



# 2013 Annual Results

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21 March, 2014



**越秀地產股份有限公司**

YUEXIU PROPERTY COMPANY LIMITED

香港聯交所股份代號：00123

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## 2. Business Overview

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# RESULTS HIGHLIGHTS

## RECORD HIGH RESULTS

- Revenue reached RMB14.21bn, +75.0% y-o-y
- Net Profit grew 16.1% y-o-y to RMB2.88bn
- Core Net Profit: RMB1.54bn, +28.8% y-o-y

## HEALTHY GROWTH IN SALES

- Contracted sales value: RMB14.63bn, +19.0% y-o-y
- Contracted sales GFA: 1,155,200 sqm, +11.6% y-o-y
- The upgraded sales target of RMB14.50bn was accomplished

## RETURN TO SHAREHOLDERS

- Maintain 40% payout ratio on core net profit
- The full year dividend per share is HK\$0.084, +31.3% y-o-y

## BREAKTHROUGHS IN FINANCING

- Completed financing totalling RMB13.05bn, including first issuance of a US\$350mm 5-year bond, a US\$500mm 10-year bond and RMB7.75bn bank borrowings
- The ratio of onshore and offshore borrowings adjusted to 43:57; the average funding costs lower to 5.59%

## INNOVATIVE LANDBANKING MODEL

- Partnered with an investment fund to maintain low level of gearing ratio while accelerating the expansion
- 7 parcels of land with GFA of 2.75mm sqm were acquired for approx. RMB20.12bn, of which 4 parcels were JV with the fund. Land costs payable by the Group was only approx. RMB5.82bn
- As of the end of 2013, total landbank reached approx. 15.26mm in 12 cities in China

# INCOME STATEMENT

RMB mm	2013	2012	CHANGE
Revenue	14,209	8,120	+75.0%
Gross Profit	4,104	3,858	+6.4%
Fair Value Gains	1,975	1,567	+26.0%
SG & A Expenses	1,310	1,296	+1.1%
Net Finance Costs	468	492	-4.9%
Profit Attributable to Equity Holders	2,880	2,482	+16.1%
Core Net Profit <sup>(1)</sup>	1,540	1,197	+28.7%
Basic Earning per Share	RMB0.3094	RMB0.2672	+15.8%
Final Dividend per Share	HKD0.035	HKD0.022	+59.1%
Total Dividend per Share <sup>(2)</sup>	HKD0.084	HKD0.064	+31.3%
Total Payout Ratio <sup>(3)</sup>	40%	40%	-

Note : <sup>(1)</sup>Excluding the fair value gains of investment properties

<sup>(2)</sup> The special dividend of HKD0.031 per share in 2012 is excluded from the total dividend per share

<sup>(3)</sup> Based on Core Net Profit

# BALANCE SHEET

RMB mm	2013	2012	CHANGE
Cash <sup>(1)</sup>	8,374	9,263	-9.6%
Total Borrowings	23,865	20,131	+18.5%
Gearing Ratio <sup>(2)</sup>	43.8%	37.1%	+6.7ppts
Net Gearing Ratio <sup>(3)</sup>	61.6%	47.0%	+14.6ppts
Total Assets	78,071	69,997	+11.5%
Shareholders' Equity <sup>(4)</sup>	24,175	22,158	+9.1%
Net Asset per Share	RMB2.593	RMB2.383	+8.8%

Note :

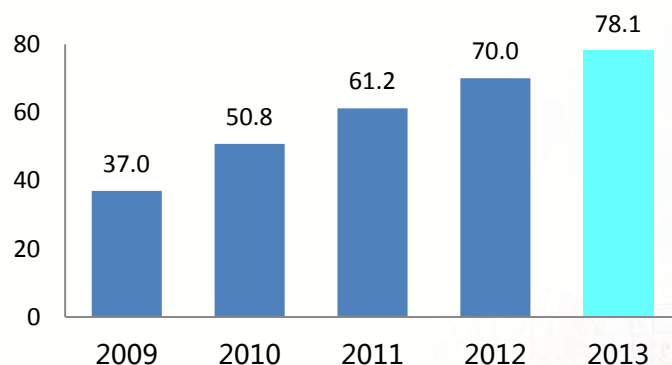
<sup>(1)</sup> Including the charged bank deposits of RMB3.32bn as at the end of 2013 ( 2012 : RMB2.20bn )

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

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

<sup>(4)</sup> Excluding the Minority Interest

**TOTAL ASSETS ( RMB bn )**



**NET ASSETS PER SHARE ( RMB )**



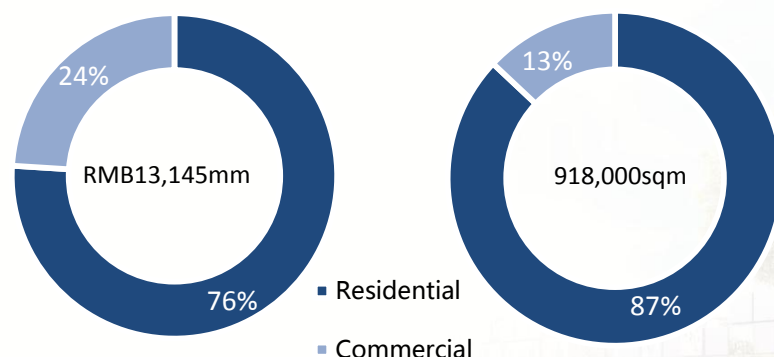
# REVENUE AND GROSS PROFIT ANALYSIS

TYPE	REVENUE ( RMB mm )		GROSS PROFIT ( RMB mm )		GROSS PROFIT MARGIN	
	2013	2012	2013	2012	2013	2012
PROPERTY SALES	13,145	6,946	3,796	3,432	28.9%	49.4%
PROPERTY INVESTMENT	457	484	269	310	58.8%	64.1%
PROPERTY MANAGEMENT	346	331	29	53	8.5%	16.0%
DECORATION BUSINESS & OTHERS	261	359	10	63	3.8%	17.5%
<b>TOTAL</b>	<b>14,209</b>	<b>8,120</b>	<b>4,104</b>	<b>3,858</b>	<b>28.9%</b>	<b>47.5%</b>

