



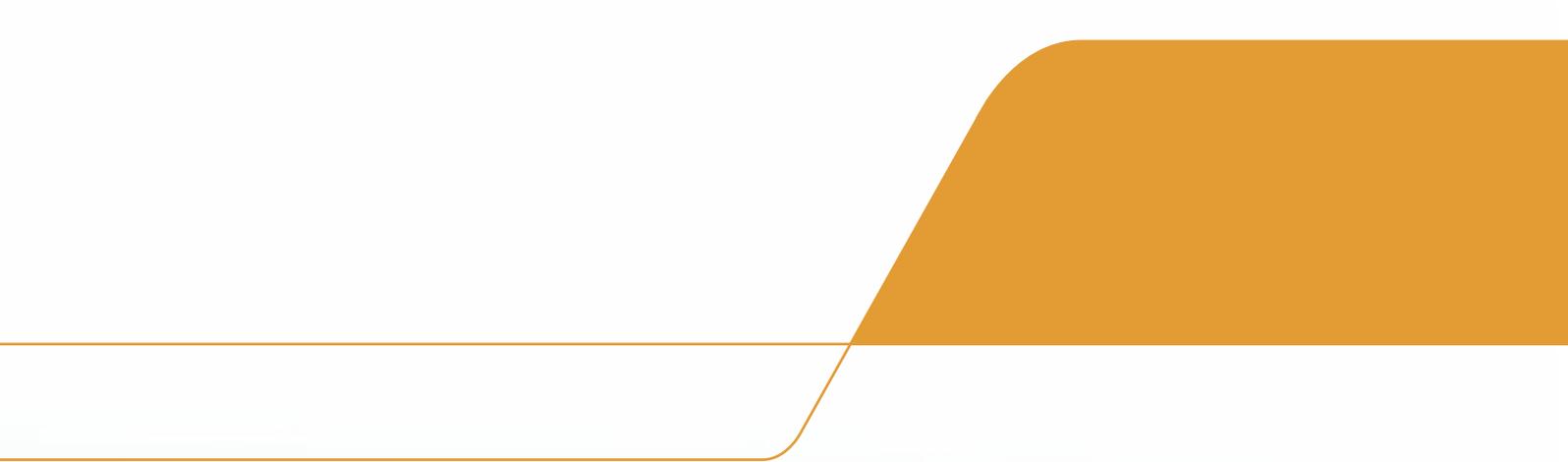
越秀地產股份有限公司

YUEXIU PROPERTY COMPANY LIMITED

Stock Code: 00123

Interim Report 2013





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Financial Highlights

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	For the six months ended		Change
	30 June 2013	30 June 2012	
	(RMB'000) Unaudited	(RMB'000) Unaudited	
Revenue	6,059,401	4,264,056	+42.1%
Gross profit	2,479,517	2,584,028	-4.0%
Gross profit margin	40.9%	60.6%	-19.7 percentage points
Operating profit	3,883,486	3,292,211	+18.0%
Profit attributable to equity holders	2,340,695	1,579,881	+48.2%
Net profit margin	38.6%	37.1%	+1.5 percentage points
Core net profit*	1,034,279	959,855	+7.8%
Core net profit margin	17.1%	22.5%	-5.4 percentage points
Basic earnings per share (RMB)	0.2516	0.1701	+47.9%
Core basic earnings per share (RMB)	0.1112	0.1034	+7.5%
Dividend per share (HK\$)	0.049	0.042	+16.7%
Number of shares ('000)	9,311,837	9,289,651	+0.2%

	As at		Change
	30 June 2013	31 December 2012	
	(RMB'000) Unaudited	(RMB'000) Audited	
Total cash	10,706,579	9,263,401	+15.6%
Including: Cash and cash equivalents	7,336,769	7,060,453	
Charged bank deposits	3,369,810	2,202,948	
Total assets	78,514,665	69,996,933	+12.2%
Shareholders' equity	24,003,156	22,158,140	+8.3%
Shareholders' equity per share (RMB)	2.578	2.383	+8.2%
Net gearing ratio**	54.5%	47.0%	+7.5 percentage points

* Core net profit represents the profit attributable to equity holders of the Company excluding the effect of fair value gains on revaluation of investment properties net of related tax and non-controlling interests.

** Net gearing ratio represents the total borrowings less cash and cash equivalents and charged bank deposits over total equity.

Chairman's Statement

I. BUSINESS REVIEW

Economic and Market Environment

In the first half of 2013, the international economic environment remained complex and challenging. Although recovery of the U.S. economy showed promising signs of an upturn, recession continued in other economies around the world, especially in Europe, hampering the recovery of the global economy. The central government continued to implement proactive fiscal policies and stabilising monetary policies, ensuring that the Chinese economy maintained an overall balance with steady progress in structural optimization and constant delivery of quality improvement through transformation and upgrades. According to the data released by the National Bureau of Statistics, the PRC economy grew by 7.6% in the first half of 2013, as the economy recorded 7.7% growth in the first quarter and 7.5% growth in the second quarter. Although the rate of economic growth declined slightly in the second quarter, the growth rate still remained in the range of 7.4%-7.9% for the fifth consecutive quarter, signifying the relative stability of the economy.

In the first half of 2013, despite the implementation of restrictive measures in the property market, such as the "National Five" (國五條), by the central government to further suppress the increase in housing prices, the number of cities with decreasing selling price of residential properties in the first half of 2013 reduced from 16 in January to 1 in June, and the number of cities with increasing selling prices of residential properties rose from 53 in January to 69 in June, according to the statistics released by the National Bureau of Statistics on changes in the prices of residential properties in 70 large and medium-sized cities. Overall, the Chinese property market recorded increases in terms of both price and volume during the first half of 2013.

Operating Results Achieved Steady Growth

In the first half of 2013, the Group adhered to the objectives of "making steady progress with quality enhancement, facilitating development through innovative transformation" and overcame difficulties arising from the challenging macroeconomic environment, seized periodic market opportunities with the effective adoption of a series of tailored measures to achieve a set of admirable operating results. This established a solid foundation for the full year and for the medium to long term development of the Group.

In the first half of 2013, revenue of the Group was approximately RMB6,059 million, increased by 42.1% as compared to the same period year-on-year. Total revenue (including revenue from disposal of investment properties) was approximately RMB6,066 million, increased by 25.3% as compared to the same period year-on-year. Overall gross profit margin was approximately 40.9%, decreased by 19.7 percentage points for the same period year-on-year. Profit attributable to equity holders was approximately RMB2,341 million, increased by 48.2% as compared to the same period year-on-year. Basic earnings per share was approximately RMB0.2516, increased by 47.9% as compared to the same period year-on-year. Core net profit (profit attributable to equity holders of the Company excluding the effect of fair value gains on revaluation of investment properties net of related tax and non-controlling interests) was approximately RMB1,034 million, increased by 7.8% as compared to the same period year-on-year, core net profit margin was approximately 17.1%.

The Board has resolved to declare an interim dividend for 2013 of HK\$0.049 per share, which is equivalent to approximately RMB0.039 per share, representing 35% of the profit attributable to equity holders without taking into account the effect of gains on revaluation of investment properties of the Group.

Property Sales Reached Another New Record High

In the first half of 2013, although restrictive measures imposed by the central government remained stringent, the Group delivered a new record high in property sales with a diversified sales strategy, accurate customer positioning and accelerated sell-through rate, all of which helped to maintain a healthy sales momentum throughout the period.

In the first half of 2013, the Group recorded aggregate value of contracted sales of approximately RMB8,616 million and aggregate area of contracted sales of approximately 620,400 sq.m., representing increases of 20.5% and 8.6% respectively for the same period year-on-year, and accounting for 65.3% and 58.0% of the 2013 contracted sales target of RMB13,200 million and 1,070,000 sq.m. respectively. Aggregate contracted sales value of the Group for the period from January to July 2013 amounted to approximately RMB10,217 million with aggregate contracted sales GFA of approximately 756,400 sq.m..

In the first half of 2013, the Group recorded excellent sales results in the sale of 24 projects. Benefited from the favourable policy which saw Nansha New District being designated as a State-level New Area, the local project Southern Le Sand received strong demand from the market with aggregate value of contracted sales of approximately RMB910 million. Three projects located in the Guangzhou University Town, namely, Guangzhou Starry Wenhua, Guangzhou Starry Wenyu and Guangzhou Starry Wenhan, continued with strong sales performance with aggregate value of contracted sales of approximately RMB2,280 million recorded in the first half of the year. Wuhan Starry Winking, a project outside Guangdong Province, also achieved outstanding sales results, the aggregate value of contracted sales recorded in the first half of the year was approximately RMB860 million. In addition, two new projects were launched in the first half of 2013, namely, Guangzhou Lingnan Hillside and Conghua Glade Greenland (formerly known as: Conghua Jiangpu Town Land), both projects were launched at the end of June and recorded contracted sales of approximately RMB680 million within just a few days.

Diversified Financing Channels Following the First Bond Issuance

The successful injection of Guangzhou International Finance Center ("Guangzhou IFC") into Yuexiu Real Estate Investment Trust ("Yuexiu REIT") resulted in a general uplift to the Group's financial condition with major financial indicators all at favorable levels. The Group was granted the ratings of "BBB-" and "Baa3" by international rating agencies Fitch and Moody's respectively, and became one of the only three Hong Kong listed domestic property developers with investment-grade ratings granted by these two rating agencies. The Group then took advantage of a suitable window in the capital market and successfully issued a fixed-rate US\$350 million 5-year bond and a fixed-rate US\$500 million 10-year bond in January 2013, with coupon rates at 3.25% and 4.5% respectively. This issuance brought multiple benefits to the Group by diversifying funding channels, lowering the overall average funding cost and optimizing the tenor and maturity profile of the debt portfolio.

A Nationwide Layout Reinforced by the Innovative Development Model of Cooperation

After entering into joint development projects with other famous developers in 2012, the Group entered into a cooperation project for the first time with an investment fund. Through effective resource integration with an aim of yielding complementary advantage, this model significantly enhanced the Group's financial flexibility. In addition, the model enabled the gearing ratio to be kept at low level while allowing the Group to expand in scale at a faster rate.

Chairman's Statement

The Group continued to follow the development strategy of "home base in Guangzhou and strategic expansion nationwide", maintaining a suitable scale of expansion whilst consolidating on the existing overall layout. The strategy facilitated the synergetic development of Guangzhou as the center with other cities that also have significant development potentials. From the beginning of 2013 to the date of this announcement, the Group acquired 5 parcels of land in three cities which were Guangzhou, Hangzhou and Foshan, with a total consideration of approximately RMB6,764 million, and the total GFA was approximately 1.14 million sq.m., of which two of the land parcels were acquired by bidding through an innovative mode of cooperation. As at the date of this announcement, total land bank of the Group was approximately 14.76 million sq.m..

Further Development of the Platform for Commercial Properties

The Group advanced its operation of the commercial properties platform and improved its commercial operating capabilities, all of which enabled a targeted and orderly commencement of each of its commercial projects. The leasing of Guangzhou Fortune World Plaza was conducted smoothly and the property was officially opened for business on 14 August 2013. Current contracted occupancy rate was nearly 93% and the average monthly rental was approximately RMB150 per sq.m.. This project has a total GFA of 260,000 sq.m.. It is a large-scale modern shopping complex incorporating leisure, retail, wholesale and exhibition functions, with the main theme as an international centre for shoes and leather goods. In addition, another key commercial property of the Group, Guangzhou Fortune Center, is progressing well and saw its roof-sealing ceremony for the main structure taking place on 19 June 2013. Preliminary leasing has commenced as planned.

Active Communication to Maintain Market Awareness

Since the successful injection of Guangzhou IFC into Yuexiu REIT and being awarded investment-grade ratings by Fitch and Moody's, the Group has significantly raised its profile in the capital market. Meanwhile, the Group has also increased effort in promoting investors' relations during the first half of 2013. This included communication with over 600 investors and analysts through one-on-one meetings, teleconferences, project site visits, results roadshows and investment seminars, all of which fostered better understanding of the Group's operations and developments by shareholders and investors alike.

This effort and focus has also been confirmed and recognized by the capital markets, with the reputation of our corporate brand continued to strengthen. The Group was awarded the "Most Promising Company in China", and the "Corporate Governance Gold Award" by "The Asset" Magazine, and "The Outstanding China Property Developers Award 2013" by "Economic Digest". In addition, the Group was also granted the award of "2013 Outstanding Capital Financing Project in China" by the "Capital" magazine in respect of the successful transaction of the Guangzhou IFC.

II. BUSINESS OUTLOOK

Following the outbreak of the global financial crisis, major world economies implemented quantitative easing monetary policies that led to significant inflow of liquid funds into emerging markets. But since the beginning of this year, recovery of the U.S. economy has picked up pace with further upsides projected, which had initiated a reversal of hot money away from the emerging markets. This coupled with the contemplation by the Federal Reserve on the timing of a tapering and exit from QE, increased the downward pressure on the emerging market economies. The Chinese economy is currently at a stage of excess production capacities in the development cycle. In order to keep the PRC economy on track for a balanced and healthy development, the central government will transform the economic structure through various means, a particular focus would be to change the past reliance on investment-led economic growth. It is expected that the full-year economic growth of China will remain at around 7.6%.

In such macroeconomic climate, the Group will continue to maintain a sense of urgency for development and adhere to the objectives of "making steady progress with quality enhancement, facilitating development through innovative transformation" by focusing on the main theme for the year of "three ensurings, three breakthroughs and three deepening" to drive performance of our Group in the second half of the year, look to expand the scale of operation while strengthening the interaction of "Yuexiu Property + Yuexiu REIT".

