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**越秀地產股份有限公司**  
**YUEXIU PROPERTY COMPANY LIMITED**

*(incorporated in Hong Kong with limited liability)*

**(Stock code: 00123)**

**Announcement of 2015 Interim Results**

**Results Highlights**

- **Operating results achieved stable growth.** In the first half of 2015, the revenue was approximately RMB6,625 million, an increase of 4.7% comparing with the corresponding period of last year. Contracted sales hit another new high. In the first half of 2015, the aggregate contracted sales value (including contracted sales by joint venture projects) was approximately RMB11,487 million, and achieved 46% of the full year sales target RMB24.8 billion.
- **Financial position remained healthy.** In the first half of 2015, the bank loan financing amount of RMB4,500 million was realized, the average funding cost in the first half year was decreased to 5.02%. As of 30 June 2015, cash and cash equivalents and charged bank deposits were approximately RMB11,275 million, the net gearing ratio was 65.5%.
- **Joining hands with heavyweights for mutual benefits.** The Group jointly developed Guangzhou Haizhu Guangzhi land parcels with subsidiaries under Greenland Group and Ping An Group respectively. As of the date of this announcement, the Group acquired quality land parcels located in Guangzhou, Foshan and Kunshan respectively. In terms of the attributable interest, GFA was approximately 762,900 sq.m., the consideration was approximately RMB6,394 million. The total landbank was approximately 14.77 million sq.m., in terms of the attributable interest, the landbank was approximately 11.75 million sq.m..
- **Establishing long-term effective incentive mechanism.** In the first half of 2015, guided by the “create value to share value” principle, the Group first established an employee incentive scheme on project level in Foshan Chancheng Foping Road Project. The objective of the scheme is to align the interests of the project management and the interests of the Group and to enhance project returns.
- **Return to shareholders.** The Board proposed to declare an interim dividend for 2015 of HK\$0.029 per share, which is equivalent to approximately RMB0.024 per share.

### **Results Summary**

• Revenue	RMB6,625 million (+4.7%)
• Core net profit*	RMB730 million (-26.4%)
• Contracted sales value	RMB11,487 million (+8.1%)
• Unrecognized sales value	RMB24,669 million
• Total assets	RMB100,587 million (+8.1%)
• Cash and cash equivalent and charged bank deposits	RMB11,275 million (-13.0%)
• Net gearing	65.5% (+2.4 percentage points)

\* Core net profit represents profit attributable to equity holders excluding fair value gains on revaluation of investment properties and the related tax effect and foreign exchange gain/loss.

## UNAUDITED RESULTS

The board of directors (“Directors” or “Board”) of Yuexiu Property Company Limited (“Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) prepared under Hong Kong Accounting Standard 34 “Interim Financial Reporting” for the six months ended 30 June 2015, as follows:

### CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2015

		<b>Unaudited</b>	
		<b>Six months ended 30 June</b>	
	<i>Note</i>	<b>2015</b>	<b>2014</b>
		<i>RMB'000</i>	<i>RMB'000</i>
Revenue	3	6,624,661	6,325,576
Cost of sales	4	<u>(4,887,605)</u>	<u>(4,149,977)</u>
Gross profit		1,737,056	2,175,599
Proceeds from sales of investment properties		216,088	17,220
Direct costs of investment properties sold		<u>(144,277)</u>	<u>(3,212)</u>
Gain on sales of investment properties		71,811	14,008
Fair value gains on revaluation of investment properties		679,285	1,250,600
Other gains, net	5	39,518	199,798
Selling and marketing costs	4	(198,291)	(186,347)
Administrative expenses	4	<u>(306,196)</u>	<u>(352,340)</u>
Operating profit		2,023,183	3,101,318
Finance income		37,379	20,900
Finance costs	6	(169,844)	(189,865)
Net foreign exchange gain/(loss) on financing activities		19,622	(118,958)
Share of profit/(loss) of			
- joint ventures		338	(3,385)
- associated entities		<u>201,876</u>	<u>103,735</u>
Profit before taxation		2,112,554	2,913,745
Taxation	7	<u>(879,018)</u>	<u>(1,132,048)</u>
Profit for the period		<u><u>1,233,536</u></u>	<u><u>1,781,697</u></u>

		<b>Unaudited</b>	
		<b>Six months ended 30 June</b>	
	<i>Note</i>	<b>2015</b>	<b>2014</b>
		<i>RMB'000</i>	<i>RMB'000</i>
Attributable to			
Equity holders of the Company		1,197,623	1,676,085
Non-controlling interests		<u>35,913</u>	<u>105,612</u>
		<u>1,233,536</u>	<u>1,781,697</u>
Earnings per share for profit attributable to equity holders of the Company (expressed in RMB per share)	8		
- Basic and diluted		<u>0.0966</u>	<u>0.1798</u>

Details of dividends payable to equity holders of the Company are set out in Note 9.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SIX MONTHS ENDED 30 JUNE 2015**

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2015</b>	<b>2014</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Profit for the period	1,233,536	1,781,697
Other comprehensive income:		
<u>Items that may be reclassified to profit or loss</u>		
Currency translation differences	(2,663)	19,900
Change in fair value of available-for-sale financial assets, net of tax	<u>15,150</u>	<u>9,615</u>
Other comprehensive income for the period, net of tax	<u>12,487</u>	<u>29,515</u>
Total comprehensive income for the period	<u>1,246,023</u>	<u>1,811,212</u>
Attributable to		
Equity holders of the Company	1,209,286	1,705,077
Non-controlling interests	<u>36,737</u>	<u>106,135</u>
	<u>1,246,023</u>	<u>1,811,212</u>

**CONDENSED CONSOLIDATED BALANCE SHEET  
AS AT 30 JUNE 2015**

		As at	
	<i>Note</i>	30 June 2015	31 December 2014
		<i>Unaudited</i>	<i>Audited</i>
		<i>RMB'000</i>	<i>RMB'000</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		1,350,635	1,286,323
Investment properties		14,155,309	12,614,339
Land use rights		249,614	255,043
Interests in joint ventures		1,298,811	1,287,803
Interests in associated entities		6,568,160	6,721,324
Available-for-sale financial assets		951,594	929,622
Deferred tax assets		<u>181,876</u>	<u>152,400</u>
		24,755,999	23,246,854
<b>Current assets</b>			
Properties under development		42,467,139	34,134,730
Properties held for sale		12,317,494	11,330,156
Prepayments for land use rights		4,649,854	9,324,805
Inventories		38,667	31,145
Derivative financial instruments		9,443	12,996
Trade receivables	10	34,328	24,440
Other receivables, prepayments and deposits		4,230,113	1,450,795
Taxation recoverable		772,664	562,089
Charged bank deposits		4,529,653	5,074,695
Cash and cash equivalents		<u>6,745,078</u>	<u>7,882,648</u>
		75,794,433	69,828,499
Non-current assets held-for-sale		<u>36,587</u>	—

		<b>As at</b>	
	<i>Note</i>	<b>30 June 2015</b>	<b>31 December 2014</b>
		<i>Unaudited</i>	<i>Audited</i>
		<i>RMB'000</i>	<i>RMB'000</i>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and note payables	11	241,861	185,984
Advance receipts from customers		15,118,074	12,046,117
Other payables and accrued charges		13,975,250	10,950,353
Borrowings		6,900,004	8,415,093
Taxation payable		<u>2,120,356</u>	<u>2,361,554</u>
		<u>38,355,545</u>	<u>33,959,101</u>
<b>Net current assets</b>		<u>37,475,475</u>	<u>35,869,398</u>
<b>Total assets less current liabilities</b>		<u>62,231,474</u>	<u>59,116,252</u>
<b>Non-current liabilities</b>			
Borrowings		25,025,896	23,644,280
Deferred tax liabilities		5,559,277	5,039,661
Deferred revenue		61,904	62,801
Other payables and accrued charges		<u>75,346</u>	<u>116,082</u>
		<u>30,722,423</u>	<u>28,862,824</u>
<b>Net assets</b>		<u>31,509,051</u>	<u>30,253,428</u>
<b>EQUITY</b>			
Capital and reserves attributable to equity holders of the Company			
Share capital		12,759,402	12,759,402
Other reserves		476,255	464,592
Retained earnings			
- Proposed dividends	9	297,631	267,508
- Others		<u>16,779,973</u>	<u>15,612,473</u>
		30,313,261	29,103,975
Non-controlling interests		<u>1,195,790</u>	<u>1,149,453</u>
<b>Total equity</b>		<u>31,509,051</u>	<u>30,253,428</u>

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 1 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2015 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, ‘Interim Financial Reporting’ issued by the Hong Kong Institute of Certified Public Accountants. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2014, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

### 2 ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2014, as described in those annual financial statements.

(a) Amended standards adopted by the Group:

The following amendments to existing standards are mandatory for the first time for the financial year beginning 1 January 2015:

HKAS 19 (Amendment)	Defined Benefit Plans — Employee Contributions
Annual improvements 2010-2012 cycle	Improvements to HKFRSs
Annual improvements 2011-2013 cycle	Improvements to HKFRSs

The Group has assessed the impact of the adoption of these amended standards that are effective for the first time for this interim period and considered that there was no material impact on the Group.



