



POWERLONG
宝龙

寶龍地產控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Powerlong Real Estate Holdings Limited

Stock code: 1238

Interim Report 2012



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Company Profile

Powerlong Real Estate Holdings Limited (HK.1238) (the “Company” or “Powerlong”, and together with its subsidiaries, the “Group”) is dedicated to develop and operate high quality, large-scale and multi-functional commercial real estate projects. The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 14 October 2009. Powerlong is committed to improve the living standard of the citizens and drive the urbanization progress in China.

Focusing on Yangtze River Region with substantial expansions into Bohai Region, Central China Region and West Strait Region, Powerlong is currently running three products lines including Community Commercial Complexes, Sub-urban Centre Commercial Complexes and City Centre Commercial Complexes. As at 30 June 2012, Powerlong has a total of 30 projects in China covering Henan Province, Tianjin Municipality, Shandong Province, Jiangsu Province, Fujian Province, Chongqing Municipality, Shanghai Municipality, Zhejiang Province and Jilin Province. Powerlong City Plaza comprises of shopping malls, restaurants, leisure and other recreational facilities, some projects may include a hotel which further enhances the mall comprehensiveness. The design created a unique business model drawing extensive attention and recognition from government and the public. Each project does not only promote the local economic development, but also improves the retail facilities of the cities. The upgrade of people’s living standard is a key driver for city quality improvement which Powerlong has been and will be actively engaged in.

The success of Powerlong is attributable to the innovative vision from the chairman of the Company, Mr. Hoi Kin Hong. Mr. Hoi instilled his insights and visions at the beginning of the corporate development and drove the evolvement of Powerlong. Powerlong will continue to uphold the belief of “Creditability, Courteous, Innovation, Enthusiasm” and build up an efficient and excellent team to create values for the society, customers, shareholders and its staff.



Company Information

DIRECTORS

Executive Directors

Mr. Hoi Kin Hong (*Chairman of the Board of Directors and President*)

Mr. Hoi Wa Fong (*Chief Executive Officer*)

Mr. Xiao Qing Ping

Ms. Shih Sze Ni

Non-executive Directors

Ms. Hoi Wa Fan

Ms. Liu Xiao Lan

Independent Non-executive Directors

Mr. Ngai Wai Fung

Mr. Mei Jian Ping

Ms. Nie Mei Sheng

REMUNERATION COMMITTEE

Mr. Mei Jian Ping (*Chairman*)

Mr. Hoi Wa Fong

Ms. Nie Mei Sheng

AUDIT COMMITTEE

Mr. Ngai Wai Fung (*Chairman*)

Mr. Mei Jian Ping

Ms. Nie Mei Sheng

NOMINATION COMMITTEE

Mr. Hoi Kin Hong (*Chairman*)

Mr. Mei Jian Ping

Ms. Nie Mei Sheng

COMPANY SECRETARY

Mr. Leung Yuk Ming

AUTHORIZED REPRESENTATIVES

Mr. Hoi Wa Fong

Mr. Leung Yuk Ming

REGISTERED OFFICE

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Grand Cayman

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Cayman Islands

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WEBSITE

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AUDITOR

PricewaterhouseCoopers

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Central, Hong Kong

PRINCIPAL PLACE OF BUSINESS IN THE PRC

12th–15th Floor, Gubei International Wealth Center

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Shanghai

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Postal Code: 200336

PRINCIPAL SHARE REGISTRAR

Butterfield Fulcrum Group (Cayman) Limited

Butterfield House, 68 Fort Street

P.O. Box 609

Grand Cayman KY1-1107

Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited

Shops 1712–1716, 17th Floor

Hopewell Centre

183 Queen's Road East

Wanchai

Hong Kong

PRINCIPAL BANKERS

Industrial and Commercial Bank of China Limited

China Construction Bank Corporation

Bank of China Limited

Agricultural Bank of China Co., Ltd.

China Merchants Bank Co., Ltd.

China CITIC Bank Corporation Limited

The Hong Kong and Shanghai Banking Corporation Limited

The Bank of East Asia

LEGAL ADVISOR

Sidley Austin

Results Highlights

RESULTS HIGHLIGHTS

	Six months ended 30 June		Change
	2012 RMB Million	2011 RMB Million	
	1H 2012	1H 2011	
Revenue	2,797.8	1,950.6	43%
Gross profit	1,142.0	845.1	35%
Profit for the period	1,229.2	2,521.1	-51%
Attributable to:			
– Owners of the Company	1,221.0	2,468.7	-51%
– Non-controlling interests	8.2	52.4	-84%
Earnings per share (RMB cents per share)			
– Basic	30.45	61.55	-51%
– Diluted	30.45	61.55	-51%

REVENUE ANALYSIS

	Six months ended 30 June		Change
	2012 RMB Million	2011 RMB Million	
	1H 2012	1H 2011	
Sales of properties	2,362.8	1,744.5	35%
Rental income of investment properties	159.8	101.8	57%
Income of property management services	81.3	40.2	102%
Other income	193.9	64.1	202%
	2,797.8	1,950.6	43%

	30 June 2012	31 December 2011	Change
	RMB Million	RMB Million	
Total assets	37,754.5	34,004.4	11%
Total liabilities	22,277.5	19,599.1	14%
Total equity	15,477.0	14,405.3	7%



Management Discussion and Analysis

MARKET REVIEW AND OUTLOOK

During the first half of 2012, adhering to the core strategy of “Sound Operations, Strive for Excellence”, the Group continued to develop its real estate segment with principles of “quality improvement, cost control, design optimization and product upgrade”, and to operate its business with the aim to “add value to existing assets and build stronger brand name”. With gratitude to the collective effort made by all staff, the Group successfully achieved various goals during the first half of 2012.

During the first half of 2012, the government remained stringent towards property market control. In comparison to 2011 during which the Group expanded rapidly and successfully opened six shopping malls and two hotels, in 2012, emphasis was placed more on resources integration as well as refinement and strengthening of operation capabilities. By internal idea sharing, case studies and in-depth discussions, the Group managed to consolidate its product positioning and provided series of trainings to the relevant staff, particularly the management team helped them to better understand the product style, project scale and the community development in the future, so the relevant staff can make better arrangements accordingly.

Dedicated endeavor had been made for the comprehensive upgrade of the existing projects, while resources had been allocated for thorough evaluation and stock-checking of all projects under the Group. Operational issues had been pinpointed and analyzed. All these moves paved a solid foundation for the future development of Powerlong.

To sum up the Group’s performance for the first half of 2012, the Group achieved contracted sales of approximately RMB3,059.6 million, representing a year-on-year increase of approximately 31.1%. Key contributing projects included Hangzhou, Luoyang, Quanzhou Anxi, Chongqing Hechuan and Xiamen, etc. Overall gross profit margin was maintained at approximately 40.8%. Six shopping malls in Suqian, Yancheng, Qingdao Licang, Qingdao Jimo, Luoyang and Quanzhou Anxi respectively, which were newly opened in 2011, recorded satisfactory performance, with most of the tenancy rates reached over 90%, resulting in an approximately 56.9% growth of total rental income to approximately RMB160 million for period under review. Hotels and department stores, which were developed as comprehensive ancillary services, strengthened the positioning of Powerlong. Hotels performed up to expectation with stable operating profits bringing a total revenue of approximately RMB75 million.

In addition to the Group’s improved financial results, both brand name and image of the Group were improved. During the first half of 2012, the Group was awarded with 16 honors by recognizable authorities, for example, the “39th among the 2012 Top 100 China Real Estate Developers”, the “Star of 2012 Top 100 China Real Estate Developers”, the “2nd among the 2012 Top 30 China Commercial Property Developers”, the “2012 Top 50 China Listed Real Estate Developer in terms of Combined Strength”, the “2012 Top 10 HK-Listed China Real Estate Developers – Combined Strength”, the “2012 Top 10 HK-Listed China Real Estate Developers – Healthy Financial Status” and the “2012 Top 10 HK-Listed China Real Estate Developers – Wealth Creation Capability”. These awards serve as important recognitions of Powerlong’s performance.

In view of the ever-changing policies and market, in the second half of 2012, adhering to the core strategy of “Sound Operations, Strive for Excellence”, Powerlong will continue to strengthen its marketing effort, keep abreast of the market trends and adjust sales strategies on a timely basis, while at the same time strive to further strengthen its competitiveness by upgrading its product position and design standards. In order to maintain healthy cash flows, the Group will continue to capitalize on its sound financial management tactics, make appropriate financing arrangements and, based on the liquidity position of the Company, flexibly arrange its cash flows, so as to secure stable financial and operational status. Besides, more stringent cost control measures will be enforced cost reduction purposes. Through prudent site selections, the Group will implement reasonable expansion and maintain sustainable and healthy land reserves. Leveraging on the concerted effort made by the Group as a whole, the management is dedicated to bring fruitful returns to the shareholders of the Company (the “Shareholders”).

Management Discussion and Analysis

BUSINESS REVIEW AND FINANCIAL ANALYSIS

During the six months ended 30 June 2012, the Group conducted its business activities in the following major business segments, namely (i) property development, (ii) property investment, (iii) property management services and (iv) other property development related services. Property development remains the core business and key revenue driver of the Group.

Property Development

During the six months ended 30 June 2012, the Group adhered closely to its completion and delivery schedule. The gross floor area ("GFA") of sold and delivered projects amounted to approximately 357,580 square meters (for the six months ended 30 June 2011: 251,575 square meters), and represented an increase of 42.1% when compared with the amount for the corresponding period in 2011.

Property Sales Performance

During the six months ended 30 June 2012, the Company recorded steady property sales performance.

The total contracted sales area of the Company reached approximately 358,881 square meters (for the six months ended 30 June 2011: 345,687 square meters), while the total contracted sales value amounted to approximately RMB3,059.6 million (for the six months ended 30 June 2011: RMB2,334.6 million). Sales value for the six months ended 30 June 2012 increased by around 31.1% when compared to the amount for the corresponding period in 2011.

Project name	Contracted sales area (square meters)	Contracted sales amount (RMB'000)
Quanzhou Anxi	48,646	285,955
Changzhou	26,736	178,620
Chongqing Hechuan	43,836	272,069
Hangzhou	59,618	981,475
Quanzhou Jinjiang	23,477	175,176
Luoyang	44,228	292,436
Qingdao Jimo	25,659	162,174
Suqian	16,841	82,353
Suzhou Taicang	8,517	57,602
Tianjin	4,776	103,639
Wuxi Yuqi	10,864	46,832
Xiamen	3,919	184,681
Xinxiang	24,189	110,502
Yancheng	11,174	73,843
Others	6,401	52,250
	358,881	3,059,607



Management Discussion and Analysis

Hotel Operations

The Group continued to develop its hotel business as its long-term recurring income stream. As at 30 June 2012, the Group operated three graded hotels and two budget hotels namely, Four Points by Sheraton Qingdao, Four Points by Sheraton Tai'an, Four Points by Sheraton Taicang, Aloft Haiyang and Days Inn Powerlong Qingdao. During the period under review, the Group recorded hotel revenue of approximately RMB75 million. The hotels continued to serve as the important ancillary facilities of Powerlong's complex projects.

Investment Properties

To generate a stable income flow, the Group holds and manages a portfolio of commercial properties for leasing. As at 30 June 2012, the Group had an aggregate GFA of approximately 1.6 million square meters (31 December 2011: 1.45 million square meters) held as investment properties measured at fair value, representing an increase of approximately 10.3% over the end of 2011.

During the six months ended 30 June 2012, the Group recorded a rental income from investment properties of approximately RMB159.8 million (for the six months ended 30 June 2011: RMB101.8 million), representing an increase of 57.0% when compared to the amount for the corresponding period in 2011. This was mainly attributable to increase in rental income generated by the six new shopping malls opened in 2011.

Property Management and Related Services

During the six months ended 30 June 2012, the income from property management and related services generated from property management services, after intra-group elimination, amounted to approximately RMB81.3 million (for the six months ended 30 June 2011: RMB40.2 million), representing a substantial increase of 102.2% as compared with the amount for the corresponding period in 2011.