Accelerating the Building of Core Capabilities

Enhancing sales capabilities. In January to July 2013, the Group's aggregate value of contracted sales reached RMB10,217 million, and 77.4% of the full-year sales target of RMB13,200 million has been completed. The Group will continue to launch a number of new projects in the second half of the year in addition to the existing sales projects, ensuring sufficient available-for-sale resources. Innovative efforts will be channeled particularly towards marketing methods and strategy to further elevate the level of sales. Accordingly, the Group has decided to increase the full-year sales target to RMB14,500 million.

Fortifying the establishment of commercial operation capabilities. As at the end of June 2013, approximately 3 million sq.m. GFA owned by the Group were commercial properties. Therefore, commercial operation capabilities will play an important role in the future development of the Group. This will provide a solid foundation for the interaction of the dual platforms of "Yuexiu Property + Yuexiu REIT", while providing stable cash inflow for the Group and improving resistance to risks.

Enhancing the development and construction capabilities. The Group has been focused on increasing its development and construction capabilities, and has significantly shortened its project development cycle, enhanced the asset turnover ratio and return on assets ratio, and improved the quality of its assets and its operation. In the first half of 2013, both the progress of newly commenced projects and the scale of construction were ahead of expectation. Therefore, it is anticipated that both the area of newly commenced projects and area under construction will surpass the full-year completion target, providing a solid foundation for sales.

Chairman's Statement

A Drive to Improve the Development Model

Since obtaining investment-grade ratings from Fitch and Moody's, the Group will treat the requirement set forth by these rating agencies as a primary factor in its development and strategic planning and endeavor to maintain the ratings. At the same time, the Group will also need to work towards an appropriate level of scale expansion. Under the current backdrop of increasing concentration in the industry, the Group cannot rely solely on traditional means to expand, "facilitating development through innovative transformation" is required to capture opportunities such as merger and acquisition in the industry and to explore other ways of expansion. On the other hand, both resource consolidation and strategic cooperation will also be employed to rapidly expand the development scale of the Group.

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 endeavours, as well as to express my deepest appreciation to our shareholders, our customers and business partners for their full confidence and dedicated support.

Mr. Zhang Zhaoxing

Chairman

Hong Kong, 21 August 2013

REVENUE AND GROSS PROFIT

In the first half of 2013, the Group realized revenue of approximately RMB6,059 million (the same period of 2012: RMB4,264 million), representing a year-on-year increase of 42.1%. The total revenue (including proceeds from sales of investment properties) was approximately RMB6,066 million (the same period of 2012: RMB4,840 million), representing a year-on-year increase of 25.3%. The gross profit was approximately RMB2,480 million (the same period of 2012: RMB2,584 million), representing a year-on-year decrease of 4.0%, and the gross profit margin reached approximately 40.9%, representing a year-on-year decrease of 19.7 percentage points, mainly due to the difference of product mix and geographic composition, specifically more commercial properties with high gross margin were recognized in the first half of 2012. Moreover, margins saw a marked compression in the period on booking of lower-margin projects being sold during the downturn.

PROFIT ATTRIBUTABLE TO EQUITY HOLDERS

In the first half of 2013, profit attributable to equity holders of the Group was approximately RMB2,341 million (the same period of 2012: RMB1,580 million), representing a year-on-year increase of 48.2%, due to more fair value gains being recorded in respect of Guangzhou Fortune World Plaza during the period. The core net profit excluding fair value gains of investment properties was approximately RMB1,034 million (the same period of 2012: RMB960 million), representing a year-on-year increase of 7.8%.

CONTRACTED SALES

In the first half of 2013, the Group recorded an aggregate contracted sales value of approximately RMB8,616 million with an aggregate contracted sales GFA of approximately 620,400 sq.m., representing year-on-year increases of 20.5% and 8.6% respectively, which achieved approximately 65.3% and 58.0% of the full-year sales targets of RMB13,200 million and 1,070,000 sq.m. respectively. The average selling price was approximately RMB13,900 per sq.m., representing a year-on-year increase of 11.1%, due to the price increase in some projects during the first half of 2013.

Management Discussion and Analysis

Contracted sales are summarized as follows:

No.	Project	Type	GFA (sq.m.)	Value (RMB mil)	ASP (RMB/sq.m.)
1	Guangzhou Starry Winking	Residential, parking	500	24	48,000
2	Guangzhou Fortune Century Square	Commercial	10,800	371	34,400
3	Guangzhou Jiang Nan New Mansion	Residential	13,100	372	28,400
4	Guangzhou Paradiso Garden	Residential	1,900	54	28,400
5	Guangzhou Paradiso Courtyard	Residential	4,400	95	21,600
6	Guangzhou Ling Nan Riverside/ Guangzhou Fortune Apartment	Commercial	2,600	181	69,600
7	Guangzhou Starry Golden Sands	Residential	40,100	630	15,700
8	Guangzhou Starry Wenhua	Residential	36,000	837	23,300
9	Guangzhou Starry Wenhan	Residential	36,300	750	20,700
10	Guangzhou Starry Wenyu	Residential	32,000	695	21,700
11	Guangzhou Paradiso Riverside	Residential	48,400	656	13,600
12	Guangzhou Paradiso Sunshine	Residential	40,300	480	11,900
13	Southern Le Sand	Residential	97,800	913	9,300
14	Huadu Glade Greenland	Residential	13,400	100	7,500
15	Guangzhou Ling Nan Hillside	Residential	30,200	525	17,400
16	Conghua Glade Greenland (formerly known as: Conghua Jiangpu Town Land)	Residential	26,400	158	6,000
17	Conghua Glade Village	Residential	3,600	45	12,500
	Other projects	N/A	12,600	159	12,600
	Subtotal (Guangzhou)		450,400	7,045	15,600
18	Jiangmen Starry Regal Court	Residential	41,100	248	6,000
19	Zhongshan Starry Winking	Residential	30,200	209	6,900
20	Zhongshan Starry Junting	Residential	200	1	5,000
	Subtotal (Guangdong ex. Guangzhou)		71,500	458	6,400

Management Discussion and Analysis

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No.	Project	Type	GFA (sq.m.)	Value (RMB mil)	ASP (RMB/sq.m.)
21	Hangzhou Starry City	Residential	28,300	159	5,600
22	Wuhan Starry Winking	Residential	56,900	861	15,100
23	Shenyang Yuexiu Hill Lake	Residential	1,800	15	8,300
24	Yantai Starry Phoenix	Residential	11,500	78	6,800
Subtotal (Outside Guangdong)			98,500	1,113	11,300
Total			620,400	8,616	13,900

In the first half of 2013, the Group's layout of "supported by multiple regions" was further strengthened. In terms of regional composition, Guangzhou accounted for approximately 81.8% of the aggregate contracted sales value of first half of 2013, and Guangdong (excluding Guangzhou) accounted for approximately 5.3% and the regions outside Guangdong accounted for approximately 12.9%. In terms of type, residential properties and commercial properties accounted for approximately 85.4% and 14.6% respectively.

Management Discussion and Analysis

RECOGNIZED PROPERTIES

In the first half of 2013, the recognized sales value (including the sale of investment properties of RMB7 million) and recognized sales GFA (including the sale of investment properties of 300 sq.m.) were approximately RMB5,531 million and 369,700 sq.m., representing year-on-year increases of 30.9% and 86.7%, and the average selling price was RMB15,000 per sq.m..

Recognized sales are summarized as follows:

No.	Project	Type	GFA (sq.m.)	Value (RMB mil)	ASP (RMB/sq.m.)
1	Guangzhou Fortune Century Square	Commercial	83,000	2,419	29,100
2	Guangzhou Starry Winking	Residential, parking	2,900	121	41,700
3	Guangzhou Jiang Nan New Mansion	Parking	12,000	344	28,700
4	Guangzhou Ling Nan Riverside	Parking	1,200	23	19,200
5	Guangzhou Starry Wenhua	Residential	52,900	1,155	21,800
6	Southern Le Sand	Residential	29,600	208	7,000
7	Huadu Glade Greenland	Residential	10,300	112	10,900
8	Conghua Glade Village	Residential	1,800	26	14,400
	Other projects	N/A	700	10	14,300
	Investment properties	N/A	300	7	23,300
	Subtotal (Guangzhou)		194,700	4,425	22,700
9	Jiangmen Starry Regal Court	Residential	23,700	218	9,200
10	Zhongshan Starry Winking	Residential	89,600	494	5,500
	Subtotal (Guangdong ex. Guangzhou)		113,300	712	6,300
11	Shenyang Yuexiu Hill Lake	Residential	1,000	9	9,000
12	Yantai Starry Phoenix	Residential	60,700	385	6,300
	Subtotal (Outside Guangdong)		61,700	394	6,400
	Total		369,700	5,531	15,000

PROPERTIES SOLD BUT NOT YET RECOGNIZED

As of end of June 2013, the unrecognized sales value amounted to approximately RMB14,871 million, with unrecognized sales GFA of approximately 1,167,200 sq.m., and the average selling price was approximately RMB12,700 per sq.m.. Within of the unrecognized sales value, approximately RMB7,215 million is expected to be recognized in the second half of 2013, and approximately RMB6,844 million is expected to be recognized in 2014.

Properties sold but not yet recognized are summarized as follows:

No.	Project	Type	GFA (sq.m.)	Value (RMB mil)	ASP (RMB/sq.m.)
1	Guangzhou Fortune Century Square	Commercial	6,100	196	32,100
2	Guangzhou Starry Winking	Residential, parking	200	9	45,000
3	Guangzhou Jiang Nan New Mansion	Commercial	4,500	89	19,800
4	Guangzhou Paradiso Garden	Residential	19,600	498	25,400
5	Guangzhou Paradiso Courtyard	Residential	4,400	95	21,600
6	Guangzhou Ling Nan Riverside/ Guangzhou Fortune Apartment	Commercial	81,500	1,658	20,300
7	Guangzhou Starry Golden Sands	Residential	129,000	1,900	14,700
8	Guangzhou Starry Wenhua	Residential	36,600	779	21,300
9	Guangzhou Starry Wenhan	Residential	99,200	1,882	19,000
10	Guangzhou Starry Wenyu	Residential	46,600	950	20,400
11	Guangzhou Paradiso Riverside	Residential	80,800	1,055	13,100
12	Guangzhou Paradiso Sunshine	Residential	66,600	780	11,700
13	Southern Le Sand	Residential	194,400	1,626	8,400
14	Guangzhou Ling Nan Hillside	Residential	30,200	525	17,400
15	Huadu Glade Greenland	Residential	13,800	61	4,400
16	Conghua Glade Village	Residential	1,800	19	10,600
17	Conghua Glade Greenland	Residential	26,400	158	6,000
	Other projects	N/A	31,800	354	11,100
	Subtotal (Guangzhou)		873,500	12,634	14,500

Management Discussion and Analysis

No.	Project	Type	GFA (sq.m.)	Value (RMB mil)	ASP (RMB/sq.m.)
18	Jiangmen Starry Regal Court	Residential	27,000	90	3,300
19	Zhongshan Starry Winking	Residential	41,500	275	6,600
20	Zhongshan Starry Junting	Residential	200	1	5,000
Subtotal (Guangdong ex. Guangzhou)			68,700	366	5,300
21	Hangzhou Starry City	Residential	126,800	660	5,200
22	Wuhan Starry Winking	Residential	65,100	980	15,100
23	Shenyang Yuexiu Hill Lake	Residential	5,500	48	8,700
24	Yantai Starry Phoenix	Residential	27,600	183	6,600
Subtotal (Outside Guangdong)			225,000	1,871	8,300
Total			1,167,200	14,871	12,700

LANDBANK

From the beginning of 2013 to the date of this announcement, the Group acquired 5 parcels of land with total GFA of approximately 1.14 million sq.m. in Guangzhou, Hangzhou and Foshan. The total consideration was approximately RMB6,764 million. As at the date of this announcement, the landbank of the Group was approximately 14.76 million sq.m..

The land acquisitions in 2013 are summarized as follows:

No.	Project	Equity holding	Site area (sq.m.)	GFA (sq.m.)	Total consideration (RMB mil)
1	Hangzhou Lin'an Land Phase IV	100%	161,600	386,100	339
2	Guangzhou Haizhu Nanzhou Road Land	95.48%	42,700	152,600	2,461
3	Hangzhou Yuhang Shangyuan Road Land	100%	67,000	228,800	1,608
4	Hangzhou Jianggan Sanbao Land	20%	12,300	63,800	584
Subtotal of 1H of 2013			283,600	831,300	4,992
5	Foshan Chancheng Tongji Road Land	19%	56,000	310,800	1,772
Total			339,600	1,142,100	6,764

As of the end of June 2013, the landbank of the Group reached approximately 14.45 million sq.m. with a regional presence in 12 cities in the PRC with an improved balance between the regions, each of which continue to ameliorate its ability to support future growth in scale. In terms of regional composition, Guangzhou accounted for approximately 41.7% of the total landbank, Pearl River Delta (excluding Guangzhou) accounted for approximately 14.0%, Bohai Rim Economic Zone accounted for approximately 15.9%, Yangtze River Delta accounted for approximately 18.5%, the Central Region accounted for approximately 8.7%, Hainan accounted for approximately 0.7% and Hong Kong accounted for approximately 0.5%. In terms of product mix, residential properties accounted for approximately 60.4% and commercial properties and others accounted for 39.6%.

