

# 2018 INTERIM RESULTS

13 August 2018

 WHERE GOOD  
LIVING STARTS 





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# RESULT HIGHLIGHTS

## Significant Growth in Contracted Sales

- Contracted sales value reached RMB27.98bn, +39.5% y-o-y, ASP was RMB20,300/sq.m., +26.1%y-o-y
- Achieved 50.9% of the full-year contracted sales target of RMB55.0bn
- As of 30 Jun, unrecognized sales value was RMB56.10bn, +41.3% as compared to the beginning of the year

## Steady Growth in Profitability

- Profit attributable to equity holders was RMB1.31bn, +19.2% y-o-y
- Core net profit was RMB1.12bn, +7.8% y-o-y
- Gross profit margin was 25.8%, +0.9p.p.t. y-o-y
- Interim dividend of HKD0.042 per share was declared, +5.0% y-o-y, accounted for 40% of core net profit

## Further Improvement in Financial Position

- As of 30 Jun, the cash on hand was RMB25.83bn, +24.2% as compared to the beginning of the year; Net operating cash inflow was RMB3.33bn
- Net gearing ratio decreased from 72.8% at the beginning of the year to 64.3%
- The debt structure was optimized and the company successfully issued USD800mm 3-year bond (coupon rate:4.875%) and USD400mm 5.5-year bond (coupon rate:5.375%)

## Diversified Acquisitions of Premium Landbank

- In 1H, 9 land parcels mainly located in Guangzhou, Suzhou, Wuhan, etc. with a total GFA of 2.49 mm sq.m. was acquired through open auction, cooperation with SOEs, M&As etc.
- As of 30 Jun, total landbank was 18.22mm sq.m., of which 8.99mm sq.m. was located in Greater Bay Area, accounted for 49.3% of total landbank



# INCOME STATEMENT ITEMS

RMB bn	2018 1H	2017 1H	Change
Revenue	10.16	11.94	-14.9%
Gross Profit	2.62	2.98	-11.8%
Gross Profit Margin	25.8%	24.9%	+0.9p.p.t.
Fair Value Gains	0.38	0.08	+402.2%
Net Other Gains	0.56	0.06	+850.5%
SG & A Expenses	0.57	0.63	-9.0%
Profit Attributable to Equity Holders	1.31	1.10	+19.2%
Core Net Profit <sup>(1)</sup>	1.12	1.04	+7.8%
EPS	RMB0.1059	RMB0.0889元	+19.1%
Interim Dividend Per Share <sup>(2)</sup>	HKD0.042	HKD0.040元	+5.0%
Dividend Payout Ratio <sup>(3)</sup>	40%	40%	-

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

(2) Weight average number of ordinary shares in issue for 2018 1H: 12,401,306,631

(3) Percentage of core net profit

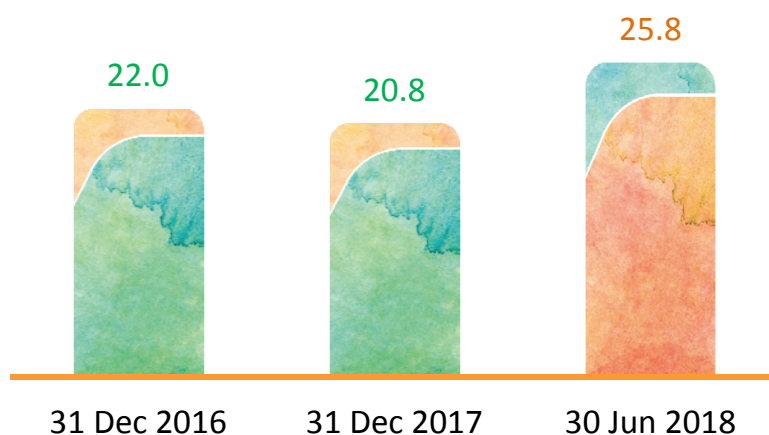


# BALANCE SHEET ITEMS

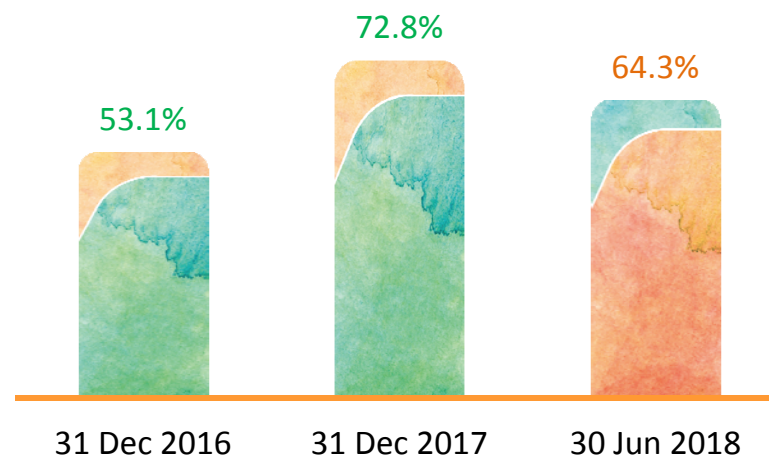
RMB bn	30 Jun 2018	31 Dec 2017	Change
Cash <sup>(1)</sup>	25.83	20.79	+24.2%
Total Debt	52.77	47.71	+10.6%
Gearing Ratio <sup>(2)</sup>	44.5%	45.6%	-1.1p.p.t.
Net Gearing Ratio <sup>(3)</sup>	64.3%	72.8%	-8.5p.p.t.
Total Assets	157.55	1,33.14	+18.3%
Shareholders' Equity	32.82	32.39	+1.3%
Net Asset Per Share	RMB2.65	RMB2.61	+1.5%

