



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

Stock Code: 00123



Where Good  
Living Starts

INTERIM REPORT 2015







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## Financial Highlights

	For the six months ended		Change
	30 June 2015 (RMB'000) Unaudited	30 June 2014 (RMB'000) Unaudited	
Revenue	<b>6,624,661</b>	6,325,576	+4.7%
Gross profit	<b>1,737,056</b>	2,175,599	-20.2%
Profit attributable to equity holders	<b>1,197,623</b>	1,676,085	-28.5%
Core net profit*	<b>730,457</b>	992,230	-26.4%

	As of		Change
	30 June 2015 (RMB'000) Unaudited	31 December 2014 (RMB'000) Audited	
Total cash	<b>11,274,731</b>	12,957,343	-13.0%
Including: Cash and cash equivalents	<b>6,745,078</b>	7,882,648	
Charged bank deposits	<b>4,529,653</b>	5,074,695	
Total assets	<b>100,587,019</b>	93,075,353	+8.1%
Shareholders' equity	<b>30,313,261</b>	29,103,975	+4.2%
Shareholders' equity per share (RMB)	<b>2.444</b>	2.347	+4.1%
Net gearing ratio**	<b>65.5%</b>	63.1%	+2.4 percentage points

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

\*\* Net gearing ratio represents the borrowings net of cash and cash equivalents and charged bank deposits divided by equity.

## Corporate Information

### BOARD OF DIRECTORS

#### Executive directors

Mr Zhang Zhaoxing (Chairman)  
Mr Zhu Chunxiu  
Mr Tang Shouchun  
Mr Chen Zhihong  
Mr Li Feng  
Mr Ou Junming

#### 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  
DBS Bank Ltd.  
Malayan Bank Berhad

### 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

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Yue Xiu Building  
160 Lockhart Road  
Wanchai, Hong Kong

### SHARE REGISTRAR

Tricor Abacus Limited  
Level 22, Hopewell Centre  
183 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

#### Notes

The Stock Exchange of Hong Kong Limited

U.S.\$350,000,000 3.25 per cent. Notes due 2018  
(Code: 4596)  
U.S.\$500,000,000 4.50 per cent. Notes due 2023  
(Code: 4597)  
HK\$2,300,000,000 6.10 per cent. Notes due 2029  
(Code: 5846)

### INVESTOR RELATIONS

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## Chairman's Statement



**Mr. Zhang Zhaoxing**  
*Chairman*

# Chairman's Statement

## I. BUSINESS REVIEW

### Economic and Market Environment

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

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

### Operating Results Achieved Stable Growth

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

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

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

## Chairman's Statement

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

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

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

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

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

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

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

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

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

## Chairman's Statement

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

### Long-term Effective Incentive Mechanism Was Promoted

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

## II. BUSINESS OUTLOOK

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

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

### Strive to Complete the "Three Ensurings"

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

## Chairman's Statement

### Fully Implement "Three Breakthroughs"

**Strive a full breakthrough in the innovation of institutional mechanism**, accelerate promotion of an employee incentive scheme, adopt corresponding incentive schemes for different types of projects, implement long-term effective incentive mechanisms, and ultimately realize a win-win situation among each of the Company, shareholders and employees. **Strive a major breakthrough in resources integration**, continue to focus on resource integration opportunities that may arise during the process of industry evolution and transformation or upgrade of state-owned enterprises, and promote cooperation among the government, state-owned enterprises and market resources. **Strive a further breakthrough in business development models**, continue to develop and innovate new form of project cooperation, promote continuous optimization of the mode for "integrating production and finance", and attend to and explore new directions of business development in the property market.

### Continuous Promotion of "Three Enhancements"

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

## ACKNOWLEDGMENT

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

**Mr. Zhang Zhaoxing**

*Chairman*

Hong Kong, 20 August 2015

# Management Discussion and Analysis

## REVENUE AND GROSS PROFIT

In the first half of 2015, the Group realized revenue of approximately RMB6,625 million (the same period of 2014: RMB6,326 million), an increase of 4.7% comparing with the corresponding period of last year. The total revenue (including proceeds from sales of investment properties) was approximately RMB6,841 million (the same period of 2014: RMB6,343 million), an increase of 7.9% comparing with the corresponding period of last year. The gross profit was approximately RMB1,737 million (the same period of 2014: RMB2,176 million), a decrease of 20.2% comparing with the corresponding period of last year, and the gross profit margin reached approximately 26.2%, a decrease of 8.2 percentage points with the corresponding period of last year, mainly due to the difference of product mix, the contribution from commercial projects decreased to 14% (the same period of 2014: 20%) and the proportion of initial projects outside Guangzhou with low gross margin increased to 26% (the same period of 2014: 3%).

## PROFIT ATTRIBUTABLE TO EQUITY HOLDERS

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

## CONTRACTED SALES

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

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

## 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 Fortune Apartment	Commercial	1,300	23	17,700
2	Guangzhou Starry Golden Sands	Residential	32,900	653	19,800
3	Guangzhou Starry Wenhua	Residential	9,400	236	25,100
4	Guangzhou Starry Wenyu	Residential	16,600	409	24,600
5	Guangzhou Paradiso Riverside	Residential	38,600	558	14,500
6	Southern Le Sand	Residential	215,800	2,207	10,200
7	Guangzhou Lingnan Hillside	Residential	25,300	435	17,200
8	Guangzhou Lingnan Villas	Residential	44,100	526	11,900
9	Guangzhou Lingnan Wood	Residential	55,900	717	12,800
10	Yuexiu Poly Aite City	Residential	5,700	69	12,100
11	Conghua Glade Greenland	Residential	9,400	65	6,900
12	Conghua Glade Village	Residential	900	8	8,900
	Other projects	N/A	10,700	215	20,100
	<b>Subtotal (Guangzhou)</b>		<b>466,600</b>	<b>6,121</b>	<b>13,100</b>
13	Jiangmen Starry Regal Court	Residential	76,400	568	7,400
14	Zhongshan Starry Winking	Residential	20,200	91	4,500
15	Zhongshan Starry Junting	Residential	22,200	139	6,300
16	Zhongshan Starry Peakfield	Residential	23,200	155	6,700
17	Zhongshan Paradiso Jadin	Residential	30,800	151	4,900
18	Nanhai Starry Winking	Residential	6,200	98	15,800
19	Foshan Lingnan Junting	Residential	16,500	203	12,300
20	Foshan Chancheng Foping Road Project	Residential	54,100	371	6,900
	<b>Subtotal (Pearl River Delta ex. Guangzhou)</b>		<b>249,600</b>	<b>1,776</b>	<b>7,100</b>
21	Hangzhou Starry City	Residential	41,500	237	5,700
22	Hangzhou Starry Joy City	Residential	31,500	366	11,600
23	Kunshan Paradiso Pavilion	Residential	64,800	525	8,100
	<b>Subtotal (Yangtze River Delta)</b>		<b>137,800</b>	<b>1,128</b>	<b>8,200</b>
24	Wuhan Starry Winking	Residential	49,300	891	18,100
25	Wuhan Starry Emperor	Residential	56,500	656	11,600
	<b>Subtotal (Central China Region)</b>		<b>105,800</b>	<b>1,547</b>	<b>14,600</b>
26	Shenyang Starry Winking	Residential	400	5	12,500
27	Shenyang Starry Blue Sea	Residential	48,900	352	7,200
28	Yantai Starry Golden Sands	Residential	38,700	210	5,400
29	Qingdao Starry Blue Bay	Residential	41,800	348	8,300
	<b>Subtotal (Bohai Rim Economic Zone)</b>		<b>129,800</b>	<b>915</b>	<b>7,000</b>
	<b>Total</b>		<b>1,089,600</b>	<b>11,487</b>	<b>10,500</b>

## Management Discussion and Analysis

### RECOGNIZED SALES

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

Recognized sales are summarized as follows:

No.	Project	Type	GFA (sq.m.)	Value (RMB mil)	ASP (RMB/sq.m.)
1	Guangzhou Starry Winking	Residential/parking	900	39	43,300
2	Guangzhou Starry Cullium	Residential	2,300	133	57,800
3	Guangzhou Fortune Century Square	Commercial	4,800	169	35,200
4	Guangzhou Fortune Apartment	Commercial/parking	14,300	365	25,500
5	Guangzhou Starry Golden Sands	Residential	1,500	31	20,700
6	Guangzhou Starry Wenhua	Residential	13,800	313	22,700
7	Guangzhou Starry Wenhan	Residential	1,300	20	15,400
8	Guangzhou Starry Wenyu	Residential	13,700	314	22,900
9	Guangzhou Starry Riverside	Residential	53,700	752	14,000
10	Guangzhou Starry Sunshine	Residential	2,800	34	12,100
11	Southern Le Sand	Residential	33,000	297	9,000
12	Guangzhou Lingnan Hillside	Residential	45,200	822	18,200
13	Guangzhou Lingnan Villas	Residential	37,200	505	13,600
14	Huadu Glade Greenland	Residential	200	2	10,000
15	Conghua Glade Greenland	Residential	74,300	465	6,300
16	Conghua Glade Village	Residential	200	2	10,000
	Other projects	N/A	7,400	218	29,500
	Investment Properties	N/A	8,300	216	26,000
<b>Subtotal (Guangzhou)</b>			<b>314,900</b>	<b>4,697</b>	<b>14,900</b>
17	Jiangmen Starry Regal Court	Residential	23,000	196	8,500
18	Zhongshan Starry Junting	Residential	16,400	162	9,900
19	Zhongshan Starry Winking	Residential/Commercial	12,400	90	7,300
<b>Subtotal (Pearl River Delta ex. Guangzhou)</b>			<b>51,800</b>	<b>448</b>	<b>8,600</b>
20	Hangzhou Starry City	Residential	5,900	32	5,400
21	Kunshan Paradiso Pavilion	Residential	1,000	9	9,000
<b>Subtotal (Yangtze River Delta)</b>			<b>6,900</b>	<b>41</b>	<b>5,900</b>
22	Wuhan Starry Winking	Residential	3,000	49	16,300
<b>Subtotal (Central Region)</b>			<b>3,000</b>	<b>49</b>	<b>16,300</b>
23	Yantai Starry Golden Sands	Residential	114,200	624	5,500
24	Yantai Starry Phoenix	Residential	1,000	6	6,000
25	Shenyang Starry Blue Sea	Residential	71,300	507	7,100
<b>Subtotal (Bohai Rim Economic Zone)</b>			<b>186,500</b>	<b>1,137</b>	<b>6,100</b>
<b>Total</b>			<b>563,100</b>	<b>6,372</b>	<b>11,300</b>

## Management Discussion and Analysis

### UNRECOGNIZED SALES

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

Unrecognized sales are summarized as follows:

No.	Project	Type	GFA (sq.m.)	Value (RMB mil)	ASP (RMB/sq.m.)
1	Guangzhou Fortune Century Square	Commercial	1,100	28	25,500
2	Guangzhou Starry Cullium	Residential	1,000	58	58,000
3	Guangzhou Starry Golden Sands	Residential	126,600	2,328	18,400
4	Guangzhou Starry Wenhua	Residential	16,300	376	23,100
5	Guangzhou Starry Wenhua	Residential	14,200	355	25,000
6	Guangzhou Paradiso Riverside	Residential	48,900	724	14,800
7	Southern Le Sand	Residential	295,400	3,183	10,800
8	Guangzhou Lingnan Hillside	Residential	18,700	323	17,300
9	Guangzhou Lingnan Villas	Residential	72,200	880	12,100
10	Guangzhou Lingnan Wood	Residential	121,800	1,680	13,800
11	Yuexiu Poly Aite City	Residential	5,700	69	12,200
12	Conghua Glade Greenland	Residential	71,800	478	6,700
	Other projects	N/A	36,600	790	21,600
	<b>Subtotal (Guangzhou)</b>		<b>830,300</b>	<b>11,272</b>	<b>13,600</b>
13	Jiangmen Starry Regal Court	Residential	145,300	821	5,700
14	Zhongshan Starry Winking	Residential	36,300	158	4,400
15	Zhongshan Starry Junting	Residential	10,300	59	5,700
16	Zhongshan Starry Peakfield	Residential	61,800	453	7,300
17	Zhongshan Paradiso Jadin	Residential	89,800	452	5,000
18	Nanhai Starry Winking	Residential	23,100	363	15,700
19	Foshan Lingnan Junting	Residential	92,500	795	8,600
20	Foshan Chancheng Foping Road Project	Residential	54,100	371	6,900
	<b>Subtotal (Pearl River Delta ex. Guangzhou)</b>		<b>513,200</b>	<b>3,472</b>	<b>6,800</b>
21	Hangzhou Starry City	Residential	117,100	687	5,900
22	Hangzhou Starry Joy City	Residential	59,700	681	11,400
23	Kunshan Paradiso Pavilion	Residential	230,800	1,882	8,200
	<b>Subtotal (Yangtze River Delta)</b>		<b>407,600</b>	<b>3,250</b>	<b>8,000</b>
24	Wuhan Starry Winking	Residential	149,500	2,612	17,500
25	Wuhan Starry Emperor	Residential	194,100	2,172	11,200
	<b>Subtotal (Central Region)</b>		<b>343,600</b>	<b>4,784</b>	<b>13,900</b>
26	Shenyang Starry Winking	Residential	400	5	12,500
27	Shenyang Starry Blue Sea	Residential	56,400	413	7,300
28	Yantai Starry Golden Sands	Residential	58,000	325	5,600
29	Qingdao Starry Blue Bay	Residential	141,100	1,148	8,100
	<b>Subtotal (Bohai Rim Economic Zone)</b>		<b>255,900</b>	<b>1,891</b>	<b>7,400</b>
	<b>Total</b>		<b>2,350,600</b>	<b>24,669</b>	<b>10,500</b>

## Management Discussion and Analysis

### LANDBANK

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

Land acquisitions are summarized as follows:

No.	Project	Equity holding	Site Area (sq.m.)	Total GFA (sq.m.)	Total Land Cost (RMB mil)
1	Kunshan Starry Pavilion (formerly known as Kunshan Huaqiao Development Zone Land)	48.45%	58,800	184,700	443
2	Foshan Chancheng Foping Road Project	93.1%	34,000	220,800	633
3	Guangzhou Haizhu Guangzhi Land I	47.74%	22,200	229,600	2,634
4	Guangzhou Haizhu Guangzhi Land II	48.69%	103,000	735,600	8,898
	<b>Total</b>		<b>218,000</b>	<b>1,370,700</b>	<b>12,608</b>

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

## Management Discussion and Analysis

Landbank is summarized as follows:

No.	Project	Equity Holding	Landbank GFA (sq.m.)	PUD GFA (sq.m.)	PFD GFA (sq.m.)
1	Yuexiu Financial Tower	95%	211,500	211,500	—
2	Asia Pacific Century Plaza	95%	232,000	232,000	—
3	Guangzhou Fortune Apartment	99.06%	7,900	7,900	—
4	Guangzhou Haizhu Nanzhou Road Project	95.48%	152,600	—	152,600
5	Guangzhou Haizhu Guangzhi Land I	47.74%	229,600	—	229,600
6	Guangzhou Haizhu Guangzhi Land II	48.69%	735,600	—	735,600
7	Guangzhou Starry Golden Sands	100%	201,700	201,700	—
8	Guangzhou Baiyun Tonghe Project	100%	648,900	—	648,900
9	Southern Le Sand	95.48%	2,397,300	928,400	1,468,900
10	Guangzhou Lingnan Wood	47.74%	446,200	446,200	—
11	Yuexiu Poly Aite City	4.77%	667,800	302,200	365,600
	Other projects	N/A	114,200	69,200	45,000
<b>Subtotal (Guangzhou)</b>			<b>6,045,300</b>	<b>2,399,100</b>	<b>3,646,200</b>
12	Jiangmen Starry Regal Court	95%	250,100	190,800	59,300
13	Zhongshan Starry Winking	95%	161,700	161,700	—
14	Zhongshan Starry Peakfield	95%	482,600	308,300	174,300
15	Zhongshan Paradiso Jadin	100%	426,100	290,100	136,000
16	Nanhai Starry Winking	100%	290,700	290,700	—
17	Foshan Chancheng Foping Road Project	93.1%	220,800	220,800	—
18	Foshan Lingnan Junting	100%	314,500	298,300	16,200
<b>Subtotal (Pearl River Delta ex. Guangzhou)</b>			<b>2,146,500</b>	<b>1,760,700</b>	<b>385,800</b>
19	Hangzhou Starry City	100%	1,546,100	275,500	1,270,600
20	Hangzhou Starry Joy City	100%	225,700	225,700	—
21	Hangzhou Victory Center	20%	71,900	71,900	—
22	Hangzhou Starry Upper City	9.55%	185,400	185,400	—
23	Kunshan Starry Pavilion (formerly known as Kunshan Huaqiao Development Zone Land)	48.45%	184,700	—	184,700
24	Kunshan Paradiso Pavilion	48.45%	452,000	452,000	—
<b>Subtotal (Yangtze River Delta)</b>			<b>2,665,800</b>	<b>1,210,500</b>	<b>1,455,300</b>
25	Wuhan Starry Winking	100%	553,900	553,900	—
26	Wuhan Starry Emperor	95.48%	603,800	603,800	—
27	Wuhan International Financial City	7.64%	890,400	171,100	719,300
<b>Subtotal (Central Region)</b>			<b>2,048,100</b>	<b>1,328,800</b>	<b>719,300</b>

## Management Discussion and Analysis

No.	Project	Equity Holding	Landbank GFA (sq.m.)	PUD GFA (sq.m.)	PFD GFA (sq.m.)
28	Shenyang Yuexiu Hill Lake	99.95%	291,000	21,100	269,900
29	Shenyang Starry Winking	100%	519,900	175,500	344,400
30	Shenyang Starry Blue Sea	100%	8,600	—	8,600
31	Yantai Starry Golden Sands	100%	407,400	192,400	215,000
32	Qingdao Starry Blue Bay	100%	465,000	465,000	—
<b>Subtotal (Bohai Rim Economic Zone)</b>			<b>1,691,900</b>	<b>854,000</b>	<b>837,900</b>
33	Hainan Simapo Island Project	47.50%	100,400	6,000	94,400
<b>Subtotal (PRC)</b>			<b>14,698,000</b>	<b>7,559,100</b>	<b>7,138,900</b>
34	Hong Kong Prince Edward Road Project	100%	4,000	4,000	—
35	Hong Kong Yau Tong Project	100%	70,500	—	70,500
<b>Subtotal (Hong Kong)</b>			<b>74,500</b>	<b>4,000</b>	<b>70,500</b>
<b>Total</b>			<b>14,772,500</b>	<b>7,563,100</b>	<b>7,209,400</b>

### CONSTRUCTION PROGRESS

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

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

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

### INVESTMENT PROPERTIES

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

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

## Management Discussion and Analysis

### SELLING AND MARKETING COSTS

In the first half of 2015, the Group's selling and marketing costs increased by 6.4% to approximately RMB198 million as compared to the same period of last year. The increase in selling and marketing costs was mainly attributable to more projects being launched for sale outside the Guangdong province, the corresponding agency and marketing costs were increased. The Group continues to place emphasis on the effectiveness of sales execution plan and keep control on its selling and marketing costs to an appropriate level. The selling and marketing costs accounted for 1.7% of the contracted sales in the current period, slightly reduced by 0.1 percentage point as compared to 1.8% for the same period of last year.

### ADMINISTRATIVE EXPENSES

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

### FINANCE COSTS

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

### SHARE OF PROFIT FROM ASSOCIATED ENTITIES

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

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

### BASIC EARNINGS PER SHARE

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

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

# Management Discussion and Analysis

## INTERIM DIVIDEND

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

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

## LIQUIDITY AND FINANCIAL RESOURCES

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

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

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

## WORKING CAPITAL

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

# Management Discussion and Analysis

## CAPITAL AND FINANCIAL STRUCTURE ANALYSIS

The Group's debts are summarized as follows:

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

# Management Discussion and Analysis

## INTEREST RATE EXPOSURE

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

## FOREIGN EXCHANGE EXPOSURE

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

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

## COMMITMENTS FOR PROPERTY, PLANT AND EQUIPMENT

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

# Management Discussion and Analysis

## CONTINGENT LIABILITIES

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

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

## EMPLOYEES AND REMUNERATION POLICY

As of 30 June 2015, the Group had approximately 6,860 employees (31 December 2014: 6,690 employees). The Group offers its employees reasonable remuneration in accordance with industry practice. Salary increment and promotion of employees are based on performance and achievements. In the meantime, the Group provides employees with other benefits, such as mandatory provident funds, medical insurance, educational allowances and professional training.

## CONTINUING DISCLOSURE REQUIREMENTS UNDER RULE 13.21 OF THE LISTING RULES

Certain loan agreements of the Company ("Loan Agreements") respectively include a condition that imposes one or more of the following specific performance obligations on Yue Xiu Enterprises (Holdings) Limited, the controlling shareholder of the Company, or (as the case may be) Guangzhou Yue Xiu Holdings Limited, the ultimate controlling shareholder of the Company:

- (i) the controlling shareholder remains to be the single largest beneficial shareholder of the Company;
- (ii) the controlling shareholder maintains a shareholding interest of not less than 35% in the issued voting shares of the Company;
- (iii) the controlling shareholder maintains effective management control over the Company.

As at 30 June 2015, the aggregate balance of the loans provided in Hong Kong dollars, Renminbi and US dollars respectively were HK\$13,122,000,000, RMB220,000,000 and US\$211,000,000. Such Loan Agreements will expire from 20 December 2015 to 17 June 2019.

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 is required to maintain control (as defined in the announcement dated 17 January 2013) 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 2015.

# 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 22 to 61, which comprises the condensed consolidated balance sheet of Yuexiu Property Company Limited (the "Company") and its subsidiaries as at 30 June 2015 and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated 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, 20 August 2015

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# Condensed Consolidated Income Statement

For the six months ended 30 June 2015

	Note	Unaudited Six months ended 30 June	
		2015 RMB'000	2014 RMB'000
Revenue	6	<b>6,624,661</b>	6,325,576
Cost of sales	7	<b>(4,887,605)</b>	(4,149,977)
Gross profit		<b>1,737,056</b>	2,175,599
Proceeds from sales of investment properties		<b>216,088</b>	17,220
Direct costs of investment properties sold		<b>(144,277)</b>	(3,212)
Gain on sales of investment properties		<b>71,811</b>	14,008
Fair value gains on revaluation of investment properties	15	<b>679,285</b>	1,250,600
Other gains, net	8	<b>39,518</b>	199,798
Selling and marketing costs	7	<b>(198,291)</b>	(186,347)
Administrative expenses	7	<b>(306,196)</b>	(352,340)
Operating profit		<b>2,023,183</b>	3,101,318
Finance income	9	<b>37,379</b>	20,900
Finance costs	10	<b>(169,844)</b>	(189,865)
Net foreign exchange gain/(loss) on financing activities		<b>19,622</b>	(118,958)
Share of profit/(loss) of			
– joint ventures		<b>338</b>	(3,385)
– associated entities		<b>201,876</b>	103,735
Profit before taxation		<b>2,112,554</b>	2,913,745
Taxation	11	<b>(879,018)</b>	(1,132,048)
Profit for the period		<b>1,233,536</b>	1,781,697
Attributable to			
Equity holders of the Company		<b>1,197,623</b>	1,676,085
Non-controlling interests		<b>35,913</b>	105,612
		<b>1,233,536</b>	1,781,697
Earnings per share for profit attributable to equity holders of the Company (expressed in RMB per share)			
– Basic and diluted	12	<b>0.0966</b>	0.1798

The notes on pages 30 to 61 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 2015

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

The notes on pages 30 to 61 form an integral part of this condensed consolidated interim financial information.

