越秀地產股份有限公司
YUEXIU PROPERTY COMPANY LIMITED
(Incorporated in Hong Kong with limited liability)
(Stock code: 00123)

Announcement of 2013 Annual Results

Results Highlights

- **Record high operating results.** In 2013, the Group realized revenue of approximately RMB14,209 million, representing a year-on-year increase of 75.0%. Profit attributable to equity holders was approximately RMB2,880 million, representing a year-on-year increase of 16.1%. Basic earnings per share was approximately RMB0.3094, representing a year-on-year increase of 15.8%. Core net profit (profit attributable to equity holders excluding fair value gains on revaluation of investment properties and the related tax impact and negative goodwill) was approximately RMB1,540 million, representing a year-on-year increase of 28.8%.

- **Steady growth in property sales.** In 2013, the Group recorded aggregate contracted sales value of approximately RMB14,634 million and aggregate contracted sales GFA of approximately 1,155,200 sq.m., representing year-on-year increases of 19.0% and 11.6% respectively. As the sales performance was ahead of expectation, the Group upgraded the full-year sales target from RMB13,200 million to RMB14,500 million for the first time. The upgraded sales target was also accomplished successfully.

- **New breakthroughs in financing channels.** In 2013, the Group completed financing totalling approximately RMB13,050 million, including the first issuance of a fixed-rate US$350 million 5-year bond and a fixed-rate US$500 million 10-year bond as well as bank borrowings of approximately RMB7,750 million. The issued bonds and the Group were granted the ratings of "BBB-" and "Baa3" by international rating agencies Fitch and Moody's respectively, and the Group became one of the few Hong Kong listed domestic property developers with investment-grade ratings granted by these two rating agencies. As of the end of 2013, the ratio between onshore and offshore borrowings was improved to 43:57 and the average funding cost was reduced to 5.59% for 2013 from 7.03% for 2012. The Group broadened its funding channels, lowered the funding cost and optimized its debt structures by way of diversification.

- **A nationwide layout solidified by the innovative development model of cooperation.** In 2013, the Group proactively engaged in diversified development models and partnered with an investment fund for the first time. Through effective resource integration with an aim of yielding complementary advantage, this model significantly enhanced the Group's financial flexibility. In addition, the model enabled the gearing ratio to be kept at low level while allowing the Group to expand in scale at a faster rate. Therefore, the Group acquired 7 parcels of land in 2013 with a total consideration of approximately RMB20,124 million, and the GFA was approximately 2.75 million sq. m., of which 4 parcels of land were acquired through the innovative mode of cooperation, the land premium payable by the Group was only approximately RMB5,817 million. As of the end of 2013, the Group's landbank reached approximately 15.26 million sq.m. with a regional presence in 12 cities in China.

- **Rewarding our shareholders.** With a continued effort to reward our shareholders, the Board proposed to declare a final dividend for 2013 of HK$0.035 per share, together with the interim dividend of HK$0.049 per share, total dividends will be HK$0.084 per share, representing 40% of the profit attributable to equity holders excluding fair value gains on revaluation of the investment properties and the related tax impact and negative goodwill per share.

Results Summary

• Revenue	RMB14.209 billion (+75.0%)
• Gross profit	RMB4.104 billion (+6.4%)
• Profit attributable to equity holders of the Company	RMB2.880 billion (+16.1%)
• Contracted sales value	RMB14.634 billion (+19.0%)
• Contracted sales GFA	1,155,200 sq.m. (+11.6%)
• Total assets	RMB 78.071 billion (+11.5%)
• Shareholders' equity	RMB24.175 billion (+9.1%)
• Shareholders' equity per share	RMB2.593 (+8.8%)
• Net gearing ratio	61.6% (+14.6 percentage points)

RESULTS

The board of directors ("Directors" or "Board") of Yuexiu Property Company Limited ("Company") is pleased to announce the consolidated results of the Company and its subsidiaries (the "Group") prepared under Hong Kong Financial Reporting Standards for the year ended 31 December 2013, as follow:

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013 RMB'000	2012 RMB'000
Revenue	3	14,208,873	8,119,945
Cost of sales	4	(10,104,420)	(4,262,064)
Gross profit		4,104,453	3,857,881
Proceeds from sales of investment properties		364,150	856,419
Direct costs of investment properties sold		(288,233)	(617,232)
Gain on sales of investment properties		75,917	239,187
Fair value gains on revaluation of investment properties		1,974,765	1,566,979
Other gains	5	143,541	436,938
Selling and marketing costs	4	(493,283)	(465,277)
Administrative expenses	4	(816,662)	(830,923)
Operating profit		4,988,731	4,804,785
Finance income		44,081	60,984
Finance costs	6	(511,944)	(552,673)
Net foreign exchange gain/(loss) on financing activities		193,747	(80,363)
Excess of the share of the fair value of net assets acquired over acquisition cost		—	155,460
Share of (loss)/profit of			
- joint ventures		(3,857)	(89)
- associated entities		198,958	246,440
Profit before taxation		4,909,716	4,634,544
Taxation	7	(2,004,627)	(2,075,470)
Profit for the year		2,905,089	2,559,074

	Note	2013 RMB'000	2012 RMB'000
Attributable to			
Equity holders of the Company		2,880,343	2,481,834
Non-controlling interests		24,746	77,240
		2,905,089	2,559,074
Earnings per share for profit attributable to equity holders of the Company (expressed in RMB per share)	8		
- Basic		0.3094	0.2672
- Diluted		0.3087	0.2664

Details of dividends payable to equity holders of the Company are set out in note 9.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2013

	2013	2012
	RMB'000	*RMB'000*
Profit for the year	2,905,089	2,559,074
Other comprehensive income:		
Items that may be reclassified to profit or loss		
Currency translation differences	(50,994)	2,276
Change in fair value of available-for-sale financial assets, net of tax	(37,039)	147,906
Transfer of reserve to profit and loss upon disposal of non-current asset held-for-sale	(22,325)	—
Transfer of reserve to profit and loss upon disposal of subsidiaries	(6,101)	(754)
Other comprehensive (loss)/income for the year, net of tax	(116,459)	149,428
Total comprehensive income for the year	2,788,630	2,708,502
Attributable to		
Equity holders of the Company	2,765,902	2,623,412
Non-controlling interests	22,728	85,090
	2,788,630	2,708,502

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2013

	Note	2013 *RMB'000*	2012 *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		1,023,079	763,564
Investment properties		10,219,375	6,185,441
Land use rights		265,901	283,234
Interests in joint ventures		1,164,939	990,734
Interests in associated entities		6,309,075	5,964,993
Available-for-sale financial assets		842,226	895,944
Deferred tax assets		130,067	81,679
		19,954,662	15,165,589
Current assets			
Properties under development		37,554,999	34,672,854
Properties held for sale		6,342,773	3,147,952
Prepayments for land use rights		3,634,670	5,439,939
Inventories		10,676	11,645
Derivative financial instruments		47,642	—
Trade receivables	10	16,013	18,424
Other receivables, prepayments and deposits		1,704,398	1,569,860
Taxation recoverable		430,582	625,729
Charged bank deposits		3,319,484	2,202,948
Cash and cash equivalents		5,054,749	7,060,453
		58,115,986	54,749,804
Non-current assets held-for-sale		—	81,540

	Note	2013 RMB'000	2012 RMB'000
LIABILITIES			
Current liabilities			
Trade and note payables	11	233,069	336,173
Land premium payable		—	45,944
Advance receipts from customers		11,310,525	10,002,524
Other payables and accrued charges		9,257,473	8,809,342
Borrowings		8,330,549	6,828,742
Taxation payable		2,658,633	1,533,756
		31,790,249	27,556,481
Net current assets		26,325,737	27,274,863
Total assets less current liabilities		46,280,399	42,440,452
Non-current liabilities			
Borrowings		15,534,903	13,302,235
Deferred tax liabilities		5,367,095	5,707,741
Deferred revenue		64,595	66,389
Other payables and accrued charges		153,798	243,872
		21,120,391	19,320,237
Net assets		25,160,008	23,120,215