Note : ( 1 ) Including cash, cash equivalents and charged bank deposit  
 ( 2 ) Gearing Ratio=(Total Borrowings-Cash)/Total Capitalization  
 ( 3 ) Net Gearing Ratio=(Total Borrowing – Cash)/Net Asset

### Cash(RMB bn)

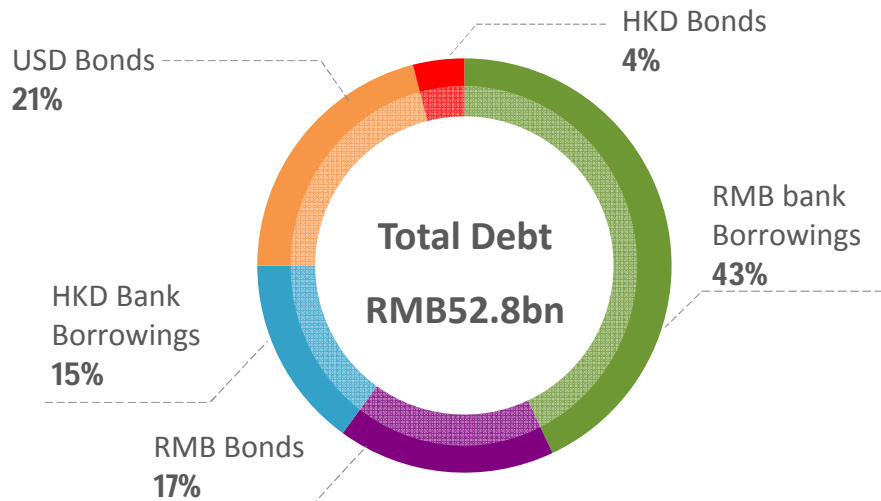


### Net Gearing Ratio

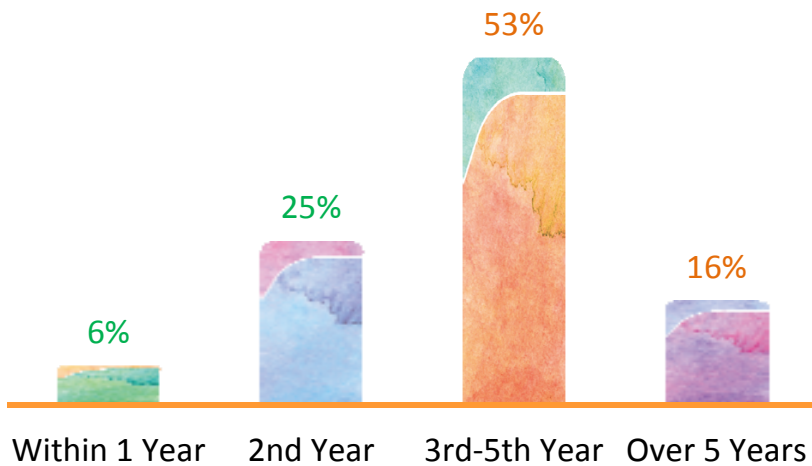


# DEBT STRUCTURE ANALYSIS

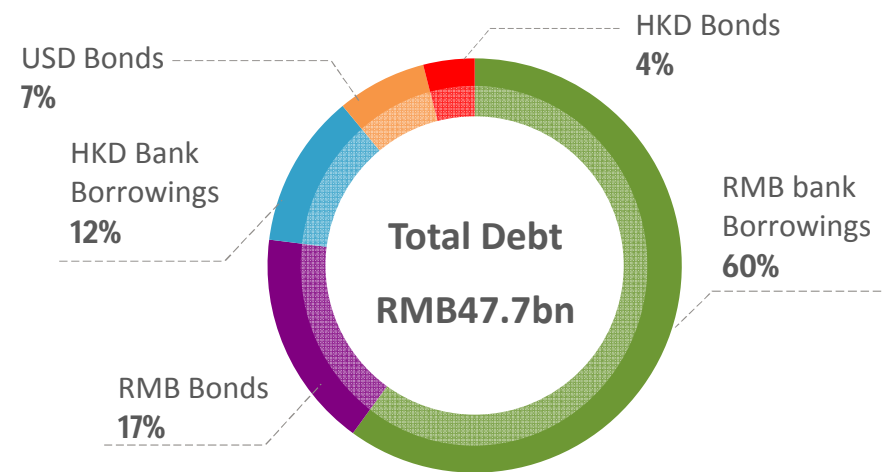
30 Jun 2018



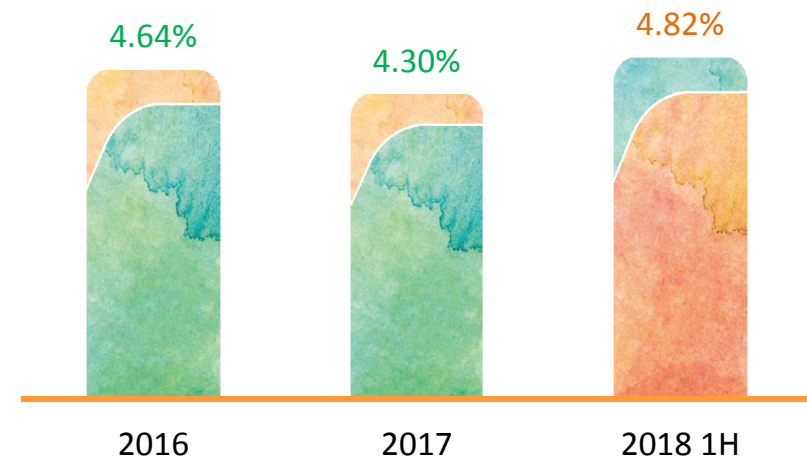
Maturity Profile



31 Dec 2017



Average Borrowing Interest Rate





# CASHFLOW ANALYSIS

RMB bn	2018 1H	2017 1H
<b>Cash on hand at beginning of the year*</b>	<b>20.79</b>	<b>22.02</b>
Cash from Operating	18.51	11.99
Operating Expenses	(15.18)	(13.43)