Cost of Sales

Cost of sales comprises land costs, construction costs, decoration costs, capitalised interest expenses, business taxes and so on. Cost of sales increased from approximately RMB1,105.5 million for the six months ended 30 June 2011 to approximately RMB1,655.8 million for the six months ended 30 June 2012, representing an increase of approximately 49.8%. This was mainly attributable to the increase of properties sold and delivered.

Profit Before Income Tax

Profits before income tax for the six months ended 30 June 2012 amounted to RMB1,863.2 million (of which, fair value gains of investment properties amounted to RMB1,122.6 million), representing a decrease of approximately 47.7% as compared with the amount for the corresponding period in 2011.

Management Discussion and Analysis

Selling and Marketing Costs and Administrative Expenses

Selling and marketing costs for the six months ended 30 June 2012 amounted to RMB91.9 million (for the six months ended 30 June 2011: RMB71.5 million). The increase in selling and marketing costs was mainly attributable to the increased number of sales projects. Administrative expenses slightly decreased by 1.5% to approximately RMB268.5 million (for the six months ended 30 June 2011: RMB272.7 million).

Fair Value Gains of Investment Properties

During the six months ended 30 June 2012, the Group recorded fair value gains of investment properties of approximately RMB1,122.6 million (30 June 2011: RMB3,021.5 million).

Income Tax Expenses

Income tax expenses decreased from RMB1,042.2 million for the six months ended 30 June 2011 to approximately RMB634.0 million for the six months ended 30 June 2012, representing a decrease of 39.2%. The decrease was mainly attributable to the drop in total profits during the period under review.

Profit Attributable to Equity Owners of the Company

For the six months ended 30 June 2012, the Group achieved a profit attributable to equity holders of RMB1,221.0 million (for the six months ended 30 June 2011: RMB2,468.7 million), representing a decrease of 50.5%. Basic earnings per share was RMB30.45 cents (for the six months ended 30 June 2011: RMB61.55 cents), representing a decrease of 50.5% as compared to the amount for the corresponding period in 2011.

For the six months ended 30 June 2012, net profit margin (excluding the profit attributable to fair value gains on investment properties) slightly increased from 13.9% for the six months ended 30 June 2011 to 14.1% in the first half of 2012.

Liquidity and Financial Resources

The long term funding and working capital required by the Group are primarily derived from income generated from the Group's core business operations and bank borrowings, which were used as working capital. As at 30 June 2012, the Group had net debt (total borrowings less cash and cash equivalents, including restricted cash) of RMB8,460.3 million and its net gearing ratio (net debt over total equity) stood at 54.7%. As at 30 June 2012, the Group had cash and cash equivalents (including restricted cash) in total amounting to RMB2,631.5 million and total borrowings amounting to RMB11,091.8 million.

Out of the total borrowings, RMB3,631.3 million was repayable within one year while RMB7,460.5 million was repayable after one year.

Employees and Emolument Policy

As at 30 June 2012, the Group employed a total of 5,133 employees (30 June 2011: 3,499). The total staff costs of the Group incurred during the period under review was RMB174.4 million. The Group adopted a performance-based rewarding system to motivate its staff. The Group also provided different types of training programs for its staff to improve their skills and expertise.

Interim Dividend

The board of directors of the Company (the "Board") did not recommend the payment of any interim dividend for the six months ended 30 June 2012.



Disclosure of Interests

INFORMATION ON SHARE OPTION SCHEME

Pursuant to the shareholder's resolutions of the Company on 16 September 2009, the Company has adopted a share option scheme (the "Share Option Scheme") and a pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") for the purpose of providing incentives and rewards to eligible participants who will contribute and had contributed to the success of the Group's operations.

A. Share Option Scheme

The following is a summary of the principal terms of the Share Option Scheme:

1. Purpose of the Share Option Scheme:

The Share Option Scheme is established to recognize and acknowledge the contributions the Eligible Participants (as defined in paragraph 2 below) had or may have made to the Group. The Share Option Scheme will provide the Eligible Participants an opportunity to have a personal stake in the Company with the view to achieving the following objectives:

- (i) motivate the Eligible Participants to optimize their performance efficiency for the benefit of the Group; and
- (ii) attract and retain or otherwise maintain on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group.

2. Participants of the Share Option Scheme

The Board may, at its discretion, offer to grant an option to the following persons (collectively the "Eligible Participants") to subscribe for such number of new shares as the Board may determine:

- (i) any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries;
- (ii) any directors (including non-executive directors and independent non-executive directors) of the Company or any of its subsidiaries; and
- (iii) any advisors, consultants, suppliers, customers, agents and such other persons who in the sole opinion of the Board will contribute or have contributed to the Company or any of its subsidiaries.

3. Total number of shares available for issue under the Share Option Scheme and percentage of issued share capital as at 30 June 2012:

The maximum number of shares which maybe issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme shall not in aggregate exceed 400,000,000 shares (representing approximately 9.88% of the issued capital as at 30 June 2012).

Disclosure of Interests

4. Maximum entitlement of each participant under the Share Option Scheme:

The total number of shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option schemes of the Company (including both exercised and outstanding options) to each Eligible Participant in any 12-month period up to the date of grant shall not exceed 1% of the shares in issue as at the date of grant. Any further grant of options in excess of this 1% limit shall be subject to:

- (i) the issue of a circular by the Company containing the identity of the Eligible Participant, the numbers of and terms of the options to be granted (and options previously granted to such participant) the information as required under Rules 17.02(2)(d) and the disclaimer required under 17.02(4) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules"); and
- (ii) the approval of the shareholders in general meeting and/or other requirements prescribed under the Listing Rules from time to time with such Eligible Participant and his associates (as defined in the Listing Rules) abstaining from voting.

5. The period within which the shares must be exercised under the Share Option Scheme:

An option may be exercised at any time during a period to be determined and notified by the directors to each grantee, but shall not be more than 10 years from the date of grant of options subject to the provisions for early termination set out in the Share Option Scheme.

6. The minimum period for which an option must be held before it can be exercised:

There is no minimum period for which an option granted must be held before it can be exercised except otherwise imposed by the directors.

7. The amount payable on application or acceptance of the option and the period within which payments or calls must or may be made, or loans for such purposes must be paid:

Options granted must be taken up within 21 days of the date of offer, upon payment of HK\$1 per grant.

8. The basis of determining the exercise price:

Determined by the Board but shall not be less than the highest of (i) the closing price of the ordinary shares as stated in the Stock Exchanges daily quotation sheets on the date of grant of options, which must be a trading day; (ii) the average closing price of the ordinary shares as stated in the Stock Exchange daily quotation sheets for the five business days immediately preceding the date of grant of options; and (iii) the nominal value of an ordinary share.

9. The remaining life of the Share Option scheme:

It will remain in force for a period of 10 years, commencing on 16 September 2009.

Since the adoption of the Share Option Scheme and up to 30 June 2012, no options had been granted under the Share Option Scheme.



Disclosure of Interests

B. Pre-IPO Share Option Scheme

The following is a summary of the principal terms of the Pre-IPO Share Option Scheme:

1. Purpose of the Pre-IPO Share Option Scheme:

The Pre-IPO Share Option Scheme is established to recognize and acknowledge the contributions the Pre-IPO Eligible Participants (as defined in paragraph 2 below) have or may have made to the Group. The Pre-IPO Share Option Scheme will provide the Pre-IPO Eligible Participants an opportunity to have a personal stake in the Company with the view to achieving the following objectives:

- (i) motivate the Pre-IPO Eligible Participants to optimize their performance efficiency for the benefit of the Group; and
- (ii) attract and retain or otherwise maintain relationship with the Pre-IPO Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group.

2. Participants of the Pre-IPO Share Option Scheme:

The Board may, at its discretion, offer to grant an option to the following persons (collectively the "Pre-IPO Eligible Participants") to subscribe for such number of new shares as the Board may determine:

- (i) any full-time employees, executives or officers of the Company; or
- (ii) any directors (including non-executive directors and independent non-executive directors) of the Company or any of its subsidiaries; or
- (iii) any full-time employees of any subsidiaries of the Company of the level of manager or above and other full-time employees of the Company or its subsidiaries who have been in employment with the Group for over 3 years from the date of the adoption of the Pre-IPO Share Option Scheme.

3. Total number of shares available for issue under the Pre-IPO Share Option Scheme and percentage of issued share capital as at 30 June 2012:

The maximum number of shares which may be issued upon exercise of the options granted under the Pre-IPO Share Option Scheme shall not in aggregate exceed 40,000,000 shares (representing approximately 0.99% of the issued share capital).

Disclosure of Interests

4. The period within which the shares must be exercised under Pre-IPO Share Option Scheme:

Exercise Period	Number of Options Exercisable:
From 16 September 2010 to 15 September 2012	1st phase options, being 20% of the total number of options granted
From 16 September 2011 to 15 September 2013	2nd phase options, being 20% of the total number of options granted
From 16 September 2012 to 15 September 2014	3rd phase options, being 20% of the total number of options granted
From 16 September 2013 to 15 September 2015	4th phase options, being 20% of the total number of options granted
From 16 September 2014 to 15 September 2016	5th phase options, being 20% of the total number of options granted

5. The minimum period for which an option must be held before it can be exercised:

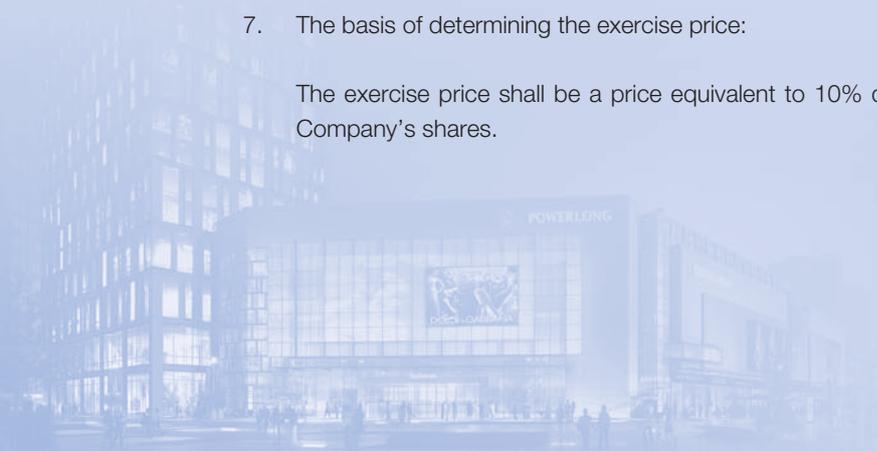
Minimum Period	Number of Options Exercisable
12 months from 16 September 2009	1st phase options, up to 20% of the total number of options granted
24 months from 16 September 2009	2nd phase options, up to 20% of the total number of options granted
36 months from 16 September 2009	3rd phase options, up to 20% of the total number of options granted
48 months from 16 September 2009	4th phase options, up to 20% of the total number of options granted
60 months from 16 September 2009	5th phase options, up to 20% of the total number of options granted

6. The amount payable on application or acceptance of the option and the period within which payments or calls must or may be made, or loans for such purposes must be paid:

Options granted must be taken up within 21 days of the date of offer, upon payment of HK\$1 per grant.

7. The basis of determining the exercise price:

The exercise price shall be a price equivalent to 10% discount of the offer price of the global offering of the Company's shares.



Disclosure of Interests

8. Movements of the Pre-IPO Share Option Scheme of the Company.

	Number of Outstanding Share Options		
	As at 31 December 2011	Forfeited during the six months ended 30 June 2012	As at 30 June 2012
From 16 September 2010 to 15 September 2012	6,332,000	(340,000)	5,992,000
From 16 September 2010 to 15 September 2013	6,332,000	(340,000)	5,992,000
From 16 September 2010 to 15 September 2014	6,332,000	(340,000)	5,992,000
From 16 September 2010 to 15 September 2015	6,332,000	(340,000)	5,992,000
From 16 September 2010 to 15 September 2016	6,332,000	(340,000)	5,992,000
	31,660,000	(1,700,000)	29,960,000

SHARE AWARD SCHEME

A share award scheme was adopted on 2 December 2010 to recognize and motivate the contributions by employees of the Group and to give incentives in order to retain them for the continual operation and development of the Group. As at 30 June 2012, no share had been awarded under the scheme. Details of the rules of the share award scheme are set out in the announcement of the Company dated 2 December 2010.

