

Where Good
Living Starts

2019 INTERIM RESULTS

13 August 2019





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RESULT HIGHLIGHTS

Contracted Sales

RMB36.90 bn

↑ 31.9%

- Contracted sales value reached RMB36.90 bn, +31.9% y-o-y, achieved 54.3% of the full-year target of RMB68.0 bn
- Contracted sales value of “Railway+Property” was RMB2.09 bn
- As of 30 Jun, unrecognized sales value was RMB77.55 bn, +21.4% as compared to the beginning of the year

Core Net Profit

RMB1.83 bn

↑ 63.2%

- Profit attributable to equity holders was RMB1.87 bn, 42.4% y-o-y
- Core net profit was RMB1.83 bn, +63.2% y-o-y
- Gross profit margin was 30.0%, +4.2p.p.t. y-o-y
- Interim dividend of RMB0.047 per share was declared, +30.6% y-o-y

Average Borrowing Interest Rate

4.76%

↓ 6 b.p.t.

- As of 30 June, the cash on hand was RMB31.58 bn, +16.3% as compared to the beginning of the year
- Average borrowing interest rate decreased 6b.p.t. to 4.76%
- The debt structure was optimized with diversified financing channels and the Group successfully issued RMB2.5 bn 3-year (coupon rate: 3.85%) and 3+2-year (coupon rate: 3.93%) onshore corporate bonds, and RMB1.5 bn special bonds for long-term leasing apartments (coupon rate: 3.83%)

RESULT HIGHLIGHTS

Guangzhou Metro Becomes the Second Largest Shareholder holding 19.9%

- Acquired 86% interest of Yue Galaxy project from Yuexiu Group and Guangzhou Metro with a total GFA of 1.39 mm sq.m., the first such “Railway+Property” project successfully acquired
- Guangzhou Metro becomes the second largest shareholder of Yuexiu Property with 19.9% shareholding
- The Group announced that it has secured the right to acquire a 51% interest in both Luogang Project and Chentougang Project by entering into two YXP Option Deeds with Yuexiu Group on 28 May 2019. Total GFA of both projects was 1.79 mm sq.m..

New Land Acquisitions 3.74 mm sq.m.

- In 1H, 14 land parcels mainly located in Guangzhou, Shenzhen, Chengdu, Zhengzhou, Hangzhou, Qingdao, ect. with a total GFA of 3.74 mm sq.m. (attributable GFA of 2.75 mm sq.m.) were acquired by diversified means
- As of 30 June, total landbank was 21.52 mm sq.m., of which 10.55 mm sq.m. was located in Greater Bay Area, accounted for 49% of total landbank
- According to the villagers’ representatives voting results, the Group obtained the qualification to re-develop the old village of Lirendong in Guangzhou, and signed the cooperation framework agreement in July

Optimize the Regional Layout Continuously

- Newly entered Shenzhen, and has established operations in six cities in Greater Bay Area, optimized and reorganized to set up four companies (Bay East, Bay Middle, Bay West and Railway Transit) for deeply penetrating Greater Bay Area
- Newly entered three main tier-2 cities of Chengdu, Zhengzhou and Changsha (in July) to consolidate and optimize the regional layout
- Prioritize development on the Greater Bay Area, Eastern China Region, Central China Region and Northern China Region, continuously optimized three-tier-management structure of “headquarter – region – city”

INCOME STATEMENT ITEMS



RMB bn	2019 1H	2018 1H	Change
Revenue	21.79	10.16	+114.4%
Gross Profit	6.55	2.62	+149.5%
Gross Profit Margin	30.0%	25.8%	+4.2p.p.t.
Fair Value(Loss)/Gain	(0.02)	0.38	-
Net Other Gains	0.8	0.56	+43.6%
SG&A Expenses	1.02	0.57	+78.7%
Profit Attributable to Equity Holders	1.87	1.31	+42.4%
Core Net Profit ⁽¹⁾	1.83	1.12	+63.2%
EPS	RMB0.1393	RMB0.1059	+31.5%
Interim Dividend Per Share(RMB) ⁽²⁾	RMB0.047	RMB0.036	+30.6%
Interim Dividend Per Share(HKD) ⁽²⁾	HKD0.053	HKD0.042	+26.2%
Dividend Payout Ratio	40%	40%	-

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

(2) Number of the ordinary shares at the end of 2018: 12,401,306,631, Number of the ordinary shares at the end of June 2019: 15,482,280,438

BALANCE SHEET ITEMS



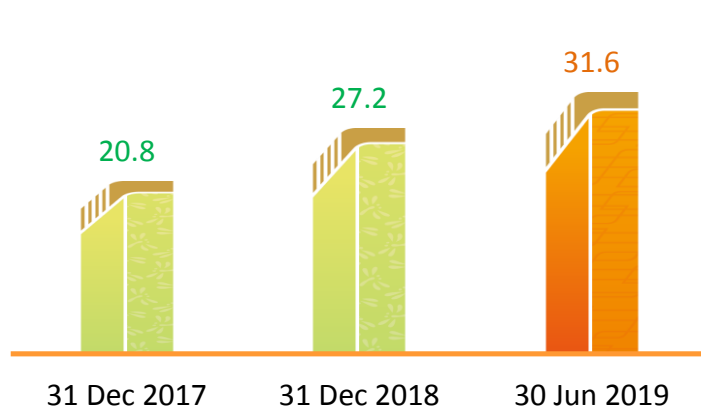
RMB bn	30 Jun 2019	31 Dec 2018	Change
Cash ⁽¹⁾	31.58	27.16	+16.3%
Total Borrowings	65.03	53.41	+21.8%
Gearing Ratio ⁽²⁾	43.7%	42.3%	+1.4p.p.t.
Net Gearing Ratio ⁽³⁾	63.6%	61.2%	+2.4p.p.t.
Total Assets	208.27	168.82	+23.4%
Shareholders' Equity	39.95	33.83	+18.1%
Net Asset Per Share	RMB2.58	RMB2.73	-5.5%