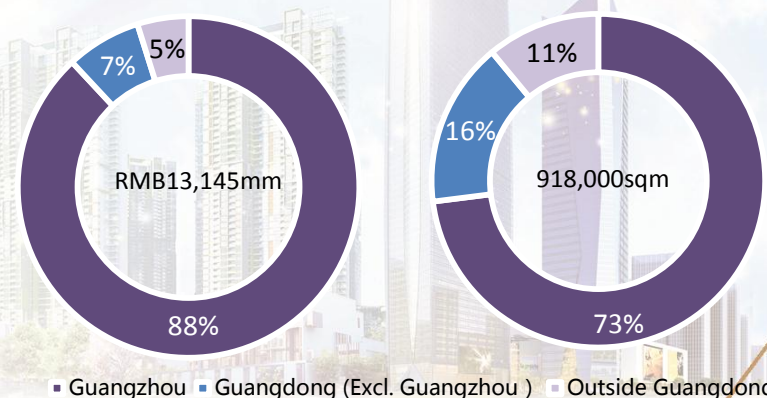
## PROPERTY SALES REVENUE ANALYSIS

- 2013 Recognized Property Sales Revenue amounted to RMB13,145mm, 89.2% y-o-y increase with corresponding GFA of 918,000sqm.
- The Average Selling Price (ASP) was RMB14,300/sqm; ASP of commercial properties was RMB26,200/sqm, while ASP of residential properties was RMB12,500/sqm.

**BY PRODUCT**



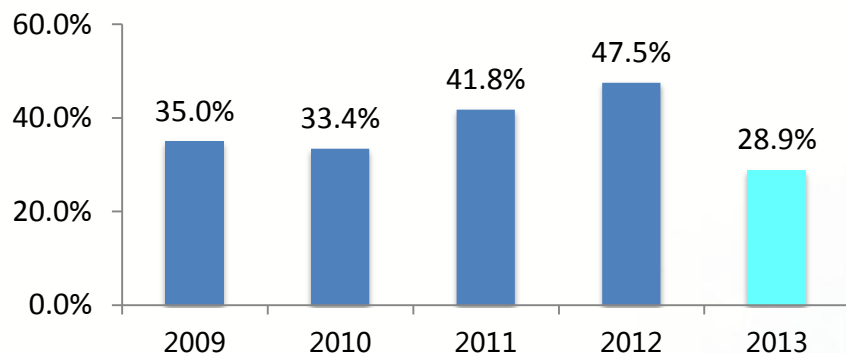
**BY REGION**



# GROSS MARGIN ANALYSIS

- Gross margin for 2013 was 28.9%, at sector normal level
- Higher base in 2011 and 2012 due to more high-margin commercial products recognized
- 2013 recognized property revenue were sold in the 2H of 2011 and the 1H of 2012 during the market downturn
- Initial phases of new projects in new cities also affected gross margin

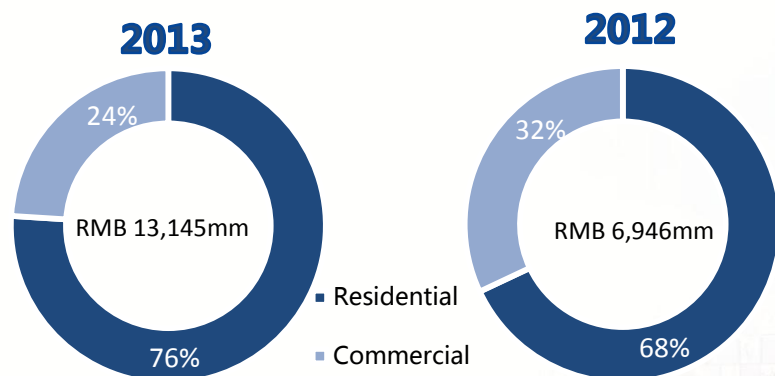
## GROSS MARGIN



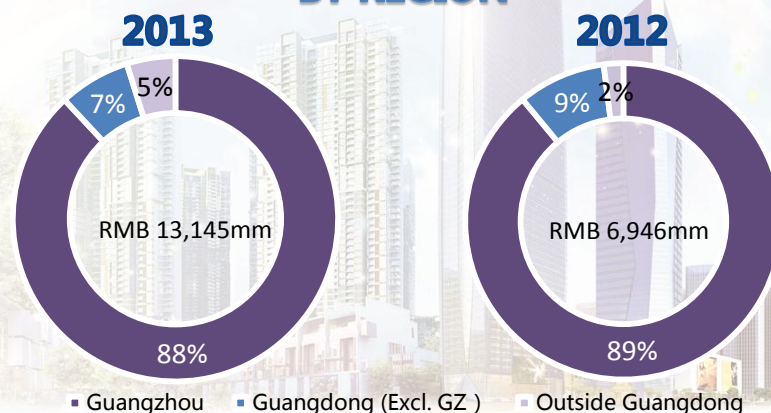
## GROSS MARGIN ANALYSIS

Region	Gross Margin	% of Recognized Sales Value	Number of Projects
Guangzhou	30%	88%	12
Guangdong ( excl. GZ )	20%	7%	2
Outside Guangdong	13%	5%	2
<b>Total</b>	<b>29%</b>	<b>100%</b>	<b>16</b>