	Note	2013 RMB'000	2012 RMB'000
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		854,089	852,196
Share premium		8,891,760	8,878,673
Other reserves		398,425	516,153
Retained earnings			
- Proposed dividends	9	251,704	399,952
- Others		13,779,227	11,511,166
		24,175,205	22,158,140
Non-controlling interests		984,803	962,075
Total equity		25,160,008	23,120,215

NOTES

1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, derivative financial instruments, and available-for-sale financial assets which are carried at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

2 Accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2012, as described in those annual financial statements.

(a) New, amended and revised standards adopted by the Group:

The following new standards, amendment and revision to existing standards are mandatory for the first time for the financial year beginning on or after 1 January 2013 and relevant to the Group.

The amendment to Hong Kong Accounting Standard ("HKAS") 1 "Presentation of Financial Statements" introduces a grouping of items presented in other comprehensive income. Items that could be reclassified to profit or loss at a future point in time now have to be presented separately from items that will never be reclassified. The adoption of this amendment affected presentation only and had no impact on the Group's results of operations or financial position.

HKFRS 10 "Consolidated Financial Statements" establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities to present financial statements. It defines the principle of control and establishes control as the basis for consolidation.

HKFRS 11 "Joint Arrangements" focuses on the rights and obligations of the parties to the arrangement rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. A joint operator accounts for its share of the assets, liabilities, revenue and expenses. Joint ventures arise where the investors have rights to the net assets of the arrangement; joint ventures are accounted for under the equity method. Proportion consolidation of the joint arrangements is no longer permitted.

HKAS 28 (revised 2011) includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of HKFRS 11.

HKFRS 12 "Disclosure of Interests in Other Entities" is effective for annual periods beginning on or after 1 January 2013. It introduces a wide range of disclosure requirements for all forms of interests in other entities, including joint arrangements, associates and unconsolidated structured entities.

HKFRS 13 "Fair Value Measurement" aims to improve consistency and reduce complexity by providing a precise definition of fair value and sets out a single source for fair value measurement and disclosure requirements across HKFRS.

The adoption of the above new standards, amendment and revision to existing standards does not have material impact on the results and financial position of the Group.

(b) Amendments, revision and interpretation to existing standards effective in 2013 but not relevant to the Group:

The following amendments, revision and interpretation to existing standards are mandatory for the first time for the financial year beginning 1 January 2013.

HKAS 19 (Amendment)	Employee Benefits
HKAS 27 (revised 2011)	Separate Financial Statements
HKFRS 1 (Amendment)	First Time Adoption — Government Loans
HKFRS 7 (Amendment)	Financial Instruments: Disclosures — Offsetting Financial Assets and Financial Liabilities
HK(IFRIC) - Int 20	Stripping Costs in the Production Phase of a Surface Mine
Annual Improvement Project	Annual Improvements 2009-2011 Cycle

(c) New standard, amendments and interpretation to existing standards that have been issued but are not effective and have not been early adopted by the Group:

		Effective for accounting periods beginning on or after
HKAS 32 (Amendment)	Financial Instruments: Presentation — Offsetting Financial Assets and Financial Liabilities	1 January 2014
HKAS 36 (Amendment)	Impairment of Assets on Recoverable Amount Disclosures	1 January 2014
HKAS 39 (Amendment)	Financial Instruments: Recognition and Measurement — Novation of Derivatives	1 January 2014
HKFRS 9	Financial Instruments	1 January 2015
HKFRS 10, HKFRS 12 and HKAS 27 (revised 2011) (Amendments)	Consolidated Financial Statements, Disclosure of Interests in Other Entities and Separate Financial Statements	1 January 2014
HK(IFRIC) - Int 21	Levies	1 January 2014

The Group has already commenced an assessment of the related impact of adopting the above new standard, amendments and interpretation to existing standards to the Group. The Group does not expect substantial changes to the Group's accounting policies and presentation of the financial statements will be resulted.

