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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)

2020 ANNUAL RESULTS ANNOUNCEMENT

SUMMARY OF RESULTS

For the year ended 31 December 2020

- Contracted sales amounted to approximately RMB81,551 million, representing an increase of approximately 35.1% as compared with the corresponding period in 2019.
- Revenue amounted to approximately RMB35,495 million, representing an increase of approximately 36.3% as compared with the corresponding period in 2019.
- Rental income and income from provision of commercial operational services and residential property management services amounted to approximately RMB3,236 million, representing an increase of approximately 15.0% as compared with the corresponding period in 2019.
- Profit for the year was approximately RMB8,815 million, representing an increase of approximately 46.5% as compared with the corresponding period in 2019.
- Profit attributable to the owners of the Company was approximately RMB6,093 million, representing an increase of approximately 50.8% as compared with the corresponding period in 2019.
- Core earnings amounted to approximately RMB6,038 million, representing an increase of approximately 37.5% as compared with the corresponding period in 2019.
- Core earnings attributable to the owners of the Company was approximately RMB3,596 million, representing an increase of approximately 34.2% as compared with the corresponding period in 2019.
- The Board recommended the payment of a Final Dividend of HK\$33 cents per ordinary share for the year ended 31 December 2020, subject to approval by the Shareholders at the Annual General Meeting. Together with the interim dividend of HK\$12 cents per ordinary share for the six months ended 30 June 2020, the total dividend for the year ended 31 December 2020 amounted to HK\$45 cents per ordinary share, representing an increase of approximately 25.0% as compared with the total annual dividend (exclusive of special dividend) for the corresponding period in 2019.

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 2020, together with comparative figures for the year ended 31 December 2019, as follows.

CONSOLIDATED BALANCE SHEET

		31 December	
		2020	2019
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
ASSETS			
Non-current assets			
Property and equipment		5,221,769	5,225,130
Investment properties	3	58,243,338	51,084,641
Intangible assets		5,420	–
Goodwill		20,640	–
Investments accounted for using the equity method		7,642,200	5,593,928
Deferred income tax assets		800,680	592,882
Financial assets at fair value through profit or loss		313	–
Financial assets at fair value through other comprehensive income		439,057	382,139
Prepayments		1,269,164	–
		<u>73,642,581</u>	<u>62,878,720</u>
Current assets			
Properties under development		48,719,297	36,446,920
Completed properties held for sale		14,589,666	10,617,428
Contract assets		406,338	279,916
Trade receivables	4	2,163,838	1,986,680
Other receivables		16,027,938	16,496,617
Prepayments		10,131,446	8,892,891
Prepaid taxes		865,430	1,019,461
Financial assets at fair value through profit or loss		308,983	207,662
Restricted cash		2,937,270	3,365,115
Cash and cash equivalents		25,338,726	20,305,545
		<u>121,488,932</u>	<u>99,618,235</u>
Total assets		<u>195,131,513</u>	<u>162,496,955</u>

		31 December 2020	2019
	Note	RMB'000	RMB'000
EQUITY			
Equity attributable to owners of the Company			
Share capital and share premium		36,795	719,088
Other reserves		1,582,187	1,669,289
Retained earnings		34,601,884	29,451,835
		<u>36,220,866</u>	<u>31,840,212</u>
Perpetual Capital Instruments		519,781	820,364
Non-controlling interests		15,060,519	6,246,452
		<u>15,060,519</u>	<u>6,246,452</u>
Total equity		<u>51,801,166</u>	<u>38,907,028</u>
LIABILITIES			
Non-current liabilities			
Borrowings	5	45,899,678	39,942,307
Lease liabilities		675,920	197,515
Other payables	6	182,167	87,617
Deferred income tax liabilities		7,242,444	6,516,251
		<u>54,000,209</u>	<u>46,743,690</u>
Current liabilities			
Borrowings	5	20,667,678	15,320,774
Trade and other payables	6	35,229,517	29,972,583
Contract liabilities		22,757,332	22,694,564
Current income tax liabilities		10,462,611	8,625,998
Lease liabilities		213,000	232,318
		<u>89,330,138</u>	<u>76,846,237</u>
Total liabilities		<u>143,330,347</u>	<u>123,589,927</u>
Total equity and liabilities		<u>195,131,513</u>	<u>162,496,955</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 December	
		2020	2019
	<i>Note</i>	RMB'000	RMB'000
Revenue	2	35,495,300	26,041,632
Cost of sales	7	(22,679,514)	(16,558,591)
Gross profit		12,815,786	9,483,041
Fair value gains on investment properties – net	3	2,095,764	2,394,403
Selling and marketing costs	7	(1,096,220)	(984,474)
Administrative expenses	7	(1,545,590)	(1,411,133)
Net impairment losses on financial assets		(150,002)	(28,554)
Other income and gains – net	8	184,226	927,108
Operating profit		12,303,964	10,380,391
Finance income/(costs) – net	9	312,433	(899,775)
Share of profit of investments accounted for using the equity method		666,990	375,755
Profit before income tax		13,283,387	9,856,371
Income tax expense	10	(4,468,037)	(3,838,474)
Profit for the year		8,815,350	6,017,897
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Currency translation differences		(16,027)	4,736
<i>Items that will not be reclassified to profit or loss</i>			
Revaluation gains on property and equipment transferred to investment properties, net of tax		92,203	–
Changes in the fair value of financial assets at fair value through other comprehensive income, net of tax		42,688	25,259
Total other comprehensive income for the year, net of tax		118,864	29,995
Total comprehensive income for the year		8,934,214	6,047,892

	<i>Note</i>	Year ended 31 December	
		2020	2019
		RMB'000	RMB'000
Profit attributable to:			
Owners of the Company		6,093,216	4,041,116
Holders of Perpetual Capital Instruments		50,979	69,556
Non-controlling interests		2,671,155	1,907,225
		8,815,350	6,017,897
Total comprehensive income attributable to:			
Owners of the Company		6,212,080	4,071,111
Holders of Perpetual Capital Instruments		50,979	69,556
Non-controlling interests		2,671,155	1,907,225
		8,934,214	6,047,892
Earnings per share for profit attributable to owners of the Company for the year (expressed in RMB cents per share)	<i>11</i>		
– Basic		147.1	100.4
– Diluted		147.1	99.8

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 adopted by the Group

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 7, HKFRS 9 and HKAS 39	Interest Rate Benchmark Reform
Revised Conceptual Framework	Revised Conceptual Framework for Financial Reporting
Amendments to HKFRS 16	Covid-19-Related Rent Concessions

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

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

The following new standards, amendments, interpretation to standards and accounting guideline have been published that are not mandatory for the year ended 31 December 2020 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
Amendments to HKFRS 9, HKAS 39, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before intended use	1 January 2022
Amendments to HKFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements	Annual Improvements to HKFRS Standards 2018-2020 Cycle	1 January 2022
Revised Accounting Guideline 5	Merger Accounting for Common Control Combination	1 January 2022
HKFRS 17	Insurance Contracts	1 January 2023
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The adoption of the new and amended standards and interpretation did not have a material impact on the consolidated financial statements of the Group.

