



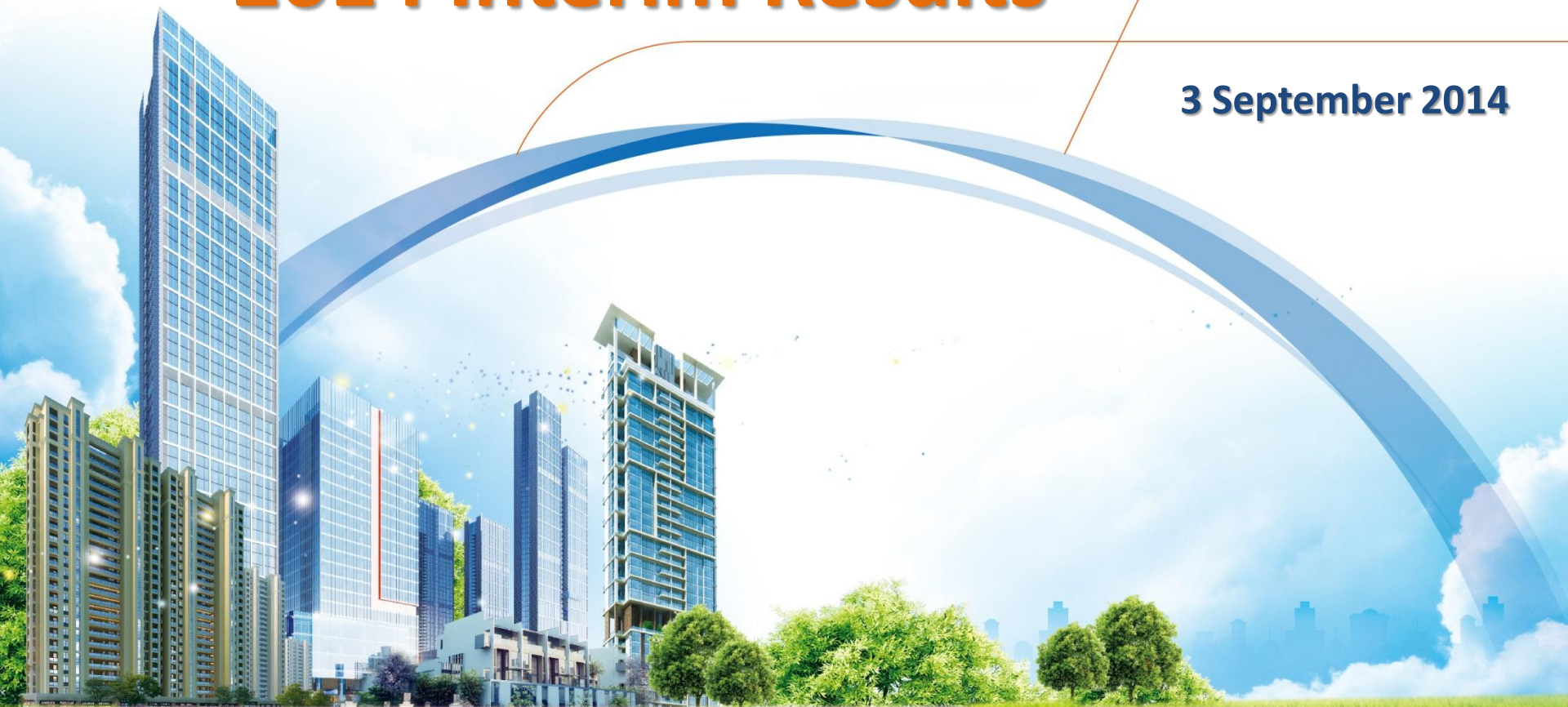
**越秀地產股份有限公司**

**YUEXIU PROPERTY COMPANY LIMITED**

Stock Code : 00123

# **Rights Issue Summary & 2014 Interim Results**

**3 September 2014**



# 1. Rights Issue Summary

## 2. 2014 Interim Results

- Results Highlights
- Business Overview
- Future Prospects





# Rights Issue - Summary

## Summary of rights issue key terms

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Basis of rights issue	33 rights share for every 100 shares
Size of rights shares	3,077,015,931
Joint underwriters	DBS and BOCI
Underwriting	Portion other than the pro-rata portion undertaken by Yuexiu Enterprises ~ 49.67%
Rights subscription issue	HK\$1.25 (25.15% discount to closing price of 2 Sep 2014)
Theoretical ex-rights price (TERP)	HK\$1.57
Amount to be raised by the Rights Issue before Expenses	Approximately HK\$3,846 million

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# Rights Issue – Use of Proceeds

## Use of proceeds

- Provide greater financial flexibility to fund future expansion needs
  - Seize investment opportunities that we estimate to be arisen in the second half of 2014 or early 2015, particularly those investment opportunities arising in Guangzhou and the Pearl River Delta region
  - The Company intends to capture and closely monitor market opportunities to supplement its landbank through onshore and/or offshore acquisitions or merger and acquisition for refilling landbank and realizing scale expansion,
- Further strengthen the Group's healthy financial position
  - As of 30 June 2014, net gearing ratio was 62.7%; current ratio (current assets over current liabilities) was 2.2 times; credit rating was "Baa3/stable" from Moody's and "BBB-/stable" from Fitch
  - Further improve the Company's net gearing ratio, cash position and availability of working capital
- General working capital