Management Discussion and Analysis

Landbank by the stage of development is summarized as follows:

No.	Project	Equity holding	Landbank GFA (sq.m.)	Properties under development GFA (sq.m.)	Properties for future development GFA (sq.m.)
1	Guangzhou Fortune Center	95%	210,500	210,500	—
2	Asia Pacific Century Plaza	95%	232,000	232,000	—
3	Guangzhou Starry Yufu	95%	34,900	34,900	—
4	Guangzhou Paradiso Garden	95%	25,600	25,600	—
5	Guangzhou Paradiso Courtyard	95%	9,600	9,600	—
6	Guangzhou Haizhu Nanzhou Road Land	95.48%	152,600	—	152,600
7	Guangzhou Fortune Apartment	99.06%	120,100	120,100	—
8	Guangzhou Starry Golden Sands	100%	397,900	397,900	—
9	Guangzhou Starry Wenhua	95%	127,600	127,600	—
10	Guangzhou Starry Wenhua	95%	164,400	164,400	—
11	Guangzhou Starry Wenyu	95%	141,400	141,400	—
12	Guangzhou Paradiso Riverside	95%	481,100	481,100	—
13	Guangzhou Paradiso Sunshine	95%	134,100	134,100	—
14	Southern Le Sand	95.48%	2,399,100	682,400	1,716,700
15	Guangzhou Ling Nan Hillside	95%	323,400	323,400	—
16	Guangzhou Ling Nan Villas (formerly known as: Luogang Kaiyuan Avenue Land)	95.48%	325,000	325,000	—
17	Guangzhou Changling Road Project	47.75%	446,600	—	446,600
18	Conghua Glade Greenland (formerly known as: Conghua Jiangpu Town Land)	95.48%	189,200	189,200	—
	Other projects	N/A	103,600	43,600	60,000
	Subtotal (Guangzhou)		6,018,700	3,642,800	2,375,900

Management Discussion and Analysis

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No.	Project	Equity holding	Landbank GFA (sq.m.)	Properties under development GFA (sq.m.)	Properties for future development GFA (sq.m.)
19	Jiangmen Starry Regal Court	95%	384,600	328,200	56,400
20	Zhongshan Starry Winking	95%	295,000	153,000	142,000
21	Zhongshan Starry Junting	100%	152,700	152,700	—
22	Zhongshan Bo'ai Road Project	95%	476,800	108,200	368,600
23	Zhongshan Dongsheng Town Project	100%	427,300	188,500	238,800
24	Nanhai Starry Winking	95%	290,700	290,700	—
Subtotal (Guangdong ex. Guangzhou)			2,027,100	1,221,300	805,800
25	Shenyang Yuexiu Hill Lake	99.95%	320,500	81,200	239,300
26	Shenyang Nanta Street Project	100%	706,600	109,800	596,800
27	Shenyang Starry Blue Sea (formerly known as: Shenyang Changbai Island Land)	100%	183,600	172,300	11,300
28	Yantai Starry Golden Sands (formerly known as: Yantai Development Zone Land)	100%	601,000	200,700	400,300
29	Qingdao Licang Project	100%	488,600	218,300	270,300
Subtotal (Bohai Rim Economic Zone)			2,300,300	782,300	1,518,000
30	Hangzhou Starry City	100%	1,838,300	474,700	1,363,600
31	Hangzhou Yuhang Shangyuan Road Land	100%	228,700	—	228,700
32	Hangzhou Jianggan Sanbao Land	20%	63,800	—	63,800
33	Kunshan Huaqiao Project	48.45%	536,300	150,000	386,300
Subtotal (Yangtze River Delta)			2,667,100	624,700	2,042,400

Management Discussion and Analysis

No.	Project	Equity holding	Landbank GFA (sq.m.)	Properties under development GFA (sq.m.)	Properties for future development GFA (sq.m.)
34	Wuhan Starry Winking	100%	647,900	647,900	—
35	Wuhan Jiang'an Project	95.48%	611,000	155,100	455,900
Subtotal (Central Region)			1,258,900	803,000	455,900
36	Hainan Simapo Island Project	47.50%	98,000	—	98,000
Subtotal (PRC)			14,370,100	7,074,100	7,296,000
37	Hong Kong Yau Tong Project	100%	70,500	—	70,500
38	Hong Kong Treasure Court Project	100%	1,400	1,400	—
39	Hong Kong Prince Edward Road Project	100%	3,900	—	3,900
Subtotal (Hong Kong)			75,800	1,400	74,400
Total			14,445,900	7,075,500	7,370,400

Management Discussion and Analysis

Landbank by uses is summarized as follows:

No.	Project	Landbank GFA (sq.m.)	Residential properties GFA (sq.m.)	Commercial properties GFA (sq.m.)	Parking lots and others GFA (sq.m.)
1	Guangzhou Fortune Center	210,500	—	164,500	46,000
2	Asia Pacific Century Plaza	232,000	—	132,600	99,400
3	Guangzhou Starry Yufu	34,900	20,700	500	13,700
4	Guangzhou Paradiso Garden	25,600	19,600	—	6,000
5	Guangzhou Paradiso Courtyard	9,600	7,000	300	2,300
6	Guangzhou Haizhu Nanzhou Road Land	152,600	110,700	2,000	39,900
7	Guangzhou Fortune Apartment	120,100	—	97,200	22,900
8	Guangzhou Starry Golden Sands	397,900	285,300	10,400	102,200
9	Guangzhou Starry Wenhua	127,600	58,000	1,800	67,800
10	Guangzhou Starry Wenhan	164,400	109,200	—	55,200
11	Guangzhou Starry Wenyu	141,400	88,900	2,500	50,000
12	Guangzhou Paradiso Riverside	481,100	263,000	48,700	169,400
13	Guangzhou Paradiso Sunshine	134,100	84,500	2,000	47,600
14	Southern Le Sand	2,399,100	1,407,000	516,700	475,400
15	Guangzhou Lingnan Hillside	323,400	184,300	35,000	104,100
16	Guangzhou Lingnan Villas (formerly known as: Luogang Kaiyuan Avenue Land)	325,000	220,100	3,100	101,800
17	Luogang Changling Road Project	446,600	299,000	9,500	138,100
18	Conghua Glade Greenland (formerly known as: Conghua Jiangpu Town Land)	189,200	144,600	400	44,200
	Other projects	103,600	64,400	6,800	32,400
	Subtotal (Guangzhou)	6,018,700	3,366,300	1,034,000	1,618,400
19	Jiangmen Starry Regal Court	384,600	265,100	21,900	97,600
20	Zhongshan Starry Winking	295,000	220,500	7,400	67,100
21	Zhongshan Starry Junting	152,700	110,100	4,300	38,300
22	Zhongshan Bo'ai Road Project	476,800	236,500	129,900	110,400
23	Zhongshan Dongsheng Town Project	427,300	338,400	31,100	57,800
24	Nanhai Starry Winking	290,700	98,500	112,000	80,200
	Subtotal (Pearl River Delta ex. Guangzhou)	2,027,100	1,269,100	306,600	451,400

Management Discussion and Analysis

No.	Project	Landbank GFA (sq.m.)	Residential properties GFA (sq.m.)	Commercial properties GFA (sq.m.)	Parking lots and others GFA (sq.m.)
25	Shenyang Yuexiu Hill Lake	320,500	283,200	7,800	29,500
26	Shenyang Nanta Street Project	706,600	347,900	203,300	155,400
27	Shenyang Starry Blue Sea (formerly known as: Shenyang Changbai Island Land)	183,600	130,400	23,700	29,500
28	Yantai Starry Golden Sands (formerly known as: Yantai Development Zone Land)	601,000	456,500	13,200	131,300
29	Qingdao Licang Project	488,600	321,800	24,800	142,000
	Subtotal (Bohai Rim Economic Zone)	2,300,300	1,539,800	272,800	487,700
30	Hangzhou Starry City	1,838,300	1,320,700	166,000	351,600
31	Hangzhou Yuhang Shangyuan Road Land	228,700	160,400	4,000	64,300
32	Hangzhou Jianggan Sanbao Land	63,800	—	48,200	15,600
33	Kunshan Huaqiao Project	536,300	400,800	18,000	117,500
	Subtotal (Yangtze River Delta)	2,667,100	1,881,900	236,200	549,000
34	Wuhan Starry Winking	647,900	303,300	204,900	139,700
35	Wuhan Jiang'an Project	611,000	289,000	166,700	155,300
	Subtotal (Central Region)	1,258,900	592,300	371,600	295,000
36	Hainan Simapo Island Project	98,000	—	67,600	30,400
	Subtotal (PRC)	14,370,100	8,649,400	2,288,800	3,431,900
37	Hong Kong Yau Tong Project	70,500	70,500	—	—
38	Hong Kong Treasure Court Project	1,400	1,400	—	—
39	Hong Kong Prince Edward Road Project	3,900	3,700	—	200
	Subtotal (Hong Kong)	75,800	75,600	—	200
	Total	14,445,900	8,725,000	2,288,800	3,432,100

PROGRESS OF CONSTRUCTION

In recent years, the Group has been striving to augment its development and construction capabilities, shorten the development cycle of projects and has made pleasing progress in meeting the objective of “commencement of construction within half a year and sales within one year after acquisition”. For example, the project of Conghua Glade Greenland (formerly known as: Conghua Jiangpu Town Land) was acquired in June 2012 and construction had commenced within half a year and sales commenced in June 2013.

Meanwhile, the construction of a research and development platform by the Group has started to yield benefits, with the initial set-up of the “product line system”, the strengthening of R&D capabilities and the acceleration of the pace of standardization. Moreover, the Group has also extended a number of R&D results into practical application, for example, part of the standardization research results were applied in the construction of a number of projects, achieving effective cost-reduction.

In the first half of 2013, the new construction starts GFA was approximately 2.21 million sq.m., which accounted for 83% of the annual expected a new construction starts GFA of 2.67 million sq.m., the GFA of completion was approximately 630,000 sq.m., and 41% of the annual expected GFA completion of 1.55 million sq.m..

New construction starts are summarized as follows:

No.	Project	Actual new construction starts GFA of 1H 2013 (sq.m.)	Expected new construction starts GFA of 2013 (sq.m.)
1	Guangzhou Starry Golden Sands	208,300	208,300
2	Southern Le Sand	276,700	429,600
3	Guangzhou Lingnan Villas (formerly known as: Luogang Kaiyuan Avenue Land)	325,000	325,000
4	Luogang Changling Road Project	—	212,800
5	Jiangmen Starry Regal Court	187,900	187,900
6	Zhongshan Bo'ai Road Project	108,200	108,200
7	Zhongshan Dongsheng Town Project	188,500	188,500
8	Shenyang Starry Blue Sea (formerly known as: Shenyang Changbai Island Land)	172,300	172,300
9	Yantai Starry Golden Sands (formerly known as: Yantai Development Zone Land)	200,700	200,700
10	Qingdao Licang Project	218,300	218,300
11	Hangzhou Starry City	—	96,400
12	Kunshan Huaqiao Project	150,000	150,000
13	Wuhan Jiang'an Project	155,100	155,100
14	Hong Kong Treasure Court Project	1,400	1,400
15	Hong Kong Prince Edward Road Project	—	3,700
	Other projects	16,400	16,400
	Total	2,208,800	2,674,600

Management Discussion and Analysis

Completions are summarized as follows:

No.	Project	Actual completion	Expected completion
		GFA of 1H 2013 (sq.m.)	GFA of 2013 (sq.m.)
1	Guangzhou Fortune Century Square	62,500	62,500
2	Guangzhou Ling Nan Riverside	15,300	15,300
3	Guangzhou Starry Golden Sands	—	189,600
4	Guangzhou Starry Wenhua	94,300	221,900
5	Guangzhou Starry Wenhan	—	164,400
6	Guangzhou Starry Wenyu	—	141,400
7	Guangzhou Paradiso Riverside	—	179,200
8	Southern Le Sand	—	70,900
9	Zhongshan Starry Winking	241,900	241,900
10	Shenyang Yuexiu Hill Lake	—	36,400
11	Yantai Starry Phoenix	219,800	219,800
	Other projects	—	2,800
	Total	633,800	1,546,100

Management Discussion and Analysis

Delivery is summarized as follows:

No.	Project	Actual delivery GFA of 1H 2013 (sq.m.)	Expected delivery GFA of 2013 (sq.m.)
1	Guangzhou Fortune Century Square	83,000	89,100
2	Guangzhou Starry Winking	2,900	3,100
3	Guangzhou Jiang Nan New Mansion	12,000	16,500
4	Guangzhou Ling Nan Rivers	1,200	1,200
5	Guangzhou Starry Golden Sands	—	127,600
6	Guangzhou Starry Wenhua	52,900	64,000
7	Guangzhou Starry Wenhan	—	99,200
8	Guangzhou Starry Wenyu	—	46,600
9	Guangzhou Paradiso Riverside	—	72,900
10	Southern Le Sand	29,600	85,400
11	Huadu Glade Greenland	10,300	24,100
12	Conghua Glade Village	1,800	3,600
	Other projects	1,000	1,000
	Subtotal (Guangzhou)	194,700	634,300
13	Jiangmen Starry Regal Court	23,700	39,400
14	Zhongshan Starry Winking	89,600	118,600
	Subtotal (Guangdong ex. Guangzhou)	113,300	158,000
15	Shenyang Yuexiu Hill Lake	1,000	6,500
16	Yantai Starry Phoenix	60,700	88,300
	Subtotal (Outside Guangdong)	61,700	94,800
	Total	369,700	887,100

Management Discussion and Analysis

INVESTMENT PROPERTIES

As at the end of June 2013, the Group owned investment properties under lease of approximately 630,600 sq.m. in total, of which the GFA of offices, commercial properties and parking lots accounted for approximately 7.1%, 62.0% and 30.9%, respectively. The investment properties under construction was approximately 355,600 sq.m., mainly comprising of the commercial portions of Wuhan Starry Winking and Nanhai Starry Winking Project.

