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# 2015 Annual Results Presentation

22 March 2016

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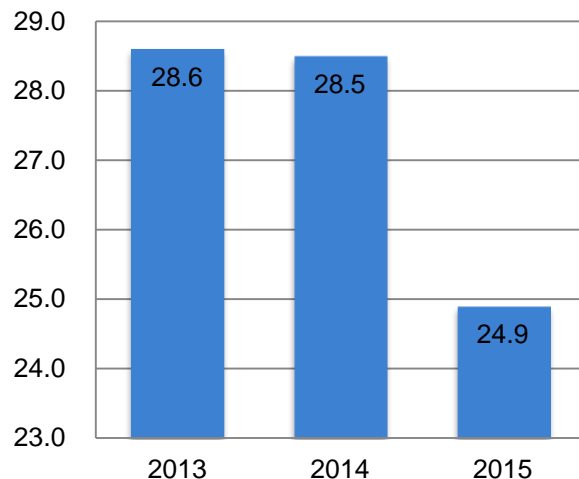
# Financial Summary



# Consolidated Income

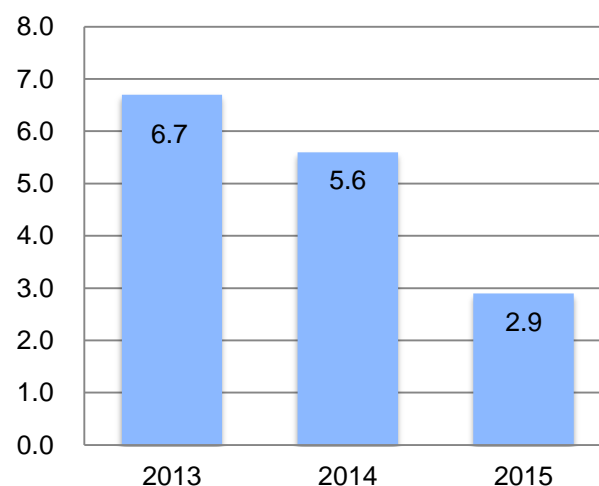
## Turnover

(HK\$ billion)

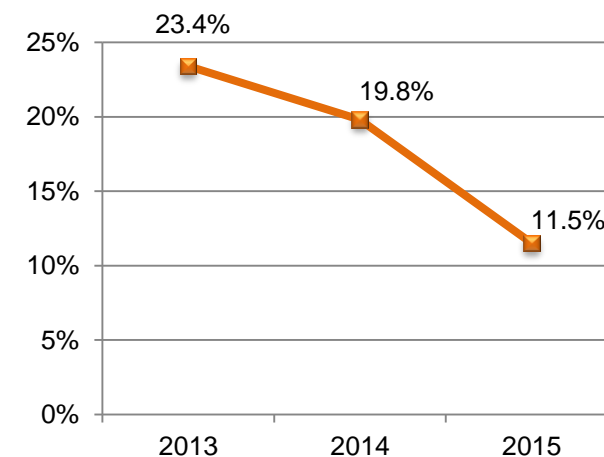


## Gross Profit

(HK\$ billion)



## Overall Gross Profit Margin



- In 2015, the Group's turnover was approximately HK\$24.9 billion, representing a decrease of 12.5% as compared with the corresponding period last year;
- Gross profit was approximately HK\$2.9 billion, representing a decrease of 49% as compared with the corresponding period last year;
- Overall gross profit margin was 11.5%.

# Consolidated Income

Consolidated Income				Audited
		2015	2014	2013
<b>Turnover</b>	( HK\$billion )	24.9	28.5	28.6
<b>Profit/Loss Attributable to Shareholders</b>	( HK\$billion )	(2.8)	0.9	2.7
<b>Basic Earnings/Loss per Share</b>	( HK cent )	(76.94)	25.49	74.74
<b>Gross Profit</b>	( HK\$billion )	2.9	5.6	6.7
<b>Overall Gross Profit Margin</b>	( % )	11.5	19.8	23.4