Development Cost	(5.46)	(5.39)
Land Premium Paid	(3.75)	(3.33)
Tax and Administrative and Other Expenses	(5.97)	(4.71)
<b>Cash Inflow (Outflow) from Operating</b>	<b>3.33</b>	<b>(1.44)</b>
<b>Cash Inflow (Outflow) from Investing</b>	<b>(0.48)</b>	<b>(3.49)</b>
<b>Cash Inflow (Outflow) from Financing</b>	<b>2.19</b>	<b>6.71</b>
<b>Cash on hand at 30 June 2018*</b>	<b>25.83</b>	<b>23.80</b>

Note: Including cash, cash equivalents and charged bank deposit

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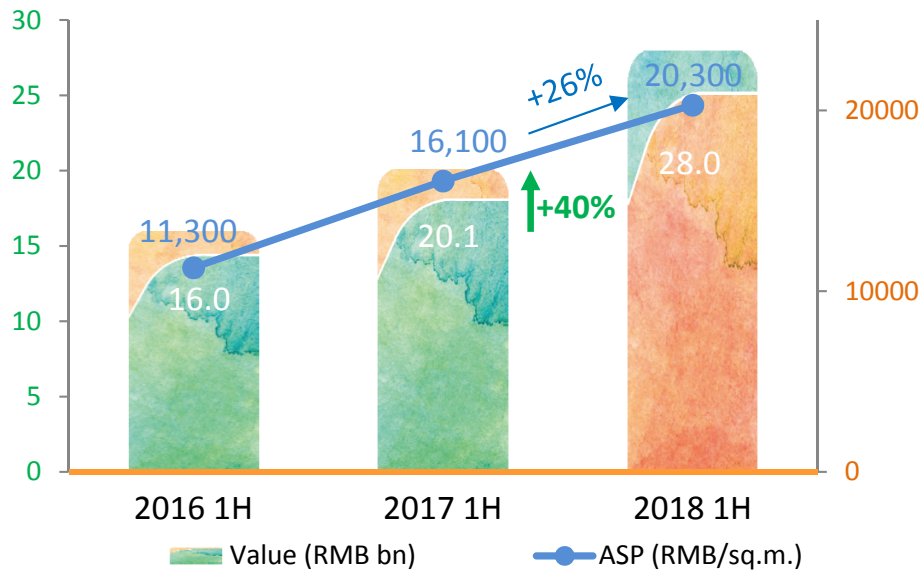
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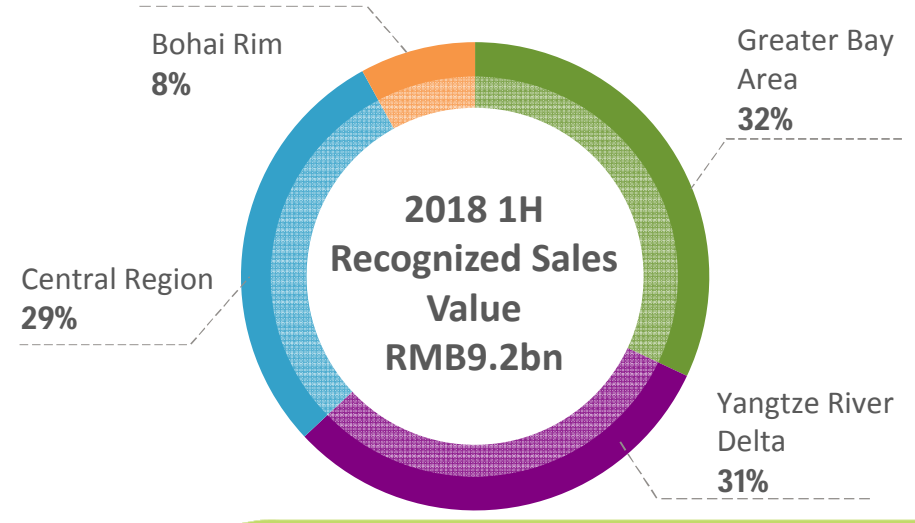
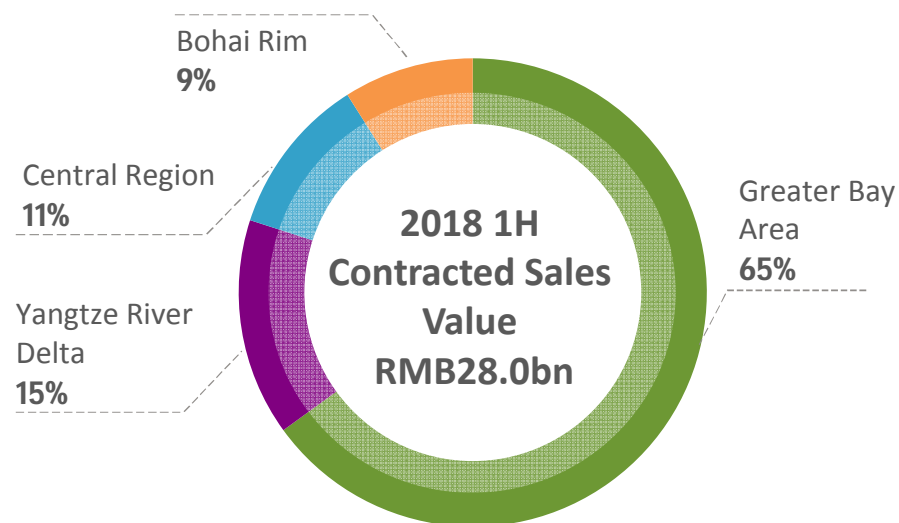
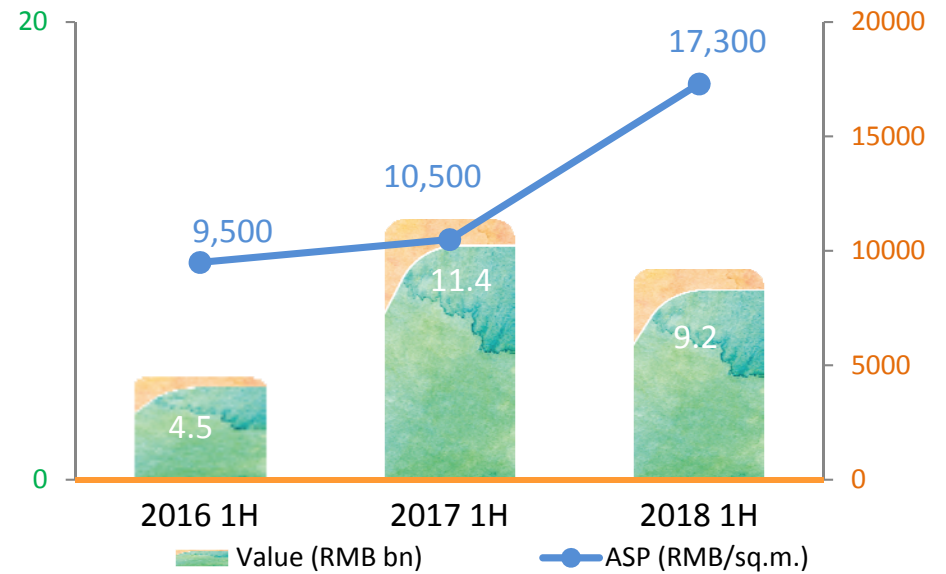