3 Segment information

The chief operating decision-maker has been identified as the executive directors. Management determines the operating segments based on the Group's internal reports, which are then submitted to the executive directors for performance assessment and resources allocation.

The executive directors consider the business by nature of business activities and assess the performance of property development, property management, property investment and others.

The executive directors assess the performance of the operating segments based on a measure of segment results. This measurement basis excludes the effects of non-recurring expenditure from the operating segments and other unallocated operating costs. Other information provided, except as noted below, to the executive directors are measured in a manner consistent with that in the consolidated financial statements.

Total assets excluded deferred tax assets, taxation recoverable and corporate assets. Corporate assets are not directly attributable to segments.

Sales between segments are carried out on terms equivalent to those that prevail in arm's length transactions. The revenue from external parties reported to the executive directors are measured in a manner consistent with that in the consolidated income statement.

	Property development	Property management	Property investment	Others	Group
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2013					
Revenue	13,145,199	425,605	463,872	850,446	14,885,122
Inter-segment revenue	—	(79,568)	(6,726)	(589,955)	(676,249)
Revenue from external customers	13,145,199	346,037	457,146	260,491	14,208,873
Segment results	2,704,039	11,948	2,270,974	4,435	4,991,396
Depreciation and amortisation	(42,448)	(480)	—	(15,898)	(58,826)
Share of (loss)/profit of:					
- joint ventures	(3,857)	—	—	—	(3,857)
- associated entities	—	—	175,774	23,184	198,958
Year ended 31 December 2012					
Revenue	6,946,344	410,252	489,251	1,242,381	9,088,228
Inter-segment revenue	—	(79,430)	(5,438)	(883,415)	(968,283)
Revenue from external customers	6,946,344	330,822	483,813	358,966	8,119,945
Segment results	2,410,082	758	2,030,554	58,035	4,499,429
Depreciation and amortisation	(54,704)	(1,090)	—	(20,205)	(75,999)
Share of (loss)/profit of:					
- joint ventures	(89)	—	—	—	(89)
- associated entities	—	—	246,440	—	246,440

	Property development	Property management	Property investment	Others	Group
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2013					
Segment assets	58,456,305	435,884	10,219,375	336,729	69,448,293
Interests in joint ventures	1,164,939	—	—	—	1,164,939
Interests in associated entities	—	—	6,199,030	110,045	6,309,075
Total reportable segments' assets	59,621,244	435,884	16,418,405	446,774	76,922,307
Total reportable segments' assets include:					
Additions to non-current assets (other than interests in joint ventures, interests in associated entities, available-for-sale financial assets and deferred tax assets)	152,746	787	332,229	304	486,066
As at 31 December 2012					
Segment assets	54,081,016	354,674	6,185,441	751,014	61,372,145
Interests in joint ventures	990,734	—	—	—	990,734
Interests in associated entities	—	—	5,964,993	—	5,964,993
Total reportable segments' assets	55,071,750	354,674	12,150,434	751,014	68,327,872
Total reportable segments' assets include:					
Additions to non-current assets (other than interests in joint ventures, interests in associated entities, available-for-sale financial assets and deferred tax assets)	966,934	515	39,731	814	1,007,994

A reconciliation of reportable segment results to profit before taxation is provided as follows:

	Year ended 31 December	
	2013	**2012**
	RMB'000	*RMB'000*
Segment results	4,991,396	4,499,429
Unallocated operating costs *(note)*	(146,206)	(131,582)
Other gains	143,541	436,938
Operating profit	4,988,731	4,804,785
Finance income	44,081	60,984
Finance costs	(511,944)	(552,673)
Net foreign exchange gain/(loss) on financing activities	193,747	(80,363)
Excess of the share of the fair value of net assets acquired over acquisition cost	—	155,460
Share of (loss)/profit of:		
- joint ventures	(3,857)	(89)
- associated entities	198,958	246,440
Profit before taxation	4,909,716	4,634,544

Note: Unallocated operating costs include mainly staff salaries, rent and rates, depreciation and other operating expenses.