Note: (1) Including cash, cash equivalents and charged bank deposits

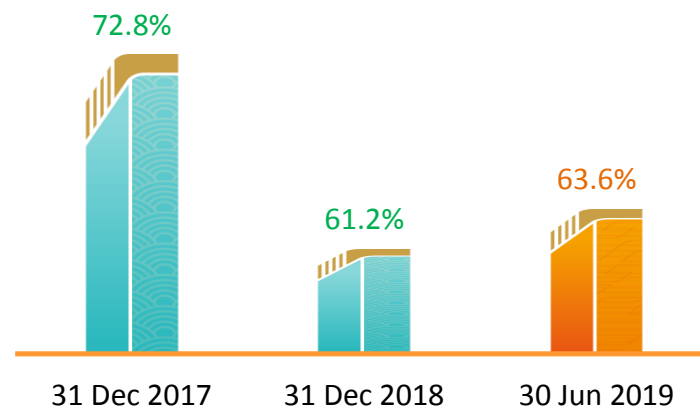
(2) Gearing Ratio=(Total Borrowings-Cash)/Total Capitalization

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

Cash (RMB bn)

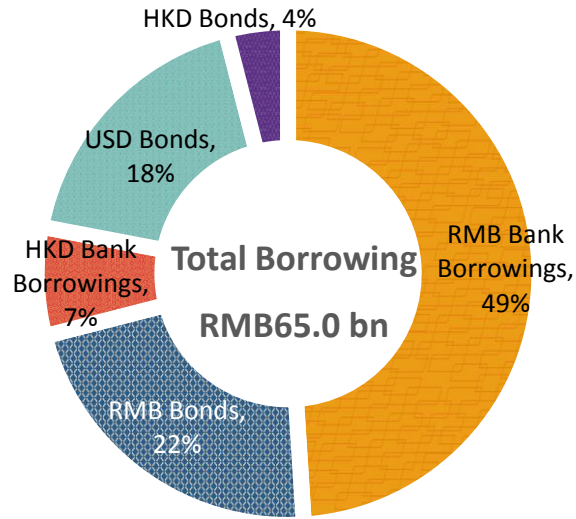


Net Gearing Ratio

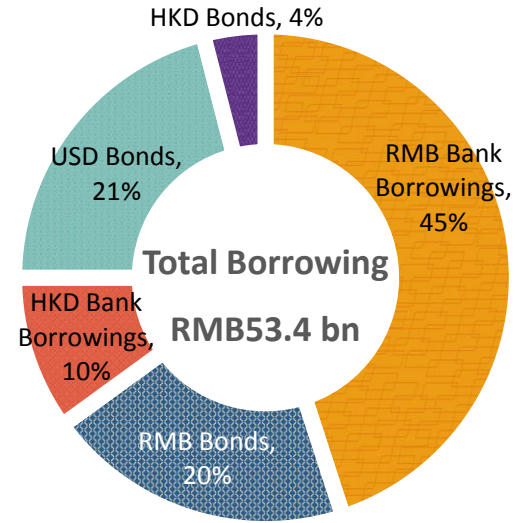


DEBT STRUCTURE ANALYSIS

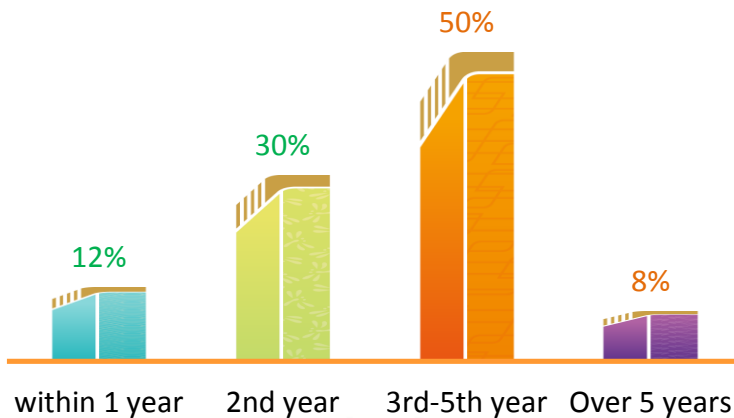
30 Jun 2019



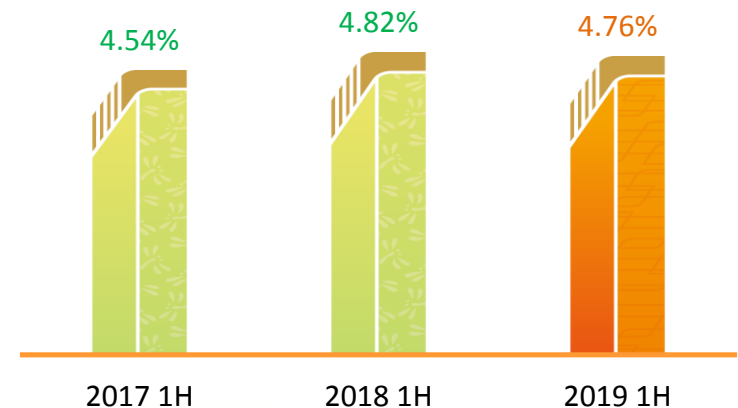
31 Dec 2018



Maturity Profile



Average Borrowing Interest Rate



CASH FLOW ANALYSIS



RMB bn	2019 1H	2018 1H
Cash at the Beginning of the Year*	27.16	20.79
Cash from Operation	22.70	18.51
Operating Expenses	(22.99)	(15.18)
Development Cost	(6.41)	(5.46)
Land Premium Paid and Auction Deposits	(10.34)	(3.75)
Tax and Administrative and Other Expenses	(6.24)	(5.97)
Cash Inflow (Outflow) from Operating	(0.29)	3.33
Cash Inflow (Outflow) from Investing	(9.14)	(0.48)
Cash Inflow (Outflow) from Financing	13.85	2.19
Cash at 30 June 2019*	31.58	25.83