# CONTRACTED SALES AND RECONGIZED SALES

## Contracted Sales<sup>(1)</sup>



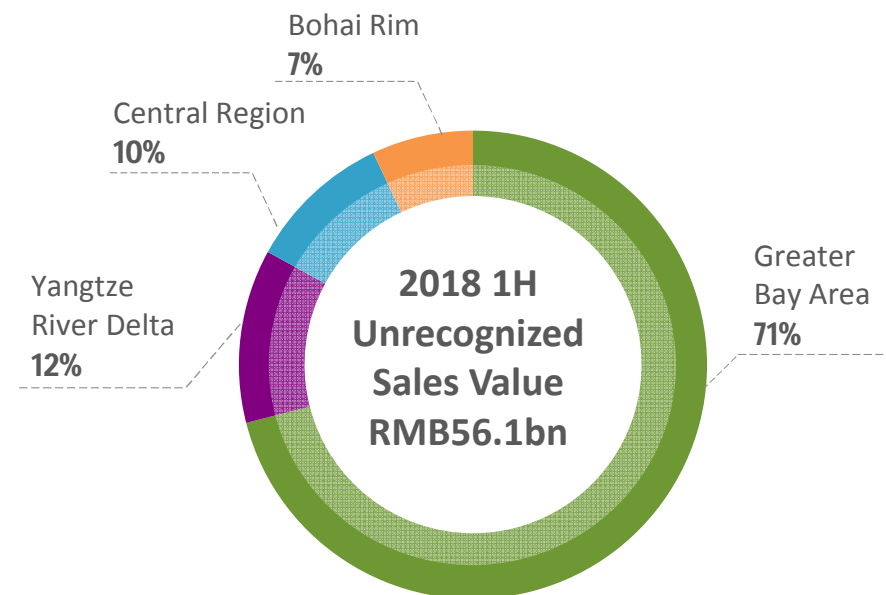
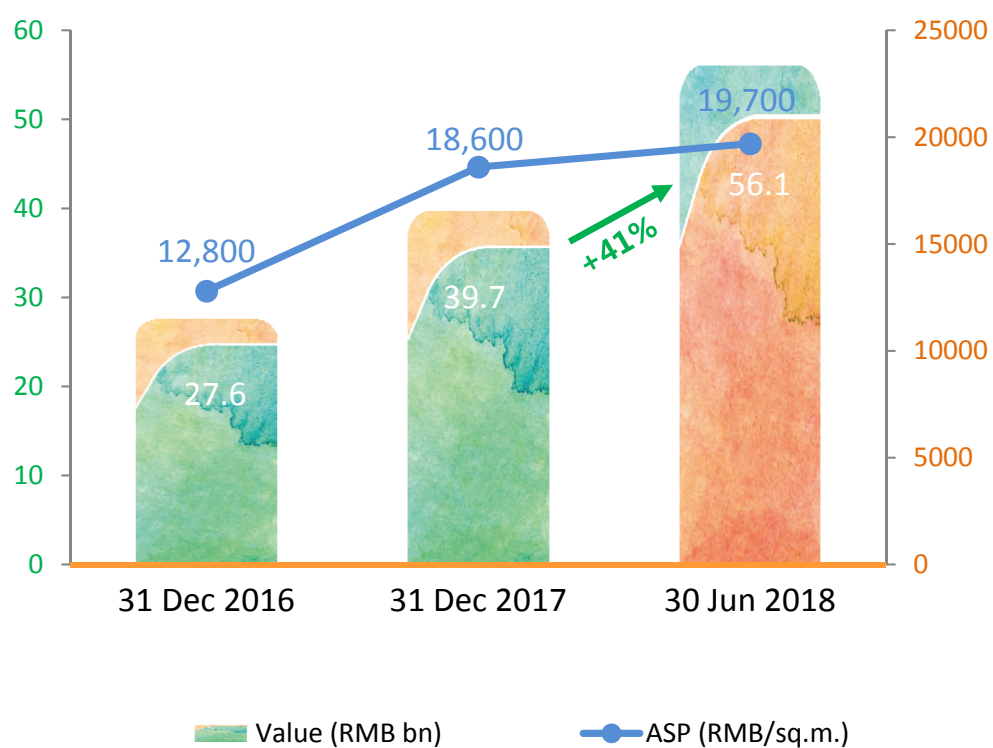
## Recognized Sales