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, commercial operation and residential property management, and other property development related businesses. Other property development related businesses 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 People’s Republic of China (the “**PRC**”) and the Group’s consolidated assets are substantially located in the PRC, no geographical information is presented.

Revenue consists of sales of properties, rental income of investment properties, income 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	
	2020	2019
	<i>RMB’000</i>	<i>RMB’000</i>
Sales of properties	31,485,863	22,477,631
Rental income of investment properties	1,561,769	1,419,940
Income from provision of commercial operational services and residential property management services	1,674,459	1,392,768
Income of other property development related businesses	773,209	751,293
	<u>35,495,300</u>	<u>26,041,632</u>

- (a) Segment results represent the profit earned by each segment without fair value gains/losses on financial assets, losses on disposal of financial assets, dividend income of financial assets, unallocated operating costs, finance income/(costs) – net and income tax expense. The segment results and other segment items for the year ended 31 December 2020 are as follows:

	Property development <i>RMB'000</i>	Property investment <i>RMB'000</i>	Commercial operation and residential property management <i>RMB'000</i>	Other property development related businesses <i>RMB'000</i>	Elimination <i>RMB'000</i>	Group <i>RMB'000</i>
Gross segment revenue	31,485,863	1,667,926	1,921,238	800,204	–	35,875,231
Inter-segment revenue	–	(106,157)	(246,779)	(26,995)	–	(379,931)
Revenue	<u>31,485,863</u>	<u>1,561,769</u>	<u>1,674,459</u>	<u>773,209</u>	<u>–</u>	<u>35,495,300</u>
Share of post-tax profit/(losses) of joint ventures	304,116	–	(3,009)	–	–	301,107
Share of post-tax profits of associates	365,850	–	–	33	–	365,883
Segment results	10,386,981	3,226,859	293,011	(174,955)	–	13,731,896
Fair value gains on financial assets at fair value through profit or loss						12,817
Dividend income of financial assets						1,218
Unallocated operating costs						(774,977)
Finance income – net						<u>312,433</u>
Profit before income tax						13,283,387
Income tax expense						<u>(4,468,037)</u>
Profit for the year						<u>8,815,350</u>
Depreciation and amortisation recognised as expenses	60,806	–	5,741	212,959	–	279,506
Fair value gains/(losses) on investment properties – net (<i>Note 3</i>)	<u>–</u>	<u>2,187,227</u>	<u>(91,463)</u>	<u>–</u>	<u>–</u>	<u>2,095,764</u>

The segment results and other segment items included in the profit for the year ended 31 December 2019 are as follows:

	Property development <i>RMB'000</i>	Property investment <i>RMB'000</i>	Commercial operation and residential property management <i>RMB'000</i>	Other property development related businesses <i>RMB'000</i>	Elimination <i>RMB'000</i>	Group <i>RMB'000</i>
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	<u>22,477,631</u>	<u>1,419,940</u>	<u>1,392,768</u>	<u>751,293</u>	<u>–</u>	<u>26,041,632</u>
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						<u>(899,775)</u>
Profit before income tax						9,856,371
Income tax expense						<u>(3,838,474)</u>
Profit for the year						<u>6,017,897</u>
Depreciation and amortisation recognised as expenses	80,115	–	3,872	189,019	–	273,006
Fair value gains/(losses) on investment properties – net (<i>Note 3</i>)	<u>–</u>	<u>2,461,812</u>	<u>(67,409)</u>	<u>–</u>	<u>–</u>	<u>2,394,403</u>

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 2020 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	114,108,767	59,670,436	4,461,571	6,850,757	(5,461,981)	179,629,550
Other assets						<u>15,501,963</u>
Total assets						<u>195,131,513</u>
Segment assets include:						
Interests in joint ventures	4,304,080	–	2,511	–	–	4,306,591
Interests in associates	3,289,911	–	–	45,698	–	3,335,609
Segment liabilities	43,797,373	1,739,480	2,259,492	4,701,951	(5,461,981)	47,036,315
Other liabilities						<u>96,294,032</u>
Total liabilities						<u>143,330,347</u>
Capital expenditure	94,149	3,872,238	509,792	676,954	–	<u>5,153,133</u>

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						<u>14,383,168</u>
Total assets						<u>162,496,955</u>
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						<u>77,000,097</u>
Total liabilities						<u>123,589,927</u>
Capital expenditure	393,945	2,786,741	155,065	323,690	–	<u>3,659,441</u>

Segment assets are reconciled to total assets as follows:

	31 December	
	2020	2019
	RMB'000	RMB'000
Segment assets	179,629,550	148,113,787
Other assets		
– Prepaid taxes	865,430	1,019,461
– Deferred income tax assets	800,680	592,882
– Unallocated cash and cash equivalents and restricted cash	5,796,947	4,674,339
– Other receivables from related parties	7,211,693	7,408,233
– Unallocated property and equipment	69,308	76,940
– Other corporate assets	9,552	21,512
– Financial assets at fair value through other comprehensive income	439,057	382,139
– Financial assets at fair value through profit or loss	309,296	207,662
Total assets	195,131,513	162,496,955

Segment liabilities are reconciled to total liabilities as follows:

	31 December	
	2020	2019
	RMB'000	RMB'000
Segment liabilities	47,036,315	46,589,830
Other liabilities		
– Current income tax liabilities	10,462,611	8,625,998
– Deferred income tax liabilities	7,242,444	6,516,251
– Current borrowings	20,667,678	15,320,774
– Non-current borrowings	45,899,678	39,942,307
– Other payables to related parties	10,986,310	5,956,236
– Dividend payables to non-controlling interests	148,880	148,880
– Other corporate liabilities	886,431	489,651
Total liabilities	143,330,347	123,589,927

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, investment properties, intangible assets, 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.

3 INVESTMENT PROPERTIES

	Completed investment properties <i>RMB'000</i>	Investment properties under construction <i>RMB'000</i>	Total <i>RMB'000</i>
Year ended 31 December 2020			
Opening net book amount	46,578,183	4,506,458	51,084,641
Additions	540,434	3,832,772	4,373,206
Acquisition of a subsidiary	73,838	–	73,838
Transfer from property and equipment	496,326	–	496,326
Revaluation gains upon transfer from property and equipment	122,937	–	122,937
Transfers	3,925,704	(3,925,704)	–
Fair value gains – net	785,372	1,310,392	2,095,764
Disposals	(3,374)	–	(3,374)
At 31 December 2020	52,519,420	5,723,918	58,243,338
Year ended 31 December 2019			
Opening net book amount	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

4 TRADE RECEIVABLES

	31 December	
	2020	2019
	RMB'000	RMB'000
Trade receivables (<i>Note (a)</i>)	2,259,611	2,032,754
– Third parties	2,218,069	2,020,186
– Related parties	41,542	12,568
Less: loss allowance (<i>Note (b)</i>)	(95,773)	(46,074)
	2,163,838	1,986,680

- (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	
	2020	2019
	RMB'000	RMB'000
Within 90 days	1,803,234	1,522,726
Over 90 days and within 180 days	86,589	20,447
Over 180 days and within 365 days	210,146	108,479
Over 365 days	159,642	381,102
	2,259,611	2,032,754

- (b) The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 31 December 2020, a provision of RMB95,773,000 was made against the gross amounts of trade receivables (2019: RMB46,074,000).

