

# Yuexiu Property Monthly Update

Issue 10 2014

## Highlights:

- P.1 Operating Data
- P.2 Other News
- P.3 Recent Research Reports
- P.4 Investor and Media Events

## I. Operating Data (Unaudited)

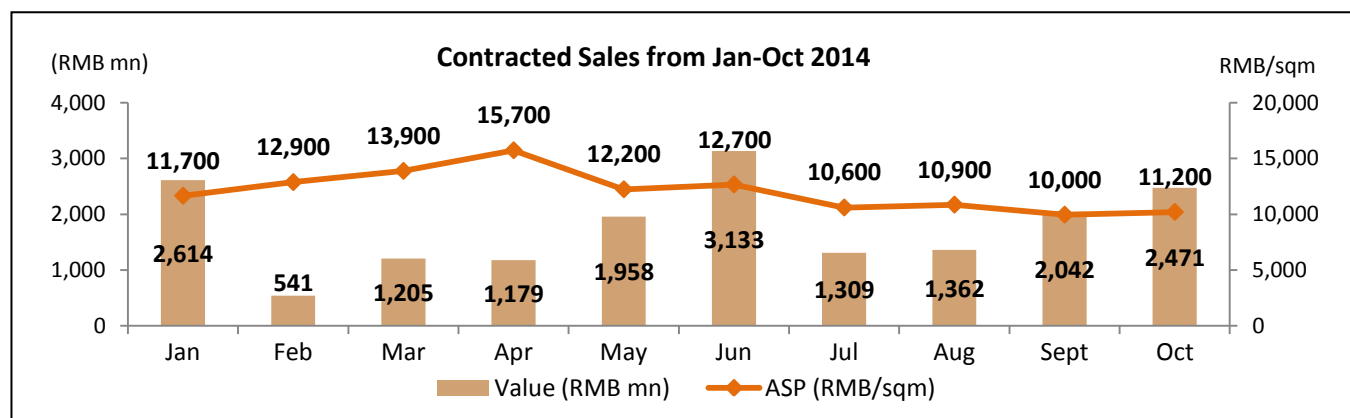
**Contracted Sales Value Grew 187% Year-on-Year to RMB2.471 billion in October**

**Aggregate Contracted Sales Value Reached RMB17.813 billion from January to October 2014**

For the month of October 2014, Yuexiu Property Company Limited ("Yuexiu Property" or the "Company") (HKEx Stock Code: 00123) registered contracted sales ("contracted sales" include contracted sales by joint venture projects) value of approximately RMB2.471 billion with contracted sales gross floor area ("GFA") amounted to approximately 220,800 sq.m., representing year-on-year increases of 187% and 170%, and month-on-month increases of 21% and 8%, respectively.

For January to October 2014, the aggregate contracted sales value amounted to approximately RMB17.813 billion, representing a year-on-year growth of 33%. The corresponding contracted sales GFA amounted to 1,510,700 sq.m., representing a year-on-year increase of 48%. The aggregate contracted sales value accounted for approximately 81% of the 2014 sales target of RMB22 billion. According to the Company's project launch schedule for 2014, the contracted sales performance for the period from January to October 2014 was in line with the expectation of the management.

**Chong Hing Bank's Logo Was Recently Displayed On The Yuexiu Financial Tower**



## II. Other News

### Chairman Zhang Zhaoxing and General Manager Chen Zhihong Met with Mayor of Lin'an

On 9 October, Zhang Zhaoxing, Chairman of Yuexiu Group and Yuexiu Property, and Chen Zhihong, General Manager of Yuexiu Property, met with Wang Min, Mayor of Lin'an City, Hangzhou, Zhejiang Province.

Chairman Zhang Zhaoxing introduced the history, strategy, business portfolio, capital operation and corporate governance of both Yuexiu Group and Yuexiu Property to the mayor. Chairman Zhang said that Yuexiu Property had invested in the Hangzhou Starry City project in Qingshan Lake Science and Technology City in Lin'an since 2009. Lin'an City has become an important location in Yuexiu Property's nationwide business plan. Mr. Zhang said that Yuexiu Group and Yuexiu Property would like to expand their businesses in Lin'an City.

Mayor Wang Min introduced Lin'an City's history and its overall planning for future development, and said that Yuexiu Property was one of the leading large-scale property enterprises, and he hoped that Yuexiu Property would continue to strengthen and increase its investment in Lin'an for the mutual benefit.

Hangzhou Starry City is located in the Qingshan Lake Science and Technology City, west of Hangzhou, Zhejiang Province. The project has a total GFA of approximately 1.9 million sq.m.. Next to the Qingshan Lake National Forest Park, the project enjoys a pleasant environment, and is equipped with comprehensive lifestyle facilities, including clubhouses, swimming pools, schools and hospitals. It is set to become an integrated urban complex bringing luxury residences, villas, five-star hotels, grade-A offices and a large-scale shopping mall under one roof.

