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)

2019 ANNUAL RESULTS ANNOUNCEMENT

SUMMARY OF RESULTS

For the year ended 31 December 2019

- Contracted sales amounted to approximately RMB60,350 million, representing an increase of approximately 47.1% as compared with the corresponding period in 2018.
- Revenue amounted to approximately RMB26,042 million, representing an increase of approximately 32.9% as compared with the corresponding period in 2018.
- Rental income and income from Property Management Services amounted to approximately RMB2,813 million, representing an increase of approximately 25.1% as compared with the corresponding period in 2018.
- Profit for the year was approximately RMB6,018 million, representing an increase of approximately 65.0% as compared with the corresponding period in 2018.
- Profit attributable to the owners of the Company was approximately RMB4,041 million, representing an increase of approximately 42.4% as compared with the corresponding period in 2018.
- Core earnings amounted to approximately RMB4,390 million, representing an increase of approximately 70.2% as compared with the corresponding period in 2018.
- Core earnings attributable to the owners of the Company was approximately RMB2,680 million, representing an increase of approximately 45.3% as compared with the corresponding period in 2018.
- The Board recommended the payment of a Final Dividend of HK$27 cents per ordinary share for the year ended 31 December 2019, subject to approval at the Annual General Meeting of the shareholders of the Company. In addition to the Final Dividend, the Board further declared a Special Dividend of HK$4 cents per ordinary share to mark the 10th anniversary of the Company's listing and to reward the shareholders of the Company for their continued support. Together with the interim dividend of HK$9 cents per ordinary share for the six months ended 30 June 2019, the total dividend for the year amounted to HK$40 cents per ordinary share, representing an increase of approximately 33% as compared with the corresponding period in 2018.

The board (the "**Board**") of directors (the "**Directors**") of Powerlong Real Estate Holdings Limited (the "**Company**" or "**Powerlong**") is pleased to announce the annual consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2019, together with comparative figures for the year ended 31 December 2018, as follows.

CONSOLIDATED BALANCE SHEET

		31 December	
		2019	2018
	Note	***RMB'000***	*RMB'000*
ASSETS			
Non-current assets			
Property and equipment	*2*	**5,225,130**	3,370,562
Land use rights	*2*	**–**	1,181,965
Investment properties	*2, 4*	**51,084,641**	45,659,136
Investments accounted for using the equity method		**5,593,928**	4,127,443
Deferred income tax assets		**592,882**	499,343
Financial assets at fair value through other comprehensive income		**382,139**	348,461
		62,878,720	55,186,910
Current assets			
Properties under development		**36,446,920**	32,350,267
Completed properties held for sale		**10,617,428**	9,442,602
Contract assets		**279,916**	6,967
Trade receivables	*5*	**1,986,680**	1,519,989
Other receivables		**16,496,617**	14,732,697
Prepayments		**8,892,891**	2,014,617
Prepaid taxes		**1,019,461**	727,215
Financial assets at fair value through profit or loss		**207,662**	297,565
Restricted cash		**3,365,115**	935,935
Cash and cash equivalents		**20,305,545**	14,839,776
		99,618,235	76,867,630
Total assets		**162,496,955**	132,054,540

	Note	31 December 2019 RMB'000	2018 RMB'000
EQUITY			
Equity attributable to owners of the Company			
Share capital and share premium		**719,088**	1,164,125
Other reserves		**1,669,289**	681,076
Retained earnings		**29,451,835**	25,442,263
		31,840,212	27,287,464
Perpetual Capital Instruments		**820,364**	1,552,254
Non-controlling interests		**6,246,452**	3,965,222
Total equity		**38,907,028**	32,804,940
LIABILITIES			
Non-current liabilities			
Borrowings	6	**39,942,307**	34,380,408
Lease liabilities		**197,515**	–
Other payables	7	**87,617**	206,007
Deferred income tax liabilities		**6,516,251**	6,130,190
		46,743,690	40,716,605
Current liabilities			
Borrowings	6	**15,320,774**	12,977,220
Convertible bonds		**–**	1,743,638
Trade and other payables	7	**29,972,583**	20,725,848
Contract liabilities		**22,694,564**	16,444,184
Current income tax liabilities		**8,625,998**	6,642,105
Lease liabilities		**232,318**	–
		76,846,237	58,532,995
Total liabilities		**123,589,927**	99,249,600
Total equity and liabilities		**162,496,955**	132,054,540

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 December	
		2019	2018
	Note	***RMB'000***	*RMB'000*
Revenue	*3*	**26,041,632**	19,593,790
Cost of sales	*8*	**(16,558,591)**	(12,041,179)
Gross profit		**9,483,041**	7,552,611
Fair value gains on investment properties – net	*4*	**2,394,403**	2,500,520
Selling and marketing costs	*8*	**(984,474)**	(785,914)
Administrative expenses	*8*	**(1,439,687)**	(1,480,700)
Other income and gains – net	*9*	**927,108**	216,369
Operating profit		**10,380,391**	8,002,886
Finance costs – net	*10*	**(899,775)**	(1,376,659)
Share of profit of investments accounted for using the equity method		**375,755**	187,234
Profit before income tax		**9,856,371**	6,813,461
Income tax expense	*11*	**(3,838,474)**	(3,165,812)
Profit for the year		**6,017,897**	3,647,649
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Currency translation differences		**4,736**	15,079
Items that will not be reclassified to profit or loss:			
Changes in the fair value of financial assets at fair value through other comprehensive income, net of tax		**25,259**	158
Total other comprehensive income for the year, net of tax		**29,995**	15,237
Total comprehensive income for the year		**6,047,892**	3,662,886

		Year ended 31 December	
		2019	2018
	Note	***RMB'000***	*RMB'000*
Profit attributable to:			
Owners of the Company		**4,041,116**	2,837,007
Holders of Perpetual Capital Instruments		**69,556**	123,045
Non-controlling interests		**1,907,225**	687,597
		6,017,897	3,647,649
Total comprehensive income attributable to:			
Owners of the Company		**4,071,111**	2,852,244
Holders of Perpetual Capital Instruments		**69,556**	123,045
Non-controlling interests		**1,907,225**	687,597
		6,047,892	3,662,886
Earnings per share for profit attributable to owners of the Company for the year (expressed in RMB cents per share)	*12*		
– Basic		**100.4**	71.0
– Diluted		**99.8**	66.4

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 BASIS OF PREPARATION

(i) Compliance with HKFRSs and HKCO

These consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**") and disclosure requirements of the Hong Kong Companies Ordinance Cap. 622.

(ii) Historical cost convention

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss and investment properties which are carried at fair value.

(iii) New and amended standards and interpretation adopted by the Group

HKFRS 16	Leases
HK(IFRIC) Interpretation 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Annual Improvements	Annual Improvements to HKFRS Standards 2015-2017 Cycle
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement

Save for the impact of adoption of HKFRS 16 set out in Note 2, the adoption of other new and amended standards and interpretation did not have any material impact on the consolidated financial statements of the Group.

(iv) New standards, amendments and interpretation not yet adopted

The following new standards and amendments and interpretation to standards have been published that are not mandatory for the year ended 31 December 2019 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
Amendments to HKAS 1 and HKAS 8	Definition of Material	1 January 2020
Amendments to HKFRS 3	Definition of a Business	1 January 2020
Revised Conceptual Framework	Revised Conceptual Framework for Financial Reporting	1 January 2020
HKFRS 17	Insurance Contracts	1 January 2021
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture	To be determined

These new and amended standards and revised framework are not expected to have a material impact on the consolidated financial statements of the Group.

2 CHANGES IN ACCOUNTING POLICIES

This note explains the impact of the adoption of HKFRS 16 Leases on the Group's financial information and the new accounting policies that have been first applied from 1 January 2019.

The Group has adopted HKFRS 16 from its mandatory adoption date of 1 January 2019. The Group has applied the simplified transition approach and has not restated comparative amounts for the 2018 reporting period. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of HKAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as at 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 5.46%.

(i) Practical expedients applied

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics,
- reliance on previous assessments on whether leases are onerous,
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases,
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 and HK(IFRIC) 4 Determining whether an Arrangement contains a Lease.

(ii) Measurement of lease liabilities

The recognised lease liabilities are classified as below:

	1 January 2019
	RMB'000
Current lease liabilities	82,335
Non-current lease liabilities	217,541
Total lease liabilities	299,876

(iii) Measurement of right-of-use assets

Under the simplified transition approach, the associated right-of-use assets were measured at the amount equal to the lease liabilities on adoption, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The land use rights are reclassified to right-of-use assets as at 31 December 2019 and 1 January 2019, respectively.