- (b) The following new standards and amendments to existing standards have been issued but are not effective for the financial year beginning 1 January 2015 and have not been early adopted:

		<b>Effective for accounting periods beginning on or after</b>
HKAS 1 (Amendments)	Disclosure Initiative	1 January 2016
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
HKAS 16 and HKAS 41 (Amendments)	Agriculture Bearer Plants	1 January 2016
HKAS 27 (Amendment)	Equity Method in Separate Financial Statements	1 January 2016
HKAS 28 and HKFRS 10 (Amendments)	Sale and Contribution of Assets Between an Investor and its Associate or Joint Venture	1 January 2016
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception	1 January 2016
HKFRS 11 (Amendment)	Accounting for Acquisition of Interests in Joint Operations	1 January 2016
HKFRS 14	Regulatory Deferral Accounts	1 January 2016
HKFRS 15	Revenue from Contracts with Customers	1 January 2018
Annual improvements 2012-2014 cycle	Improvements to HKFRSs	1 January 2016

The directors and management of the Company are in the process of making an assessment of the impact of these new standards and amendments to existing standards and is not yet in a position to state whether they would have a significant impact on the Group's results of operations and financial position.

### 3 SEGMENT INFORMATION

The chief operating decision-maker has been identified as the executive directors. Management determines the operating segments based on the Group's internal reports, which are then submitted to the executive directors for performance assessment and resources allocation.

The executive directors consider the business by nature of business activities and assess the performance of property development, property management, property investment and others.

The Group's operating and reportable segments under HKFRS 8 and the types of turnover are as follows:

Property development	sales of property development activities
Property management	property management services
Property investment	property rentals
Others	revenue from real estate agency and construction and building design consultancy services

The executive directors assess the performance of the operating segments based on a measure of segment results. This measurement basis excludes the effects of non-recurring expenditure from the operating segments and other unallocated operating costs. Other information provided, except as noted below, to the executive directors are measured in a manner consistent with that in the condensed consolidated interim financial information.

Total assets excluded deferred tax assets, taxation recoverable and corporate assets. Corporate assets are not directly attributable to segments.

Sales between segments are carried out on terms equivalent to those that prevail in arm's length transactions. The revenue from external parties reported to the executive directors are measured in a manner consistent with that in the condensed consolidated income statement.

	<b>Property development</b> <i>RMB'000</i>	<b>Property management</b> <i>RMB'000</i>	<b>Property investment</b> <i>RMB'000</i>	<b>Others</b> <i>RMB'000</i>	<b>Group</b> <i>RMB'000</i>
<b>Six months ended 30 June 2015</b>					
Revenue	6,155,839	238,041	172,225	527,975	7,094,080
Inter-segment revenue	—	(30,293)	(2,571)	(436,555)	(469,419)
Revenue from external customers	<u>6,155,839</u>	<u>207,748</u>	<u>169,654</u>	<u>91,420</u>	<u>6,624,661</u>
Segment results	<u>1,153,563</u>	<u>9,890</u>	<u>847,020</u>	<u>2,000</u>	<u>2,012,473</u>
Depreciation and amortisation	<u>(20,312)</u>	<u>(308)</u>	<u>—</u>	<u>(6,473)</u>	<u>(27,093)</u>
Fair value gains on revaluation of investment properties	<u>—</u>	<u>—</u>	<u>679,285</u>	<u>—</u>	<u>679,285</u>
Share of profit/(loss) of					
- joint ventures	338	—	—	—	338
- associated entities	<u>(4,466)</u>	<u>—</u>	<u>200,053</u>	<u>6,289</u>	<u>201,876</u>
<b>Six months ended 30 June 2014</b>					
Revenue	5,905,685	199,977	128,067	439,305	6,673,034
Inter-segment revenue	—	(34,392)	(2,236)	(310,830)	(347,458)
Revenue from external customers	<u>5,905,685</u>	<u>165,585</u>	<u>125,831</u>	<u>128,475</u>	<u>6,325,576</u>
Segment results	<u>1,661,034</u>	<u>4,216</u>	<u>1,266,824</u>	<u>7,967</u>	<u>2,940,041</u>
Depreciation and amortisation	<u>(21,223)</u>	<u>(325)</u>	<u>—</u>	<u>(6,754)</u>	<u>(28,302)</u>
Fair value gains on revaluation of investment properties	<u>—</u>	<u>—</u>	<u>1,250,600</u>	<u>—</u>	<u>1,250,600</u>
Share of (loss)/profit of					
- joint ventures	(3,385)	—	—	—	(3,385)
- associated entities	<u>865</u>	<u>—</u>	<u>92,037</u>	<u>10,833</u>	<u>103,735</u>

	<b>Property development</b>	<b>Property management</b>	<b>Property investment</b>	<b>Others</b>	<b>Group</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>As at 30 June 2015</b>					
Segment assets	76,248,222	515,402	14,155,309	471,900	91,390,833
Interests in joint ventures	1,298,811	—	—	—	1,298,811
Interests in associated entities	<u>246,444</u>	<u>—</u>	<u>6,182,877</u>	<u>138,839</u>	<u>6,568,160</u>
Total reportable segments' assets	<u>77,793,477</u>	<u>515,402</u>	<u>20,338,186</u>	<u>610,739</u>	<u>99,257,804</u>
Total reportable segments' assets include:					
Additions to non-current assets (note)	<u>121,794</u>	<u>1,639</u>	<u>997,469</u>	<u>164</u>	<u>1,121,066</u>
<b>As at 31 December 2014</b>					
Segment assets	67,439,095	455,924	12,614,339	390,443	80,899,801
Interests in joint ventures	1,287,803	—	—	—	1,287,803
Interests in associated entities	<u>534,007</u>	<u>—</u>	<u>6,054,786</u>	<u>132,531</u>	<u>6,721,324</u>
Total reportable segments' assets	<u>69,260,905</u>	<u>455,924</u>	<u>18,669,125</u>	<u>522,974</u>	<u>88,908,928</u>
Total reportable segments' assets include:					
Additions to non-current assets (note)	<u>320,889</u>	<u>2,123</u>	<u>132,340</u>	<u>242</u>	<u>455,594</u>

*Note:* Non-current assets represent non-current assets other than financial instruments (financial instruments include interests in joint ventures and interests in associated companies) and deferred tax assets.

A reconciliation of total segment results to total profit before taxation is provided as follows:

	<b>Six months ended 30 June</b>	
	<b>2015</b>	<b>2014</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Segment results	2,012,473	2,940,041
Unallocated operating costs (note)	(28,808)	(38,521)
Other gains, net	<u>39,518</u>	<u>199,798</u>
Operating profit	2,023,183	3,101,318
Finance income	37,379	20,900
Finance costs	(169,844)	(189,865)
Net foreign exchange gain/(loss) on financing activities	19,622	(118,958)
Share of profit/(loss) of		
- joint ventures	338	(3,385)
- associated entities	<u>201,876</u>	<u>103,735</u>
Profit before taxation	<u><u>2,112,554</u></u>	<u><u>2,913,745</u></u>

*Note:* Unallocated operating costs include mainly staff salaries, rents and rates, depreciation and other operating expenses.

