

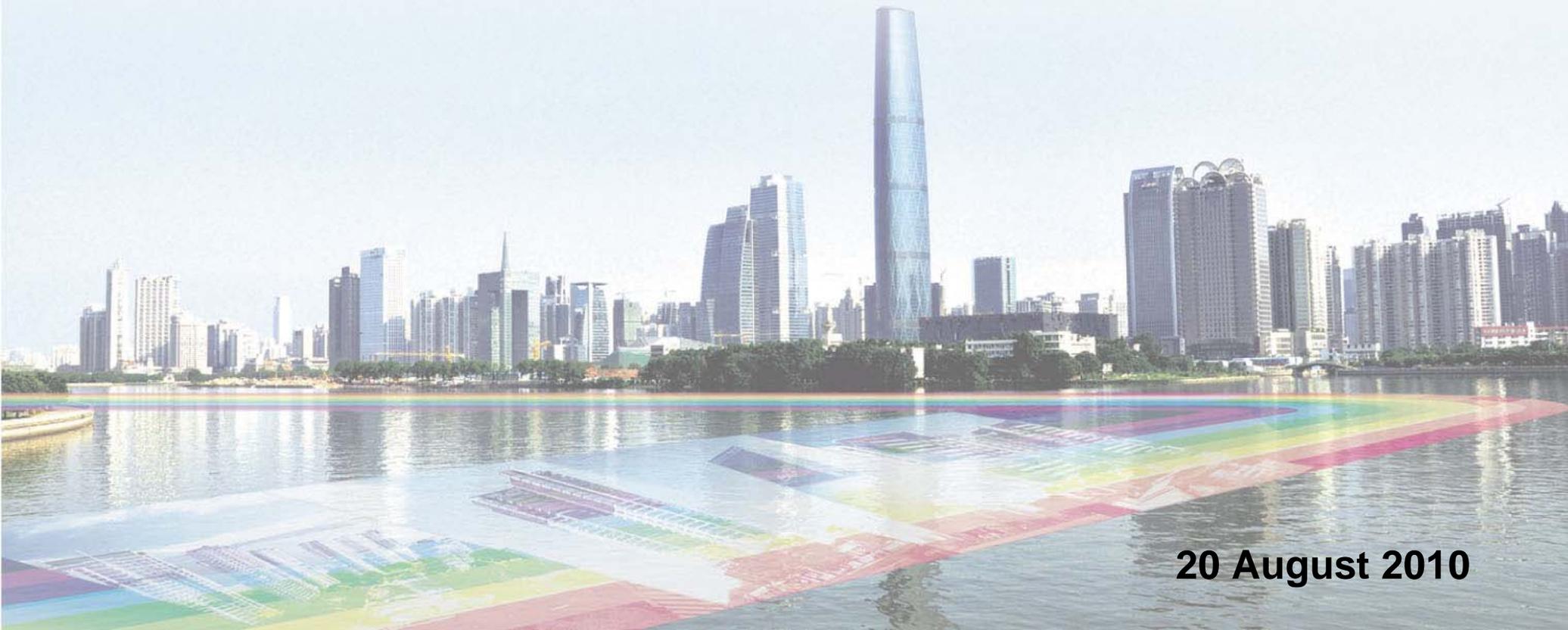


**越秀地產股份有限公司**

Yuexiu Property Company Limited

(Stock Code: 00123)

# 2010 Interim Results



20 August 2010

# Agenda

- |                              |           |
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# 1. Interim Results



**Starry Winking**

# Result Highlights

## Contracted Sales 2010 1H

RMB 5.4 bn ↑ 156%  
330,000 sqm ↑ 59%

## Unrecognised Sales 2010 Jun 30

RMB 9.1 bn ↑ 223%  
650,000 sqm ↑ 137%

## Booked Sales 2010 1H

RMB 1.1 bn ↓ 36%  
70,000 sqm ↓ 60%

# Income Statement

RMB mil.	2010 1H	2009 1H	Change
Revenue (incl. sales of investment properties)	1,740	2,263	-23.1%
Fair value (losses)/gains on revaluation of investment properties	187	308	-39.1%
Operating Profit	415	783	-47.1%
Profit attributable to equity holders (Property Segment) <sup>(1)</sup>	356	534	-33.4%
Basic earnings per share (Property Segment) <sup>(1)</sup>	RMB 0.0498	RMB 0.0750	-33.6%

(1) Excluding minority interests

# Balance Sheet

RMB mil.	2010/6/30	2009/12/31	Change
<b>Cash (incl. Charged bank deposits)</b>	7,336	6,173	+18.8%
<b>Total bank borrowings</b>	14,621	12,593	+16.1%
<b>Total assets</b>	43,862	37,033	+18.4%
<b>Shareholder's equity <sup>(1)</sup></b>	12,431	12,076	+2.9%
<b>Book value per share <sup>(1)</sup></b>	RMB 1.74	RMB 1.69	+2.9%
<b>Gearing ratio <sup>(2)</sup></b>	40.6%	40.6%	Unchanged

(1) Excluding minority interests

(2) Gearing ratio = (Total bank borrowings – cash) / (Total bank borrowings – cash + equity)

# Results Main Points

1

## Reasons for revenue and profit declines

- ◆ Full year sales recognition concentrates in 2H
- ◆ Revaluation gain dropped 39% YoY
- ◆ Increased expenses related to 2010 1H Contracted Sales

2

## Contracted Sales reached record-high

- ◆ RMB 5.4 billion (+156%), 330,000 sqm (+59%)
- ◆ 11% market share in Guangzhou (No. 1 in Guangzhou)
- ◆ ASP: RMB 16,400/sqm (+61%)

3

## Financial performance

- ◆ Gross margin: 41% (+5 percentage points)
- ◆ Cash: RMB 7.3 billion (+18.8%)
- ◆ Selling and administrative expenses ratios at 2% and 6% (↓ 2 and ↓ 7 percentage points)

(1) Selling expenses ratio = Selling and distribution expenses / Contracted Sales

(2) Administrative expenses ratio = General and administrative expenses / Contracted Sales