The scheme shall be valid and effective for a term of 6 years commencing on the date of adoption of the scheme. Pursuant to the scheme, shares will be acquired by the independent trustee at the cost of the Company and be held in trust for selected employees until the end of each vesting period. Vested shares will be transferred to the selected employees at no cost. The number of shares to be awarded under the scheme throughout its duration is limited to 2% of the issued share capital of the Company as at the date of adoption of the scheme.

DISCLOSURE OF INTERESTS IN SECURITIES**Directors' interests in the shares and underlying shares of the Company**

As at 30 June 2012, the interests of each director of the Company (the "Director") and chief executive of the Company in the shares and underlying shares of the Company (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as set out in Appendix 10 of the Listing Rules (the "Model Code") were as follows:

(1) *Interests in shares of the Company*

Name of Director	Long/Short position	Capacity	Number of ordinary shares in the Company	Approximate percentage of the Company's issued shares*
Mr. Hoi Kin Hong	Long Position	Interest of a controlled corporation (<i>Note 1</i>)	1,805,637,000	44.61%
	Long Position	Interest of spouse	1,729,000	0.04%
Mr. Hoi Wa Fong	Long Position	Interest of a controlled corporation (<i>Note 2</i>)	605,400,000	14.96%
Ms. Hoi Wa Fan	Long Position	Interest of a controlled corporation (<i>Note 3</i>)	300,000,000	7.41%

Disclosure of Interests

Notes:

1. The 1,805,637,000 shares are being held by Skylong Holdings Limited and Skylong Holdings Limited is wholly and beneficially owned by Hoi Kin Hong.
 2. The 605,400,000 shares are being held by Sky Infinity Holdings Limited and Sky Infinity Holdings Limited is wholly and beneficially owned by Hoi Wa Fong.
 3. The 300,000,000 shares are being held by Walong Holdings Limited and Walong Holdings Limited is wholly and beneficially owned by Hoi Wa Fan.
- * The percentage represents the number of ordinary shares interested divided by the number of the Company's issued shares as at 30 June 2012.

(2) Interests in underlying shares of the Company – equity derivatives of the Company

Name of Director	Long/Short position	Capacity	Number of underlying shares in respect of the share options granted	Approximate percentage of the underlying shares over the Company's issued shares* (Upon fully exercise of share options)
Mr. Hoi Kin Hong	Long Position	Beneficial owner	7,000,000	0.1729%
Mr. Hoi Wa Fong	Long Position	Beneficial owner	2,200,000	0.0543%
Mr. Xiao Qing Ping	Long Position	Beneficial owner	1,800,000	0.0445%
Ms. Shih Sze Ni	Long Position	Beneficial owner	1,200,000	0.0296%
Ms. Liu Xiao Lan	Long Position	Beneficial owner	1,200,000	0.0296%

Note: Details of the above share options as required by the Listing Rules have been disclosed in the above section headed "Information on Share Option Scheme" and note 17 to the condensed consolidated interim financial information.

* The percentage represents the number of underlying shares interested divided by the number of the Company's issued shares as at 30 June 2012.

(3) Long Position in the Senior Notes

Name of Director	Capacity	Amount of Debentures	Approximate percentage of the issued debentures (%)
Mr. Hoi Wa Fong	Interest of a controlled corporation (Note)	USD6,200,000	3.10%

Note: The USD6,200,000 senior notes are being held by Sky Infinity Holdings Limited and Sky Infinity Holdings Limited is wholly and beneficially owned by Hoi Wa Fong.



Disclosure of Interests

Save as disclosed above, as at 30 June 2012, none of the Directors, chief executives of the Company or their respective associates had any personal, family, corporate or other interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was deemed or taken to have under such provisions of the SFO) or which were required to be entered into the register kept by the Company pursuant to Section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHT TO ACQUIRE SHARES

Saved as disclosed above, at no time during the period under review was the Company or any of its subsidiaries a party to any arrangements to enable the Directors or any of their spouses or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporates, and none of the Directors or chief executives or their respective spouses or children under 18 years of age had been granted any right to subscribe for shares or debt securities of the Company nor exercised any such right.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 30 June 2012, the interests of substantial shareholders in shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO were as follows (other than the interests of the Directors as stated in the above paragraph headed "Directors' interests in the shares and underlying shares of the Company"):

Name	Capacity	Number of Shares	Percentage of Shareholding*
Skylong Holdings Limited (Notes 1 and 2)	Beneficial owner	1,805,637,000(L)	44.61%
Mr. Hoi Kin Hong (Notes 1)	Interest of spouse	1,729,000(L)	0.04%
Sky Infinity Holdings Limited (Notes 1 and 3)	Beneficial owner	605,400,000(L)	14.96%
Walong Holdings Limited (Notes 1 and 4)	Beneficial owner	300,000,000(L)	7.41%
Wason Holdings Limited (Note 1)	Beneficial owner	300,000,000(L)	7.41%

Notes:

1. The letter "L" denotes the person's long position in such securities.
2. Skylong Holdings Limited is wholly and beneficially owned by Hoi Kin Hong.
3. Sky Infinity Holdings Limited is wholly and beneficially owned by Hoi Wa Fong.
4. Walong Holdings Limited is wholly and beneficially owned by Hoi Wa Fan.

* The percentage represents the number of ordinary shares interested divided by the number of the Company's issued shares as at 30 June 2012.

DISCLOSURE UNDER RULE 13.17 OF THE LISTING RULES

Pursuant to the indenture governing the Company's 13.8% senior notes due 2014 (the "2014 Notes (II)") and as guarantees to secure the Company's obligations thereunder the 2014 Notes (II), Skylong Holdings Limited, Sky Infinity Holdings Limited and Walong Holdings Limited have pledged an aggregate of 1,230,520,000 shares of the Company in favour of The Hongkong and Shanghai Banking Corporation Limited, the placement agent for the offer and sale of the 2014 Notes(II).

Save as disclosed above, there are no other events which are required to be disclosed by the Company under Rule 13.17 of the Listing Rules.

Corporate Governance Report

CORPORATE GOVERNANCE

The Company is committed to the establishment of good corporate governance practices and procedures for enhancing investor confidence and the Company's accountability. For the six months ended 30 June 2012, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 to the Listing Rules from 1 January 2012 until 31 March 2012 and with the revised CG Code from 1 April 2012 until 30 June 2012, save for the deviation of A.6.7 of the CG Code as below.

Code Provision A.6.7

Under code provision A.6.7 of the CG Code, the independent non-executive directors and the non-executive directors of the Company should attend the general meetings of the Company. However, due to other business commitment, the non-executive Directors, Ms. Hoi Wa Fan and Ms. Liu Xiao Lan, and the independent non-executive Directors, Mr. Mei Jian Ping and Ms. Nie Mei Sheng, did not attend the annual general meeting of the Company held on 18 May 2012.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its code of conduct for dealings in securities of the Company by the Directors. The Company has made specific enquiry to all Directors regarding any non-compliance with the Model Code and all Directors have confirmed that they have complied with the required standard set out in the Model Code during the six months ended 30 June 2012.

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

During the period ended 30 June 2012, the Company had repurchased from the market a total of 3,066,000 shares of the Company at price per share ranging from HK\$0.98 to HK\$1.01 for an aggregate consideration of HK\$3,055,330. All the repurchased shares were subsequently cancelled on 17 February 2012. The Directors believe that the repurchases of shares would lead to an enhancement of the net value of the Group and its assets and/or its earnings per share. Save as herein disclosed, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2012. Details of the repurchases of shares were as follows:

Month of repurchase	Number of shares repurchased	Highest price per share HK\$	Lowest price per share HK\$	Aggregate purchase price HK\$
January 2012	3,066,000	1.01	0.98	3,055,330

SUFFICIENCY OF PUBLIC FLOAT

Based on information available to the Company and to the best knowledge of the Directors, the Company has maintained sufficient public float throughout the period ended 30 June 2012.

AUDIT COMMITTEE

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

The Audit Committee has reviewed the interim results for the six months ended 30 June 2012 with the Company's management.



Corporate Governance Report

PUBLICATION OF INTERIM REPORT

The interim report of the Company for the six months ended 30 June 2012 containing all the information required by the Listing Rules is to be despatched to the Shareholders and made available for review on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.powerlong.com in due course.

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

Hong Kong, 30 August 2012

Condensed Consolidated Interim Balance Sheet

		30 June 2012	31 December 2011
	<i>Note</i>	Unaudited RMB'000	Audited RMB'000
ASSETS			
Non-current assets			
Property and equipment	6	1,584,642	1,676,394
Land use rights	6	547,678	648,722
Investment properties	7	16,630,926	15,025,359
Interests in a jointly controlled entity	13	900,446	887,131
Deferred income tax assets		168,764	146,446
Loans and receivables	10	270,000	–
		20,102,456	18,384,052
Current assets			
Properties under development	8	8,274,898	6,407,247
Completed properties held for sale	9	2,436,614	2,228,846
Trade and other receivables and loans	10	1,279,585	1,357,441
Prepayments	11	2,871,429	3,682,762
Prepaid taxes		135,992	122,910
Available-for-sale financial assets	12	16,159	–
Financial assets at fair value through profit or loss		5,803	2,524
Restricted cash	14	821,621	407,428
Cash and cash equivalents	15	1,809,923	1,411,182
		17,652,024	15,620,340
Total assets		37,754,480	34,004,392
EQUITY			
Equity attributable to owners of the Company			
Share capital and premium	16	3,035,471	3,037,979
Other reserves	17	480,678	400,150
Retained earnings			
– Proposed dividends		–	243,065
– Unappropriated retained earnings		11,542,733	10,319,245
		15,058,882	14,000,439
Non-controlling interests		418,085	404,891
Total equity		15,476,967	14,405,330



Condensed Consolidated Interim Balance Sheet

		30 June 2012	31 December 2011
	<i>Note</i>	Unaudited RMB'000	Audited RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	18	7,460,510	6,919,854
Deferred income tax liabilities		2,717,747	2,420,330
		10,178,257	9,340,184
Current liabilities			
Trade and other payables	19	3,334,245	3,109,877
Advances from customers		3,175,463	2,786,218
Current income tax liabilities		1,958,212	1,926,782
Borrowings	18	3,631,336	2,436,001
		12,099,256	10,258,878
Total liabilities		22,277,513	19,599,062
Total equity and liabilities		37,754,480	34,004,392
Net current assets		5,552,768	5,361,462
Total assets less current liabilities		25,655,224	23,745,514

Hoi Kin Hong
Director

Hoi Wa Fong
Director

Condensed Consolidated Interim Statement of Comprehensive Income

	Note	Six months ended 30 June	
		2012 Unaudited RMB'000	2011 Unaudited RMB'000
Revenue	5	2,797,781	1,950,577
Cost of sales	20	(1,655,779)	(1,105,470)
Gross profit		1,142,002	845,107
Fair value gains on investment properties – net	7	1,122,612	3,021,514
Selling and marketing costs	20	(91,896)	(71,525)
Administrative expenses	20	(268,496)	(272,698)
Other (losses)/gains – net	21	(27,902)	8,471
Exchange gains/(losses) – net	22	624	(8,867)
Operating profit		1,876,944	3,522,002
Finance (costs)/income – net	23	(27,030)	41,272
Share of post-tax profits of a jointly controlled entity	13	13,315	–
Profit before income tax		1,863,229	3,563,274
Income tax expenses	24	(634,012)	(1,042,153)
Profit for the period		1,229,217	2,521,121
Other comprehensive income			
Revaluation gains on property and equipment and land use rights transferred to investment properties	6, 24	80,161	–
Available-for-sale financial assets	12, 24	(145)	–
Other comprehensive income for the period, net of tax		80,016	–
Total comprehensive income for the period		1,309,233	2,521,121
Profit attributable to:			
Owners of the Company		1,221,003	2,468,706
Non-controlling interests		8,214	52,415
		1,229,217	2,521,121
Total comprehensive income attributable to:			
Owners of the Company		1,296,039	2,468,706
Non-controlling interests		13,194	52,415
		1,309,233	2,521,121
Earnings per share for profit attributable to owners of the Company for the period (expressed in RMB cents per share)	25		
– Basic		30.45	61.55
– Diluted		30.45	61.55
Dividends	26	–	–

The notes on pages 24 to 56 form an integral part of this unaudited condensed consolidated interim financial information.