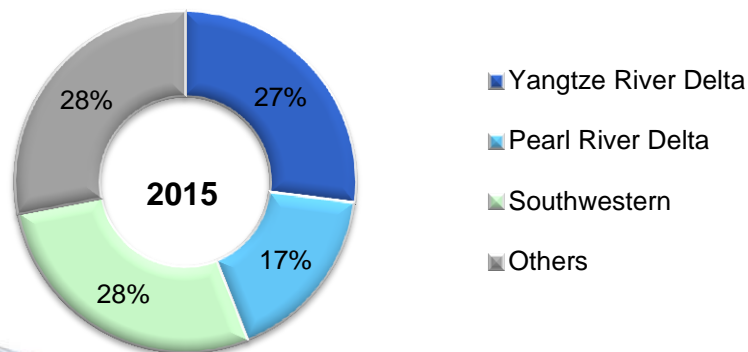
- Loss attributable to shareholders amounted to HK\$2.8 billion, due to the following factors:
  - (i) decline in sales and gross profit margin; (ii) impairment loss on properties under development and properties held for sale; (iii) exchange loss due to devaluation of Renminbi; (iv) decrease in gains from revaluation of investment properties; and (v) increase in finance costs.
- Basic loss per share was HK76.94 cents

# Recognized Sales – Property Development

- In 2015, recognized sales and recognized area sold reached approximately RMB20.2 billion and 2.31 million sq.m., respectively. The recognized average selling price was approximately RMB8,758 per sq.m..

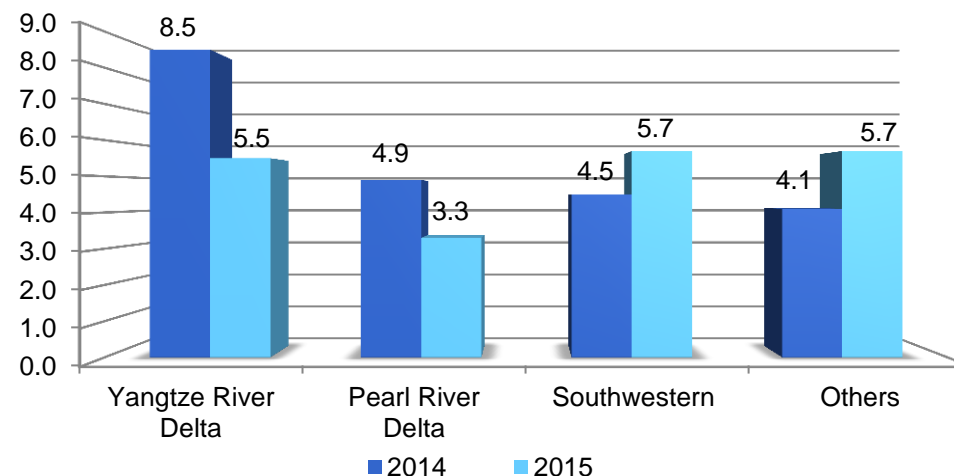
		2015	2014	2013
<b>Recognized Sales</b>	( RMB billion )	20.2	22.0	23.1
<b>Recognized Area Sold</b>	( million sq.m. )	2.3	1.8	2.4
<b>Recognized Average Selling Price</b>	( RMB/sq.m. )	8,758	12,027	9,758

Property Development Turnover: by Region



Property Development Turnover by Region: YoY Comparison

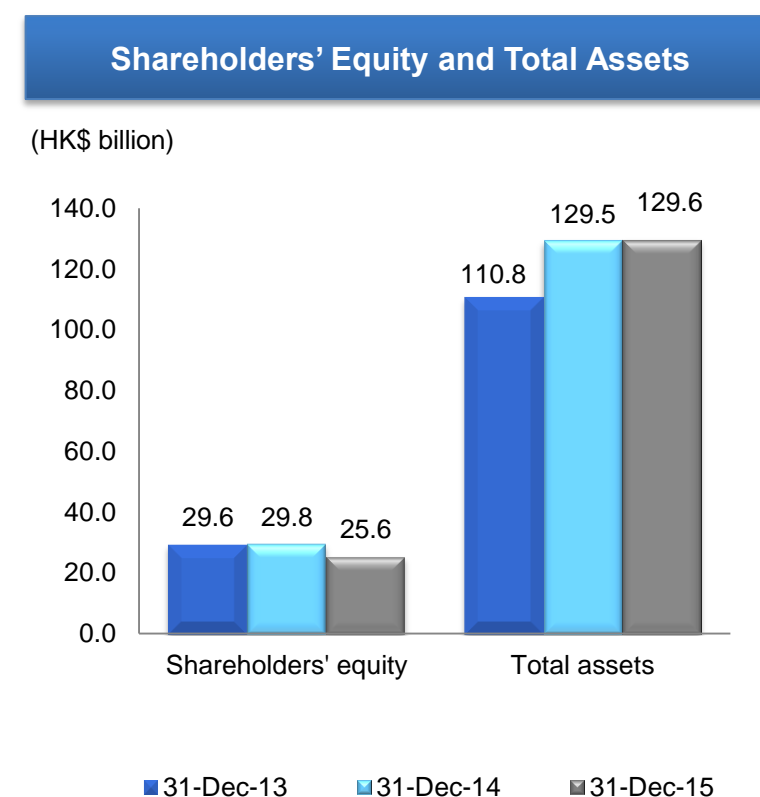
(RMB billion)