## BY PRODUCT



## BY REGION



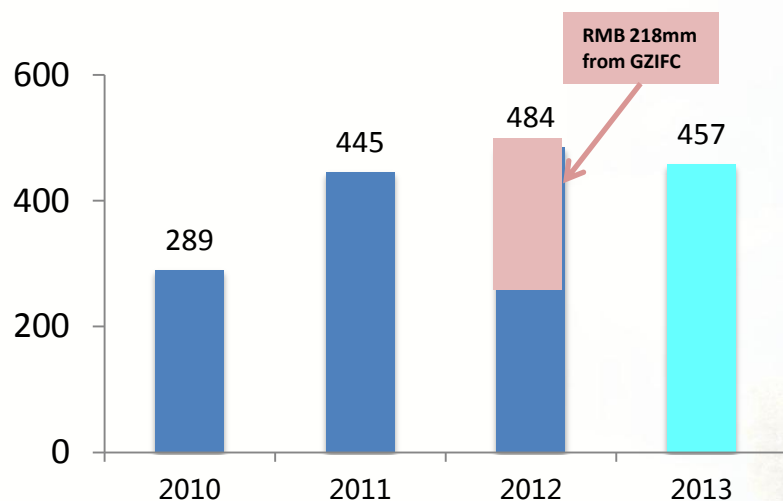


# RECURRING INCOME – IP & REIT

	OFFICE	COMMERCIAL	PARKING & OTHERS	TOTAL
<b>RENTAL INCOME ( RMBmm )</b>	70	311	76	*457
<b>RENTAL GFA ( sqm )</b>	52,000	369,600	192,000	613,600
<b>PUD ( sqm )</b>	188,800	166,800	-	355,600
<b>APPRAISED VALUE ( RMBmm )</b>	2,142	7,224	853	10,219

Note : \*2013 rental income excluded GZIFC which was sold to Yuexiu REIT in Oct, 2012. GZIFC contributed RMB218mm to rental income in 2012.

**RENTAL INCOME ( RMB mm )**



**DIVIDEND FROM YUEXIU REIT (RMB mm )**





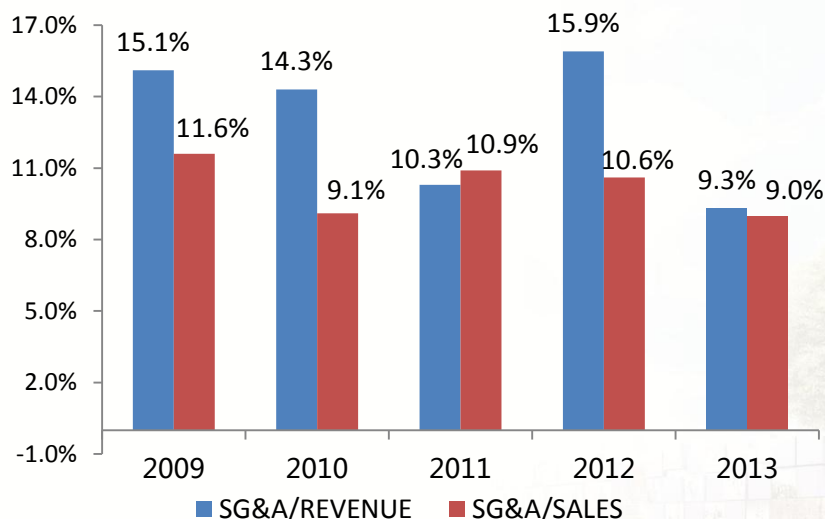
# OPERATING RATIO ANALYSIS

RATIO	2013	2012	2011	2010	2009
ADMINISTRATIVE EXPENSE / REVENUE	5.8%	10.2%	7.6%	10.5%	11.1%
SELLING EXPENSE / REVENUE	3.5%	5.7%	2.7%	3.8%	4.0%
ADMINISTRATIVE EXPENSE / SALES	5.6%	6.8%	8.1%	6.7%	8.5%
SELLING EXPENSE / SALES	3.4%	3.8%	2.8%	2.4%	3.1%
ROE <sup>(1)</sup>	12%	12%	<sup>(2)</sup> 28%	7%	5%

Note : <sup>(1)</sup> Including Minority Interest

<sup>(2)</sup> The fair value gains from investment properties in 2011 reached RMB 4.96 billion, mainly from Guangzhou IFC

## SG & A EXPENSE RATIO



## ROE



# CAPITAL & FINANCE MANAGEMENT

The Group continued to captured market opportunities and completed financing of RMB13.0bn in 2013.

## RATING & BOND ISSUANCE

### COMPANY RATINGS

- Rated "BBB –" by Fitch
- Rated "Baa3" by Moody's
- Became one of the HK listed PRC developers with investment-grade ratings

### USD BOND ISSUANCE

- Successfully issued the USD350mm 3.25% 5-year senior notes and USD500mm 4.5% 10-year senior notes for the first time on 24 Jan, 2013.

## BANK FINANCING

- Completed bank financing facilities of RMB7.8bn in 2013, of which RMB5.6bn was financed from onshore banks.

MOODY'S FitchRatings

USD mm	MATURITY	COUPON ( % )
350	5Yrs	3.25
500	10Yrs	4.50

### LIQUIDITY RATIO

INTEREST COVERAGE (x)

2013	2012
2.04	1.8

# DEBT STRUCTURE ANALYSIS

MATURITY  
PROFILE

BY YEAR ( RMB mm )	BORROWINGS	2013 RATIO	2012 RATIO
Within One Year	*8,331	35%	34%
2 <sup>nd</sup> Year	4,817	20%	36%
3 <sup>rd</sup> -5 <sup>th</sup> Year	7,020	29%	27%
Over 5 Years	3,697	16%	3%
<b>Total</b>	<b>23,865</b>	<b>100%</b>	<b>100%</b>

\* Onshore debt accounted 47% and offshore deb accounted 53% of the total debt within one year

BORROWING (RMB mm)	2013	RATIO
USD Bonds	5,118	21%
Offshore Bank Borrowings	8,612	36%
Onshore Bank Borrowings	10,135	43%
<b>Total</b>	<b>23,865</b>	<b>100%</b>