Condensed Consolidated Interim Statement of Changes in Equity

	Attributable to owners of the Company					
	Share capital and premium RMB'000 <i>(note 16)</i>	Other reserves RMB'000 <i>(note 17)</i>	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Six months ended 30 June 2012 (Unaudited)						
Balance at 1 January 2012	3,037,979	400,150	10,562,310	14,000,439	404,891	14,405,330
Comprehensive income						
– Profit for the period	–	–	1,221,003	1,221,003	8,214	1,229,217
– Other comprehensive income	–	75,036	–	75,036	4,980	80,016
Total comprehensive income for the period	–	75,036	1,221,003	1,296,039	13,194	1,309,233
Transactions with owners						
– Dividends	–	–	(240,580)	(240,580)	–	(240,580)
– Repurchase of shares of the Company	(2,508)	–	–	(2,508)	–	(2,508)
– Employees share option scheme	–	5,492	–	5,492	–	5,492
Total transactions with owners	(2,508)	5,492	(240,580)	(237,596)	–	(237,596)
Balance at 30 June 2012	3,035,471	480,678	11,542,733	15,058,882	418,085	15,476,967

Condensed Consolidated Interim Statement of Changes in Equity

	Attributable to owners of the Company				Non-controlling interests RMB'000	Total equity RMB'000
	Share capital and premium RMB'000 (note 16)	Other reserves RMB'000 (note 17)	Retained earnings RMB'000	Total RMB'000		
Six months ended						
30 June 2011 (Unaudited)						
Balance at 1 January 2011	3,107,456	378,062	7,393,396	10,878,914	267,664	11,146,578
Comprehensive income						
– Profit for the period	–	–	2,468,706	2,468,706	52,415	2,521,121
– Other comprehensive income	–	–	–	–	–	–
Total comprehensive income for the period	–	–	2,468,706	2,468,706	52,415	2,521,121
Transactions with owners						
– Dividends	–	–	(241,806)	(241,806)	–	(241,806)
– Purchase of shares held for share award scheme	(55,255)	–	–	(55,255)	–	(55,255)
– Employees share option scheme	–	9,519	–	9,519	–	9,519
Total transactions with owners	(55,255)	9,519	(241,806)	(287,542)	–	(287,542)
Appropriation to statutory reserves	–	2,444	(2,444)	–	–	–
Balance at 30 June 2011	3,052,201	390,025	9,617,852	13,060,078	320,079	13,380,157

The notes on pages 24 to 56 form an integral part of this unaudited condensed consolidated interim financial information.

Condensed Consolidated Interim Statement of Cashflow

	Note	Six months ended 30 June	
		2012	2011
		Unaudited	Unaudited
		RMB'000	RMB'000
Cash flows from operating activities			
Cash generated from/(used in) operations		67,090	(1,390,742)
PRC corporate income tax paid		(198,822)	(142,713)
PRC land appreciation tax paid		(159,438)	(221,381)
Interest paid		(519,448)	(248,149)
Cash flows from operating activities – net		(810,618)	(2,002,985)
Cash flows from investing activities			
Purchase of property and equipment		(46,523)	(132,507)
Payments of construction fee of investment properties		(228,928)	(1,607,320)
Collection of entrusted loans	10(a)	270,000	100,000
Entrusted loans to third parties	10(a)	(270,000)	(200,000)
Proceeds from disposal of a subsidiary		64,482	–
Other cash generated from/(used in) investing activities – net		36,534	(181,600)
Cash flows from investing activities – net		(174,435)	(2,021,427)
Cash flows from financing activities			
Proceeds from borrowings		3,195,912	4,024,559
Repayments of borrowings		(1,516,049)	(1,426,415)
(Increase)/decrease in guarantee deposits		(233,837)	264,054
Distribution of dividends		–	(241,806)
Other cash used in financing activities – net		(62,856)	(20,421)
Cash flows from financing activities – net		1,383,170	2,599,971
Net increase/(decrease) in cash and cash equivalents		398,117	(1,424,441)
Cash and cash equivalents at beginning of the period		1,411,182	2,739,908
Effect of foreign exchange rate changes		624	(8,867)
Cash and cash equivalents at end of the period	15	1,809,923	1,306,600

The notes on pages 24 to 56 form an integral part of this unaudited condensed consolidated interim financial information.

Notes to the Condensed Consolidated Interim Financial Information

1 GENERAL INFORMATION

Powerlong Real Estate Holdings Limited (the “Company”) was incorporated in the Cayman Islands on 18 July 2007 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The Company’s principal activity is investment holding. The Company and its subsidiaries (together, the “Group”) is principally engaged in property development, property investment, property management, and other property development related services in the People’s Republic of China (the “PRC”).

The Company has its primary listing on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 14 October 2009.

This condensed consolidated interim financial information for the six months ended 30 June 2012 (“Interim Financial Information”) was approved for issue on 30 August 2012.

The Interim Financial Information has not been audited.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Interim Financial Information has been prepared in accordance with HKAS 34 “Interim Financial Reporting”. The Interim Financial Information should be read in conjunction with the annual financial statements for the year ended 31 December 2011, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2011, as described in those annual financial statements.

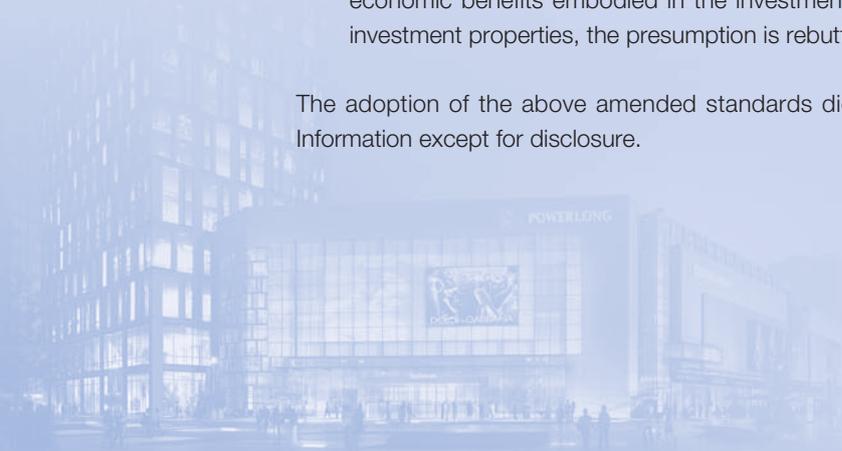
(a) Amended standards adopted by the Group

HKFRS 7 (Amendment)	Financial instruments: Disclosures – Transfers of financial assets
HKFRS 1 (Amendment)	Severe hyperinflation and removal of fixed dates for first-time adopters
HKAS 12 (Amendment) (note (1))	Deferred tax: Recovery of underlying assets

- In December 2010, the Hong Kong Institute of Certified Public Accountants (“HKICPA”) amended HKAS 12 “Income taxes”, to introduce an exception to the principle for the measurement of deferred tax assets or liabilities arising on investment properties measured at fair value. HKAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. The amendment introduces a rebuttable presumption that an investment property measured at fair value is recovered entirely by sale. The amendment is applicable retrospectively to annual periods beginning on or after 1 January 2012 with early adoption permitted.

Investment properties of the Group are held with a business model to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. For these investment properties, the presumption is rebutted and related deferred tax is not remeasured.

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



Notes to the Condensed Consolidated Interim Financial Information

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

- (b) The following new standards and interpretations and amendments to standards have been issued but are not effective for the financial year ending 31 December 2012 and have not been early adopted:

		Effective for annual periods beginning on or after
HKAS 1 (Amendment)	Presentation of financial statements	1 July 2012
HKFRS 10	Consolidated financial statements	1 January 2013
HKAS 27 (Revised 2011)	Separate financial statements	1 January 2013
HKFRS 11	Joint arrangements	1 January 2013
HKAS 28 (Revised 2011)	Associates and joint ventures	1 January 2013
HKFRS 12	Disclosure of interests in other entities	1 January 2013
HKFRS 13	Fair value measurements	1 January 2013
HKAS 19 (Amendment)	Employee benefits	1 January 2013
HKFRS 7 (Amendment)	Financial instruments: Disclosures – Offsetting financial assets and financial liabilities	1 January 2013
HK(IFRIC) – Int 20	Stripping costs in the production phase of a surface mine	1 January 2013
HKFRS (Amendments)	Annual Improvements 2009-2011 Cycle	1 January 2013
HKAS 32 (Amendment)	Financial instruments: Presentation – Offsetting financial assets and financial liabilities	1 January 2014
HKFRS 9	Financial instruments	1 January 2015
HKFRS 7 (Amendment)	Mandatory effective date and transition disclosures	1 January 2015

Management is in the process of making an assessment of their impact and is not yet in a position to state whether any substantial changes to the Group's significant accounting policies and presentation of the financial information will be resulted in.

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

3 ESTIMATES

The preparation of the Interim Financial Information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the Interim Financial Information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements for the year ended 31 December 2011, with the exception of changes in estimates that are required in determining the provision for income taxes.

Notes to the Condensed Consolidated Interim Financial Information

4 FINANCIAL RISK MANAGEMENT**4.1 Financial risk factors**

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The Interim Financial Information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2011.

There have been no changes in the risk management department or in any risk management policies since year end.

4.2 Liquidity risk

Management of the Group aims to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of available financing, including short-term and long-term bank loans. The current economic conditions continue to create uncertainty particularly over (a) the level of demand of the Group's products; and (b) the availability of bank finance for the foreseeable future.

Management seeks to effectively manage future cash flows and reduce exposure to unexpected adverse changes in economic conditions through a number of alternative plans, including adopting more flexible approach to pricing for property sales, adjusting development time table to ensure that the Group has available resources to finance projects of the Group, implementing cost control measures, seeking co-developers to jointly develop certain projects, generating additional cash inflows through disposal of certain investment properties at commercially acceptable prices, and renegotiating payment terms with counterparties in certain contractual land acquisition arrangements. The Group, will base on its assessment of the relevant future costs and benefits, pursue such plans as are appropriate. The directors consider that the Group will be able to maintain sufficient financial resources to meet its operation needs.

The table below set out the Group's financial liabilities by relevant maturity grouping at each balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows. Trade and other payables due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
At 30 June 2012					
Borrowings	4,163,831	4,255,102	4,323,196	837,470	13,579,599
Trade and other payables	3,334,245	–	–	–	3,334,245
At 31 December 2011					
Borrowings	3,068,862	2,894,336	4,766,980	941,767	11,671,945
Trade and other payables	3,109,877	–	–	–	3,109,877

Notes to the Condensed Consolidated Interim Financial Information

4 FINANCIAL RISK MANAGEMENT (continued)**4.3 Fair value estimation**

The different levels of fair value estimation have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets that are measured at fair value.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
At 30 June 2012				
Available-for-sale financial assets	–	–	16,159	16,159
Financial assets at fair value through profit or loss	5,803	–	–	5,803
	5,803	–	16,159	21,962
At 31 December 2011				
Financial assets at fair value through profit or loss	2,524	–	–	2,524

No transfers between levels of the fair value hierarchy used in measuring the fair value of financial instruments for the six months ended 30 June 2012.

For the six months ended 30 June 2012, there were no significant changes in the business or economic circumstances that affect the fair value of the Group's financial assets and financial liabilities.

For the six months ended 30 June 2012, there were no significant reclassifications of financial assets.