# Assets and Liabilities

- As of 31 December 2015, total assets amounted to approximately HK\$129.6 billion, which remained largely unchanged comparing to the beginning of 2015. Cash was approximately HK\$18.3 billion, up 2.8% as compared to the beginning of the year. Shareholders' Equity reached approximately HK\$25.6 billion, down by 14.1% as compared to the beginning of the year. Net asset value per share was approximately HK\$6.98.

		31 Dec. 2015	31 Dec. 2014	Change (%)
<b>Total assets</b>	(HK\$ billion)	129.6	129.5	0.1%
<b>--- inc. cash</b>	(HK\$ billion)	18.3	17.8	2.8%
<b>Total liabilities</b>	(HK\$ billion)	100.2	95.3	5.1%
<b>--- inc. borrowings from financial institutions and bonds</b>	(HK\$ billion)	53.2	52.6	1.1%
<b>Shareholders' equity</b>	(HK\$ billion)	25.6	29.8	-14.1%
<b>Net asset value per share</b>	(HK\$)	6.98	8.14	-14.3%





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# Business Review





# Business Review

- In 2015, the Group adopted the following operational strategies: ‘Inventory Clearance, Investment Control, Cost Reduction and Efficiency Enhancement, Innovative Development and On-going Injection of New Growth Drivers’

## ❖ Operational management

### – Strengthen investment planning to ensure healthy financial position:

Adjust development pace and capital management planning based on cash collections; target to unleash market potential by developing quality projects and maintain a balanced sales to inventory ratio

### – Adopt dynamic management system to strengthen controls on critical path:

Strengthen controls and standardize managements on key aspects of each project. Headquarter participates in monitoring critical path in each project to achieve efficient cost control

### – Enhance centralized financing management system and improve the financing structure:

Increase return on investment by enhancing the centralized financing management system and optimizing the capital structures of regional subsidiaries

### – Optimize the management system and explore an “asset-light” development model:

Optimize organizational structure of the headquarter and simplify decision making process. Further expand financing channels by establishing a capital management platform