# Condensed Consolidated Balance Sheet

As at 30 June 2015

	Note	As at	
		30 June 2015 Unaudited RMB'000	31 December 2014 Audited RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	14	1,350,635	1,286,323
Investment properties	15	14,155,309	12,614,339
Land use rights	16	249,614	255,043
Interests in joint ventures		1,298,811	1,287,803
Interests in associated entities		6,568,160	6,721,324
Available-for-sale financial assets		951,594	929,622
Deferred tax assets	24	181,876	152,400
		<b>24,755,999</b>	23,246,854
<b>Current assets</b>			
Properties under development		42,467,139	34,134,730
Properties held for sale		12,317,494	11,330,156
Prepayments for land use rights		4,649,854	9,324,805
Inventories		38,667	31,145
Derivative financial instruments		9,443	12,996
Trade receivables	17	34,328	24,440
Other receivables, prepayments and deposits		4,230,113	1,450,795
Taxation recoverable		772,664	562,089
Charged bank deposits		4,529,653	5,074,695
Cash and cash equivalents		6,745,078	7,882,648
		<b>75,794,433</b>	69,828,499
Non-current assets held-for-sale	18	36,587	—
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and note payables	19	241,861	185,984
Advance receipts from customers		15,118,074	12,046,117
Other payables and accrued charges		13,975,250	10,950,353
Borrowings	20	6,900,004	8,415,093
Taxation payable		2,120,356	2,361,554
		<b>38,355,545</b>	33,959,101
<b>Net current assets</b>		<b>37,475,475</b>	35,869,398
<b>Total assets less current liabilities</b>		<b>62,231,474</b>	59,116,252

# Condensed Consolidated Balance Sheet

As at 30 June 2015

	Note	As at	
		30 June 2015 Unaudited RMB'000	31 December 2014 Audited RMB'000
<b>Non-current liabilities</b>			
Borrowings	20	<b>25,025,896</b>	23,644,280
Deferred tax liabilities	24	<b>5,559,277</b>	5,039,661
Deferred revenue		<b>61,904</b>	62,801
Other payables and accrued charges		<b>75,346</b>	116,082
		<b>30,722,423</b>	28,862,824
<b>Net assets</b>			
		<b>31,509,051</b>	30,253,428
<b>EQUITY</b>			
Capital and reserves attributable to equity holders of the Company			
Share capital	21	<b>12,759,402</b>	12,759,402
Other reserves	23	<b>476,255</b>	464,592
Retained earnings			
– Proposed dividends	23	<b>297,631</b>	267,508
– Others	23	<b>16,779,973</b>	15,612,473
		<b>30,313,261</b>	29,103,975
Non-controlling interests		<b>1,195,790</b>	1,149,453
<b>Total equity</b>		<b>31,509,051</b>	30,253,428

The notes on pages 30 to 61 form an integral part of this condensed consolidated interim financial information.

## Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2015

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2015</b>	2014
	<b>RMB'000</b>	RMB'000
<b>Operating activities</b>		
<b>Net cash (used in)/generated from operations</b>	<b>1,585,741</b>	1,628,048
Interest received	<b>31,016</b>	20,900
Interest paid	<b>(868,618)</b>	(740,486)
Hong Kong profits tax paid	<b>(1,738)</b>	(3)
China taxation paid	<b>(920,227)</b>	(769,646)
Net cash (used in)/generated from operating activities	<b>(173,826)</b>	138,813
<b>Investing activities</b>		
Acquisition of a subsidiary, net of cash acquired	<b>(492,338)</b>	–
Increase in prepayments for land use rights	<b>(1,779,600)</b>	–
Additions of property, plant and equipment	<b>(123,597)</b>	(222,398)
Proceeds from sale of property, plant and equipment	<b>3,172</b>	38
Additions of investment properties	<b>(997,469)</b>	(27,149)
Proceeds from sale of investment properties	<b>216,088</b>	17,220
Disposal of subsidiaries	–	96,019
Dividends received from joint ventures and associated entities	<b>124,767</b>	115,999
Investment in an associated entity	–	(35,964)
Receipts from/(payments to) joint ventures and associated entities	<b>99,989</b>	(367,008)
Decrease in charged bank deposits	<b>545,042</b>	1,178,515
<b>Net cash (used in)/generated from investing activities</b>	<b>(2,403,946)</b>	755,272

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2015

	Unaudited	
	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
<b>Financing activities</b>		
Proceeds from issuance of ordinary shares	—	1,086
Dividends paid to equity holders of the Company	—	(259,089)
Dividends paid to non-controlling interests	—	(2,979)
Decrease in amount due to an intermediate holding company	(526)	—
Increase/(decrease) in amounts due to joint ventures and associated entities	2,905,204	(210,846)
Decrease in amounts due to related companies	(14,268)	(455,690)
Proceeds from bank borrowings	4,469,673	8,586,094
Repayment of bank borrowings	(5,920,241)	(5,995,802)
Additions/(repayments) of obligations under finance leases	96	(31)
<b>Net cash generated from financing activities</b>	<b>1,439,938</b>	<b>1,662,743</b>
(Decrease)/increase in cash and cash equivalents	(1,137,834)	2,556,828
Cash and cash equivalents at the beginning of period	7,882,576	5,054,663
Exchange gain on cash and cash equivalents	278	2,564
	<b>6,745,020</b>	7,614,055
Less: Cash and cash equivalents included in non-current assets held-for-sale	—	(2,367)
Cash and cash equivalents at the end of period	<b>6,745,020</b>	7,611,688
Analysis of balances of cash and cash equivalents		
Bank balances and cash	6,745,078	7,611,800
Bank overdrafts	(58)	(112)
	<b>6,745,020</b>	7,611,688

The notes on pages 30 to 61 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 2015

	Unaudited			
	Attributable to equity holders of the Company			Total RMB'000
	Share capital RMB'000	Reserves RMB'000	Non- controlling interests RMB'000	
Balance at 1 January 2015	12,759,402	16,344,573	1,149,453	30,253,428
<b>Comprehensive income</b>				
Profit for the period	–	1,197,623	35,913	1,233,536
<b>Other comprehensive income</b>				
Currency translation differences	–	(2,663)	–	(2,663)
Change in fair value of available-for-sale financial assets, net of tax	–	14,326	824	15,150
Total other comprehensive income for the period	–	11,663	824	12,487
<b>Total comprehensive income for the period</b>	–	1,209,286	36,737	1,246,023
<b>Transactions with owners</b>				
Capital injection to a subsidiary	–	–	9,600	9,600
Total transactions with owners	–	–	9,600	9,600
Balance at 30 June 2015	12,759,402	17,553,859	1,195,790	31,509,051

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2015

	Unaudited				
	Attributable to equity holders of the Company			Non- controlling interests	Total
	Share capital RMB'000	Share premium RMB'000	Reserves RMB'000		
Balance at 1 January 2014	854,089	8,891,760	14,429,356	984,803	25,160,008
<b>Comprehensive income</b>					
Profit for the period	—	—	1,676,085	105,612	1,781,697
<b>Other comprehensive income</b>					
Currency translation differences	—	—	19,900	—	19,900
Change in fair value of available-for-sale financial assets, net of tax	—	—	9,092	523	9,615
Total other comprehensive income for the period	—	—	28,992	523	29,515
<b>Total comprehensive income for the period</b>	—	—	1,705,077	106,135	1,811,212
<b>Transactions with owners</b>					
Issue of shares upon exercise of share options prior to 3 March 2014	20	101	—	—	121
Issue of shares upon exercise of share options subsequent to 3 March 2014	965	—	—	—	965
Transfer to no-par value regime on 3 March 2014	8,893,589	(8,891,890)	(1,699)	—	—
Transfer upon exercise of share options	235	29	(264)	—	—
Dividends paid	—	—	(259,089)	(2,979)	(262,068)
Total transactions with owners	8,894,809	(8,891,760)	(261,052)	(2,979)	(260,982)
Balance at 30 June 2014	9,748,898	—	15,873,381	1,087,959	26,710,238

The notes on pages 30 to 61 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 the People's Republic of China ("China") and Hong Kong.