(iv) Adjustments recognised in the balance sheet on 1 January 2019

The change in accounting policy resulted from the adoption of HKFRS16 affected the following items in the balance sheet on 1 January 2019:

At 1 January 2019	**Property and equipment** *RMB'000*	**Investment properties** *RMB'000*	**Land use rights** *RMB'000*	**Trade and other payables** *RMB'000*	**Lease liabilities** *RMB'000*
Opening balance, as previously reported	3,370,562	45,659,136	1,181,965	(20,725,848)	–
Reclassify from land use rights to right-of-use assets	1,181,965	–	(1,181,965)	–	–
Recognised lease liabilities and right-of-use assets	7,998	132,560	–	159,318	(299,876)
Opening balance, as restated	4,560,525	45,791,696	–	(20,566,530)	(299,876)

There was no impact on the Group's retained earnings as at 1 January 2019 as a result of the adoption of HKFRS 16.

(v) Lessor accounting

The Group did not need to make any adjustments to the accounting for assets held as lessor under operating leases as a result of the adoption of HKFRS 16.

3 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, commercial operation and residential property management, and other property development related businesses. Other property development related business are mainly operations of hotels. 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 from provision of commercial operational services and residential property management services and other property development related businesses. Revenue of the year consists of the following:

	Year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
Sales of properties	**22,477,631**	16,667,415
Rental income of investment properties	**1,419,940**	1,123,555
Income from provision of commercial operational services and residential property management services	**1,392,768**	1,125,083
Income of other property development related businesses	**751,293**	677,737
	26,041,632	19,593,790

(a) Segment results represent the profit earned by each segment without fair value gains/losses on financial assets, gains/losses on disposal of financial assets, dividend income of financial assets, unallocated operating costs, finance costs-net and income tax expense. The segment results and other segment items for the year ended 31 December 2019 are as follows:

	Property development *RMB'000*	**Property investment** *RMB'000*	**Commercial operation and residential property management** *RMB'000*	**Other property development related businesses** *RMB'000*	**Elimination** *RMB'000*	**Group** *RMB'000*
Gross segment revenue	22,477,631	1,513,619	1,620,457	751,293	–	26,363,000
Inter-segment revenue	–	(93,679)	(227,689)	–	–	(321,368)
Revenue	22,477,631	1,419,940	1,392,768	751,293	–	26,041,632
Share of post-tax profits of joint ventures	225,003	–	–	–	–	225,003
Share of post-tax profits/(losses) of associates	150,973	–	–	(221)	–	150,752
Segment results	8,308,362	3,367,105	153,633	(107,659)	–	11,721,441
Fair value losses on financial assets at fair value through profit or loss						(32,395)
Losses on disposal of financial assets at fair value through profit or loss						(3,993)
Dividend income of financial assets						2,390
Unallocated operating costs						(931,297)
Finance costs – net						(899,775)
Profit before income tax						9,856,371
Income tax expense						(3,838,474)
Profit for the year						6,017,897
Depreciation and amortisation recognised as expenses	80,115	–	3,872	189,019	–	273,006
Fair value gains/(losses) on investment properties – net *(Note 4)*	–	2,461,812	(67,409)	–	–	2,394,403

The segment results and other segment items included in the profit for the year ended 31 December 2018 are as follows:

	Property development *RMB'000*	Property investment *RMB'000*	Commercial operation and residential property management *RMB'000*	Other property development related businesses *RMB'000*	Elimination *RMB'000*	Group *RMB'000*
Gross segment revenue	16,667,415	1,123,555	1,277,365	677,737	–	19,746,072
Inter-segment revenue	–	–	(152,282)	–	–	(152,282)
Revenue	16,667,415	1,123,555	1,125,083	677,737	–	19,593,790
Share of post-tax profits of joint ventures	102,767	–	–	–	–	102,767
Share of post-tax profits/(losses) of associates	85,323	–	–	(856)	–	84,467
Segment results	5,653,640	3,122,393	122,515	(112,944)	–	8,785,604
Other income and gains – net						216,369
Unallocated operating costs						(811,853)
Finance costs – net						(1,376,659)
Profit before income tax						6,813,461
Income tax expense						(3,165,812)
Profit for the year						3,647,649
Depreciation	60,825	–	6,091	133,433	–	200,349
Amortisation of land use rights recognised as expenses	–	–	–	33,117	–	33,117
Fair value gains on investment properties – net *(Note 4)*	–	2,500,520	–	–	–	2,500,520

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

(b) Segment assets, liabilities and interests in joint ventures and associates as at 31 December 2019 and capital expenditure for the year then ended are as follows:

	Property development *RMB'000*	Property investment *RMB'000*	Commercial operation and residential property management *RMB'000*	Other property development related businesses *RMB'000*	Elimination *RMB'000*	Group *RMB'000*
Segment assets	**90,943,400**	**53,632,823**	**3,039,962**	**6,192,617**	**(5,695,015)**	**148,113,787**
Other assets						**14,383,168**
Total assets						**162,496,955**
Segment assets include:						
Interests in joint ventures	**3,862,523**	**–**	**4,700**	**–**	**–**	**3,867,223**
Interests in associates	**1,681,040**	**–**	**–**	**45,665**	**–**	**1,726,705**
Segment liabilities	**43,203,510**	**3,002,928**	**1,463,645**	**4,614,762**	**(5,695,015)**	**46,589,830**
Other liabilities						**77,000,097**
Total liabilities						**123,589,927**
Capital expenditure	**393,945**	**2,786,741**	**155,065**	**323,690**	**–**	**3,659,441**

Segment assets, liabilities and interests in joint ventures and an associate as at 31 December 2018 and capital expenditure for the year then ended are as follows:

	Property development *RMB'000*	Property investment *RMB'000*	Commercial operation and residential property management *RMB'000*	Other property development related businesses *RMB'000*	Elimination *RMB'000*	Group *RMB'000*
Segment assets	69,471,350	47,870,178	1,752,372	4,814,650	(5,325,247)	118,583,303
Other assets						13,471,237
Total assets						132,054,540
Segment assets include:						
Interests in joint ventures	3,151,990	–	–	–	–	3,151,990
Interests in associates	929,568	–	–	45,885	–	975,453
Segment liabilities	28,955,446	2,771,337	1,027,149	3,807,519	(5,325,247)	31,236,204
Other liabilities						68,013,396
Total liabilities						99,249,600
Capital expenditure	74,778	4,091,436	2,553	297,151	–	4,465,918

Segment assets are reconciled to total assets as follows:

	31 December	
	2019	2018
	RMB'000	*RMB'000*
Segment assets	**148,113,787**	118,583,303
Other assets		
– Prepaid taxes	**1,019,461**	727,215
– Deferred income tax assets	**592,882**	499,343
– Unallocated cash and cash equivalents and restricted cash	**4,674,339**	3,020,704
– Other receivables from related parties	**7,408,233**	8,456,228
– Unallocated property and equipment	**76,940**	108,144
– Other corporate assets	**21,512**	13,577
– Financial assets at fair value through other comprehensive income	**382,139**	348,461
– Financial assets at fair value through profit or loss	**207,662**	297,565
Total assets	**162,496,955**	132,054,540

Segment liabilities are reconciled to total liabilities as follows:

	31 December	
	2019	2018
	RMB'000	*RMB'000*
Segment liabilities	**46,589,830**	31,236,204
Other liabilities		
– Current income tax liabilities	**8,625,998**	6,642,105
– Deferred income tax liabilities	**6,516,251**	6,130,190
– Current borrowings	**15,320,774**	12,977,220
– Convertible bonds	**–**	1,743,638
– Non-current borrowings	**39,942,307**	34,380,408
– Other payables to related parties	**5,956,236**	5,686,893
– Dividend payables to non-controlling interests	**148,880**	–
– Other corporate liabilities	**489,651**	452,942
Total liabilities	**123,589,927**	99,249,600

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, contract assets, receivables and cash and cash equivalents.

Segment liabilities consist of operating liabilities.

Capital expenditure comprises additions to property and equipment and investment properties.

(c) Changes in accounting policy

The adoption of the new leasing standard described in Note 2 had the following impact on the segment disclosures in the current year.

	Increase			
	Fair value losses on investment properties *RMB'000*	**Depreciation** *RMB'000*	**Segment assets** *RMB'000*	**Segment liabilities** *RMB'000*
Commercial operation and residential property management	67,409	–	209,045	369,634
Property development	–	6,384	14,039	14,250
	67,409	6,384	223,084	383,884

Comparative segment information has not been restated. As a consequence, the segment information disclosed for the items noted above is not entirely comparable to the information disclosed for the prior year.