No.	Major projects under leasing	GFA (sq.m.)	Offices (sq.m.)	Commercial properties (sq.m.)	Parking lots and others (sq.m.)
1	Guangzhou Fortune Century Square	180,000	—	180,000	—
2	Zhongshan Starry Winking (Commercial)	90,400	—	63,400	27,000
3	Xiangkang Commercial Plaza	31,500	28,100	—	3,400
4	Hong Kong Property	16,000	2,700	11,100	2,200
5	Guang Yuan Cultural Center	32,000	—	18,600	13,400
6	Huangshi Garden	21,000	—	21,000	—
7	Victory Plaza	21,900	—	—	21,900
8	Yuexiu City Plaza	35,000	—	16,700	18,300
	Other projects	202,800	14,100	79,900	108,800
	Total	630,600	44,900	390,700	195,000

No.	Major projects under construction	GFA (sq.m.)	Offices (sq.m.)	Commercial properties (sq.m.)	Parking lots and others (sq.m.)
1	Wuhan Starry Winking (Commercial)	243,600	158,700	46,200	38,700
2	Nanhai Starry Winking (Commercial)	112,000	30,000	82,000	—
	Total	355,600	188,700	128,200	38,700

OTHER GAINS

In May 2013, the Group completed the disposal transaction of Guangzhou Tiyu Building Company Limited (廣州體育大廈有限公司) through its indirect wholly-owned subsidiaries at the consideration (including shareholders' loans) of RMB830 million, profit on disposal (before tax) of approximately RMB59.81 million was recorded in the first half of 2013, after deduction of withholding tax, profit on disposal (after tax) was approximately RMB33 million. During the period, the Group also disposed the equity interest in Shanghai Pufa Plaza and recorded a disposal gain of approximately RMB36.08 million.

SELLING AND ADMINISTRATIVE EXPENSES

In the first half of 2013, selling expenses of the Group were approximately RMB152 million, increased by 8.6% for the same period year-on-year. The increase in selling expenses was mainly due to an increase in the number of projects outside Guangzhou as compared to the same period of 2012, and sales of such projects outside Guangzhou were carried out through third party agency firms and hence there was an increase in agency fees as compared to the same period of 2012. The ratio of selling expenses (selling expenses as a percentage of the contracted sales value of the same period) was approximately 1.8%, decreased by 0.2 percentage points as compared to 2.0% for the same period of 2012.

In the first half of 2013, administrative expenses of the Group was approximately RMB403 million, increased by 4.7% as compared to the same period year-on-year. The ratio of administrative expenses (administrative expenses as a percentage of the contracted sales value of the same period) was approximately 4.7%, decreased by 0.7 percentage points as compared to 5.4% for the same period of last year.

FINANCE COSTS

In the first half of 2013, interest expenses of the Group were approximately RMB806 million, representing a decrease of 2% as compared to the same period year-on-year. After deduction of capitalized interest expenses of approximately RMB594 million, recognized expenses under finance costs were approximately RMB212 million, slightly decreased by 1% as compared to approximately RMB214 million for the same period in 2012. In the first half of 2013, exchange gains of approximately RMB136 million were also recognized, as compared to exchange losses of approximately RMB40 million for the same period last year.

SHARE OF PROFIT FROM ASSOCIATED ENTITIES

In the first half of 2013, overall share of net contribution from associated entities attributable to the Group decreased by 8% to RMB82.81 million as compared to the same period of last year. This was mainly due to the profit contribution from 35.35% of Yuexiu REIT units held by the Group.

The 2013 interim distribution of Yuexiu REIT was approximately RMB279 million representing an increase of 134.5% as compared to approximately RMB119 million for the same period in 2012. The 2013 interim distribution of Yuexiu REIT attributable to the Group was approximately RMB98 million representing an increase of 133.3% as compared to approximately RMB42 million for the same period in 2012.

EARNINGS PER SHARE

In the first half of 2013, basic earnings per share attributable to equity holders of the Company were RMB0.2516 (2012: RMB0.1701).

Management Discussion and Analysis

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend for the first half of 2013 of HK\$0.049 per share which is equivalent to RMB0.039 per share (the first half of 2012: HK\$0.042 per share which was equivalent to RMB0.034 per share) to shareholders whose names appear on the Register of Members of the Company on 18 October 2013. The interim dividend will be distributed to shareholders on or before 8 November 2013.

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, as announced by the People's Bank of China, for the five business days preceding the date of dividend declaration.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's major sources of funding are from recurring cash flows of its business and committed bank facilities. The Group strongly believes that it is important to maintain a healthy and stable liquidity position so as to meet the needs of a fast-changing external market and to safeguard the healthy development of the Group's business. Therefore, the Group places great emphasis on liquidity management and risk control. Other than maintaining good relationships with financial institutions in Hong Kong and Mainland China, the Group also strives to explore alternative financing channels, while carrying out management over borrowing costs and interest rate to lower financing costs as far as possible. The Group also monitors its capital and debt structure continuously, makes adjustments where appropriate, and strives to improve the structure of borrowings in addition to maintaining a reasonable cash level, in order to enhance its ability to mitigate risks.

The Group captured periodic market opportunities in the first half of 2013 and successfully issued US\$350 million 5-year and US\$500 million 10-year bonds with fixed rates for the first time in January 2013, with coupon rates at 3.25% and 4.5% respectively. Meanwhile, the bank borrowings of RMB3.4 billion was also completed in the first half of the year to replace part of the existing borrowings with relatively high cost. With the debt structure optimized and finance costs continued declining, the overall financial condition of the Group remained solid in the first half of the year. The average cost of financing was 5.99%, decreased by 1.04 percentage points as compared to 7.03% for 2012. The ratio between onshore and offshore borrowings was improved to approximately 47:53 (31 December 2012: 60:40), while the proportion of medium to long term borrowings had increased, bonds represented approximately 21.3% of the overall debt portfolio, and borrowings with maturity after 5 years accounted for approximately 15.1% of total borrowings (as compared to 2.9% as at 31 December 2012).

WORKING CAPITAL

As at 30 June 2013, the Group's working capital (current assets less current liabilities) amounted to approximately RMB28,004 million (31 December 2012: approximately RMB27,275 million). The Group's current ratio (current assets over current liabilities) was 1.88 times. Cash and cash equivalents amounted to approximately RMB7,337 million (31 December 2012: RMB7,060 million). Charged bank deposits amounted to approximately RMB3,370 million (31 December 2012: RMB2,203 million). Undrawn committed bank facilities amounted to approximately RMB3,300 million.

CAPITAL AND FINANCIAL STRUCTURE ANALYSIS

The Group's debts are summarized as follows:

	As at	
	30 June 2013	31 December 2012
	RMB'000	RMB'000
Bank borrowings and bonds		
Denominated in RMB	11,731,868	12,566,252
Denominated in Hong Kong dollars	7,031,647	7,250,185
Denominated in United States dollars	5,554,120	314,323
Total bank borrowings and bonds	24,317,635	20,130,760
Finance lease obligations	225	161
Overdrafts	107	56
Total debts	24,317,967	20,130,977
Ageing analysis:		
Within one year	9,338,581	6,828,742
In the second year	3,577,674	7,219,978
In the third to fifth year	7,721,153	5,490,657
Beyond five years	3,680,559	591,600
Total borrowings	24,317,967	20,130,977
Less: Cash and cash equivalents	(7,336,769)	(7,060,453)
Net borrowings	16,981,198	13,070,524
Shareholders' equity (excluding non-controlling interests)	24,003,156	22,158,140
Total capitalization	40,984,354	35,228,664
Gearing ratio	41.4%	37.1%

Management Discussion and Analysis

INTEREST RATE EXPOSURE

Interest expenses accounted for a significant proportion of the Group's finance costs, the loans mainly comprised bank loans and bonds. The Group will continue to closely monitor the trend of interest rate fluctuations in the market and seeks to adopt appropriate risk management measures. The Group will also continue to explore appropriate interest rates hedging tools if and when deemed expedient or appropriate in the future with a view to mitigating interest rate risks. Meanwhile, the Group will also continue to seek more Hong Kong dollar borrowings so as to take advantage of Hong Kong dollar's lower interest rate. As at 30 June 2013, fixed-rate borrowings represented approximately 21% of total borrowings.

FOREIGN EXCHANGE EXPOSURE

As the business operations of the Group are mainly in Mainland China, income and cash flows are primarily denominated in RMB. The main cash outflows in Hong Kong are related to cash dividend payment to shareholders and repayment of bank borrowings. The Group will review and monitor its currency exposure from time to time and will adopt appropriate currency swaps as and when appropriate to hedge its currency risks.

COMMITMENTS FOR LEASEHOLD LAND AND PROPERTY, PLANT AND EQUIPMENT

As at 30 June 2013, the Group had committed payments of land acquisition costs of approximately RMB2,000 million (31 December 2012: RMB2,000 million).

Other than the above, the Group also had capital commitments in respect of purchases of property, plant, equipment and investment properties amounted to approximately RMB1,724 million (31 December 2012: RMB554 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 will then be entitled to take over the legal title until the property ownership certificate is officially issued to the purchaser. As at 30 June 2013, total contingent liabilities relating to these guarantees amounted to approximately RMB3,390 million (31 December 2012: RMB1,887 million).

As at 30 June 2013, in connection with the disposal of a subsidiary to Yuexiu REIT in 2008, the Group entered into a Deed of Indemnity to indemnify Yuexiu REIT against certain liabilities for land premium, mortgage guarantees and deferred taxation with an estimated total amount of approximately RMB59 million (31 December 2012: RMB60 million). The Deed of Indemnity will expire on 30 May 2014.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2013, the Group had approximately 6,200 employees (31 December 2012: 6,200 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. The Group has also adopted share option schemes, with options awarded to employees according to their performance. Promotion and salary adjustments are based on performance.

CONTINUING DISCLOSURE REQUIREMENTS UNDER RULE 13.21 OF THE LISTING RULES

In accordance with the requirements under Rule 13.21 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"), the directors of the Company reported below details of loan facilities, which existed at any time during the six months ended 30 June 2013 and included conditions relating to specific performance of the controlling shareholder of the Company.

- (a) On 1 April 2011, the Company, as borrower, entered into two bilateral agreements with two banks for unsecured term loan facilities in the aggregate amount of HK\$800 million. In particular, the first loan facility was a facility of up to HK\$500 million for a term of 3 years from the date of the relevant letter of offer, i.e., 10 March 2011. The second loan facility of up to HK\$300 million was for a term of 3 years from 1 April 2011, the date of the relevant facility agreement.
- (b) On 26 May 2011, the Company, as borrower, entered into a facility letter with a bank. The facility letter is for an unsecured 3-year term loan facility of up to HK\$400 million from the date of the acceptance of the facility. On 26 March 2012, the Company, as borrower, entered into a supplementary facility letter with the bank. The supplementary facility letter is for an additional loan facility of up to HK\$200 million.
- (c) On 16 June 2011, the Company, as borrower, entered into a facility letter with a bank. The facility letter is for an unsecured 3-year term loan facility of up to HK\$500 million from the date of the facility letter, i.e. 9 June 2011.
- (d) On 29 June 2011, the Company, as borrower, entered into a facility agreement with a bank. The facility agreement is for an unsecured 3-year term loan facility of up to HK\$1,000 million from the date of the facility agreement.
- (e) On 27 June 2012, the Company, as borrower, entered into a facility agreement with a bank. The facility agreement is for an unsecured 5-year term loan facility of up to HK\$500 million from the date of the facility agreement.
- (f) On 9 November 2012, the Company, as borrower, entered into a facility agreement with a bank. The facility agreement is for an unsecured 18-month term loan facility of up to HK\$300 million from the date of the facility agreement.
- (g) On 14 December 2012, the Company, as borrower, entered into a HK\$3,800 million loan agreement with a group of banks with a final maturity in December 2015.

Pursuant to the aforesaid loan agreements/facility agreements or letters, Yue Xiu Enterprises (Holdings) Limited, the substantial shareholder of the Company is required, at all times, (i) to be the single largest beneficial shareholder of the Company; (ii) to have at least 51% beneficial interest be owned by Guangzhou Municipal People's Government for facilities (b), (e) and (f); (iii) to be wholly owned by Guangzhou Municipal People's Government for facilities (d) and (g); (iv) to maintain shareholding interest of not less than 35% in the issued voting share capital of the Company; (v) to maintain effective management control over the Company for facilities (a), (c), (d), (e), (f) and (g). Breach of the above specific performance obligations will constitute an event of default. Upon the occurrence of such event of default, the relevant bank may declare the relevant facility to be terminated and all the indebtedness under the relevant facility would become due and payable.

On 24 January 2013, the Company issued US\$350 million 3.25 per cent. notes due 2018 and US\$500 million 4.50 per cent. notes due 2023 to investors under a US\$2,000 million medium term note programme established on 11 January 2013. Pursuant to the terms and conditions of the programme, Guangzhou Yue Xiu Holdings Limited (being the ultimate controlling shareholder of the Company) is required to maintain control of the Company. Breach of the above obligation will cause a default under the terms and conditions whereby the noteholders are entitled to exercise their change of control put options.

These obligations have been duly complied with for the six months ended 30 June 2013.