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

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
At 1 January	46,074	19,860
Provision for impairment	57,491	28,554
Receivables written off during the year as uncollectible	(6,001)	(2,340)
Unused amount reverse	(1,791)	–
At 31 December	95,773	46,074

- (c) As at 31 December 2020 and 2019, the fair value of trade receivables approximated their carrying amounts.

5 BORROWINGS

	31 December	
	2020	2019
	RMB'000	RMB'000
Borrowings included in non-current liabilities:		
Senior notes	13,765,707	13,073,322
Corporate bonds	11,928,398	8,644,860
Commercial mortgage backed securities	2,341,364	843,615
Assets-backed securities	1,269,231	–
Bank borrowings	32,965,056	26,049,451
– secured	32,819,276	25,910,556
– unsecured	145,780	138,895
Other borrowings – secured	350,000	1,476,200
Less: current portion of non-current borrowings	(16,720,078)	(10,145,141)
	45,899,678	39,942,307
Borrowings included in current liabilities:		
Bank borrowings – secured	2,384,600	3,498,953
Other borrowings – secured	763,000	677,400
Short-term commercial papers	800,000	999,280
Current portion of long-term borrowings	16,720,078	10,145,141
	20,667,678	15,320,774
Total borrowings	66,567,356	55,263,081

6 TRADE AND OTHER PAYABLES

	31 December	
	2020	2019
	RMB'000	RMB'000
Trade payables (<i>Note (a)</i>)	13,183,955	12,757,169
– Related parties	25,800	33,945
– Third parties	12,890,578	12,712,860
– Notes payable – third parties	267,577	10,364
Other payables and accruals	17,500,555	13,123,425
– Related parties	10,986,310	5,956,236
– Non-controlling interests	3,824,565	3,373,658
– Third parties	2,689,680	3,793,531
Payables for retention fee	823,415	981,622
Value-added tax received in advance from customers	1,928,838	1,399,495
Interest payable	1,068,161	1,052,832
Payables for acquisition of land use rights	23,751	90,401
Other taxes payable	734,129	506,376
Dividend payables to non-controlling interests	148,880	148,880
	35,411,684	30,060,200
Less: non-current portion		
Other payables – third parties	(182,167)	(87,617)
Current portion	35,229,517	29,972,583

- (a) The ageing analysis of trade payables as at 31 December 2020 and 2019 based on invoice date is as follows:

	31 December	
	2020	2019
	RMB'000	RMB'000
Within 90 days	8,993,850	9,184,699
Over 90 days and within 180 days	2,513,720	2,171,344
Over 180 days and within 365 days	1,217,702	1,046,201
Over 365 days and within 3 years	458,683	354,925
	13,183,955	12,757,169

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	
	2020	2019
	RMB'000	RMB'000
Cost of properties sold – including construction cost, land cost and interest cost	20,156,143	14,431,134
Staff costs (including directors' emoluments)	1,672,436	1,541,141
Employee benefit expenditure – including directors' emoluments	1,942,297	1,797,418
Less: capitalised in properties under development, investment properties under construction and construction in progress	(269,861)	(256,277)
Taxes and other levies	262,581	190,123
Advertising costs	700,078	489,538
Subcontracting costs	459,513	391,643
Hotel operations expenses	296,977	374,683
Depreciation and amortisation	279,506	273,006
– Property and equipment	224,351	227,444
– Right-of-use assets	54,968	45,562
– Intangible assets	187	–
Utilities	138,303	109,918
Office related expenses	93,863	82,193
Donations	68,892	154,385
Rental expenses	30,237	26,009
Auditor's remuneration	11,666	14,025
– Audit services	8,000	6,700
– Non-audit services	3,666	7,325

8 OTHER INCOME AND GAINS – NET

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Interest income	82,241	120,957
Exchange gains – net	42,861	1,406
Fair value gains on the remeasurement of investments in joint ventures	37,919	–
Fair value gains/(losses) on financial assets at fair value through profit or loss	12,817	(32,395)
Gains on disposal of investment properties	2,062	9,220
Gains on disposal of a joint venture and an associate	2,000	805,854
Dividend income of financial assets at fair value through profit or loss	1,218	2,390
Losses on disposal of financial assets at fair value through profit or loss	–	(3,993)
Others	3,108	23,669
	184,226	927,108

9 FINANCE (INCOME)/COSTS – NET

	Year ended 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Interest expense:		
Borrowings	4,275,175	3,572,605
Convertible Bonds	–	5,135
Lease liabilities	35,595	21,341
	<u>4,310,770</u>	<u>3,599,081</u>
Less: finance costs capitalised	(3,004,478)	(2,594,010)
Foreign exchange (gains)/losses on financing activities – net	<u>(1,205,882)</u>	<u>167,881</u>
Finance costs	<u>100,410</u>	<u>1,172,952</u>
Interest income of bank deposits	(413,133)	(273,177)
Gains of early redemption of senior note	<u>290</u>	<u>–</u>
Finance (income)/costs – net	<u>(312,433)</u>	<u>899,775</u>

10 INCOME TAX EXPENSE

	Year ended 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Current income tax:		
PRC corporate income tax	2,366,554	1,988,146
PRC land appreciation tax	1,679,846	1,566,225
	<u>4,046,400</u>	<u>3,554,371</u>
Deferred income tax:		
PRC corporate income tax	513,759	460,132
PRC land appreciation tax	(92,122)	(176,029)
	<u>421,637</u>	<u>284,103</u>
	<u>4,468,037</u>	<u>3,838,474</u>

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.

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.

	Year ended 31 December	
	2020	2019
Profit attributable to owners of the Company (RMB'000)	<u>6,093,216</u>	<u>4,041,116</u>
Weighted average number of ordinary shares in issue (thousand shares)	<u>4,142,654</u>	<u>4,025,418</u>
Basic earnings per share (RMB cents per share)	<u>147.1</u>	<u>100.4</u>

(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	
	2020	2019
Profit attributable to owners of the Company (RMB'000)		
Used in calculating basic earnings per share	6,093,216	4,041,116
Add: interest expense on Convertible Bonds	<u>–</u>	<u>5,135</u>
Used in calculating diluted earnings per share	<u>6,093,216</u>	<u>4,046,251</u>
Weighted average number of ordinary shares for diluted earnings per share (thousand shares)		
Used in calculating basic earnings per share	4,142,654	4,025,418
Adjustments:		
Convertible Bonds	<u>–</u>	<u>30,449</u>
Used in calculating diluted earnings per share	<u>4,142,654</u>	<u>4,055,867</u>
Diluted earnings per share (RMB cents per share)	<u>147.1</u>	<u>99.8</u>

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.

