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

(Incorporated in Hong Kong with limited liability)
(Stock code: 123)

2011 INTERIM RESULTS ANNOUNCEMENT

UNAUDITED RESULTS

The board of directors ("Directors" or "Board") of Yuexiu Property Company Limited ("Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries ("Group") prepared under Hong Kong Accounting Standard 34 "Interim Financial Reporting" for the six months ended 30 June 2011, as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2011

		Unaudited Six months ended 30 June	
	Note	**2011**	**2010**
		RMB'000	*RMB'000*
Revenue	3	4,957,200	1,037,347
Cost of sales	4	(2,713,187)	(623,584)
Gross profit		2,244,013	413,763
Proceeds from sales of investment properties		445,111	702,296
Direct costs of investment properties sold		(329,985)	(499,812)
Gain on sales of investment properties		115,126	202,484
Fair value gains on revaluation of investment properties		4,885,689	187,168
Selling and marketing costs	4	(78,428)	(92,091)
Administrative expenses	4	(290,852)	(296,625)

	Note	Unaudited Six months ended 30 June 2011 RMB'000	2010 RMB'000
Operating profit		6,875,548	414,699
Finance income		29,840	12,384
Finance costs		(140,074)	(73,100)
Net foreign exchange gain on financing activities		54,536	29,039
Share of profits of			
- jointly controlled entities		2,046	45,979
- associated entities		298,871	97,486
Profit before taxation		7,120,767	526,487
Taxation	5	(2,541,487)	(139,361)
Profit for the period		4,579,280	387,126
Attributable to			
Equity holders of the Company		4,481,035	355,660
Non-controlling interests		98,245	31,466
		4,579,280	387,126
Earnings per share for profit attributable to equity holders of the Company (expressed in RMB per share)	6		
- Basic		0.4827	0.0498
- Diluted		0.4812	0.0495

	Note	Unaudited Six months ended 30 June 2011 RMB'000	2010 RMB'000
Dividend	7	304,758	—

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2011

	Unaudited Six months ended 30 June	
	2011	**2010**
	RMB'000	*RMB'000*
Profit for the period	4,579,280	387,126
Other comprehensive income:		
Currency translation differences	(39,036)	(23,318)
Change in fair value of available-for-sale financial assets, net of tax	(95,756)	23,101
Other comprehensive loss for the period, net of tax	(134,792)	(217)
Total comprehensive income for the period	4,444,488	386,909
Attributable to		
Equity holders of the Company	4,350,141	354,085
Non-controlling interests	94,347	32,824
	4,444,488	386,909

CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2011

		As at	
	Note	**30 June 2011** *Unaudited* *RMB'000*	**31 December 2010** *Audited* *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		2,352,472	2,199,676
Investment properties		13,065,979	7,632,075
Land use rights		529,555	547,113
Interests in jointly controlled entities		112,225	110,289
Interests in associated entities		1,868,957	1,608,654
Available-for-sale financial assets		1,054,585	1,154,600
Deferred tax assets		47,361	44,216
Accrued rent receivable		64,294	—
		19,095,428	13,296,623
Current assets			
Properties under development		21,741,725	17,305,880
Properties held for sale		2,043,279	2,621,017
Prepayments for land use rights		7,672,308	6,254,647
Inventories		57,243	47,847
Trade receivables	8	22,805	10,041
Other receivables, prepayments and deposits		988,308	3,329,834
Taxation recoverable		511,171	442,329
Charged bank deposits		784,931	1,021,635
Cash and cash equivalents		6,616,980	6,451,077
		40,438,750	37,484,307

	Note	As at 30 June 2011 Unaudited RMB'000	As at 31 December 2010 Audited RMB'000
LIABILITIES			
Current liabilities			
Trade and note payables	9	247,866	171,301
Land premium payable		45,944	45,944
Advance receipts from customers		5,698,825	7,900,585
Other payables and accrued charges		5,265,776	4,633,355
Borrowings		5,682,106	6,033,686
Taxation payable		677,472	536,868
		17,617,989	19,321,739
Net current assets		22,820,761	18,162,568
Total assets less current liabilities		41,916,189	31,459,191
Non-current liabilities			
Borrowings		15,340,274	11,702,660
Deferred tax liabilities		5,782,730	3,410,438
		21,123,004	15,113,098
Net assets		20,793,185	16,346,093
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		850,998	850,915
Share premium		8,871,523	8,870,951
Other reserves		636,976	769,930
Retained earnings			
- Proposed dividend	7	304,758	—
- Others		9,546,770	5,368,564
		20,211,025	15,860,360
Non-controlling interests		582,160	485,733
Total equity		20,793,185	16,346,093

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 **Basis of preparation**

This condensed consolidated interim financial information for the six months ended 30 June 2011 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 ("HKICPA"). The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2010, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

2 **Accounting policies**

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2010, as described in those annual financial statements.

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

a) Amended and revised standards adopted by the Group:

The following amendment and revision to standards are mandatory for the first time for the financial year beginning 1 January 2011.

Amendment to HKAS 34 'Interim Financial Reporting' is effective for annual periods beginning on or after 1 January 2011. It emphasises the existing disclosure principles in HKAS 34 and adds further guidance to illustrate how to apply these principles. Greater emphasis has been placed on the disclosure principles for significant events and transactions. Additional requirements cover disclosure of changes to fair value measurement (if significant), and the need to update relevant information from the most recent annual report. The change in accounting policy only results in additional disclosures.