Report on Review of Interim Financial Information



羅兵咸永道

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

TO THE BOARD OF DIRECTORS OF YUEXIU PROPERTY COMPANY LIMITED

(incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 30 to 68, which comprises the condensed consolidated balance sheet of Yuexiu Property Company Limited (the "Company") and its subsidiaries as at 30 June 2013 and the related condensed consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six months then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review 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. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 21 August 2013

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PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

Condensed Consolidated Income Statement

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For the six months ended 30 June 2013

	Note	Unaudited	
		Six months ended 30 June	
		2013 RMB'000	2012 RMB'000
Revenue	6	6,059,401	4,264,056
Cost of sales	7	(3,579,884)	(1,680,028)
Gross profit		2,479,517	2,584,028
Proceeds from sales of investment properties		6,910	575,713
Direct costs of investment properties sold		(5,278)	(426,279)
Gain on sales of investment properties		1,632	149,434
Fair value gains on revaluation of investment properties	15	1,862,101	903,802
Other gains	8	95,899	180,464
Selling and marketing costs	7	(152,255)	(140,218)
Administrative expenses	7	(403,408)	(385,299)
Operating profit		3,883,486	3,292,211
Finance income	9	15,730	23,675
Finance costs	10	(211,983)	(213,716)
Net foreign exchange gain/(loss) on financing activities		136,043	(40,054)
Share of profit of			
— jointly controlled entities		195	873
— associated entities		82,809	89,891
Profit before taxation		3,906,280	3,152,880
Taxation	11	(1,547,178)	(1,529,126)
Profit for the period		2,359,102	1,623,754
Attributable to			
Equity holders of the Company		2,340,695	1,579,881
Non-controlling interests		18,407	43,873
		2,359,102	1,623,754
Earnings per share for profit attributable to equity holders of the Company (expressed in RMB per share)	12		
— Basic		0.2516	0.1701
— Diluted		0.2511	0.1697

The notes on pages 37 to 68 form an integral part of this condensed consolidated interim financial information.

Details of dividends payable to equity holders of the Company are set out in note 13.

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2013

	Unaudited	
	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Profit for the period	2,359,102	1,623,754
Other comprehensive income:		
<u>Items that may be reclassified to profit or loss</u>		
Currency translation differences	(38,336)	10,099
Change in fair value of available-for-sale financial assets, net of tax	(60,972)	(6,667)
Transfer of reserve to profit and loss upon disposal of subsidiaries	(6,101)	(754)
Other comprehensive (loss)/income for the period, net of tax	(105,409)	2,678
Total comprehensive income for the period	2,253,693	1,626,432
Attributable to		
Equity holders of the Company	2,237,338	1,583,072
Non-controlling interests	16,355	43,360
	2,253,693	1,626,432

The notes on pages 37 to 68 form an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Balance Sheet

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As at 30 June 2013

		As at	
		30 June 2013	31 December 2012
Note		Unaudited RMB'000	Audited RMB'000
ASSETS			
Non-current assets			
	Property, plant and equipment	14 911,124	763,564
	Investment properties	15 9,809,832	6,185,441
	Land use rights	16 263,357	283,234
	Interests in jointly controlled entities	905,010	990,734
	Interests in associated entities	5,978,362	5,964,993
	Available-for-sale financial assets	841,333	895,944
	Deferred tax assets	24 58,580	81,679
		18,767,598	15,165,589
Current assets			
	Properties under development	37,703,545	34,672,854
	Properties held for sale	3,728,656	3,147,952
	Prepayments for land use rights	4,123,533	5,439,939
	Inventories	3,742	11,645
	Trade receivables	17 27,761	18,424
	Other receivables, prepayments and deposits	2,400,193	1,569,860
	Taxation recoverable	972,254	625,729
	Charged bank deposits	3,369,810	2,202,948
	Cash and cash equivalents	7,336,769	7,060,453
		59,666,263	54,749,804
	Non-current assets held-for-sale	18 80,804	81,540
LIABILITIES			
Current liabilities			
	Trade and note payables	19 488,373	336,173
	Land premium payable	—	45,944
	Advance receipts from customers	11,930,019	10,002,524
	Other payables and accrued charges	8,055,543	8,809,342
	Borrowings	20 9,338,581	6,828,742
	Taxation payable	1,930,874	1,533,756
		31,743,390	27,556,481
	Net current assets	28,003,677	27,274,863
	Total assets less current liabilities	46,771,275	42,440,452

Condensed Consolidated Balance Sheet

As at 30 June 2013

	Note	As at	
		30 June 2013 Unaudited RMB'000	31 December 2012 Audited RMB'000
Non-current liabilities			
Borrowings	20	14,979,386	13,302,235
Deferred tax liabilities	24	6,491,250	5,707,741
Deferred revenue		64,595	66,389
Other payables and accrued charges		254,458	243,872
		21,789,689	19,320,237
Net assets			
		24,981,586	23,120,215
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	21	853,280	852,196
Share premium	21	8,885,745	8,878,673
Other reserves	23	410,683	516,153
Retained earnings			
— Proposed dividends	23	363,179	399,952
— Others	23	13,490,269	11,511,166
		24,003,156	22,158,140
Non-controlling interests		978,430	962,075
Total equity		24,981,586	23,120,215

The notes on pages 37 to 68 form an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Statement of Cash Flows

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For the six months ended 30 June 2013

	Unaudited	
	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Net cash used in operating activities	(3,058,027)	(140,830)
Net cash used in investing activities	(116,290)	(732,689)
Net cash generated from financing activities	3,475,401	574,241
Increase/(decrease) in cash and cash equivalents	301,084	(299,278)
Cash and cash equivalents at the beginning of period	7,060,397	4,823,603
Exchange (loss)/gain on cash and cash equivalents	(24,819)	2,020
	7,336,662	4,526,345
Less: Cash and cash equivalents included in non-current assets held-for-sale	—	(490,804)
Cash and cash equivalents at the end of period	7,336,662	4,035,541
Analysis of balances of cash and cash equivalents		
Bank balances and cash	7,336,769	4,035,610
Bank overdrafts	(107)	(69)
	7,336,662	4,035,541

The notes on pages 37 to 68 form an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2013

	Unaudited				
	Attributable to equity holders of the Company				
	Share capital RMB'000	Share premium RMB'000	Reserves RMB'000	Non- controlling interests RMB'000	Total RMB'000
Balance at 1 January 2013	852,196	8,878,673	12,427,271	962,075	23,120,215
Comprehensive income					
Profit for the period	—	—	2,340,695	18,407	2,359,102
Other comprehensive income					
Currency translation differences	—	—	(38,336)	—	(38,336)
Change in fair value of available-for-sale financial assets, net of tax	—	—	(58,920)	(2,052)	(60,972)
Transfer of reserve to profit and loss upon disposal of subsidiaries (note 25)	—	—	(6,101)	—	(6,101)
Total other comprehensive loss for the period	—	—	(103,357)	(2,052)	(105,409)
Total comprehensive income for the period	—	—	2,237,338	16,355	2,253,693
Transactions with owners					
Issue of shares upon exercise of share options	1,084	5,386	—	—	6,470
Transfer upon exercise of share options	—	1,686	(1,686)	—	—
Dividends paid	—	—	(398,792)	—	(398,792)
Total transactions with owners	1,084	7,072	(400,478)	—	(392,322)
Balance at 30 June 2013	853,280	8,885,745	14,264,131	978,430	24,981,586

Condensed Consolidated Statement of Changes in Equity

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For the six months ended 30 June 2013

	Unaudited				
	Attributable to equity holders of the Company			Non-controlling interests	Total
	Share capital RMB'000	Share premium RMB'000	Reserves RMB'000	RMB'000	RMB'000
Balance at 1 January 2012	851,021	8,871,970	10,463,656	442,163	20,628,810
Comprehensive income					
Profit for the period	—	—	1,579,881	43,873	1,623,754
Other comprehensive income					
Currency translation differences	—	—	10,099	—	10,099
Change in fair value of available-for-sale financial assets, net of tax	—	—	(6,154)	(513)	(6,667)
Transfer of reserve to profit and loss upon disposal of a subsidiary (note 25)	—	—	(754)	—	(754)
Total other comprehensive income/(loss) for the period	—	—	3,191	(513)	2,678
Total comprehensive income for the period	—	—	1,583,072	43,360	1,626,432
Transactions with owners					
Issue of shares upon exercise of share options	457	2,173	—	—	2,630
Transfer upon exercise of share options	—	658	(658)	—	—
Capital injection to a subsidiary	—	—	—	24,500	24,500
Disposal of a subsidiary (note 25)	—	—	—	(16,880)	(16,880)
Dividends paid	—	—	(338,847)	(353)	(339,200)
Total transactions with owners	457	2,831	(339,505)	7,267	(328,950)
Balance at 30 June 2012	851,478	8,874,801	11,707,223	492,790	21,926,292

The notes on pages 37 to 68 form an integral part of this condensed consolidated interim financial information.

Notes to the Condensed Consolidated Interim Financial Information

1 GENERAL INFORMATION

Yuexiu Property Company Limited (the “Company”) and its subsidiaries (together the “Group”) is principally engaged in development, selling and management of properties and holding of investment properties. The Group’s operations are primarily conducted in Hong Kong and Mainland China (“China”).

The Company is a limited liability company incorporated in Hong Kong. The address of its registered office is 26th Floor, Yue Xiu Building, 160 Lockhart Road, Wanchai, Hong Kong.

The Company’s shares are listed on The Stock Exchange of Hong Kong Limited and Singapore Exchange Securities Trading Limited.

This condensed consolidated interim financial information is presented in Renminbi (“RMB”), unless otherwise stated. This condensed consolidated interim financial information have been approved for issue by the Board of Directors on 21 August 2013.

This condensed consolidated interim financial information has not been audited.

2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2013 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 2012, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

3 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 2012, as described in those annual financial statements.

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

3 ACCOUNTING POLICIES (Continued)

(a) New and amended standards adopted by the Group:

The following new standard and amendment to existing standard are mandatory for the first time for the financial year beginning 1 January 2013 and relevant to the Group.

The amendments to HKAS 1 introduce a grouping of items presented in other comprehensive income. Items that could be reclassified to profit or loss at a future point in time now have to be presented separately from items that will never be reclassified. The adoption of these amendments affected presentation only and had no impact on the Group's results of operations or financial position.

HKFRS 13 measurement and disclosure requirements are applicable for the December 2013 year end. The Group has included the disclosures for financial assets and non-financial assets.

As a result, the adoption of above new standard and amendment to existing standard does not have material impact on the results and financial position of the Group.

(b) New standards and amendments, revisions and interpretation to existing standards effective in 2013 but not relevant to the Group:

The following new standards and amendments, revisions and interpretation to existing standards are mandatory for the first time for the financial year beginning 1 January 2013.

HKAS 19 (Amendment)	Employee Benefits
HKAS 27 (Revised 2011)	Separate Financial Statements
HKAS 28 (Revised 2011)	Investment in Associates and Joint Ventures
HKFRS 1 (Amendment)	First Time Adoption - Government Loans
HKFRS 7 (Amendment)	Financial Instruments : Disclosures - Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements, Disclosures of Interest in Other Entities: Transitional Guidance
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosures of Interests in Other Entities
HK(IFRIC) - Int 20	Stripping Costs in the Production Phase of a Surface Mine
Annual Improvement Project	Annual Improvements 2009-2011 Cycle

Notes to the Condensed Consolidated Interim Financial Information

3 ACCOUNTING POLICIES (Continued)

- (c) The following new standards, amendments and interpretation to standards have been issued but are not effective for the financial year beginning 1 January 2013 and have not been early adopted:

		Effective for accounting periods beginning on or after
HKAS 32 (Amendment)	Financial Instruments : Presentation - Offsetting Financial Assets and Financial Liabilities	1 January 2014
HKAS 36 (Amendment)	Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory Effective Date and Transition Disclosures	1 January 2015
HKFRS 9	Financial Instruments	1 January 2015
HKFRS 10, HKFRS 12 and HKAS 27 (Revised 2011) (Amendments)	Consolidated Financial Statements, Disclosure of Interests in Other Entities and Separate Financial Statements	1 January 2014
HK (IFRIC) - Int 21	Levies	1 January 2014

The directors of the Company anticipate that the adoption of these new standards, amendments and interpretation to standards would not result in a significant impact on the results and financial position of the Group. The Group will adopt the above new standards, amendments and interpretation to standards when they become effective.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed consolidated 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 this condensed consolidated 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 2012.

5 FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

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

The condensed consolidated 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 2012.

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

5.2 Fair value estimation

The different levels of financial instruments carried at fair value by valuation method are 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)

As at 30 June 2013, the Group held available-for-sale financial assets of approximately RMB841 million (31 December 2012: RMB896 million), which were classified as level 2 financial instruments (31 December 2012: level 2).

Specific valuation techniques used to value levels 2 financial instruments include:

- Techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instrument
- Marketability discount rate derived from management's judgement is applied to estimate the fair value of unlisted equity security classified as available-for-sale financial asset

For the period ended 30 June 2013, 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 period ended 30 June 2013, there were no reclassifications or transfer of financial assets as a result of a change in the purpose or use of those assets.

Notes to the Condensed Consolidated Interim Financial Information

5 FINANCIAL RISK MANAGEMENT (Continued)

5.3 Fair value of financial assets and liabilities

The fair value of the following financial assets and liabilities approximate their carrying amount:

- Trade receivables
- Cash and cash equivalents and charged bank deposits
- Other receivables, prepayments and deposits
- Borrowings
- Other payables and accrued charges
- Trade and note payables
- Advance receipts from customers

6 SEGMENT INFORMATION

The executive directors have been identified as the chief operating decision-maker. 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 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 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.