Note: (1) Including sales from joint venture projects

# UNRECOGNIZED SALES

Unrecognized Sales<sup>(1)</sup> : RMB56.1bn<sup>(2)</sup>



Note: (1) Including sales from joint venture projects  
 (2) The consolidated value of 2018 1H unrecognized sales was RMB42.6bn



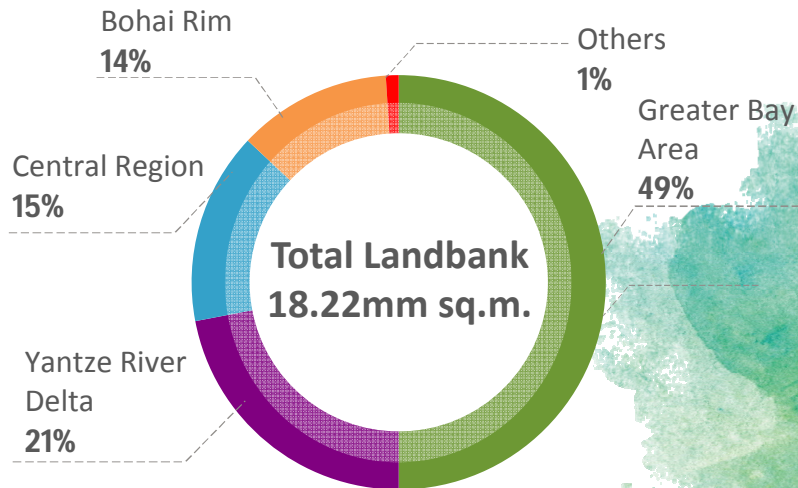
# NEW LAND ACQUISITIONS

No.	New Land Acquisitions	Type	Total GFA (sq.m.)	Equity Holding	Attributable GFA (sq.m.)
1	Guangzhou Panyu Hualing Air-condition Factory Land	R/C	365,300	13.63%	49,800
2	Nansha Lingshan Island Land II	R/C	407,400	9.5%	38,700
3	Jiangmen Binjiang Land	R/C	354,700	47.5%	168,500
4	Wuhan Huangpi Land	R	202,200	14.25%	28,800
5	Suzhou Gaoxin Huguan Land I	R/C	193,600	9.5%	18,400
6	Suzhou Gaoxin Huguan Land II	R	123,900	15.68%	19,400
7	Yantai Elegant Mansion	R	78,400	90.25%	70,800
8	Qingdao Licang Ocean Chemical Industry Land	R/C	211,900	100%	211,900
9	Jinan Zhangqiu Land	R	552,800	24.75%	136,800
<b>Total</b>			<b>2,490,200</b>	<b>-</b>	<b>743,100</b>