A reconciliation of reportable segments' assets to total assets is provided as follows:

	As at 31 December	
	2013	**2012**
	RMB'000	*RMB'000*
Total reportable segments' assets	76,922,307	68,327,872
Deferred tax assets	130,067	81,679
Taxation recoverable	430,582	625,729
Corporate assets	587,692	961,653
Total assets	78,070,648	69,996,933

	Revenue Year ended 31 December		Total assets As at 31 December	
	2013	**2012**	**2013**	**2012**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Hong Kong	113,123	166,416	2,231,176	2,254,878
The People's Republic of China ("China")	14,094,704	7,952,534	74,682,844	66,065,954
Overseas	1,046	995	8,287	7,040
	14,208,873	8,119,945	76,922,307	68,327,872
Unallocated assets			1,148,341	1,669,061
			78,070,648	69,996,933

4 **Expenses by nature**

Cost of sales, selling and marketing costs, and administrative expenses include the following:

	2013	**2012**
	RMB'000	*RMB'000*
Advertising and promotion expenses	420,775	377,388
Cost of properties sold included in cost of sales	9,361,992	3,523,520
Cost of inventories included in cost of sales	44,877	82,038
Direct operating expenses arising from investment properties		
- that generate rental income	112,535	182,305
- that did not generate rental income	339	549
Depreciation		
- Owned property, plant and equipment	46,284	57,717
- Leased property, plant and equipment	85	62
Reversal of provision for impairment of property, plant and equipment	(14,531)	(1,103)
Amortisation of land use rights	12,457	18,220
Operating leases - Land and buildings	74,185	45,609
Auditor's remuneration	6,500	6,500
Employee benefit expenses	848,686	876,749
(Reversal of)/provision for impairment of properties under development	(26,653)	15,901
Others	526,834	372,809
	11,414,365	5,558,264

5 Other gains

	2013	2012
	RMB'000	*RMB'000*
Gain on disposal of subsidiaries	59,810	436,938
Gain on disposal of non-current asset held-for-sale	36,089	—
Fair value gain on derivative financial instruments	47,642	—
	143,541	436,938

6 Finance costs

	2013	2012
	RMB'000	*RMB'000*
Interest on bank borrowings and overdrafts wholly repayable within five years	1,153,341	1,396,061
Interest on bank borrowings wholly repayable over five years	47,826	249,963
Interest on borrowings from related companies	87,819	51,585
Interest on other borrowings	198,649	—
Interest expense from top-up payment liability	16,794	9,732
Fair value loss on top-up payment liability	15,812	—
Total borrowing costs incurred	1,520,241	1,707,341
Less: amount capitalised as investment properties, properties under development and property, plant and equipment	(1,008,297)	(1,154,668)
	511,944	552,673

7 Taxation

(a) Hong Kong profits tax has been provided at the rate of 16.5 percent (2012: 16.5 percent) on the estimated assessable profit for the year.

(b) China enterprise income taxation is provided on the profit of the Group's subsidiaries, associated entities and joint ventures in China at 25 percent (2012: 25 percent).

In addition, dividend distribution out of profit of foreign-invested enterprises earned after 1 January 2008 is subject to corporate withholding income tax at tax rates ranging from 5 percent to 10 percent. During the year, withholding income tax was provided for dividend distributed and undistributed profit, recognised based on HKFRS, of the Group's subsidiaries, joint ventures and associated entities in China at tax rates ranging from 5 percent to 10 percent (2012: 5 percent to 10 percent).