### Two Commercial Projects in Foshan and Wuhan Solicit Business in Hong Kong

On 15 October, Yuexiu Property's two brand-new commercial complexes – Wuhan Starry Victoria Shopping Centre and Guangdong Nanhai Starry Winking held promotional events in Hong Kong to solicit business. This is the first time Yuexiu Property has promoted commercial projects outside Guangzhou in Hong Kong after it has implemented a nationwide business plan. The presentation attracted over 300 international brands.

During the presentation, Yuexiu Property gave a presentation on the two commercial complexes. The top-notch commercial shopping centre Starry Victoria Shopping Centre, under the Wuhan Starry Winking project, is the first commercial project developed by Yuexiu Property in Wuhan. With a GFA of approximately 46,000 sq.m., the project brings international fashion boutiques, Asian and Western cuisines, a world-class supermarket, an international cinema and other entertainment and leisure facilities to the city. Situated above the Guicheng subway station in Nanhai of Foshan, Guangdong, Nanhai Starry Winking will be established as an integrated shopping center with a GFA of approximately 120,000 sq.m., and will form an urban complex with high-end residences, grade-A office towers, and apartment units.

Yuexiu Property has adhered to its two-pronged strategy of developing residential and commercial properties. It builds on its residential property development, and also focuses on enhancing operating efficiency of commercial properties. The Company has 30 years of experience in property project development and operations, and abundant commercial properties, which have a combined GFA of over 3 million sq.m..

### Chairman Zhang Zhaoxing Met With Mayor of Lin'an City



### Wuhan Starry Victoria Shopping Centre



**WUHAN STARRY VICTORIA SHOPPING CENTRE**  
WUHAN 首個港式旗艦 MALL  
**武漢越秀·星匯維港購物中心**  
武漢首個港式旗艦 MALL

○ 精粹購物 ○ 環球美食 ○ 多元娛樂 ○ 休閒觀光

總面積: 46,000 平方呎  
地庫層數: 23 層  
660,000 呎零售面積, 零售額預計  
約 1.5 億元/年, 主要零售業  
零售, 中國零售, 主要零售業



### Nanhai Starry Winking

**NANHAI STARRY WINKING**  
NANHAI 首個港式旗艦 MALL  
**南海越秀·星匯雲錦**  
○ 城市中心 ○ 雙地鐵上蓋 ○ 地標綜合體

25000 呎商場, 零售額 1500 萬  
72000 呎住宅, 零售額 1.5 億元  
350 呎辦公室, 零售額 50 萬  
120000 呎零售面積, 零售額預計  
8000 萬/年, 零售額預計

# Yuexiu Property's Rights Issue 4.19 Times Oversubscribed


The Rights Issue announced by Yuexiu Property on 3 September 2014, in which 33 Rights Shares would be issued for every 100 existing shares, received a total of 2,430 valid acceptances and applications for a total of approximately 15.97 billion Rights Shares, representing approximately 5.19 times of the total number of Rights Shares available under the Rights Issue. The Rights Issue was 4.19 times oversubscribed. This indicates the investment community's endorsement of the Company's strategic fund-raising move by way of Rights Issue and its confidence in the Company's prospects.

The Company's strategic move to raise capital by way of Rights Issue is aimed at strengthening its capital base, and providing it with greater financial flexibility. Against the backdrop of prevailing market conditions, the Company is actively preparing for investment opportunities which may arise in the second half of this year or early next year. It will focus especially on its home turf, namely Guangzhou and the Pearl River Delta region to pursue such opportunities, so as to sustain its healthy sales growth.


## III. Latest Research Reports on Yuexiu Property

Date of Report	Broker
2014-09-04	Morgan Stanley
2014-09-04	Standard Chartered
2014-09-04	Citi
2014-08-28	BOCOM
2014-08-28	BOCI
2014-08-28	Morgan Stanley
2014-08-28	DBS Vickers
2014-08-28	Mizuho
2014-08-28	Kim Eng
2014-08-27	Citi
2014-07-23	Kim Eng
2014-07-21	Citi
2014-07-08	Morgan Stanley
2014-07-08	DBS Vickers
2014-06-26	Citi
2014-05-20	Deutsche Bank
2014-03-25	Daiwa
2014-03-24	Citi
2014-03-24	BOCOM
2014-03-24	CIMB
2014-03-24	Morgan Stanley
2014-03-24	Mizuho
2014-03-24	DBS Vickers
2014-03-24	BOCI
2014-03-22	Standard Chartered

### Nanhai Starry Winking



## Research Report on Yuexiu Property Issued by Standard Chartered



Equity Research | China | Real Estate Investment & Services | 4 September 2014

**Yuexiu Property**  
A clearer expansion blueprint is needed


• Yuexiu Property (YP) surprised the market by announcing a rights issue plan, without identifying their new acquisition target.  
• YP could have raised funds post-acquisition, thereby indicating their specific use. In this case, they chose to raise the funds first, which may signal that YP's current valuation has already peaked, in our view.  
• We cut our PT to HKD 1.63 from HKD 2.00. We believe YP needs to provide clearer expansion guidance, which could serve as a catalyst. Maintain In-Line.