A reconciliation of reportable segments' assets to total assets is provided as follows:

	<b>As at</b>	
	<b>30 June</b>	<b>31 December</b>
	<b>2015</b>	<b>2014</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Total reportable segments' assets	99,257,804	88,908,928
Deferred tax assets	181,876	152,400
Taxation recoverable	772,664	562,089
Corporate assets	<u>374,675</u>	<u>3,451,936</u>
Total assets	<u><u>100,587,019</u></u>	<u><u>93,075,353</u></u>

No geographical segment analysis is shown as more than 90% of the Group's revenue are derived from activities in and from customers located in the China and more than 90% of the carrying values of the Group's non-current assets excluding deferred income tax are situated in China.

For the six months ended 30 June 2014 and 2015, the Group does not have any single customer with the transaction value over 10% of the total external revenue.

#### 4 EXPENSES BY NATURE

Cost of sales, selling and marketing costs, and administrative expenses included the following:

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Amortisation of land use rights	5,429	5,997
Business tax and other levies	398,509	391,559
Depreciation		
- Owned property, plant and equipment	21,628	22,274
- Leased property, plant and equipment	36	31
(Reversal of provision for)/provision for impairment of property, plant and equipment	(2,237)	3,880
Reversal of provision for impairment of properties under development	<u>—</u>	<u>(990)</u>

#### 5 OTHER GAINS, NET

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Excess of the fair value of net assets of a subsidiary acquired over acquisition cost	6,059	—
Gain on deemed disposal of an associated entity	17,743	—
Gain on disposal of subsidiaries	—	199,297
Fair value (losses)/gains on derivative financial instruments	(3,553)	501
Government subsidy	<u>19,269</u>	<u>—</u>
	<u>39,518</u>	<u>199,798</u>

## 6 FINANCE COSTS

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Interest on borrowings and bank overdrafts	651,980	585,091
Interest on loan from an associated entity	16,338	27,749
Interest on loan from an intermediate holding company	1,851	—
Interest on other borrowings	194,745	106,347
Interest expense from top-up payment liability	3,704	3,914
Fair value loss on top-up payment liability	<u>—</u>	<u>17,385</u>
Total borrowing costs incurred	868,618	740,486
Less: amount capitalised as investment properties, properties under development and property, plant and equipment	<u>(698,774)</u>	<u>(550,621)</u>
	<u>169,844</u>	<u>189,865</u>

## 7 TAXATION

- (a) Hong Kong profits tax has been provided at the rate of 16.5 percent (2014: 16.5 percent) on the estimated assessable profit for the period.
- (b) China enterprise income taxation is provided on the profit of the Group's subsidiaries, associated entities and joint ventures in China at 25 percent (2014: 25 percent).

In addition, dividend distribution out of profit of foreign-invested enterprises earned after 1 January 2008 is subject to corporate withholding income tax at tax rates ranging from 5 percent to 10 percent. During the period, withholding income tax was provided for the dividend distributed and undistributed profit, recognised based on HKFRS, of the Group's subsidiaries, joint ventures and associated entities in China at tax rates ranging from 5 percent to 10 percent (2014: 5 percent to 10 percent).

- (c) China land appreciation tax is levied at progressive rates ranging from 30 percent to 60 percent on the appreciation of land value, being the proceeds of sales of properties less deductible expenditure including costs of land, development and construction.

(d) The amount of taxation charged to the condensed consolidated income statement comprises:

	<b>Six months ended 30 June</b>	
	<b>2015</b>	<b>2014</b>
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Current taxation</b>		
Hong Kong profits tax	48	1,980
China enterprise income tax	255,333	180,442
China land appreciation tax	206,111	1,158,848
<b>Deferred taxation</b>		
Origination and reversal of temporary differences	313,867	(341,077)
Corporate withholding income tax on undistributed profits	<u>103,659</u>	<u>131,855</u>
	<u>879,018</u>	<u>1,132,048</u>

## 8 EARNINGS PER SHARE

### Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company over the weighted average number of ordinary shares in issue during the period.

	<b>Six months ended 30 June</b>	
	<b>2015</b>	<b>2014</b>
Profit attributable to equity holders of the Company (RMB'000)	<u>1,197,623</u>	<u>1,676,085</u>
Weighted average number of ordinary shares in issue ('000)	<u>12,401,307</u>	<u>9,322,782</u>
Basic earnings per share (RMB)	<u>0.0966</u>	<u>0.1798</u>

### 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. Since there was no dilutive potential ordinary shares during the six months ended 30 June 2015 and 30 June 2014, diluted earnings per share is equal to basic earnings per share.



## 9 DIVIDENDS

	<b>Six months ended 30 June</b>	
	<b>2015</b>	<b>2014</b>
	<i>RMB'000</i>	<i>RMB'000</i>
2014 final, declared and paid, of nil (2013: HK\$0.035 equivalent to RMB0.027) per ordinary share	<u>—</u>	<u>259,089</u>
2014 final, declared and unpaid, of HK\$0.027 equivalent to RMB0.022 (2013: nil) per ordinary share	<u>267,508</u>	<u>—</u>
2015 interim, proposed, of HK\$0.029 equivalent to RMB0.024 (2014: HK\$0.049 equivalent to RMB0.039) per ordinary share	<u>297,631</u>	<u>363,647</u>

The interim dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date. It will be recognised in shareholders' equity in the year ending 31 December 2015.

## 10 TRADE RECEIVABLES

The Group has defined different credit policies for different businesses. The credit terms of the Group are generally within three months. The ageing analysis of trade receivables is as follows:

	<b>As at</b>	
	<b>30 June</b>	<b>31 December</b>
	<b>2015</b>	<b>2014</b>
	<i>RMB'000</i>	<i>RMB'000</i>
0 - 30 days	14,907	11,305
31 - 90 days	4,056	2,026
91 - 180 days	3,456	—
181 - 365 days	1,319	875
Over 1 year	<u>10,590</u>	<u>10,234</u>
	<u>34,328</u>	<u>24,440</u>

## 11 TRADE AND NOTE PAYABLES

The ageing analysis of trade and note payables is as follows:

	As at	
	30 June 2015	31 December 2014
	<i>RMB'000</i>	<i>RMB'000</i>
0 - 30 days	103,376	96,208
31 - 90 days	111,560	70,189
91 - 180 days	19,064	10,829
181 - 365 days	4,340	4,868
1 - 2 years	56	296
Over 2 years	<u>3,465</u>	<u>3,594</u>
	<u>241,861</u>	<u>185,984</u>

## **CHAIRMAN’S STATEMENT**

### **I. BUSINESS REVIEW**

#### **Economic and Market Environment**

In the first half of 2015, the global economy experienced a modest recovery but the regional trends differentiated. The US economy continued to grow slowly and the Eurozone was impacted by the Greek debt crisis. Meanwhile, prices of international bulk commodities dropped relatively considerably, which added uncertainties to the recovery of the global economy. Currently, the PRC economy is in the key stage of structural adjustment and the transformation. It is still difficult for the new momentum to hedge against the impact of the declining traditional momentum. Accordingly, the PRC economy was faced with significant downward pressure. However, the central government was still proactive in innovating the mode of macroeconomic regulation and control. As a result, the PRC economy grew by 7% in the first half of the year, which showed a development trend of stabilization amidst a slowdown and improvement amidst stability.

In the first half of the year, the growth of investment on property development continued to drop. In respect of the national property market sales, active “destocking” was still in progress. With the successive launch of the relevant favorable policies such as finance and tax, credit and provident fund, especially following three interest rate cuts and two deposit reserve ratio cuts, the sales of commodity housing showed a general pickup trend in the second quarter. The sales GFA of commodity housing in the first half of 2015 amounted to approximately 500 million sq.m., an increase of 3.9% comparing with the corresponding period of last year. The sales amount of commodity housing was approximately RMB3.4 trillion, an increase of 10.0% comparing with the corresponding period of last year.