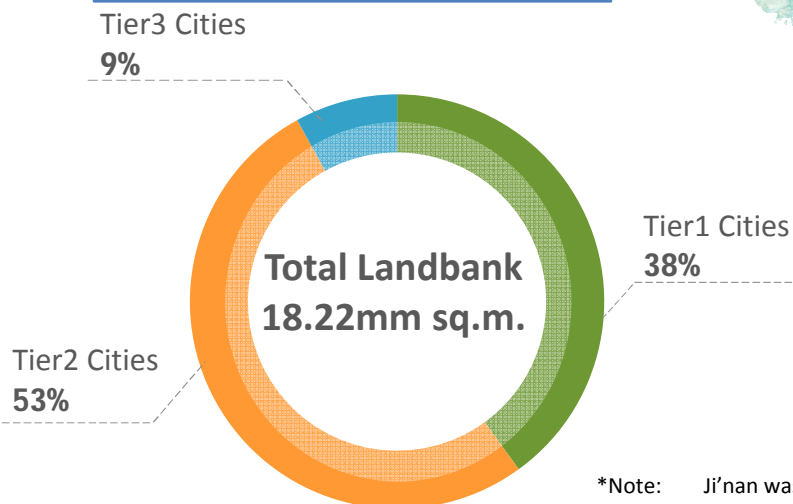


# TOTAL LANDBANK

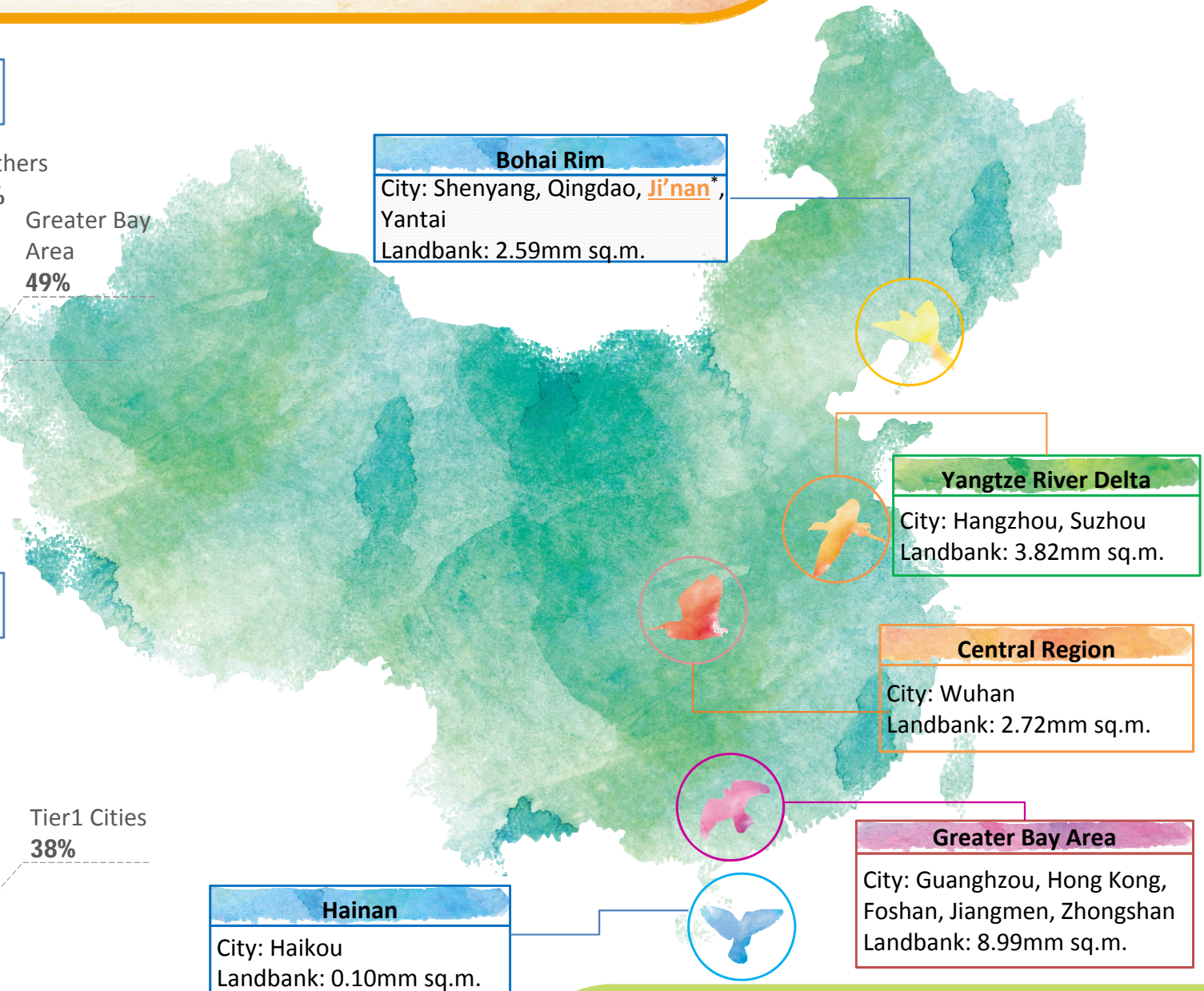
## Landbank – by Region



## Landbank – by Tier City



\*Note: Ji'nan was newly entered in 2018 1H



**Bohai Rim**  
City: Shenyang, Qingdao, Ji'nan\*, Yantai  
Landbank: 2.59mm sq.m.

**Yangtze River Delta**  
City: Hangzhou, Suzhou  
Landbank: 3.82mm sq.m.

**Central Region**  
City: Wuhan  
Landbank: 2.72mm sq.m.

**Greater Bay Area**  
City: Guangzhou, Hong Kong, Foshan, Jiangmen, Zhongshan  
Landbank: 8.99mm sq.m.

**Hainan**  
City: Haikou  
Landbank: 0.10mm sq.m.



# “DUAL PLATFORMS” FOR COMMERCIALS



Dual  
Platforms



Yuexiu Property 2018 1H Rental Income  
was **RMB0.32bn**, +**9.0%** y-o-y

	GFA (sq.m.)
Yuexiu Financial Tower	211,000
Yuexiu Fortune World Plaza	258,000
Nansha Sheraton Hotel	55,000
Xiangkang Commercial Plaza	32,000
Other Guangzhou Commercial	206,000
Nanghai Dating Mall	82,000
Nanghai Starry Winking (Commercial)	31,000
Hangzhou Vicotry Center	20,000
Hangzhou Starry City (Commercial)	121,000
Other	73,000
<b>Major Leasing Projects</b>	<b>1,089,000</b>
Guangzhou Asia Pacific Plaza	229,000
Wuhan International Financial City (Commercial)	242,000
<b>PUD Projects</b>	<b>471,000</b>
Nansha Southern Le Sand (Commercial)	303,000
Nansha Lingshan Island Land	176,000
Hangzhou Starry City (Commercial)	111,000
<b>PFD Projects</b>	<b>590,000</b>
<b>Total</b>	<b>2,150,000</b>