4 INVESTMENT PROPERTIES

	Completed investment properties *RMB'000*	**Investment properties under construction** *RMB'000*	**Total** *RMB'000*
Year ended 31 December 2019			
Opening net book amount as at 1 January 2019, as previously reported	**39,372,689**	**6,286,447**	**45,659,136**
Change in accounting policy *(Note 2.iv)*	**132,560**	**–**	**132,560**
Opening net book amount, as at 1 January 2019, as restated	**39,505,249**	**6,286,447**	**45,791,696**
Additions	**208,731**	**2,721,904**	**2,930,635**
Transfers	**6,073,400**	**(6,073,400)**	**–**
Fair value gains – net	**822,896**	**1,571,507**	**2,394,403**
Disposals	**(32,093)**	**–**	**(32,093)**
At 31 December 2019	**46,578,183**	**4,506,458**	**51,084,641**
Year ended 31 December 2018			
At 1 January 2018	34,145,966	5,071,703	39,217,669
Additions	261,103	3,830,333	4,091,436
Transfers	3,898,223	(3,898,223)	–
Fair value gains – net	1,217,886	1,282,634	2,500,520
Transfer to completed properties held for sale – net	(128,205)	–	(128,205)
Disposals	(22,284)	–	(22,284)
At 31 December 2018	39,372,689	6,286,447	45,659,136

5 TRADE RECEIVABLES

	31 December 2019 RMB'000	2018 RMB'000
Trade receivables	**2,032,754**	1,539,849
– Third parties	**2,020,186**	1,533,235
– Related parties	**12,568**	6,614
Less: loss allowance	**(46,074)**	(19,860)
	1,986,680	1,519,989

(a) The majority of the Group's sales are derived from sales of properties and rental income. Proceeds in respect of sales of properties and rental income are to be received in accordance with the terms of related sales and purchase agreements and rental contracts.

The ageing analysis of trade receivables as at the respective balance sheet date is as follows:

	31 December 2019 RMB'000	2018 RMB'000
Within 90 days	**1,522,726**	1,330,017
Over 90 days and within 180 days	**20,447**	63,076
Over 180 days and within 365 days	**108,479**	91,778
Over 365 days	**381,102**	54,978
	2,032,754	1,539,849

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 31 December 2019, a provision of RMB46,074,000 was made against the gross amounts of trade receivables (2018: RMB19,860,000).

The closing loss allowance for trade receivables reconcile to the opening loss allowance as follows:

	Year ended 31 December 2019 RMB'000	2018 RMB'000
At 1 January	**19,860**	25,474
Provision for impairment	**28,554**	1,538
Receivables written off during the year as uncollectible	**(2,340)**	(1,938)
Unused amount reverse	**–**	(5,214)
At 31 December	**46,074**	19,860

(b) As at 31 December 2019 and 2018, the fair value of trade receivables approximated their carrying amounts.

6 BORROWINGS

	31 December 2019 *RMB'000*	2018 *RMB'000*
Borrowings included in non-current liabilities:		
Senior notes	**13,073,322**	7,529,298
Corporate bonds	**9,488,475**	9,202,345
Bank borrowings	**26,048,451**	23,836,141
– secured	**25,909,556**	23,678,425
– unsecured	**138,895**	157,716
Other borrowings – secured	**1,477,200**	3,399,400
Less: current portion of non-current borrowings	**(10,145,141)**	(9,586,776)
	39,942,307	34,380,408
Borrowings included in current liabilities:		
Bank borrowings – secured	**3,498,953**	2,184,344
Other borrowings – secured	**677,400**	906,100
Short-term commercial papers	**999,280**	300,000
Current portion of long-term borrowings	**10,145,141**	9,586,776
	15,320,774	12,977,220
Total borrowings	**55,263,081**	47,357,628

7 TRADE AND OTHER PAYABLES

	31 December 2019 *RMB'000*	2018 *RMB'000*
Trade payables	**12,757,169**	9,705,474
– Related parties	**33,945**	11,678
– Third parties	**12,712,860**	9,686,795
– Notes payable – third parties	**10,364**	7,001
Other payables and accruals	**15,451,948**	10,205,657
– Related parties	**5,956,236**	5,686,893
– Non-controlling interests	**3,373,658**	2,028,688
– Third parties	**6,122,054**	2,490,076
Payables for retention fee	**1,105,426**	683,152
Payables for acquisition of land use rights	**90,401**	56,981
Other taxes payable	**506,376**	280,591
Dividend payables to non-controlling interests	**148,880**	–
	30,060,200	20,931,855
Less: non-current portion		
Other payables – third parties	**(87,617)**	(206,007)
Current portion	**29,972,583**	20,725,848

(a) The ageing analysis of trade payables as at 31 December 2019 and 2018 based on invoice date is as follows:

	31 December	
	2019	2018
	RMB'000	*RMB'000*
Within 90 days	**9,184,699**	6,317,246
Over 90 days and within 180 days	**2,171,344**	1,717,541
Over 180 days and within 365 days	**1,046,201**	866,463
Over 365 days and within 3 years	**354,925**	804,224
	12,757,169	9,705,474

8 EXPENSES BY NATURE

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

	Year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
Cost of properties sold – including construction cost, land cost and interest cost	**14,431,134**	10,214,258
Staff costs (including directors' emoluments)	**1,541,141**	1,255,221
Employee benefit expenditure – including directors' emoluments	**1,797,418**	1,404,913
Less: capitalised in properties under development, investment properties under construction and construction in progress	**(256,277)**	(149,692)
Taxes and other levies	**190,123**	218,886
Advertising costs	**489,538**	385,836
Property management fees	**391,643**	219,282
Hotel operations expenses	**374,683**	318,260
Depreciation and amortisation	**273,006**	233,466
– Property and equipment	**227,444**	200,349
– Right-of-use assets	**45,562**	–
– Land use rights	**–**	33,117
Donations	**154,385**	239,567

9 OTHER INCOME AND GAINS – NET

	Year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
Gains on disposal of a joint venture	**805,854**	–
Interest income	**120,957**	166,947
Fair value (losses)/gains on financial assets at fair value through profit or loss	**(32,395)**	7,744
Gains on disposal of investment properties	**9,220**	6,096
Losses on disposal of financial assets at fair value through profit or loss	**(3,993)**	–
Dividend income of financial assets at fair value through profit or loss	**2,390**	1,586
Exchange gains/(losses) – net	**1,406**	(3,305)
Fair value gains on the remeasurement of investments in joint ventures	**–**	11,846
Others	**23,669**	25,455
	927,108	216,369

10 FINANCE COSTS – NET

	Year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
Interest expense:		
Borrowings	**3,572,605**	2,918,861
Convertible Bonds	**5,135**	39,491
Lease liabilities	**21,341**	–
	3,599,081	2,958,352
Foreign exchange losses on financing activities – net	**167,881**	806,627
Less: finance costs capitalised	**(2,594,010)**	(2,388,320)
Finance costs	**1,172,952**	1,376,659
Interest income of bank deposits	**(273,177)**	–
Finance costs – net	**899,775**	1,376,659

11 INCOME TAX EXPENSE

	Year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
Current income tax:		
PRC corporate income tax	**1,988,146**	1,485,982
PRC land appreciation tax	**1,566,225**	1,467,583
	3,554,371	2,953,565
Deferred income tax:		
PRC corporate income tax	**460,132**	292,393
PRC land appreciation tax	**(176,029)**	(80,146)
	284,103	212,247
	3,838,474	3,165,812

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%.

PRC withholding income tax

According to the new Corporate Income Tax Law of the PRC, 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 according to 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 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 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.

12 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.

	Year ended 31 December	
	2019	2018
Profit attributable to owners of the Company (RMB'000)	**4,041,116**	2,837,007
Weighted average number of ordinary shares in issue (thousand shares)	**4,025,418**	3,997,303
Basic earnings per share (RMB cents per share)	**100.4**	71.0

(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. Convertible bonds have potential dilutive effect on the earnings per share. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding by the assumption of the conversion of all potential dilutive ordinary shares arising from convertible bonds.

