from core business operations, bank borrowings and cash proceeds raised from issuance 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 RMB6,726 million in total as at 31 December 2015 (2014: RMB4,949 million), representing an increase of approximately 35.9% as compared with the end of 2014.

Borrowings

Total borrowings of the Group as at 31 December 2015 was RMB22,646 million (2014: RMB18,585 million), representing an increase of approximately 21.9%. The Group's borrowings comprises bank and other borrowings of approximately RMB16,375 million, senior notes of approximately RMB5,278 million and corporate bonds of approximately RMB993 million.

Out of the total borrowings, RMB6,011 million was repayable within one year, while approximately RMB16,635 million was repayable after one year.

On 26 November 2015, the Company issued senior notes at 99.017% discount in an aggregate amount of USD200 million, with a nominal interest rate of 7.625% per annum and maturity date of 26 November 2018.

As at 31 December 2015, the Group had net gearing ratio (which is total borrowings less cash and cash equivalents and restricted cash over total equity) of 70.0% (31 December 2014: 66.2%).

Total interest expenses as at 31 December 2015 amounted to RMB1,602 million, representing a decrease of approximately 1.35% as compared to RMB1,624 million in 2014. The decrease was mainly due to the decrease of interest rate for the year under review. The effective interest rate decreased from 8.05% for 2014 to 7.55% for 2015, which was mainly due to the control over finance costs by the management.

Credit Policy

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

Pledge of Assets

As at 31 December 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 RMB27,191 million (2014: RMB29,332 million) to secure borrowings of the Group. The total secured borrowings as at 31 December 2015 amounted to RMB16,328 million (2014: RMB14,640 million).

Contingent Liabilities

As at 31 December 2015, the Group had no significant contingent liabilities.

Financial Guarantees

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

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
Guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties	**8,062,268**	6,462,924
Guarantees for borrowings of joint ventures	**2,158,830**	1,670,730
	10,221,098	8,133,654

Commitments

(1) *Commitments for property development expenditures*

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
Contracted but not provided for		
– Property development activities	**5,613,503**	6,261,982
– Acquisition of land use rights	**1,016,049**	41,461
	6,629,552	6,303,443

(2) *Operating leases commitments*

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

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
Not later than one year	**4,152**	15,887
Later than one year and not later than two years	**2,436**	1,862
Later than two years and not later than three years	**1,735**	191
	8,323	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. The Group will continue to monitor foreign exchange changes to best preserve the Group's cash value.

MATERIAL ACQUISITION AND DISPOSAL

For the year ended 31 December 2015, the Group did not have any material acquisition or disposal of subsidiaries and associated companies.

EMPLOYEES AND EMOLUMENT POLICY

For the year ended 31 December 2015, the Group employed a total of 8,219 employees (2014: 7,150 employees). The total staff costs of the Group for the year under review was RMB755.2 million. The Group has adopted a performance-based rewarding system to motivate its staff. In addition to a basic salary, year-end bonuses are offered to those staff with outstanding performance. The Group reviews the remuneration policies and packages on a regular basis and makes necessary adjustments commensurate with the pay level in the industry. In relation to staff training, the Group also provides different types of programs for its staff to improve their skills and develop their respective expertise.

The Group has also adopted a share option scheme (the "Share Option Scheme") and a pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") for the purpose of providing incentives and rewards to eligible participants, including the Directors, and full-time or part-time employees, executives or officers of the Group who had contributed to the success of the Group's operations. Further, the Company also adopted a share award scheme (the "Share Award Scheme") to recognize and motivate the contributions made to the Group by its employees and to give incentives in order to retain them for the continuous operation and development of the Group. Further information in relation to the Share Option Scheme, the Pre-IPO Share Option Scheme and Share Award Scheme will be available in the annual report of the Company for the year ended 31 December 2015.

ANNUAL GENERAL MEETING

The annual general meeting of the Company for the year ended 31 December 2015 is proposed to be held on Monday, 13 June 2016 (the "Annual General Meeting"). A notice convening the Annual General Meeting will be published and despatched in the manner as required by the Rules Governing Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") in due course.