HKAS 24 (Revised), "Related Party Disclosures" is effective for annual periods beginning on or after 1 January 2011. It introduces an exemption from all of the disclosure requirements of HKAS 24 for transactions among government related entities and the government. Those disclosures are replaced with a requirement to disclose (i) the name of the government and the nature of their relationship; (ii) the nature and amount of any individually significant transactions; and (iii) the extent of any collectively-significant transactions qualitatively or quantitatively. It also clarifies and simplifies the definition of a related party. The change in accounting policy only results in additional disclosures.

b) Amendments and interpretation to existing standards effective in 2011 but not relevant to the Group:

HKAS 32 (Amendment)	Classification of Rights Issues
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
HK(IFRIC)-Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments

In addition, HKICPA also published a number of amendments for the existing standards under its annual improvement project. These amendments, except for amendment to HKAS 34 "Interim Financial Reporting" as disclosed in Note 2(a), are not expected to have a significant financial impact on the results and financial position of the Group.

c) The following new standards and amendments to existing standards have been issued but are not effective for the financial year beginning 1 January 2011 and have not been early adopted:

		Effective for accounting periods beginning on or after
HKAS 1 (Amendment)	Presentation of Financial Statements	1 July 2012
HKAS 12 (Amendment)	Deferred Tax: Recovery of Underlying Assets	1 January 2012
HKAS 19 (Amendment)	Employee Benefits	1 January 2013
HKFRS 1 (Amendment)	Disclosures — Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1 July 2011
HKFRS 7 (Amendment)	Disclosures — Transfers of Financial Assets	1 July 2011
HKFRS 9	Financial Instruments	1 January 2013
HKFRS 10	Consolidated Financial Statements	1 January 2013
HKFRS 11	Joint Arrangements	1 January 2013
HKFRS 12	Disclosure of Interests in Other Entities	1 January 2013
HKFRS 13	Fair Value Measurements	1 January 2013

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

3 Segment information

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

The Board considers the business by nature of business activities and assesses the performance of property development, property management, property investment and others.

The Board assesses 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. Other information provided, except as noted below, to the Board is measured in a manner consistent with that in the condensed consolidated income statement.

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 Board is measured in a manner consistent with that in the condensed consolidated income statement.

	Property development *RMB'000*	**Property management** *RMB'000*	**Property investment** *RMB'000*	**Others** *RMB'000*	**Group** *RMB'000*
Six months ended 30 June 2011					
Revenue	4,416,751	214,095	175,443	268,481	5,074,770
Inter-segment revenue	—	(26,040)	(3,336)	(88,194)	(117,570)
Revenue from external customers	4,416,751	188,055	172,107	180,287	4,957,200
Reportable segment results	1,744,816	7,807	5,134,668	10,067	6,897,358
Share of profits of					
- jointly controlled entities	2,046	—	—	—	2,046
- associated entities	298,871	—	—	—	298,871
Six months ended 30 June 2010					
Revenue	382,662	184,310	157,015	513,932	1,237,919
Inter-segment revenue	—	(5,403)	(3,900)	(191,269)	(200,572)
Revenue from external customers	382,662	178,907	153,115	322,663	1,037,347
Reportable segment results	54,122	4,133	352,814	24,865	435,934
Share of profits of					
- jointly controlled entities	45,979	—	—	—	45,979
- associated entities	97,486	—	—	—	97,486

	Property development *RMB'000*	Property management *RMB'000*	Property investment *RMB'000*	Others *RMB'000*	Group *RMB'000*
As at 30 June 2011					
Segment assets	41,921,255	284,119	13,065,979	249,165	55,520,518
Interests in jointly controlled entities	112,225	—	—	—	112,225
Interests in associated entities	1,868,957	—	—	—	1,868,957
Total reportable segments' assets	43,902,437	284,119	13,065,979	249,165	57,501,700
As at 31 December 2010					
Segment assets	38,587,111	241,928	7,632,075	326,743	46,787,857
Interests in jointly controlled entities	110,289	—	—	—	110,289
Interests in associated entities	1,608,654	—	—	—	1,608,654
Total reportable segments' assets	40,306,054	241,928	7,632,075	326,743	48,506,800

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

	Six months ended 30 June 2011 *RMB'000*	2010 *RMB'000*
Reportable segment results	6,897,358	435,934
Unallocated operating costs	(21,810)	(21,235)
Operating profit	6,875,548	414,699
Finance income	29,840	12,384
Finance costs	(140,074)	(73,100)
Net foreign exchange gain on financing activities	54,536	29,039
Share of profits of		
— jointly controlled entities	2,046	45,979
— associated entities	298,871	97,486
Profit before taxation	7,120,767	526,487

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

	As at 30 June 2011 *RMB'000*	As at 31 December 2010 *RMB'000*
Total reportable segments' assets	57,501,700	48,506,800
Deferred tax assets	47,361	44,216
Taxation recoverable	511,171	442,329
Corporate assets	1,473,946	1,787,585
Total assets	59,534,178	50,780,930

Information about geographical area is provided as follows:

	Revenue Six months ended 30 June		Total assets	
	2011 *RMB'000*	2010 *RMB'000*	As at 30 June 2011 *RMB'000*	As at 31 December 2010 *RMB'000*
Hong Kong	71,382	85,287	1,817,954	1,755,919
China	4,884,933	951,549	55,651,914	46,699,036
Overseas	885	511	31,832	51,845
	4,957,200	1,037,347	57,501,700	48,506,800
Unallocated assets			2,032,478	2,274,130
			59,534,178	50,780,930

4 **Expenses by nature**

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

	Six months ended 30 June 2011 *RMB'000*	Six months ended 30 June 2010 *RMB'000*
Amortisation of land use rights	9,283	9,397
Depreciation		
— Owned property, plant and equipment	26,295	24,773
— Leased property, plant and equipment	27	18
Reversal of provision for impairment of property, plant and equipment	(8,415)	—
Reversal of provision for impairment of properties under development	(20,914)	(13,766)

5 **Taxation**

(a) Hong Kong profits tax has been provided at the rate of 16.5 percent (2010: 16.5 percent) on the estimated assessable profit for the period.