# Rights Issue – Expected Timetable

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Last day of dealings in Shares on the SGX-ST on cum-rights basis	Tuesday, 16 September
Last day of dealings in Shares on the Stock Exchange on cum-rights basis	Wednesday, 17 September
Latest time for lodging transfers of Shares with the Company's share registrar in Hong Kong in order to qualify for the 2014 Interim Dividend and the Rights Issue	4:30 p.m. on Friday, 19 September
Latest time for lodging transfers of Shares with the Share Transfer in Singapore in order to qualify for the 2014 Interim Dividend and the Rights Issue	5:00 p.m. on Friday, 19 September (Singapore time)
Record Date	Thursday, 25 September
First day for dealings in nil-paid Rights Shares on the Stock Exchange and the SGX-ST	Tuesday, 30 September
Last day for dealings in nil-paid Rights Shares on the Stock Exchange and the SGX-ST	Wednesday, 1 October
Latest time for acceptance of, and payment for, the Rights Shares and application and payment for excess Rights Shares traded on the Stock Exchange	4:30 p.m. on Monday, 6 October
Latest time for acceptance of and payment for, the Rights Shares and application and payment for excess Rights Shares traded on the SGX-ST	5:00 p.m. on Wednesday 8 October
Announcement of results of the Rights Issue	Tuesday, 21 October
Commencement of dealings in fully-paid Rights Shares on the Stock Exchange	Thursday, 23 October
Commencement of dealings in fully-paid Rights Shares on the SGX-ST	Monday, 27 October

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Shareholders should note that the dates or deadlines specified in the expected timetable of the Rights Issue as set out above, are indicative only and may be varied by agreement between the Company and the Joint Underwriters. In the event that any special circumstances arise, the Board may extend, or make adjustment to, the timetable if it considers appropriate. Any changes to the anticipated timetable for the Rights Issue will be announced as appropriate.

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# RESULTS HIGHLIGHTS

## Operating Results Achieved Stable Growth

- Revenue of 2014 1H was RMB6,326 mm, +4.4% y-o-y
- Gross margin was 34.4%
- Core net profit was RMB992 mm, +10.5% y-o-y
- The Board has resolved to declare an interim dividend of HK\$0.049 per share for 2014, which was equivalent to approx. RMB0.039 per share

## Contracted Sales Rose during Market Downturn

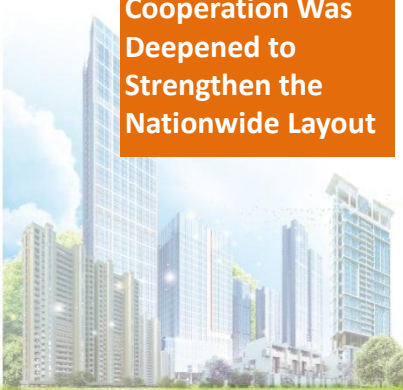
- Contracted sales value of 2014 1H was RMB10.63 bn, +23.4% y-o-y
- Achieved 48% of full year sales target RMB22 bn
- Unrecognized sales value reached a historical high of RMB17.24 bn

## The Overall Financial Position Was Satisfactory

- New bank borrowings and refinancing of RMB8.6 bn was completed in 2014 1H
- Debt maturity profile were further optimized with onshore and offshore ratio of 45%:55%, the average interest cost of 2014 1H was reduced by 0.4 ppt to 5.2%
- Total cash on hand remained healthy of RMB9,753 mm, +16.5% comparing with end of 2013

## Model of Cooperation Was Deepened to Strengthen the Nationwide Layout

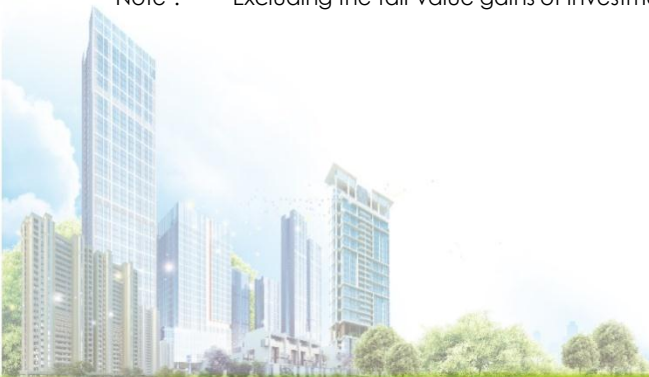
- A land parcel located in Gudun Road, Hangzhou was acquired jointly with an investment fund
- The total landbank of the Group amounted 15.07 mm sqm with 39 projects in 12 cities in Pearl River Delta, Yangtze River Delta, Bohai Rim and Central China Region



# INCOME STATEMENT

RMB mm	2014 1H	2013 1H	CHANGE
Revenue	6,326	6,059	+4.4%
Gross Profit	2,176	2,480	-12.3%
Fair Value Gains	1,251	1,862	-32.8%
SG & A Expenses	539	556	-3.1%
Finance Costs	190	212	-10.4%
Profit Attributable to Equity Holders	1,676	2,341	-28.4%
Core Net Profit <sup>(1)</sup>	992	898	+10.5%
Basic Earning per Share	RMB0.1798	RMB0.2516	-28.5%
Proposed Interim Dividend per Share	HKD0.049	HKD0.049	-

Note : <sup>(1)</sup> Excluding the fair value gains of investment properties and foreign exchange loss/gain