- The ratio of onshore and offshore borrowings was 43 : 57 ( 2012 year end: 60 : 40 )

DEBT  
STRUCTURE  
OPTIMIZED

FINANCE  
COST

DEBT  
PORTFOLIO

INTEREST COST ( RMBmm )	2013	2012
Interest on Borrowings	1,520	1,707
Interest Capitalized	1,008	1,154
Interest Expensed	512	553
Effective Interest Rate	5.59%	7.03%

- The effective interest rate was 5.59%, declined by 1.44ppt as compared to 7.03% of 2012



# CASH FLOW ANALYSIS

RMB bn	2013
<b>Cash on Hand at Start</b>	<b>9.26</b>
Cash from Operation	16.51
Operating Expenses	(14.89)
Development Cost	(8.30)
Tax and Administrative and Other Expenses	(5.14)
Interest of Borrowings and Bonds	(1.43)
Disposal of Subsidiaries	0.83
Dividend Paid	(0.76)
Bank Loan Repayment	(9.06)
New Bank Loans & USD Bonds	13.00
Outstanding Land Premium Paid in 2012 or before	(1.92)
2013 Land Premium Paid	(4.60)
<b>Cash on Hand at Year End</b>	<b>8.37</b>

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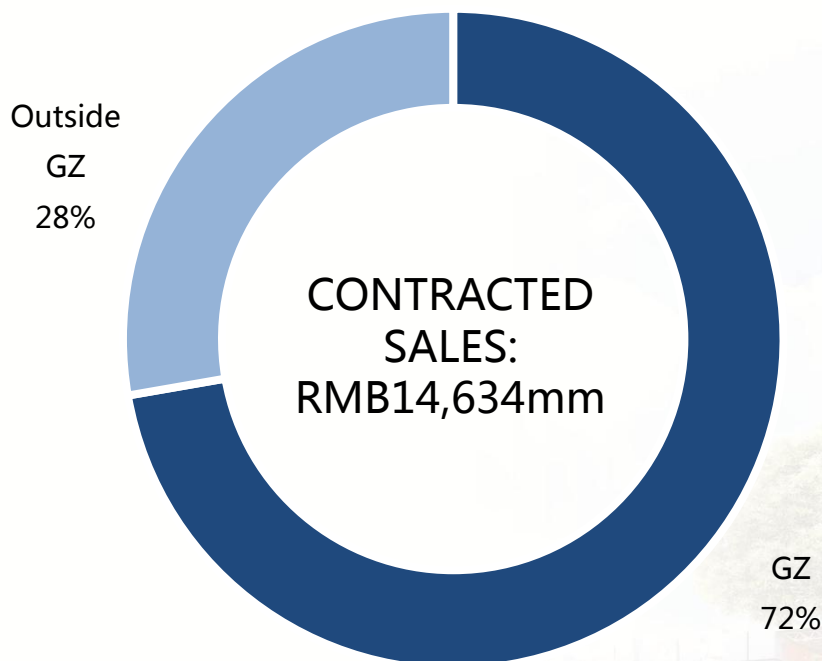
3. Future Prospects



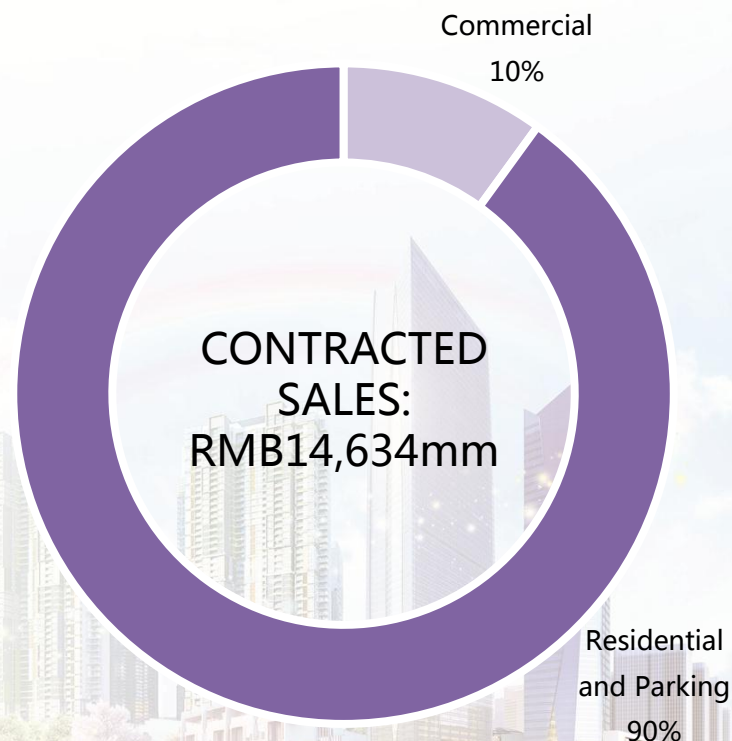
# 2013 CONTRACTED SALES ANALYSIS

- With 29 projects for sale in 2013, the contracted sales value and contracted sales GFA amounted to RMB14,634mm and 1,155,200sqm respectively, representing increases of 19.0% and 11.6% respectively.
- The ASP was RMB12,700/sqm; ASP of commercial properties was RMB26,600/sqm, while ASP for residential properties was RMB12,000/sqm.