*Note: Including cash, cash equivalents and charged bank deposits



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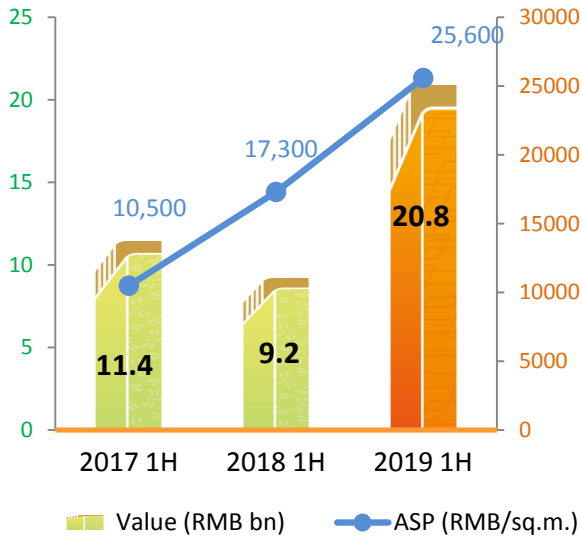
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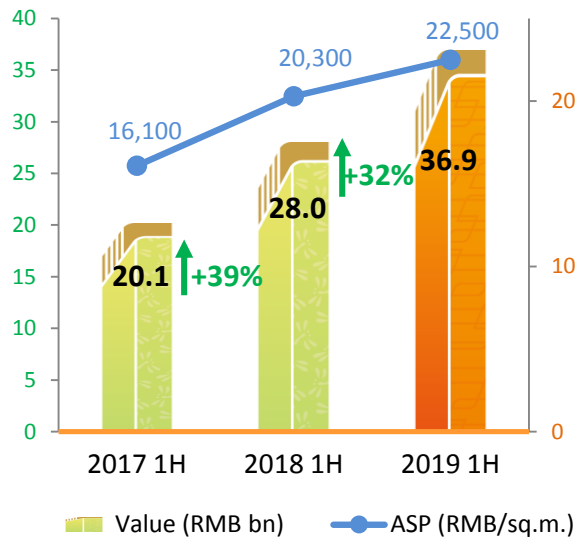
RECOGNIZED, CONTRACTED AND UNRECOGNIZED SALES



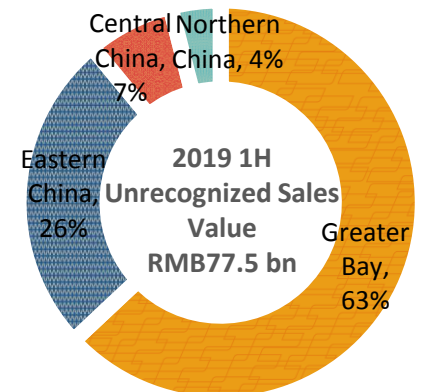
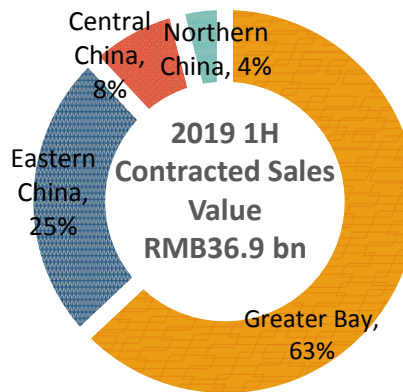
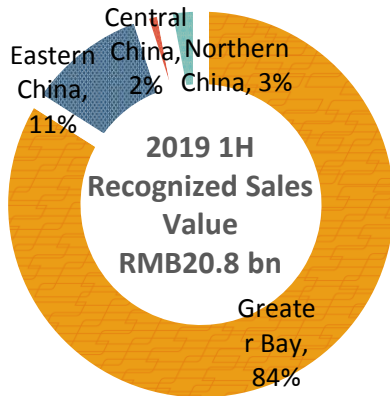
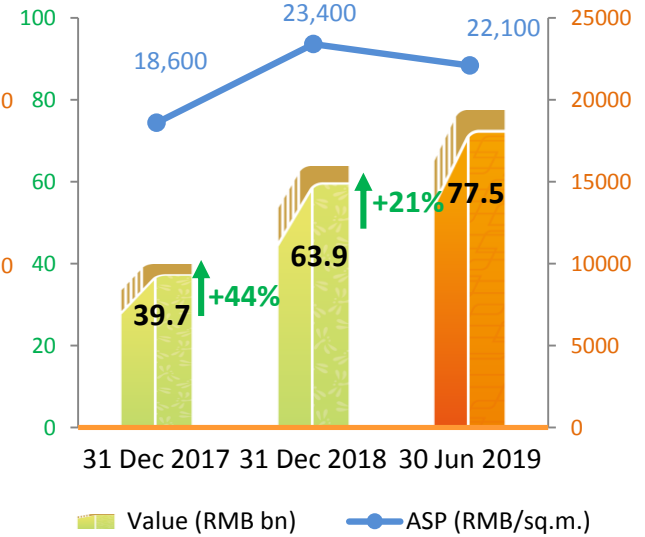
Recognized Sales



Contracted Sales⁽¹⁾



Unrecognized Sales⁽¹⁾⁽²⁾



Notes: (1) Including sales from joint venture projects
 (2) The consolidated value of 30 June 2019 unrecognized sales was RMB52.7bn

NEW LAND ACQUISITIONS

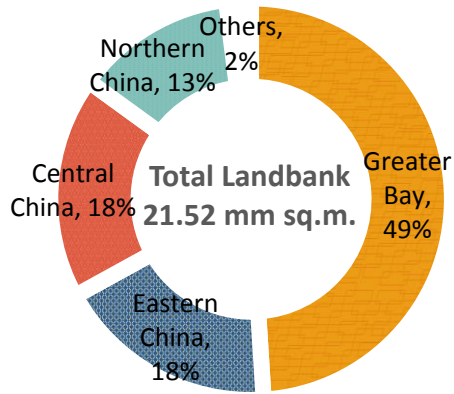
New Land Acquisitions in 1H 2019

No.	New Land Acquisitions	Type	Total GFA (sq.m.)	Equity Holding	Attributable GFA (sq.m.)
1	Guangzhou Zhilian Automobile Town Project II	R/C	315,300	21.48%	67,700
2	Nansha Lingshan Island Land IV	R	128,500	38.23%	49,100
3	Guangzhou Yue Galaxy	R	1,387,900	82.11%	1,139,600
4	Zengcheng Zhongxin Sanjing Land	R	97,600	38.19%	37,300
5	Conghua Jiangpu Jinlibu Land	R/C	207,200	46.79%	96,900
6	Shenzhen Bao'an Jiangangshan Land	R/C	157,200	95.48%	150,100
7	Jiangmen Man Wah Mansion	R/C	83,000	48.45%	40,200
8	Hangzhou Jianggan Niutian Land II	R/C	46,800	95.00%	44,500
9	Hangzhou Lin'an Binhu New City Land	R	66,200	95.00%	62,900
10	Hangzhou Lin'an Jinnan New City Land	R	333,200	100.00%	333,200
11	Zhengzhou Elegant Mansion	R	137,300	95.00%	130,400
12	Qingdao Chengyang Shangma Land	R/C	412,200	100.00%	412,200
13	Chengdu Joyful Mansion	R/C	296,900	42.75%	126,900
14	Chengdu Qingbaijiang Land	R	66,000	95.00%	62,700
Total			3,735,300		2,753,700