Notes to the Condensed Consolidated Interim Financial Information

6 SEGMENT INFORMATION (Continued)

	Property development RMB'000	Property management RMB'000	Property investment RMB'000	Others RMB'000	Group RMB'000
Six months ended 30 June 2013					
Revenue	5,524,581	248,360	216,009	425,041	6,413,991
Inter-segment revenue	—	(47,604)	(2,926)	(304,060)	(354,590)
Revenue from external customers	5,524,581	200,756	213,083	120,981	6,059,401
Segment results	1,759,417	12,546	2,005,100	44,316	3,821,379
Share of profit of					
— jointly controlled entities	195	—	—	—	195
— associated entities	—	—	82,809	—	82,809
Six months ended 30 June 2012					
Revenue	3,648,606	210,335	277,537	455,218	4,591,696
Inter-segment revenue	—	(28,925)	(3,747)	(294,968)	(327,640)
Revenue from external customers	3,648,606	181,410	273,790	160,250	4,264,056
Segment results	1,831,777	(3,982)	1,254,673	47,850	3,130,318
Share of profit of					
— jointly controlled entities	873	—	—	—	873
— associated entities	—	—	89,891	—	89,891

Notes to the Condensed Consolidated Interim Financial Information

6 SEGMENT INFORMATION (Continued)

	Property development RMB'000	Property management RMB'000	Property investment RMB'000	Others RMB'000	Group RMB'000
As at 30 June 2013					
Segment assets	56,952,337	412,027	9,809,832	338,152	67,512,348
Interests in jointly controlled entities	905,010	—	—	—	905,010
Interests in associated entities	—	—	5,978,362	—	5,978,362
Total reportable segments' assets	57,857,347	412,027	15,788,194	338,152	74,395,720
As at 31 December 2012					
Segment assets	54,081,016	354,674	6,185,441	751,014	61,372,145
Interests in jointly controlled entities	990,734	—	—	—	990,734
Interests in associated entities	—	—	5,964,993	—	5,964,993
Total reportable segments' assets	55,071,750	354,674	12,150,434	751,014	68,327,872

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

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Segment results	3,821,379	3,130,318
Unallocated operating costs (note)	(33,792)	(18,571)
Other gains	95,899	180,464
Operating profit	3,883,486	3,292,211
Finance income	15,730	23,675
Finance costs	(211,983)	(213,716)
Net foreign exchange gain/(loss) on financing activities	136,043	(40,054)
Share of profit of		
— jointly controlled entities	195	873
— associated entities	82,809	89,891
Profit before taxation	3,906,280	3,152,880

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

Notes to the Condensed Consolidated Interim Financial Information

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6 SEGMENT INFORMATION (Continued)

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

	As at	
	30 June 2013 RMB'000	31 December 2012 RMB'000
Total reportable segments' assets	74,395,720	68,327,872
Deferred tax assets (note 24)	58,580	81,679
Taxation recoverable	972,254	625,729
Corporate assets	3,088,111	961,653
Total assets	78,514,665	69,996,933

	Revenue		Total assets	
	Six months ended 30 June		As at	
	2013 RMB'000	2012 RMB'000	30 June 2013 RMB'000	31 December 2012 RMB'000
Hong Kong	99,455	72,212	2,273,341	2,254,878
China	5,959,419	4,191,348	72,113,434	66,065,954
Overseas	527	496	8,945	7,040
	6,059,401	4,264,056	74,395,720	68,327,872
Unallocated assets			4,118,945	1,669,061
			78,514,665	69,996,933

Notes to the Condensed Consolidated Interim Financial Information

7 EXPENSES BY NATURE

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

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Amortisation of land use rights (note 16)	5,730	8,806
Depreciation		
— Owned property, plant and equipment	22,378	19,874
— Leased property, plant and equipment	29	33
(Reversal of provision)/provision for impairment of property, plant and equipment (note 14)	(8,442)	940
Reversal of provision for impairment of properties under development	(27,008)	—

8 OTHER GAINS

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Gain on disposal of subsidiaries (note 25)	59,810	180,464
Gain on disposal of available-for-sale financial assets	36,089	—
	95,899	180,464

Notes to the Condensed Consolidated Interim Financial Information

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9 FINANCE INCOME

	Six months ended 30 June	
	2013 RMB'000	2012 RMB'000
Interest income from bank deposits	15,730	23,675

10 FINANCE COSTS

	Six months ended 30 June	
	2013 RMB'000	2012 RMB'000
Interest on borrowings and bank overdrafts	731,145	811,215
Interest on loan from an intermediate holding company	—	9,573
Interest on loan from an associated entity	38,467	—
Interest on top-up payment liability	11,560	—
Fair value loss on top-up payment liability	24,468	—
Total borrowing costs incurred	805,640	820,788
Less: Amount capitalised as investment properties, properties under development and property, plant and equipment	(593,657)	(607,072)
	211,983	213,716

Notes to the Condensed Consolidated Interim Financial Information

11 TAXATION

- (a) Hong Kong profits tax has been provided at the rate of 16.5 percent (2012: 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 jointly controlled entities in China at 25 percent (2012: 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, jointly controlled entities and associated entities in China at tax rates ranging from 5 percent to 10 percent (2012: 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:

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Current taxation		
Hong Kong profits tax	6,131	1,277
China enterprise income tax	56,895	71,328
China land appreciation tax	549,630	152,164
Deferred taxation		
Origination and reversal of temporary differences	794,118	1,191,034
Corporate withholding income tax on undistributed profits	140,404	113,323
	1,547,178	1,529,126

Notes to the Condensed Consolidated Interim Financial Information

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12 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.

	Six months ended 30 June	
	2013	2012
Profit attributable to equity holders of the Company (RMB'000)	2,340,695	1,579,881
Weighted average number of ordinary shares in issue ('000)	9,303,580	9,285,540
Basic earnings per share (RMB)	0.2516	0.1701

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 share options outstanding during the period which are dilutive potential ordinary shares. Calculation is made to determine the number of shares that could have been acquired at fair value (determined as the average daily market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options.

	Six months ended 30 June	
	2013	2012
Profit attributable to equity holders of the Company (RMB'000)	2,340,695	1,579,881
Weighted average number of ordinary shares in issue ('000)	9,303,580	9,285,540
Adjustments for share options ('000)	18,209	26,878
Weighted average number of ordinary shares for diluted earnings per share ('000)	9,321,789	9,312,418
Diluted earnings per share (RMB)	0.2511	0.1697

Notes to the Condensed Consolidated Interim Financial Information

13 DIVIDENDS

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
2012 final, paid, of HK\$0.022 equivalent to RMB0.018 (2011: HK\$0.045 equivalent to RMB0.037) per ordinary share	165,536	338,847
2012 special, paid, of HK\$0.031 equivalent to RMB0.025 (2011: nil) per ordinary share	233,256	—
2013 interim, proposed, of HK\$0.049 equivalent to RMB0.039 (2012: HK\$0.042 equivalent to RMB0.034) per ordinary share	363,179	315,921

The interim dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

14 PROPERTY, PLANT AND EQUIPMENT

	2013	2012
	RMB'000	RMB'000
At 1 January	763,564	2,624,912
Exchange differences	(5,695)	1,849
Additions	14,511	843,362
Transfer from investment properties (note 15)	—	94,431
Transfer from properties under development	173,826	1,265,819
Transfer from properties held for sale	—	42,625
Disposals	(1,171)	(658)
Depreciation	(22,407)	(19,907)
Reversal of provision/(provision for) impairment	8,442	(940)
Disposal of subsidiaries (note 25)	(15)	—
Transfer to non-current assets held-for-sale (note 18)	(19,931)	(4,151,961)
At 30 June	911,124	699,532

Notes to the Condensed Consolidated Interim Financial Information

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15 INVESTMENT PROPERTIES

	2013 RMB'000	2012 RMB'000
At 1 January	6,185,441	11,922,571
Exchange differences	(11,558)	3,130
Additions	1,799	34,836
Transfer to property, plant and equipment (note 14)	—	(94,431)
Transfer from properties under development	1,859,360	—
Disposals	(4,911)	(152,659)
Disposal of subsidiaries (note 25)	(82,400)	—
Fair value gains	1,862,101	903,802
Transfer to non-current assets held-for-sale (note 18)	—	(9,762,000)
At 30 June	<u>9,809,832</u>	<u>2,855,249</u>

16 LAND USE RIGHTS

The Group's interests in land use rights represent prepaid operating lease payments and their net book values are analysed as follows:

	2013 RMB'000	2012 RMB'000
At 1 January	283,234	557,609
Additions	—	162,561
Transfer from properties under development	5,186	—
Amortisation	(5,730)	(8,806)
Transfer to non-current assets held-for-sale (note 18)	(19,333)	(456,872)
At 30 June	<u>263,357</u>	<u>254,492</u>

Notes to the Condensed Consolidated Interim Financial Information

17 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:

	As at	
	30 June 2013 RMB'000	31 December 2012 RMB'000
0 - 30 days	23,750	10,195
31 - 90 days	2,399	6,246
91 - 180 days	396	—
181 - 365 days	187	183
Over 1 year	1,029	1,800
	27,761	18,424

18 NON-CURRENT ASSETS HELD-FOR-SALE

On 10 May 2013, the Group signed a sales and purchase agreement to dispose of City Construction Building in Guangzhou. The transaction is expected to be completed in 2013.

On 29 March 2012, the Group signed a sales and purchase agreement to dispose of Yuexiu City Plaza in Guangzhou. The transaction is expected to be completed in 2013.

On 16 June 2012, the Group entered into a sales and purchase agreement to dispose of an available-for-sale financial asset in Shanghai. The transaction was completed in May 2013.

The details of assets that have been presented as held-for-sale are as follows:

	As at	
	30 June 2013 RMB'000	31 December 2012 RMB'000
Investment properties	41,540	41,540
Property, plant and equipment (note 14)	19,931	—
Land use rights (note 16)	19,333	—
Available-for-sale financial assets	—	40,000
	80,804	81,540

Notes to the Condensed Consolidated Interim Financial Information

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19 TRADE AND NOTE PAYABLES

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

	As at	
	30 June 2013 RMB'000	31 December 2012 RMB'000
0 - 30 days	199,533	79,610
31 - 90 days	59,682	221,188
91 - 180 days	190,716	25,800
181 - 365 days	35,316	6,494
1 - 2 years	2,816	3,039
Over 2 years	310	42
	488,373	336,173

20 BORROWINGS

	As at	
	30 June 2013 RMB'000	31 December 2012 RMB'000
Non-current		
Long-term bank borrowings		
– Secured	7,235,534	7,716,554
– Unsecured	2,559,540	5,585,587
Other borrowings, unsecured (note)	5,184,172	–
Obligations under finance leases	140	94
	14,979,386	13,302,235
Current		
Bank overdrafts	107	56
Short-term bank borrowings		
– Secured	1,840,000	520,000
– Unsecured	1,597,657	1,617,031
Current portion of long-term bank borrowings		
– Secured	1,568,000	3,944,474
– Unsecured	4,332,732	747,114
Obligations under finance leases	85	67
	9,338,581	6,828,742
Total borrowings	24,317,967	20,130,977

Notes to the Condensed Consolidated Interim Financial Information

20 BORROWINGS (Continued)

The maturity of borrowings is as follows:

	Bank borrowings and overdrafts		Other loans	
	As at 30 June 2013 RMB'000	31 December 2012 RMB'000	As at 30 June 2013 RMB'000	31 December 2012 RMB'000
Within one year	9,338,496	6,828,675	85	67
In the second year	3,577,616	7,219,929	58	49
In the third to fifth year	5,585,858	5,490,612	2,135,295	45
Over five years	631,600	591,600	3,048,959	—
	19,133,570	20,130,816	5,184,397	161

Note:

On 24 January 2013, the Company issued and sold United States Dollar ("USD") 350 million principal 3.25% notes due 2018 and USD500 million principal 4.50% notes due 2023 (together, the "USD Bonds") to investors under a USD2,000 million medium term note programme established on 11 January 2013. All of the USD Bonds remained outstanding at 30 June 2013.

Notes to the Condensed Consolidated Interim Financial Information

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21 SHARE CAPITAL AND SHARE PREMIUM

	Number of shares (‘000)	Share capital RMB’000	Share premium RMB’000	Total RMB’000
At 1 January 2012	9,284,012	851,021	8,871,970	9,722,991
Issue of shares upon exercise of share options (note 22)	5,639	457	2,173	2,630
Transfer upon exercise of share options	—	—	658	658
At 30 June 2012	9,289,651	851,478	8,874,801	9,726,279
At 1 January 2013	9,298,432	852,196	8,878,673	9,730,869
Issue of shares upon exercise of share options (note 22)	13,405	1,084	5,386	6,470
Transfer upon exercise of share options	—	—	1,686	1,686
At 30 June 2013	9,311,837	853,280	8,885,745	9,739,025

22 SHARE OPTIONS

Movements of share options are as follows:

	Number of share options ‘000
At 1 January 2012	44,194
Exercised during the period	(5,639)
At 30 June 2012	38,555
At 1 January 2013	29,774
Exercised during the period	(13,405)
Lapsed during the period	(3,170)
At 30 June 2013	13,199

Notes to the Condensed Consolidated Interim Financial Information

22 SHARE OPTIONS (Continued)

Particulars of share options as at 30 June 2013 and 31 December 2012 are as follows:

Date of grant	Exercise period	Exercise price HK\$	Number of outstanding share options	
			As at 30 June 2013 '000	31 December 2012 '000
2 May 2003	2 May 2003 - 1 May 2013	0.3950	—	4,344
27 October 2003	27 October 2003 - 26 October 2013	0.7840	125	1,143
23 December 2003	23 December 2003 - 22 December 2013	0.8140	3,272	5,272
23 June 2004	23 June 2004 - 22 June 2014	0.6070	9,802	19,015
			13,199	29,774

On 26 June 2002, the Company adopted a share option scheme, under which it may grant options to employees (including executive directors of the Company) to subscribe for shares in the Company, subject to a maximum of 10 percent of the number of shares in issue as at 26 June 2002. The exercise price will be determined by the Company's Board of Directors and shall at least be the highest of (i) the closing price of the Company's shares on the date of grant of the options, (ii) an average closing price of the Company's shares for the five business days immediately preceding the date of grant of the options, and (iii) the nominal value of the Company's shares.