## BY REGION



## BY PRODUCT

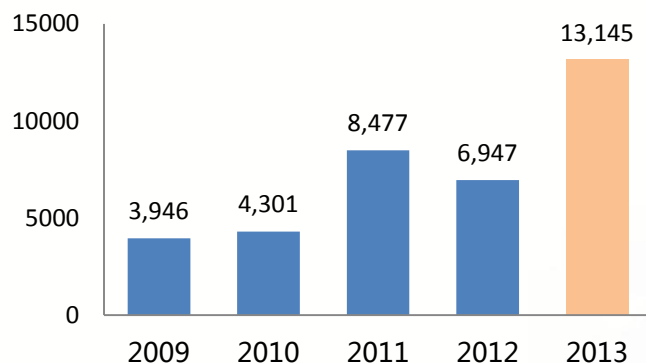




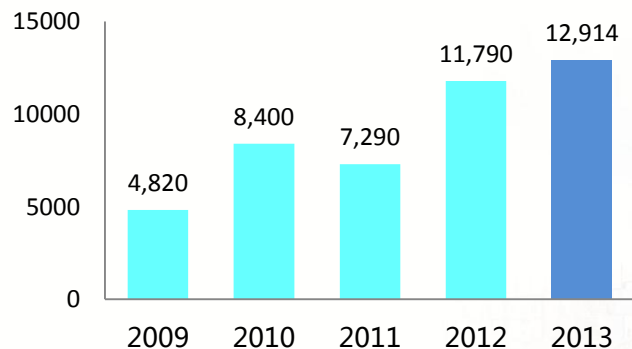
# RECORD HIGH RECOGNIZED AND UNRECOGNIZED SALES

- Unrecognized sales amounted to approx. RMB12,914 mm, of which Guangzhou, Guangdong (excl. Guangzhou) and outsider Guangdong representing 67.4%, 6.7%, 25.9% respectively.
- GFA was 1,133,400sqm, ASP was RMB11,400/sqm. ASP of commercial properties was RMB22,800/sqm, while ASP of residential properties was RMB10,800/sqm.

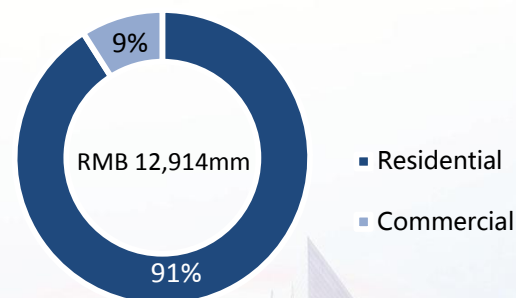
## RECOGNIZED SALES ( RMB mm )



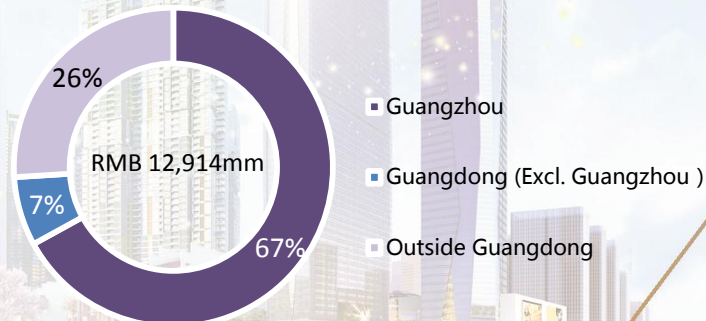
## UNRECOGNIZED SALES ( RMB mm )



## UNRECOGNIZED SALES BY PRODUCT



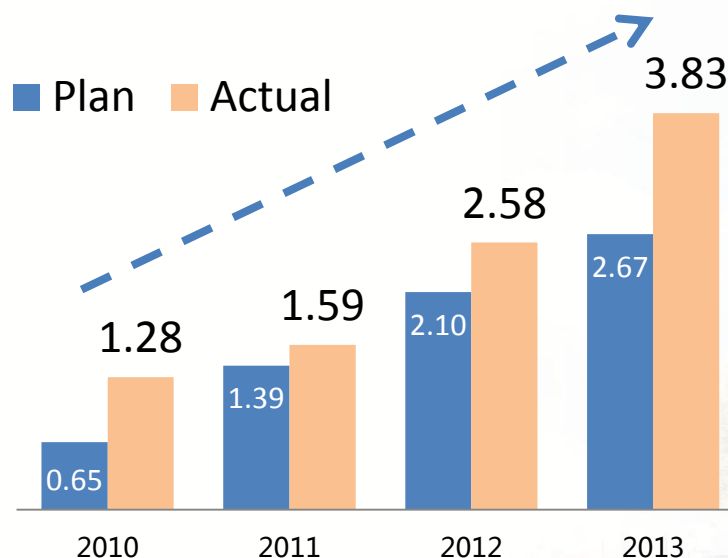
## UNRECOGNIZED SALES BY REGION



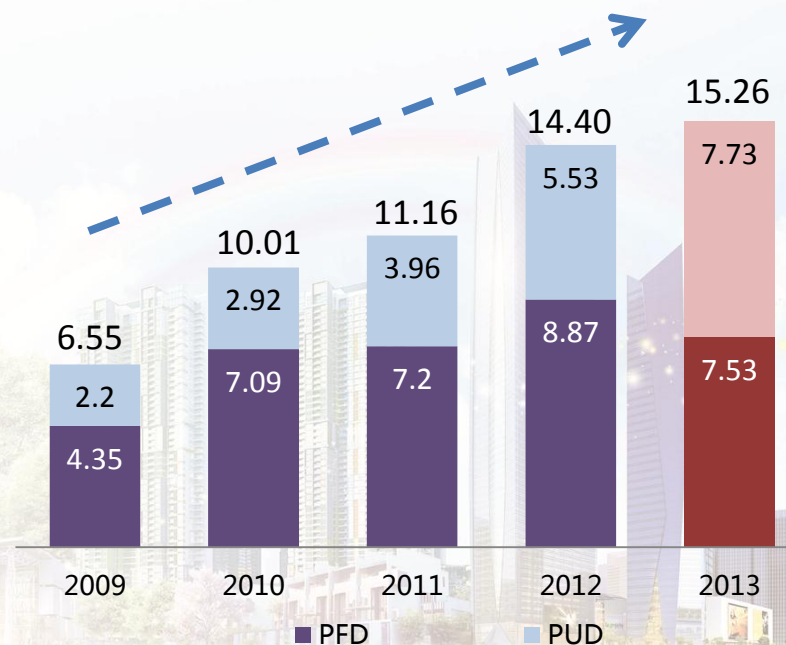
# DEVELOPMENT CAPABILITY

- As at the end of 2013, the total landbank reached 15.26mm sqm, of which about 34 projects are under construction (2012: 25 projects) with GFA of 7.73mm sqm.
- New construction starts in 2013 were 3.83mm sqm, surpassed our original plan of 2.67mm sqm, partly due to new starts on some of the new land acquisitions and partly due to new starts bought forward from 2014.
- Completion GFA reached 1.61mm sqm; 0.94mm sqm were delivered.
- Continue to enhance the development capability and further shorten the construction cycle to realize commencement of construction within half a year and sales within one year after acquisition of land.