# BALANCE SHEET

RMB mm	30 Jun 2014	31 Dec 2013	CHANGE
Cash <sup>(1)</sup>	9,753	8,374	+16.5%
Total Borrowings	26,510	23,865	+11.1%
Gearing Ratio <sup>(2)</sup>	41.4%	42.8%	-1.4 ppt
Net Gearing Ratio <sup>(3)</sup>	62.7%	61.6%	+1.1 ppt
Total Assets	82,027	78,071	+5.1%
Shareholders' Equity <sup>(4)</sup>	25,622	24,175	+6.0%
Net Asset per Share	RMB2.75	RMB2.59	+6.0%

Note :

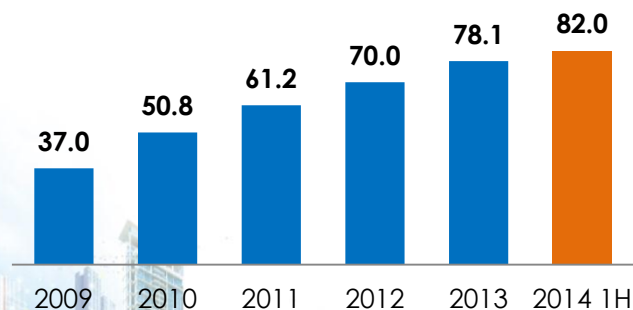
( 1 ) Including the charged bank deposits of RMB 2,141 mm as at the end of 30 June, 2014(end of 2013: RMB3,319 mm)

( 2 ) Gearing Ratio = ( Total Borrowings - Cash ) /Total Capitalization

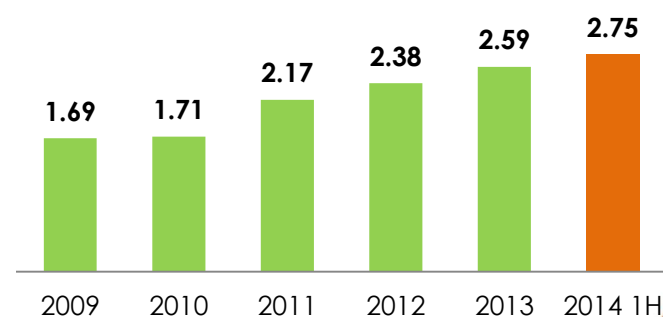
( 3 ) Net Gearing Ratio = ( Total Borrowings - Cash - Charged bank deposits ) /Net Asset

( 4 ) Excluding the Minority Interest

## TOTAL ASSETS (RMB bn)



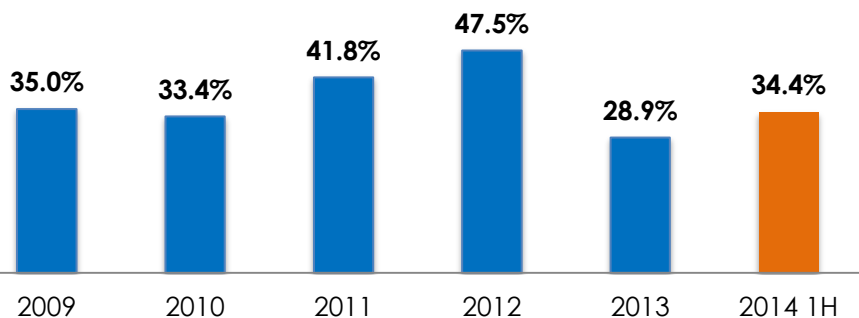
## NET ASSETS PER SHARE (RMB)



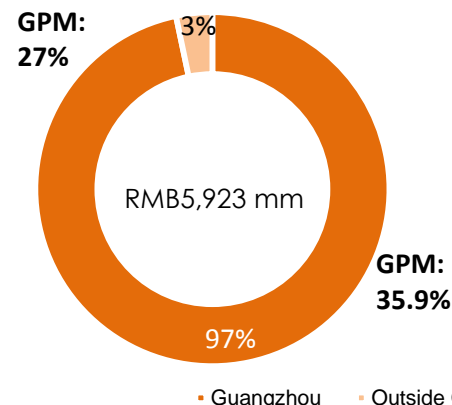
# GROSS MARGIN ANALYSIS

- Gross margin for 2014 1H was 34.4%, the gross margin of property sales was 35.6%, and the gross margin of residential property was 31.2%, +1.9 ppt y-o-y
- Higher base in 2011, 2012 and 2013 1H due to more high-margin commercial products recognized