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 20 August 2015.

This condensed consolidated interim financial information has been reviewed, not audited.

## 2 BASIS OF PREPARATION

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

# Notes to the Condensed Consolidated Interim Financial Information

## 3 ACCOUNTING POLICIES

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

(a) Amended standards adopted by the Group:

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

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

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

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

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

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

# Notes to the Condensed Consolidated Interim Financial Information

## 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 2014.

## 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 2014.

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

### 5.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group's policy is to borrow centrally, using a mixture of long-term and short-term borrowing facilities, to meet anticipated funding requirements. These borrowings, together with cash generated from operations, are on-lent or contributed as equity to certain subsidiaries.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity, as shown in the condensed consolidated balance sheet plus net debt.

# Notes to the Condensed Consolidated Interim Financial Information

## 5 FINANCIAL RISK MANAGEMENT (Continued)

### 5.2 Capital risk management (Continued)

The gearing ratios at 30 June 2015 and 31 December 2014 were as follows:

	<b>30 June 2015 RMB'000</b>	31 December 2014 RMB'000
Total borrowings (note 20)	<b>31,925,900</b>	32,059,373
Less: Cash and cash equivalents	<b>(6,745,078)</b>	(7,882,648)
Net debt	<b>25,180,822</b>	24,176,725
Total equity (including non-controlling interests)	<b>31,509,051</b>	30,253,428
Total capital	<b>56,689,873</b>	54,430,153
Gearing ratio	<b>44.4%</b>	44.4%

The total capital amount is subject to externally imposed capital requirement and the Group has complied with the capital requirement during the period.

### 5.3 Fair value estimation

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date.

The carrying value less impairment provision of trade receivables and payables are a reasonable approximation of their fair values. The fair value of financial liabilities for disclosure purpose is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

For disclosures of the investment properties that are measured at fair value, see note 15.

## Notes to the Condensed Consolidated Interim Financial Information

### 5 FINANCIAL RISK MANAGEMENT (Continued)

#### 5.3 Fair value estimation (Continued)

The following table presents the Group's financial assets and liabilities that are measured at fair value at 30 June 2015.

	Level 3 RMB'000
<b>Assets</b>	
Derivative financial instruments - call options	9,443
Available-for-sale financial assets	951,594
<b>Total assets</b>	<b>961,037</b>

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 December 2014.

	Level 3 RMB'000
<b>Assets</b>	
Derivative financial instruments - call options	12,996
Available-for-sale financial assets	929,622
<b>Total assets</b>	<b>942,618</b>

There were no changes in valuation techniques during the period.

There were no transfers between fair value hierarchy levels during the period.

# Notes to the Condensed Consolidated Interim Financial Information

## 5 FINANCIAL RISK MANAGEMENT (Continued)

### 5.3 Fair value estimation (Continued)

#### Fair value measurements using significant unobservable inputs (Level 3)

<b>30 June 2015</b>	<b>Available- for-sale financial assets RMB'000</b>	<b>Derivative financial instruments - call options RMB'000</b>	<b>Total RMB'000</b>
Opening balance at 1 January	929,622	12,996	942,618
Loss recognised in profit or loss	—	(3,553)	(3,553)
Fair value changes recognised in other comprehensive income	21,972	—	21,972
Closing balance at 30 June	<b>951,594</b>	<b>9,443</b>	<b>961,037</b>
Total unrealised loss for the period included in profit or loss for assets held at the end of the reporting period	—	<b>(3,553)</b>	<b>(3,553)</b>
	Available- for-sale financial assets RMB'000	Derivative financial instruments - call options RMB'000	Total RMB'000
<b>30 June 2014</b>			
Opening balance at 1 January	842,226	47,642	889,868
Gain recognised in profit or loss, net	—	501	501
Fair value changes recognised in other comprehensive income	13,947	—	13,947
Closing balance at 30 June	<b>856,173</b>	<b>48,143</b>	<b>904,316</b>
Total unrealised gain for the period included in profit or loss for assets held at the end of the reporting period	—	501	501

# Notes to the Condensed Consolidated Interim Financial Information

## 5 FINANCIAL RISK MANAGEMENT (Continued)

### 5.3 Fair value estimation (Continued)

#### Group's valuation processes

The Group's finance department includes a team that reviews the valuations performed by the independent valuers for financial reporting purposes. This team reports directly to the senior management and the audit committee ("AC"). Discussions of valuation processes and results are held between the management, AC and valuers at least once every six months, in line with the Group's interim and annual reporting dates.

The main Level 3 input used by the Group for available-for-sale financial assets pertains to the discount for lack of marketability. The discount for lack of marketability is quantified on the basis of relevant restricted stock studies and represents the most significant unobservable input applied to arrive at the fair value measurement.

The main Level 3 input used by the Group for top-up liability pertains to the discount rate. Top-up payment liability is denominated in RMB and recognised as a financial liability in the Group. It is initially recognised at fair value. In determining the fair value of the top-up payment liability, the Group has applied a valuation model that has taken into account the expected future cash flows due to the shortfall for the period from 1 July 2012 until 31 December 2016, discounted at the Group's effective interest rate of 4.2% per annum. Top-up payment liability is subsequently carried at amortised cost using the effective interest method. The expected future cash flows is under revision regularly. The carrying amount of the top-up payment liability will be adjusted to reflect the actual and revised estimated cash flows, by computing the present value of estimated future cash flows at the original effective interest rate, and is a reasonable approximation of its fair value. The adjustment is recognised in "finance costs".

The main Level 3 inputs used by the Group in estimating the call options derivatives are gross development value, time to maturity, interest rate, and expected volatility. The fair value of the call options were calculated using the Black-Scholes valuation model with Binomial Tree method by assuming the present value of gross development value based on schedules provided by management of the Group, follow the Geometric Brownian motion.

# Notes to the Condensed Consolidated Interim Financial Information

## 5 FINANCIAL RISK MANAGEMENT (Continued)

### 5.3 Fair value estimation (Continued)

#### Group's valuation processes (Continued)

Significant unobservable input used in the measurement of the call options as at 30 June 2015 is as follows:

	Impact of change	
	Increase 0.5% RMB'000	Decrease 0.5% RMB'000
Expected volatility	17,030	(8,249)

The expected volatility of the call options ranges from 2.03% to 3.25%. A higher volatility will increase the value of the call options.

### 5.4 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 and deposits
- Other payables and accrued charges
- Trade and note payables
- Borrowings

# Notes to the Condensed Consolidated Interim Financial Information

## 6 SEGMENT INFORMATION

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

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

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

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

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

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

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

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

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

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

## Notes to the Condensed Consolidated Interim Financial Information

### 6 SEGMENT INFORMATION (Continued)

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

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

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

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

	<b>As at</b>	
	<b>30 June</b>	31 December
	<b>2015</b>	2014
	<b>RMB'000</b>	RMB'000
Total reportable segments' assets	<b>99,257,804</b>	88,908,928
Deferred tax assets (note 24)	<b>181,876</b>	152,400
Taxation recoverable	<b>772,664</b>	562,089
Corporate assets	<b>374,675</b>	3,451,936
Total assets	<b>100,587,019</b>	93,075,353

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

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

## 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	
	2015 RMB'000	2014 RMB'000
Amortisation of land use rights (note 16)	5,429	5,997
Business tax and other levies	398,509	391,559
Depreciation		
– Owned property, plant and equipment	21,628	22,274
– Leased property, plant and equipment	36	31
(Reversal of provision for)/provision for impairment of property, plant and equipment (note 14)	(2,237)	3,880
Reversal of provision for impairment of properties under development	–	(990)

### 8 OTHER GAINS, NET

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Excess of the fair value of net assets of a subsidiary acquired over acquisition cost (note 25)	6,059	–
Gain on deemed disposal of an associated entity	17,743	–
Gain on disposal of a subsidiary (note 26)	–	199,297
Fair value (losses)/gains on derivative financial instruments	(3,553)	501
Government subsidy	19,269	–
	39,518	199,798

### 9 FINANCE INCOME

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Interest income from bank deposits	31,016	20,900
Fair value gain on top-up payment liability	6,363	–
	37,379	20,900

# Notes to the Condensed Consolidated Interim Financial Information

## 10 FINANCE COSTS

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

## 11 TAXATION

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

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

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

## Notes to the Condensed Consolidated Interim Financial Information

### 11 TAXATION (Continued)

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

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

### 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	
	2015	2014
Profit attributable to equity holders of the Company (RMB'000)	1,197,623	1,676,085
Weighted average number of ordinary shares in issue ('000)	12,401,307	9,322,782
Basic earnings per share (RMB)	0.0966	0.1798

#### Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Since there was no dilutive potential ordinary shares during the six months ended 30 June 2015 and 30 June 2014, diluted earnings per share is equal to basic earnings per share.