12 DIVIDENDS

The dividend paid in 2020 consists of (i) the payment of the 2019 final cash dividend of HK\$27.0 cents per ordinary share totalling HK\$1,118,449,000 (equivalent to RMB1,022,598,000) (2018 final cash dividend of HK\$23.2 cents per ordinary share totalling HK\$927,374,000) and the special dividend of HK\$4.0 cents per ordinary share totalling HK\$165,696,000 (equivalent to RMB151,496,000), and (ii) 2020 interim dividend of HK\$12.0 cents per ordinary share in form of cash totalling HK\$497,088,000 (equivalent to RMB444,636,000) (2019 interim dividend: HK\$9.0 cents per ordinary share in form of cash totalling HK\$372,951,000).

The Board recommended the payment of a final dividend of HK\$33.0 cents per ordinary share. Total amount of final dividend would be HK\$1,366,993,000 (equivalent to approximately RMB1,150,516,000) which is calculated according to the ordinary shares in issue as of 31 December 2020. Such dividends is subject to approval by the shareholders at the annual general meeting proposed to be held on 11 June 2021. These consolidated financial statements do not reflect this dividend payable.

	Year ended 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Proposed final dividends	1,150,516	1,002,247
Special dividends	–	148,481

13 EVENTS AFTER THE BALANCE SHEET DATE

- (a) On 11 January 2021, the Company issued 5.95%, 4-year senior notes, with an aggregated principal amount of US\$100,000,000 at 102.66% to the principal amount. The total net proceeds of the notes, after deduction of the issuance costs, amounted to approximately US\$101,856,000 (equivalent to approximately RMB659,660,000).
- (b) On 11 January 2021, Shanghai Powerlong Industrial Development Co. Ltd. (“**Shanghai Powerlong**”), a wholly-owned subsidiary of the Company, issued 6.60%, five-year corporate bonds with an aggregate principal amount of RMB1,000,000,000 at 100.00% of the face value.
- (c) On 25 January 2021, Shanghai Powerlong issued 5.70%, 270 days short-term commercial paper with an aggregate principal amount of RMB440,000,000 at 100.00% of the face value.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

During the year ended 31 December 2020, the novel coronavirus epidemic (COVID-19) brought about vast uncertainties to the economic development around the globe. In the second half of the year, with full economic recovery in the PRC, the general keynote of the austerity measures adopted for the real estate market remained unchanged. For the land market in the PRC, the amount of land transactions hit a record high, with more intensified divergence in market performance across cities. Market performed substantially well in first and second tier cities, especially the Yangtze River Delta and the Guangdong-Hong Kong-Macau Bay Area. With the introduction of the “Three Red Lines” policy in the fourth quarter of the year 2020, which requires property developers to impose strict control over their debt ratios, land transactions became less overheated in general, despite the fact that competition for high-quality land parcels remained fierce. Generally speaking, property transactions on the market remained flat as compared to year 2019, with stable transaction prices. Market performance diverged largely across regions and cities. While market scale sustained robust growth in Yangtze River Delta and the Guangdong-Hong Kong-Macau Bay Area, excess supply was seen in some cities in Northern China, where the pace of supply was not adequately catered for market demand. Along with stable market environment and tightened financial regulations, property developers took a proactive role in responding to the changes in market conditions, securing the stable and healthy development of the real estate market.

BUSINESS REVIEW

For the year ended 31 December 2020, 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; 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 2020, the contracted sales of the Group together with its associates and joint ventures amounted to approximately Renminbi (“**RMB**”) 81,551 million (2019: approximately RMB60,350 million), representing an increase of approximately 35.1% as compared with the corresponding period in 2019. In 2020, the contracted sales area of the Group together with its associates and joint ventures amounted to 5,327,291 square meters (2019: 3,767,519 square meters), representing an increase of approximately 41.4% as compared with the corresponding period in 2019.

The Group's contracted sales for the year ended 31 December 2020 continued to hit a record high and experienced a significant year-on-year increase, which was mainly attributable to (i) the Group's strategic focus on Yangtze River Delta and the Guangdong-Hong Kong-Macau Bay Area, thereby attaining economy of scale; (ii) 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; (iii) for residential projects, the "369" 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 (iv) the localized sales strategies adopted by the Group to accommodate local market needs and satisfy the requirements of the local governments of the PRC. The Group's ability to handle large projects was further strengthened, with 11 projects each of which achieving contracted sales of more than RMB2 billion. During the year ended 31 December 2020, the key contributing projects of the Group (together with its associates and joint ventures) were located in Jinhua, Ningbo, Taizhou, Shaoxing, Wenzhou, Hangzhou, Haikou, Changzhou and Zhuhai.

Set forth below is the distribution of the Group's contracted sales during the year ended 31 December 2020:

For the year ended 31 December 2020			
Distribution	Sales area <i>sq.m.</i>	Sales amount <i>RMB'000</i>	Average selling price <i>RMB/sq.m.</i>
Commercial	879,974	13,117,986	14,907
Residential	4,447,317	68,433,439	15,388
Total	5,327,291	81,551,425	15,308

Property Investment and Commercial Operational and Residential Property Management

To generate a stable and recurring income, the Group has also retained and operated certain commercial properties for leasing. As at 31 December 2020, the Group had an aggregate gross floor area ("GFA") of approximately 5,642,485 square meters (2019: approximately 5,076,029 square meters) held as investment properties (including properties completed and under construction), representing an increase of approximately 11.2% as compared with 2019.

During the year ended 31 December 2020, the Group (together with its associates and joint ventures) has completed and commenced operation of six new shopping malls. Hangzhou Qingshan Lake Powerlong Plaza Phase 1 successfully commenced operation on 1 October 2020; Jinhua Yongkang Powerlong Plaza successfully commenced operation on 20 November 2020; Hangzhou Dajiangdong Powerlong Plaza successfully commenced operation on 28 November 2020; and three shopping malls, namely Yancheng Chengdong Powerlong Plaza, Quanzhou Taishang Powerlong Plaza and Zhangzhou Longwen Powerlong Plaza, successfully commenced operation on 19 December 2020.

During the year ended 31 December 2020, three of the asset-light projects operated and managed by the Group commenced operation. Shaoxing Keqiao Powerlong Plaza successfully commenced operation on 28 November 2020; Suzhou Xingyun Powerlong Plaza successfully commenced operation on 6 December 2020; and Hangzhou Qingshan Lake Powerlong Plaza Phase 2 successfully commenced operation on 31 December 2020.