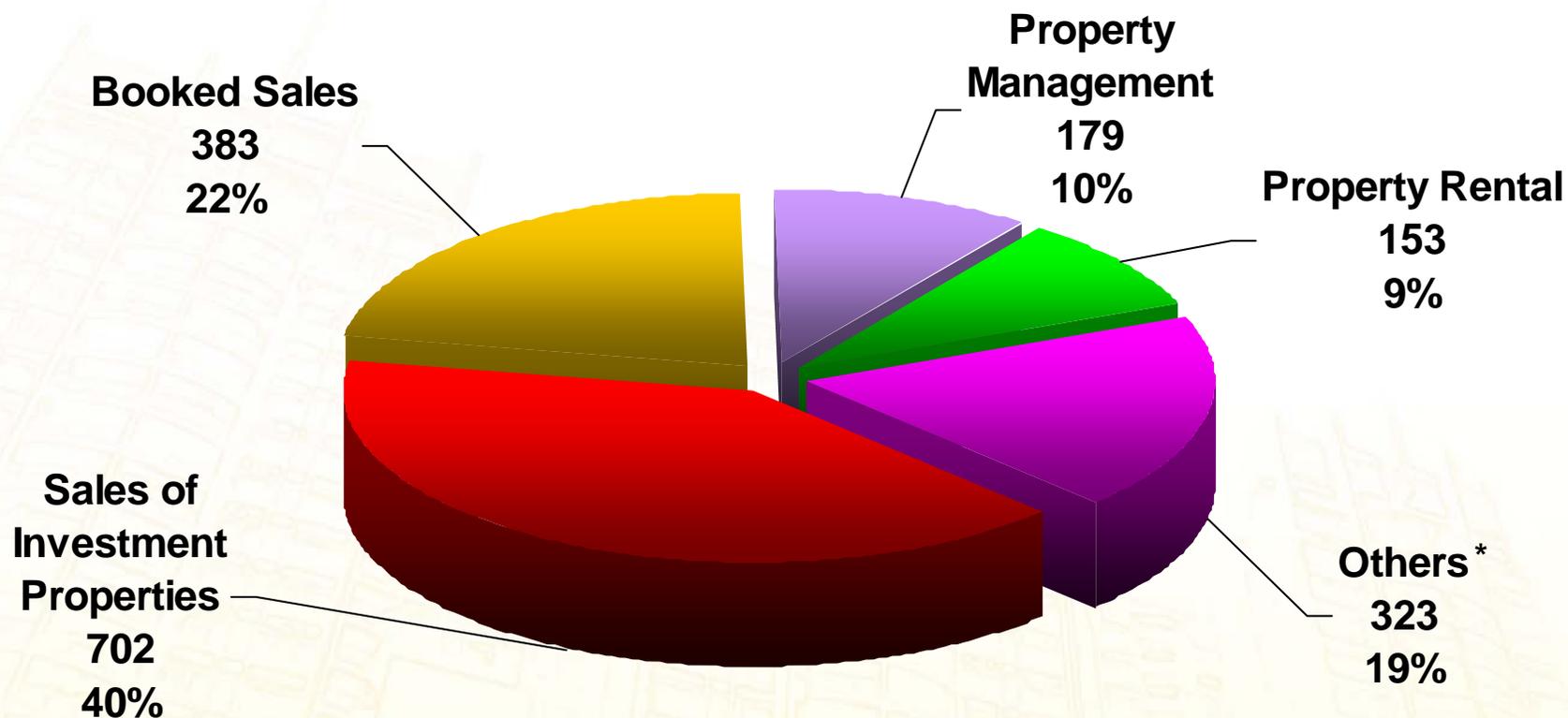
## 2. Financial Analysis



Jiangmen Starry Regal Court

# Revenue Breakdown

(RMB mil.)



◆ 2010 1H Revenue was approx. RMB 1,740 million (incl. proceeds from sales of investment properties of RMB 702 million)

\* Others include Supermarkets and Decoration

# Booked Sales Breakdown

Project	Land Use	GFA (sqm)	Revenue (RMB mil.)	ASP (RMB/sqm)
Springland Garden	Residential	8,200	112	13,600
Royan Jardin	Residential	4,000	51	12,800
Victory Plaza (Tower Building A)	Commercial	2,500	63	24,600
Cong Hua Glade Village*	Low-rise & Villa	10,400	91	8,700
Southern Le Sand*	Low-rise & Villa	3,300	40	12,100
Other Projects	N/A	2,000	26	13,600
<b>Subtotal</b>		<b>30,400</b>	<b>383</b>	<b>12,600</b>
Investment Properties	N/A	38,100	702	18,400
<b>Total</b>		<b>68,500</b>	<b>1,085</b>	<b>15,800</b>
		<b>(-60%)</b>	<b>(-36%)</b>	<b>(+59%)</b>

\* Suburban projects

# Expenses Analysis

(RMB mil.)	2010 1H	2009 1H	Change
<b>Selling and distribution expenses</b>	<b>92</b>	<b>75</b>	<b>+22.8%</b>
<b>Selling expenses ratio<sup>(1)</sup></b>	<b>2%</b>	<b>4%</b>	<b>-2 percentage points</b>
<b>General and administrative expenses</b>	<b>313</b>	<b>267</b>	<b>+17.1%</b>
<b>Administrative expenses ratio<sup>(2)</sup></b>	<b>6%</b>	<b>13%</b>	<b>-7 percentage points</b>

(1) Selling expenses ratio = Selling and distribution expenses / Contracted Sales

(2) Administrative expenses ratio = General and administrative expenses / Contracted Sales

# Cash Analysis

(RMB mil.)	2010/6/30	2009/12/31	Change
Charged bank deposits	1,211	1,845	-34.4%
Cash & equivalents	6,125	4,328	+41.5%
Total	7,336	6,173	+18.8%

◆ Undrawn banking facilities: RMB 2,460 million

# Bank Borrowings Analysis

Breakdown	2010/6/30 (RMB billion)	Percentage
Under 1 year	3.17	22%
2nd year	4.15	29%
3rd – 5th years	4.55	31%
Over 5 years	2.70	18%
Total	14.57	100%

◆ RMB borrowings: 10.9 billion (75%), HKD borrowings: 3.7 billion (25%)



### 3. Business Overview



Paradiso Homeland

# Property Market in Guangzhou

	2010 Jan. – Jun.	2009 Jan. – Jun.	Change
<b>Total GFA in Guangzhou (million sqm)</b>	4.03	5.03	- 20%
<b>Total value in Guangzhou (RMB billion)</b>	49.6	45.8	+8%
<b>Total ASP in Guangzhou (RMB / sqm)</b>	12,313	9,101	+35%

Source: Statistics Bureau of Guangzhou Municipal Government

# Contracted Sales Overview

	2010 1H	2009 1H	Change
<b>GFA (sqm)</b>	<b>329,300</b>	<b>207,200</b>	<b>+59%</b>
<b>Revenue (RMB mil.)</b>	<b>5,395</b>	<b>2,104</b>	<b>+156%</b>
<b>ASP (RMB / sqm)</b>	<b>16,400</b>	<b>10,200</b>	<b>+61%</b>

(1) Contracted sales GFA reached 61% of our full year target of 540,000 square metres.