	Year ended 31 December	
	2019	2018
Profit attributable to owners of the Company (RMB'000)		
Used in calculating basic earnings per share	**4,041,116**	2,837,007
Add: interest expense on Convertible Bonds	**5,135**	39,491
Used in calculating diluted earnings per share	**4,046,251**	2,876,498
Weighted average number of ordinary shares for diluted earnings per share (thousand shares)		
Used in calculating basic earnings per share	**4,025,418**	3,997,303
Adjustments:		
Convertible Bonds	**30,449**	334,937
Used in calculating diluted earnings per share	**4,055,867**	4,332,240
Diluted earnings per share (RMB cents per share)	**99.8**	66.4

Convertible Bonds issued during the year are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share from their date of issue. The Convertible Bonds have not been included in the determination of basic earnings.

13 DIVIDENDS

The dividend paid in 2019 consists of (i) the payment of the 2018 final cash dividend of HK$23.2 cents per ordinary share totalling HK$927,374,000 (equivalent to RMB816,070,000) (2017 final cash dividend of HK$19.6 cents per ordinary share totalling HK$783,471,000), and (ii) 2019 interim dividend of HK$9.0 cents per ordinary share in form of cash totalling HK$372,951,000 (equivalent to RMB335,329,000) (2018 interim dividend: HK$6.8 cents per ordinary share in form of cash totalling HK$271,817,000).

The Board recommended the payment of a final dividend of HK$27.0 cents per ordinary share (equivalent to RMB24.2 cents based on the exchange rate of 31 December 2019). Total amount of final dividend would be HK$1,118,854,000 (equivalent to approximately RMB1,002,247,000) which is calculated according to the ordinary shares in issue as of 31 December 2019. In addition to the final dividend, the Board further declared a special dividend of HK$4 cents per ordinary share (equivalent to RMB3.6 cents based on the exchange rate of 31 December 2019). Total amount of special dividend would be HK$165,756,000 (equivalent to approximately RMB148,481,000). These consolidated financial statements do not reflect this dividend payable.

	Year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
Proposed final dividends	**1,002,247**	812,565
Special dividends	**148,481**	–

14 EVENTS AFTER THE BALANCE SHEET DATE

(a) On 20 January 2020, Shanghai Powerlong Industrial Development Co. Ltd., a wholly-owned subsidiary of the Company issued 6.67%, five-year corporate bonds with an aggregate principal amount of RMB930,000,000 at 100.00% of the face value.

(b) On 22 January 2020, 22,500,000 shares of Powerlong Commercial Management Holdings Limited ("**Powerlong CM**", a subsidiary of the Group) were issued upon the exercise of the over-allotment option (the "**over-allotment option**") in connection with the global offering of its offer shares at a price of HK$9.50 per offer share. Gross proceeds of the over-allotment option was approximately HK$213,700,000.

(c) On 31 January 2020, the Company repurchased an aggregate of 500,000 of its own shares through the Stock Exchange, at a consideration of HK$2.15 million (equivalent to approximately RMB1.92 million).The shares have not been cancelled after the repurchase.

(d) Since early 2020, the epidemic of Coronavirus Disease 2019 (the "**COVID-19 outbreak**") has spread across China and other countries and it has affected the business and economic activities of the Group to some extent.

The directors of the Company have assessed that the COVID-19 outbreak may have the following potential impact to the Group:

- The Group's rental income in 2020 could possibly be affected by the temporary no more than one month waivers of rentals, property management or certain miscellaneous fees offered to tenants, tenant's requests in adjustments of existing lease contract terms and the short term economic slowdown due to COVID-19 outbreak as certain of the Group's rental and management fee income will be varied based on the actual business volume of tenants.

- The Group applies the fair value model to measure its investment properties. In 2020, the fair value of the Group's investment properties may be subject to fluctuation due to the COVID-19 outbreak.

The overall financial effect of the above cannot be reliably estimated as of the date of these consolidated financial statements.

The Group will pay close attention to the development of the COVID-19 outbreak and continue to evaluate its impact on the leasing market, the financial position and operating results of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

During the year under review, China's real estate market remained stable, with stable growth in total transaction of commodity housings and slackened growth in area transacted. The Chinese Central Government reiterated that the use of properties is for residential dwellings instead of speculation, stressing the need to guard the real estate market against financial risks. At local level, austerity measures are in place to respond to market changes. Policies specific to individual cities, regions and specific circumstances were implemented to ensure stable operation of the market. At local level, austerity measures were adjusted and multiple policies were put in place to satisfy demand for self-use flats. In many cities, land auction rules were augmented to guide the land market towards a more stable operation. In key cities and regions, the land market's revitalization was remarkable. The ongoing expedition of multifaceted supplies in multiple means and the adoption of a housing system with both home renting and purchasing, continued to solidify the establishment of the system of secured housing to the public. In the real estate industry, players continued with their focused development, witnessing further expansion of the market share of the top 100 enterprises in the market, while industry leaders saw slackened growth in their sales. Developers take a proactive role in responding to the changes in market conditions, securing their market share with focused positioning, cost-effective and innovative products. A balanced, stable, efficient and high-quality industry trend was gradually taking shape.

BUSINESS REVIEW

For the year ended 31 December 2019, the Group conducted its business activities in the following major business segments, namely (i) property development; (ii) property investment; (iii) commercial operation and residential property management (the "**Property Management Services**"); and (iv) other property development related businesses. During the year under review, property development remained as the main revenue stream of the Group.

Property Development

For the year ended 31 December 2019, the contracted sales of the Group together with its associates and joint ventures amounted to approximately Renminbi ("**RMB**") 60,350 million (2018: approximately RMB41,036 million), representing an increase of approximately 47.1% as compared with the corresponding period in 2018. In 2019, the contracted sales area of the Group together with its associates and joint ventures amounted to 3,767,519 square meters (2018: 2,821,607 square meters), representing an increase of approximately 33.5% as compared with the corresponding period in 2018.

The Group's contracted sales for the year ended 31 December 2019 continued to hit a record high and experienced a significant year-on-year increase, which was mainly attributable to (i) the Group's ongoing efforts in strengthening its product research and development and the precise positioning of its products and its commitment to quality and emphasis on customer experience in developing its products; (ii) for residential projects, the "369" development model adopted by the Group to speed up the process of construction, sales and collection of sales proceeds, which has proven to be highly effective; and (iii) the localized sales strategies adopted by the Group to accommodate local market needs and satisfy requirements of the local governments. The Group's ability to handle large projects was further strengthened, with six projects each of which achieving contracted sales of more than RMB2 billion. During the year under review, the key contributing projects (including subsidiaries and joint ventures) were located in Ningbo, Hangzhou, Wenzhou, Shaoxing, Jinhua, Nanjing and Haikou.

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

Distribution	For the year ended 31 December 2019 Sales area	Sales amount	Average selling price
	sq.m.	*RMB'000*	*RMB/sq.m.*
Commercial	716,247	13,947,075	19,472
Residential	3,051,272	46,402,926	15,208
Total	3,767,519	60,350,001	16,018

Property Investment and Property Management Services

To generate a stable and recurring income, the Group has also retained and operated certain commercial properties for leasing. As at 31 December 2019, the Group had an aggregate gross floor area ("**GFA**") of approximately 5,076,029 square meters (2018: approximately 4,817,380 square meters) held as investment properties (including properties completed and under construction), representing an increase of approximately 5.4% as compared with 2018.

During the year under review, the Group has completed project commencement mission in respect of six shopping malls. Shaoxing Paojiang Powerlong Plaza (紹興袍江寶龍廣場), which is operated by the Group, successfully commenced operation on 13 September 2019; Hangzhou Lin'an Powerlong Plaza (杭州臨安寶龍廣場) successfully commenced operation on 22 November 2019; Tianjin Binhai Powerlong Plaza (天津濱海寶龍廣場) successfully commenced operation on 18 December 2019. Three property projects, namely Shanghai Baoyang Powerlong Plaza (上海寶楊寶龍廣場), Ningbo Powerlong Plaza (寧波寶龍廣場) and Nanjing Gaochun Powerlong Plaza (南京高淳寶龍廣場) successfully commenced operation on 22 December 2019.

As one of the Group's benchmark projects in this year, Shanghai Baoyang Powerlong Plaza (上海寶楊寶龍廣場) achieved an organic integration by the "Mall+ Commercial Street" architecture model. Its customer flow reached beyond 300,000 on the first day of operation. Hangzhou Lin'an Powerlong Plaza (杭州臨安寶龍廣場), which is the largest one-stop commercial complex in Lin'an, Hangzhou, had a 100% tenancy rate and opening rate as well as a customer flow of approximately 150,000 on the first day of operation at its opening, delivering a new record in terms of customer flow and sales amount in that area.