With the Group's enhanced ability of regionalized operation and management, increasing sophistication in tenant sourcing, upgraded tenant mix and continuous development of the commercial operation and management, as at 31 December 2020, the Group held and managed 48 commercial plazas and managed six asset-light projects, with the number of commercial plazas in operation held and the floor area in operation and management both being amongst the forefront of the industry.

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 brand hotels and self-operated brand chain hotels.

As at 31 December 2020, the Group owned eight international brand 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 Suzhou (蘇州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 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 also owned and operated eleven self-owned brand chain hotels, namely ARTELS Qingdao (青島寶龍藝築酒店), ARTELS Anxi Quanzhou (泉州安溪寶龍藝築酒店), ARTELS+ Huaian (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 (上海吳淞藝悅酒店), JUNTELS Binjiang Hangzhou (杭州濱江藝珺酒店), JUNTELS Penglai Yantai (煙台蓬萊藝珺酒店), ARTELS+ Penglai Yantai (煙台蓬萊藝悅酒店) and ARTELS+ Xinxiang (新鄉藝悅酒店).

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. In the future, the Group will adhere to the "1+1+N" development strategy, focusing on Yangtze River Delta and the Guangdong-Hong Kong-Macau Bay Area while exploring other premium regions that offer opportunities; 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 2020, the Group had a quality land bank amounting to a total GFA of approximately 36.5 million square meters, of which approximately 24.3 million square meters were properties under development and construction and approximately 12.2 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 quality residential properties, serviced apartments, office buildings and hotels. As at 31 December 2020, approximately 70% of the land bank of the Group is located in the Yangtze River Delta region.

During the year ended 31 December 2020, 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 2020 (as at 31 December 2020)

Project Name	Land Nature	Site Area ('000 sq.m.)	Total GFA* ('000 sq.m.)	Attributable interest
Taizhou Linhai Duqiao Land Lot Project (台州臨海杜橋地塊項目)	Commercial/residential	68.4	211.1	93.4%
Yancheng Tinghu Hope Avenue Project (鹽城亭湖區希望大道項目)	Commercial/residential	126.9	241.1	47.5%
Yangzhou GZ138 Land Lot Project (揚州GZ138地塊項目)	Commercial/residential	115.1	191.1	99.2%
Huzhou Changxing Zhicheng Street Phase 2 Project (湖州長興雉城街道二期項目)	Residential	59.5	119.0	100.0%
Nanjing Qilin Commercial and Office Land Lot Project (南京麒麟商辦地塊項目)	Commercial	41.0	155.7	100.0%
Wenzhou Rui'an Tangxia Land Lot Project (溫州瑞安塘下地塊項目)	Commercial/residential	56.9	117.6	19.1%
Shaoxing Keqiao Qianqing Land Lot Project (紹興柯橋錢清地塊項目)	Commercial/residential	131.1	359.1	35.1%
Suzhou Zhangjiagang Chengxi Land Lot Project (蘇州張家港城西地塊項目)	Residential	54.5	109.0	33.0%
Wenzhou Huanglong Trade City Phase 2 Project (溫州黃龍商貿城二期項目)	Commercial/residential	88.7	266.0	39.0%
Ningbo Jiangbei Cicheng Land Lot Project (寧波江北區慈城地塊項目)	Commercial/residential	48.8	75.3	39.0%
Ningbo Xiangshan Old Town Area Land Lot Project (寧波象山舊城區地塊項目)	Commercial/residential	85.3	125.4	77.9%
Fuzhou Yongtai Phase 1 Land Lot Project (福州永泰一期地塊項目)	Residential	45.3	98.2	34.3%
Taizhou Wenling Daxi Town Land Lot Project (台州溫嶺大溪鎮地塊項目)	Residential	69.2	138.3	77.9%
Hangzhou Lin'an Hengtan Road Land Lot Project (杭州臨安橫潭路地塊項目)	Commercial/residential	42.1	124.3	50.0%

Project Name	Land Nature	Site Area ('000 sq.m.)	Total GFA* ('000 sq.m.)	Attributable interest
Ningbo Fenghua District 3-05 Land Lot Project (寧波奉化區3-05地塊項目)	Residential	22.9	45.8	77.9%
Nanjing Xuanwu District Hongshan No. 8 Land Lot Project (南京玄武區紅山8號地塊項目)	Commercial/residential	123.5	401.1	67.5%
Nanjing Fenghui G30 Project (南京鳳匯G30項目)	Commercial/residential	47.3	118.2	44.2%
Shanghai Fengxian District Situan Land Lot Project (上海奉賢區四團地塊項目)	Commercial/residential	73.4	146.9	66.5%
Nanjing Fenghui G37 Project (南京鳳匯G37項目)	Commercial/residential	45.6	111.8	44.2%
Fuzhou Lianjiang Project (福州連江項目)	Residential	63.1	138.9	39.7%
Ningbo Fenghua District 4-22 Land Lot Project (寧波奉化區4-22地塊項目)	Commercial/residential	29.3	88.0	77.9%
Shaoxing Keqiao Longxi Project (紹興柯橋龍禧項目)	Commercial	55.0	137.9	97.9%
Ningbo Wenchuanggang Land Lot Project (寧波文創港地塊項目)	Commercial/residential	103.0	295.5	77.9%
Ningbo Fenghua District Dacheng Road Station Land Lot Project (寧波奉化區大成路站地塊項目)	Commercial/residential	55.1	146.2	68.6%
Jingdezhen Changnan New District Land Lot Project (景德鎮昌南新區地塊項目)	Commercial/residential	169.4	391.2	97.8%
Nanping Wuyishan Shangzhou Road Building Complex Project (南平武夷山上洲路綜合體項目)	Commercial/residential	68.3	142.1	74.4%
Yangzhou GZ211 Land Lot Project (揚州GZ211地塊項目)	Commercial/residential	56.1	168.3	99.2%
Wuhan Xinzhou District Yangluo Land Lot Project (武漢新洲區陽邏地塊項目)	Commercial/residential	154.0	288.6	77.9%
Zhuhai Beiwei Project (珠海北圍項目)	Commercial/residential	139.5	389.0	41.8%
Wuxi Liangxi District Shimen Road Land Lot Project (無錫梁溪區石門路地塊項目)	Residential	52.9	87.8	49.0%
Nanchang Hi-tech District Xueyuan Road Commercial and Residential Land Lot Project (南昌高新區學苑路商住地塊項目)	Commercial/residential	243.5	603.9	26.0%
Jinhua Jinyi New District Shuangjian Avenue Land Lot Project (金華金義新區雙尖大道地塊項目)	Commercial/residential	219.7	439.5	95.0%
Xuzhou Pizhou City Nanjing Road East Project (徐州邳州市南京路東側項目)	Commercial/residential	284.5	749.9	95.0%

Project Name	Land Nature	Site Area ('000 sq.m.)	Total GFA* ('000 sq.m.)	Attributable interest
Xiamen Tong'an District Commercial and Residential Land Lot Project (廈門同安區商住地塊項目)	Commercial/residential	178.8	464.9	35.1%
Nanchang Jiulonghu Project (南昌九龍湖項目)	Commercial/residential	224.5	768.6	24.1%
Nanjing Liuhe District Xiongzhou Station Metro Superstructure Commercial and Residential Project (南京六合區雄州站地鐵上蓋商住項目)	Commercial/residential	95.9	266.5	100.0%
Zhangzhou Changtai Health Town Project (漳州長泰健康小鎮項目)	Commercial/residential	209.4	230.6	65.6%
Nanjing Jiangbei New District Pukou Avenue No. 2 Project (南京江北新區浦口大道2號項目)	Commercial	72.2	216.6	100.0%
Nanjing Yaohua New City Commercial and Office Land Lot Project (南京堯化新城商辦地塊項目)	Commercial	64.4	232.0	100.0%
Total		3,884	9,401	

* Total GFA excludes underground and car parking spaces.