(2) Contracted sales revenue reached 68% of our full year target of RMB 7.9 billion (or HK\$ 9 billion).



# Sales Performance

## ◆ Contracted sales reached record-high

- RMB 5.4 billion (+156%)
- 330,000 sqm (+59%)
- Unrecognised sales of RMB 9.1 billion as at 2010/6/30

## ◆ Ranked No. 1 in Guangzhou (No. 19 nation-wide) \*

- 11% market share in Guangzhou (9% in 2009)
- Project sales rankings:
  - ✓ Springland Garden: No. 3
  - ✓ Jiang Nan New Mansion: No. 4
  - ✓ Ling Nan Riverside : No. 8

## ◆ Steadily increasing ASP

- Booked sales in 2009: RMB 9,900/sqm
- Booked sales 2010 1H: RMB 12,600/sqm
- Unrecognised sales in 2010 1H: RMB 14,000/sqm

# Contracted Sales Breakdown

Project	Type	GFA (sqm)	Revenue (RMB mil.)	ASP (RMB/sqm)
Springland Garden	Residential	80,000	1,225	15,300
Jiang Nan New Mansion	Residential	62,400	1,175	18,800
Ling Nan Riverside	Residential	57,500	887	15,300
Starry Winking	Residential	24,000	615	25,600
Cong Hua Glade Village*	Low-rise & Villa	35,800	252	7,000
Southern Le Sand*	Low-rise & Villa	22,800	210	9,200
Other Projects	N/A	15,300	365	23,800
Subtotal		297,900	4,720	15,800
Investment Properties		31,400	675	21,500
Total		329,300	5,395	16,400
		(+59%)	(+156%)	(+61%)

\*Suburban projects

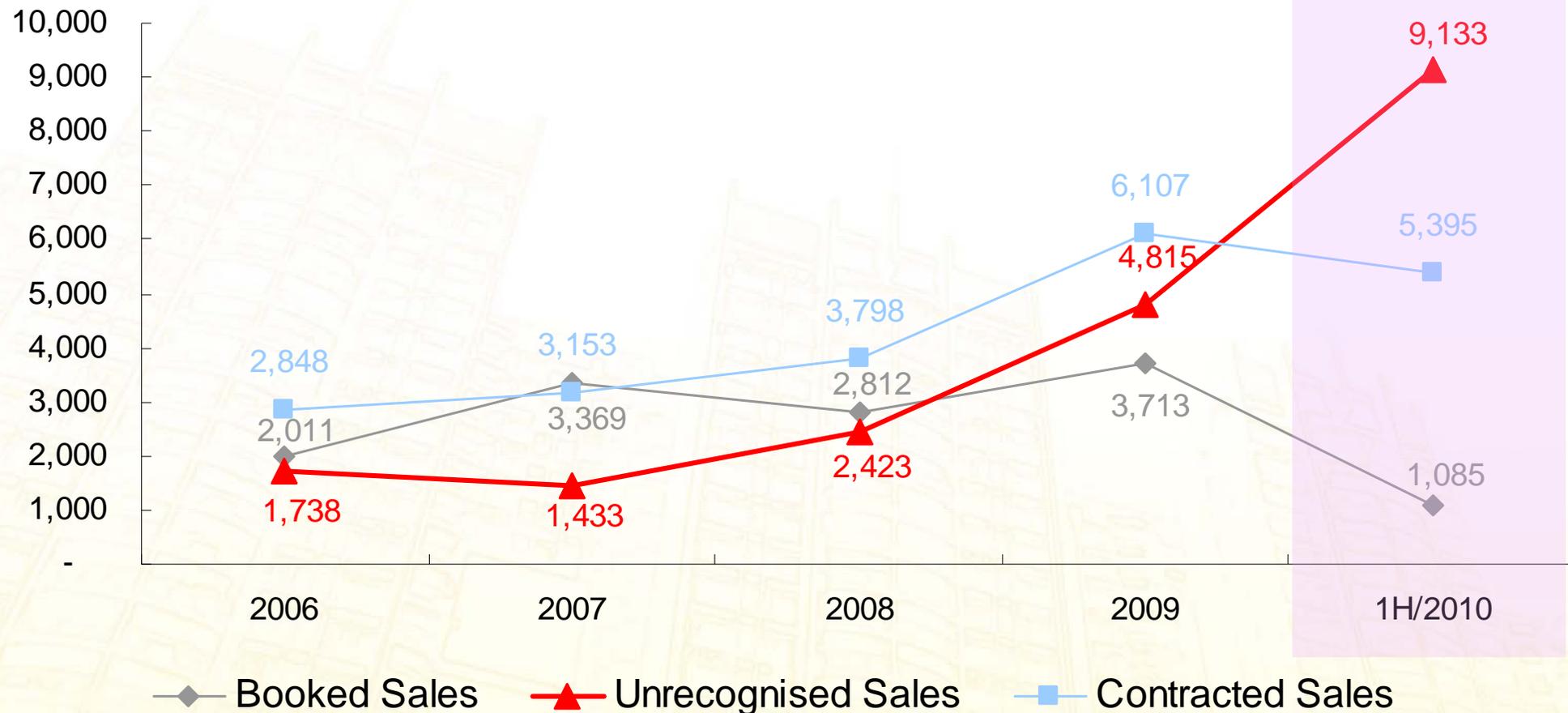
# Unrecognised Sales Breakdown

Project	Type	GFA (sqm)	Revenue (RMB mil.)	ASP (RMB/sqm)
Springland Garden	Residential	122,700	1,801	14,700
Jiang Nan New Mansion	Residential	125,300	2,144	17,100
Ling Nan Riverside	Residential	96,500	1,413	14,600
Starry Winking	Residential	96,800	2,165	22,400
Cong Hua Glade Village*	Low-rise & Villa	65,200	388	6,000
Southern Le Sand*	Low-rise & Villa	129,000	809	6,300
Other Projects	N/A	8,600	270	31,500
<b>Subtotal</b>		<b>644,100</b>	<b>8,890</b>	<b>14,000</b>
Investment Properties		9,200	143	15,700
<b>Total</b>		<b>653,300</b>	<b>9,133</b>	<b>14,000</b>
		<b>(+137%)</b>	<b>(+223%)</b>	<b>(+36%)</b>