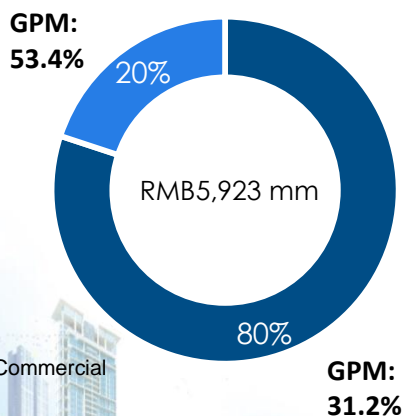
## GROSS MARGIN



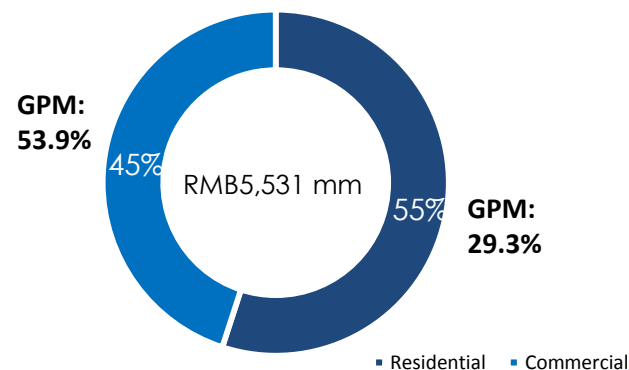
## 2014 1H GROSS MARGIN ANALYSIS



## 2014 1H % of recognized sales



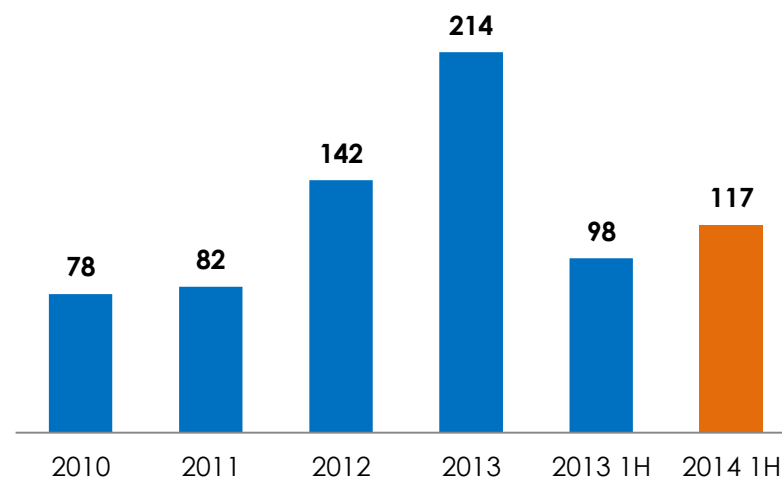
## 2013 1H % of recognized sales



# RECURRING INCOME – IP & REIT

	OFFICE	COMMERCIAL	PARKING & OTHERS	TOTAL
Rental Income (RMB mm)	39	50	37	126
Rental GFA (sqm)	53,600	369,600	191,900	615,100
PUD GFA (sqm)	232,600	82,000	-	314,500
Appraised Value (RMB mm)	4,551	6,738	853	12,142

## DIVIDEND FROM YUEXIU REIT (RMB mm)



### YUEXIU REIT PROPERTIES

### REVENUE (RMB mm)

	2014 1H	2013 1H	changes
White Horse Building	178	168	+6.1%
Fortune Plaza	34	34	+0.3%
City Development Plaza	30	28	+7.6%
Victory Plaza	23	16	+38.9%
Neo Metropolis	31	30	+4.7%
GZIFC	450	364	+23.6%
<b>Total</b>	<b>745</b>	<b>639</b>	<b>+16.6%</b>

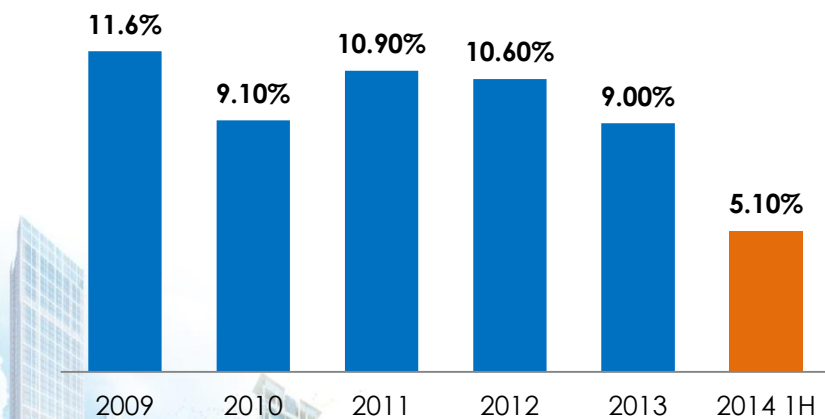


# OPERATING RATIO ANALYSIS

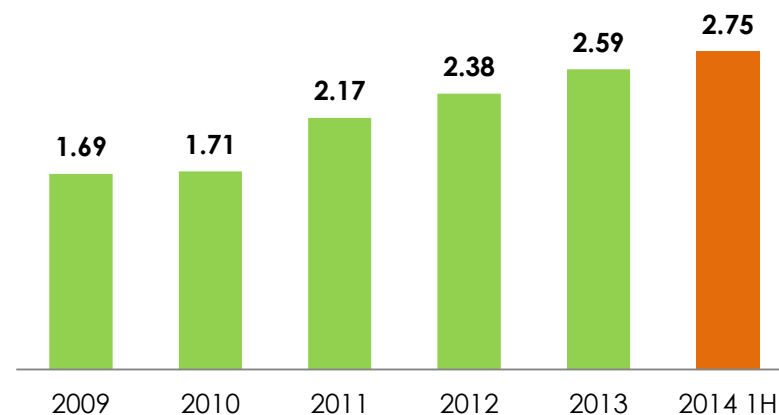
OPERATING RATIO	2014 1H	2013	2012	2011	2010	2009
Administrative Expense Ratio <sup>(1)</sup>	<b>3.3%</b>	5.6%	6.8%	8.1%	6.7%	8.5%
Selling Expense Ratio <sup>(1)</sup>	<b>1.8%</b>	3.4%	3.8%	2.8%	2.4%	3.1%
ROE <sup>(2)</sup>	<b>6.9%</b>	12%	12%	28%	7%	5.3%
Net Assets per Share ( RMB )	<b>2.75</b>	2.59	2.38	2.17	1.71	1.69

Note: <sup>(1)</sup> Compare to contracted sales; <sup>(2)</sup> Including Minority Interest , it was not annualized for 2014 1H

## SG & A EXPENSE RATIOS



## NET ASSETS PER SHARE (RMB)



# CAPITAL & FINANCE MANAGEMENT

The Group captured market opportunities and completed financing RMB8.6 bn in 2014 1H.