As at 30 June 2013, all (31 December 2012: all) of the outstanding share options were exercisable.

The fair value of options granted was determined using the Black-Scholes valuation model by an independent valuer, Greater China Appraisal Limited. The significant inputs into the model were share price at the grant date, exercise price, standard deviation of expected share price returns, expected life of options, expected dividend payout rate and annual risk-free rate. The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices over a period of one year before the date when the options were granted.

Notes to the Condensed Consolidated Interim Financial Information

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23 RESERVES

	Capital redemption reserve RMB'000	Statutory reserves (note) RMB'000	Exchange fluctuation reserve RMB'000	Available- for-sale financial assets fair value reserve RMB'000	Employee share- based compensation reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2013	1,699	203,283	(240,129)	547,568	3,732	11,911,118	12,427,271
Currency translation differences	–	–	(38,336)	–	–	–	(38,336)
Change in fair value of available-for-sale financial assets							
– gross	–	–	–	(82,969)	–	–	(82,969)
– tax	–	–	–	20,742	–	–	20,742
– effect of withholding tax	–	–	–	3,307	–	–	3,307
Profit attributable to shareholders	–	–	–	–	–	2,340,695	2,340,695
Transfer of reserve to profit and loss upon disposal of subsidiaries (note 25)	–	(6,101)	–	–	–	–	(6,101)
Transfer upon exercise of share options	–	–	–	–	(1,686)	–	(1,686)
Transfer upon lapse of share options	–	–	–	–	(427)	427	–
Dividends paid	–	–	–	–	–	(398,792)	(398,792)
At 30 June 2013	1,699	197,182	(278,465)	488,648	1,619	13,853,448	14,264,131
Representing:							
2013 interim dividends proposed						363,179	
Others						13,490,269	
						<u>13,853,448</u>	

Notes to the Condensed Consolidated Interim Financial Information

23 RESERVES (Continued)

	Capital redemption reserve RMB'000	Statutory reserves (note) RMB'000	Exchange fluctuation reserve RMB'000	Available- for-sale financial assets fair value reserve RMB'000	Employee share- based compensation reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2012	1,699	203,590	(242,405)	407,512	5,320	10,087,940	10,463,656
Currency translation differences	–	–	10,099	–	–	–	10,099
Change in fair value of available-for-sale financial assets							
– gross	–	–	–	(7,994)	–	–	(7,994)
– tax	–	–	–	1,999	–	–	1,999
– effect of withholding tax	–	–	–	(159)	–	–	(159)
Profit attributable to shareholders	–	–	–	–	–	1,579,881	1,579,881
Transfer of reserve to profit and loss upon disposal of subsidiaries (note 25)	–	(754)	–	–	–	–	(754)
Transfer	–	723	–	–	–	(723)	–
Transfer upon exercise of share options	–	–	–	–	(658)	–	(658)
Dividends paid	–	–	–	–	–	(338,847)	(338,847)
At 30 June 2012	1,699	203,559	(232,306)	401,358	4,662	11,328,251	11,707,223
Representing:							
2012 interim dividends proposed						315,921	
Others						11,012,330	
						11,328,251	

Note:

Statutory reserves represent enterprise expansion and general reserve funds set up by the subsidiaries, jointly controlled entities and associated entities in China. As stipulated by regulations in China, the Company's subsidiaries, jointly controlled entities and associated entities established and operated in China are required to appropriate a portion of their after-tax profits (after offsetting prior year losses) to the enterprise expansion and general reserve funds, at rates determined by their respective boards of directors. According to the Regulations for the Implementation of the Law of The People's Republic of China on Joint Ventures Using Chinese and Foreign Investment, upon approval, the general reserve funds may be used for making up losses and increasing capital while the enterprise expansion funds may be used for increasing capital only.

Notes to the Condensed Consolidated Interim Financial Information

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24 DEFERRED TAXATION

Deferred taxation is calculated in full on temporary differences under the liability method using the applicable income tax rate.

Deferred taxation as at 30 June 2013 and 31 December 2012 represents:

	As at	
	30 June 2013 RMB'000	31 December 2012 RMB'000
Deferred tax assets		
Hong Kong profits tax	5,051	9,643
China enterprise income tax	53,529	72,036
	58,580	81,679
Deferred tax liabilities		
Hong Kong profits tax	17,682	20,685
China enterprise income tax	3,721,302	2,873,743
China land appreciation tax	2,752,266	2,813,313
	6,491,250	5,707,741

Notes to the Condensed Consolidated Interim Financial Information

25 DISPOSAL OF SUBSIDIARIES

(a) Disposal of the Tiyu Building Companies

On 15 May 2013, the Group disposed of the entire interest in Jankon International Limited, Takwill International Limited, Light Home Development Limited, Citiland International Limited and Charcon Development Limited (together the "Tiyu Building Companies"), subsidiaries of the Group which ultimately owns a parcel of land and the buildings erected on it in Yuexiu District, Guangzhou, to a fellow subsidiary of the Company for cash consideration of RMB830 million.

- (i) Details of the assets and liabilities of the Tiyu Building Companies disposed of and the gain on disposal are as follows:

	2013 RMB'000
Assets and liabilities disposed of:	
Property, plant and equipment	15
Investment properties	82,400
Properties under development	744,000
Cash and cash equivalents	673
Taxation recoverable	143
Trade and other receivable	409
Other payables and accrued charges	(707,463)
Deferred tax liabilities	(1,336)
Other liabilities	(2,478)
Net assets disposed of	<u>116,363</u>
Cash consideration	830,000
Direct costs attributable to the disposal	(1,420)
Less: Net assets disposed of	(116,363)
Shareholder's loan	(658,508)
Add: Release of reserve	<u>6,101</u>
Gain on disposal of the Tiyu Building Companies	<u>59,810</u>

Notes to the Condensed Consolidated Interim Financial Information

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25 DISPOSAL OF SUBSIDIARIES (Continued)

(a) Disposal of the Tiyu Building Companies (Continued)

- ii) Inflow of cash arising from disposal of the Tiyu Building Companies:

	2013 RMB'000
Cash consideration	830,000
Direct costs attributable to the disposal	(1,420)
Cash and cash equivalents in the subsidiaries disposed of	(673)
Cash inflow on disposal	<u>827,907</u>

(b) Disposal of Speed Advance

On 29 May 2012, the Group disposed of the entire interest in Speed Advance Limited ("Speed Advance"), a subsidiary of the Group which owns the investment property of Guangzhou East Station, to an independent third party for cash consideration of RMB494 million.

- (i) Details of the assets and liabilities of Speed Advance disposed of and the gain on disposal are as follows:

	2012 RMB'000
Assets and liabilities disposed of:	
Investment properties	783,000
Cash and cash equivalents	11,983
Taxation recoverable	1,043
Other receivables	1,314
Other payables and accrued charges	(401,735)
Taxation payable	(148)
Deferred tax liabilities	(58,392)
Other liabilities	(5,895)
Non-controlling interests	(16,880)
Net assets disposed of	<u>314,290</u>
Cash consideration	494,000
Less: Net assets disposed of	(314,290)
Add: Release of reserve	754
Gain on disposal of Speed Advance	<u>180,464</u>

Notes to the Condensed Consolidated Interim Financial Information

25 DISPOSAL OF SUBSIDIARIES (Continued)

(b) Disposal of Speed Advance (Continued)

(ii) Inflow of cash arising from disposal of Speed Advance:

	2012 RMB'000
Cash consideration	494,000
Cash and cash equivalents in the subsidiaries disposed of	(11,983)
Cash inflow on disposal	<u>482,017</u>

26 BUSINESS COMBINATION

On 24 November 2012, the Group entered into sales and purchase agreements with an independent third party to acquire 50% equity interest in Hainan White Horse Construction & Development Co., Ltd. ("Hainan Baima") at a total consideration of RMB350 million. Hainan Baima is engaged in the development and construction of real estates in Hainan Province, China. The transaction was completed on 14 December 2012.

Details of the excess of the fair value of net assets of a subsidiary acquired over acquisition cost are as follows:

	2012 RMB'000
Total cash consideration	350,000
Less: Fair value of net identifiable assets acquired (note(i))	(505,460)
Excess of the fair value of net assets of a subsidiary acquired over acquisition cost	<u>(155,460)</u>

Notes to the Condensed Consolidated Interim Financial Information

26 BUSINESS COMBINATION (Continued)

- (i) The assets and liabilities arising from the acquisition are as follows:

	Fair value RMB'000
Property, plant and equipment	68,753
Land use rights	7,288
Properties under development	2,330,000
Other receivables, prepayments and deposits	23,726
Cash and cash equivalents	54,533
Borrowings	(591,600)
Trade and other payables and accrued charges	(69,368)
Deferred tax liabilities	(812,412)
	<u>1,010,920</u>
Non-controlling interests	(505,460)
Net identifiable assets acquired	<u>505,460</u>
Cash outflow to acquire business, net of cash acquired:	
Purchase consideration	350,000
Cash and cash equivalents in the subsidiary acquired	(54,533)
Cash outflow on acquisition	<u>295,467</u>

Acquisition-related costs of approximately RMB0.5 million have been recorded in administrative expenses during the year ended 31 December 2012.

No revenue included in the consolidated income statement for the period from 14 December 2012 to 31 December 2012 was contributed by Hainan Baima. Hainan Baima also contributed no profit/loss over the same period. Had Hainan Baima been consolidated from 1 January 2012, Hainan Baima would contribute no revenue and contribute loss of approximately RMB10 million.

Notes to the Condensed Consolidated Interim Financial Information

27 GUARANTEES

	As at	
	30 June	31 December
	2013	2012
	RMB'000	RMB'000
Guarantees for mortgage facilities granted to certain property purchasers of the Group's properties (note (a))	3,389,759	1,886,682

Notes:

- (a) The Group provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible for repaying 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. Such guarantees shall terminate upon issuance of the relevant property ownership certificates.
- (b) In connection with the disposal of a subsidiary to Yuexiu Real Estate Investment Trust ("Yuexiu REIT") in 2008, the Group entered into a Deed of Indemnity to indemnify Yuexiu REIT against certain liabilities for land premium and deferred taxation with an estimated total amount of approximately RMB59 million (31 December 2012: RMB60 million). The Deed of Indemnity will expire on 30 May 2014.

28 COMMITMENTS UNDER OPERATING LEASES

The Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings as follows:

	As at	
	30 June	31 December
	2013	2012
	RMB'000	RMB'000
Not later than one year	69,976	19,557
Later than one year and not later than five years	122,816	44,273
	192,792	63,830

29 CAPITAL COMMITMENTS

	As at	
	30 June 2013 RMB'000	31 December 2012 RMB'000
Capital commitments in respect of property, plant and equipment and investment properties:		
Contracted but not provided for	918,446	200,023
Authorised but not contracted for	805,652	353,685
	1,724,098	553,708

At 30 June 2013, the Group had no financial commitments in respect of equity capital to be injected into any jointly controlled entity or associated entity (31 December 2012: nil).

30 SECURITIES FOR BANKING FACILITIES

At 30 June 2013, certain banking facilities and loans granted to the Group were secured by:

- (a) mortgages of certain of the Group's properties under development, properties held for sale, investment properties, property and plant and equipment with an aggregate carrying value of approximately RMB16,062 million (31 December 2012: RMB25,272 million), RMB881 million (31 December 2012: RMB172 million), RMB7,751 million (31 December 2012: RMB4,031 million) and RMB161 million (31 December 2012: RMB568 million) respectively;
- (b) mortgages of certain of the Group's land use rights with an aggregate carrying value of nil (31 December 2012: RMB26 million); and
- (c) assignment of shareholder's loans between certain companies in the consolidated group with an aggregate amount of approximately RMB13,603 million (31 December 2012: RMB11,164 million).