## Notes to the Condensed Consolidated Interim Financial Information

### 13 DIVIDENDS

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

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

### 14 PROPERTY, PLANT AND EQUIPMENT

	2015 RMB'000	2014 RMB'000
At 1 January	<b>1,286,323</b>	1,023,079
Exchange differences	<b>(99)</b>	2,943
Additions	<b>123,597</b>	222,398
Disposals	<b>(3,172)</b>	(38)
Depreciation	<b>(21,664)</b>	(22,305)
Transfer to non-current assets held-for-sale	<b>(36,587)</b>	–
Reversal of provision for/(provision for) impairment	<b>2,237</b>	(3,880)
At 30 June	<b>1,350,635</b>	1,222,197

## Notes to the Condensed Consolidated Interim Financial Information

### 15 INVESTMENT PROPERTIES

	<b>2015</b>	2014
	<b>RMB'000</b>	RMB'000
At 1 January	<b>12,614,339</b>	10,219,375
Exchange differences	<b>(207)</b>	6,281
Additions	<b>997,469</b>	27,149
Disposals	<b>(135,577)</b>	(2,332)
Fair value gains	<b>679,285</b>	1,250,600
Transfer from properties under development	–	2,228,481
Transfer to properties under development	–	(1,588,000)
At 30 June	<b>14,155,309</b>	12,141,554

### 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:

	<b>2015</b>	2014
	<b>RMB'000</b>	RMB'000
At 1 January	<b>255,043</b>	265,901
Amortisation	<b>(5,429)</b>	(5,997)
At 30 June	<b>249,614</b>	259,904

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

### 18 NON-CURRENT ASSETS HELD-FOR-SALE

In June 2015, the Group signed a sales and purchase agreement to dispose of a hotel in Guangzhou. The transaction is expected to be completed in 2015.

### 19 TRADE AND NOTE PAYABLES

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

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

## Notes to the Condensed Consolidated Interim Financial Information

### 20 BORROWINGS

	As at	
	30 June 2015 RMB'000	31 December 2014 RMB'000
<b>Non-current</b>		
Long-term bank borrowings		
– Secured	<b>9,782,591</b>	8,351,884
– Unsecured	<b>8,307,456</b>	8,357,288
Other borrowings, unsecured (note)	<b>6,935,713</b>	6,935,042
Obligations under finance leases	<b>136</b>	66
	<b>25,025,896</b>	23,644,280
<b>Current</b>		
Bank overdrafts	<b>58</b>	72
Short-term bank borrowings		
– Secured	–	1,000,000
– Unsecured	<b>702,116</b>	2,990,834
Current portion of long-term bank borrowings		
– Secured	<b>4,479,671</b>	4,062,049
– Unsecured	<b>1,718,061</b>	362,066
Obligations under finance leases	<b>98</b>	72
	<b>6,900,004</b>	8,415,093
Total borrowings	<b>31,925,900</b>	32,059,373

## 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		As at	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
	RMB'000	RMB'000	RMB'000	RMB'000
Within one year	<b>6,899,906</b>	8,415,021	<b>98</b>	72
In the second year	<b>9,660,148</b>	7,195,952	<b>52</b>	38
In the third to fifth year	<b>6,417,399</b>	8,500,720	<b>2,122,604</b>	2,121,830
Over five years	<b>2,012,500</b>	1,012,500	<b>4,813,193</b>	4,813,240
	<b>24,989,953</b>	25,124,193	<b>6,935,947</b>	6,935,180

Note:

On 24 January 2013, the Company issued and sold United States Dollar ("USD") 350 million principal 3.25% notes due in 2018 and USD500 million principal 4.50% notes due in 2023 (together, the "USD Bonds") to investors under a USD2,000 million medium term note programme established on 11 January 2013 (the "programme"). On 24 November 2014, the Company further issued and sold Hong Kong Dollar ("HKD") 2,300 million principal 6.10% notes due in 2029 (the "HKD Bond") under the programme. All of the USD Bonds and HKD Bond remained outstanding at 30 June 2015.

## Notes to the Condensed Consolidated Interim Financial Information

### 21 SHARE CAPITAL

	Number of shares ('000)	Share capital RMB'000	Share premium RMB'000	Total RMB'000
At 1 January 2014	9,322,031	854,089	8,891,760	9,745,849
Issue of shares upon exercise of share options prior to 3 March 2014 (note 22)	251	20	101	121
Issue of shares upon exercise of share options subsequent to 3 March 2014 (note 22)	2,009	965	—	965
Transfer upon exercise of share options prior to 3 March 2014	—	—	29	29
Transfer to no-par value regime on 3 March 2014 (Note (c))	—	8,893,589	(8,891,890)	1,699
Transfer upon exercise of share options subsequent to 3 March 2014	—	235	—	235
At 30 June 2014	9,324,291	9,748,898	—	9,748,898
At 1 January 2015 and 30 June 2015	<b>12,401,307</b>	<b>12,759,402</b>	<b>—</b>	<b>12,759,402</b>

- (a) Under the Hong Kong Companies Ordinance (Cap. 622), which commenced operation on 3 March 2014, the concept of authorised share capital no longer exists.
- (b) In accordance with section 135 of the Hong Kong Companies Ordinance (Cap. 622), the Company's shares no longer have a par or nominal value with effect from 3 March 2014. There is no impact on the number of shares in issue or the relative entitlement of any of the members as a result of this transition.
- (c) In accordance with the transitional provisions set out in section 37 of Schedule 11 to Hong Kong Companies Ordinance (Cap. 622), on 3 March 2014, any amount standing to the credit of the share premium account has become part of the Company's share capital.

## Notes to the Condensed Consolidated Interim Financial Information

### 22 SHARE OPTIONS

Movements of share options are as follows:

	Number of share options '000
At 1 January 2014	2,507
Exercised during the period	(2,260)
Lapsed during the period	(247)
At 30 June 2014	–
At 1 January 2015 and 30 June 2015	–

As at 31 December 2014 and 30 June 2015, there were no outstanding share options.