## RATING AND BOND ISSUANCE

### COMPANY RATINGS

- On Jan 2013,
  - Rated "Baa3" by Moody's
  - Rated "BBB-" by Fitch
- Became one of the few HK listed PRC developers with investment-grade ratings

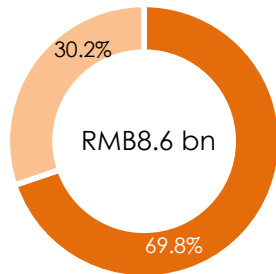
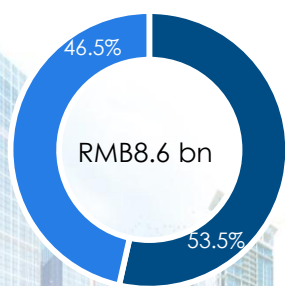
### USD BOND ISSUANCE

- Successfully issued the USD350 mm 3.25% 5-year senior note and USD500 mm 4.5% 10-year senior note for the first time on 24 Jan, 2013

MOODY'S FitchRatings

DATE	USD bn	MATURITY	COUPON (%)
Jan 2013	0.35	5 Yrs	3.25
Jan 2013	0.50	10 Yrs	4.50

## 2014 1H BANK BORROWINGS



■ Onshore ■ Offshore

■ Refinancing ■ New financing

## RATING REVIEWS

	DATE	RESULTS
Moody's	Jan 2014	Maintain Baa3, Outlook: Stable
Fitch	Mar 2014	Maintain BBB-, Outlook: Stable

# DEBT STRUCTURE ANALYSIS

## DEBT PORTFOLIO

- The ratio of onshore and offshore borrowings was 45%:55% (2013 year end: 43%:57%), where bonds 20% and offshore borrowing 35%.

BORROWINGS (RMB mm)	30 Jun 2014	RATIO
USD Bonds	5,173	20%
Offshore Bank Borrowings	9,378	35%
Onshore Bank Borrowings	11,959	45%
<b>Total</b>	<b>26,510</b>	<b>100%</b>

## MATURITY PROFILE

- Maturity within one year accounted for 15% of total debt compared to 35% at the end of 2013.

BY YEAR	BORROWINGS (RMB mm)	30 Jun 2014	31 Dec 2013
Within one year	4,000	15%	35%
2 <sup>nd</sup> year	7,639	29%	20%
3 <sup>rd</sup> – 5 <sup>th</sup> year	10,808	41%	29%
Over 5 years	40,63	15%	16%
<b>Total Borrowings</b>	<b>26,510</b>	<b>100%</b>	<b>100%</b>



## INTEREST COST

INTEREST COST (RMB mm)	2014 1H	2013
Interest on Borrowings*	740	1,520
Interest Capitalized	550	1,008
Interest Expensed	190	512
<b>Average Interest Cost</b>	<b>5.2%</b>	<b>5.6%</b>

\*Note: including Yuexiu REIT related interest expenses and income support



## 1. Rights Issue Summary

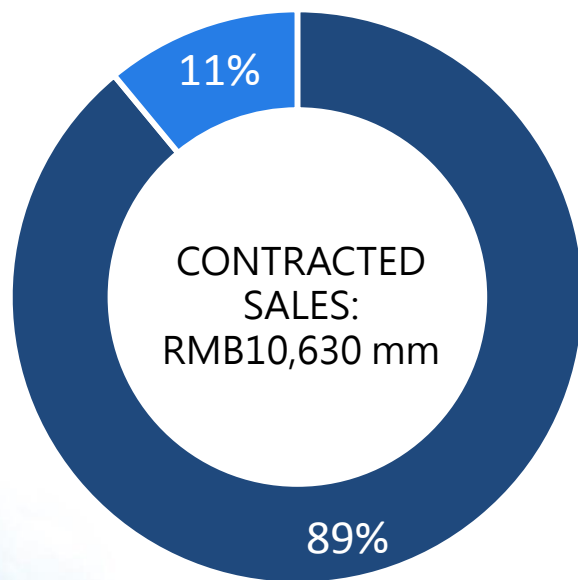
## 2. 2014 Interim Results

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# 2014 1H CONTRACTED SALES ANALYSIS

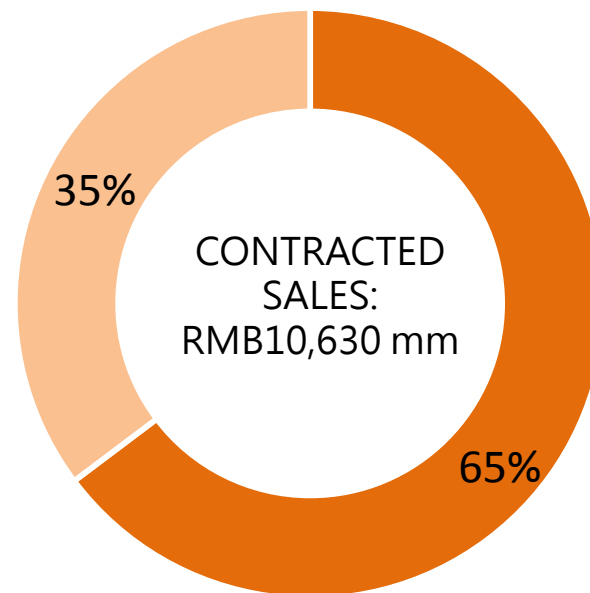
- With 30 projects for sale in 2014 1H, the contracted sales value and contracted sales GFA amounted to RMB10,630 mm and 835,600 sqm respectively, representing increases of 23.4% and 34.7% respectively
- The ASP was approx. RMB12,700/sqm, same with ASP of RMB12,700/sqm in 2013