#### **Operating Results Achieved Stable Growth**

In the first half of 2015, the Group adhered to the objective of “enhancing inner force through management upgrade, instilling vitality through reforms and innovation” and adopted the main themes of “three ensurings, three breakthroughs and three enhancements” in response to the complicated environment in which the macroeconomy tended to stabilize amidst a slowdown, the property market went down and subsequently rebound and the transformation and innovation of property developers accelerated. The Group achieved the scheduled operating results by completing all operating targets for the first half of the year.

In the first half of 2015, revenue of the Group was approximately RMB6,625 million, increased by 4.7% comparing with the corresponding period of last year. Total revenue (including proceeds from disposal of investment properties) was approximately RMB6,841 million, increased by 7.9% comparing with the corresponding period of last year. Profit attributable to equity holders was approximately RMB1,198 million, decreased by 28.5% comparing with the corresponding period of last year. Core net profit (profit attributable to equity holders excluding fair value gains on revaluation of investment properties and the related tax effect and foreign exchange gain/loss) was approximately RMB730 million, decreased by 26.4% comparing with the corresponding period of last year.

The Board proposed to declare an interim dividend for 2015 of HK\$0.029 per share, which is equivalent to approximately RMB0.024 per share.

### **Contracted Sales Hit Another New High**

In the first half of 2015, the Group accurately grasped the market trend. Accordingly, contracted sales hit a new historical high by virtue of diversified and innovative sales strategy. The Group recorded aggregate contracted sales value (including contracted sales by joint venture projects) of approximately RMB11,487 million and the aggregate contracted sales GFA (including contracted sales by joint venture projects) was approximately 1,089,600 sq.m., increases of 8.1% and 30.4% respectively comparing with the corresponding period of last year, and achieved 46% of the full year sales target of RMB24.8 billion.

As of 30 June 2015, 29 projects were being sold, two of which were brand new projects this year, i.e. Yuexiu Poly Aite City and Shenyang Starry Winking.

### **Overall Financial Position Remained Healthy**

The Group proactively used its advantage of onshore and offshore funding to rationalize resource allocation and enhance capital efficiency, which helped the balance sheet to remain liquid and healthy. In the first half of 2015, the bank loan financing of approximately RMB4,500 million was realized, of which RMB3,300 million was onshore and RMB1,200 million was offshore. As of 30 June 2015, the ratio between onshore and offshore borrowings of the Group was 41%:59%. By a mix of funding channels, funding cost was further reduced to 5.02% in the first half year, a decrease of 0.05 percentage point comparing with 5.07% for the year 2014.

As of 30 June 2015, the net gearing (borrowings net of cash and cash equivalents and charged bank deposits divided by equity) of the Group was 65.5%, increased by 2.4 percentage points comparing with end of 2014, but it was still at a healthy level. Moody's, Fitch and S&P maintained the Group's investment grade rating of "Baa3/stable", "BBB-/stable" and "BBB-/stable" respectively.

## **The Cooperation Model of “Joining Hands with Heavyweights for Mutual Benefits” Was Strengthened**

As the competition intensifies in the China property market, cooperation between heavyweights has become an effective means of strengthening relationships and creating win-win situations. In recent years, the Group has effectively achieved integration of resources and advantage complementation through cooperation with investment funds and well-known property developers. In July 2015, the Group for the first time jointly developed Guangzhou Haizhu Guangzhi land parcels with subsidiaries under Greenland Group and Ping An Group respectively, two Fortune 500 enterprises. This is another breakthrough of the Group due to its innovative cooperation model to integrate development resources, which helps steady and rapid expansion of scale and improves the operation quality of the Group.

Under the strategic layout of “home base in Guangzhou and strategic expansion nationwide”, the Group captured market opportunities and acquired quality landbank(s) in accordance with the strategic guidance of “returning to Tier 1 and Tier 2 cities”. As of the date of this announcement, the Group acquired land parcels located in Guangzhou, Foshan and Kunshan respectively. In terms of the attributable interest, GFA was approximately 762,900 sq.m., and the consideration was approximately RMB6,394 million.

As of the date of this announcement, the total landbank of the Group was approximately 14.77 million sq.m.. In terms of the attributable interest, the Group’s landbank was approximately 11.75 million sq.m.. The Group’s landbank is located mainly in 12 cities within regions of Pearl River Delta, Yangtze River Delta, Bohai Rim and Central China Region, over 80% of which is located in Tier 1 and Tier 2 cities with an obvious locality advantage and great development potential.

## **Long-term Effective Incentive Mechanism Was Promoted**

In a new era of transformation development of the real estate industry, it is an important means for developers to adapt to the “new normal” and enhance dynamic for organic growth through promotion of institutional reform to stimulate the initiative and enthusiasm of staff and improve human capital effectiveness. In the first half of 2015, guided by the “create value to share value” principle, the Group first established an employee incentive scheme on project level in the Foshan Chancheng Foping Road Project. The management team and key employees of the project have participated in the equity investment of the project company and the progress was smooth so far. The scheme has effectively encouraged each management member to enhance project returns.

## II. BUSINESS OUTLOOK

In the second half of 2015, the property market may maintain firm momentum that has started since the second quarter, and the favorable policies' support on property sales may gradually produce results. However, the trend of market differentiation will become more obvious. Rigid demand and improved demand will be relatively strong in Tier 1 cities and some of Tier 2 cities, while demand in Tier 3 and Tier 4 cities will remain weak. Meanwhile, as the stock in the market remains relatively high, various property developers continue to “destock” as their main target. It is estimated that supply will increase in the second half of the year and market competition may as a result be very intense.

Under the current macro-economy and market conditions, the Group will maintain high alerts for development and adhere to the objective of “enhancing inner force through management upgrade, instilling vitality through reforms and innovation” and adopt the main themes of “three ensurings, three breakthroughs and three enhancements”, to tackle the situation, rise up to the challenges and drive the business performance of the Group in the second half of 2015. While completing our operating targets, the Group will strive to achieve a breakthrough in transformation and innovation and enter into a new stage of future growth.

### **Strive to Complete the “Three Ensurings”**

**Achievement of core operating targets will be ensured**, the full year sales target at RMB24.8 billion remains unchanged, and the Group strives to achieve such target. **Active and steady investment demand will be ensured**, suitable quality landbank will be acquired to an appropriate extent in accordance with the strategic guidance of “returning to Tier 1 and Tier 2 cities”. The Group will maintain the construction plan set at the beginning of the year, e.g. with respect to 2015, the new construction starts GFA will be 1.93 million sq.m., the completion GFA will be 2.82 million sq.m. and the delivery GFA will be 1.96 million sq.m.. **Funding requirements and security will be ensured**, new funding channels will continue to be explored, recovery of funds will be accelerated, and interest rate risk and exchange rate risk will be properly managed to safeguard the funds and maintain the investment-grade rating.

### **Fully Implement “Three Breakthroughs”**

**Strive a full breakthrough in the innovation of institutional mechanism**, accelerate promotion of an employee incentive scheme, adopt corresponding incentive schemes for different types of projects, implement long-term effective incentive mechanisms, and ultimately realize a win-win situation among each of the

Company, shareholders and employees. **Strive a major breakthrough in resources integration**, continue to focus on resource integration opportunities that may arise during the process of industry evolution and transformation or upgrade of state-owned enterprises, and promote cooperation among the government, state-owned enterprises and market resources. **Strive a further breakthrough in business development models**, continue to develop and innovate new form of project cooperation, promote continuous optimization of the mode for “integrating production and finance”, and attend to and explore new directions of business development in the property market.

### **Continuous Promotion of “Three Enhancements”**

**Strengthen the management and control system and improve operation quality.** Work on the target to further improve the ROE through further enhancement of core competencies such as investment decision and cost control. **Strengthen the risk management and enhance risk controls capability.** Further improve the risk controls system and strive to maintain the investment-grade rating. **Strengthen the organisational capability to enhance management and control efficiency.** Strengthen the headquarters’ capability to create value and provide professional service, further strengthen the organisational capability to coordinate human capital and financial resources, and promote the development of innovative culture.

### **ACKNOWLEDGMENT**

With respect to the sound developments of the Group achieved over the years, I would like to take this opportunity to extend my gratitude to the Board of Directors for their strong leadership and all our staff for their relentless endeavors, as well as to express my deepest appreciation to our shareholders, our customers and business partners for their full confidence and dedicated support.