OUTLOOK

The year 2021 will be a year of opportunities as well as challenges for property developers. The full economic recovery after COVID-19 will energize the industry. Under the keynote of “properties being for residential dwellings instead of speculation” and “adoption of city-specific policies”, the pace of market supply and demand in 2021 will gradually become more stable and demand will be more rational. In an increasingly more concentrated industry, property development shall be strategically deployed in a reasonable way and in line with the rotational development opportunities in different cities, and shall also be focused on regions with competitive advantage. Focus shall be drawn to key cities; detailed analysis shall be conducted on the demand from different customer groups; and cooperation shall be fortified, to embrace the greater room for development.

Based on the current trend and its own development needs, the Group will further increase its contracted sales target for 2021 to RMB105 billion. The Group will apprehend customer needs and create multidimensional signposts. It will upgrade the “369” development model, for better sell-through rates and faster cash inflow. Ongoing efforts will be made to study and learn from benchmarking enterprises, enhance its professional and project-specific marketing capabilities, and substantially shorten the life cycle of development and sales.

To achieve its five-year strategic goals, the Group will continue to enhance its superiority in terms of land bank. In the future, the Group will adhere to the “1+1+N” development strategy, focusing on Yangtze River Delta and the Guangdong-Hong Kong-Macau Bay Area while exploring other premium regions that offer opportunities. 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.

In the year 2021 the Group will have quite a few new shopping centres opening. The Group will integrate its significant resources to facilitate the opening of 13 shopping malls within the year. It will continue to uphold its customer-centered philosophy, fabricate high-quality products of superior standard, and create commercial spaces with love; uplift its capability in tenant sourcing, and extend the breadth and depth of brands of strategic cooperation; enhance smart commerce, build up a digitized Powerlong, and continue to foster the “new commerce” strategies. Meanwhile, the Group will further expand the commercial operational service segment by way of strategic acquisitions and investments.

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 proactively promote the parallel development of both its talents and the enterprise, and call for employees’ revamped re-definition of themselves. The Group will mobilize individuals for the betterment of their self-achievements; integrate resources for the enhancement of working efficiency; and provide multidimensional incentives for unleashing their potentials. The Group will continue to establish a platform and create opportunities for the career development of its staff, with a view to converging bright people and gathering dedication and power.

The Board believes in “concerted efforts, love and care”. Adhering to the corporate mission of “Create space full of love”, the Group will link up living space with the well-being of everything, and create the best experience of living space and services. It will firmly gather the wisdom and power of all fellow folks of Powerlong, to build the Group into a well-respected, century-lasting and world-leading operator of city space.

FINANCIAL REVIEW

Revenue

Revenue of the Group mainly comprises income of property sales, rental income from investment properties, income from provision of commercial operational services and residential property management services and income from other property development related businesses. For the year ended 31 December 2020, the Group recorded a total revenue of approximately RMB35,495 million (2019: approximately RMB26,042 million), representing an increase of approximately 36.3% as compared with the corresponding period in 2019. This was attributable to the increase in income from each of the Group’s business segments.

Income of Property Sales

During the year ended 31 December 2020, 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 2020 amounted to approximately RMB31,486 million (2019: approximately RMB22,478 million), representing an increase of approximately 40.1% as compared with the corresponding period in 2019. 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 ended 31 December 2020:

Geographical Location		For the year ended 31 December 2020		
		GFA sold and delivered (sq.m.)	Amount sold and delivered (RMB'000)	Average selling price (RMB/sq.m.)
Yangtze River Delta	Commercial	555,076	6,490,789	11,694
	Residential	1,465,112	17,672,752	12,062
Hainan	Commercial	49,038	884,958	18,046
	Residential	257,780	3,151,233	12,225
West Strait Economic Zone	Commercial	33,688	295,725	8,778
	Residential	185,713	1,866,983	10,053
Others	Commercial	97,698	638,591	6,536
	Residential	78,554	484,832	6,172
Total		2,722,659	31,485,863	11,564
Commercial		735,500	8,310,063	11,299
Residential		1,987,159	23,175,800	11,663

Rental Income from Investment Properties and Income from Provision of Commercial Operational Services and Residential Property Management Services

For the year ended 31 December 2020, the Group recorded rental income after elimination of intra-group transactions from investment properties of approximately RMB1,562 million (2019: approximately RMB1,420 million), representing an increase of approximately 10.0% as compared with the corresponding period in 2019.

For the year ended 31 December 2020, income from provision of commercial operational services and residential property management services was mainly derived from projects developed by the Group and other third parties. The net income after elimination of intra-group transactions amounted to approximately RMB1,674 million (2019: approximately RMB1,393 million), representing an increase of approximately 20.2% as compared with the corresponding period in 2019.

For the year ended 31 December 2020, the Group's rental income from investment properties and income from provision of commercial operational services and residential property management services totalled to approximately RMB3,236 million (2019: approximately RMB2,813 million), representing an increase of approximately 15.0% as compared with the corresponding period in 2019. 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 consultation services. For the year ended 31 December 2020, the Group recorded an income after elimination of intra-group transactions from other property development related businesses of approximately RMB773 million (2019: approximately RMB751 million), representing an increase of approximately 2.9% as compared with the corresponding period in 2019.

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 2020 increased by approximately 37.0% to approximately RMB22,680 million (2019: approximately RMB16,559 million) as compared with 2019, 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 2020, gross profit increased by approximately 35.1% to approximately RMB12,816 million (2019: approximately RMB9,483 million) as compared with the corresponding period in 2019, primarily due to the growth in revenue from property sales. Gross profit margin amounted to 36.1%, representing a decrease of approximately 0.3 percentage point from 36.4% for the corresponding period in 2019.