IN-LINE (unchanged)		PRICE TARGET
FCIS as of 3 Sep 2014		HKD 1.63
Stocking code	0223.HK	Factor code
Market cap	HKD 19.372bn (USD 2,008m)	12-month range
		HKD 1.43-2.36
EPS adj. w/ charge	2014: 4.9%	2015E: -22.8%

Year ended December	2012	2013	2014E	2015E
Revenue (RMB bn)	5,100	14,200	16,124	16,144
Gross profit (RMB bn)	3,006	4,154	4,208	5,125
Operating profit (RMB bn)	1,061	1,561	1,561	1,821
Net profit (RMB bn)	1,482	2,040	1,482	1,821
Net profit (HK\$ bn)	1,061	1,482	1,061	1,273
Net profit adj. growth (%)	18.8	36.7	-23.7	19.7
EPS adj. growth (%)	11.5	21.7	-13.4	13.6
EPS (RMB)	0.56	0.77	0.56	0.68
EPS (HK\$)	0.8	1.0	0.8	0.9
Div. yield (%)	2.9	2.5	2.4	2.4
Net profit (%)	47.0	29.6	29.2	32.9
Net profit margin (%)	47.0	29.6	29.2	32.9
Net profit margin adj. (%)	14.7	13.4	8.4	11.3
ROE (%)	11.7	13.4	8.4	9.8
Net debt-to-equity (RMB)	1.36	2.80	2.76	2.45
PSR (x)	0.94	0.89	0.47	0.30
PER (x)	11.7	10.7	8.1	8.8
EV/EBITDA (x)	11.0	10.7	8.1	8.8
EV/EBIT (x)	13.80	14.83	14.83	23.46
EV/EBITDA (x)	-	-	-	-
EV/EBIT (x)	-	-	-	-

Source: Company, Standard Chartered Research & Analytics

**Share price performance**



Rights issue could be the only fundraising option. Since maintaining an investment grade is a top priority, YP cannot resort to note issuance or bank loans to raise funds. In comparison to a top-up placement, a rights issue could be less negative, as the parent's stake would not be diluted and it should participate in the fundraising.

## IV. Recent Investor and Media Events

Event	Date	Location
Morgan Stanley Annual Asia Pacific Summit	2014-11-12	Singapore
Citi Investor Conference 2014	2014-11-04	Macau
Standard Chartered Bond Investor Roadshow	2014-09-18	Hong Kong
Yuexiu Property Rights Issue Investor Conference Call	2014-09-04	Hong Kong
Yuexiu Property 2014 Interim Results Roadshow	2014-08~09	Hong Kong, Singapore
Yuexiu Property 2014 Interim Results Announcement	2014-08-27	Hong Kong
Economic Digest - 2014 China's Outstanding Property Developer Award Ceremony	2014-08-22	Hong Kong
Credit Suisse China Property Corporate Day	2014-06-30	Singapore
Citi Asia Pacific Property Conference	2014-06-26	Hong Kong
JP Morgan Global China Summit	2014-06-10	Beijing
DB Access Asia Conference	2014-05-19	Singapore
Barclays Asia Financial and Property Conference	2014-05-16	Hong Kong
Morgan Stanley Fifth Annual HK Summit	2014-05-15	Hong Kong
DBSV Pulse of Asia Conference	2014-05-13	Hong Kong
Macquarie Greater China Conference	2014-05-07	Hong Kong

## V. Upcoming Investor and Media Events

Event	Date	Location
Goldman Sachs Greater China CEO Summit 2014	2014-11-17	Hong Kong

### About Yuexiu Property

Yuexiu Property Company Limited (HKEx Stock Code: 00123) was listed in Hong Kong in December 1992. The Company's main business is property development with its operations mainly concentrated in the Guangzhou area. Its business is gradually expanding to Pearl River Delta, and branching out to selective locations in the Yangtze River Delta, Bohai Rim Economic Zone and Central China. As of 30 June 2014, the Company's combined GFA of properties under development and undeveloped properties was approximately 15.07 million sq.m..

### Disclaimer

The Company wishes to remind investors that the above operational statistics are based on the Group's internal records which are unaudited. Differences may arise between such statistics and the data disclosed in subsequent audited financial statements. Such statistics are provisional and for reference purposes only. Investors are cautioned not to rely unduly on such statistics.

### Yuexiu Property Company Limited Swan Wan

Tel: (852)2593 2326  
 Fax: (852)2511 0832  
 Email: ir@yuexiuproperty.com

### iPR Ogilvy & Mather Callis Lau/ Gary Li/ Molisa Lau/ Janis Lai

Tel: (852) 2136 6952/ 3170 6753/  
 3920 7653/ 3920 7646  
 Fax: (852) 3170 6606  
 Email: yuexiuproperty@iprogilvy.com