\*Suburban projects

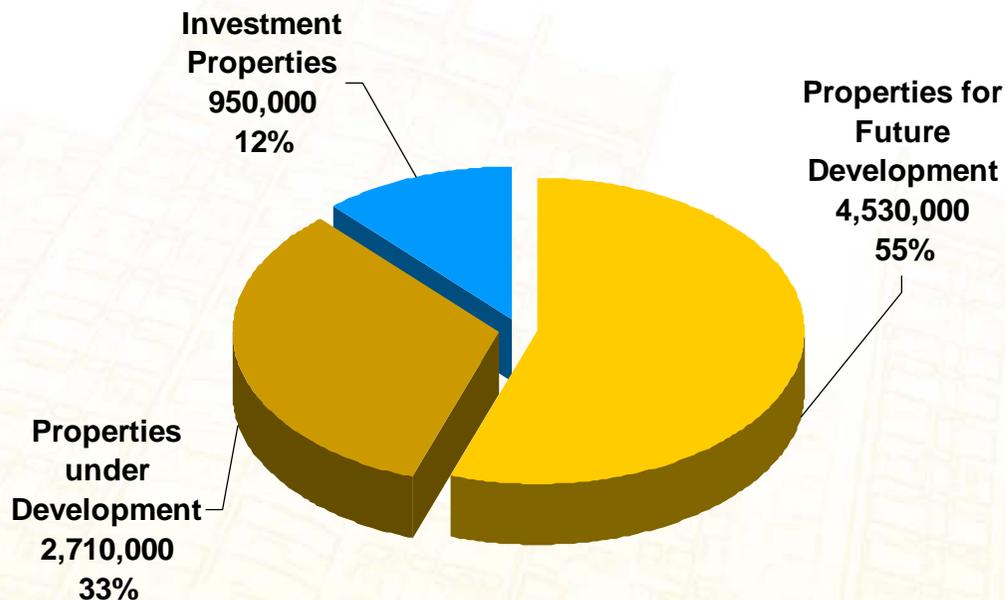
# Sales and Bookings Analysis

(RMB mil.)



# Land Bank Breakdown

(sqm)



Total land bank: 8,190,000 sqm

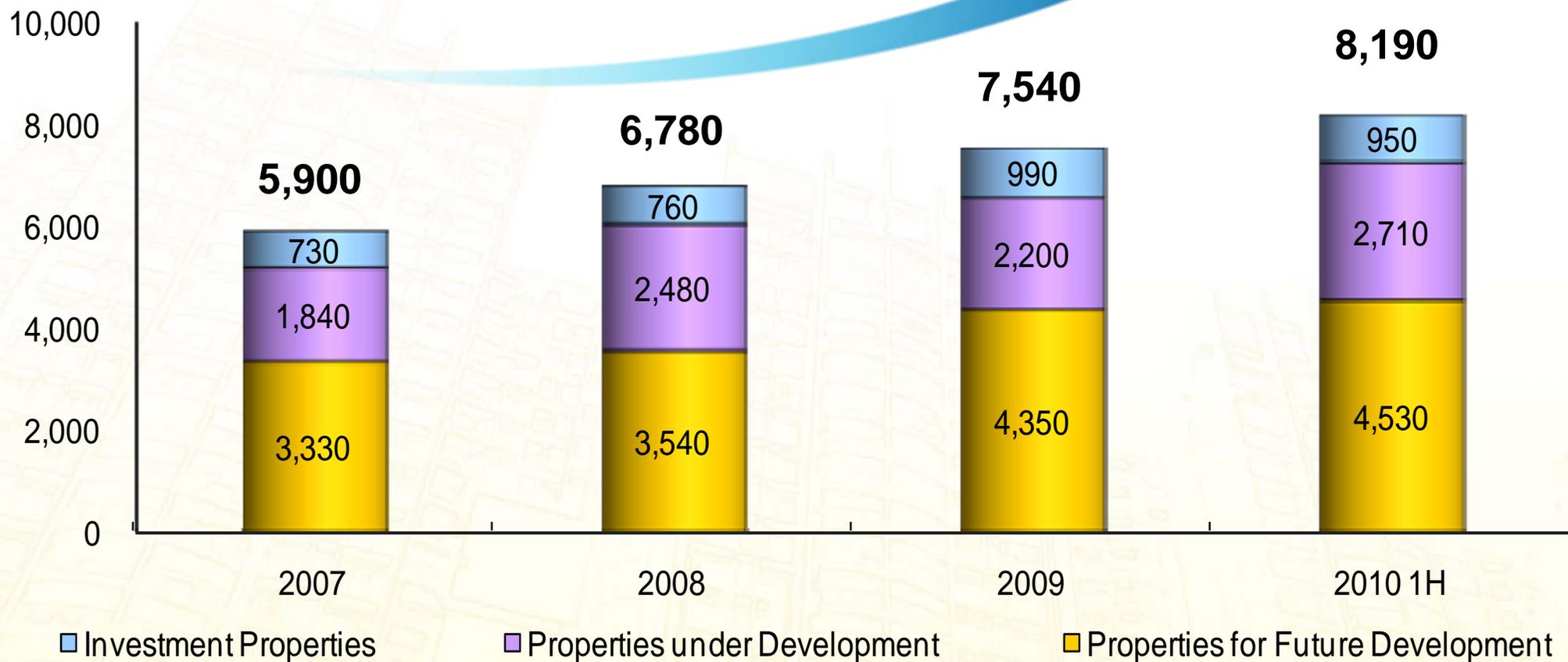
## ❖ Key points:

- AV < RMB 3,000 / sqm
- Guangzhou: 81%
- Guangzhou urban area: 70%
- Total unpaid land premium: approx. RMB 1.05 billion
- Sustainable for 5 years' development

\* As at 2010/06/30

# Land Bank Expansion

('000 sqm)



# Land Bank Acquisition Strategies

## Investment Footprint

- ❖ Guangzhou as home base
- ❖ Extend our footprint to the Pearl River Delta
- ❖ Radiate into selective second and third tier cities

## Acquisition Channels

- ❖ Public land auction, private agreements
- ❖ “Three Old” redevelopment plan
- ❖ Integration of SOE assets in Guangzhou