### 23 RESERVES

	Statutory reserves (note (a)) RMB'000	Exchange fluctuation reserve RMB'000	Available- for-sale financial assets fair value reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2015	198,061	(284,057)	550,588	15,879,981	16,344,573
Currency translation differences	–	(2,663)	–	–	(2,663)
Change in fair value of available- for-sale financial assets					
– gross	–	–	20,873	–	20,873
– tax	–	–	(5,218)	–	(5,218)
– effect of withholding tax	–	–	(1,329)	–	(1,329)
Profit attributable to shareholders	–	–	–	1,197,623	1,197,623
At 30 June 2015	198,061	(286,720)	564,914	17,077,604	17,553,859
Representing:					
2015 interim dividends proposed				297,631	
Others				16,779,973	
				17,077,604	

## Notes to the Condensed Consolidated Interim Financial Information

### 23 RESERVES (Continued)

	Capital redemption reserve	Statutory reserves	Exchange fluctuation reserve	Available-for-sale financial assets fair value reserve	Employee share-based compensation reserve	Retained profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2014	1,699	197,567	(291,123)	490,222	60	14,030,931	14,429,356
Currency translation differences	–	–	19,900	–	–	–	19,900
Change in fair value of available-for-sale financial assets							
– gross	–	–	–	13,424	–	–	13,424
– tax	–	–	–	(3,487)	–	–	(3,487)
– effect of withholding tax	–	–	–	(845)	–	–	(845)
Profit attributable to shareholders	–	–	–	–	–	1,676,085	1,676,085
Transfer	–	481	–	–	239	(720)	–
Transfer upon exercise of share options prior to 3 March 2014	–	–	–	–	(29)	–	(29)
Transfer upon exercise of share options subsequent to 3 March 2014	–	–	–	–	(235)	–	(235)
Transfer upon lapse of share options	–	–	–	–	(35)	35	–
Dividends paid	–	–	–	–	–	(259,089)	(259,089)
Transition to no-par value regime on 3 March 2014	(1,699)	–	–	–	–	–	(1,699)
At 30 June 2014	–	198,048	(271,223)	499,314	–	15,447,242	15,873,381
Representing:							
2014 interim dividends proposed						363,647	
Others						15,083,595	
						15,447,242	

Note:

- (a) Statutory reserves represent enterprise expansion and general reserve funds set up by the subsidiaries, joint ventures and associated entities in China. As stipulated by regulations in China, the Company's subsidiaries, joint ventures 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

### 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 2015 and 31 December 2014 represents:

	As at	
	30 June 2015 RMB'000	31 December 2014 RMB'000
Deferred tax assets		
Hong Kong profits tax	1,532	1,530
China enterprise income tax	180,344	150,870
	<b>181,876</b>	152,400
Deferred tax liabilities		
Hong Kong profits tax	23,890	25,224
China enterprise income tax	3,436,660	2,991,944
China land appreciation tax	2,098,727	2,022,493
	<b>5,559,277</b>	5,039,661

## Notes to the Condensed Consolidated Interim Financial Information

### 25 BUSINESS COMBINATION

On 29 December 2014, the Group entered into an agreement with 廣州越秀諾成實投資合夥企業 (Guangzhou Yuexiu Nuocheng Business Investment Enterprise (Limited Partnership)), an associated entity of the ultimate holding company to the Group, whereby the Group has conditionally agreed to acquire 80% of the equity interest in 佛山市禪城區越輝房地產開發有限公司 (the "acquiree"), at a cash consideration of approximately RMB545 million. This transaction was completed on 20 May 2015 (the "completion date").

Details of the net assets acquired and the excess of the fair value of net assets of a subsidiary acquired are as follows:

	<b>2015 RMB'000</b>
Cash purchase consideration paid (note)	<b>544,912</b>
Fair value of net identifiable assets acquired (see below)	<b>(550,971)</b>
Excess of the fair value of net assets of a subsidiary acquired	<b>(6,059)</b>

Note:

The consideration paid is denominated in RMB, amounting to approximately RMB544,912,000.

Recognised amounts of identifiable net assets acquired were as follows:

	<b>RMB'000</b>
Property under development	<b>1,872,000</b>
Cash and cash equivalents	<b>42,059</b>
Other assets	<b>19,451</b>
Trade payables and accrued charges	<b>(270,407)</b>
Borrowings	<b>(1,067,200)</b>
Deferred tax liabilities	<b>(44,932)</b>
Net identifiable assets attributable to 80% equity interest acquired by the Group	<b>550,971</b>

Analysis of net outflow of cash and cash equivalents in respect of acquisition of a subsidiary

	<b>RMB'000</b>
Cash paid	<b>544,912</b>
Cash and bank balances acquired	<b>(52,574)</b>
	<b>492,338</b>

No revenue was included in the condensed consolidated income statement since the completion date contributed by the acquiree.

## Notes to the Condensed Consolidated Interim Financial Information

### 25 BUSINESS COMBINATION (Continued)

Had the acquiree been consolidated from 1 January 2015, no revenue or profit was to be included in the condensed consolidated income statement of the Group.

The fair value of equity interest held before the business combination was approximately RMB137,743,000.

### 26 DISPOSAL OF A SUBSIDIARY

On 23 June 2014, the Group disposed of the entire interest in Bonus Fortune Development Limited and Super Linkage International Limited (together the "Guangzhou Starry Winking Companies"), subsidiaries of the Group, which ultimately owns units of properties under development in the Tianhe District, Guangzhou, to an independent third party for cash consideration of RMB385 million.

Details of the assets and liabilities of the Guangzhou Starry Winking Companies disposed of and the gain on disposal are as follows:

	2014 RMB'000
Assets and liabilities disposed of:	
Properties held for sale	181,294
Cash and cash equivalents	3,981
Other payables and accrued charges	(188,019)
Net liabilities disposed of	(2,744)
Consideration received/receivable	384,536
Add: Net liabilities disposed of	2,744
Less: Shareholder's loan	(187,983)
Gain on disposal of the Guangzhou Starry Winking Companies	199,297

## Notes to the Condensed Consolidated Interim Financial Information

### 27 GUARANTEES

	As at	
	30 June 2015 RMB'000	31 December 2014 RMB'000
Guarantees for mortgage facilities granted to certain property purchasers of the Group's properties (note (a))	<b>4,575,754</b>	6,492,358
Guarantees for banking and loan facilities granted to an associated entity (note (b))	<b>2,675,000</b>	3,290,000
	<b>7,250,754</b>	9,782,358

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) Certain subsidiaries of the Group jointly and severally provided guarantees in respect of a syndicated loan borrowed by Yuexiu REIT with an effective period expiring on the date two years after full repayment of the syndicated loan.

### 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 2015 RMB'000	31 December 2014 RMB'000
Not later than one year	<b>61,211</b>	71,766
Later than one year and not later than five years	<b>20,744</b>	30,707
	<b>81,955</b>	102,473

## Notes to the Condensed Consolidated Interim Financial Information

### 29 CAPITAL COMMITMENTS

	As at	
	30 June 2015 RMB'000	31 December 2014 RMB'000
Capital commitments in respect of property, plant and equipment and investment properties:		
Contracted but not provided for	<b>616,228</b>	633,313
Authorised but not contracted for	<b>1,443,866</b>	1,051,126
	<b>2,060,094</b>	1,684,439

### 30 SECURITIES FOR BANKING FACILITIES

At 30 June 2015, 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 RMB27,698 million (31 December 2014: RMB23,764 million), RMB308 million (31 December 2014: RMB344 million), RMB12,295 million (31 December 2014: RMB10,682 million) and RMB579 million (31 December 2014: RMB883 million) respectively;
- (b) mortgages of certain of the Group's land use rights with an aggregate carrying value of RMB7 million (31 December 2014: RMB18 million);
- (c) assignment of shareholder's loans between certain companies in the Group with an aggregate amount of approximately RMB21,226 million (31 December 2014: RMB18,409 million); and
- (d) pledged bank deposits of nil (31 December 2014: RMB2,100 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 2015:

<b>Significant related parties</b>	<b>Relationship with the Company</b>
Guangzhou Yuexiu Holdings Limited ("GYHL")	Ultimate holding company
Yue Xiu Enterprises (Holdings) Limited ("YXE")	Intermediate holding company
Kiu Fung Limited ("Kiu Fung")	A fellow subsidiary
Yue Xiu International Development Limited ("YXIDL")	A fellow subsidiary
Yue Xiu Cold Storage and Warehousing Limited ("YXCSWL")	A fellow subsidiary
Chong Hing Bank Limited ("CHB")	A fellow subsidiary
Yuexiu Real Estate Investment Trust ("Yuexiu REIT")	An associated entity
Guangzhou Yuexiu Nuocheng Business Investment Enterprise (Limited Partnership) ("GYNBIE")	An associated entity