## BY PRODUCT



■ Residential ■ Commercial

## BY REGION

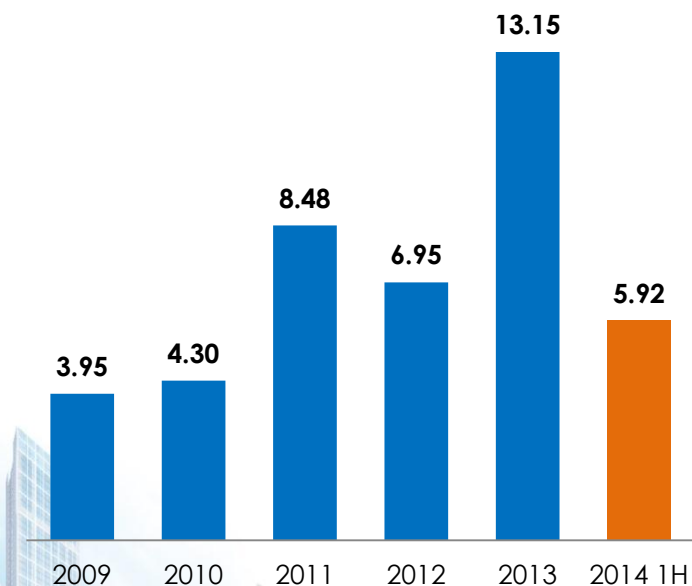


■ Guangzhou ■ Outside Guangzhou

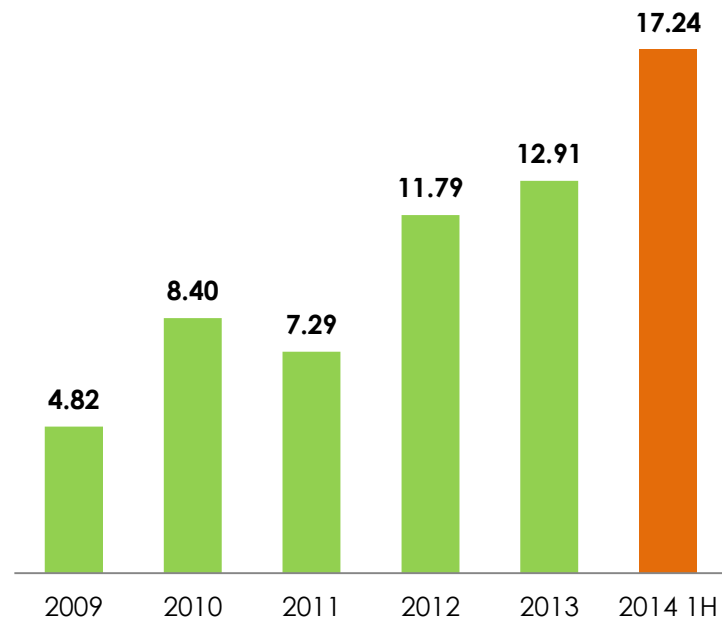
# RECORD HIGH UNRECOGNIZED SALES

- Unrecognized sales value amounted to approx. RMB17.24 bn, corresponding GFA was 1,532,600 sqm, with ASP of RMB11,200/sqm

## RECONGNIZED SALES (RMB bn)



## UNRECOGNIZED SALES (RMB bn)





# LAND ACQUISITION AND STRATEGY

## 2013 LAND ACQUISITION

		CHINESE NAME	MONTH	TYPE	GFA (sqm)	LAND COST (RMB mm)	ATTRIBUTABLE LAND COST (RMB mm)	INTEREST
1	Hangzhou Lin'an Land Phase IV	杭州臨安地塊第四期	Jan	R/C	386,100	339	339	100%
2	Guangzhou Haizhu Nanzhou Road Land	廣州海珠南洲路地塊	May	R	152,600	2,461	2,461	95.48%
3	Hangzhou Yuhang Shangyuan Road Land	杭州余杭上園路地塊	May	R/C	227,200	1,608	1,608	100%
4	Hangzhou Jianggan Sanbao Land	杭州江幹三堡區地塊	Jun	C	63,800	584	117	*20%
5	Foshan Changcheng Tongji Road Land	佛山禪城同濟路地塊	Jul	R/C	315,400	1,772	337	*19%
6	Wuhan Jiangnan Jingwu Road Land	武漢江漢精武路地塊	Sept	R/C	950,000	9,010	685	*7.60%
7	Guangzhou Luogang Yunpu Land Parcel	廣州蘿崗雲埔地塊	Oct	R	666,400	4,350	207	*4.77%
<b>Total</b>					<b>2,761,500</b>	<b>20,124</b>	<b>5,754</b>	