(c) China land appreciation tax is levied at progressive rates ranging from 30 percent to 60 percent on the appreciation of land value, being the proceeds of sales of properties less deductible expenditure including costs of land, development and construction.

(d) The amount of taxation charged to the consolidated income statement comprises:

	2013	2012
	RMB'000	*RMB'000*
Current taxation		
Hong Kong profits tax	11,004	3,269
China enterprise income tax	746,351	302,720
China land appreciation tax	428,690	1,114,630
(Over)/under-provision in prior years	(45,238)	15,284
Deferred taxation		
Origination and reversal of temporary differences	678,490	508,685
Corporate withholding income tax on undistributed profits	185,330	130,882
	2,004,627	2,075,470

8 Earnings per share

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company over the weighted average number of ordinary shares in issue during the year.

	2013	2012
Profit attributable to equity holders of the Company (RMB'000)	2,880,343	2,481,834
Weighted average number of ordinary shares in issue ('000)	9,309,159	9,289,774
Basic earnings per share (RMB)	0.3094	0.2672

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has share options outstanding during the year which are dilutive potential ordinary shares. Calculation is made to determine the number of shares that could have been acquired at fair value (determined as the average daily market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options.

	2013	**2012**
Profit attributable to equity holders of the Company (RMB'000)	2,880,343	2,481,834
Weighted average number of ordinary shares in issue ('000)	9,309,159	9,289,774
Adjustments for share options ('000)	21,904	25,946
Weighted average number of ordinary shares for diluted earnings per share ('000)	9,331,063	9,315,720
Diluted earnings per share (RMB)	0.3087	0.2664

9 **Dividends**

	2013 *RMB'000*	**2012** *RMB'000*
Interim, paid, of HK$0.049 equivalent to RMB0.039 (2012: HK$0.042 equivalent to RMB0.034) per ordinary share	360,505	319,459
Special, proposed, nil (2012: HK$0.031 equivalent to RMB0.025) per ordinary share	—	232,530
Final, proposed, of HK$0.035 equivalent to RMB0.027 (2012: HK$0.022 equivalent to RMB0.018) per ordinary share	251,704	167,422
	612,209	719,411

10 **Trade receivables**

The Group has defined credit policies for different businesses. The credit terms of the Group are generally within three months. The ageing analysis of trade receivables is as follows:

	2013	**2012**
	RMB'000	*RMB'000*
0 - 30 days	10,240	10,195
31 - 90 days	3,620	6,246
181 - 365 days	886	183
Over 1 year	10,553	11,086
	25,299	27,710
Less: provision for impairment of trade receivables	(9,286)	(9,286)
	16,013	18,424

11 **Trade and note payables**

The ageing analysis of the trade and note payables is as follows:

	2013	**2012**
	RMB'000	*RMB'000*
0 - 30 days	76,593	79,610
31 - 90 days	122,992	221,188
91 - 180 days	23,738	25,800
181 - 365 days	5,706	6,494
1 - 2 years	3,985	3,039
Over 2 years	55	42
	233,069	336,173

Chairman's Statement

I. BUSINESS REVIEW

Economic and Market Environment

2013 was the fifth year after the outbreak of the international financial crisis. Although recovery of global economy showed promising signs of an upturn, resistance still remained in sustaining the steady upturn. High unemployment and the gradual withdrawal of economic stimulus policies increased uncertainty and risk of economic recovery in developed countries. Although the economic growth of emerging markets and developing countries remained higher than developed countries, the growth had slowed down evidently, an indication of restructuring and optimizing their economic and industrial structures.

The Third Plenary Session of the 18th Central Committee of China's Communist Party issued development guidance to "comprehensively deepening reforms", the central government stabilized economic growth, optimized economic structure and facilitated reform through a series of measures and policies, which aimed at achieving stable and rapid growth in China's economy. The economic growth for 2013 was 7.7% in China, although higher than that of developed countries and emerging markets, it had slowed down from double-digit to single-digit, which meant the central government put more focus on "quality" than "quantity".