# Land Acquisitions since 2009

Project	Use	GFA* (sqm)	Total (RMB mil.)	AV (RMB/sqm)
<b>2009</b>				
Jiangmen Starry Regal Court	Residential/ Commercial	578,000	968	1,675
D8-C3, Zhujiang New Town	Residential	30,000	345	11,500
University Properties (No. 1-9)	Residential	511,000	2,967	5,806
Yantai Starry Phoenix	Residential/ Commercial /Office	209,000	260	1,244
Zhongshan Nanqu Plot	Residential/ Commercial	545,000	544	998
<b>2010 1H</b>				
Zhongshan Qiguan Plot	Residential	137,000	305	2,226
<b>Total</b>		<b>2,010,000</b>	<b>5,389</b>	<b>2,681</b>

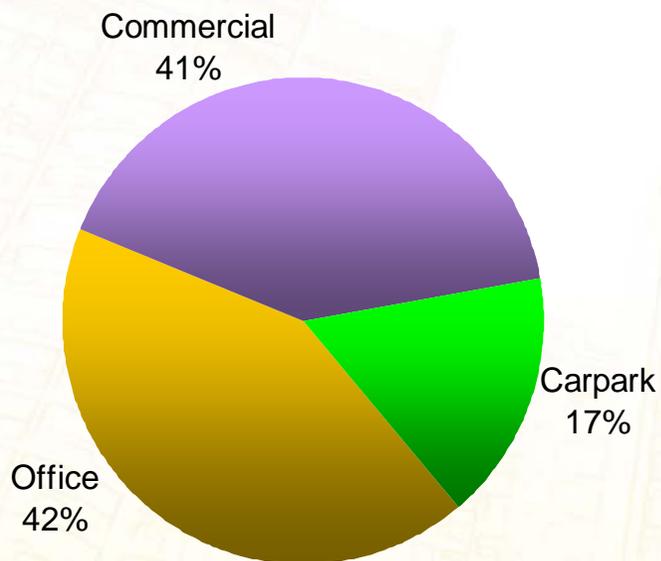
\* Town planning adjusted GFA (as at 2010/6/30, total unpaid land premium: RMB 1.05 billion)

# New Construction Starts in 2010 1H

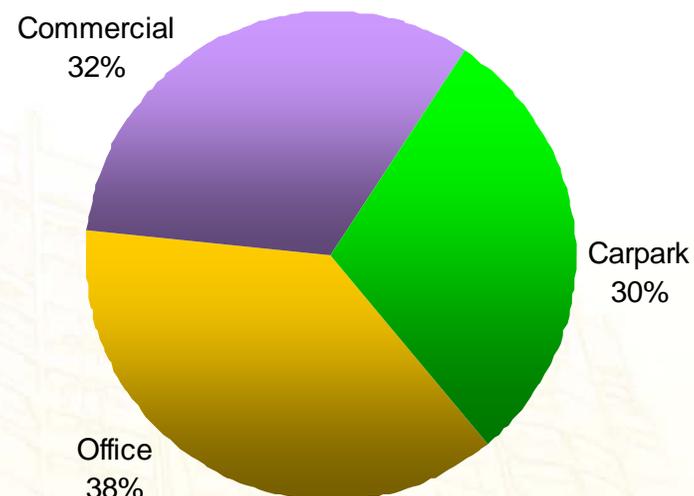
Project	GFA (sqm)	Residential (sqm)	Commercial (sqm)	Others (sqm)	Location
Southern Le Sand	180,000	153,000	1,000	26,000	Nansha, Guangzhou
Jiangmen Starry Regal Court	195,000	138,000	4,000	53,000	Beixin, Jiangmen
Hua Du Plot	93,000	71,000	-	22,000	Huadu, Guangzhou
Jiang Nan New Village phase 3&4 (portion)	24,000	12,000	-	12,000	Haizhu, Guangzhou
Jin Sha Zhou Plot (portion)	22,000	21,000	1,000	-	Baiyun, Guangzhou
<b>Total</b>	<b>514,000</b>	<b>395,000</b>	<b>6,000</b>	<b>113,000</b>	

# Investment Properties

## By Value



## By Use



**Book value: RMB 7.56 billion, GFA: 945,500 sqm**

# Key Investment Property: Guangzhou IFC



- ❖ One of the ten tallest skyscrapers in the world with 432-metre height and 103 floors.
- ❖ Total GFA: 450,000 sqm (Jones Lang LaSalle)
  - Four Seasons Hotel: 93,000 sqm (Four Seasons)
  - Office: 184,000 sqm (CB Richard Ellis)
  - Service Apartment: 49,000 sqm
  - Commercial: 41,000 sqm (Guangzhou Friendship Store)
  - Conference center: 6,000 sqm
  - Carpark: 76,000 sqm
- ❖ Total Investment: RMB 7.5 billion (RMB 4.4 billion as at 2010/6/30)
- ❖ Soft opening before Guangzhou Asian Games

## 4. Strategies



Ling Nan Riverside

# Operational Strategies

## Sales Targets

- ❖ RMB 7.9 billion (HK\$ 9 billion) in 2010
- ❖ Join “10 Billion Club” in 2011

## Land Bank

- ❖ Increase quality land bank
- ❖ Expand land bank at 1.5 times of contracted sales GFA

## Asset Structure

- ❖ Speed up disposal of non-core low-yielding assets
- ❖ Position IFC & Fortune World Plaza as long-term investments

## Operating Efficiency

- ❖ Shorten development cycles to increase returns
- ❖ Implement stringent costs and expenses controls

## Organization Reforms

- ❖ Appointed Towers Watson to implement HR reform
- ❖ Adopted BSC to improve corporate performance