(b) China enterprise income taxation is provided on the profits of the Group's subsidiaries, associated entities and jointly controlled entities in China at 25 percent (2010: 25 percent).

In addition, dividend distribution out of profit of foreign-invested enterprises earned after 1 January 2008 is subject to corporate withholding income tax at tax rates ranging from 5 percent to 10 percent. During the period, withholding income tax was provided for the dividend distributed and undistributed profit, recognised based on HKFRS, of the Group's subsidiaries, jointly controlled entities and associated entities in China at tax rates ranging from 5 percent to 10 percent (2010: 5 percent).

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

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

	Six months ended 30 June	
	2011	**2010**
	RMB'000	*RMB'000*
Current taxation		
Hong Kong profits tax	2,487	2,960
China enterprise income tax	101,358	22,142
China land appreciation tax	201,258	105,084
Corporate withholding income tax	—	277
Deferred taxation		
Origination and reversal of temporary differences	1,882,556	(16,313)
Corporate withholding income tax on undistributed profits	353,828	25,211
	2,541,487	139,361

6 **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 2011	2010
Profit attributable to equity holders of the Company (RMB'000)	4,481,035	355,660
Weighted average number of ordinary shares in issue ('000)	9,283,497	7,137,409
Basic earnings per share (RMB)	0.4827	0.0498

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has share options outstanding during the period which are dilutive potential ordinary shares. Calculation is made to determine the number of shares that could have been acquired at fair value (determined as the average daily market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options.

	Six months ended 30 June 2011	2010
Profit attributable to equity holders of the Company (RMB'000)	4,481,035	355,660
Weighted average number of ordinary shares in issue ('000)	9,283,497	7,137,409
Adjustments for share options ('000)	29,128	44,160
Weighted average number of ordinary shares for diluted earnings per share ('000)	9,312,625	7,181,569
Diluted earnings per share (RMB)	0.4812	0.0495

7 **Dividend**

	Six months ended 30 June	
	2011	**2010**
	RMB'000	*RMB'000*
2010 final, paid, nil (2009: nil) per share	—	—
2011 interim, proposed, of HK$0.04 equivalent to RMB0.033 (2010: nil) per share	304,758	—

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

8 **Trade receivables**

The Group has defined 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	As at 31 December
	2011	**2010**
	RMB'000	*RMB'000*
0 - 30 days	15,266	6,740
31 - 90 days	5,578	40
91 - 180 days	150	63
181 - 365 days	129	—
Over 1 year	1,682	3,198
	22,805	10,041

9 **Trade and note payables**

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

	As at 30 June	As at 31 December
	2011	**2010**
	RMB'000	*RMB'000*
0 - 30 days	238,842	165,993
31 - 90 days	5,317	3,343
91 - 180 days	2,928	988
1 - 2 years	165	400
Over 2 years	614	577
	247,866	171,301

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the first half of 2011 (“Reporting Period”), the Group confronted a complicated economic landscape and proactively coped with an array of stringent macro-control polices. It managed to retain financial health and cash flow stability by successfully raising capital and maintaining the pace of sales. At the same time the Group sped up its rate of development and exercised effective control over project construction, which has led to enhancement in asset quality and operational efficiency. Corporate branding and identity has also been further strengthened.

During the Reporting Period, the Group realized revenue of RMB4,957 million, an increase of 377.9% over the same period in 2010. Revaluation gain of investment properties and recognized revenue of property sales surged significantly. Profit attributable to equity holders reached RMB4,481 million, an increase of 1159.9% over the same period in 2010. Basic earnings per share amounted to approximately RMB0.4827, an increase of 869.3% over the same period in 2010. Excluding the factor of revaluation gain, profit attributable to equity holders was RMB998 million, representing an increase of 350.8%, while basic earnings per share was RMB0.1076.

The Board resolved to declare the payment of an interim dividend for 2011 of HK$0.04 per share, which is equivalent to approximately RMB0.033 per share. The dividend accounted for 30.5% of the profit attributable to equity holders after excluding the revaluation gain on investment properties.

Market Analysis

During the Reporting Period, the Chinese economy managed to stay on a healthy and steady growth track by achieving growth expectation while implementing a number of tightening measures, notwithstanding the complex and volatile economic challenges both at home and abroad. GDP reached RMB20,445.9 billion, representing an increase of 9.6% over the same period in 2010. GDP of Guangzhou amounted to RMB 573.0 billion, representing a growth of 11.0% as compared to the same period in 2010.

During the Reporting Period, local governments intensified their efforts to accelerate social housing construction and imposed various measures, including purchase restrictions, credit controls and price restrictions. Against this background, real estate market in a number of cities began to cool down. During the Reporting Period, 444.19 million sq. m. of commodity housing was sold nation-wide, representing an increase of 13% over the same period in 2010. Transaction value reached RMB2,458.9 billion, representing an increase of 24% over the same period in 2010.