In 2013, the central government still implemented numerous restrictive measures in the property market, but the regulatory focus was "facilitating the healthy and stable development of the property sector". As the demand of property market was robust, the property market recorded increases in both volume and price. According to the statistics released by the National Bureau of Statistics, the sales value, sales GFA and the selling price of commodity housing increased 26.3%, 17.3% and 7.7% respectively on a year-on-year basis.

Operating Results Reached Another New Record High

In 2013, by adhering to the objectives of "making steady progress with quality enhancement, facilitating development through innovative transformation" and the main theme of "three ensurings, three breakthroughs and three deepenings", the Group successfully achieved numerous operating targets set at the beginning of the year with admirable results. This established a solid foundation for a new round of leap-forward development.

In 2013, the Group realized revenue of approximately RMB14,209 million, representing a year-on-year increase of 75.0%. Total revenue (including revenue from disposal of investment properties) was approximately RMB14,573 million, representing a year-on-year increase of 62.3%. As a result of the changes in product mix and geographic composition, the gross profit margin decreased to 28.9%, but still at par within the sector. Profit attributable to equity holders was approximately RMB2,880 million, representing a year-on-year increase of 16.1%. Basic earnings per share was approximately RMB0.3094, representing a year-on-year increase of 15.8%. Core net profit (profit attributable to equity holders excluding fair value gains on revaluation of investment properties and the related tax impact and negative goodwill*) was approximately RMB1,540 million, representing a year-on-year increase of 28.8%.

The Board proposed to declare a final dividend for 2013 of HK$0.035 per share, which is equivalent to approximately RMB0.027 per share, together with the interim dividend of HK$0.049 per share which was equivalent to approximately RMB0.039 per share, total dividends for the year ended 31 December 2013 will be HK$0.084 per share which is equivalent to approximately RMB0.066 per share, representing 40% of the profit attributable to equity holders excluding fair value gains on revaluation of the investment properties and the related tax impact and negative goodwill per share.

Property Sales Achieved Steady Growth

In 2013, the Group achieved steady growth in property sales with diversified sales strategies such as enhancing competitiveness and innovating marketing channels and mechanisms. The Group recorded aggregated contracted sales value of approximately RMB14,634 million and aggregate contracted sales GFA of approximately 1,155,200 sq.m., representing year-on-year increases of 19.0% and 11.6% respectively. As the sales performance was ahead of expectation, the Group upgraded the full-year sales target from RMB13,200 million to RMB14,500 million for the first time and the upgraded target was also accomplished successfully.

* Negative goodwill represents the excess of the share of the fair value of net assets acquired over acquisition cost in the consolidated income statement

In addition, the Group delivered a new record high in the scale of sales for 2013. The Group's layout of "multiple-region support" was further strengthened. Eight of the twelve cities where the Group has presence delivered sales in 2013, including Guangzhou, Jiangmen, Zhongshan, Wuhan, Hangzhou, Kunshan, Shenyang and Yantai, which reduced policy and market risks in any single city and provided a strong base for the further expansion of the scale of sales.

New Breakthroughs in Financing Channels

In January 2013, the Group successfully issued a fixed-rate US$350 million 5-year bond and a fixed-rate US$500 million 10-year bond for the first time, with coupon rates at 3.25% and 4.5% respectively. This issuance brought multiple benefits to the Group by diversifying funding channels, lowering funding cost and optimizing the tenor and maturity profile of the debt portfolio. The issued bonds and the Group were granted the ratings of "BBB-" and "Baa3" by international rating agencies Fitch and Moody's respectively, and the Group became one of the few Hong Kong listed domestic property developers with investment-grade ratings granted by these two rating agencies.