# 2010 Target

## Contracted Sales

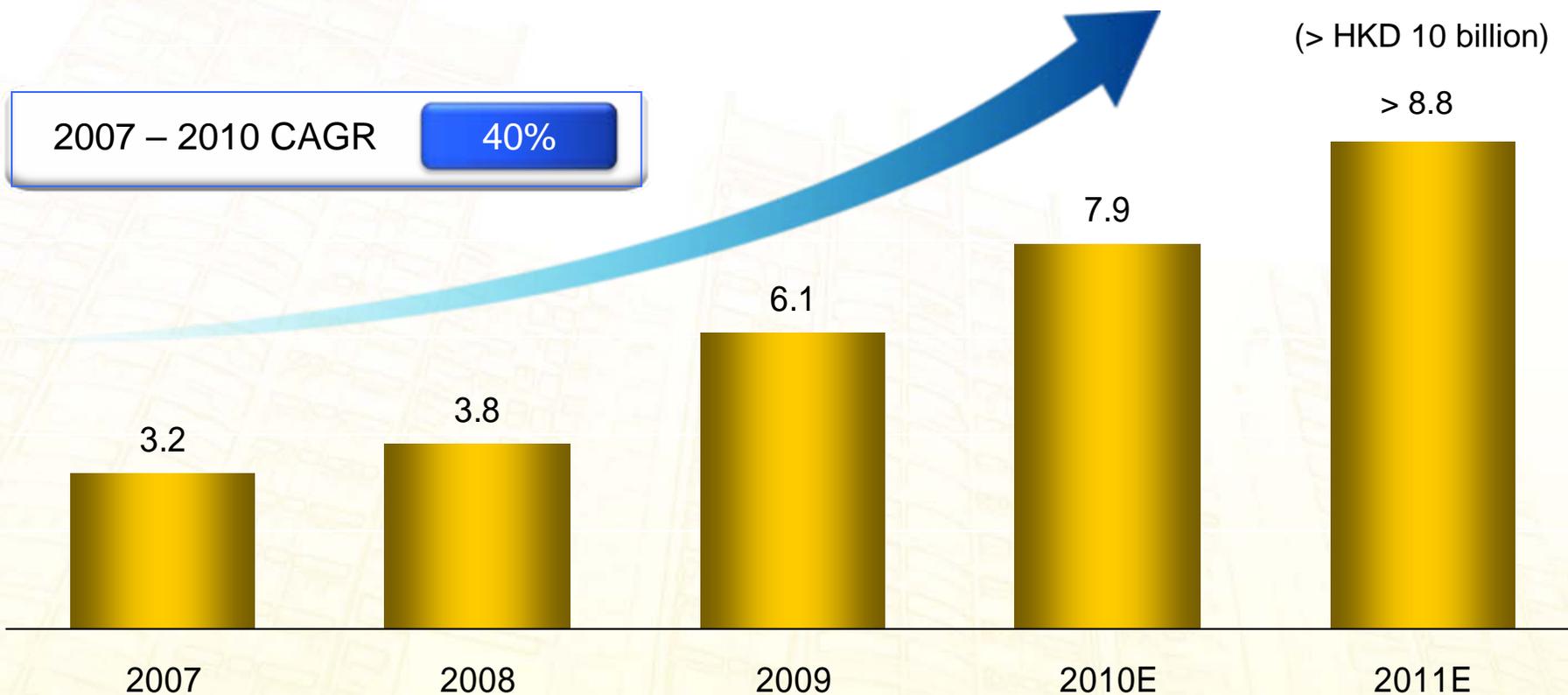
(RMB billion)

2007 – 2010 CAGR

40%

(> HKD 10 billion)