## NEW CONSTRUCTION STARTS ( mm sqm )



## LANDBANK ( mm sqm )



# LAND ACQUISITIONS

2013 LAND ACQUISITIONS		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	299,200	1,772	354	*19%
6	Wuhan Jiangnan Jingwu Road Land	武漢江漢精武路地塊	Sept	R/C	950,000	9,010	720	*7.60%
7	Guangzhou Luogang Yunpu Industrial Zone Land Parcel	廣州蘿崗雲埔工業區地塊	Oct	R	666,400	4,350	218	*4.77%
<b>Total</b>					<b>2,745,300</b>	<b>20,124</b>	<b>5,817</b>	

## INVESTMENT FUND TERMS

Note: \* Investment Fund JV

- 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 12<sup>th</sup> to 24<sup>th</sup> month
- Annual return for the fund is between 11% - 12%

## 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	2,745,300	5.8	936,000

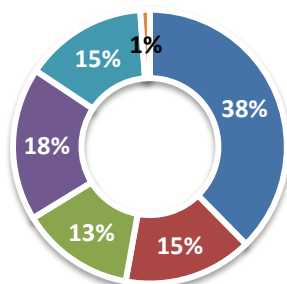


# LEADING INTEGRATED DEVELOPMENT & OPERATIONAL CAPABILITIES

## DIVERSIFIED REGIONAL FOOTPRINT

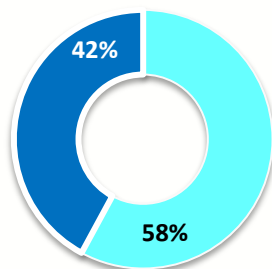
Diversified regional footprint with landbank of 15.26mm sqm, of which 7.72mm sqm of PUD and 7.54mm sqm of PFD in 2013

### Landbank – by Region



- Guangzhou
- Pearl River Delta (ex-GZ)
- Bohai Rim
- Yangtze River Delta
- Central Region
- Hong Kong & Hainan

### Landbank – by Type



- Residential
- Commercial (inc. office) & Others

Total Landbank : 15.26mm sqm  
Total Residential : 8.84mm sqm  
Total Commercial & others : 6.42mm sqm  
PUD : 7.72mm sqm  
PFD : 7.54mm sqm

### Other Regions

City : Hong Kong, Hainan  
Landbank : 0.17mm sqm  
Hong Kong : 0.07mm sqm  
Hainan : 0.1mm sqm

### Bohai Rim Economic Zone

City : Shenyang, Yantai, Qingdao  
Landbank : 2.05mm sqm  
Residential : 1.55mm sqm  
Commercial & Others : 0.50mm sqm

### Pearl River Delta (ex-GZ)

City : Zhongshan, Jiangmen, Nanhai  
Landbank : 2.32mm sqm  
Residential : 1.39mm sqm  
Commercial & Others : 0.93mm sqm

### Guangzhou

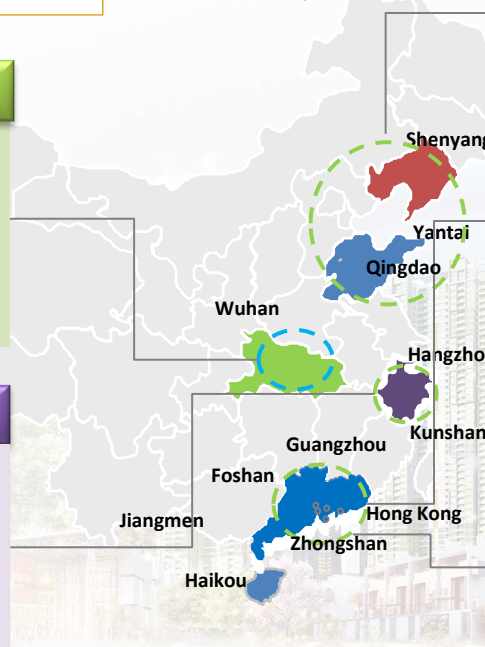
City : Guangzhou  
Landbank : 5.74mm sqm  
Residential : 3.18mm sqm  
Commercial & Others : 2.56mm sqm

### Central Region

City : Wuhan  
Landbank : 2.22mm sqm  
Residential : 0.87mm sqm  
Commercial & Others : 1.35mm sqm

### Yangtze River Delta

City : Hangzhou, Kunshan  
Landbank : 2.76mm sqm  
Residential : 1.77mm sqm  
Commercial & Others : 0.99mm sqm



# INVESTMENT PROPERTIES

#	PROJECTS UNDER LEASING	CHINESE NAME	RENTABLE GFA (sqm)
1	Guangzhou Fortune World Plaza	廣州財富天地廣場	180,000
2	Zhongshan Starry Winking (Commercial)	中山星匯雲錦 (商業)	90,400
3	Xiangkang Commercial Plaza	祥康商貿大廈	31,500
4	HK Property	香港物業	10,800
5	Guang Yuan Cultural Center	廣源文化中心	32,000
6	Huangshi Garden	黃石花園	21,000
7	Victory Plaza	維多利廣場	21,900
8	Yuexiu City Plaza	越秀城市廣場	18,200
	Other Projects	其他	207,800
<b>Total</b>			<b>613,600</b>