Notes to the Condensed Consolidated Interim Financial Information

5 SEGMENT INFORMATION

The Board of Directors of the Company (the “Board”), which is the chief operating decision-maker of the Group, reviews the Group’s internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports. The Group is organised into four business segments: property development, property investment, property management services and other property development related services. As the Board considers most of the Group’s consolidated revenue and results are attributable to the market in the PRC and the Group’s consolidated assets are substantially located in the PRC, no geographical information is presented.

The segment results and other segment items included in the profit for the six months ended 30 June 2012 are as follows:

	Property development RMB'000	Property investment RMB'000	Property management services RMB'000	Other property development related services RMB'000	Elimination RMB'000	Group RMB'000
Gross segment revenue	2,362,835	159,763	86,033	193,909	-	2,802,540
Inter-segment revenue	-	-	(4,759)	-	-	(4,759)
Revenue	2,362,835	159,763	81,274	193,909	-	2,797,781
Segment results	862,291	1,229,286	(6,736)	(98,116)	(3,541)	1,983,184
Other losses – net (note 21)						(27,902)
Share of post-tax profits of a jointly controlled entity (note 13)						13,315
Unallocated operating costs						(78,338)
Finance costs – net (note 23)						(27,030)
Profit before income tax						1,863,229
Income tax expenses (note 24)						(634,012)
Profit for the period						1,229,217
Depreciation (note 6)	6,580	-	1,358	42,363	-	50,301
Amortisation of land use rights recognised as expenses (note 6)	-	-	-	2,955	-	2,955
Fair value gains on investment properties – net (note 7)	-	1,122,612	-	-	-	1,122,612

Notes to the Condensed Consolidated Interim Financial Information

5 SEGMENT INFORMATION (continued)

The segment results and other segment items included in the profit for the six months ended 30 June 2011 are as follows:

	Property development RMB'000	Property investment RMB'000	Property management services RMB'000	Other property development related services RMB'000	Elimination RMB'000	Group RMB'000
Gross segment revenue	1,744,484	101,827	46,066	64,076	–	1,956,453
Inter-segment revenue	–	–	(5,876)	–	–	(5,876)
Revenue	1,744,484	101,827	40,190	64,076	–	1,950,577
Segment results	650,461	3,061,666	(15,514)	(95,229)	(3,088)	3,598,296
Other gains – net (<i>note 21</i>)						8,471
Unallocated operating costs						(84,765)
Finance income – net (<i>note 23</i>)						41,272
Profit before income tax						3,563,274
Income tax expenses (<i>note 24</i>)						(1,042,153)
Profit for the period						2,521,121
Depreciation (<i>note 6</i>)	3,761	–	929	24,181	–	28,871
Amortisation of land use rights recognised as expenses (<i>note 6</i>)	–	–	–	4,164	–	4,164
Fair value gains on investment properties – net (<i>note 7</i>)	–	3,021,514	–	–	–	3,021,514

Notes to the Condensed Consolidated Interim Financial Information

5 SEGMENT INFORMATION (continued)

Segment assets and liabilities as at 30 June 2012 are as follows:

	Property development RMB'000	Property investment RMB'000	Property management services RMB'000	Other property development related services RMB'000	Elimination RMB'000	Group RMB'000
Segment assets	18,951,293	17,589,280	140,736	2,001,918	(2,255,800)	36,427,427
Other assets						1,327,053
Total assets						<u>37,754,480</u>
Segment liabilities	5,268,715	491,236	186,272	2,260,459	(2,255,800)	5,950,882
Other liabilities						16,326,631
Total liabilities						<u>22,277,513</u>
Capital expenditure	9,744	328,640	544	111,497	-	450,425

Segment assets and liabilities as at 31 December 2011 are as follows:

	Property development RMB'000	Property investment RMB'000	Property management services RMB'000	Other property development related services RMB'000	Elimination RMB'000	Group RMB'000
Segment assets	15,829,030	16,409,224	159,219	2,854,117	(2,119,985)	33,131,605
Other assets						872,787
Total assets						<u>34,004,392</u>
Segment liabilities	4,996,214	603,642	184,230	1,858,444	(2,119,985)	5,522,545
Other liabilities						14,076,517
Total liabilities						<u>19,599,062</u>
Capital expenditure	14,837	2,913,385	6,088	736,679	-	3,670,989



Notes to the Condensed Consolidated Interim Financial Information

5 SEGMENT INFORMATION (continued)

Segment assets are reconciled to total assets as follows:

	30 June 2012 RMB'000	31 December 2011 RMB'000
Segment assets	36,427,427	33,131,605
Other assets		
– Prepaid taxes	135,992	122,910
– Deferred income tax assets	168,764	146,446
– Unallocated cash and cash equivalents and restricted cash	969,074	519,235
– Amounts due from related parties	24,454	65,686
– Unallocated property and equipment	14,030	8,287
– Other corporate assets	14,739	10,223
Total assets	<u>37,754,480</u>	<u>34,004,392</u>

Segment liabilities are reconciled to total liabilities as follows:

	30 June 2012 RMB'000	31 December 2011 RMB'000
Segment liabilities	5,950,882	5,522,545
Other liabilities		
– Current income tax liabilities	1,958,212	1,926,782
– Deferred income tax liabilities	2,717,747	2,420,330
– Current borrowings	3,631,336	2,436,001
– Non-current borrowings	7,460,510	6,919,854
– Amounts due to related parties	242,358	302,706
– Dividends payable	240,580	–
– Other corporate liabilities	75,888	70,844
Total liabilities	<u>22,277,513</u>	<u>19,599,062</u>

There has been no material change in total assets from the amount disclosed in the last annual financial statements.

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

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

Notes to the Condensed Consolidated Interim Financial Information

5 SEGMENT INFORMATION (continued)

The amounts provided to the Board with respect to total assets and liabilities are measured in a manner consistent with that of the financial statements. These assets and liabilities are allocated based on the operations of the segment.

Segment assets consist primarily of property and equipment, land use rights, investment properties, properties under development, completed properties held for sale, receivables and cash and cash equivalents.

Segment liabilities consist of operating liabilities.

Capital expenditure comprises additions to property and equipment and land use rights (note 6) and investment properties (note 7).

6 PROPERTY AND EQUIPMENT AND LAND USE RIGHTS

	Property and equipment RMB'000	Land use rights RMB'000
Six months ended 30 June 2012		
Opening net book amounts as at 1 January 2012	1,676,394	648,722
Additions	50,782	71,003
Transfers from investment properties (note 7)	25,668	59,756
Revaluation reserves recognised in other comprehensive income (note (i))	10,240	96,641
Transfers to investment properties (note 7)	(117,140)	(122,599)
Disposals	(1,086)	–
Depreciation/amortisation charges	(50,301)	(2,955)
Disposal of a subsidiary (note 21)	(9,915)	(202,890)
Closing net book amounts as at 30 June 2012	1,584,642	547,678
Six months ended 30 June 2011		
Opening net book amounts as at 1 January 2011	904,176	108,490
Additions	190,715	221,719
Transfers from investment properties (note 7)	353,112	289,044
Disposals	(971)	–
Depreciation/amortisation charges	(28,871)	(4,164)
Closing net book amounts as at 30 June 2011	1,418,161	615,089

- (i) During the six months ended 30 June 2012, certain owner-occupied properties and land use rights were transferred to investment properties due to change in use. The difference between the fair value and carrying amounts of these properties and land use rights at the date of change in use amounting to RMB10,240,000 and RMB96,641,000, respectively, was recognised in other comprehensive income.

Notes to the Condensed Consolidated Interim Financial Information

6 PROPERTY AND EQUIPMENT AND LAND USE RIGHTS (continued)

As at 30 June 2012, properties with net book amounts totalling RMB977,054,000 (31 December 2011: RMB593,793,000) and land use rights of RMB57,828,000 (31 December 2011: RMB61,963,000) were pledged as collateral for the Group's borrowings respectively (note 18).

Certain equipments of the Group with the net book amount of RMB91,848,000 where the Group is a lessee under non-cancellable finance lease agreement. The lease terms are 3 years (note 18(d)).

The capitalisation rate of borrowings for the six months ended 30 June 2012 was 12.47% (six months ended 30 June 2011: 8.68%).

Land use rights comprise cost of acquiring rights to use certain land, which are all located in the PRC, mainly for hotel buildings and other self-use buildings over fixed periods.

7 INVESTMENT PROPERTIES

	Completed investment properties RMB'000	Investment properties under construction RMB'000	Total RMB'000
Six months ended 30 June 2012			
Opening amount as at 1 January 2012	14,017,695	1,007,664	15,025,359
Additions	105,456	223,184	328,640
Transfers to property and equipment and land use rights (note 6)	(85,424)	–	(85,424)
Transfers from property and equipment and land use rights (note 6)	239,739	–	239,739
Fair value gains	52,523	1,070,089	1,122,612
Closing amount as at 30 June 2012	14,329,989	2,300,937	16,630,926
Six months ended 30 June 2011			
Opening amount as at 1 January 2011	8,984,000	1,104,058	10,088,058
Additions	39,212	1,427,604	1,466,816
Transfers to property and equipment and land use rights (note 6)	(183,958)	(458,198)	(642,156)
Fair value gains	–	3,021,514	3,021,514
Closing amount as at 30 June 2011	8,839,254	5,094,978	13,934,232

Notes to the Condensed Consolidated Interim Financial Information

7 INVESTMENT PROPERTIES (continued)

Completed investment properties and certain investment properties under construction of the Group are measured at fair value as at 30 June 2012 (31 December 2011: same).

In respect of the completed investment properties, the valuations are based on capitalisation of the net rental incomes of the property derived from the existing tenancies with due allowance for the reversionary income potential of the property.

In respect of the investment properties under construction, the Group has valued such properties on the basis that they will be developed and completed in accordance with the Group's latest development plans. The Group has adopted the "Direct Comparison Approach" by making reference to the sales transactions or asking price evidences of comparable properties as available in the market with adjustments made to account for any differences and where appropriate, the basis of capitalisation of estimated net incomes derived from the properties with consideration of the prevailing market yield. The Group has also taken into account various costs, such as construction cost, contingency cost, finance cost and professional fees that will be expended to complete the development as well as the developer's profit to reflect the risks associated with the development of the properties and the quality of the completed developments.

Investment properties as at 30 June 2012 are held in the PRC on leases between 10 to 50 years (31 December 2011: same).

The capitalisation rate of borrowings for the six months ended 30 June 2012 was 12.47% (six months ended 30 June 2011: 8.68%).

As at 30 June 2012, investment properties of RMB10,550,641,000 (31 December 2011: RMB9,867,943,000) were pledged as collateral for the Group's borrowings (note 18).

Certain equipments affiliated with the investment properties of the Group of RMB132,538,000 where the Group is a lessee under non-cancellable finance lease agreement. The lease terms are 3 years (note 18(d)).



Notes to the Condensed Consolidated Interim Financial Information

8 PROPERTIES UNDER DEVELOPMENT

	30 June 2012 RMB'000	31 December 2011 RMB'000
Properties under development include:		
– Construction costs and capitalised expenditures	2,348,913	1,971,783
– Interests capitalised	1,088,508	722,351
– Land use rights	4,837,477	3,713,113
	8,274,898	6,407,247
Land use rights:		
Outside Hong Kong, held on leases of		
– Over 50 years	3,628,355	2,578,030
– Between 10 to 50 years	1,209,122	1,135,083
	4,837,477	3,713,113

The properties under development are all located in the PRC and expected to be completed within an operating cycle.

As at 30 June 2012, properties under development of approximately RMB3,029,829,000 (31 December 2011: RMB2,776,827,000) were pledged as collateral for the Group's borrowings (note 18).

The capitalisation rate of borrowings for the six months ended 30 June 2012 was 12.47% (six months ended 30 June 2011: 8.68%).

9 COMPLETED PROPERTIES HELD FOR SALE

The completed properties held for sale are all located in the PRC.

As at 30 June 2012, completed properties held for sale of approximately RMB942,174,000 (31 December 2011: RMB818,833,000) were pledged as collateral for the Group's borrowings (note 18).