> 8.8





Thank you 謝謝

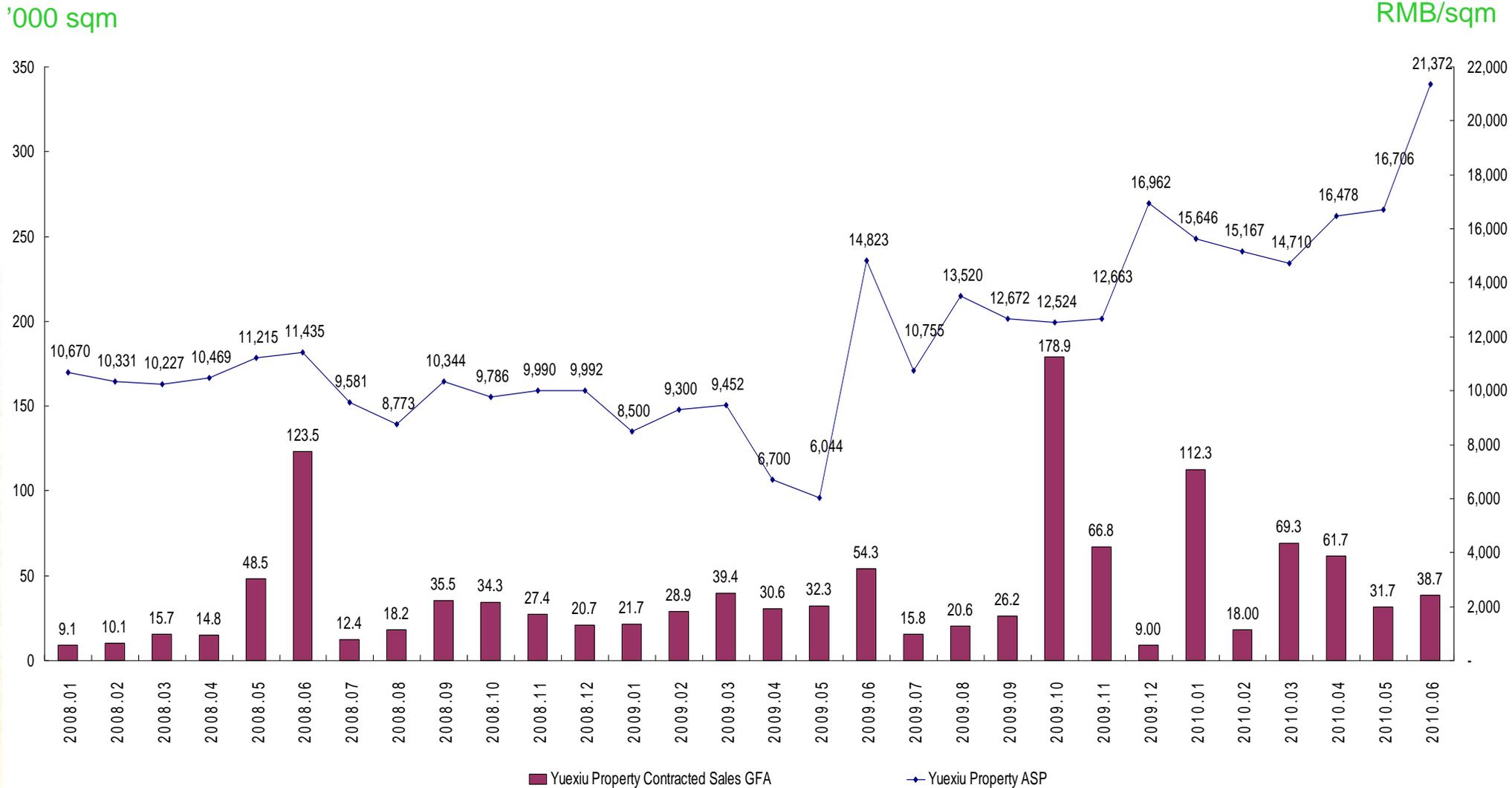


## Appendix



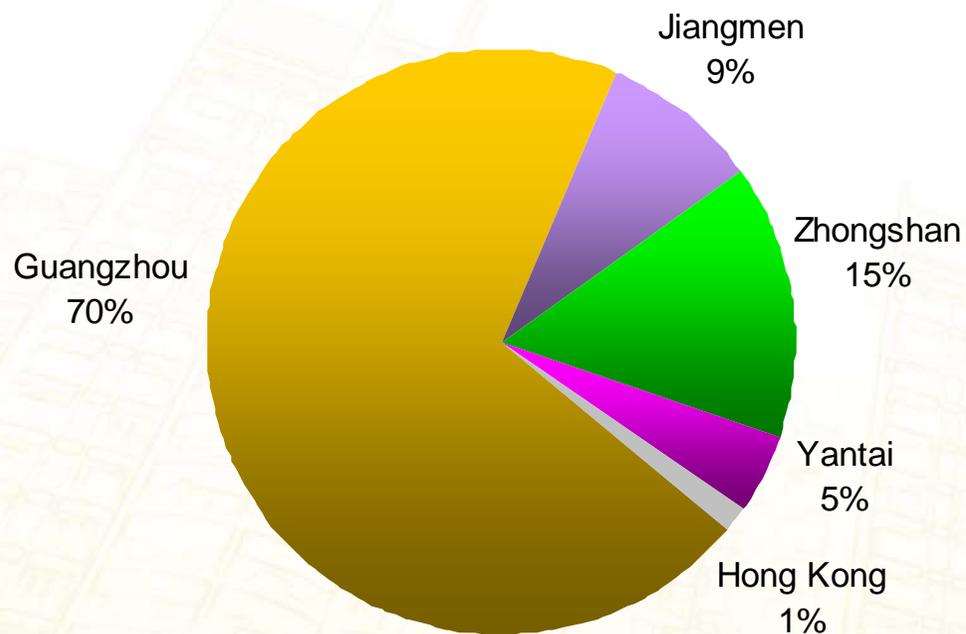
Springland Garden

# Monthly Contracted Sales

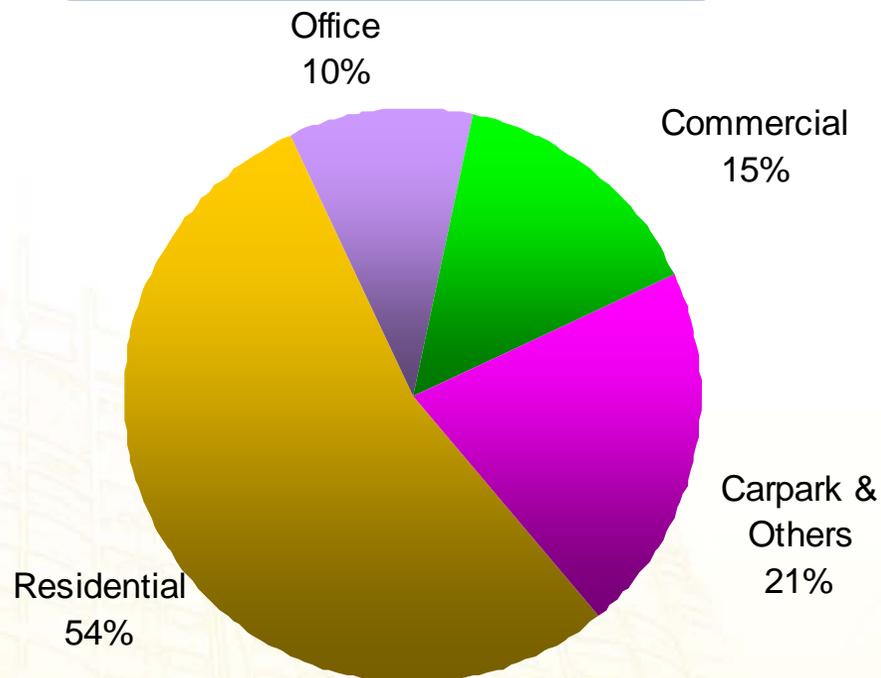


# Properties for Future Development

## By Location



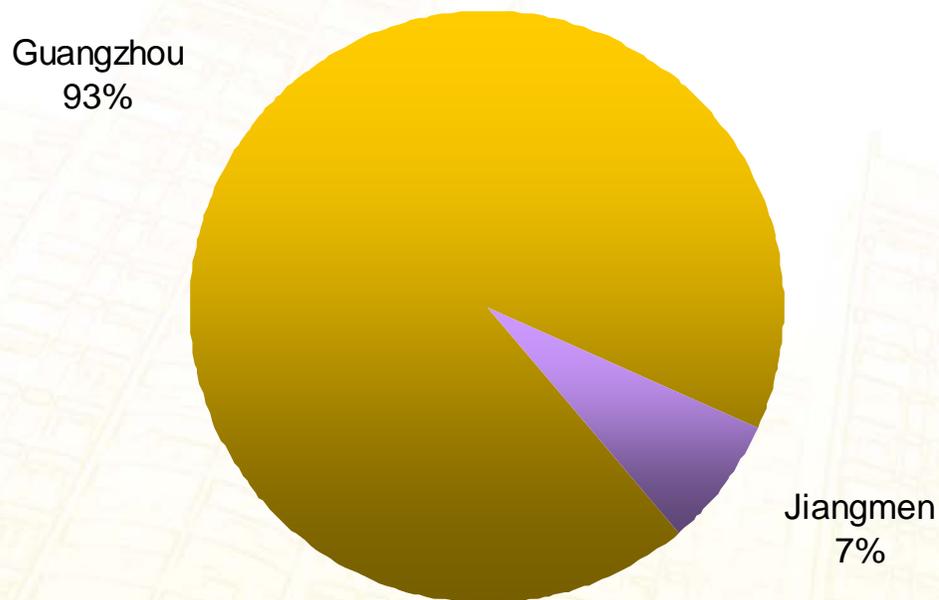
## By Use



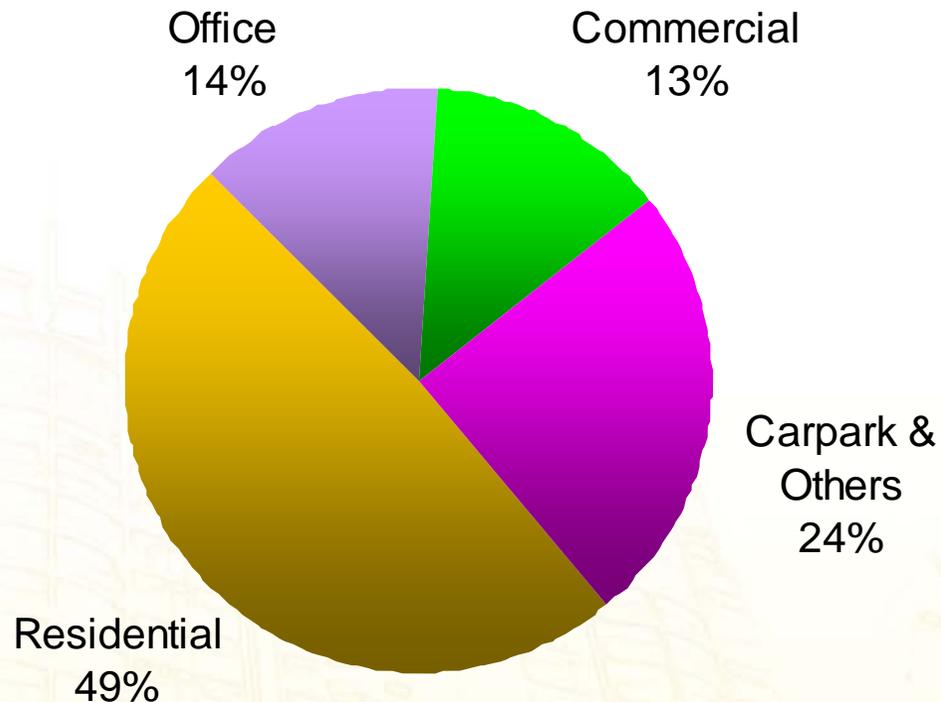