FINAL DIVIDEND

At the Board meeting held on 15 March 2016, the Board recommends the payment of a final dividend of HK$9.0 cents per ordinary share for the year ended 31 December 2015. The final dividend is subject to the approval by shareholders at the Annual General Meeting. The final dividend, if approved by the Company's shareholders, will be paid on or around Monday, 4 July 2016 to the shareholders whose names appear on the register of members of the Company on Wednesday, 22 June 2016.

CLOSURE OF REGISTER OF MEMBERS

(a) Annual General Meeting

For the purpose of determining the shareholders' rights to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from Monday, 6 June 2016 to Monday, 13 June 2016, both days inclusive, during which period no transfer of shares of the Company will be registered.

In order to be eligible to attend and vote at the Annual General Meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Rooms 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Friday, 3 June 2016.

(b) Payment of the proposed final dividend

For the purpose of determining the shareholders' entitlement to the proposed final dividend for the year ended 31 December 2015, the register of members of the Company will be closed from Friday, 17 June 2016 to Wednesday, 22 June 2016, both days inclusive, during which period no transfer of shares of the Company will be registered.

In order to be qualified for the proposed final dividend for the year ended 31 December 2015, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Rooms 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Thursday, 16 June 2016.

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. Specific confirmation has been obtained from all Directors to confirm compliance with the required standard set out in the Model Code for the year ended 31 December 2015. No incident of non-compliance was noted by the Company to date. Relevant employees who are likely to be in possession of unpublished inside information of the Group are also subject to compliance with written guidelines on no less exacting terms than the Model Code for the year ended 31 December 2015.

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 year ended 31 December 2015.

CORPORATE GOVERNANCE

The Company is committed to the establishment of good corporate governance practices and procedures with a view to enhancing investors' confidence to the Company and the Company's accountability. The Company therefore strives to attain and maintain effective corporate governance practices and procedures.

The Directors are of the view that the Company has complied with all applicable code provisions contained in Appendix 14 of the Listing Rules for the year ended 31 December 2015. Further information about the corporate governance practices of the Company is set out in the annual report of the Company for the year ended 31 December 2015.

AUDIT COMMITTEE

The Company has established an audit committee (the "Audit Committee"), which comprises three independent non-executive Directors, pursuant to the requirements under Rule 3.21 of the Listing Rules.

The Audit Committee and the auditor of the Company have reviewed the annual results of the Group for the year ended 31 December 2015 with the Company's management and it considered that such results have been prepared in accordance with applicable accounting standards and requirements with sufficient disclosure.

AUDITOR

The financial figures in the preliminary announcement of the Group's results for the year ended 31 December 2015 (to the amounts set out in the Group's consolidated financial statements) have been agreed by PricewaterhouseCoopers, the auditor of the Company, who shall retire at the forthcoming annual general meeting. A resolution will be proposed at the forthcoming annual general meeting for the re-appointment of PricewaterhouseCoopers as the auditor of the Company.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, throughout the year ended 31 December 2015 and up to the date of this announcement, the Company has maintained a sufficient public float of more than 25% of the Company's issued share capital as required under the Listing Rules.

PUBLICATION OF THE 2015 ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE OF HONG KONG LIMITED AND THE COMPANY

The annual report of the Company for the year ended 31 December 2015 is to be despatched to shareholders of the Company and made available on the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk and the website of the Company at www.powerlong.com in due course.

APPRECIATION

The steady growth of the Group is attributable to the enormous support from the relevant parties for years. The Board would like to take this opportunity to express its sincere gratitude to the Group's investors, business partners and customers for their continuous trust and support. At the same time, the Board would also like to take this opportunity to thank the Board members for their work of high performance and the Group's staff for their contributions and dedication. The Group will continue to uphold its tradition of "Creditability, Courtesy, Innovation, Enthusiasm" while relying on an elite team with unified values, loyalty and commitment. It will adhere to its belief and rise to challenges in order to create better returns for its customers, shareholders and investors and to create greater values for the society.

By Order of the Board
Powerlong Real Estate Holdings Limited
Hoi Kin Hong
Chairman

Hong Kong, 15 March 2016

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. Zhang Hong Feng; the non-executive Director of the Company 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.