Notes to the Condensed Consolidated Interim Financial Information

10 TRADE AND OTHER RECEIVABLES AND LOANS

	30 June 2012 RMB'000	31 December 2011 RMB'000
Non-current assets:		
Loans and receivables – entrusted loans to third parties (<i>note (a)</i>)	270,000	–
Current assets:		
Trade receivables (<i>note (b)</i>)	782,951	733,349
– Related parties (<i>note 29(c)</i>)	60,075	57,348
– Third parties	722,876	676,001
Entrusted loans to third parties (<i>note (a)</i>)	–	270,000
Deposits for acquisition of land use rights	95,000	100,000
Other receivables from:	401,634	254,092
– Related parties (<i>note 29(c)</i>)	24,454	65,686
– Third parties	377,180	188,406
	1,279,585	1,357,441

- (a) The entrusted loans are lent to third parties through a finance institution. The effective interest rate as at 30 June 2012 is 7.93% (31 December 2011: 8.14%). The loans of RMB200,000,000 and RMB70,000,000 as of 30 June 2012 will mature in February 2014 and May 2014, respectively.

Movements of the entrusted loans are as follows:

	Six months ended 30 June	
	2012 RMB'000	2011 RMB'000
At 1 January	270,000	170,000
Collection of entrusted loans	(270,000)	(100,000)
Addition of entrusted loans	270,000	200,000
At 30 June	270,000	270,000

- (b) Trade receivables are mainly derived from sales of properties and rental income. Sales proceeds and rental fee are paid in accordance with the terms of the related sales and purchase agreements and rental contracts. As at 30 June 2012 and 31 December 2011, the ageing analysis of the trade receivables of the Group based on invoice date is as follows:

	30 June 2012 RMB'000	31 December 2011 RMB'000
Within 90 days	635,003	574,285
Over 90 days and within 365 days	147,948	159,064
	782,951	733,349

Notes to the Condensed Consolidated Interim Financial Information

10 TRADE AND OTHER RECEIVABLES AND LOANS (continued)

(b) (continued)

As at 30 June 2012, trade receivables of RMB55,941,000 (31 December 2011: RMB55,019,000) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	30 June 2012 RMB'000	31 December 2011 RMB'000
Over 90 days and within 365 days	55,941	55,019

(c) As at 30 June 2012 and 31 December 2011, the fair value of trade and other receivables and loans approximated their carrying amounts.

(d) Trade and other receivables are interest free. The Group's trade and other receivables and loans are denominated in RMB. Except for those disclosed in note 10(b), no material trade and other receivables and loans were impaired or past due as at 30 June 2012 and 31 December 2011.

(e) The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral as security.

11 PREPAYMENTS

	30 June 2012 RMB'000	31 December 2011 RMB'000
Acquisition of properties – a related party (note 29(c))	600,000	600,000
Acquisition of land use rights (note (a))	2,243,511	2,974,313
Construction materials – third parties	27,918	108,449
	2,871,429	3,682,762

(a) Payments on land acquisitions will be made in accordance with the payment terms as stipulated in the land acquisition contracts. The relevant land use rights certificates have not been obtained as at 30 June 2012. The land acquisition costs which are contracted but not provided for are included in commitments (note 28(a)).

12 AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets include the following:

	Six months ended 30 June 2012 RMB'000
Unlisted private trust fund:	
Opening amount as at 1 January 2012	–
Additions	16,304
Revaluation loss (note 17)	(145)
Closing amount as at 30 June 2012	16,159

Notes to the Condensed Consolidated Interim Financial Information

13 INTERESTS IN A JOINTLY CONTROLLED ENTITY

	Six months ended 30 June 2012 RMB'000
Share of net assets:	
Opening amount as at 1 January 2012	887,131
Share of post-tax profits	13,315
Closing amount as at 30 June 2012	<u>900,446</u>

The summarised financial information in respect of the Group's interests in a jointly controlled entity which are accounted for using the equity method is set out below:

	30 June 2012 RMB'000	31 December 2011 RMB'000
Assets	2,293,636	1,949,500
Liabilities	(705,228)	(372,877)
Net assets	1,588,408	1,576,623
Less: funds contributed by the joint venture partner of the Group	(687,962)	(689,492)
Net assets attributable to the Group	<u>900,446</u>	<u>887,131</u>

The Group's share of aggregated results of the jointly controlled entity is as follows:

	Six months ended 30 June 2012 RMB'000
Fair value gains from investment properties, net of tax	<u>16,158</u>
Profit after income tax	<u>13,315</u>



Notes to the Condensed Consolidated Interim Financial Information

13 INTERESTS IN A JOINTLY CONTROLLED ENTITY (continued)

The Group's proportionate interest in the jointly controlled entity's commitments and financial guarantee contracts are as follows:

	30 June 2012 RMB'000	31 December 2011 RMB'000
Proportionate interest of commitments	407,380	371,224
Proportionate interest of financial guarantee contracts	5,230	–

There are no other contingent liabilities relating to the Group's interest in the jointly controlled entity, and no contingent liabilities of the jointly controlled entity itself.

14 RESTRICTED CASH

	30 June 2012 RMB'000	31 December 2011 RMB'000
Guarantee deposits for construction projects (<i>note (a)</i>)	82,509	74,710
Guarantee deposits for bank acceptance notes (<i>note (b)</i>)	272,014	152,323
Guarantee deposits for issuance of letter of credit for security of bank borrowings (<i>note (c)</i>)	407,221	126,165
Others	59,877	54,230
	821,621	407,428
Denominated in:		
– RMB	819,290	405,127
– HK\$	2,331	2,301
	821,621	407,428

- (a) In accordance with relevant documents issued by local State-Owned Land and Resource Bureau, certain property development companies of the Group are required to place certain amount of presale proceeds of properties at designated bank accounts as guarantee deposits for constructions of related properties. The deposits can only be used for purchases of construction materials and payments of construction fee of the relevant property projects when approval from the local State-Owned Land and Resource Bureau is obtained. The remaining balances of the deposits will be released after completion of related pre-sold properties or issuance of the real estate ownership certificate of the properties, whichever is the earlier.
- (b) As at 30 June 2012, the Group placed cash deposits of approximately RMB272,014,000 (31 December 2011: RMB152,323,000) with designated banks as guarantee for the issuance of bank acceptance notes.
- (c) As at 30 June 2012, the Group has placed cash deposits of approximately RMB407,221,000 (31 December 2011: RMB126,165,000) with designated banks as guarantee for the issuance of letter of credit as a security for bank borrowings of RMB373,481,000 (31 December 2011: RMB118,362,000) (*note 18*).
- (d) The conversion of RMB denominated balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulation of foreign exchange control promulgated by the PRC government.

Notes to the Condensed Consolidated Interim Financial Information

15 CASH AND CASH EQUIVALENTS

	30 June 2012 RMB'000	31 December 2011 RMB'000
Cash at bank and in hand:		
– Denominated in RMB	1,554,646	1,153,374
– Denominated in HK\$	254,504	253,806
– Denominated in US\$	773	4,002
	1,809,923	1,411,182

The conversion of RMB denominated balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulation of foreign exchange control promulgated by the PRC government.

16 SHARE CAPITAL AND PREMIUM

	Number of ordinary shares	Nominal value of ordinary shares HK\$	Equivalent nominal value of ordinary share RMB'000	Share premium RMB'000	Shares held for share award scheme RMB'000 <i>(note (b))</i>	Total RMB'000
Authorised:						
At 1 January 2011 and 2012, 30 June 2011 and 2012	30,000,000,000	300,000,000				
Issued and fully paid:						
At 1 January 2012	4,051,079,000	40,510,790	35,961	3,086,739	(84,721)	3,037,979
Repurchase of shares of the Company <i>(note (a))</i>	(3,066,000)	(30,660)	(25)	(2,483)	–	(2,508)
At 30 June 2012	4,048,013,000	40,480,130	35,936	3,084,256	(84,721)	3,035,471
At 1 January 2011	4,068,448,000	40,684,480	36,102	3,100,820	(29,466)	3,107,456
Purchased shares held for share award scheme	–	–	–	–	(55,255)	(55,255)
At 30 June 2011	4,068,448,000	40,684,480	36,102	3,100,820	(84,721)	3,052,201

- (a) During the six months ended 30 June 2012, the Company repurchased 3,066,000 of its own ordinary shares through the Stock Exchange at a consideration of approximately HK\$3,055,000, equivalent to RMB2,508,000. The shares were cancelled after the repurchase.

Notes to the Condensed Consolidated Interim Financial Information

16 SHARE CAPITAL AND PREMIUM (continued)**(b) Shares held for share award scheme**

On 2 December 2010 (the "Adoption Date"), the Board approved and adopted a share award scheme in which a number of selected employees of the Group are entitled to participate (the "Share Award Scheme"). The Group has set up a trust (the "Share Award Scheme Trust") for the purpose of administering the Share Award Scheme. Under the sole discretion of the Board, the Share Award Scheme Trust will acquire the Company's shares from the Stock Exchange, with a maximum number determined by the Board, and hold the shares granted to the employees but not vested for the employees until they are vested. Unless early terminated by the Board, the Share Award Scheme shall be valid and effective for a term of six years commencing on the Adoption Date.

As at 30 June 2012, the Share Award Scheme Trust holds 38,353,000 (31 December 2011: same) shares of the Company.

No expenses or reserves were recognised for the Share Award Scheme as no share of the Company were granted to the employees during the six months ended 30 June 2012 (six months ended 30 June 2011: same).

17 OTHER RESERVES

	Merger reserve RMB'000 <i>(note (a))</i>	Statutory reserves RMB'000 <i>(note (b))</i>	Share option reserve RMB'000 <i>(note (c))</i>	Revaluation reserves RMB'000 <i>(note 6, 12)</i>	Total RMB'000
At 1 January 2012	337,203	9,290	53,657	–	400,150
Employees share option scheme	–	–	5,492	–	5,492
Revaluation reserves on property and equipment and land use rights transferred to investment properties					
– gross	–	–	–	100,241	100,241
– income tax	–	–	–	(25,060)	(25,060)
Revaluation loss on available-for-sale financial assets					
– gross	–	–	–	(145)	(145)
– income tax	–	–	–	–	–
At 30 June 2012	337,203	9,290	59,149	75,036	480,678
At 1 January 2011	337,203	4,780	36,079	–	378,062
Appropriation to statutory reserves	–	2,444	–	–	2,444
Employees share option scheme	–	–	9,519	–	9,519
At 30 June 2011	337,203	7,224	45,598	–	390,025

(a) Merger reserve

The merger reserve represents the aggregate nominal value of the share capital/paid-in capital of the subsidiaries acquired by the Company from the controlling shareholders less the consideration paid to the controlling shareholders pursuant to the reorganisation undertaken in 2007 for preparation of listing of the Company on the Stock Exchange.

Notes to the Condensed Consolidated Interim Financial Information

17 OTHER RESERVES (continued)**(b) Statutory reserves**

Pursuant to the relevant laws and regulations in the PRC and the provision of the articles of association of the Group's subsidiaries, the Group's subsidiaries which are registered in the PRC shall appropriate certain percentage of profit after tax (after offsetting any accumulated losses brought forward from prior years) calculated under the accounting principles generally applicable to the PRC enterprises to reserve funds. Depending on the natures, the reserve funds can be used to set off accumulated losses of the subsidiaries or distribute to equity owners in form of bonus issue.

(c) Share option reserve

On 16 September 2009, the Company granted share options to the certain employees of the Group under a share option scheme (the "Pre-IPO Share Option Scheme"), under which the option holders are entitled to acquire aggregate of 40,000,000 shares of the Company at 10% discount to the offer price of HK\$2.75 per share upon the listing date.

Particulars of share options as at 30 June 2012 and 31 December 2011 are as follows:

Vesting period	Expiry dates	Exercise price	Number of outstanding shares as at	
			30 June 2012	31 December 2011
1 year from 16 September 2009	15 September 2012	HK\$2.475	5,992,000	6,332,000
2 years from 16 September 2009	15 September 2013	HK\$2.475	5,992,000	6,332,000
3 years from 16 September 2009	15 September 2014	HK\$2.475	5,992,000	6,332,000
4 years from 16 September 2009	15 September 2015	HK\$2.475	5,992,000	6,332,000
5 years from 16 September 2009	15 September 2016	HK\$2.475	5,992,000	6,332,000
			29,960,000	31,660,000

Movements in the number of share options outstanding are as follows:

	Six months ended 30 June	
	2012	2011
	RMB'000	RMB'000
At 1 January	31,660,000	35,560,000
Forfeited	(1,700,000)	(1,200,000)
At 30 June	29,960,000	34,360,000

The Group has no legal or constructive obligation to repurchase or settle the options in cash.