#	MAJOR PROJECTS UNDER CONSTRUCTION	CHINESE NAME	GFA (sqm)
1	Wuhan Starry Winking (Commercial)	武漢星匯雲錦 (商業)	243,600
2	Nanhai Starry Winking (Commercial)	南海星匯雲錦 (商業)	112,000
3	Guangzhou Fortune Center	廣州財富中心	210,000
<b>Total</b>			<b>565,600</b>

## SALES OF NON-CORE IPs IN RECENT YEARS

Year	GFA (sqm)	VALUE (RMB mm)	COST (RMB mm)	GROSS MARGIN
2009	12,352	236	197	84%
2010	81,012	1,345	876	65%
2011	36,497	703	596	85%
2012	69,674	856	617	72%
2013	20,245	364	288	79%
<b>Total</b>	<b>219,780</b>	<b>3,504</b>	<b>2,574</b>	<b>74%</b>

## IMPROVED COMMERCIAL OPERATION CAPABILITY

- The leasing of wholesale/shopping mall GZ Fortune World Plaza was conducted smoothly and the property was officially opened for business in Aug, 2013 with contracted occupancy rate at 93%.
- Grade-A office building GZ Fortune Center is progressing well and saw its roof-sealing ceremony for the main structure taking place on 19 June, 2013.

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# 2014 STRATEGIES

Objective : Enhancing strengths through reform and innovation, facilitating forward-leaping development through transformation and upgrades

Main Themes of the year: 3 Ensuring, 3 Accelerating and 3 Strengthenings

## Ensuring

- ☐ Ensuring the steady growth on its operating results and quality
- ☐ Ensuring Moderate Expansion
- ☐ Ensuring reliable financing for sustained development

## Accelerating

- ☐ Accelerating exploration of merger and acquisition models to make leap-forward breakthroughs
- ☐ Accelerating innovation of business models to build differentiated core competitiveness
- ☐ Accelerating optimisation of resources allocation to increase resources allocation efficiency

## Strengthenings

- ☐ Strengthening management of human resources management with the establishment of market-oriented employment mechanisms
- ☐ Strengthening comprehensive risk control to ensure sustainable growth
- ☐ Strengthening construction of value-creating headquarters to continuously improve control over project companies

# 2014 OPERATIONAL PLAN

GFA ( mm sqm )	2013 Plan	2013 Actual	2014 Plan
<b>PUD*</b>	6.65	7.73	8.31
<b>New Construction Starts</b>	2.67	<sup>(1)</sup> 3.83	<sup>(2)</sup> 1.71
<b>Completion</b>	1.55	1.61	1.13
<b>Delivery</b>	0.89	0.94	1.04

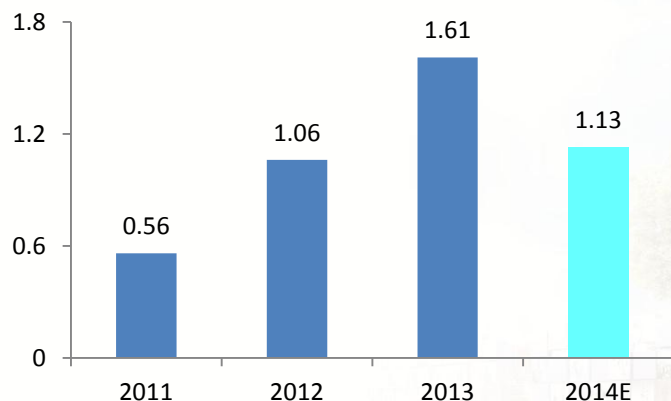
- Aiming to enhance development and construction capabilities to further shorten the development cycle.
- Continue to adhere its objective of “commencement of construction within half a year and sales in the following year after acquisition of land”
- Engage in enhancing asset turnover and ROE as well as the quality of asset and operation

Notes : \*Period-end

(1) New construction starts in 2013 were 3.83mm sqm, surpassed our original plan of 2.67mm sqm, partly due to new starts on some of the new land acquisitions and partly due to new starts brought forward from 2014.

(2) 2014 new starts plan does not take into account of new starts on land acquisitions in 2014 and has not adjusted for possible new starts brought forward from 2015

## COMPLETION ( mm sqm )



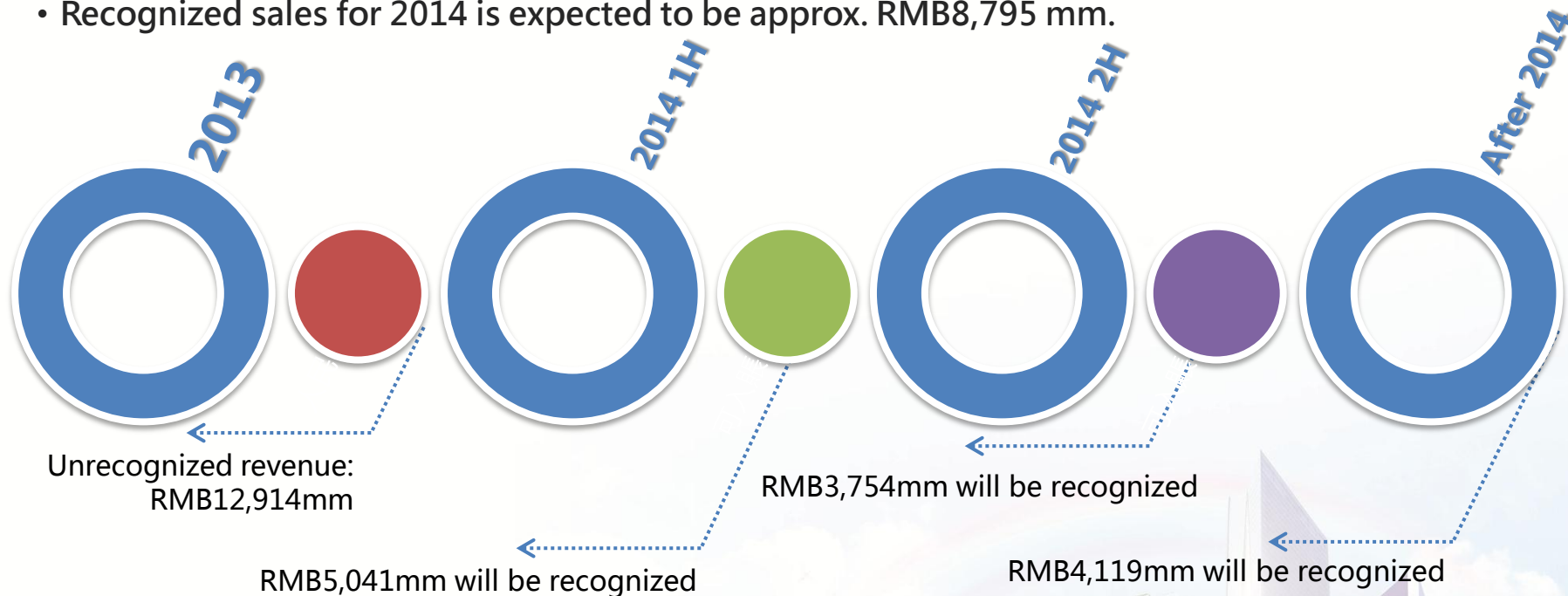
## DELIVERY ( mm sqm )