Fair Value Gains on Investment Properties

For the year ended 31 December 2020, the Group recorded revaluation gains of approximately RMB2,096 million (2019: approximately RMB2,394 million), representing a decrease of approximately 12.4% as compared with the corresponding period in 2019. 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 2020 amounted to approximately RMB2,642 million (2019: approximately RMB2,396 million), representing an increase of approximately 10.3% over 2019, 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 2020, share of post-tax profit of investments accounted for using the equity method amounted to approximately RMB667 million (2019: approximately RMB376 million), representing an increase of approximately 77.4% as compared with the corresponding period in 2019, 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 RMB4,468 million (2019: approximately RMB3,838 million) for the year ended 31 December 2020, representing an increase of approximately 16.4% as compared with the corresponding period in 2019, primarily due to the increase in PRC corporate income tax and PRC land appreciation tax.

Profit Attributable to Owners of the Company

For the year ended 31 December 2020, the Group recorded profit attributable to owners of the Company of approximately RMB6,093 million (2019: approximately RMB4,041 million), representing an increase of approximately 50.8% as compared with the corresponding period in 2019.

For the year ended 31 December 2020, basic earnings per share was approximately RMB147.1 cents (2019: approximately RMB100.4 cents), representing an increase of approximately 46.5% as compared with the corresponding period in 2019.

Core earnings (being the profit excluding the fair value gains on investment properties and foreign exchange gains/losses on financing activities during the year under review) for the year ended 31 December 2020 reached approximately RMB6,038 million (2019: approximately RMB4,390 million), representing an increase of approximately 37.5% as compared with the corresponding period in 2019.

Core earnings attributable to owners of the Company (being the profit excluding the fair value gains on investment properties and foreign exchange gains/losses on financing activities during the year under review) for the year ended 31 December 2020 reached approximately RMB3,596 million (2019: approximately RMB2,680 million), representing an increase of approximately 34.2% as compared with the corresponding period in 2019.

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 RMB28,276 million in total as at 31 December 2020 (2019: approximately RMB23,671 million), representing an increase of approximately 19.5% as compared with the end of 2019.

Borrowings

Total borrowings of the Group as at 31 December 2020 was approximately RMB66,567 million (2019: approximately RMB55,263 million), representing an increase of approximately 20.5% as compared with the end of 2019. The Group's borrowings comprise bank and other borrowings of approximately RMB36,463 million, corporate bonds of approximately RMB11,928 million, short-term commercial papers of approximately RMB800 million, commercial mortgage backed securities (the "CMBS") of approximately RMB2,341 million, assets-backed securities (the "ABS") of approximately RMB1,269 million and senior notes of approximately RMB13,766 million.

Out of the total borrowings, approximately RMB20,667 million was repayable within one year, while approximately RMB45,900 million was repayable after one year.

On 20 January 2020, Shanghai Powerlong issued the first tranche of corporate bonds for the year 2020 in an aggregate principal amount of RMB930 million with a nominal interest rate of 6.67% per annum. Please refer to the announcement of the Company dated 21 January 2020 for further details.

On 19 to 20 March 2020, Shanghai Powerlong issued the first tranche of corporate bonds dedicated to residential leasing in an aggregate amount of RMB1,500 million, with a nominal interest rate of 6.00% per annum. Please refer to the announcement of the Company dated 20 March 2020 for further details.

On 29 April 2020, Shanghai Powerlong issued the first tranche of super short-term commercial paper for the year 2020 in an aggregate amount of RMB500 million, with a nominal interest rate of 4.80% per annum and a maturity date of 31 January 2021. Please refer to the announcement of the Company dated 7 May 2020 for further details.

On 13 May 2020, the Company as the borrower, Industrial and Commercial Bank of China (Macau) Limited (“**ICBC Macau**”) as the arranger, ICBC Macau and the financial institutions set out therein, as the original lenders and ICBC Macau as the agent, and other parties thereto, entered into a facility agreement (the “**May 2020 Facility Agreement**”) in relation to a 42-month term dual currency triple tranche loan facility in an amount of up to US\$200 million equivalent (which includes incremental facilities) (the “**May 2020 Term Loan Facility**”). Pursuant to the May 2020 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 equity interest of not less than 40% of the total issued shares of the Company; and (iii) maintain management control of the Company. Please refer to the announcement of the Company dated 13 May 2020 for further details of the May 2020 Term Loan Facility.

On 17 June 2020, the Company issued senior notes in an aggregate principal amount of US\$250 million at 99.853% of the principal amount that are listed on the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), with a nominal interest rate of 6.95% per annum (consolidated and form a single series with the US\$170 million 6.95% senior notes due 2023 issued by the Company on 23 July 2019 and listed on the SGX-ST), which will mature on 23 July 2023. Please refer to the announcements of the Company dated 10 June 2020 and 19 June 2020 for further details.

On 30 June 2020, the Company as the borrower, China CITIC Bank International Limited, The Bank of East Asia, Limited and The Hongkong and Shanghai Banking Corporation Limited (“**HSBC**”) as the mandated lead arranger and bookrunner, the financial institutions set out therein, as the original lenders and HSBC as the agent, and other parties thereto, entered into a facility agreement (the “**June 2020 Facility Agreement**”) in relation to a 42-month term dual currency dual tranche loan facility in an amount of up to US\$300 million equivalent (which includes incremental facilities) (the “**June 2020 Term Loan Facility**”). Pursuant to the June 2020 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 equity interest of not less than 40% of the total issued shares of the Company; and (iii) maintain management control of the Company. Please refer to the announcement of the Company dated 30 June 2020 for further details of the June 2020 Term Loan Facility.

On 6 to 7 August 2020, Shanghai Powerlong issued the second tranche of corporate bonds dedicated to residential leasing for the year 2020 in an aggregate amount of RMB1,000 million, with a nominal interest rate of 6.50% per annum. Please refer to the announcement of the Company dated 10 August 2020 for further details.

On 10 August 2020, the Company completed the issuance of senior notes in an aggregate amount of US\$200 million at 99.132% of the principal amount that are listed on the SGX-ST, with a nominal interest rate of 6.25% per annum, which will mature on 10 August 2024. For further details, please refer to the announcements of the Company dated 3 August 2020 and 11 August 2020.

On 26 August 2020, Shanghai Powerlong issued the first tranche of medium-term notes for the year 2020 in an aggregate amount of RMB1,000 million, with a nominal interest rate of 6.50% per annum and a maturity date of 27 August 2023. Please refer to the announcement of the Company dated 28 August 2020 for further details.

On 9 September 2020, Shanghai Powerlong issued the second tranche of super short-term commercial paper for the year 2020 in an aggregate amount of RMB300 million, with a nominal interest rate of 5.18% per annum and a maturity date of 7 June 2021. Please refer to the announcement of the Company dated 11 September 2020 for further details.

On 29 September 2020, the Company issued senior notes in an aggregate principal amount of US\$150 million at 101.185% of the principal amount that are listed on the SGX-ST, with a nominal interest rate of 6.25% per annum (consolidated and form a single series with the US\$200 million 6.25% senior notes due 2024 issued by the Company on 10 August 2020 and listed on the SGX-ST), which will mature on 10 August 2024. Please refer to the announcements of the Company dated 23 September 2020 and 4 October 2020 for further details.