The fair value of options granted is HK\$2.16 per option, which was determined using the Binomial Model by an independent valuer.

Notes to the Condensed Consolidated Interim Financial Information

18 BORROWINGS

	30 June 2012 RMB'000	31 December 2011 RMB'000
Borrowings included in non-current liabilities:		
Senior notes	2,882,363	2,863,823
– senior notes due September 2015 (“2015 Notes”) (note (a)(i))	1,291,445	1,284,301
– senior notes due March 2014 (“2014 Notes (I)”) (note (a)(ii))	757,735	753,686
– senior notes due September 2014 (“2014 Notes (II)”) (note (a)(iii))	833,183	825,836
Bank borrowings	5,365,207	4,280,679
– secured (note (b))	5,067,459	3,990,400
– unsecured	297,748	290,279
Other borrowings – secured (note (c))	1,440,366	893,057
Finance lease liabilities (note (d))	213,421	–
Less: amounts due within one year	(2,440,847)	(1,117,705)
	7,460,510	6,919,854
Borrowings included in current liabilities:		
Bank borrowings	892,921	1,083,934
– secured (note (b))	645,041	898,934
– unsecured	247,880	185,000
Other borrowings	297,568	234,362
– secured (note (c))	261,047	214,362
– unsecured	36,521	20,000
Current portion of long-term borrowings	2,440,847	1,117,705
	3,631,336	2,436,001
Total borrowings	11,091,846	9,355,855

(a) Senior notes*(i) 2015 Notes*

On 16 September 2010, the Company issued 13.75%, 5 years senior notes, with an aggregated nominal value of US\$200,000,000 at face value. The net proceeds, after deducting the issuance costs, amounted to US\$194,800,000 (equivalent to approximately RMB1,308,511,000). The 2015 Notes is denominated in US\$.

Notes to the Condensed Consolidated Interim Financial Information

18 BORROWINGS (continued)**(a) Senior notes (continued)***(i) 2015 Notes (continued)*

The 2015 Notes recognised in the balance sheet are calculated as follows:

	Six months ended 30 June	
	2012	2011
	RMB'000	RMB'000
At 1 January	1,284,301	1,344,658
Interest expenses and amortisation of issuance costs	94,753	94,277
Repayment of interest	(92,362)	(90,308)
Foreign exchange loss/(gain)	4,753	(32,802)
At 30 June	1,291,445	1,315,825

(ii) 2014 Notes (I)

On 17 March 2011, the Company issued 11.5%, 3 years senior notes, with an aggregated nominal value of RMB750,000,000 at face value. The net proceeds, after deducting the issuance costs, amounted to US\$110,763,000 (equivalent to approximately RMB722,193,000). The 2014 Notes (I) is denominated in RMB.

The 2014 Notes (I) recognised in the balance sheet are calculated as follows:

	Six months ended 30 June	
	2012	2011
	RMB'000	RMB'000
At 1 January	753,686	–
Fair value at the date of issuance	–	722,193
Interest expenses and amortisation of issuance costs	47,174	27,111
Repayment of interest	(43,125)	–
At 30 June	757,735	749,304



Notes to the Condensed Consolidated Interim Financial Information

18 BORROWINGS (continued)**(a) Senior notes (continued)***(iii) 2014 Notes (II)*

On 8 September 2011, the Company issued 13.8%, 3 years senior notes, with an aggregated nominal value of HK\$1,000,000,000 at face value to a financial institution. The net proceeds, after deducting the issuance costs, amounted to HK\$973,124,000 (equivalent to approximately RMB797,680,000). The 2014 Notes (II) is denominated in HK\$.

The 2014 Notes (II) recognised in the balance sheet are calculated as follows:

	Six months ended 30 June 2012 RMB'000
At 1 January	825,836
Interest expenses and amortisation of issuance costs	59,338
Repayment of interest	(56,560)
Foreign exchange loss	4,569
	<hr/>
At 30 June	<u>833,183</u>

(b) Bank borrowings – secured

As at 30 June 2012, the borrowings of RMB5,712,500,000 (31 December 2011: RMB4,889,334,000) were secured by property and equipment and land use rights (note 6), investment properties (note 7), properties under development (note 8), completed properties held for sale (note 9) and restricted cash (note 14); the secured borrowings of RMB984,500,000 (31 December 2011: RMB499,500,000) were additionally guaranteed by certain related parties (note 29(b)(ii)).

(c) Other borrowings – secured*(i) Fund raised by a subsidiary in Xiamen*

In March 2011, a subsidiary of the Company principally engaged in development of a real estate project in Xiamen (“Xiamen Project Company”) entered into a fund arrangement with a financial institution (the “Trustee”). Pursuant to this fund arrangement, the Trustee raised a trust fund totaling RMB450,000,000 and injected the fund to Xiamen Project Company. Xiamen Project Company should repay the principal and the fixed interest of the fund to the Trustee upon the maturity of the fund in September 2012. The principal of the fund of RMB450,000,000 and the related interests of RMB85,366,000 as at 30 June 2012 (31 December 2011: RMB450,000,000 and RMB50,703,000 respectively) are recognised as a borrowing of the Group. 49% shares of Xiamen Project Company are held by the Trustee as security and several properties under development are pledged to the Trustee.

(ii) Borrowings from other non-bank financial institutions

As at 30 June 2012, borrowings from other non-bank financial institutions of RMB1,166,047,000 (31 December 2011: RMB606,716,000) were secured by property and equipment and land use rights (note 6), investment properties (note 7), properties under development (note 8) and completed properties held for sale (note 9).

Notes to the Condensed Consolidated Interim Financial Information

18 BORROWINGS (continued)**(d) Finance lease liabilities**

During the six months ended 30 June 2012, the Group has entered into a sale and lease back agreement with an independent third party for certain machinery and equipment installed in the Group's property and equipment (note 6) and investment properties (note 7). The lease period is three years and the Group has an option to take up the machinery and equipment at the end of the lease period at nil consideration. This transaction was treated as a finance lease and thus, the machinery and equipment has not been derecognised, the present value of total lease payments was recognised as borrowings – finance lease liabilities of the Group and the finance charges of the finance lease are calculated under the effective interest method and recognised as finance costs of the Group.

The present value of finance lease liabilities is as follows:

	30 June 2012 RMB'000
No later than 1 year	80,088
Later than 1 year and not later than 3 years	133,333
	213,421

(e) Movements of bank borrowings, other borrowings and finance lease liabilities are analysed as follows:

	Six months ended 30 June	
	2012 RMB'000	2011 RMB'000
Opening amounts as at 1 January	6,492,032	4,876,710
Additions of borrowings	3,231,642	3,339,160
Repayments of borrowings	(1,516,049)	(1,426,415)
Net foreign exchange losses/(gains)	1,858	(11,952)
	8,209,483	6,777,503

(f) The Group has the following undrawn borrowing facilities:

	30 June 2012 RMB'000	31 December 2011 RMB'000
Floating rate:		
– expiring within 1 year	425,000	288,900
– expiring beyond 1 year	10,000	700,750
Fixed rate:		
– expiring within 1 year	–	85,638
	435,000	1,075,288

Notes to the Condensed Consolidated Interim Financial Information

19 TRADE AND OTHER PAYABLES

	30 June 2012 RMB'000	31 December 2011 RMB'000
Trade payables	1,887,262	2,125,387
– Related parties (<i>note 29(c)</i>)	20,556	21,322
– Third parties	1,277,245	1,708,133
– Notes payable – third parties	589,461	395,932
Other payables and accruals	679,202	667,327
– Related parties (<i>note 29(c)</i>)	242,358	302,706
– Third parties	436,844	364,621
Payables for retention fee	170,439	159,173
Payables for acquisition of land use rights	248,834	53,834
Other taxes payable	107,928	104,156
Dividends payable to owners of the Company	240,580	–
	3,334,245	3,109,877

As at 30 June 2012, the ageing analysis of trade payables of the Group based on invoice date is as follows:

	30 June 2012 RMB'000	31 December 2011 RMB'000
Within 90 days	779,921	881,433
Over 90 days and within 180 days	383,406	474,347
Over 180 days and within 365 days	280,105	235,303
Over 365 days and within 3 years	443,830	534,304
	1,887,262	2,125,387

20 EXPENSES BY NATURE

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

	Six months ended 30 June	
	2012 RMB'000	2011 RMB'000
Cost of properties sold	1,200,183	867,108
Staff costs (including directors' emoluments)	174,440	140,704
Business taxes and other levies	159,568	100,365
Cost of hotel operations	67,613	52,612
Advertising costs	56,422	34,022
Depreciation	50,301	28,871
Cost of property management services	27,711	13,344
Amortisation of land use rights	2,955	4,164
Auditor's remuneration	2,500	2,700
Donations to governmental charity	1,800	5,500

Notes to the Condensed Consolidated Interim Financial Information

21 OTHER (LOSSES)/GAINS – NET

	Six months ended 30 June	
	2012 RMB'000	2011 RMB'000
Interest income on entrusted loans (<i>note 10(a)</i>)	10,520	8,668
Loss on disposal of a subsidiary (<i>note (a)</i>)	(38,451)	–
Gains/(losses) on financial assets at fair value through profit or loss – net	29	(197)
	(27,902)	8,471

- (a) On 25 May 2012, the Group disposed of 100% equity interest in a wholly owned subsidiary in the PRC to a third party at a consideration of RMB64,482,000. Details of net assets disposed of and loss on the disposal are as follows:

	RMB'000
Net assets disposed of:	
Property and equipment (<i>note 6</i>)	9,915
Land use rights (<i>note 6</i>)	202,890
Deferred income tax assets	1,706
Amounts due to the Group	(111,578)
Net assets	<u>102,933</u>
Consideration	64,482
Less: net assets disposed of	<u>(102,933)</u>
Loss on the disposal of a subsidiary	<u>(38,451)</u>

22 EXCHANGE GAINS/(LOSSES) – NET

Amount mainly represents the gain or loss of translation of financial assets and liabilities, which are denominated in foreign currency, into RMB at the prevailing period-end exchange rate. It does not include the exchange gain or loss of translation of borrowings which are included in the finance (costs)/income – net (*note 23*).



Notes to the Condensed Consolidated Interim Financial Information

23 FINANCE (COSTS)/INCOME – NET

	Six months ended 30 June	
	2012 RMB'000	2011 RMB'000
Interest expenses:		
– Bank borrowings, other borrowings and finance lease liabilities	(363,130)	(194,634)
– Senior notes	(201,265)	(121,388)
Less: interest capitalised	548,545	312,540
	(15,850)	(3,482)
Net foreign exchange (losses)/gains on financing activities	(11,180)	44,754
	(27,030)	41,272

24 INCOME TAX EXPENSES

	Six months ended 30 June	
	2012 RMB'000	2011 RMB'000
Current income tax:		
– PRC corporate income tax	190,514	138,916
– PRC land appreciation tax	196,825	162,216
Deferred income tax:		
– PRC corporate income tax	246,673	741,021
	634,012	1,042,153

The income tax charge relating to components of other comprehensive income for the six months ended 30 June 2012 is as follows:

	Before tax RMB'000	Tax charge RMB'000	After tax RMB'000
Revaluation reserves of property and equipment and land use rights transferred to investment properties (note 6)	106,881	(26,720)	80,161
Fair value loss on available-for-sale financial assets (note 12)	(145)	–	(145)
Other comprehensive income	106,736	(26,720)	80,016
Deferred income tax		(26,720)	

Notes to the Condensed Consolidated Interim Financial Information

24 INCOME TAX EXPENSES (continued)**PRC corporate income tax**

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

On 16 March 2007, the National People's Congress approved the Corporate Income Tax Law of the People's Republic of China (the "CIT Law"), which is effective from 1 January 2008. Under the CIT Law, the corporate income tax rate applicable to the group entities located in Mainland China is 25%. Under the CIT Law, the corporate income tax rate applicable to certain of the group entities established and operated in Xiamen Special Economic Zone is gradually increased from 15% to 25% in a transitional period of five years starting from 1 January 2008. The applicable tax rate for 2012 is 25% (2011: 24%).