With enhanced ability of regionalized operation and management, increasing sophistication in tenant sourcing, upgraded tenant mix and continuous development of the commercial operation and management, the number of shopping malls held and managed by the Group reached 42 as at 31 December 2019, while the Group also managed three asset-light projects, outperforming other industry players in terms of quantity and area of projects.

On 30 December 2019, the spin-off and separate listing of Powerlong Commercial Management Holdings Limited ("**Powerlong CM**", stock code: 9909.HK) on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") took place. It is expected that the spin-off and separate listing of Powerlong CM will further speed up the development of the Group's commercial management businesses.

Hotel Business

The Group continued to develop its hotel business as a source of its long-term recurring income with core businesses in operating international branded hotels and self-owned branded chain hotels.

As at 31 December 2019, the Group owned nine international branded hotels, namely Le Meridien Shanghai Minhang (上海閔行寶龍艾美酒店), Radisson Blu Shanghai Pudong Jinqiao (上海寶龍麗笙酒店), Radisson Exhibition Center Shanghai (上海國展寶龍麗筠酒店), Four Points by Sheraton Taicang (太倉寶龍福朋喜來登酒店), Four Points by Sheraton Tai'an (泰安寶龍福朋喜來登酒店), Four Points by Sheraton Qingdao, Chengyang (青島城陽寶龍福朋喜來登酒店), Aloft Haiyang (海陽雅樂軒酒店), Aloft Yancheng (鹽城雅樂軒酒店) and Wyndham Grand Plaza Royale Powerlong Fuyang (阜陽寶龍溫德姆至尊豪廷大酒店), and owned and managed eight self-owned branded chain hotels, namely ARTELS Qingdao (青島寶龍藝築酒店), ARTELS Anxi (安溪寶龍藝築酒店), ARTELS+ Huaian Jiangsu (江蘇淮安藝悅酒店), ARTELS+ Fuyang Hangzhou (杭州富陽藝悅酒店), ARTELS+ Collection Lingang Shanghai (上海臨港藝悅精選酒店), ARTELS+ Collection Hechuan Chongqing (重慶合川藝悅精選酒店), ARTELS+ Wujing Shanghai (上海吳涇藝悅酒店) and JUNTELS Binjiang Hangzhou (杭州濱江藝珺酒店).

Land Bank Replenishment

The Group's strategy is to maintain a portfolio of land bank which is sufficient to support the Group's own property development pipeline for the forthcoming three to five years. The Group will continue to adhere to the development strategy of "focus on Shanghai and intensive development in Yangtze River Delta", and to precisely lay out strategic plans and grasp the policy directions in a timely manner, in strict adherence to the principle of value investment.

As at 31 December 2019, the Group had a quality land bank amounting to a total GFA of approximately 29.7 million square meters, of which approximately 20.9 million square meters were properties under development and construction and approximately 8.8 million square meters were properties held for future development. The land bank under development will be used for the development of large-scale commercial and residential properties with cinema complexes, supermarkets, food courts, sports and leisure facilities, quality residential properties, serviced apartments, office buildings and hotels. As at 31 December 2019, over 70% of the land bank of the Group is located in the Yangtze River Delta region.

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:

Newly acquired land parcels in 2019 (as at 31 December 2019)

Name of project	Usage	Site area *('000 sq.m.)*	Total GFA* *('000 sq.m.)*	Attributable interest
Shanghai Jiading New Town Office Project (上海嘉定新城辦公項目)	Commercial/office	34	102.3	100.00%
Taizhou 2018 No. (6-1) Land Lot Project (泰州2018(6-1)號地塊項目)	Commercial/residential	122	220.3	46.74%
Ningbo-Fenghua 3-18 Land Lot Project (寧波奉化3-18地塊項目)	Commercial/residential	39	96.5	77.90%
Ningbo-Fenghua 03-02 Land Lot Project (寧波奉化03-02地塊項目)	Residential	23	57.1	77.90%
Shaoxing Shangyu Cao'e Scenic Area (2018) J5 Land Lot Project (紹興上虞曹娥景區(2018) J5地塊項目)	Commercial/residential	102	106.9	15.58%
Wenzhou Pingyang Kunya Road South Side A02 Land Lot Project (溫州平陽昆雅路南側A02地塊項目)	Residential	45	59.3	39.73%
Shaoxing Xinchang Xiashiyan Land Lot Project (紹興新昌下石演地塊項目)	Commercial/residential	56	111.2	38.95%
Hangzhou Lin'an Chengdong A-32 Land Lot Project (杭州臨安城東A-32地塊項目)	Residential	44	53.2	19.48%
Taizhou Wenling Living Center Land Lot Project (台州溫嶺生活中心地塊項目)	Commercial/residential	91	272.5	46.74%
Hangzhou Gongshu Taoyuan Land Lot Project (杭州拱墅桃源地塊項目)	Commercial	42	126.0	46.74%
Shaoxing Keqiao Binhai Industrial Area Land Lot Project (紹興柯橋濱海工業區地塊項目)	Commercial/residential	153	275.7	38.87%
Taizhou Luqiao No. 5 Land Lot Project (台州路橋5號地塊項目)	Commercial/residential	100	104.7	46.74%
Jinhua Yiwu Qingkou Land Lot Project (金華義烏青口地塊項目)	Commercial/residential	72	198.7	25.71%
Taizhou Luqiao No. 6 Land Lot Project (台州路橋6號地塊項目)	Commercial/residential	22	26.2	46.74%
Changzhou Diaozhuang Fenghuang New Town Project (常州雕莊鳳凰新城項目)	Commercial/residential	115	246.2	48.45%
Zhoushan Putuo Area Dagan Land Lot Project (舟山市普陀區大幹地塊項目)	Commercial/residential	17	42.6	25.71%
Jinhua Pan'an Land Lot Project (金華磐安地塊項目)	Commercial/residential	112	217.3	54.53%
Qingdao Jimo Business and Trade Area Land Lot Project (青島即墨商貿城片區地塊項目)	Commercial/residential	127	200.7	24.60%
Zhoushan Dinghai Zhushanmen Land Lot Project (舟山定海竹山門地塊項目)	Commercial/residential	28	66.2	38.95%

Name of project	Usage	Site area ('000 sq.m.)	Total GFA* ('000 sq.m.)	Attributable interest
Hangzhou Lin'an Jinnan (Northern Land Lot) Project (杭州臨安錦南北地塊項目)	Commercial/residential	37	93.3	51%
Nanjing Metro Heyan Road, Caohou Village Land Lot Project (南京地鐵和燕路、曹後村地塊項目)	Commercial/office	15	45.7	66.00%
Shaoxing Zhuji Chengxi Business Area Land Lot Project (紹興諸暨城西商務區地塊項目)	Residential	124	148.6	32.30%
Taizhou Jiaojiang Dazhuanpan Land Lot Project (台州椒江大轉盤地塊項目)	Commercial/residential	99	237.8	77.90%
Haikou Meijin Project (海口美錦項目)	Commercial/residential	212	174.3	41.82%
Ningbo Jiangbei Goods Transportation Market Land Lot Project (寧波江北貨運市場地塊項目)	Commercial/residential	87	199.0	26.49%
Hangzhou Lin'an Jinnan New Town Metro Suprastructure Complex Project (杭州臨安錦南新城地鐵上蓋綜合體項目)	Commercial/residential	57	148.3	26.49%
Taizhou Tiantai County Zhongxin Town Area Land Lot Project (台州天臺縣中心城區地塊項目)	Residential	54	80.8	38.17%
Ningbo Fenghua 04-23 Land Lot Project (寧波奉化04-23地塊項目)	Residential	41	98.3	77.90%
Huzhou Wuxing 2019-20 Commercial/Residential Project (湖州吳興區2019-20商住項目)	Commercial/residential	91	272.9	47.50%
Ningbo Ninghai Old Town Area Featured Culture Street Land Lot Project (寧波寧海老城區特色文化街地塊項目)	Commercial/residential	59	61.3	31.16%
Jinhua Yiwu No. 23 Lane Land Lot Project (金華義烏廿三里地塊項目)	Commercial/residential	125	249.9	47.50%
Ningbo Wujiangkou Land Lot Project (寧波五江口地塊項目)	Commercial/residential	191	478.3	19.48%
Wuxi Dingshu Town No. 17A Land Lot Project (無錫丁蜀鎮17號A地塊項目)	Commercial/residential	78	156.9	51.00%
Wuxi Dingshu Town No. 22-26 C-G Land Lot Project (無錫丁蜀鎮22-26號C-G地塊項目)	Commercial/residential	230	311.1	51.00%
Hangzhou Liangzhu New Town Gouyang Road Land Lot Project (杭州良渚新城勾陽路地塊項目)	Commercial/residential	131	486.5	27.87%
Jinhua Lanxi Project (金華蘭溪項目)	Commercial/residential	126	254.6	57.00%
Zhuhai Gaoxin Area Project (珠海高新區項目)	Commercial/residential	84	292.9	90.10%
Huzhou Changxing Zhicheng Street Land Lot Project (湖州長興雉城街道地塊項目)	Commercial/residential	69	138.8	100.00%
Ningbo-Fenghua 04-17 Land Lot Project (寧波奉化04-17地塊項目)	Commercial/residential	57	159.7	77.90%
Wuxi Xinwu Phase Two Project (無錫新吳二期項目)	Commercial/residential	111	211.6	95.00%
Zhuhai Jinwan Project (珠海金灣項目)	Commercial/residential	158	431.9	45.08%
		3,581	7,316.1	

* Total GFA excludes underground and car parking spaces.