Average transaction price per sq. m. was RMB5,536, an increase of 10% over the same period in 2010. In Guangzhou, commodity housing sold decreased by 4% over the same period in 2010 to 3.85 million sq.m. Transaction value amounted to RMB56.0 billion, an increase of 13% over the same period in 2010. Average transaction price per sq.m. rose by 18% over the same period in 2010 to RMB14,545.

Property Contracted Sales on Track

Jun Cheng, phase 8 of Southern Le Sand, the only new project launched during the Reporting Period, is located in Nansha District of Guangzhou and was put on the market in April 2011 with total gross floor area ("GFA") of 68,000 sq.m (Block 2-4, 7-15,20). Thanks to its successful market positioning, more than 80% was sold with contracted sales amounting to RMB468 million.

During the Reporting Period, GFA of contracted sales dropped by 39.5% from the same period in 2010 to 199,100 sq. m., representing 36.9% of the 2011 target of 540,000 sq. m.; contracted sales value dropped by 43.0% from the same period in 2010 to RMB3,074 million, representing 34.2% of the 2011 target of RMB9 billion. Average selling price (ASP) was RMB15,400 per sq.m., a decrease of 6.1% over the same period in 2010. Contracted sales results in the Reporting Period met management expectation.

Nine new projects will be launched in the second half of 2011, of which five are in Guangzhou, namely Starry Golden Sands, Starry Wenhua, Fortune Century Square, Huadu Glade Greenland and Jun Cheng (Block 5, 6, 21), and the other projects are Jiangmen Starry Mountain (formerly Starry Regal Court), Yantai Starry Phoenix, Shenyang Linghai Project, and Zhongshan Starry Winking.

Particulars of contracted sales are summarized below:

Project Name	**Land Use**	**GFA (sq.m.)**	**Value (RMB mil)**	**ASP (RMB/ sq.m.)**	**Location**
Jiang Nan New Mansion	Residential	2,100	49	23,300	Haizhu, Guangzhou
Springland Garden	Residential/ Commercial	23,300	557	23,900	Haizhu, Guangzhou
Ling Nan Riverside	Residential	26,200	534	20,400	Liwan, Guangzhou
Guangzhou Starry Winking	Residential	1,400	49	35,000	Tianhe, Guangzhou
Paradiso Homeland	Residential	9,200	227	24,600	Haizhu, Guangzhou
Cong Hua Glade Village	Residential	23,000	201	8,700	Conghua, Guangzhou
Southern Le Sand	Residential	64,800	572	8,800	Nansha, Guangzhou
Other Projects	N/A	21,200	383	18,000	Guangzhou
Sub-total		171,200	2,572	15,200	
Investment Properties	N/A	27,900	502	18,000	Guangzhou
Total		199,100	3,074	15,400	

During the Reporting Period, recognized sales area was approximately 304,700 sq. m. (including 27,500 sq. m. of investment properties), an increase of 344.8% over the same period in 2010 while recognized sales revenue amounted to approximately RMB4,862 million (including RMB445 million of sale of investment properties), an increase of 348.1% over the same period in 2010. ASP reached approximately RMB16,000 per sq. m. (including sold investment properties), representing an increase of 1.3% over the same period in 2010. Overall gross profit margin was 43.6%, representing an increase of 4.9 percentage points as compared to the corresponding period in 2010.

Particulars of recognized property sales are summarized as follow:

Project Name	Land Use	GFA (sq.m.)	Value (RMB mil)	ASP (RMB/ sq.m.)	Location
Jiang Nan New Mansion	Residential	83,200	1,440	17,300	Haizhu, Guangzhou
Springland Garden	Residential	82,500	1,223	14,800	Haizhu, Guangzhou
Guangzhou Starry Winking	Residential	47,900	1,119	23,400	Tianhe, Guangzhou
Southern Le Sand	Residential	49,300	389	7,900	Nansha, Guangzhou
Other Projects	N/A	14,300	246	17,200	Guangzhou
Sub-total		277,200	4,417	16,000	
Investment Properties	N/A	27,500	445	16,200	Guangzhou
Total		304,700	4,862	16,000	

Properties sold but not yet recognized at the end of the Reporting Period amounted to approximately 430,700 sq. m. in GFA and RMB6,615 million in value. ASP was approximately RMB15,400 per sq. m. Details are summarized as follows:

Project Name	Land Use	GFA (sq.m.)	Value (RMB mil)	ASP (RMB/ sq.m.)	Location
Jiang Nan New Mansion	Residential	63,100	1,160	18,400	Haizhu, Guangzhou
Springland Garden	Residential/ Commercial	23,300	546	23,400	Haizhu, Guangzhou
Ling Nan Riverside	Residential	149,800	2,425	16,200	Liwan, Guangzhou
Guangzhou Starry Winking	Residential	3,400	114	34,100	Tianhe, Guangzhou
Paradiso Homeland	Residential	42,600	995	23,400	Haizhu, Guangzhou
Cong Hua Glade Village	Residential	57,300	416	7,300	Conghua, Guangzhou
Southern Le Sand	Residential	76,000	627	8,200	Nansha, Guangzhou
Other Projects	N/A	4,500	90	20,000	Guangzhou
Sub-total		420,000	6,373	15,200	
Investment Properties	N/A	10,700	242	22,600	Guangzhou
Total		430,700	6,615	15,400	

Steady Growth in Landbank

During the Reporting Period, the Group continued to adhere to its strategic positioning of “home base in Guangzhou and strategic expansion nationwide” and selectively sought to expand in a number of strategic cities. During the Reporting Period, the Group acquired a parcel of land located at Nanta Street, Shenyang with a total GFA of 670,000 sq. m. at a land auction for an acquisition price of RMB2.15 billion. In the second half of 2011, the Group will continue to identify suitable landbank acquisition opportunities.