**GFA: 4,530,000 sqm**

# Properties under Development

## By Location



## By Use



**GFA: 2,710,000 sqm**

# Location Map - Guangzhou



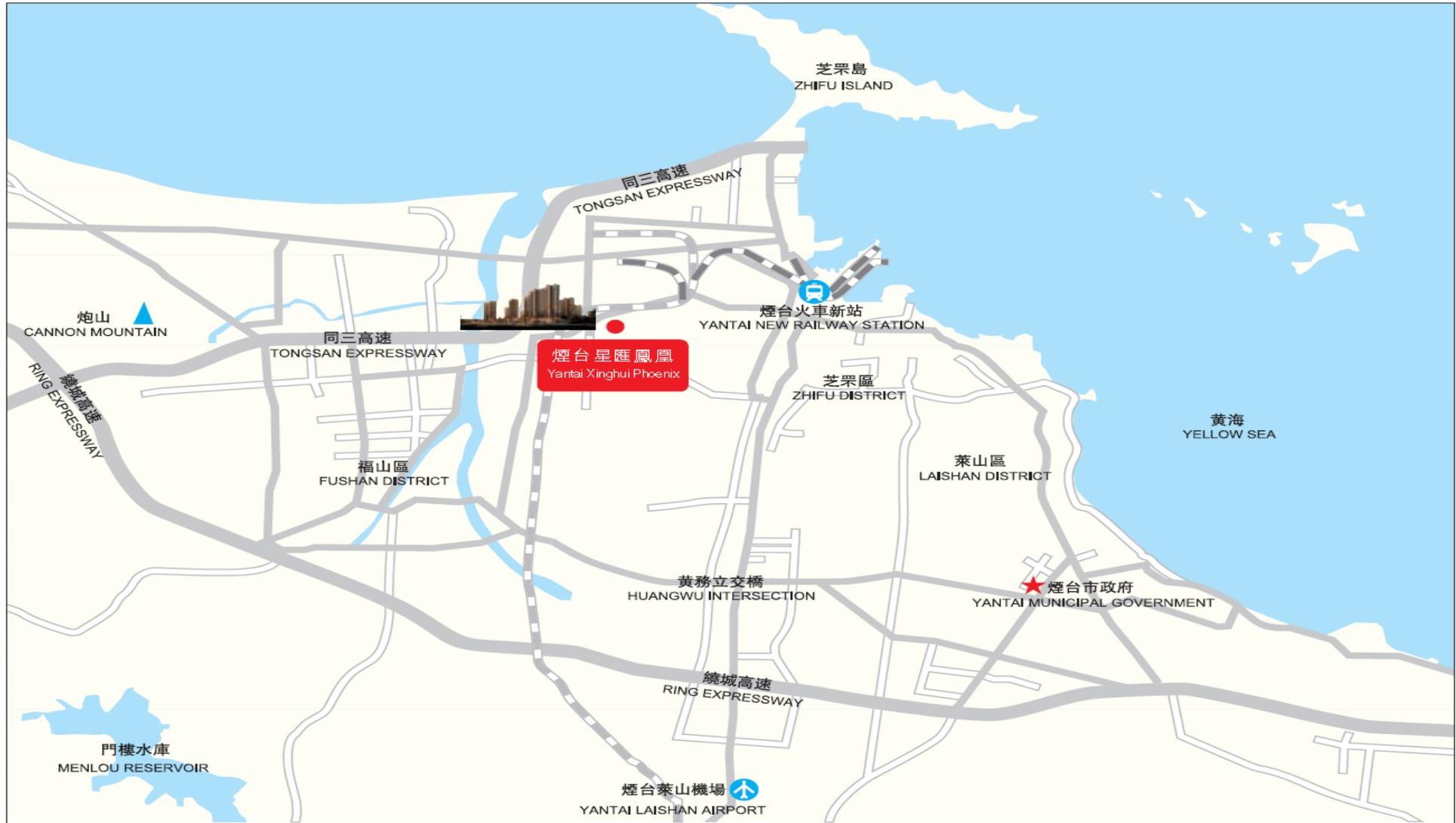
# Location Map - Jiangmen



# Location Map - Zhongshan



# Location Map - Yantai



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