# Business Review

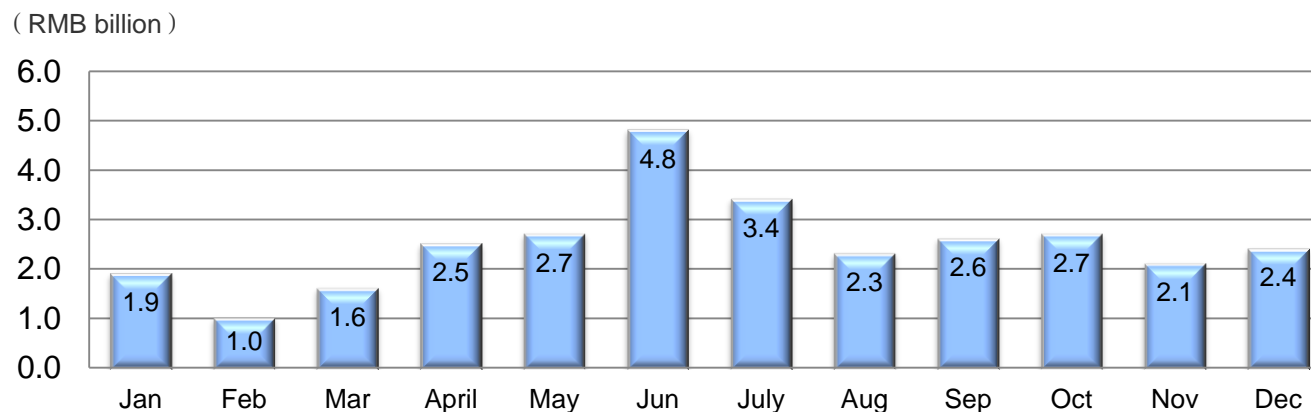
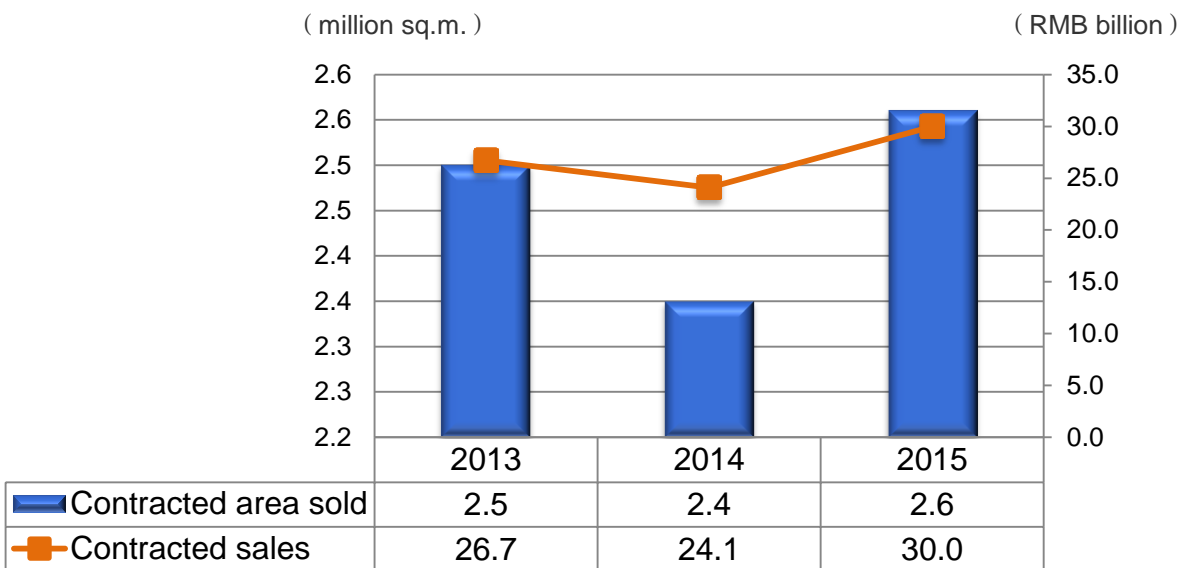
- In 2015, the Group adopted the following operational strategies: ‘Inventory Clearance, Investment Control, Cost Reduction and Efficiency Enhancement, Innovative Development and On-going Injection of New Growth Drivers’
  - ❖ **Branding and Marketing**
    - Led by the theme of the year – “Share with You”, the Group adhered to its “brand-oriented and quality-focused” business philosophy. With an aim to share this brand value with its employees, customers and partners, the Group enhanced its brand image by improving management and product quality, improving customer experience and actively exploring innovations.
    - Leveraged on its market know-how, the Group facilitated the sales of new projects through precise market positioning, product differentiation and innovative marketing.



# Contracted Sales

- In 2015, the Group exceeded its annual sales targets with contracted sales and area sold amounted to approximately RMB30.0 billion and 2.6 million sq. m. respectively, representing an year-on-year increase of 24.5% and 8.7%, respectively.
- A total of 56 projects were launched for sale in the year. In particular, 5 of which were debut launches.

## Contracted Sales and Contracted Area Sold



# New Launches

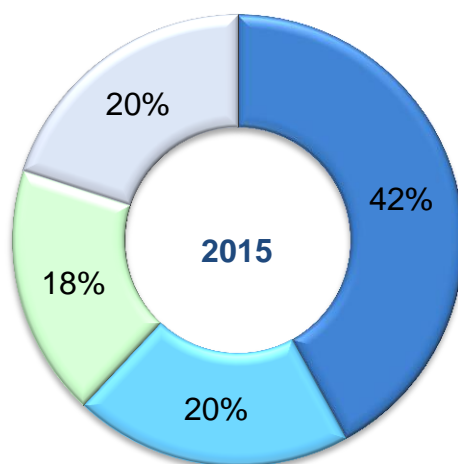
Projects	Debuted in
Shenzhen Poly Joy-Zone	June 2015
Ningbo Poly Wonderland	June 2015
Harbin Poly City	September 2015
Nanning Poly Town	October 2015
Shanghai Poly Phili Regency	December 2015