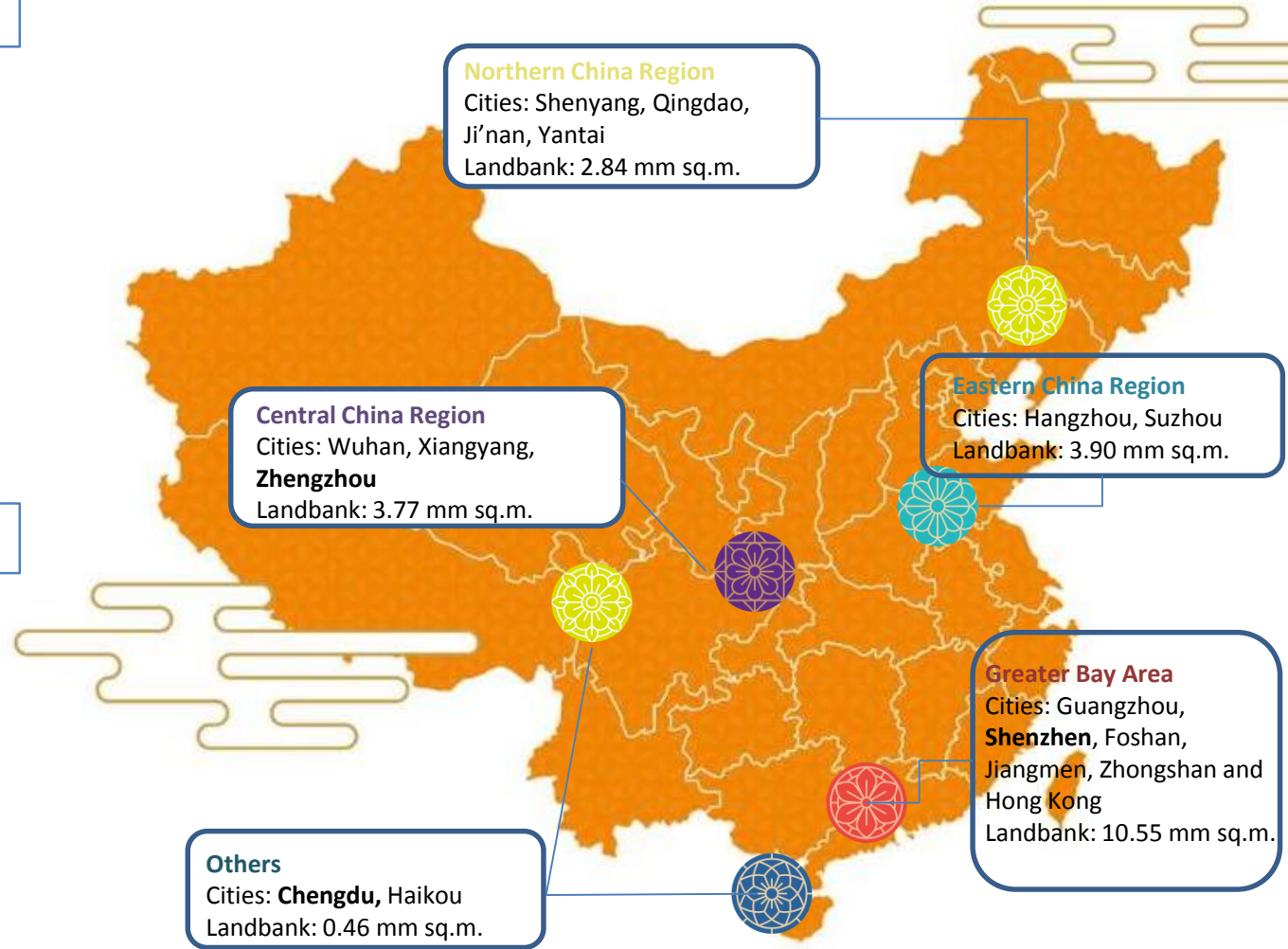
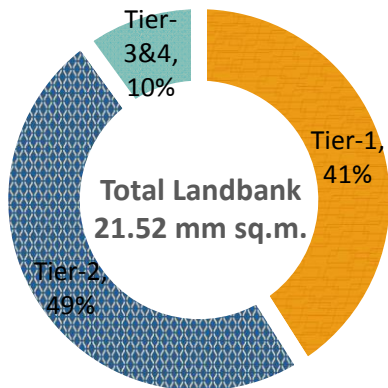
New Land Acquisitions in July

No.	New Land Acquisitions	Type	Total GFA (sq.m.)	Equity Holding	Attributable GFA (sq.m.)
1	Guangzhou Huangpu Southern Intelligent Media Building	C	155,800	48.69%	75,900
2	Zhongshan Xiqu Rainbow Land	R	237,500	9.50%	22,600
3	Changsha Yuelu Land	R/C	129,100	9.50%	12,300
4	Changsha Meixihu Land	R	136,900	9.50%	13,000
5	Changsha Wangcheng Moon Island Land	R/C	714,100	95.00%	678,400
Total			1,373,400		802,200

Landbank – by Region



Landbank – by Tier



"DUAL PLATFORMS" FOR COMMERCIALS



Rental Income was approximately **RMB0.34 bn**, up 6.6% y-o-y.