Yuexiu Reit 2018 1H Rental Income  
was **RMB1.0bn**, +**10.3%** y-o-y

	GFA (sq.m.)
GZ IFC	457,000
White Horse Building	50,000
Fortune Plaza	41,000
City Development Plaza	42,000
Victory Plaza	28,000
Neo Metropolis	62,000
Shanghai Yuexiu Building	62,000
Wuhan Fortune Center and Starry Victory	248,000
<b>Total</b>	<b>990,000</b>

\*Note : As of 30 Jun 2018, Yuexiu Property held 34.44% equity on Yuexiu REIT

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# OUR VIEWS ON PRC MARKET IN 2H 2018



## Policy

The policies for regulating the property market will maintain continuity and stability, local governments will stay with differentiated controls, and target at building the long-term mechanisms

## Land

The government will supply more land, leading to a reduction in land premiums and a gradual return to rationality in the market, but the land markets will differentiate further

## Market

The property market will maintain steady growth, but the growth pace is limited. The markets in tier-1 and tier-2 cities tend to stabilize with stringent controls. The pace of growth in tier-3 and tier-4 cities will slow down






## Funds

As credit further tightens and financing cost rises, more M&As and cooperation opportunities will emerge, the market concentration will accelerate



# STRATEGIES - INVESTMENT



-  Take full advantage of our unique resource acquisition platform to add quality landbank
-  Focus on investing in high asset-turn projects through controlling investment pace, improving landbank structure and raising up investment standards
-  For Greater Guangzhou Region, the company will leverage on acquiring quality SOE resources for market leadership position
-  Increase the depth and breadth of urban renewal business and cooperation with SOEs
-  Deepen penetrations in markets of Greater Bay Area, Yangtze River Delta and Central Region, and enter new cities at proper time



# STRATEGIES - OPERATION



Speed up project development and increase asset turnover to achieve higher ROE



Accelerate cash inflows from sales and achieve the annual sales and cash collection targets



Strengthen on satisfying customer demand to enhance product competitiveness and branding premium



Optimize the whole chain business model of “Development, Operation and Finance” to enhance returns for commercials



Further upgrade and implement the co-investment plan and share incentive scheme



# STRATEGIES – NEW BUSINESS



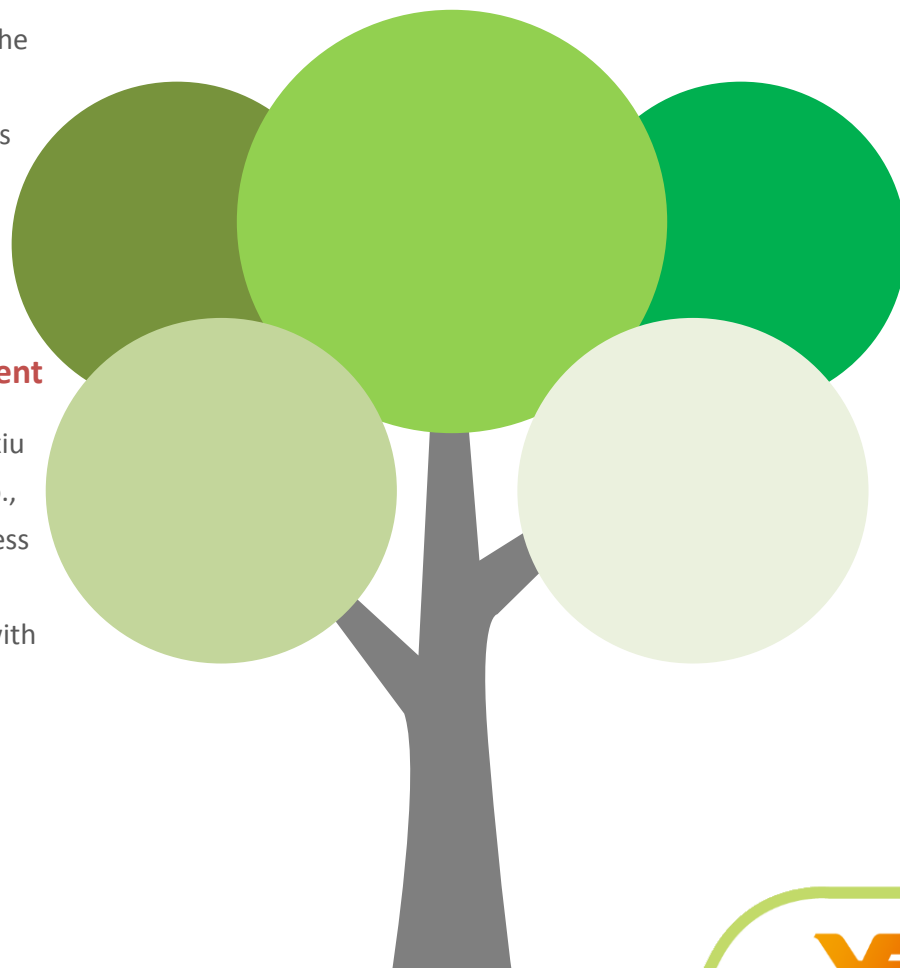
## Urban Renewal Business

- Accelerate the expansion of “Railway+” business to build a sustainable development model for urban renewal business
- Accelerate the acquisition of the urban renew projects and the cooperative projects with SOEs