# Contracted Sales – by Region

- The Group closely followed and monitored the national policy and market conditions. Under the annual branding theme ‘Share with You’, the Group swiftly captured market opportunities, timely launched new projects and cleared inventories, and made contracted sales reaching RMB30 billion for the first time. During the year, the top five cities by contracted sales were Shanghai, Suzhou, Shenzhen, Ningbo and Guiyang.

### 2015 Contracted Sales – by Region



■ Yangtze River Delta 
 ■ Pearl River Delta 
 ■ Southwestern 
 ■ Others

### 2015 ASP of Contracted Sales – by Region

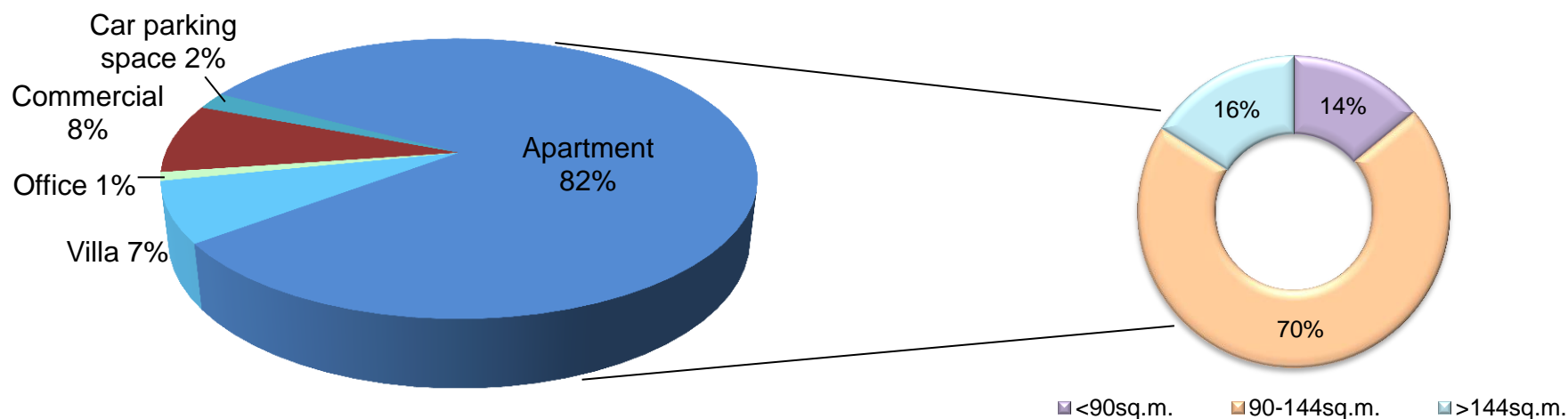
Region	2015 (RMB / sq.m.)	2014 (RMB / sq.m.)	Change
Yangtze River Delta	16,579	14,746	+12%
Pearl River Delta	12,692	10,639	+19%
Southwestern	7,156	7,946	-10%
Others	10,481	9,024	16%
<b>Average</b>	<b>11,735</b>	<b>10,245</b>	<b>+15%</b>



# Contracted Sales – by Product

- During the year, the Group implemented market-oriented sales strategy, focusing on promoting small-to-medium-sized residential units.
- Among all of the contracted sales, apartments accounted for 82%, of which units less than 90 sq.m. accounted for 14%, units from 90 to 144 sq.m. accounted for 70%, and units larger than 144 sq.m. accounted for 16%.