Revenue was approximately **RMB1.00 bn**, flat y-o-y

	GFA(sq.m.)
Yuexiu Financial Tower	211,500
Nansha Sheraton Hotel	54,600
Xiangkang Commercial Plaza	31,800
Other Guangzhou Commercials	205,600
Nanhai Starry Winking (Commercial)	112,800
Hangzhou Starry City (Commercial)	120,600
Other projects	73,500
Sub-total (Major Leasing Projects)	810,400
Guangzhou Asia Pacific Plaza	229,400
Wuhan International Financial City (Commercial)	241,800
Sub-total (PUD Projects)	471,200
Nansha Southern Le Sand (Commercial)	200,000
Nansha Lingshan Island Land	81,500
Hangzhou Starry City (Commercial)	88,000
Sub-total (PFD Projects)	369,500
Total	1,651,100

	GFA(sq.m.)
GZ IFC	457,400
White Horse Building	50,200
Fortune Plaza	41,400
City Development Plaza	42,400
Victory Plaza	27,700
Hangzhou Victory Center	40,100
Shanghai Yuexiu Building	62,100
Wuhan Fortune Center and Starry Victory Shopping Center	248,200
Total	969,500

*Note: Yuexiu Property held 36.39% of Yuexiu REIT as at 30 June 2019



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SUCCESSFUL IMPLEMENTATION OF "RAILWAY+PROPERTY" MODEL

01

Successfully introduced Guangzhou Metro as the second largest shareholder of the Group with 19.9% shareholding which will be beneficial to the Group for deeply penetrating the Greater Bay Area and speeding up acquisitions of projects along metro lines

02

By acquiring 86% interest of Yue Galaxy, the first acquisition of Metro Project is completed. Yue Galaxy achieved contracted sales value of RMB2.1 bn in 1H 2019

03

On May 28, the Group announced that it had entered into two option contracts with Yuexiu Group to acquire the rights to buy 51% interest in both Luogang and Chentougang Projects. The Group intends to exercise the two options and complete the acquisitions in the fourth quarter of 2019

04

If the two options are exercised as planned, the GFA of Metro Projects for the Group will increase to 3.18mm sq.m., accounting for approximately 15% and 37% of the Group's total landbank and the landbank in Guangzhou respectively as at 30 June 2019

GZ METRO BECOMES THE STRATEGIC SHAREHOLDER

01

- Guangzhou Metro Group is a large-size SOE under the Guangzhou Government, responsible for the construction and operation of railway transportation system and development of railway resources for Guangzhou

02

- 15 metro lines with a mileage of 478km have been in operation, ranking the third in China and top ten in the world. 13 new metro lines with 345km are under construction

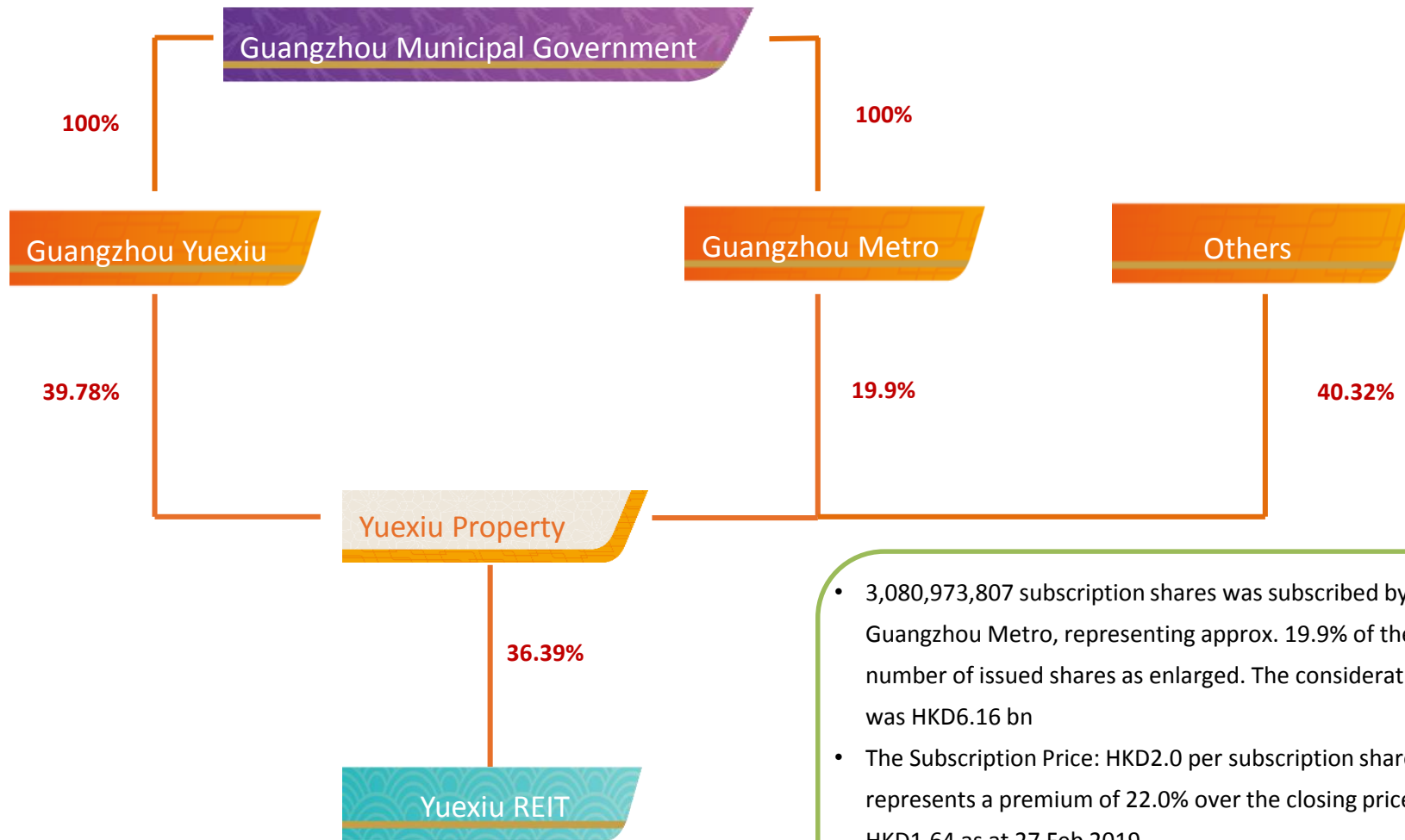
03

- Guangzhou Metro Group has diversified into property businesses, focusing on developing properties along metro lines according to metro networking plans

04

- According to the plans of Guangzhou Metro (from 2017 to 2023) approved by National Development and Reform Commission in 2017, the mileage of metro lines in Guangzhou will double from 400km to 800km in 2023

LATEST SHAREHOLDING STRUCTURE OF THE GROUP



- 3,080,973,807 subscription shares was subscribed by Guangzhou Metro, representing approx. 19.9% of the total number of issued shares as enlarged. The consideration was HKD6.16 bn
- The Subscription Price: HKD2.0 per subscription share, represents a premium of 22.0% over the closing price of HKD1.64 as at 27 Feb 2019
- Guangzhou Metro becomes the second largest shareholder of the Group