As of 30 June 2011, the Group’s undeveloped landbank amounted to approximately 6.786 million sq.m. Geographically, Guangzhou accounted for about 38%, Pearl River Delta (excluding Guangzhou) about 23%, Bohai Rim Economic Zone about 15%, Yangtze River Delta about 14%, and Central Region about 10%. On a land use basis, residential, office, commercial, and parking and others accounted for about 56%, 9%, 15% and 20% respectively. Particulars of these projects are summarised as follows:

Project Name	Interest Holding	GFA (sq.m.)	Residential (sq.m.)	Office (sq.m.)	Commercial (sq.m.)	Carpark & Others (sq.m.)	Location
Southern Le Sand	95%	1,635,000	809,000	161,000	465,000	200,000	Nansha, Guangzhou
Panyu Nanqu Plot	95%	554,000	351,000	—	49,000	154,000	Panyu, Guangzhou
Starry Golden Sands	100%	220,000	152,000	—	5,000	63,000	Baiyun, Guangzhou
Sports Stadium Building	100%	125,000	—	81,000	25,000	19,000	Yuexiu, Guangzhou
Jiang Nan New Village phase 3&4 (portion)	95%	10,000	7,000	—	—	3,000	Haizhu, Guangzhou
Other Projects	95%	60,000	31,000	—	7,000	22,000	Guangzhou
Zhongshan Starry Winking	95%	298,000	210,000	—	5,000	83,000	Nanqu, Zhongshan
Zhongshan Bo-ai Plot	95%	513,000	244,000	127,000	3,000	139,000	Dongqu, Zhongshan
Jiangmen Starry Mountain	95%	383,000	266,000	—	21,000	96,000	Beixin, Jiangmen
Nanhai Plot	95%	273,000	100,000	37,000	81,000	55,000	Nanhai, Foshan
Yau Tong Property	100%	59,000	59,000	—	—	—	Yautong, Hong Kong
Hangzhou Lin-an Plot	100%	963,000	653,000	48,000	102,000	160,000	Lin-an, Hangzhou
Wuhan Qiaokou Land	99.75%	710,000	309,000	143,000	58,000	200,000	Qiaokou, Wuhan
Shenyang Linghai Project	99.95%	313,000	305,000	—	—	8,000	Xinqu, Shenyang
Shenyang Nanta Street Plot	100%	670,000	312,000	—	198,000	160,000	Dongling, Shenyang
Total		6,786,000	3,808,000	597,000	1,019,000	1,362,000	

Full Commencement of Projects

In order to achieve the Group's target of becoming a quality national property developer, the Group has taken bold measures in launching project development and implementing stringent project management with the aim of achieving efficiency and quality. During the Reporting Period, construction at eight new projects commenced and the newly developed GFA amounted to approximately 1 million sq.m., achieving 72% of the 2011 target of 1.38 million sq.m. These eight new projects were Fortune Center in Guangzhou, Zhujiang New Town D8-C3, Jiang Nan New Village (phase 4 area 10), Starry Wenhua (phase 2), Fortune World Plaza (phase 2), Southern Le Sand (phase 8 area 2), Zhongshan Starry Winking (phase 2) and Zhongshan Qiguan Plot.

With enhanced coordination and project planning, the Group is confident that it will be able to launch nine new projects in the second half of 2011 and the contracted sales target for 2011 would be achieved.

As at 30 June 2011, GFA under development amounted to approximately 3.67 million sq.m. The significant increase in GFA under development would ensure that smooth supply of projects for sale in the second half of 2011 and onwards. Geographically, Guangzhou accounted for about 76%, Pearl River Delta (excluding Guangzhou) about 17% and Bohai Rim Economic Zone about 7%. On a land use basis, residential, office, commercial, and parking and other properties accounted for about 49%, 15%, 12% and 24% respectively. Details of these projects are summarised as follows:

Project Name	Interest Holding	GFA (sq.m.)	Residential (sq.m.)	Office (sq.m.)	Commercial (sq.m.)	Carpark & Others (sq.m.)	Location
Southern Le Sand	95%	498,000	315,000	89,000	71,000	23,000	Nansha, Guangzhou
Asia Pacific Century Plaza	95%	232,000	—	105,000	27,000	100,000	Tianhe, Guangzhou
Starry Wenhua (phase 1)	95%	222,000	148,000	—	—	74,000	Panyu, Guangzhou
Starry Wenhua (phase 2)	95%	289,000	192,000	—	—	97,000	Panyu, Guangzhou
Fortune Center (B2-10)	95%	210,000	—	157,000	7,000	46,000	Tianhe, Guangzhou
Fortune World Plaza (phase 1)	97.55%	210,000	—	—	210,000	—	Liwan, Guangzhou
Fortune World Plaza (phase 2)	97.55%	125,000	—	113,000	—	12,000	Liwan, Guangzhou
Ling Nan Riverside	97.55%	192,000	170,000	—	—	22,000	Liwan, Guangzhou
Starry Golden Sands (phase 1)	100%	187,000	134,000	—	1,000	52,000	Baiyun, Guangzhou
Guangzhou International Finance Centre (“Guangzhou IFC”) (portion)	99%	138,000	54,000	—	—	84,000	Tianhe, Guangzhou
Fortune Century Square (D3-7)	100%	134,000	—	97,000	9,000	28,000	Tianhe, Guangzhou
Huadu Glade Greenland	100%	93,000	71,000	—	—	22,000	Huadu, Guangzhou
Paradiso Homeland	95%	74,000	58,000	—	—	16,000	Haizhu, Guangzhou
Cong Hua Glade Village	95%	69,000	57,000	—	—	12,000	Conghua, Guangzhou
Jiang Nan New Village phase 3&4 (portion)	95%	52,000	32,000	—	—	20,000	Haizhu, Guangzhou
D8-C3, Zhujiang New Town	95%	35,000	21,000	—	—	14,000	Tianhe, Guangzhou
Other Projects	95%	36,000	—	—	—	36,000	Guangzhou
Jiangmen Starry Mountain (phase 1)	95%	195,000	138,000	—	4,000	53,000	Beixin, Jiangmen
Zhongshan Starry Winking (phase 1)	95%	163,000	46,000	—	70,000	47,000	Nanqu, Zhongshan
Zhongshan Starry Winking (phase 2)	95%	95,000	95,000	—	—	—	Nanqu, Zhongshan
Zhongshan Qiguan Plot	100%	148,000	106,000	—	9,000	33,000	Shiqi, Zhongshan
Shenyang Linghai Project (phase 1)	99.95%	54,000	48,000	—	—	6,000	Xinqu, Shenyang
Yantai Starry Phoenix	95%	220,000	116,000	—	32,000	72,000	Zhifu, Yantai
Total		3,671,000	1,801,000	561,000	440,000	869,000	

The Continuous Deepening of Assets Adjustment

During the Reporting Period, the Group capitalized on market demand for investment properties in light of the tightening measures being implemented in the residential sector and continued to dispose of certain non-core investment assets. GFA of 27,900 sq.m with a sales value of RMB502 million was disposed of as a result. Since 2008, accumulated sales of non-core investment properties reached RMB2,518 million in total. The disposal of non-core investment assets has helped optimize the Group's investment property portfolio.

Following the formal opening of Guangzhou Friendship Store at the shopping area of Guangzhou IFC in November 2010, tenants started to move into the office space towards the end of the Reporting Period. The Group was among the first batch of tenants moving into Guangzhou IFC and its new headquarters there symbolized a milestone in its history and marked a new page in its corporate identity.

With the continuous economic development of Guangzhou and Zhujiang New Town in particular, office leasing remained active during the Reporting Period. Not only did the vacancy rate remain relatively low, rental rate was also climbing. As such, rental rate at Guangzhou IFC had reached as high as RMB280 per sq.m, which was a historical high in Guangzhou and surpassed the record of RMB245 per sq.m achieved in 2010. Leasing rate had also risen from 25% at the end of 2010 to 45% at the end of June 2011. There was a revaluation gain of RMB4,699 million attributable to the investment property portion of Guangzhou IFC during Reporting Period.

As at 30 June 2011, the Group's investment property portfolio amounted to approximately 870,000 sq.m., of which, office, commercial and parking space accounted for approximately 34%, 35% and 31% respectively. During the Reporting Period, the portfolio generated rental income of approximately RMB172 million and recorded a revaluation gain of approximately RMB4,886 million, taking the total fair value of the portfolio to RMB13,066 million.

Particulars of the investment properties are summarized as follows:

Project Name	GFA (sq.m.)	Office (sq.m.)	Commercial (sq.m.)	Carparks (sq.m.)	Location
Guangzhou IFC (portion)	227,100	158,900	46,900	21,300	Tianhe, Guangzhou
Popark Plaza	85,000	—	85,000	—	Tianhe, Guangzhou
Jin Han Building	45,800	45,800	—	—	Yuexiu, Guangzhou
Hong Kong Properties	29,700	11,100	3,200	15,400	Hong Kong
Guang Yuan Cultural Centre	32,000	—	20,700	11,300	Yuexiu, Guangzhou
Huangshi Garden	34,500	—	31,000	3,500	Baiyun, Guangzhou
Xiangkang Commercial Plaza	32,200	28,800	—	3,400	Yuexiu, Guangzhou
Victory Plaza	23,000	1,100	—	21,900	Tianhe, Guangzhou
Yue Xiu City Plaza	36,400	1,400	16,700	18,300	Yuexiu, Guangzhou
Hong Fa Building	32,300	17,300	—	15,000	Tianhe, Guangzhou
Other Projects (include carparks)	291,900	32,700	102,200	157,000	Guangzhou
Total	869,900	297,100	305,700	267,100	

Management Standards on the Rise

To further shorten the development cycle and implement nationwide expansion initiative, the Group continued to strengthen product standardization. Moreover, in order to enhance our brand awareness, the Group has established a brand utilization and management system and formulated rules of brand utilization and promotion. At the same time, a green-initiative technology committee was established and it has conducted nearly 30 researches on safety, energy-saving and green initiatives with practical implementation potential. To further the cooperation with government and other business entities on this research front, the Company has become a member of the Green Building Council of Guangdong Province (廣東省綠色建築委員會).

Other Businesses

In the Reporting Period, revenue from decoration business amounted to RMB102 million, representing an increase of 3.9% over the same period in 2010. Property management revenue was approximately RMB188 million, an increase of 5.1% over the same period in 2010.