## 2015 Contracted Sales – by Product Mix



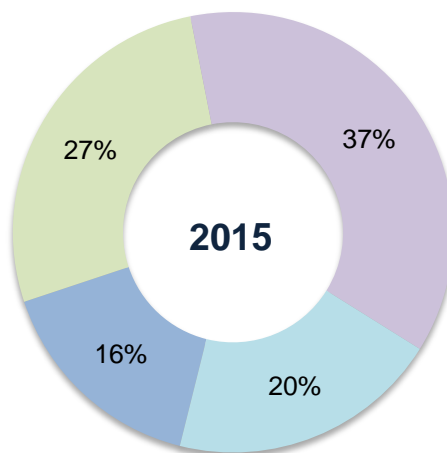
# Newly Commenced Construction

- In 2015, 21 projects commenced construction with a total GFA of approximately 2,600,000 sq.m. Among the projects, Weihai Poly Maple Valley was acquired during the year and commenced construction for the first time.

## Newly Commenced Construction in 2015: by Region

<b>Pearl River Delta</b>	Guangzhou Nansha Poly City
	Guangzhou Poly Fei Cui Shan
	Foshan Poly Central Park
	Huizhou Poly Sunshine Town

<b>Yangtze River Delta</b>	Shanghai Poly Phili Mansion
	Shanghai Shan Jin Poly Plaza
	Shanghai Poly Phili Regency
	Ningbo Poly Wonderland
	Deqing Poly Origin



■ Yangtze River Delta    ■ Pearl River Delta  
■ Southwestern    ■ Others

<b>South-western</b>	Guiyang Poly Park 2010
	Guiyang Poly The Place of A Lake
	Guiyang Poly Phoenix Bay
	Nanning Poly Crescendo
	Nanning Poly Town

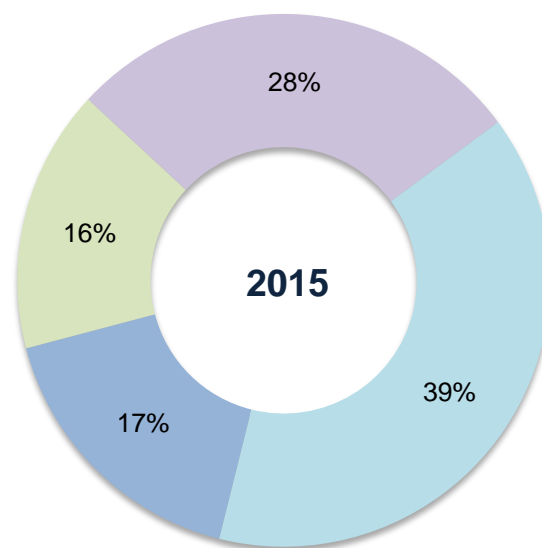
<b>Others</b>	Wuhan Poly Up Town
	Harbin Poly City
	Jinan Poly Hyde Mansion
	Jinan Poly Center
	Jinan Poly Elegant Garden
	<i>Weihai Poly Maple Valley</i>
	Hong Kong Kai Tak Project



# Completed Projects

- In 2015, completed gross floor area (GFA) amounted to around 2.55 million sq.m., with 8 projects achieved overall completion.

## Completed GFA in 2015 – by Region



■ Yangtze River Delta   ■ Pearl River Delta   ■ Southwestern   ■ Others





# New Land Reserves

- During the year, the Group exercised stringent control over the size of investment and the pace of development. Three pieces of land were acquired in the year with an aggregated planned gross floor area of approximately 395,000 sq.m. They are located in Wuhan, Weihai and Hong Kong.

New Project	Type	Total Planned GFA (‘000 sq.m.)	Interest Attributable to the Group	Current Status*
1. Wuhan Poly City, Phase II	Residential	243	68%	Under planning
2. Weihai Poly Maple Valley	Residential	131	70%	Under Construction
3. Hong Kong Tuen Mun Project	Residential	21	100%	Under planning
<b>Total</b>		<b>395</b>		