### **MANAGEMENT DISCUSSION AND ANALYSIS**

#### **Revenue and Gross Profit**

In the first half of 2015, the Group realized revenue of approximately RMB6,625 million (the same period of 2014: RMB6,326 million), an increase of 4.7% comparing with the corresponding period of last year. The total revenue (including proceeds from sales of investment properties) was approximately RMB6,841 million (the same period of 2014: RMB6,343 million), an increase of 7.9% comparing with the corresponding period of last year. The gross profit was approximately RMB1,737 million (the same period of 2014: RMB2,176 million), a decrease of 20.2% comparing with the corresponding period of last year, and the gross profit margin reached approximately 26.2%, a decrease of 8.2 percentage points with the

corresponding period of last year, mainly due to the difference of product mix, the contribution from commercial projects decreased to 14% (the same period of 2014: 20%) and the proportion of initial projects outside Guangzhou with low gross margin increased to 26% (the same period of 2014: 3%).

### **Profit Attributable to Equity Holders**

In the first half of 2015, profit attributable to equity holders of the Group was approximately RMB1,198 million (the same period of 2014: RMB1,676 million), a decrease of 28.5% comparing with the corresponding period of last year, mainly due to the fair value gains in the first half of 2015 was approximately RMB679 million (the same period of 2014: RMB1,251 million), a decrease of 45.7% comparing with the corresponding period of last year. Excluding fair value gains on revaluation of investment properties and the related tax impact and foreign exchange gain/loss, the core net profit was approximately RMB730 million (the same period of 2014: RMB992 million), a decrease of 26.4% comparing with the corresponding period of last year, core net profit margin was 11.0%.

### **Contracted Sales**

In the first half of 2015, the Group recorded an aggregate contracted sales value (including contracted sales by joint venture projects) of approximately RMB11,487 million, an increase of 8.1% comparing with the corresponding period of last year, which achieved approximately 46% of the full-year sales targets of RMB24.8 billion. The aggregate contracted sales GFA (including contracted sales by joint venture projects) of approximately 1,089,600 sq.m., an increase of 30.4% comparing with the corresponding period of last year, which the average selling price was approximately RMB10,500 per sq.m., a decrease of 17.3% comparing with the corresponding period of last year, due to more contribution from residential projects and projects outside Guangzhou.

In terms of regional composition, Guangzhou accounted for approximately 53.3% of the aggregated contracted sales value of the first half of 2015, Pearl River Delta (excluding Guangzhou) accounted for approximately 15.4%, Yangtze River Delta accounted for approximately 9.8%, Central China Region accounted for approximately 13.5%, and Bohai Rim Economic Zone accounted for approximately 8.0%. In terms of type, residential properties and parking accounted for approximately 98%, commercial properties and others accounted for approximately 2%.



Contracted sales are summarized as follows:

<b>No.</b>	<b>Project</b>	<b>Type</b>	<b>GFA</b> <i>(sq.m.)</i>	<b>Value</b> <i>(RMB mil)</i>	<b>ASP</b> <i>(RMB/sq.m.)</i>
1	Guangzhou Fortune Apartment	Commercial	1,300	23	17,700
2	Guangzhou Starry Golden Sands	Residential	32,900	653	19,800
3	Guangzhou Starry Wenhua	Residential	9,400	236	25,100
4	Guangzhou Starry Wenyu	Residential	16,600	409	24,600
5	Guangzhou Paradiso Riverside	Residential	38,600	558	14,500
6	Southern Le Sand	Residential	215,800	2,207	10,200
7	Guangzhou Lingnan Hillside	Residential	25,300	435	17,200
8	Guangzhou Lingnan Villas	Residential	44,100	526	11,900
9	Guangzhou Lingnan Wood	Residential	55,900	717	12,800
10	Yuexiu Poly Aite City	Residential	5,700	69	12,100
11	Conghua Glade Greenland	Residential	9,400	65	6,900
12	Conghua Glade Village	Residential	900	8	8,900
	Other projects	N/A	10,700	215	20,100
	<b>Subtotal (Guangzhou)</b>		<b>466,600</b>	<b>6,121</b>	<b>13,100</b>
13	Jiangmen Starry Regal Court	Residential	76,400	568	7,400
14	Zhongshan Starry Winking	Residential	20,200	91	4,500
15	Zhongshan Starry Junting	Residential	22,200	139	6,300
16	Zhongshan Starry Peakfield	Residential	23,200	155	6,700
17	Zhongshan Paradiso Jadin	Residential	30,800	151	4,900
18	Nanhai Starry Winking	Residential	6,200	98	15,800
19	Foshan Lingnan Junting	Residential	16,500	203	12,300
20	Foshan Changcheng Foping Road Project	Residential	54,100	371	6,900
	<b>Subtotal (Pearl River Delta ex. Guangzhou)</b>		<b>249,600</b>	<b>1,776</b>	<b>7,100</b>
21	Hangzhou Starry City	Residential	41,500	237	5,700
22	Hangzhou Starry Joy City	Residential	31,500	366	11,600
23	Kunshan Paradiso Pavilion	Residential	64,800	525	8,100
	<b>Subtotal (Yangtze River Delta)</b>		<b>137,800</b>	<b>1,128</b>	<b>8,200</b>
24	Wuhan Starry Winking	Residential	49,300	891	18,100
25	Wuhan Starry Emperor	Residential	56,500	656	11,600
	<b>Subtotal (Central China Region)</b>		<b>105,800</b>	<b>1,547</b>	<b>14,600</b>
26	Shenyang Starry Winking	Residential	400	5	12,500
27	Shenyang Starry Blue Sea	Residential	48,900	352	7,200
28	Yantai Starry Golden Sands	Residential	38,700	210	5,400
29	Qingdao Starry Blue Bay	Residential	41,800	348	8,300
	<b>Subtotal (Bohai Rim Economic Zone)</b>		<b>129,800</b>	<b>915</b>	<b>7,000</b>
	<b>Total</b>		<b>1,089,600</b>	<b>11,487</b>	<b>10,500</b>

## Recognized Sales

In the first half of 2015, the recognized sales value (including the sale of investment properties of RMB216 million) and recognized sales GFA (including the sale of investment properties of 8,300 sq.m.) were approximately RMB6,372 million and 563,100 sq.m., increases of 7.6% and 33.3% respectively comparing with the corresponding period of last year, and the average selling price was approximately RMB11,300 per sq.m..

Recognized sales are summarized as follows:

No.	Project	Type	GFA (sq.m.)	Value (RMB mil)	ASP (RMB/ sq.m.)
1	Guangzhou Starry Winking	Residential/ parking	900	39	43,300
2	Guangzhou Starry Cullium	Residential	2,300	133	57,800
3	Guangzhou Fortune Century Square	Commercial	4,800	169	35,200
4	Guangzhou Fortune Apartment	Commercial/ parking	14,300	365	25,500
5	Guangzhou Starry Golden Sands	Residential	1,500	31	20,700
6	Guangzhou Starry Wenhua	Residential	13,800	313	22,700
7	Guangzhou Starry Wenhan	Residential	1,300	20	15,400
8	Guangzhou Starry Wenyu	Residential	13,700	314	22,900
9	Guangzhou Starry Riverside	Residential	53,700	752	14,000
10	Guangzhou Starry Sunshine	Residential	2,800	34	12,100
11	Southern Le Sand	Residential	33,000	297	9,000
12	Guangzhou Lingnan Hillside	Residential	45,200	822	18,200
13	Guangzhou Lingnan Villas	Residential	37,200	505	13,600
14	Huadu Glade Greenland	Residential	200	2	10,000
15	Conghua Glade Greenland	Residential	74,300	465	6,300
16	Conghua Glade Village	Residential	200	2	10,000
	Other projects	N/A	7,400	218	29,500
	Investment Properties	N/A	8,300	216	26,000
	<b>Subtotal (Guangzhou)</b>		<b>314,900</b>	<b>4,697</b>	<b>14,900</b>