Outlook

The year 2020 is the second year to implement ideas under the 19th National Congress of the Communist Party of China. Looking ahead to the year 2020, with continuous stability of monetary and financial policies, constant upward momentum of economic growth, and the significant effect of regulation under long-term effective mechanism of real estate policies, the medium and long-term conditions in the People's Republic of China (the "**PRC**") real estate market will be sound, stable, healthy and in order.

The real estate industry remains at a large scale and is still a pillar industry supporting China's economy. High-quality and focused development will remain the keynote of the country's real estate industry. In the face of an ever-changing market, the Group has a new mission of "love and care in living space", to link up living space with the well-being of everything, achieve sustainable development, and create the best experience of living space and services. The Group aims at becoming a century-lasting and well-respected enterprise, and continually enhancing and solidifying its leading position in the real estate industry and the commercial operation and management sector of the PRC.

Since the outbreak of the novel coronavirus epidemic (COVID-19), the Chinese Communist Party and different levels of the Chinese government have paid high regards thereto. Comprehensive emergency plans have been adopted and implemented with a view to bringing the epidemic under control. In response to the Chinese government's call, the Group has acted proactively including make donations and adopt various rental reduction measures to support business tenants, and the Company has conducted share buy-back in January 2020 to reflect its confidence in the long-term strategy and the prospects of the Company. Whilst stirring China's real estate market at the beginning of 2020, the full-year effect is expected to be minimal. Despite causing delay in construction works and commencement of project sales and in turn disrupting the pace of the Group's planned project sales, the Group managed to adjust the supply cycle and structure in a timely manner, thereby mitigating the respective risk factors. The management is fully confident of the long-term development of the real estate industry in the PRC and of the Group going forward.

Based on the current trend, the Group will further increase its contracted sales target for 2020 to RMB75,000 million. High turnover will remain the main theme of the Group's sales strategies. The Group intends to upgrade its "369" development model, for better sell-through rates and faster cash inflow. The Group will also continue to build its internal control mechanism and organizational structure in line with the scale of its sales, with full participation in development and operation, and enhance its professional and project-specific marketing capabilities.

In future, novel urbanization will continue to improve in terms of quality. The Group will continue to enhance its superiority in terms of land bank. In line with the Chinese government's strategy of "Integration Development of the Yangtze River Delta" (長三角一體化), the Group will adhere to the intensive development in this region with a focus in Shanghai. At the same time, the Group will also see the Zhuhai-centered Guangdong-Hong Kong-Macau Bay Area as a key focal market in which it will further expand and develop its business. In key regional hubs, the Group will strengthen market tracking and research, adhere to precise product positioning, and strictly comply with the principle of value investment in acquiring land bank.

The year 2020 will be a year of frequent opening of shopping centres. The Group will integrate its significant resources to ensure the opening of 11 shopping centres within the year. Leveraging the spin-off and separate listing of its subsidiary, Powerlong CM, on the Main Board of the Stock Exchange, the Group will focus on building up core competence of Powerlong CM, enhancing the organizational capability in commercial management, and achieving leap-frog development. At the same time, the Group will continue to uphold its customer-centered philosophy and stress the importance of customer experience, uplift its capability in tenant sourcing, enhance service quality, and create commercial spaces with love. For digitalization, the Group will continue to probe the implementation of the tech-enabled "new commerce" strategies. The Group will further enhance its commercial asset management system and uplift returns on assets.

The Group will continue to foster a steady and safe system of financial control, with intensive efforts on the enhanced digitized development of financial management for better management effectiveness. Meanwhile, the Group will control the overall debt scale, optimize its financing structure, constantly enhance its financing capability and lower its financing cost.

The Group will continue to proactively promote the parallel development of both its talents and the enterprise, ensuring the achievement of professionalism, competency and cultural recognition. The Group will establish a platform and create opportunities for the career development of its staff and fully unleash their vibrancy.

The Board believes in "concerted efforts, love and care". The Group will firmly adhere to its targets, gather the wisdom and power of all fellow folks of Powerlong, to build the Group into an ambitious and well-respected benchmarking player in the PRC real estate industry with even greater success.

FINANCIAL REVIEW

Revenue

Revenue of the Group mainly comprises income of property sales, rental income from investment properties, income from Property Management Services and income from other property development related businesses. For the year ended 31 December 2019, the Group recorded a total revenue of approximately RMB26,042 million (2018: approximately RMB19,594 million), representing an increase of approximately 32.9% as compared with the corresponding period in 2018. This was attributable to the increase in income from each of the Group's business segments.

Income of Property Sales

During the year under review, the Group strictly complied with its original schedule for the completion and delivery of the corresponding projects. The revenue from projects sold and delivered for the year ended 31 December 2019 amounted to approximately RMB22,478 million (2018: approximately RMB16,667 million), representing an increase of approximately 34.9% as compared with the corresponding period in 2018. This was mainly attributable to the increase in the sales of residential properties.

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

Geographical Location		For the year ended 31 December 2019 GFA sold & delivered (sq.m.)	Amount sold & delivered (RMB'000)	Average selling price (RMB/sq.m.)
Yangtze River Delta	Commercial	326,832	3,796,511	11,616
	Residential	1,015,994	14,931,507	14,696
Bohai Rim	Commercial	40,951	358,191	8,747
	Residential	5,438	53,966	9,924
Central and Western Region	Commercial	160,094	1,058,866	6,614
	Residential	23,306	158,975	6,821
West Strait Economic Zone	Commercial	23,393	143,085	6,117
	Residential	143,934	1,103,347	7,666
Others	Residential	47,860	873,183	18,245
	Total	1,787,802	22,477,631	12,573
	Commercial	551,270	5,356,653	9,717
	Residential	1,236,532	17,120,978	13,846

Rental Income from Investment Properties and Income from Property Management Services

For the year ended 31 December 2019, the Group recorded rental income after elimination of intra-group transactions from investment properties of approximately RMB1,420 million (2018: approximately RMB1,124 million), representing an increase of approximately 26.3% as compared with the corresponding period in 2018.

For the year ended 31 December 2019, income from Property Management Services was mainly generated from the provision of commercial operation and residential property management services for projects developed by the Group and other third parties. The net income after elimination of intra-group transactions amounted to approximately RMB1,393 million (2018: approximately RMB1,125 million), representing an increase of approximately 23.8% as compared with the corresponding period in 2018.

For the year ended 31 December 2019, rental income from investment properties and income from Property Management Services amounted to approximately RMB2,813 million (2018: approximately RMB2,249 million), representing an increase of approximately 25.1% as compared with the corresponding period in 2018. In addition to the economies of scale brought by the increasing GFA of properties held and commercial and residential properties managed by the Group, the Group managed to match the local consumer demand and the Group's market penetration rate was increased as a result of the continuous enhancement of its commercial operating capability.

Income from Other Property Development Related Businesses

Income from other property development related businesses mainly comprises income from hotel operation, and the provision of construction and decoration services. For the year ended 31 December 2019, the Group recorded an income from other property development related businesses of approximately RMB751 million (2018: approximately RMB678 million), representing an increase of approximately 10.8% as compared with the corresponding period in 2018. It was mainly attributable to the year-on-year increase in income from hotel operation.

Cost of Sales

Cost of sales mainly represents the direct cost related to the property development of the Group. It comprises cost of land use rights, construction costs and decoration costs as well as other costs. Cost of sales for the year ended 31 December 2019 increased by approximately 37.5% to approximately RMB16,559 million (2018: approximately RMB12,041 million) as compared with 2018, which was mainly due to the increase in the total properties sold and delivered, leading to an increase in the total cost.