Note: as of 21 March 2016

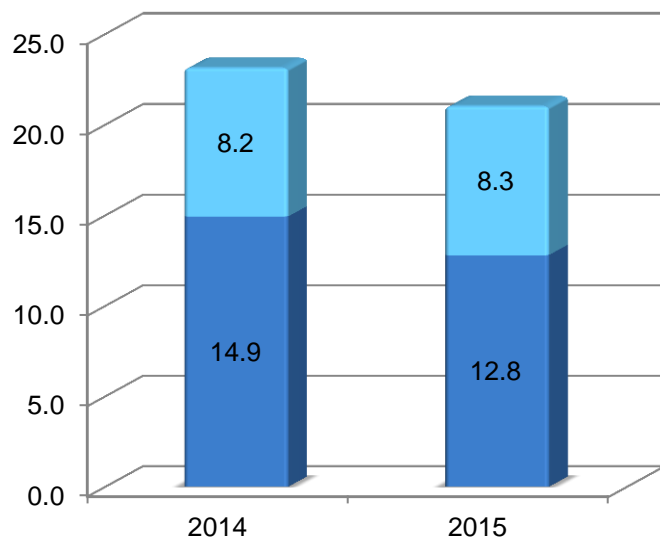


# Land Bank Portfolio

- As at the end of 2015, the total land bank for projects under development and land reserved for future development was approximately 21.1 million sq.m., with the former accounting for 8.3 million sq.m. and the latter 12.8 million sq.m.

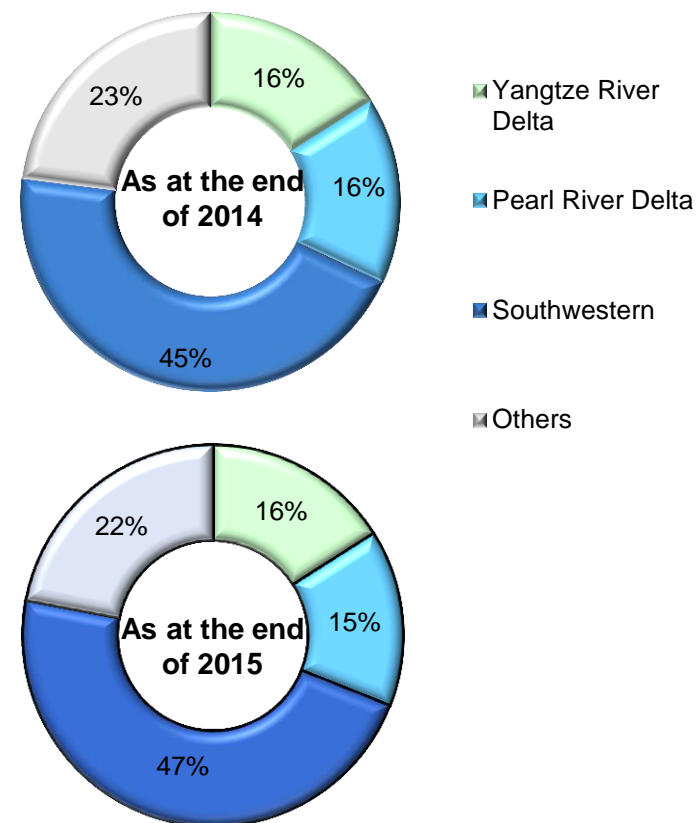
Land Bank Under Development and for Future Development

(million sq.m.)



■ Under development ■ For future development

Land Bank: by Region





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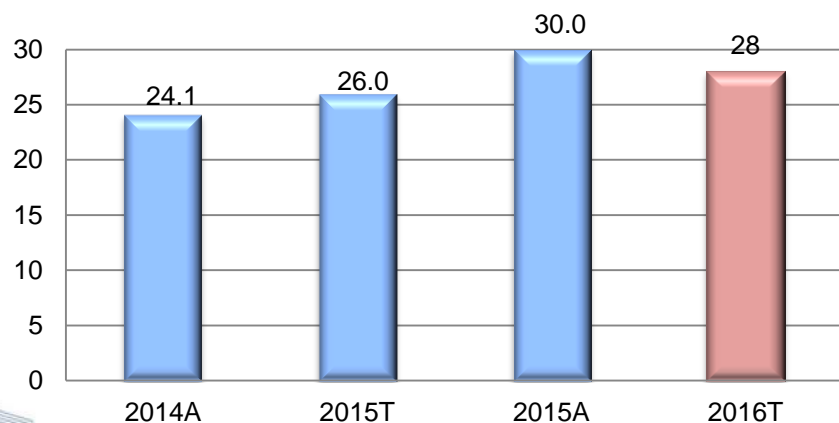
## Targets and Focuses in 2016

# Contracted Sales Targets in 2016

- In light of the excess supply that led to gradual saturation of the property market, the Group will actively adjust its development strategies in accordance to market demands. Focuses will be on key regions and several core aspects, namely clearing inventory, controlling investments, enhancing management system and launching creative marketing and sales schemes.
- The target for contracted sales in 2016 is set at approximately RMB28 billion, with contracted area sold at 2.56 million sq.m..