## 2014 LAND ACQUISITION

		CHINESE NAME	MONTH	TYPE	GFA (sqm)	LAND COST (RMB mm)	ATTRIBUTABLE LAND COST (RMB mm)	INTEREST
1	Hangzhou Yuhang Gudun Road Land Parcel	杭州余杭古墩路地塊	Jan	R/C	190,500	1,000	100	*10%

Note: \* Investment Fund JV

## LAND ACQUISITIONS IN RECENT YEARS

Year	LAND COST (RMB bn)	GFA (sqm)	ATTRIBUTABLE LAND COST (RMB bn)	ATTRIBUTABLE GFA (sqm)
2009	5.1	1,379,000	5.1	1,379,000
2010	8.3	3,112,000	8.3	3,112,000
2011	5.5	2,013,000	5.5	2,013,000
2012	8.0	3,775,700	6.7	3,217,000
2013	20.1	2,761,500	5.8	936,000
<b>Total</b>	<b>47.0</b>	<b>13,041,200</b>	<b>31.4</b>	<b>10,657,000</b>

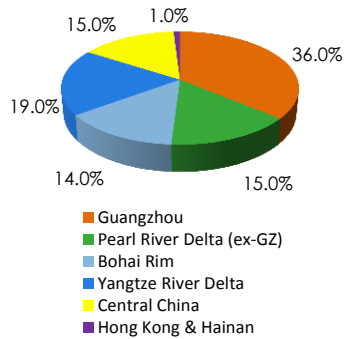
## INVESTMENT FUND TERMS

- The Group and the fund will assume 5-20% and 80-95% of the project equity interest respectively.
- A call option is exercisable by the Group between 12th to 24th month
- Annual return for the fund is between 11% - 12%

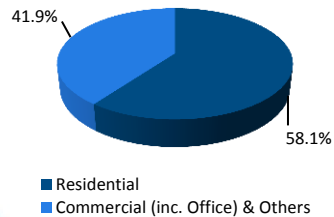
# LEADING INTEGRATED DEVELOPMENT & OPERATIONAL CAPABILITIES DIVERSIFIED REGIONAL FOOTPRINT

- As of 30 Jun 2014, landbank was 15.07 mm sqm , including PUD of 8.01 mm sqm and PFD of 7.06 mm sqm

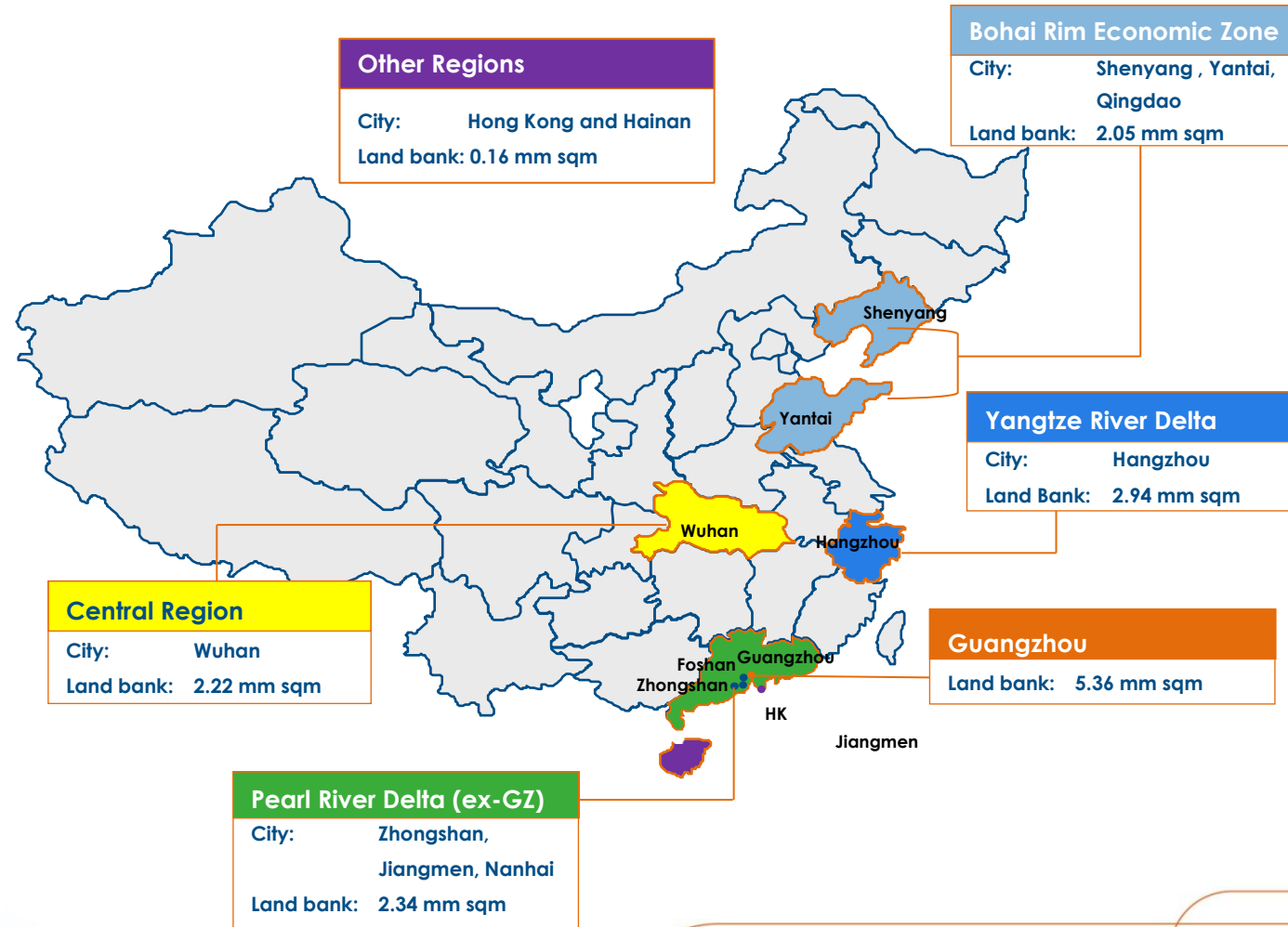
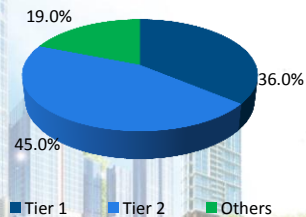
## Land Bank – by Region