<b>No.</b>	<b>Project</b>	<b>Type</b>	<b>GFA</b> <i>(sq.m.)</i>	<b>Value</b> <i>(RMB mil)</i>	<b>ASP</b> <i>(RMB/sq.m.)</i>
17	Jiangmen Starry Regal Court	Residential	23,000	196	8,500
18	Zhongshan Starry Junting	Residential	16,400	162	9,900
19	Zhongshan Starry Winking	Residential/ Commercial	12,400	90	7,300
	<b>Subtotal (Pearl River Delta ex. Guangzhou)</b>		<b>51,800</b>	<b>448</b>	<b>8,600</b>
20	Hangzhou Starry City	Residential	5,900	32	5,400
21	Kunshan Paradiso Pavilion	Residential	1,000	9	9,000
	<b>Subtotal (Yangtze River Delta)</b>		<b>6,900</b>	<b>41</b>	<b>5,900</b>
22	Wuhan Starry Winking	Residential	3,000	49	16,300
	<b>Subtotal (Central Region)</b>		<b>3,000</b>	<b>49</b>	<b>16,300</b>
23	Yantai Starry Golden Sands	Residential	114,200	624	5,500
24	Yantai Starry Phoenix	Residential	1,000	6	6,000
25	Shenyang Starry Blue Sea	Residential	71,300	507	7,100
	<b>Subtotal (Bohai Rim Economic Zone)</b>		<b>186,500</b>	<b>1,137</b>	<b>6,100</b>
	<b>Total</b>		<b>563,100</b>	<b>6,372</b>	<b>11,300</b>

## Unrecognized Sales

As of 30 June 2015, the unrecognized sales value amounted to approximately RMB24,669 million, with unrecognized sales GFA of approximately 2,350,600 sq.m., and the average selling price was approximately RMB10,500 per sq.m.. Of the unrecognized sales value, approximately RMB14,752 million is expected to be recognized in the second half of 2015.

Unrecognized sales are summarized as follows:

No.	Project	Type	GFA (sq.m.)	Value (RMB mil)	ASP (RMB /sq.m.)
1	Guangzhou Fortune Century Square	Commercial	1,100	28	25,500
2	Guangzhou Starry Cullium	Residential	1,000	58	58,000
3	Guangzhou Starry Golden Sands	Residential	126,600	2,328	18,400
4	Guangzhou Starry Wenhua	Residential	16,300	376	23,100
5	Guangzhou Starry Wenhan	Residential	14,200	355	25,000
6	Guangzhou Paradiso Riverside	Residential	48,900	724	14,800
7	Southern Le Sand	Residential	295,400	3,183	10,800
8	Guangzhou Lingnan Hillside	Residential	18,700	323	17,300
9	Guangzhou Lingnan Villas	Residential	72,200	880	12,100
10	Guangzhou Lingnan Wood	Residential	121,800	1,680	13,800
11	Yuexiu Poly Aite City	Residential	5,700	69	12,200
12	Conghua Glade Greenland	Residential	71,800	478	6,700
	Other projects	N/A	36,600	790	21,600
	<b>Subtotal (Guangzhou)</b>		<b>830,300</b>	<b>11,272</b>	<b>13,600</b>
13	Jiangmen Starry Regal Court	Residential	145,300	821	5,700
14	Zhongshan Starry Winking	Residential	36,300	158	4,400
15	Zhongshan Starry Junting	Residential	10,300	59	5,700
16	Zhongshan Starry Peakfield	Residential	61,800	453	7,300
17	Zhongshan Paradiso Jadin	Residential	89,800	452	5,000
18	Nanhai Starry Winking	Residential	23,100	363	15,700
19	Foshan Lingnan Junting	Residential	92,500	795	8,600
20	Foshan Chancheng Foping Road Project	Residential	54,100	371	6,900
	<b>Subtotal (Pearl River Delta ex. Guangzhou)</b>		<b>513,200</b>	<b>3,472</b>	<b>6,800</b>

No.	Project	Type	GFA (sq.m.)	Value (RMB mil)	ASP (RMB /sq.m.)
21	Hangzhou Starry City	Residential	117,100	687	5,900
22	Hangzhou Starry Joy City	Residential	59,700	681	11,400
23	Kunshan Paradiso Pavilion	Residential	230,800	1,882	8,200
	<b>Subtotal (Yangtze River Delta)</b>		<b>407,600</b>	<b>3,250</b>	<b>8,000</b>
24	Wuhan Starry Winking	Residential	149,500	2,612	17,500
25	Wuhan Starry Emperor	Residential	194,100	2,172	11,200
	<b>Subtotal (Central Region)</b>		<b>343,600</b>	<b>4,784</b>	<b>13,900</b>
26	Shenyang Starry Winking	Residential	400	5	12,500
27	Shenyang Starry Blue Sea	Residential	56,400	413	7,300
28	Yantai Starry Golden Sands	Residential	58,000	325	5,600
29	Qingdao Starry Blue Bay	Residential	141,100	1,148	8,100
	<b>Subtotal (Bohai Rim Economic Zone)</b>		<b>255,900</b>	<b>1,891</b>	<b>7,400</b>
	<b>Total</b>		<b>2,350,600</b>	<b>24,669</b>	<b>10,500</b>

## Landbank

As of the date of this announcement, the Group acquired land parcels located in Guangzhou, Foshan and Kunshan respectively. The total consideration was approximately RMB12,608 million, and the total GFA was approximately 1,370,700 sq.m.. In terms of the attributable interest, GFA was approximately 762,900 sq.m., the consideration was approximately RMB6,394 million.

Land acquisitions are summarized as follows:

No.	Project	Equity holding	Site Area (sq.m.)	Total GFA (sq.m.)	Total Land Cost (RMB mil)
1	Kunshan Starry Pavilion (formerly known as Kunshan Huaqiao Development Zone Land)	48.45%	58,800	184,700	443
2	Foshan Chancheng Foping Road Project	93.1%	34,000	220,800	633
3	Guangzhou Haizhu Guangzhi Land I	47.74%	22,200	229,600	2,634
4	Guangzhou Haizhu Guangzhi Land II	48.69%	103,000	735,600	8,898

No.	Project	Equity holding	Site Area (sq.m.)	Total GFA (sq.m.)	Total Land Cost (RMB mil)
	<b>Total</b>		<b>218,000</b>	<b>1,370,700</b>	<b>12,608</b>

As of the date of this announcement, the landbank of the Group reached approximately 14.77 million sq.m. with a total of 35 projects in 12 cities in the PRC with an improved balance between the regions. In terms of the attributable interest, the Group's landbank was approximately 11.75 million sq.m.. In terms of regional composition, Guangzhou accounted for approximately 40.9% of the total landbank, Pearl River Delta (excluding Guangzhou) accounted for approximately 14.5%, Yangtze River Delta accounted for approximately 18.0%, the Central China Region accounted for approximately 13.9%, Bohai Rim Economic Zone accounted for approximately 11.5%, Hainan accounted for approximately 0.7% and Hong Kong accounted for approximately 0.5%. In terms of product mix, residential properties accounted for approximately 52.4% and commercial properties and others accounted for approximately 47.6%.

Landbank is summarized as follows :

No.	Project	Equity Holding	Landbank GFA (sq.m.)	PUD GFA (sq.m.)	PFD GFA (sq.m.)
1	Yuexiu Financial Tower	95%	211,500	211,500	—
2	Asia Pacific Century Plaza	95%	232,000	232,000	—
3	Guangzhou Fortune Apartment	99.06%	7,900	7,900	—
4	Guangzhou Haizhu Nanzhou Road Project	95.48%	152,600	—	152,600
5	Guangzhou Haizhu Guangzhi Land I	47.74%	229,600	—	229,600
6	Guangzhou Haizhu Guangzhi Land II	48.69%	735,600	—	735,600
7	Guangzhou Starry Golden Sands	100%	201,700	201,700	—
8	Guangzhou Baiyun Tonghe Project	100%	648,900	—	648,900
9	Southern Le Sand	95.48%	2,397,300	928,400	1,468,900
10	Guangzhou Lingnan Wood	47.74%	446,200	446,200	—
11	Yuexiu Poly Aite City	4.77%	667,800	302,200	365,600
	Other projects	N/A	114,200	69,200	45,000
	<b>Subtotal (Guangzhou)</b>		<b>6,045,300</b>	<b>2,399,100</b>	<b>3,646,200</b>