## Long-term Leasing Apartment

- Leverage on Guangzhou Yuexiu Housing Lease Investment Co., Ltd., to expand leasing business by multiple channels
- Accelerate the cooperation with SOEs and strive to acquire multiple asset-light projects



## Elderly-Care Property

- The Yinxing Project which was acquired last year operates well. In 1H of the year, 6 new project agreement were signed, and currently 3 projects are in operating
- Focus on the layout of high-end Health Care for Elderly projects in city center, create the model of “the combination of medical care and elderly-care”



## “Property+” Business

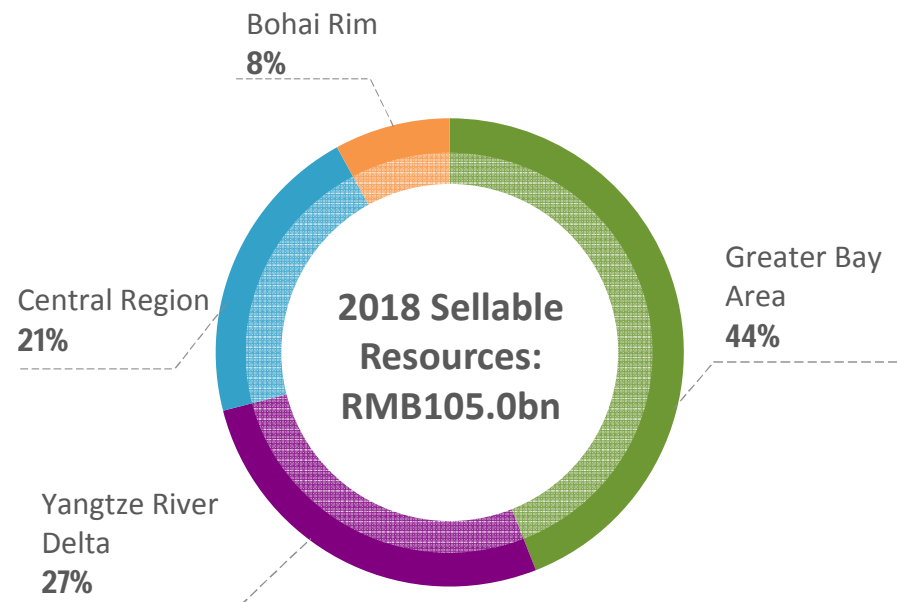
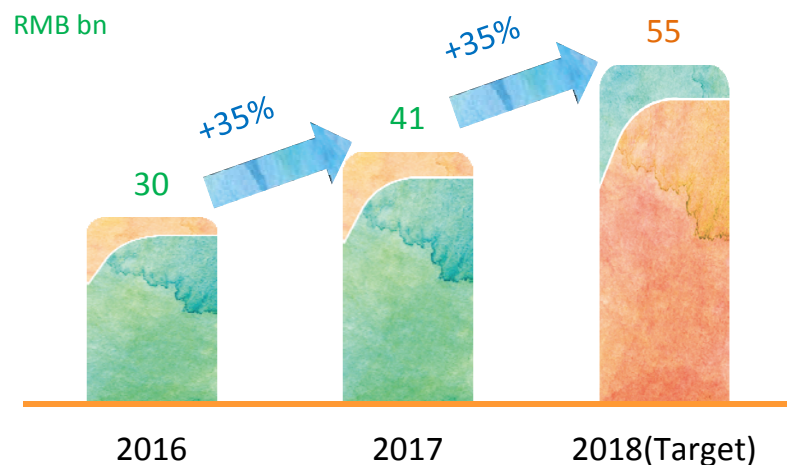
- Strengthen the development of property “+industry”, “+town”, “+education”, “+culture, business and tourism” and businesses
- Deeply cooperate with SOEs and scientific research institutions for more new above projects





# 2018 SALES AND OPERATION TARGETS

2018 Contracted Sales Target:  
RMB55.0bn



## Operation Plans

GFA(mm sq.m.)	2018 Plan	2018 1H Actual
PUD	10.29	11.36
New Construction Starts	4.32	3.14
Completion	2.35	0.54

## 2018 Brand New Project Launches

Regions	Brand New Projects	Brand New Projects in 2H
Greater Bay Area	7	4
Yangtze River Delta	4	2
Central Region	5	4
Bohai Rim	6	4
<b>Total</b>	<b>22</b>	<b>14</b>

# 2018 KEY CASH FLOW ITEMS



Cash Inflow (RMB bn)	2018E
Property Sales	37.1
Rental Income and Others	2.3
<b>Total</b>	<b>39.4</b>

Cash Outflow (RMB bn)	2018E
Land Premium*	15.7
Construction Cost	14.0
Interest Payment	2.5
Tax and Administrative and Other Expenses	6.3
<b>Total</b>	<b>38.5</b>

\*Note: Including M&As by equity





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

THANK YOU!





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