As of 30 June 2019

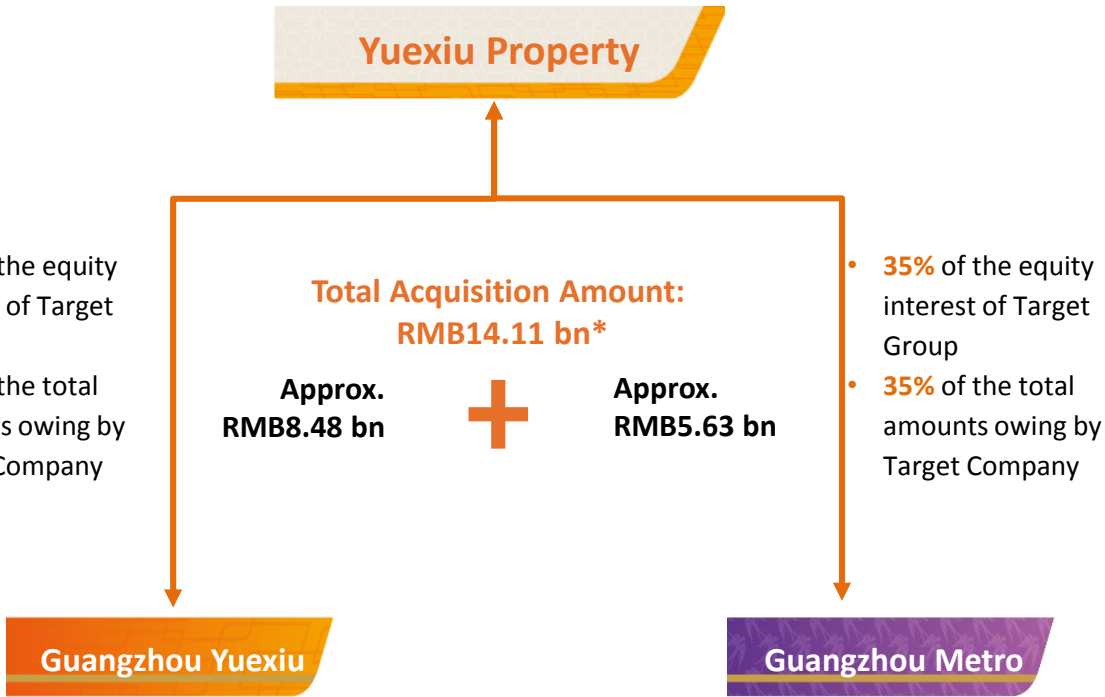
COMPLETION OF FIRST METRO PROJECT ACQUISITION --- YUE GALAXY



Project Details	
Total Site Area	313,400 sq.m.
Total GFA	1,387,900 sq.m.
Total Sellable GFA	940,200 sq.m.

Supporting Facilities	
Exit B, Guanhu Station of Guangzhou Metro Line No.13	
Central Bus station with GFA of 4,000 sq.m.	
Two Kindergartens and two Nursery Schools	
One Primary School with 42 classes and one Junior School with 21 classes	
Commercial facilities with GFA of 25,000 sq.m. and two fresh markets	
Public facilities with GFA of 55,000 sq.m. including reading room, leisure area, Gym area, clinic, police station and etc.	

- 51% of the equity interest of Target Group
- 51% of the total amounts owing by Target Company



The Amounts of Transaction	
Total Acquisition Amount (86% equity):	RMB14.1 bn
Valuation of Target Property(100%):	RMB16.6 bn

THE LOCATION MAP OF YUE GALAXY

- Yue Galaxy is located in Guanhu Village, Xintang Town, Zengcheng District, Guangzhou, adjacent to Guanhu Station of Guangzhou Metro Line 13, which has been in operation since December 2017. Zhujiang New Town Station can be reached by exchanging to Guangzhou Metro Line 5 or by driving for 40 km



THE INTRODUCTION OF LUOGANG PROJECT

(The Group announced that it has secured the right to acquire a 51% interest of the project from Yuexiu Group on May 28)

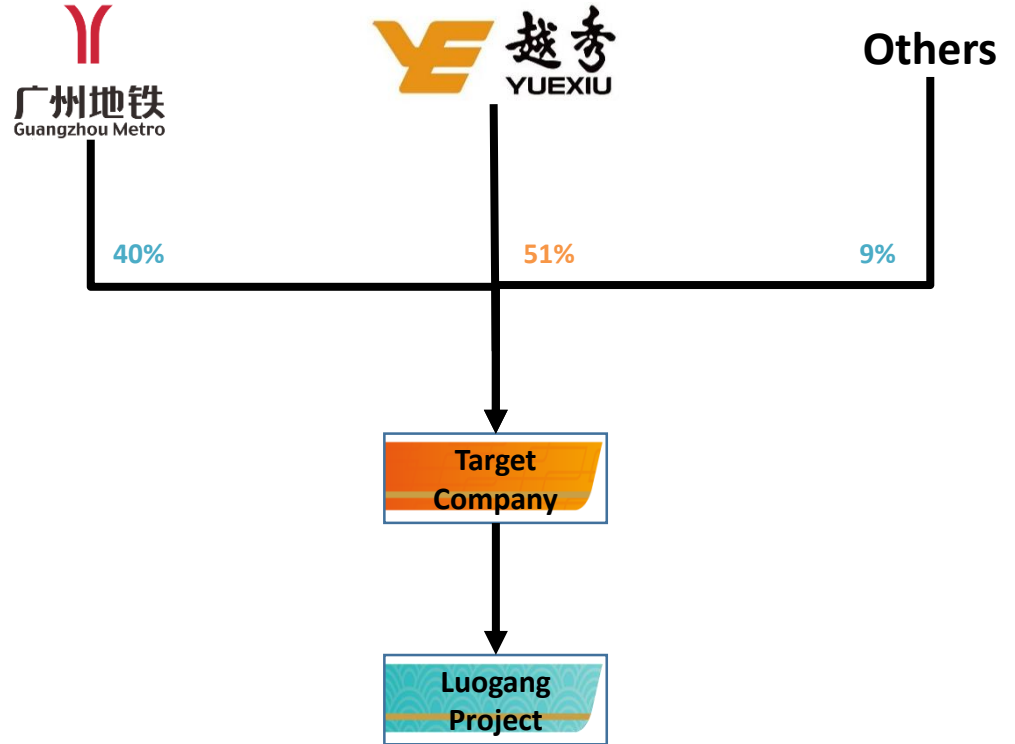
Project Details

Total Site Area	312,400 sq.m.
Total GFA	911,900 sq.m.
Estimated Acquisition Amount	RMB4.93 bn