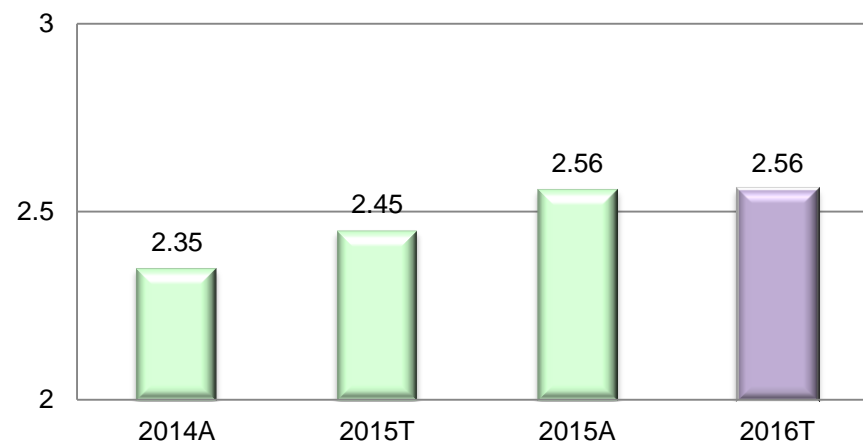
### Contracted Sales and Target

(RMB billion)



### Contracted Area Sold and Target

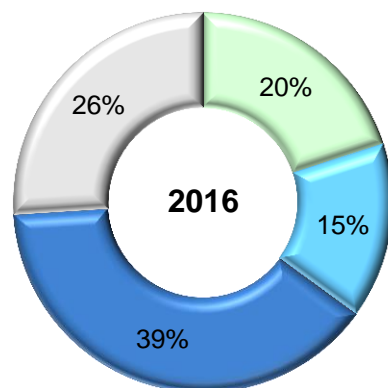
(million sq. m.)



# 2016 Saleable Resources and Sales Pipeline

- The Group is expected to launch 8 debut projects and 35 continuing projects in 2016, with a total saleable resources of approximately RMB54 billion..

2016 Saleable GFA: by Region



- Yangtze River Delta
- Pearl River Delta
- Southwestern
- Others

2016 Sales Pipeline: New Launches

Region	Projects
Yangtze River Delta	Shanghai Poly Greenland Plaza (Offices and commercials of Shanghai Poly Phili Mansion)
Pearl River Delta	Guangzhou Poly Gratified West Bay Guangzhou Poly Fei Cui Shan
Southwestern	Nanning Poly Dream River Kunming Poly One Family One World*
Others	Wuhan Poly Up Town Weihai Poly Maple Valley Hong Kong Kai Tak Project

\*Acquired in Feb., 2016



# 2016 Key Missions

- Looking into 2016, inventory clearance will continue to be one of the core strategies in the structural reform of the property market. Sales momentum is expected to remain while investment, new constructions and land acquisitions will gradually decrease and remain at a relatively low level. To pursue a long-term and sustainable growth, the Group will adhere to its development philosophy - “Inventory clearance, investment control and management innovation” in 2016.

- Key missions of 2016:**

- Enhance the overall sell-through rate on inventories
- Control investment pace and ensure operational stability
- Lower gearing ratio and strengthen risk management
- Improve management to achieve quality development



Stimulate the reform and rejuvenate the corporate structure

## Enhance the overall sell-through rate on inventories

- Accelerate the sell-through rate of commercial properties
- Facilitate the sales of high-end properties
- Strengthen marketing management
- Implement customized sales strategies on different projects

## Control investment pace and ensure operational stability

- Minimize investment and manage debt scale
- Manage the pace of project development in accordance to strategic capital planning

## Lower gearing ratio and strengthen risk management

- Enhance centralized capital management
- Secure cash reserves
- Accelerate cash collections
- Implement innovative models to speed-up cash conversion cycle

## Improve management to achieve quality development

- Enhance the management of dynamic cost control
- Strengthen internal performance assessment and evaluation scheme
- Improve product quality
- Optimize tendering system

## Stimulate the reform and rejuvenate the corporate structure

- Layout development blueprint through active strategic discussions
- Facilitate the communication between all levels
- Optimize management system
- Focus on research and development



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**Thank you!**

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