Notes to the Condensed Consolidated Interim Financial Information

31 SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) Related parties

The Company's ultimate holding company is Guangzhou Yuexiu Holdings Limited. The table below summarises the names of related parties, with whom the Group has significant transactions during the period, and their relationship with the Company as at 30 June 2013:

Significant related parties	Relationship with the Company
Guangzhou Yuexiu Holdings Limited	Ultimate holding company
Yue Xiu Enterprises (Holdings) Limited ("YXE")	Intermediate holding company
Yue Xiu International Development Limited ("YXIDL")	A fellow subsidiary
Yue Xiu Cold Storage and Warehousing Limited ("YXCSSL")	A fellow subsidiary
Kiu Fung Limited ("Kiu Fung")	A fellow subsidiary
Yuexiu (China) Transport Infrastructure Investment Company Limited ("YCTIIC")	A fellow subsidiary
Guangzhou Yue Tong Expressway Operations and Management Company Limited ("GYTEOM")	A fellow subsidiary
Guangzhou Yue Peng Informations Ltd. ("GYPII")	A fellow subsidiary
Guangzhou Suiqiao Development Co. Ltd. ("GSDCL")	A fellow subsidiary
Yuexiu REIT	An associated entity
Guangzhou Yuexiu Financial Leasing Co., Ltd. ("GYFL")	A fellow subsidiary
Guangzhou Yuexiu Finance Investment Group Co, Ltd. ("GYFIG")	A fellow subsidiary
Guangzhou Yuexiu Industry Investment Management Co., Ltd. ("GYIIM")	A fellow subsidiary
Guangzhou Securities Limited Liability Company ("GSLI")	A fellow subsidiary
Yue Xiu Securities Company Limited ("YXSCL")	A fellow subsidiary

Notes to the Condensed Consolidated Interim Financial Information

31 SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

(b) Transactions with related parties

Save as disclosed elsewhere in this condensed consolidated interim financial information, the Group had the following transactions with related parties during the period:

	Six months ended 30 June	
	2013 RMB'000	2012 RMB'000
(I) Transactions with YXE		
Rental expenses and property management fees paid to YXE	(1,567)	(1,321)
Loan interest paid to YXE	—	(9,573)
(II) Transaction with YXIDL		
Rental income received from YXIDL	39	39
Management fee paid to YXIDL	(906)	—
(III) Transaction with YXCSSL		
Rental income received from YXCSSL	1,260	1,421
(IV) Transaction with Kiu Fung		
Administrative service fees received from Kiu Fung	526	527
(V) Transactions with Yuexiu REIT		
Asset management fees received from Yuexiu REIT	44,921	17,720
Tenancy service fees received from Yuexiu REIT	14,271	9,271
Rental expenses paid to Yuexiu REIT	(45,734)	(1,565)
Naming rights expenses paid to Yuexiu REIT	(10,000)	—
Interest paid to Yuexiu REIT	(38,467)	—
(VI) Transaction with GYIIM		
Rental income received from GYIIM	—	1,248
(VII) Transaction with GYFIG		
Rental income received from GYFIG	—	1,909
(VIII) Transaction with GSLL		
Rental income received from GSLL	—	11,224
(IX) Transaction with YCTIIC		
Rental income received from YCTIIC	—	2,349

Notes to the Condensed Consolidated Interim Financial Information

31 SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

(b) Transactions with related parties (Continued)

		Six months ended 30 June	
		2013	2012
		RMB'000	RMB'000
(X)	Transaction with GYTEOM Rental income received from GYTEOM	—	548
(XI)	Transaction with GYPIL Rental income received from GYPIL	—	370
(XII)	Transaction with GSDCL Rental income received from GSDCL	—	279
(XIII)	Transaction with GYFL Rental income received from GYFL	—	246
(XIV)	Transaction with YXSCL Rental income received from YXSCL	—	19

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31 SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

(c) Balances with related parties

	Note	As at	
		30 June 2013 RMB'000	31 December 2012 RMB'000
Amount due to an intermediate holding company	(ii), (iii)	(8)	(15,179)
Amounts due from associated entities	(i), (v)	119,945	106,065
Amounts due to associated entities	(iii), (vii)	(1,247,296)	(1,153,531)
Amounts due from jointly controlled entities	(i), (iv), (vi)	498,228	579,592
Amounts due to jointly controlled entities	(i), (iii)	(271,277)	(556,849)
Amounts due to fellow subsidiaries	(i), (iii)	(529,612)	(587,662)

Except for the amount due to intermediate holding company and amounts due from associated entities which are denominated in HKD, all others related party balances are denominated in RMB.

Notes:

- (i) These balances are unsecured, interest free and repayable on demand.
- (ii) As at 30 June 2013, except for an amount approximately RMB nil (31 December 2012: RMB15,171,000) which was unsecured, interest bearing at 4.2 percent per annum and repayable within the next 12 months, the remaining balances were unsecured, interest free and repayable on demand.
- (iii) These balances are included in other receivables, prepayments and deposits or other payables and accrued charges, as appropriate.
- (iv) The balance is included in interests in jointly controlled entities.
- (v) The balance is included in interests in associated entities except for an amount of RMB65,114,000 (31 December 2012: RMB50,211,000) which is included in other receivables, prepayments and deposits.
- (vi) These balances were not in default or impaired as at 30 June 2013, while a provision for impairment losses of approximately RMB999,000 was made for an amount due from a jointly controlled entity as at 31 December 2012.
- (vii) Except for an amount of approximately RMB825,000,000 (31 December 2012: RMB926,000,000) which is unsecured and interest bearing at 9.0 percent per annum, the remaining balances are unsecured, interest free and repayable on demand.

(d) Key management compensation

Key management compensation amounted to RMB2,977,000 for the six months ended 30 June 2013 (for the six months ended 30 June 2012: RMB2,697,000).

Other Information

INTERESTS OF DIRECTORS

As at 30 June 2013, the interests and short positions of the directors of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), which are required to be recorded in the register maintained by the Company under Section 352 of the SFO or notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") were as follows:

1. Long positions in shares of the Company:

Name of Director	Nature of interest	Beneficial interest in shares	Approximate % of interest
Mr Lee Ka Lun	Personal	4,550,000	0.05
Mr Lau Hon Chuen Ambrose	Personal	3,640,000	0.04
Mr Chen Zhihong	Personal	1,374,961	0.01

2. Long positions in underlying shares of equity derivatives of the Company:

Name of Director	Date of grant	Adjusted exercise price per share HK\$	Number of share options		
			outstanding as at 1 January 2013	exercised during the period	outstanding as at 30 June 2013
Mr Tang Shouchun	23/06/2004(a)	0.607	1,620,375	—	1,620,375

Note:

- (a) The share options are exercisable from 23 June 2004 to 22 June 2014, of which a maximum of up to (i) 30 per cent; and (ii) 60 per cent (inclusive of any options exercised under (i)) are exercisable during the period (i) up to the first anniversary; and (ii) up to the second anniversary of the date of grant, respectively.

Save as disclosed herein, as at 30 June 2013, none of the directors of the Company had or was deemed to have any interest or short position in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which are required to be recorded in the register maintained by the Company pursuant to Section 352 of the SFO or notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

DISCLOSEABLE INTERESTS OF SHAREHOLDERS UNDER THE SECURITIES AND FUTURES ORDINANCE

As at 30 June 2013, the following persons had an interest or short position in the shares or underlying shares of the Company which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name	Capacity	Long position in shares	Approximate % of interest
廣州越秀集團有限公司 (Guangzhou Yue Xiu Holdings Limited) (Note)	Interests of controlled corporations	4,631,163,657	49.73

Note:

Guangzhou Yue Xiu Holdings Limited is deemed by the SFO to be interested in 4,631,163,657 shares in the Company as a result of its indirect holding of such shares through its wholly-owned subsidiaries, details of which were as follows:

Name	Long position in shares
Yue Xiu Enterprises (Holdings) Limited ("Yue Xiu")	4,631,163,657
Superb Master Ltd.	302,247,835
Excellence Enterprises Co., Ltd. ("Excellence")	4,323,213,675
Bosworth International Limited ("Bosworth")	3,160,100,867
Sun Peak Enterprises Ltd. ("Sun Peak")	735,387,900
Novena Pacific Limited ("Novena")	735,387,900
Shine Wah Worldwide Limited ("Shine Wah")	205,463,700
Morrison Pacific Limited ("Morrison")	205,463,700
Perfect Goal Development Co., Ltd. ("Perfect Goal")	176,458,100
Greenwood Pacific Limited ("Greenwood")	176,458,100
Seaport Development Limited ("Seaport")	45,803,108
Goldstock International Limited ("Goldstock")	45,803,108
Yue Xiu Finance Company Limited	5,702,147

- (i) 3,160,100,867 shares were held by Bosworth, which was wholly-owned by Excellence which was, in turn, wholly-owned by Yue Xiu.
- (ii) 735,387,900 shares were held by Novena, which was wholly-owned by Sun Peak which was, in turn, wholly-owned by Excellence.
- (iii) 205,463,700 shares were held by Morrison, which was wholly-owned by Shine Wah which was, in turn, wholly-owned by Excellence.
- (iv) 176,458,100 shares were held by Greenwood, which was wholly-owned by Perfect Goal which was, in turn, wholly-owned by Excellence.
- (v) 45,803,108 shares were held by Goldstock, which was wholly-owned by Seaport which was, in turn, wholly-owned by Excellence.

Other Information

SHARE OPTIONS

On 26 June 2002, the shareholders of the Company approved the resolutions relating to the termination of an old share option scheme and the adoption of a new share option scheme of the Company ("2002 Share Option Scheme"). The 2002 Share Option Scheme had expired in June 2012 (after which period no further options would be granted or accepted); and thereafter only those provisions of the 2002 Share Option Scheme which are required to give effect to the outstanding options will continue to remain in full force and effect for such purpose.

Movements during the period of the options granted under the share option scheme of the Company to the participants including the directors of the Company were as follows:

Number of share options			outstanding as at 30 June 2013	Exercise price per share HK\$	Date of grant	Exercisable period	Weighted average closing price (b) HK\$
outstanding as at 1 January 2013	exercised during the period	lapsed during the period					
4,343,620	(2,972,534)	(1,371,086)	—	0.395	02/05/2003	02/05/2003 - 01/05/2013 (a)	2.38
1,142,572	(1,017,928)	—	124,644	0.784	27/10/2003	27/10/2003 - 26/10/2013 (a)	2.37
5,272,450	(1,514,180)	(486,114)	3,272,156	0.814	23/12/2003	23/12/2003 - 22/12/2013 (a)	2.32
19,015,698	(7,900,649)	(1,312,918)	9,802,131	0.607	23/06/2004	23/06/2004 - 22/06/2014 (a)	2.25

Notes:

- (a) The options granted were exercisable in 3 tranches.
- (b) The weighted average closing price per share immediately before the dates on which the options were exercised.

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 2013.

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 annual 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.

Code Provision E.1.2

Code Provision E.1.2 stipulates that chairman of the board should attend the annual general meeting of the Company. The Chairman of the Board was unable to attend the annual general meeting of the Company held on 3 June 2013 due to other business engagement. The chairman or members of Audit, Remuneration and Nomination Committees attended the annual general meeting.

Code Provision A.2.1

Code provision A.2.1 stipulates that the roles of chairman and chief executive (being general manager in the case of the Company) should be separated and should not be performed by the same individual. With effect from 31 July 2013, Mr Zhang Zhaoxing, General Manager of the Company, was appointed as Chairman of the Board of the Company. He has been working seamlessly with the outgoing chairman in formulating and implementing corporate strategies and policies of the Company since his appointment to the Board in 2008. Given Mr Zhang's expertise and vast experience in property development and investment, he continues to serve as the General Manager to ensure continuity of the existing corporate strategies and policies. The Company considers that Mr Zhang would be able to provide strong leadership in the sustainable growth and development of the Company in the new growth era. The balance of power between the Chairman, the General Manager and the Board in general would be ensured by regular discussion and meetings of the full Board and various committees of the Board.

Other Information

REVIEW OF INTERIM RESULTS

The results of the Group for the six months ended 30 June 2013 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.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 to the Listing Rules.

Specific enquiry has been made of all the directors and the directors have confirmed that they have complied with the Model Code throughout the six months ended 30 June 2013.

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 2013. 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, 16 October 2013 to Friday, 18 October 2013, 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 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Tuesday, 15 October 2013.

BOARD OF DIRECTORS

Executive directors

Mr Zhang Zhaoxing (Chairman)
Mr Zhu Chunxiu
Mr Tang Shouchun
Mr Chen Zhihong
Mr Lam Yau Fung Curt

Independent non-executive directors & audit committee members

Mr Yu Lup Fat Joseph
Mr Lee Ka Lun
Mr Lau Hon Chuen Ambrose

COMPANY SECRETARY

Mr Yu Tat Fung

QUALIFIED ACCOUNTANT

Miss Lam Sing Wah

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants

HONG KONG LEGAL ADVISER

Baker & McKenzie

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
The Bank of East Asia Limited
Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation Limited
Industrial and Commercial Bank of China (Asia) Limited
Wing Lung Bank Limited

ADR DEPOSITARY BANK

The Bank of New York Mellon
American Depositary Receipts
620 Avenue of the Americas, 6th Floor
New York, NY 10011, USA
Telephone : (646) 885 3218
Facsimile : (646) 885 3043

WEBSITES TO ACCESS COMPANY INFORMATION

<http://www.yuexiuproperty.com>
<http://www.irasia.com/listco/hk/yuexiuproperty>
<http://www.hkexnews.hk>

REGISTERED OFFICE

26th Floor
Yue Xiu Building
160 Lockhart Road
Wanchai, Hong Kong

SHARE REGISTRAR

Tricor Abacus Limited
26/F, Tesbury Centre
28 Queen's Road East
Hong Kong

LISTING EXCHANGE

Shares

The Stock Exchange of Hong Kong Limited
Singapore Exchange Securities Trading Limited

Stock codes
The Stock Exchange of Hong Kong Limited - 00123
Reuters – 123.HK
Bloomberg – 123 HK

Bond

The Stock Exchange of Hong Kong Limited
U.S.\$350,000,000 3.25 per cent. Notes due 2018
(Stock code: 4596)
U.S.\$500,000,000 4.50 per cent. Notes due 2023
(Stock code: 4597)

INVESTOR RELATIONS

For further information about
Yuexiu Property Company Limited,
please contact:
Mr Ha Hang Leung, Alan
Telephone : (852) 2511 6671
Facsimile : (852) 2511 0832
Email : contact@yuexiu.com.hk