# 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	
	2015 RMB'000	2014 RMB'000
(I) Transactions with YXE		
Rental expenses and property management fees paid to YXE	<b>(1,395)</b>	(1,393)
Interest expenses paid to YXE	<b>(1,851)</b>	–
(II) Transactions with YXIDL		
Rental income received from YXIDL	<b>90</b>	92
Management fee paid to YXIDL	<b>(988)</b>	(514)
(III) Transaction with YXCSSL		
Rental income received from YXCSSL	<b>1,680</b>	1,327
(IV) Transaction with Kiu Fung		
Administrative service fees received from Kiu Fung	<b>510</b>	511
(V) Transactions with Yuexiu REIT		
Tenancy service fees received from Yuexiu REIT	<b>11,021</b>	10,024
Rental expenses paid to Yuexiu REIT	<b>(36,637)</b>	(41,877)
Naming rights expenses paid to Yuexiu REIT	<b>–</b>	(10,000)
Interest paid to Yuexiu REIT	<b>(16,338)</b>	(27,749)
(VI) Transaction with CHB		
Borrowing interest paid to CHB	<b>(8,097)</b>	(3,825)
(VII) Transaction with GYNBIE		
Consideration paid to GYNBIE	<b>(544,912)</b>	–

## Notes to the Condensed Consolidated Interim Financial Information

### 31 SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

#### (c) Balances with related parties

	Note	As at	
		30 June 2015 RMB'000	31 December 2014 RMB'000
Amount due to an intermediate holding company	(ii)	(8)	(534)
Amounts due from associated entities	(i), (iv)	76,715	242,306
Amounts due to associated entities	(ii), (vi), (vii)	(3,528,324)	(740,430)
Amounts due from joint ventures	(i), (iii), (v)	843,418	829,311
Amounts due to joint ventures	(i), (ii)	(387,967)	(270,657)
Amounts due to related companies	(i), (ii)	(50,407)	(64,675)
Amounts due to fellow subsidiaries	(i)	(142,921)	(142,921)
Cash at bank from a fellow subsidiary	(i)	14,426	11,490
Bank borrowings from a fellow subsidiary	(viii)	(236,583)	(236,661)
Other borrowings from a fellow subsidiary	(ix)	(182,236)	(182,184)

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 to the Condensed Consolidated Interim Financial Information

## 31 SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

### (c) Balances with related parties (Continued)

Notes:

- (i) Except for the amounts due from associated entities of approximately RMB64,119,000 (31 December 2014: RMB227,198,000) and the amounts due from joint ventures of approximately RMB802,059,000 (31 December 2014: RMB791,311,000) which are unsecured, interest free and not recoverable within twelve months, the remaining balances are unsecured, interest free and recoverable/repayable on demand.
- (ii) These balances are included in other receivables, prepayments and deposits or other payables and accrued charges, as appropriate.
- (iii) The balance is included in interests in joint ventures except for an amount of RMB41,359,000 (31 December 2014: RMB38,000,000) which is include in other receivables, prepayment and deposits.
- (iv) The balance is included in interests in associated entities except for an amount of RMB12,596,000 (31 December 2014: RMB15,108,000) which is included in other receivables, prepayments and deposits.
- (v) These balances are not in default or impaired, except for a provision for impairment losses of approximately RMB999,000 (31 December 2014: RMB999,000) which is made for an amount due from a joint venture.
- (vi) The balance is excluded for top up payment liability with an amount of approximately RMB156,237,000 (31 December 2014: RMB194,862,000) which is included in other payables and accrued charges.
- (vii) Except for an amount of approximately RMB336,281,000 (31 December 2014: RMB508,000,000) which is unsecured and interest bearing at 9.0 percent per annum, the remaining balances are unsecured, interest free and repayable on demand.
- (viii) These balances are unsecured and interest bearing at HIBOR +2.5 percent per annum.
- (ix) These balances are the medium term notes with coupon rate of 3.25% per annum due 2018.

### (d) Key management compensation

Key management compensation amounted to RMB2,814,000 for the six months ended 30 June 2015 (for the six months ended 30 June 2014: RMB2,037,000).

## Other Information

### INTERESTS OF DIRECTORS/ CHIEF EXECUTIVE

As at 30 June 2015, the interests and short positions of the directors and chief executive 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") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code") were as follows:

#### The Company

##### 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	3,200,000	0.026
Mr Lau Hon Chuen Ambrose	Personal	4,841,200	0.039
Mr Chen Zhihong	Personal	764,698	0.006
Mr Li Feng	Personal	172,900	0.001

#### Yuexiu Transport Infrastructure Limited

##### Long positions in shares of Yuexiu Transport Infrastructure Limited:

Name of Director	Nature of interest	Beneficial interest in shares	Approximate % of interest
Mr Lau Hon Chuen Ambrose	Personal	195,720	0.012
Mr Chen Zhihong	Personal	69,900	0.004

Save as disclosed herein, as at 30 June 2015, 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.

## Other Information

### DISCLOSEABLE INTERESTS OF SHAREHOLDERS UNDER THE SECURITIES AND FUTURES ORDINANCE

As at 30 June 2015, 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	Number of shares held	Approximate % of interest
廣州越秀集團有限公司 (Guangzhou Yue Xiu Holdings Limited) (Note)	Interests of controlled corporations	6,159,447,662 (Long position)	49.67
Yue Xiu Enterprises (Holdings) Limited ("Yue Xiu")	Interests of controlled corporations	6,159,447,662 (Long position)	49.67

Note:

Pursuant to the SFO, 廣州越秀集團有限公司(Guangzhou Yue Xiu Holdings Limited) is deemed to be interested in 6,159,447,662 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 positions in shares
Yue Xiu	6,159,447,662
Superb Master Ltd.	401,989,620
Excellence Enterprises Co., Ltd. ("Excellence")	5,749,874,187
Bosworth International Limited ("Bosworth") (Note i)	4,202,934,153
Sun Peak Enterprises Ltd. ("Sun Peak")	978,065,907
Novena Pacific Limited ("Novena") (Note ii)	978,065,907
Shine Wah Worldwide Limited ("Shine Wah")	273,266,721
Morrison Pacific Limited ("Morrison") (Note iii)	273,266,721
Perfect Goal Development Co., Ltd. ("Perfect Goal")	234,689,273
Greenwood Pacific Limited ("Greenwood") (Note iv)	234,689,273
Seaport Development Limited ("Seaport")	60,918,133
Goldstock International Limited ("Goldstock") (Note v)	60,918,133
Yue Xiu Finance Company Limited	7,583,855

- (i) 4,202,934,153 shares were held by Bosworth, which was wholly-owned by Excellence which was, in turn, wholly-owned by Yue Xiu.
- (ii) 978,065,907 shares were held by Novena, which was wholly-owned by Sun Peak which was, in turn, wholly-owned by Excellence.
- (iii) 273,266,721 shares were held by Morrison, which was wholly-owned by Shine Wah which was, in turn, wholly-owned by Excellence.
- (iv) 234,689,273 shares were held by Greenwood, which was wholly-owned by Perfect Goal which was, in turn, wholly-owned by Excellence.
- (v) 60,918,133 shares were held by Goldstock, which was wholly-owned by Seaport which was, in turn, wholly-owned by Excellence.

Saved as disclosed herein, as at 30 June 2015, the Company had not been notified of any other persons who had interests or short positions in the shares or underlying shares of the Company, which are required to be recorded in the register of interests of the Company required to be kept under Section 336 of the SFO.

## Other Information

### **CORPORATE GOVERNANCE**

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

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

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

### **REVIEW OF INTERIM RESULTS**

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

### **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 of all the directors has been made and all the directors have confirmed that they have complied with the Model Code throughout the six months ended 30 June 2015.

### **CHANGES IN DIRECTOR'S BIOGRAPHICAL DETAILS**

Change in director's biographical details since the date of 2014 Annual Report of the Company, which is required to be disclosed pursuant to 13.51B of the Listing Rules, is set out below.

Mr Yu Lup Fat Joseph was appointed as an Independent Non-executive director of Chong Hing Bank Limited (Stock Code: 1111) with effect from 4 August 2015.

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

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

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

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