GZI Real Estate Investment Trust (GZI REIT), an associate of the Company, achieved gross revenue of approximately RMB257 million, representing an increase of 7.1% over the same period last year. The total amount of distributable income was RMB118 million, representing a slight increase of 2.0% over the same period last year. As the Group held a 35.58% interest in the trust, it would receive a cash distribution of RMB42 million. The Group is also actively seeking to make best use of the interaction in commercial properties between the Group and GZI REIT.

Future Prospects

Looking forward, as there is abundant inventory available for sale in the second half of 2011, management is highly confident that the 2011 contracted sales target of not less than 540,000 sq. m. and RMB 9 billion could be achieved. It is worth mentioning that the four new projects to be launched in Jiangmen, Yantai, Shenyang and Zhongshan in the second half of 2011 will be the highlights of the Group's strategic nationwide expansion plan, of which Jiangmen Starry Mountain and Yantai Starry Phoenix commenced grand sales in late July and the beginning of August respectively. Sell-through rate reached 56% and 60% respectively for the first phase sales, paving a good foundation for property sales in the second half. The Group will devote every effort to speed up the sales process and generation of cash inflow including nine new projects in the second half of 2011.

Further our efforts in commencing new projects. During the Reporting Period, newly constructed GFA reached a record high as the Group sought to achieve the target of commencing construction on at least 1.38 million sq.m. in the full year of 2011. The target might be raised to as high as 2 million sq.m. so as to build a solid foundation for rapid growth in the future.

Closely monitor the opportunity to increase land bank. The Group will seek to capitalize on its financial strength by taking advantage of attractive land acquisition targets offered by the current price environment and potential merger and acquisition opportunities. It will seek to solidify in its home base and to grow its national footprint in select second-tier and third-tier cities.

FINANCIAL REVIEW

ANALYSIS ON OPERATING RESULTS

Profit attributable to equity holders of the Company

For the period ended 30 June 2011, the Group recorded profit attributable to equity holders of approximately RMB4,481 million, representing a significant increase of 1,159.9% over the same period last year. Excluding the fair value gains on revaluation of investment properties, the profit attributable to equity holders recorded approximately RMB998 million, representing a significant increase of 350.8% over the same period last year.

Revenue and gross profit

For the period ended 30 June 2011, the Group's revenue (excluding the sales of investment properties) amounted to approximately RMB4,957 million, representing a significant increase of 377.9% over the same period last year. Gross profit margin was 45.3%, increased by 5.4 percentage points over the same period last year.

Due to the increase in recognized sales GFA to approximately 304,700 sq.m. over those for the same period last year of 68,500 sq.m., revenue from the property sales (including the sales of investment properties) recorded a significant increase of 348.1% to approximately RMB4,862 million during the period. Gross profit margin was 43.6%, increased by 4.9 percentage points over the same period last year.

Fair value gains on revaluation of investment properties

During the period, fair value gains on revaluation of investment properties amounted to approximately RMB4,886 million, representing a significant increase of 2,510.3% over the same period last year. This was mainly attributable to the fair value gains on revaluation of investment properties for Guangzhou IFC amounted to approximately RMB4,699 million.

Selling and marketing costs and administrative expenses

During the period, selling and marketing cost decreased to approximately RMB78 million, representing a decrease of 14.8% over the same period last year. The administrative expenses decreased to approximately RMB291 million, representing a decrease of 1.9% over the same period last year. The decrease in expenses was mainly attributable to strengthen cost control.

Finance costs

With the effect of increase in interest rate and our increased bank borrowings, the Group's interest expenses before capitalisation during the period amounted to approximately RMB470 million, representing an increase of 43% as compared to those for the same period last year of RMB328 million. Meanwhile, due to the substantial increase in properties under development as compared to the same period last year, capitalized interest expenses increased to approximately RMB330 million over those for the same period last year of approximately RMB255 million. As a result, finance costs recognized as expenses were approximately RMB140 million, representing an increase of 91.6% over those in the same period last year of approximately RMB73 million.

Share of profits of associated entities

For the period ended 30 June 2011, overall net contribution from the Group's associated entities amounted to RMB299 million, a rise of 206.6% over the same period last year. This was mainly derived from the Group's share of a 35.58% of the result of the GZI REIT.

Taxation

During the period, taxation amounted to approximately RMB2,541 million, representing a significant increase of 1,723.7% over the same period last year of RMB139 million. This was mainly due to the significant increase in revenue and fair value gains on revaluation of investment properties.

Earnings per share

For the period ended 30 June 2011, basic earnings per share attributable to equity holders of the Company were RMB0.4827 (30 June 2010: RMB0.0498).

Interim dividend

The Board resolved to declare an interim dividend for the first half of 2011 of HK$0.04 which is equivalent to approximately RMB0.033 (first half of 2010: nil) per share payable on 18 November 2011 to shareholders whose names appear on the Register of Members of the Company on 21 October 2011. The dividend accounted for 30.5% of the profit attributable to equity holders after excluding the revaluation gain on investment properties.

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

Liquidity and financial resources

As at 30 June 2011, the Group's working capital (current assets less current liabilities) amounted to approximately RMB22,821 million (31 December 2010: RMB18,163 million). The Group's current ratio (current assets over current liabilities) was 2.30 times. Cash and cash equivalents amounted to approximately RMB6,617 million (31 December 2010: RMB6,451 million). Charged bank deposits amounted to RMB785 million (31 December 2010: RMB1,022 million). Undrawn committed bank facilities amounted to approximately RMB1,472 million.