According to the CIT Law, starting from 1 January 2008, a withholding tax of 10% will be levied on the immediate holding companies outside the PRC when their PRC subsidiaries declare dividend out of profits earned after 1 January 2008. A lower 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are established in Hong Kong and fulfil requirements under the tax treaty arrangements between the PRC and Hong Kong.

PRC land appreciation tax ("LAT")

Pursuant to the requirements of the Provisional Regulations of the PRC on LAT effective 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT effective on 27 January 1995, all income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for sales of ordinary residential properties if their appreciation values do not exceed 20% of the sum of the total deductible items.

The Group has made provision of LAT for sales of properties according to the aforementioned progressive rate, except for certain group companies which calculate the LAT based on deemed tax rates in accordance with the approved taxation method obtained from tax authorities.

Overseas income tax

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap 22 of Cayman Islands and accordingly, is exempted from Cayman Islands income tax. The Company's direct subsidiary in the British Virgin Islands was incorporated under the International Business Companies Act of the British Virgin Islands and, accordingly, is exempted from British Virgin Islands income tax.

Hong Kong profits tax

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



Notes to the Condensed Consolidated Interim Financial Information

25 EARNINGS PER SHARE**(a) Basic**

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period excluding ordinary shares purchased by the Group and held for the Share Award Scheme.

	Six months ended 30 June	
	2012	2011
Profit attributable to owners of the Company (RMB'000)	1,221,003	2,468,706
Weighted average number of ordinary shares in issue (thousand shares)	4,009,928	4,010,730
Basic earnings per share (RMB cents per share)	30.45	61.55

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares: Pre-IPO Share Option Scheme and Share Award Scheme. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options under the two schemes. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the two schemes.

For the six months ended 30 June 2012, as the average market share price of the ordinary shares was lower than the subscription price, the diluted earnings per share was equal to the basic earnings per share (six months ended 30 June 2011: same).

26 DIVIDENDS

No interim dividend in respect of six months ended 30 June 2012 was proposed by the Board (six months ended 30 June 2011: nil).

2011 final cash dividend amounting to RMB242,881,000 (2010: RMB244,107,000) has been approved by Annual General Meeting on 18 May 2012 and not yet paid up to 30 June 2012. The net dividends of RMB240,580,000, after deducting dividend of RMB2,301,000 payable to the Share Award Scheme Trust (six months ended 30 June 2011: dividend of RMB2,301,000 paid) (note 16 (b)), is treated as transaction with owners in the condensed consolidated interim statement of changes in equity for the six months ended 30 June 2012.

Notes to the Condensed Consolidated Interim Financial Information

27 FINANCIAL GUARANTEE CONTRACTS

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

	30 June 2012 RMB'000	31 December 2011 RMB'000
Guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties	3,400,747	2,995,056

The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. Such guarantees terminate upon the earlier of (i) issuance of the real estate ownership certificate which will generally be available within an average period of two to three years upon the completion of guarantee registration; or (ii) the satisfaction of mortgaged loan by the purchasers of properties.

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the dates of grant of the mortgages. The directors of the Company are of the view that the fair value of financial guarantees is not significant.

28 COMMITMENTS**(a) Commitments for property development expenditures**

	30 June 2012 RMB'000	31 December 2011 RMB'000
Contracted but not provided for		
– Property development activities	3,410,969	3,907,013
– Acquisition of land use rights	560,405	1,205,200
	3,971,374	5,112,213

(b) Operating leases commitments

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

	30 June 2012 RMB'000	31 December 2011 RMB'000
– Not later than one year	6,977	13,227
– Later than one year and not later than two years	–	727
	6,977	13,954

Notes to the Condensed Consolidated Interim Financial Information

29 RELATED-PARTY TRANSACTIONS**(a) Name and relationship with related parties**

Name	Relationship
Skylong Holdings Limited	The ultimate holding company of the Group
The Controlling Shareholders, including Mr. Hoi Kin Hong ("Mr. Hoi"), Ms. Wang Lai Jan, Mr. Hoi Wa Fong and Ms. Hoi Wa Fan	Ultimate controlling shareholders of the Company and their close family member, Mr. Hoi and Mr. Hoi Wa Fong are also executive directors of the Company
Sky Infinity Holdings Limited	Shareholder of the Company and fully owned subsidiary of Mr. Hoi Wa Fong
Walong Holdings Limited	Shareholder of the Company and fully owned subsidiary of Ms. Hoi Wa Fan
Xiamen Powerlong Group 寶龍集團發展有限公司	Ultimately controlled by Mr. Hoi
Macau Powerlong Group 澳門寶龍集團發展有限公司	Ultimately controlled by Mr. Hoi
Xiamen Powerlong Information Industry Co., Ltd. 廈門寶龍信息產業發展有限公司	Ultimately controlled by Mr. Hoi
Fuzhou Powerlong Amusement Management Company Limited 福州寶龍樂園遊樂有限公司	Ultimately controlled by Mr. Hoi
Qingdao Kingcity Outlets Business Company Limited 青島康城奧特萊斯購物中心有限公司	Ultimately controlled by Mr. Hoi
Qingdao Powerlong Amusement Management Company Limited 青島寶龍樂園旅遊發展有限公司	Ultimately controlled by Mr. Hoi
Zhengzhou Powerlong Food & Beverage Company Limited 鄭州食全食美餐飲管理有限公司	Ultimately controlled by Mr. Hoi
Fujian Ping An Security Devices and Network Limited 福建平安報警網絡有限公司	Ultimately controlled by Mr. Hoi
Zhengzhou Cannes Outlets Commercial Company Limited 鄭州康城奧特萊斯購物中心有限公司	Ultimately controlled by Mr. Hoi
Great Merchant Limited 弘商有限責任公司	Ultimately controlled by Mr. Hoi
Tianjin Powerlong Jinjun Real Estate Co., Ltd ("Tianjin Powerlong") 天津寶龍金駿房地產開發有限公司	Jointly controlled by the Group

Notes to the Condensed Consolidated Interim Financial Information

29 RELATED-PARTY TRANSACTIONS (continued)**(b) Transactions with related parties**

- (i) During the six months ended 30 June 2012, the Group had the following significant transactions with related parties:

	Six months ended 30 June	
	2012 RMB'000	2011 RMB'000
Rental income:		
– Qingdao Powerlong Amusement Management Company Limited	6,750	6,750
– Fuzhou Powerlong Amusement Management Company Limited	1,154	1,167
	7,904	7,917
Property management fee income:		
– Related entities ultimately controlled by Mr. Hoi	542	902
Purchase of office equipment and security intelligentisation system services from related parties:		
– Fujian Ping An Security Devices and Network Limited	25,915	28,720
– Xiamen Powerlong Information Industry Co., Ltd.	421	883
	26,336	29,603
Hotel accommodation service fee charged by a related party:		
– Macau Powerlong Group	146	404
Office lease expense charged by a related party:		
– Xiamen Powerlong Information Industry Co., Ltd.	743	743

The above transactions were charged in accordance with the terms of the underlying agreements.

- (ii) As at 30 June 2012, the Group had the following borrowings guaranteed by related parties (note 18):

	30 June 2012 RMB'000	31 December 2011 RMB'000
	Borrowings guaranteed by related parties:	
– Mr. Hoi	459,500	499,500
– Mr. Hoi Wa Fong	525,000	–
	984,500	499,500

- (iii) In the opinion of the directors of the Company, the related party transactions were conducted in the ordinary course of business.

Notes to the Condensed Consolidated Interim Financial Information

29 RELATED-PARTY TRANSACTIONS (continued)**(c) Balances with related parties**

As at 30 June 2012, the Group had the following material balances with related parties:

	30 June 2012 RMB'000	31 December 2011 RMB'000
Trade receivables from related parties (<i>note (i)</i>):		
– Qingdao Powerlong Amusement Management Company Limited	35,371	32,679
– Zhengzhou Cannes Outlets Commercial Company Limited	15,713	15,713
– Fuzhou Powerlong Amusement Management Company Limited	3,139	3,104
– Zhengzhou Powerlong Food & Beverage Company Limited	3,135	3,135
– Qingdao Kingcity Outlets Business Company Limited	2,678	2,678
– Other related entities ultimately controlled by Mr. Hoi	39	39
	60,075	57,348
Other receivables from related parties (<i>note (ii)</i>):		
– Related entities ultimately controlled by Mr. Hoi	24,454	32,763
– Xiamen Powerlong Group	21,376	21,376
– Qingdao Powerlong Amusement Management Company Limited	1,916	1,566
– Zhengzhou Cannes Outlets Commercial Company Limited	–	3,680
– Other related entities ultimately controlled by Mr. Hoi	1,162	6,141
– Tianjin Powerlong	–	32,923
	24,454	65,686
Prepayments for acquisition of properties (<i>note (iii)</i>):		
– Xiamen Powerlong Group	600,000	600,000
Trade payables to related parties (<i>note (i)</i>):		
– Fujian Ping An Security Devices and Network Limited	17,986	19,614
– Other related entities ultimately controlled by Mr. Hoi	2,570	1,708
	20,556	21,322
Other payables to related parties (<i>note (ii)</i>):		
– Tianjin Powerlong	109,405	–
– Great Merchant Limited	100,053	147,350
– Macau Powerlong Group	32,900	32,900
– Xiamen Powerlong Group	–	113,851
– Other related entities ultimately controlled by Mr. Hoi	–	8,605
	242,358	302,706
Dividends payable to (<i>note 19</i>):		
– Skylong Holdings Limited	108,338	–
– Sky Infinity Holdings Limited	36,324	–
– Walong Holdings Limited	18,000	–
– Spouse of Mr. Hoi	104	–
	162,766	–
Senior notes held by a related party (<i>note (iv)</i>):		
– Sky Infinity Holdings Limited	40,035	30,181

Notes to the Condensed Consolidated Interim Financial Information

29 RELATED-PARTY TRANSACTIONS (continued)**(c) Balances with related parties (continued)**

- (i) Amounts due from/to related parties included in trade receivables/payables are mainly derived from rental income and purchase of construction materials, which are unsecured, interest-free and to be settled according to contract terms.
- (ii) Amounts due from/to related parties included in other receivables/payables are unsecured, interest-free and repayable on demand, which are cash advances in nature.
- (iii) On 5 December 2008, the Group entered into an agreement (the "Agreement") with Xiamen Powerlong Group to acquire certain properties in Mingfa Centre (the "Mingfa Properties") from Xiamen Powerlong Group at a consideration of RMB600,000,000. Pursuant to the Agreement, the Group is entitled to the rental income derived from the Mingfa Properties during the period from the date of entering into the Agreement to the date of transfer of properties ownership certificate to the Group; if Xiamen Powerlong Group is not able to transfer the Mingfa Properties to the Group on or before the agreed completion date, the Group has the right to terminate the Agreement and Xiamen Powerlong Group should return the consideration and the accumulated rental income the Group is entitled to the Group. Owing to a delay in the delivery of the properties by the co-development partner to the Xiamen Powerlong Group, completion of the acquisition was delayed. The Company and the Xiamen Powerlong Group have agreed to postpone the date for completion of the acquisition to be no later than 31 December 2012. The rental income attributed to the Group for the six months ended 30 June 2012 amounted to RMB8,423,000 (six months ended 30 June 2011: RMB8,423,000) which had been recognised as revenue of the Group and settled by Xiamen Powerlong Group.
- (iv) Sky Infinity Holdings Limited has purchased certain 2015 Notes issued by the Company through open market. The carrying amount of the 2015 Notes held by Sky Infinity Holdings Limited was RMB40,035,000 as at 30 June 2012 (31 December 2011: RMB30,181,000).