Gross Profit and Gross Profit Margin

For the year ended 31 December 2019, gross profit increased by approximately 25.6% to approximately RMB9,483 million (2018: approximately RMB7,553 million) as compared with the corresponding period in 2018, primarily due to the growth in revenue from property sales. Gross profit margin amounted to 36.4%, representing a decrease of approximately 2.1 percentage points from 38.5% for the corresponding period in 2018.

Fair Value Gains on Investment Properties

For the year ended 31 December 2019, the Group recorded revaluation gains of approximately RMB2,394 million (2018: approximately RMB2,501 million), representing a decrease of approximately 4.3% as compared with the corresponding period in 2018. The decrease in revaluation gains was mainly attributable to the relatively moderate growth in the market rents of shopping malls.

Selling and Marketing Costs and Administrative Expenses

The Group's selling and marketing costs and administrative expenses for the year ended 31 December 2019 amounted to approximately RMB2,424 million (2018: approximately RMB2,267 million), representing an increase of approximately 6.9% over 2018, mainly attributable to the Group's business growth, leading to an expansion in the scale of sales and projects management. The Group will continue to exercise stringent control over expenses and costs whilst striving to continue with the Group's business expansion.

Share of Profit of Investments Accounted for Using the Equity Method

For the year ended 31 December 2019, share of post-tax profit of investments accounted for using the equity method amounted to approximately RMB376 million (2018: approximately RMB187 million), representing an increase of approximately 101.1% as compared with the corresponding period in 2018, which was mainly due to the increase in net profit from joint ventures and associates.

Income Tax Expenses

The Group's income tax expenses amounted to approximately RMB3,838 million (2018: approximately RMB3,166 million) for the year ended 31 December 2019, representing an increase of approximately 21.2% as compared with the corresponding period in 2018, primarily due to the increase of PRC corporate income tax and PRC land appreciation tax.

Profit Attributable to Owners of the Company

For the year ended 31 December 2019, the Group recorded profit attributable to owners of the Company of approximately RMB4,041 million (2018: approximately RMB2,837 million), representing an increase of approximately 42.4% as compared with the corresponding period in 2018.

For the year ended 31 December 2019, basic earnings per share was approximately RMB100.4 cents (2018: approximately RMB71.0 cents), representing an increase of approximately 41.5% as compared with the corresponding period in 2018.

Core earnings (being the profit excluding the fair value gains on investment properties and foreign exchange losses on financing activities during the year under review) for the year ended 31 December 2019 reached approximately RMB4,390 million (2018: approximately RMB2,579 million), representing an increase of approximately 70.2% as compared with the corresponding period in 2018.

Core earnings attributable to owners of the Company (being the profit excluding the fair value gains on investment properties and foreign exchange losses on financing activities during the year under review) for the year ended 31 December 2019 reached approximately RMB2,680 million (2018: approximately RMB1,844 million), representing an increase of approximately 45.3% as compared with the corresponding period in 2018.

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, bank borrowings and cash proceeds raised from issuance of bonds, which were used as working capital and for investment in property development.

The Group's cash and cash equivalents and restricted cash amounted to approximately RMB23,671 million in total as at 31 December 2019 (2018: approximately RMB15,776 million), representing an increase of approximately 50.0% as compared with the end of 2018.

Borrowings

Total borrowings of the Group as at 31 December 2019 was approximately RMB55,263 million (2018: approximately RMB49,102 million), representing an increase of approximately 12.5% as compared with the end of 2018. The Group's borrowings comprise bank and other borrowings of approximately RMB31,703 million, corporate bonds of approximately RMB9,488 million, short-term commercial papers of approximately RMB999 million and senior notes of approximately RMB13,073 million.

Out of the total borrowings, approximately RMB15,321 million was repayable within one year, while approximately RMB39,942 million was repayable after one year.

On 14 January 2019, the Company completed the issuance of USD200 million senior notes at a price equivalent to 99.331% of the principal amount, with a nominal interest rate of 9.125% per annum and a maturity date of 14 January 2021. Please refer to the announcements of the Company dated 7 January 2019, 8 January 2019 and 16 January 2019 for further details.

On 21 January 2019, Shanghai Powerlong Industrial Development Co., Ltd., (上海寶龍實業發展(集團)有限公司) ("**Shanghai Powerlong Industrial**"), a wholly-owned subsidiary of the Company, issued the first tranche of super short-term commercial paper for the year 2019 in an aggregate amount of RMB300 million, with a nominal interest rate of 5.85% per annum and a maturity date of 19 October 2019. Please refer to the announcement of the Company dated 22 January 2019 for further details.

On 5 March 2019, Shanghai Powerlong Industrial issued the first tranche of medium-term notes for the year 2019 in an aggregate amount of RMB1,000 million, with a nominal interest rate of 7.20% per annum and a maturity date of 7 March 2021. Please refer to the announcement of the Company dated 8 March 2019 for further details.

On 1 April 2019, Shanghai Powerlong Industrial issued corporate bonds specialized in rental housing (Tranche 1) in an aggregate amount of RMB300 million, with a nominal interest rate of 7.20% per annum. Please refer to the announcement of the Company dated 2 April 2019 for further details.

On 24-25 April 2019, Shanghai Powerlong Industrial issued the second tranche of super short-term commercial paper for the year 2019 in an aggregate amount of RMB300 million, with a nominal interest rate of 5.72% per annum and a maturity date of 22 December 2019. Please refer to the announcement of the Company dated 29 April 2019 for further details.

On 8 July 2019, the Company as the borrower, Agricultural Bank of China Limited Macao Branch, Industrial and Commercial Bank of China (Macau) Limited and Tai Fung Bank Limited, each as the mandated lead arranger and the bookrunner and CMB Wing Lung Bank Limited as the agent, and other parties thereto, entered into a facility agreement (the "**Facility Agreement**") in relation to a 42-month term dual currency dual tranche loan facility in an amount of up to USD200,000,000 (which includes an accordion feature) (the "**Term Loan Facility**"). Pursuant to the Facility Agreement, it is an event of default, among other things, if the Company does not comply with the undertaking to procure that Mr. Hoi Kin Hong and Mr. Hoi Wa Fong, in aggregate, (i) remain as the single largest shareholder of the Company; (ii) maintain (directly or indirectly) beneficial ownership of not less than 40% of the entire issued share capital of the Company; and (iii) maintain management control of the Company. Details of the Term Loan Facility are set out in the announcement of the Company dated 8 July 2019.

On 23 July 2019, the Company completed the issuance of USD170 million senior notes at a price equivalent to 98.974% of the principal amount, with a nominal interest rate of 6.95% per annum and a maturity date of 23 July 2023. Please refer to the announcements of the Company dated 16 July 2019 and 25 July 2019 for further details.

On 19 August 2019, Shanghai Powerlong Industrial issued the third tranche of super short-term commercial paper for the year 2019 in an aggregate amount of RMB400 million, with a nominal interest rate of 6.40% per annum and a maturity date of 17 May 2020. Please refer to the announcement of the Company dated 22 August 2019 for further details.

On 16 October 2019, Shanghai Powerlong Industrial issued the fourth tranche of super short-term commercial paper for the year 2019 in an aggregate amount of RMB300 million, with a nominal interest rate of 5.95% per annum and a maturity date of 14 April 2020. Please refer to the announcement of the Company dated 18 October 2019 for further details.

On 8 November 2019, the Company completed the issuance of USD300 million senior notes at a price equivalent to 99.536% of the principal amount, with a nominal interest rate of 7.125% per annum and a maturity date of 8 November 2022. Please refer to the announcements of the Company dated 5 November 2019 and 12 November 2019 for further details.

On 20 November 2019, Shanghai Powerlong Industrial issued the first tranche of corporate bonds for the year 2019 in an aggregate amount of RMB1,070 million, with a nominal interest rate of 7.20% per annum. Please refer to the announcement of the Company dated 21 November 2019 for further details.

On 17 December 2019, Shanghai Powerlong Industrial issued the fifth tranche of super short-term commercial paper for the year 2019 in an aggregate amount of RMB300 million, with a nominal interest rate of 6.20% per annum and a maturity date of 14 September 2020. Please refer to the announcement of the Company dated 23 December 2019 for further details.

Net Gearing Ratio

As at 31 December 2019, the Group had a net gearing ratio (which is total borrowings less cash and cash equivalents and restricted cash over total equity) of approximately 81.2% (31 December 2018: approximately 101.6%), representing a decrease of 20.4 percentage points as compared with the corresponding period in 2018, which was primarily due to the Group's ceaseless efforts in managing finance leverage for sustainable growth.