No.	Project	Equity Holding	Landbank	PUD	PFD
			GFA (sq.m.)	GFA (sq.m.)	GFA (sq.m.)
12	Jiangmen Starry Regal Court	95%	250,100	190,800	59,300
13	Zhongshan Starry Winking	95%	161,700	161,700	—
14	Zhongshan Starry Peakfield	95%	482,600	308,300	174,300
15	Zhongshan Paradiso Jadin	100%	426,100	290,100	136,000
16	Nanhai Starry Winking	100%	290,700	290,700	—
17	Foshan Chancheng Foping Road Project	93.1%	220,800	220,800	—
18	Foshan Lingnan Junting	100%	314,500	298,300	16,200
	<b>Subtotal (Pearl River Delta ex. Guangzhou)</b>		<b>2,146,500</b>	<b>1,760,700</b>	<b>385,800</b>
19	Hangzhou Starry City	100%	1,546,100	275,500	1,270,600
20	Hangzhou Starry Joy City	100%	225,700	225,700	—
21	Hangzhou Victory Center	20%	71,900	71,900	—
22	Hangzhou Starry Upper City	9.55%	185,400	185,400	—
23	Kunshan Starry Pavilion (formerly known as Kunshan Huaqiao Development Zone Land)	48.45%	184,700	—	184,700
24	Kunshan Paradiso Pavilion	48.45%	452,000	452,000	—
	<b>Subtotal (Yangtze River Delta)</b>		<b>2,665,800</b>	<b>1,210,500</b>	<b>1,455,300</b>
25	Wuhan Starry Winking	100%	553,900	553,900	—
26	Wuhan Starry Emperor	95.48%	603,800	603,800	—
27	Wuhan International Financial City	7.64%	890,400	171,100	719,300
	<b>Subtotal (Central Region)</b>		<b>2,048,100</b>	<b>1,328,800</b>	<b>719,300</b>
28	Shenyang Yuexiu Hill Lake	99.95%	291,000	21,100	269,900
29	Shenyang Starry Winking	100%	519,900	175,500	344,400
30	Shenyang Starry Blue Sea	100%	8,600	—	8,600
31	Yantai Starry Golden Sands	100%	407,400	192,400	215,000
32	Qingdao Starry Blue Bay	100%	465,000	465,000	—
	<b>Subtotal (Bohai Rim Economic Zone)</b>		<b>1,691,900</b>	<b>854,000</b>	<b>837,900</b>
33	Hainan Simapo Island Project	47.50%	100,400	6,000	94,400
	<b>Subtotal (PRC)</b>		<b>14,698,000</b>	<b>7,559,100</b>	<b>7,138,900</b>
34	Hong Kong Prince Edward Road Project	100%	4,000	4,000	—
35	Hong Kong Yau Tong Project	100%	70,500	—	70,500
	<b>Subtotal (Hong Kong)</b>		<b>74,500</b>	<b>4,000</b>	<b>70,500</b>
	<b>Total</b>		<b>14,772,500</b>	<b>7,563,100</b>	<b>7,209,400</b>

## Construction Progress

The Group always strives for high turnover and enhancing the development efficiency. Foshan Chancheng Foping Road is according to the high turnover strategy of “land acquisition, new construction starts and launching in the first half of the year”, the development is speeded up. Project development was progressing as scheduled in order to satisfy the sales growth, new construction starts, completion and delivery was in line with the Group’s schedule.

New construction starts, completions and deliveries are summarized as follows:

Construction progress	Actual GFA	Planned GFA
	In 2015 1H (sq.m.)	For 2015 (sq.m.)
New constructions starts	800,000	1,930,000
Completion	1,050,000	2,820,000
Delivery	560,000	1,960,000

## Investment Properties

As of 30 June 2015, the Group owned investment properties under lease of approximately 789,800 sq.m. in total, of which offices, commercial properties and parking and others accounted for approximately 32.31%, 45.64% and 22.05%, respectively. The investment properties under construction were approximately 112,100 sq.m., mainly comprising the commercial portions of Nanhai Starry Winking. The Group recorded rental revenue of approximately RMB170 million in the first half of 2015, an increase of 34.8% comparing with the corresponding period of last year.

In the first half of 2015, the Group recorded the fair value gains on revaluation of investment properties of RMB679 million, which was mainly attributable to fair value gains recorded by Yuexiu Financial Tower of approximately RMB617 million.

## Selling and Marketing Costs

In the first half of 2015, the Group’s selling and marketing costs increased by 6.4% to approximately RMB198 million as compared to the same period of last year. The increase in selling and marketing costs was mainly attributable to more projects being launched for sale outside the Guangdong province, the corresponding agency and marketing costs were increased. The Group continues to place emphasis on the



effectiveness of sales execution plan and keep control on its selling and marketing costs to an appropriate level. The selling and marketing costs accounted for 1.7% of the contracted sales in the current period, slightly reduced by 0.1 percentage point as compared to 1.8% for the same period of last year.

### **Administrative Expenses**

In the first half of 2015, administrative expenses of the Group were approximately RMB306 million, decreased by 13.1% as compared to the same period of last year. The Group continued to strengthen controls over expenses and strictly follow the annual expenses budget. Administrative expenses accounted for 2.7% of the contracted sales in the current period, reduced by 0.6 percentage point as compared to 3.3% for the same period of last year.

### **Finance Costs**

In the first half of 2015, the Group's interest expenses decreased by 10.5% to approximately RMB170 million as compared to the same period of last year. And the interest capitalization was approximately RMB699 million. The Group's average effective borrowing cost during the first half of 2015 was approximately 5.02% per annum (the same period of 2014: 5.20% per annum).

### **Share of Profit from Associated Entities**

In the first half of 2015, overall share of net contribution from associated entities attributable to the Group increased by 94.6 % to approximately RMB202 million as compared to the same period of last year. This was mainly contributed by the Yuexiu Real Estate Investment Trust ("Yuexiu REIT"), in which the Group held an equity interest of 36.8%.

The total distribution by Yuexiu REIT during the first half of 2015 was increased by 5.4% to approximately RMB342 million as compared to the same period of last year. As such, the Group's share of cash distribution amounted to approximately RMB126 million.

### **Basic Earnings Per Share**

During the year ended 31 December 2014, 3,077,015,931 new shares were issued by the Company on 22 October 2014 under the rights issue at the subscription price of HK\$1.25 per share on the basis of 33 rights shares for every 100 shares held on 25 September 2014.

In the first half of 2015, basic earnings per share (calculated by the weighted average number of ordinary shares in issue) attributable to equity holders of the Company were RMB0.0966 (first half of 2014: RMB0.1798).

## **Interim Dividend**

The Board has resolved to declare an interim dividend for 2015 of HK\$0.029 per share which is equivalent to RMB0.024 per share (2014 interim: HK\$0.049 per share which was equivalent to RMB0.039 per share) to shareholders whose names appear on the Register of Members of the Company on 16 October 2015. The interim dividend will be distributed to shareholders on or around 10 November 2015.

Dividends payable to shareholders will be paid in Hong Kong dollars (“HK\$”). The exchange rate adopted by the Company for its dividend payable is the average middle exchange rate of HK\$ to RMB announced by the People’s Bank of China in the five business days preceding the date of dividend declaration.

## **Liquidity and Financial Resources**

Cash receipts from operating activities and committed banking facilities are the main liquidity sources to the Group. The Group has always adhered to prudent financial management principles, emphasis on funding management and risk control, establish an ongoing monitoring system to tackle the rapid market changes, ensure a healthy adequate liquidity and secure the business development. The Group continues to maintain a good relationship with commercial banks in Mainland China and Hong Kong, it also adheres to explore more funding channel at the same time, to optimize the capital structure and lower the funding costs, to enhance the ability to protect its resources, and to enhance its risk resistance capabilities.