# 2014 GUIDANCES

## RECONITION

- Recognized sales for 2014 is expected to be approx. RMB8,795 mm.

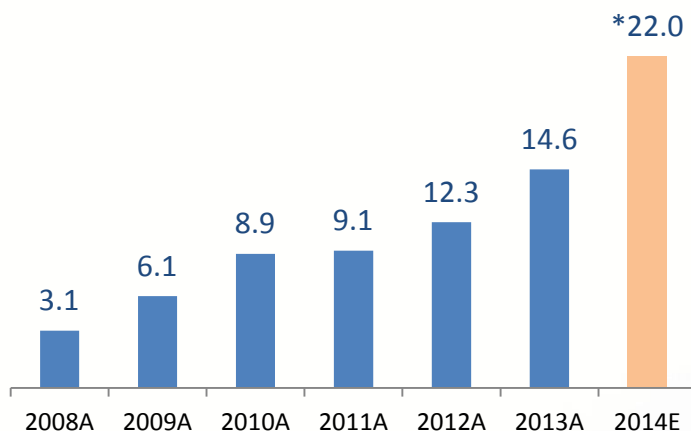


## GROSS PROFIT MARGIN

2013 1H	2013 2H	2013	2014E
40%	21%	29%	30%

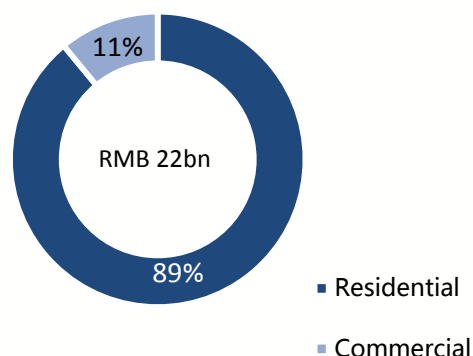
# 2014 SALES TARGET

## CONTRACTED SALES ( RMB bn )

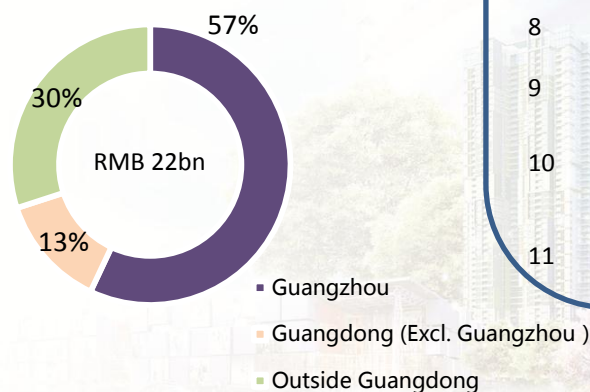


\* Sell-through Rate assumed at 50%

## 2014 SALES TARGET – BY PRODUCT



## 2014 SALES TARGET – BY REGION



## 2014 NEW LAUNCHES

#	PROJECT	LAUNCH
1	Guangzhou Lingnan Wood	Jan. 2014
2	Qingdao Starry Blue Bay	1H
3	Guangzhou Starry Cullinan	1H
4	Zhongshan Starry Peakfield	1H
5	Zhongshan Paradiso Jadin	1H
6	Nanhai Starry Winking	2H
7	Foshan Chancheng Tongji Road Project	2H
8	Shenyang Starry Winking	2H
9	Hangzhou Starry Gathering	2H
10	Hong Kong Treasure Court Project	2H
11	Guangzhou Luogang Yunpu Industrial Park Project	TBD



# 2014 KEY CAPEX

AVAILABLE CAPITAL ( RMB bn )	2014E	2013
Cash on Hand at Start	8.4	9.3
Contracted Sales	22.0	14.7
Undrawn Bank Facilities	5.9	3.9
<b>Total</b>	<b>36.3</b>	<b>27.9</b>

KEY CAPEX ( RMB bn )	2014E	2013
Land Premium Payable	1.4	1.9
Construction Costs	11.2	8.3
Land Acquisition	*4.0	**4.6
<b>Total</b>	<b>16.6</b>	<b>14.8</b>

Note : \*The Group will make adjustment to the acquisition CAPEX according to the market and financial condition.  
 \*\*Total land acquisition paid in 2013



# THANK YOU!



**越秀地產股份有限公司**

YUEXIU PROPERTY COMPANY LIMITED

香港聯交所股份代號：00123



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