On 30 October 2020, the Company completed the issuance of senior notes in an aggregate principal amount of US\$200 million at 99.417% of the principal amount that are listed on the SGX-ST, with a nominal interest rate of 5.95% per annum due on 30 April 2025. For further details, please refer to the announcements of the Company dated 22 October 2020 and 3 November 2020.

On 28 December 2020, the Company issued senior notes in an aggregate principal amount of US\$100 million at 101% of the principal amount that are listed on the SGX-ST, with a nominal interest rate of 5.95% per annum (consolidated and form a single series with the US\$200 million 5.95% senior notes due 2025 issued by the Company on 30 October 2020 and listed on the SGX-ST), which will mature on 30 April 2025. Please refer to the announcements of the Company dated 18 December 2020 and 29 December 2020 for further details.

Net Gearing Ratio

As at 31 December 2020, the Group had a net gearing ratio (which is calculated on the basis of total borrowings less cash and cash equivalents and restricted cash over total equity) of approximately 73.9% (31 December 2019: approximately 81.2%), representing a decrease of 7.3 percentage points as compared with the corresponding period in 2019, 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 2020 amounted to approximately RMB4,311 million (2019: approximately RMB3,599 million), representing an increase of approximately 19.8% as compared with the end of 2019. The increase was mainly due to the increase in total borrowings. The effective interest rate decreased slightly from 6.47% for 2019 to 6.44% for 2020, 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 2020, 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 RMB74,651 million (2019: approximately RMB59,880 million) to secure borrowings of the Group. The total secured bank and other borrowings and CMBS as at 31 December 2020 amounted to approximately RMB38,658 million (2019: approximately RMB32,407 million). The ABS of RMB1,269 million were secured by the trade receivables of the Group. The senior notes issued by the Company 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 2020, 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	
	2020	2019
	RMB'000	RMB'000
Guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties	29,461,621	23,098,673
Guarantees for borrowings of joint ventures and associates	1,394,430	1,126,615
	30,856,051	24,225,288

Commitments

(1) Commitments for property development expenditures

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Contracted but not provided for		
– Property development activities	14,102,853	9,103,153
– Acquisition of land use rights	5,954,026	4,688,797
	20,056,879	13,791,950

(2) Leases commitments

As at 31 December 2020, the Group did not have any material short-term lease obligations.

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 2020, 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 RMB17,412 million. Any depreciation of RMB would adversely affect the value of any dividends the Group pays to the shareholders of the Company (the "**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.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITION AND DISPOSAL

Save as disclosed in this announcement, the Group did not have any significant investments held, material acquisition or disposal of subsidiaries, associates or joint ventures during the year ended 31 December 2020.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this announcement, the Group had not authorised any plans for other material investments or additions of capital assets as at 31 December 2020.

EMPLOYEES AND EMOLUMENT POLICY

For the year ended 31 December 2020, the Group employed a total of 11,517 employees (2019: 11,631 employees) on full time basis. The total staff costs of the Group for the year ended 31 December 2020 amounted to approximately RMB1,942 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, 11 June 2021 (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 2 March 2021, the Board recommended the payment of a final dividend of HK\$33 cents per ordinary share (the “**Final Dividend**”) for the year ended 31 December 2020, subject to approval by the Shareholders at the Annual General Meeting. Together with the interim dividend of HK\$12 cents per ordinary share for the six months ended 30 June 2020 paid on 11 December 2020, the total dividend for the year amounted to HK\$45 cents per ordinary share, representing an increase of approximately 25.0% as compared with the total annual dividend (exclusive of special dividend) for the corresponding period in 2019.

The Final Dividend (if approved by the Shareholders at the Annual General Meeting) will be paid on or around Wednesday, 18 August 2021 to the Shareholders whose names appear on the register of members of the Company after the close of business on Tuesday, 22 June 2021.

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, 7 June 2021 to Friday, 11 June 2021, 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, 4 June 2021.

(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 2020, the register of members of the Company will be closed from Friday, 18 June 2021 to Tuesday, 22 June 2021, 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 2020, 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 Thursday, 17 June 2021.

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. 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. 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 2020. No incident of non-compliance was noted by the Company throughout the year ended 31 December 2020.

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

During the year ended 31 December 2020, the Company repurchased 1,500,000 of its own shares on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) at a total consideration of approximately HK\$6,243,920, exclusive of commissions and other expenses. The shares repurchased by the Company were cancelled on 24 March 2020 and 27 May 2020 respectively. Details of the repurchases were as follows:

Date of repurchase	Number of Shares repurchased	Consideration per Share		Total consideration paid for repurchase HK\$
		Highest price paid HK\$	Lowest price paid HK\$	
31 January 2020	500,000	4.35	4.26	2,151,560
19 March 2020	1,000,000	4.15	4.04	4,092,360
Total	1,500,000			6,243,920

Reference is made to the announcement of the Company dated 7 January 2019 in relation to the issuance of the US\$200,000,000 9.125% Senior Notes due 2021 issued by the Company (ISIN: XS1932406314; Common Code: 193240631) and listed on the SGX-ST (the “**Notes**”). Pursuant to the offer to purchase dated 18 December 2020 (the “**Offer to Purchase**”) made available to holders of the Notes, the Company offered to purchase for cash any and all of the outstanding Notes accepted for purchase by the Company upon the terms and subject to the conditions described in the Offer to Purchase (the “**Tender Offer**”). The Tender Offer expired at 4:00 p.m. (London time) on 28 December 2020 (the “**Expiration Deadline**”), and was completed on 30 December 2020. Subject to the terms and conditions contained in the Offer to Purchase, the amount payable per principal amount of the Notes validly tendered and not subsequently validly withdrawn at or prior to the Expiration Deadline was US\$1,003.50 for each US\$1,000 in principal amount of the Notes. The final aggregate principal amount of the Notes accepted for purchase was US\$120,942,000 principal amount of the Notes, representing approximately 60.47% of the total aggregate principal amount of the outstanding Notes. The Notes repurchased pursuant to the Tender Offer have been cancelled. As at 31 December 2020, after completion of the Tender Offer and cancellation of the repurchased Notes, the aggregate principal amount of the Notes which remained outstanding was US\$79,058,000. The

completion of the Tender Offer has extended the maturity profile of the Company's debt and provided the Company with additional financial flexibility to pursue its strategic objectives. For further details, please refer to the Company's announcements dated 18 December 2020, 29 December 2020 and 31 December 2020.

Save as the above, 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 2020.

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 set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules during the year ended 31 December 2020. 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 2020.

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 has reviewed the audited consolidated annual results of the Group for the year ended 31 December 2020 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 2020 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 2020. 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 for a term of office until the conclusion of the next annual general meeting 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 2020 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 2020 ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The annual report of the Company for the year ended 31 December 2020 is to be despatched to the Shareholders 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

This year marked the eleventh 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, 2 March 2021

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.