In the first half of 2015, the Group completed bank financing of approximately RMB4,500 million, of which onshore bank financing amounted to approximately RMB3,300 million and offshore bank financing of approximately RMB1,200 million. As at 30 June 2015, total borrowings amounted to approximately RMB31,926 million (31 December 2014: RMB32,059 million), cash and charged bank deposits amounted to approximately RMB11,275 million, net gearing was 65.5%. Borrowings with maturity within one year accounted for approximately 22% of the total borrowings (31 December 2014: 26%), fixed notes accounted for approximately 22% of the total borrowings (31 December 2014: 22%). Due to the decrease of the on shore interest rate, the Group’s effective borrowing cost for the period was 5.02% per annum, decreased by 0.05 percentage point as compared to 5.07% per annum for the year of 2014.

As at 30 June 2015, among the Group’s total borrowings, approximately 41% was RMB denominated bank borrowings, 37% was Hong Kong and US dollar denominated bank borrowings, 22% was Hong Kong and US dollar denominated medium to long term notes.

## Working Capital

As of 30 June 2015, the Group's working capital (current assets less current liabilities) amounted to approximately RMB37,475 million (31 December 2014: approximately RMB35,869 million). The Group's current ratio (current assets over current liabilities) was 2.0 times (31 December 2014: 2.1 times). Cash and cash equivalents amounted to approximately RMB6,745 million (31 December 2014: RMB7,883 million). Charged bank deposits amounted to approximately RMB4,530 million (31 December 2014: RMB5,075 million). Undrawn committed bank facilities amounted to approximately RMB3,500 million.

## Capital and Financial Structure Analysis

The Group's debts are summarized as follows:

	As at	
	30 June 2015	31 December 2014
	RMB'000	RMB'000
Bank borrowings and notes		
Denominated in RMB	13,371,755	13,787,880
Denominated in Hong Kong dollars	12,123,539	12,240,383
Denominated in United States dollars	<u>6,430,314</u>	<u>6,030,900</u>
Total bank borrowings and notes	31,925,608	32,059,163
Finance lease obligations	234	138
Overdrafts	<u>58</u>	<u>72</u>
Total debts	<u>31,925,900</u>	<u>32,059,373</u>
Ageing analysis:		
Within one year	6,900,004	8,415,093
In the second year	9,660,200	7,195,990
In the third to fifth year	8,540,003	10,622,550
Beyond five years	<u>6,825,693</u>	<u>5,825,740</u>
Total borrowings	31,925,900	32,059,373
Less: Cash and cash equivalents	<u>(6,745,078)</u>	<u>(7,882,648)</u>
Net borrowings	25,180,822	24,176,725
Total equity	<u>31,509,051</u>	<u>30,253,428</u>
Total capitalization	<u>56,689,873</u>	<u>54,430,153</u>
Gearing ratio	<u>44.4%</u>	<u>44.4%</u>

## **Interest Rate Exposure**

The Group's major interest rate exposure relates to RMB, Hong Kong and US dollar borrowings and deposits. Currently the Group has no interest rate hedging instruments. Approximately 41%, 37% and 22% of the total borrowings are floating rate bank borrowings (denominated in RMB), floating rate bank borrowings (denominated in Hong Kong and US dollar) and medium to long term fixed rate notes respectively. Since November of 2014, the People's Bank of China has cut interest rates four times and has reduced the reserve requirement ratios (RRR) two times. Moreover, it is estimated that it is possible for the US Federal Reserve to raise the interest rates in the third quarter of 2015. As a result, the interest rates spread between onshore and offshore borrowings may shrink further. It is estimated that such shrinking trend may continue. Currently, the portion of onshore floating rate borrowings and the portion of offshore floating rate borrowings of the Group are close. It is expected the said current changes of onshore and offshore interest rate will not make much impact on the Group's overall financial position. As such, the Group has no hedging against interest rate risk exposure. The Group will continue to closely monitor the interest rate fluctuation and implement appropriate risk management measures.

## **Foreign Exchange Exposure**

Since the business operations of the Group are mainly located in Mainland China, income and cash inflows are primarily in RMB. The main cash outflows in Hong Kong are related to payment of cash dividend to shareholders and repayment of bank borrowings and interests. As at 30 June 2015, approximately 37% of the total borrowings was floating rate bank borrowings (which were denominated in Hong Kong and US dollar and equivalent to approximately RMB11.6 billion) and approximately 22% of the total borrowings was medium to long term borrowings (which were denominated in Hong Kong and US dollars and equivalent to approximately RMB7 billion). The spread resulting from the fluctuation of RMB's exchange rate against the Hong Kong or US dollar may affect the construction costs and general operating costs of the projects under construction.

Since 2005, RMB has continued to appreciate. Notwithstanding slight fluctuation in RMB exchange rate during the exchange rate reform, RMB has shown an overall appreciation trend. On 11 August 2015, the People's Bank of China has improved the mechanism to quote the official exchange rate of RMB by making an one-off adjustment to narrow down the spread. The official exchange rate of RMB as at 19 August 2015 against the Hong Kong dollars depreciated by approximately 4.6% as compared to that as at 31 December 2014. The Group will continue to closely monitor fluctuations in and the trend of RMB, assess the exchange rate fluctuation's impact on the Group, and when appropriate, the Group will take effective actions and utilize

suitable instruments to manage the foreign exchange risk, including adjustment of the financing strategy, utilization of appropriate foreign exchange hedging instruments and expansion of the offshore RMB financing at an acceptable interest rate, in order to mitigate the impact of the foreign exchange in the financial statements.

### **Commitments for Property, Plant and Equipment**

As of 30 June 2015, the Group also had capital commitments in respect of purchases of property, plant, equipment amounted to approximately RMB2,060 million (31 December 2014: RMB1,684 million).

### **Contingent Liabilities**

The Group arranged bank loans for certain purchasers of the Group's properties in Mainland China and provided transitional guarantees in respect of the performance of loan repayment liabilities. Pursuant to the terms of the guarantee contracts, upon default in repayments by those purchasers, the Group will be responsible for repaying the outstanding mortgage principals together with accrued interest in performing its liabilities under the guarantee, and the Group owns the legal title of such pledged properties. Such guarantees shall terminate upon issuance of the relevant property ownership certificates. As of 30 June 2015, total contingent liabilities relating to these guarantees amounted to approximately RMB4,576 million (31 December 2014: RMB6,492 million).

As at 30 June 2015, certain subsidiaries of the Group jointly and severally provided guarantee of approximately RMB2,675 million (31 December 2014: RMB3,290 million) in respect of a syndicated loan borrowed by Yuexiu REIT with an effective period expiring on the date two years after full repayment of the syndicated loan.

### **Employees and Remuneration Policy**

As of 30 June 2015, the Group had approximately 6,860 employees (31 December 2014: 6,690 employees). The Group remunerates its employees largely based on industry practice, including contributory provident funds and other staff benefits. Other employee benefits include provident fund, insurance and medical cover, educational allowances and training programs. Promotion and salary adjustments are based on performance.

## **CORPORATE GOVERNANCE**

Save as disclosed below, the Company has complied with the code provisions as set out in the Corporate Governance Code throughout the six months ended 30 June 2015.

### **Code Provision A.4.1**

Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. None of the non-executive directors of the Company is appointed for a specific term. However, all the non-executive directors of the Company are subject to retirement by rotation at the general meeting of the Company in accordance with the Company's Articles of Association. All the non-executive directors of the Company had retired by rotation during the past 3 years. They have been re-elected.

### **REVIEW OF INTERIM RESULTS**

The results of the Group for the six months ended 30 June 2015 have been reviewed by the Audit Committee and by the Company's auditor in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

### **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES**

The Company has not redeemed any of its shares during the six months ended 30 June 2015. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the period.

### **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Wednesday, 14 October 2015 to Friday, 16 October 2015, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfers of shares accompanied by the relevant share certificates must be lodged for registration with the Company's Share Registrar, Tricor Abacus Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, by no later than 4:30 p.m. on Tuesday, 13 October 2015.

By order of the Board  
**Yuexiu Property Company Limited**  
**ZHANG Zhaoxing**  
*Chairman*

Hong Kong, 20 August 2015

As at the date of this announcement, the Board comprises:

*Executive Directors:* ZHANG Zhaoxing (Chairman), ZHU Chunxiu, TANG Shouchun, CHEN Zhihong, LI Feng and OU Junming

*Independent Non-executive Directors:* YU Lup Fat Joseph, LEE Ka Lun and LAU Hon Chuen Ambrose