Supporting Facilities

- Xiangxue Station of Guangzhou Metro Line 6
- Educational Facilities
- Culture Square
- Commercial Complex

Current Project Structure



THE LOCATION MAP OF LUOGANG PROJECT

- The project is located in the core area of Huangpu District, 28 km away from Zhujiang New Town and 3.4 km away from the new government site of Huangpu District.
- The project is adjacent to Kaichuang Avenue and the north side of Guangzhou-Shenzhen Expressway. It is about 600 meters away from Xiangxue Station of Guangzhou Metro Line 6 which has been in operation. There are 6 bus lines on the north side of the project. Transportation is convenient



THE INTRODUCTION OF CHENTOUGANG PROJECT

(The Group announced that it has secured the right to acquire a 51% interest of the project from Yuexiu Group on May 28)

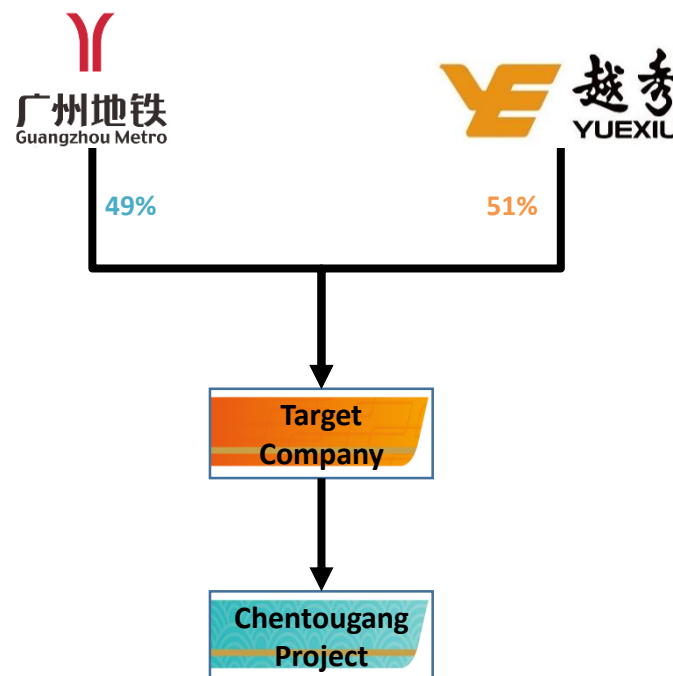
Project Details

Total Site Area	242,100 sq.m.
Total GFA	881,200 sq.m.
Estimated Acquisition Amount	RMB4.07 bn

Supporting Facilities

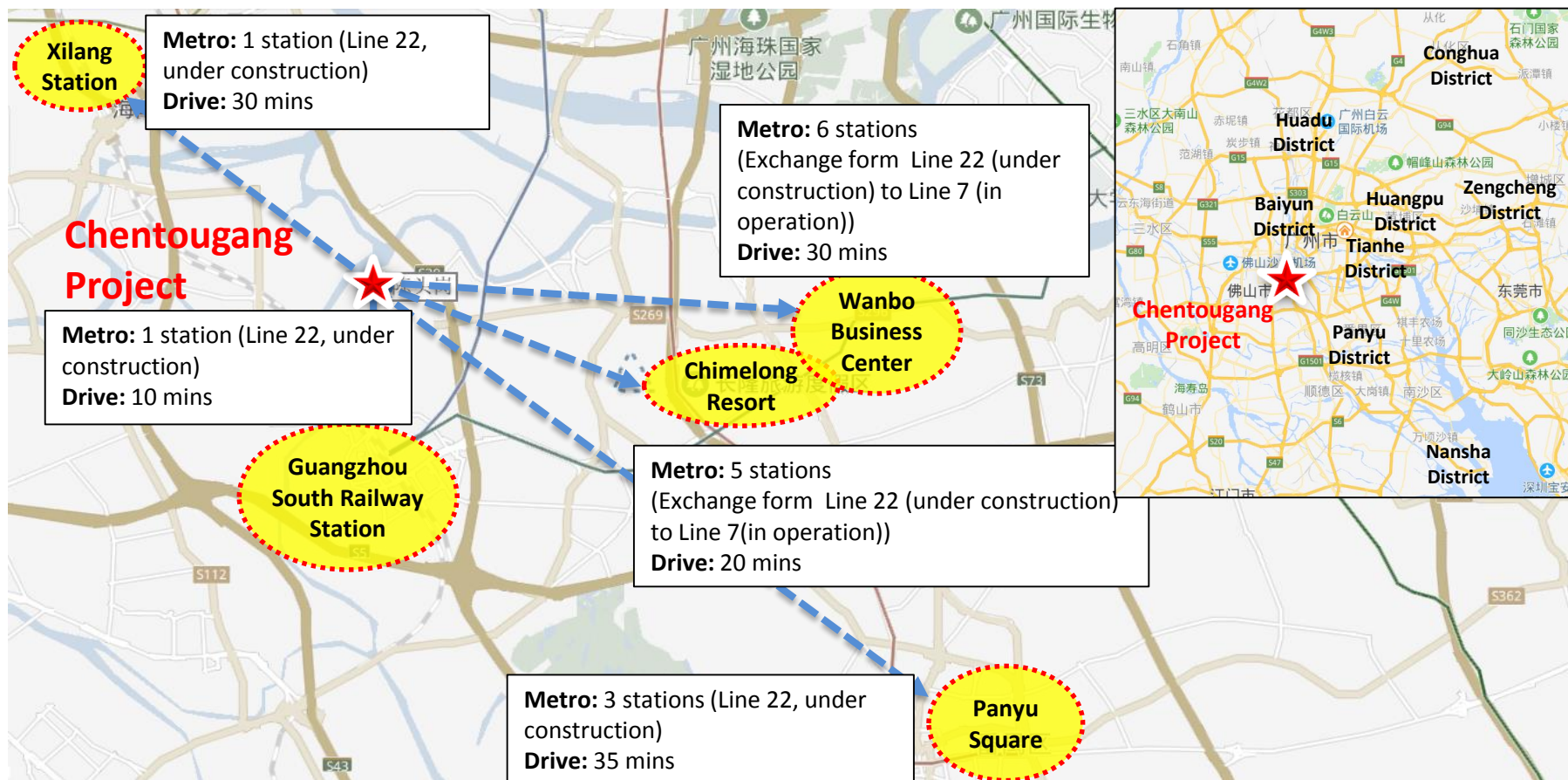
- Chentougang Station of Guangzhou Metro Line 22 (scheduled to operate in 2022)
- A nine-year education school
- A kindergarten with 24 classes
- Large amusement park