Borrowing Cost

Total interest expenses as at 31 December 2019 amounted to approximately RMB3,599 million (2018: approximately RMB2,958 million), representing an increase of approximately 21.7% as compared with the end of 2018. The increase was mainly due to the increase in total borrowings. The effective interest rate decreased slightly from 6.48% for 2018 to 6.47% for 2019, due to tight control over finance costs. The Group will continue to implement stringent control over finance costs.

Credit Policy

Trade receivables mainly arose from sale and leasing of properties. Receivables in relation to sale and leasing of properties are therefore settled in accordance with the terms stipulated in the sale and purchase agreements and lease agreements, respectively.

Pledge of Assets

As at 31 December 2019, 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 approximately RMB59,880 million (2018: approximately RMB56,291 million) to secure borrowings of the Group. The total secured bank and other borrowings as at 31 December 2019 amounted to approximately RMB31,563 million (2018: approximately RMB30,168 million). The above senior notes are guaranteed and secured by share pledges of certain non-PRC subsidiaries and non-PRC joint ventures of the Group.

Contingent Liabilities

As at 31 December 2019, the Group had no significant contingent liabilities.

Financial Guarantees

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

	As at 31 December	
	2019	2018
	RMB'000	*RMB'000*
Guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties	**23,098,673**	15,662,393
Guarantees for borrowings of joint ventures and associates	**1,126,615**	822,500
	24,225,288	16,484,893

Commitments

(1) Commitments for property development expenditures

	As at 31 December	
	2019	2018
	RMB'000	*RMB'000*
Contracted but not provided for		
– Property development activities	**9,103,153**	7,663,384
– Acquisition of land use rights	**4,688,797**	1,311,565
	13,791,950	8,974,949

(2) Operating leases commitments

As at 31 December 2019, the Group did not have any material short-term lease obligations.

ISSUE OF NEW SHARES AND USE OF PROCEEDS

On 14 October 2019, the Company entered into a placing and subscription agreement (the "**Agreement**") with Skylong Holdings Limited (the "**Vendor**") and certain financial institutions as placing agents (the "**Placing Agents**"), pursuant to which, (a) the Placing Agents agreed to act to procure purchasers, or failing which themselves as principal, to purchase a total of 146,600,000 existing shares of the Company (the "**Placing Shares**") at the placing price of HK$5.40 per share (the "**Placing Price**"); and (b) the Vendor has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue to the Vendor, a total of 146,600,000 new Shares at the subscription price of HK$5.40 per share (being the same as the Placing Price), in each case upon the terms and subject to the conditions set out in the Agreement (the "**Placing**"). The Placing was completed on 23 October 2019 and the net proceeds of approximately HK$781,378,000 was received by the Company.

The Placing Shares represent (i) approximately 3.67% of the issued share capital of the Company as at the date of the Agreement; and (ii) approximately 3.54% of the issued share capital of the Company as enlarged by the issue of the Placing Shares. The Placing Shares have a market value of approximately HK$866,406,000 based on the closing price of HK$5.91 per Share on 14 October 2019 (the "**Last Trading Day**"), the date of the Agreement.

The Placing Price of HK$5.40 per Placing Share represents: (i) a discount of approximately 8.63% to the closing price of HK$5.91 per Share as quoted on the Stock Exchange on the Last Trading Day; (ii) a discount of approximately 6.61% to the average closing price of HK$5.782 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days prior to and including the Last Trading Day; and (iii) a discount of approximately 5.00% to the average closing price of HK$5.684 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days prior to and including the Last Trading Day.

The gross proceeds from the Placing was approximately HK$791,640,000, and the net proceeds (after deducting all applicable costs and expenses of the Placing) was approximately HK$781,378,000. The Company intends to use the net proceeds from the Placing for possible business development or investments in the future when opportunities arise and as general working capital of the Group. As at 31 December 2019, the net proceeds from the Placing has been applied and fully utilized in compliance with the intended use.

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 RMB. As at 31 December 2019, the Group's financial assets or liabilities denominated in currencies other than RMB were mainly borrowings denominated in United States dollars or Hong Kong dollars, in the total amount of approximately RMB14,577 million. Any depreciation of RMB would adversely affect the value of any dividends the Group pays to its shareholders outside of the PRC. The Group currently does not engage in any 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 2019, the Group did not have any material acquisition or disposal of subsidiaries and associates.

EMPLOYEES AND EMOLUMENT POLICY

For the year ended 31 December 2019, the Group employed a total of 11,631 employees (2018: 11,042 employees) on full time basis. The total staff costs of the Group for the year under review amounted to approximately RMB1,797 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 remuneration 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.

ANNUAL GENERAL MEETING

The annual general meeting of the Company is proposed to be held on Friday, 12 June 2020 (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 the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the articles of association of the Company in due course.

DIVIDEND

At the Board meeting held on 9 March 2020, the Board recommended the payment of a final dividend of HK$27 cents per ordinary share (the "**Final Dividend**") for the year ended 31 December 2019, subject to the approval by the shareholders of the Company at the Annual General Meeting. In addition to the Final Dividend, having considered the business, financial and cash flow position of the Group and the market conditions, the Board further declared a special dividend of HK$4 cents per ordinary share (the "**Special Dividend**") to mark the 10th anniversary of the Company's listing and to reward the shareholders of the Company for their continued support. Together with the interim dividend of HK$9 cents per ordinary share for the six months ended 30 June 2019 paid on 10 December 2019, the total dividend for the year amounted to HK$40 cents per ordinary share, representing an increase of approximately 33% as compared with the corresponding period in 2018.

The Final Dividend (if approved by the Company's shareholders) together with the Special Dividend, will be paid on or around Wednesday, 5 August 2020 to the shareholders whose names appear on the register of members of the Company on Monday, 22 June 2020.

CLOSURE OF REGISTER OF MEMBERS

(a) Attending the 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, 8 June 2020 to Friday, 12 June 2020, 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 Shops 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, 5 June 2020.

(b) Payment of the proposed Final Dividend and the Special Dividend

For the purpose of determining the shareholders' entitlement to the proposed Final Dividend for the year ended 31 December 2019 and the Special Dividend, the register of members of the Company will be closed from Thursday, 18 June 2020 to Monday, 22 June 2020, 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 2019 and the Special Dividend, 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 Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 17 June 2020.

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 enquiry has been made by the Company to all the Directors who have confirmed compliance with the required standard set out in the Model Code for the year ended 31 December 2019. 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 2019.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2019.

CORPORATE GOVERNANCE

The Company is committed to the establishment of good corporate governance practices and procedures with a view to enhancing investors' confidence in 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 had complied with all applicable code provisions contained in Appendix 14 to the Listing Rules for the year ended 31 December 2019. Further information about the corporate governance practices of the Company will be set out in the annual report of the Company for the year ended 31 December 2019.

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 2019 with the Company's management and considered that such results have been prepared in accordance with applicable accounting standards and requirements with sufficient disclosure.

AUDITOR

The figures in respect of this announcement for the Group's consolidated balance sheet, consolidated statement of comprehensive income and the related notes thereon for the year ended 31 December 2019 have been agreed by the Company's external auditor, PricewaterhouseCoopers ("**PwC**"), to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2019. The work performed by PwC in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by PwC on this announcement.

PwC shall retire at the forthcoming Annual General Meeting at which a resolution will be proposed for the re-appointment of PwC 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 2019 and up to the date of this announcement, the Company had maintained a sufficient public float of more than 25% of the total number of issued shares of the Company as required under the Listing Rules.

PUBLICATION OF THE 2019 ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The annual report of the Company for the year ended 31 December 2019 is to be despatched to shareholders of the Company and made available on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.powerlong.com in due course.

APPRECIATION

The year marked the tenth anniversary of the Company's listing on the Main Board of the Stock Exchange. In tandem with the overall development of China's real estate market and the continual achievement of the operating goals of the Group, Powerlong has also achieved leap-frog enhancement in its corporate governance and value creation, which would not have been possible without the strenuous support of the community at large. On behalf of the Board, I would like to express my gratitude to the Company's shareholders, investors, customers and business partners for their trust and support, and to staff members of the Group for their devotion and perseverance. The Group will remain firm on its beliefs, continue to provide products and services of ever better quality to its customers, create better return for its shareholders and investors, and create better value for the society.

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

Hong Kong, 9 March 2020

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 Cecilia 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.