## Land Bank – by Type



## Land Bank – by Tier\*



\* Note: Tier 1 cities: Guangzhou, HongKong  
 Tier 2 cities: Wuhan, Hangzhou, Qingdao, Shenyang, Haikou, Foshan  
 Others: Yantai, Kunshan, Jiangmen, Zhongshan

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# 2014 RECOGNITION GUIDANCE

- As of 30 June 2014, unrecognized sales was RMB17,236 mm

**2014 1H**

RMB17,236 mm  
Unrecognized Sales

**2014 2H**

RMB7,385 mm  
will be recognized

**After 2015**

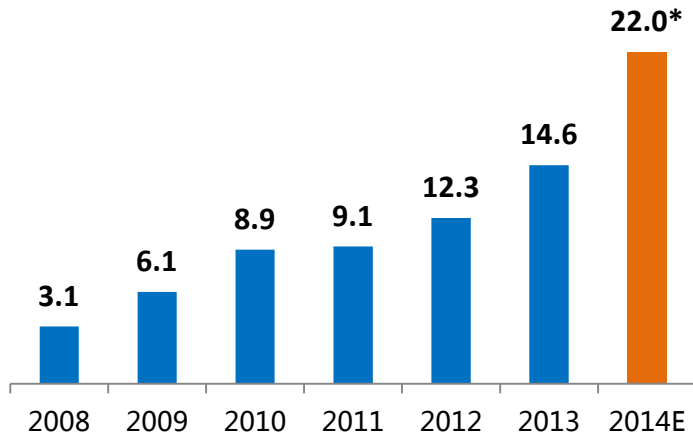
RMB9,851 mm  
will be recognized





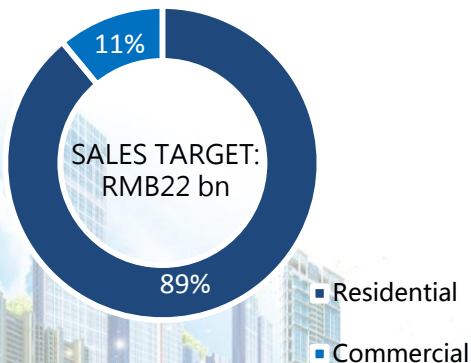
# 2014 SALES TARGET

## CONTRACTED SALES ( RMB bn )

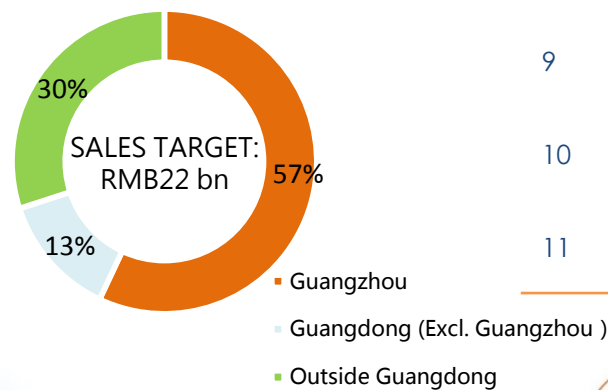


\*Sell-through Rate assumed at 50%

## 2014 SALES TARGET – BY PRODUCT



## 2014 SALES TARGET – BY REGION



## 2014 NEW LAUNCHES

#	PROJECT	LAUNCH
1	Guangzhou Lingnan Wood	Jan
2	Qingdao Starry Blue Bay	Mar
3	Guangzhou Starry Cullinan	Mar
4	Zhongshan Starry Peakfield	May
5	Zhongshan Paradiso Jardin	May
6	Foshan Lingnan Junting	Jun
7	Nanhai Starry Winking	2H
8	Hangzhou Starry Joy City	2H
9	Hangzhou Starry Upper City	2H
10	Guangzhou Luogang Yunpu Industrial Park Project	2H
11	Hong Kong Tsing Tai Road Project	2H

# 2014 CAPEX

<b>AVAILABLE CAPITAL (RMB bn)</b>	<b>2014E</b>
Cash on hand at start	8.4
Contracted Sales	22.0
Undrawn Bank Facilities	5.9
<b>Total</b>	<b>36.3</b>

<b>KEY CAPEX (RMB bn)</b>	<b>2014E</b>
Land Premium Payable	1.4
Construction Costs	8.5
Land Acquisition	*4.0
<b>Total</b>	<b>13.9</b>

\* Note: The group will make adjustment to the acquisition CAPEX according to the market and financial condition



THANK YOU!