Current Project Structure



THE LOCATION MAP OF CHENTOUGANG PROJECT

- The Project is atop Chentougang Station of Guangzhou Metro Line 22, 5 km away from Guangzhou South Railway Station, 25 km away from Zhujiang New Town
- As one middle station in Guangzhou Metro Line 22, Chentougang Station is only one stop from Guangzhou South Railway Station. Guangzhou Metro Line 22 is expected to put into operation between 2020 and 2022





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OUR VIEWS ON PRC PROPERTY MARKET IN 2H 2019

Policy

Adhering to the keynote of "Housing is for living in, not for speculation", policies will maintain continuity and stability. Implement city-specific policies while speed up establishing long-term mechanisms for the property market

Land

The government will strengthen the categorized controls on land supply. The differentiation in regions and cities will be strengthened with intensified competition among the land markets in tier-1 and tier-2 cities

Market

The market is expected to remain stable in terms of supply and demand and the space for price increases will be limited. Markets will further differentiate. Markets in the Greater Bay Area and Yangtze River Delta are continuously supported by the developments of urban agglomerations in both areas.

Finance

The policy of credit will remain moderate in response to the economic downturn. The financing environment for developers will tend to be tight in 2H in response to financial deleveraging and prevention of financial risks., The government will strengthen the supervision of property sector financing to control risks

Unique Land Acquisition Platform

Railway+Property

Incubation by the Parent-acquisition by the Group

Joint Development with other SOEs

Urban Renewal Projects

Open Market Auctions

Business Park Projects

M&As in Secondary Market

Long-term Government Rental Housing Platform

- Consolidate and optimize the unique land acquisition platform to increase high-quality landbank sustainably
- Optimize the business model of “Railway + Property”, deepen the cooperation with other SOEs and develop the model of “renewal of old village” to build our unique and characteristic advantages in acquiring land resources
- Focus on Greater Bay Area to consolidate the Group’s leading position and enhance the market positions in Eastern China and Central China
- Investing in fast turnover, high return and risk manageable projects in accordance with strict investment standards, optimized landbank composition and better geographical layout

OPERATION STRATEGIES

1

Launch projects precisely in line with the pace of market, expand the sales channels and accelerate the sales of metro projects to achieve the annual sales target with good sell-through rate and cash collection rate

2

Base on customer demand to implement the principle of enhancing “Product+Service” and improve the competitiveness of products. Speed up the establishment of standard system to provide high-quality products to customers in line with their needs

3

Establish the centralized operation system centered on project operation, continuously optimize the management of projects, products and cost to support the growth of business scale. Strengthen the management of construction work and effectively control the costs and expenses

4

Uphold the strategy of “Coordinated Development of Both Residential and Commercial Properties”, deepen the industry chain business model of “development + operations + securitization” and improve the operational capabilities and efficiency, thus developing commercial property business into the important “stabilizer” and the core competitive advantage of the Group

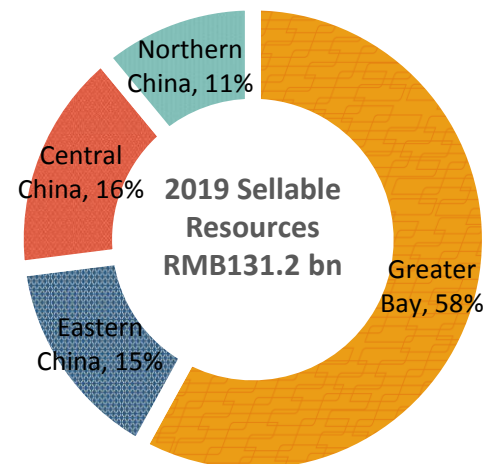
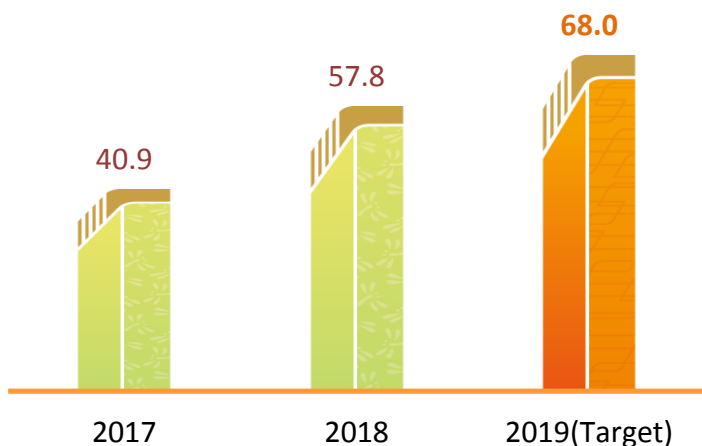
5

Optimize the mechanisms of co-investment and key employees’ share incentive scheme, step up the cultivation and introduction of project managers and core talents in order to enhance the organizational support capability and unleash the vitality of the organization

2019 SALES AND OPERATION TARGETS



2019 Sales Target: RMB68.0 bn



Operation Plans

GFA (mm sq.m.)	2019E	2019 1H
PUD	15.14	13.00
New Construction Starts	5.95	2.41
Completion	2.95	1.52

2019 EXPECTED CASH FLOW ITEMS FROM OPERATING

Cash Inflow (RMB bn)	2019E
Property Sales	47.9
Rental Income and Other	4.0
Total	51.9
Cash Outflow (RMB bn)	
Land Premium and Auction Deposits*	17.9
Construction Cost	14.8
Interest Payment	3.8
Tax and Administrative and Other Expenses	9.6
Total	46.1

*Note: Excluding payment for interest acquisitions from Yuexiu Group

The background features a large white circle in the center, surrounded by several overlapping semi-circles. These semi-circles are filled with various patterns: a green circle with a white dragonfly pattern, an orange circle with a white geometric pattern, a red circle with a white floral pattern, a gold circle with a white geometric pattern, and a blue circle with a white wave pattern. The overall design is colorful and traditional in style.

Thank you!



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YUEXIU PROPERTY COMPANY LIMITED

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