The Group's major sources of liquidity are from recurring cash flows of its business and committed bank facilities. The Group insists on the importance of maintaining a healthy and stable liquidity position so as to meet the need of a fast-changing external market and to safeguard the business development of the Group. Therefore, the Group places great emphasis on liquidity management and risk control. Other than maintaining good relationships with financial institutions in Hong Kong and Mainland China, the Group strives to explore alternative financing channels, seek to lower financing costs, and monitor the capital and debt structure from time to time. The Group also makes appropriate adjustments thereof in order to enhance its risk resistance capability.

Capital structure

The Group's capital structure is summarized as follows:

	As at 30 June 2011 *RMB'000*	As at 31 December 2010 *RMB'000*
Bank borrowings (floating rate)		
Denominated in RMB	13,308,868	12,871,558
Denominated in Hong Kong dollar	7,665,156	4,815,481
Total bank borrowings	20,974,024	17,687,039
Unsecured other borrowings	48,089	48,940
Finance lease	158	154
Bank overdrafts	109	213
Total debts	21,022,380	17,736,346

	As at 30 June 2011 RMB'000	As at 31 December 2010 RMB'000
Ageing analysis:		
Repayable within one year	5,682,106	6,033,686
In the second year	8,327,635	7,280,071
In the third to fifth year	4,012,639	1,422,589
Over five years	3,000,000	3,000,000
Total borrowings	21,022,380	17,736,346
Less: Cash and cash equivalents	(6,616,980)	(6,451,077)
Net borrowings	14,405,400	11,285,269
Shareholders' equity (excluding non-controlling interests)	20,211,025	15,860,360
Total capitalization	34,616,425	27,145,629
Gearing ratio	41.6%	41.6%

During the period, net new bank borrowings increased by approximately RMB3,286 million which had been wholly injected into the development of property projects.

Capital expenditures and investments

As at 30 June 2011, the Group's capital expenditures on property, plant, equipment, construction in progress, investment properties and land use rights amounted to approximately RMB1,049 million (30 June 2010: RMB702 million).

Interest rate exposure

Interest expenses accounted for a significant proportion of the Group's finance costs, and are charged at floating rates. The Group closely monitors the trend of interest rate fluctuations in the market and seeks to adopt appropriate risk management measures. The Group will explore appropriate interest rates hedging measures if and when deemed appropriate in the future with a view to mitigate the interest rate risks. At the same time, the Group may continue to seek more Hong Kong dollar borrowings so as to take advantage of Hong Kong dollar's lower interest rate.

Foreign exchange exposure

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

Capital commitments

As at 30 June 2011, the Group had unpaid land premium payable in respect of the land acquisition of approximately RMB1,103 million (31 December 2010: RMB3,145 million).

Other than the above, Group also had capital commitments in respect of the property, plant, equipment and investment properties amounted to approximately RMB1,753 million (31 December 2010: RMB2,243 million).

Contingent liabilities

The Group has provided guarantees in respect of mortgage facilities granted by certain banks relating to mortgage loans arranged for purchasers of the Group's properties in the Mainland China. Pursuant to the terms of the guarantees, upon default in mortgage payments by those purchasers, the Group will be responsible for repaying the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks whilst the Group will then be entitled to take over the legal title and possession of the related properties. Such guarantees will terminate upon issuance of the relevant property ownership certificates. As at 30 June 2011, total contingent liabilities relating to these guarantees amounted to approximately RMB1,923 million (31 December 2010: RMB1,923 million).

As at 30 June 2011, in connection with the disposal of a subsidiary to GZI REIT in 2008, the Group entered into a Deed of Indemnity to indemnify GZI REIT against certain liabilities for land premium, mortgage guarantees and deferred taxation with an estimated total amount of approximately RMB62 million. The Deed of Indemnity will expire on 30 May 2014.

Employees and remuneration policy

As at 30 June 2011, the Group had approximately 5,647 employees (31 December 2010: 5,430 employees). The Group remunerates its employees largely based on industry practice, including contributory provident funds and other staff benefits. Other employee benefits include provident fund, insurance and medical cover, educational allowances and training programs. The Group has also adopted share option schemes, with options awarded to employees according to their performance. Promotion and salary adjustments are based on performance.

CORPORATE GOVERNANCE

The Company has complied with the code provisions of the Code on Corporate Governance Practices ("Code Provisions") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the period ended 30 June 2011, except for the following deviation:

Code Provision A.4.1

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

REVIEW OF INTERIM RESULTS

The results of the Group for the six months ended 30 June 2011 have been reviewed by the Audit Committee and by the Company's auditor in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

The Company has not redeemed any of its shares during the six months ended 30 June 2011. 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 Tuesday, 18 October 2011 to Friday, 21 October 2011, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfers of shares accompanied by the relevant share certificates must be lodged for registration with the Company's Share Registrar, Tricor Abacus Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Monday, 17 October 2011.

By order of the Board
LU Zhifeng
Chairman

Hong Kong, 17 August 2011

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

Executive Directors:	*LU Zhifeng (Chairman), ZHANG Zhaoxing, LIANG Yi, TANG Shouchun, CHEN Zhihong and LAM Yau Fung Curt*
Independent Non-executive Directors:	*YU Lup Fat Joseph, LEE Ka Lun and LAU Hon Chuen Ambrose*