Furthermore, the Group also maximized the advantage of offshore capital markets with relatively low costs with a modest increase in offshore bank borrowings, as at the end of 2013, the ratio of onshore and offshore borrowings of the Group was adjusted to 43:57. The combined utilization of diversified financing channels further reduced financing costs, the average funding costs in 2013 decreased to 5.59%.

A Nationwide Layout Solidified by the Innovative Development Model of Cooperation

In 2013, the Group also proactively engaged in diversified development models and partnered with an investment fund for the first time. Through effective resource integration with an aim of yielding complementary advantage, this model significantly enhanced the Group's financial flexibility. In addition, the model enabled the gearing ratio to be kept at a low level while allowing the Group to expand in scale at a faster rate. As a result, following the strategic orientation of "return to Tier 1 and Tier 2", the Group acquired 7 parcels of land in 4 cities which were Guangzhou, Hangzhou, Foshan and Wuhan, with a total consideration of approximately RMB20,124 million, and the total GFA was approximately 2.75 million sq.m., of which 4 of the land parcels were acquired through the innovative mode of cooperation, the land premium payable by the Group was only approximately RMB5,817 million.

As of the end of 2013, total landbank of the Group was approximately 15.26 million sq.m.. In terms of the attributable interest, the Group's landbank was approximately 12.59 million sq.m.. The Group's landbank had major presence in 12 cities in the Pearl River Delta, the Yangtze River Delta, Bohai Rim Economic Zone and Central China region, showing proven regional presence in the PRC.

Constant Reinforcing of Two Platforms

The Group strived to enhance its commercial operating capabilities, effective operation were realized in commercial properties and commercial projects were commenced orderly. The leasing of Guangzhou Fortune World Plaza was conducted smoothly and the property was officially opened for business on 14 August 2013. Current contracted occupancy rate was 93%, which laid a solid foundation for the further implementation of the Group's development strategy of "DOS" (Development + Operation + Securitization). In addition, another key commercial property of the Group, Guangzhou Fortune Center, is progressing well and its roof-sealing ceremony for the main structure was taken place on 19 June 2013. Leasing has commenced earlier than expected with smooth progress. Operating results of Yuexiu REIT, an associated entity of the Group, also delivered stable growth in 2013. Six properties under Yuexiu Real Estate Investment Trust ("Yuexiu REIT") achieved an overall occupancy rate of approximately 92.6%, among which, the overall occupancy rate of Guangzhou IFC was approximately 88.0%, the office occupancy rate of which also reached 85.4%, a sharp increase of 15.2 percentage points than that at the end of 2012.

Meanwhile, the research and development platform of the Group continued to optimize its operation, with the initial set-up of the "product line system", the R&D capability was strengthened and the pace of standardization was accelerated. Moreover, the Group has also extended a number of R&D results into practical application and the standardization research results were applied in the construction of a number of projects, achieving effective cost-reduction.

Establishing Two-way Communication Channels with Capital Market

In 2013, the Group continued to work on improving investor relations, enabling timely and effective communication with investors and analysts while allowing the middle and senior management of the Group to get a deeper understanding of the capital market. Thus, two-way communication channels between the Company and the capital market were established, through which shareholders and investors can gain more knowledge of the operation and development of the Company on the one hand, and give opinions on the capital market as reference for the management to formulate future operating strategies, on the other hand.

This effort and focus has also been confirmed and recognized by the capital market, with the reputation of our corporate brand continuing to strengthen. The Group was awarded the "Corporate Governance Gold Award", "The Outstanding China Property Developers Award 2013" and "Outstanding Listed Company Award" by "The Asset" Magazine, Economic Digest, and The Hong Kong Institute of Financial Analysis and Professional Commentators Limited, respectively. In addition, the Group was also granted the award of "2013 Outstanding Capital Financing Project in China" by the "Capital" magazine in respect of the successful transaction of the Guangzhou IFC. Further, the Group's annual report for 2012 was awarded the International ARC Awards — Honors Award — Financial Data.

II. BUSINESS OUTLOOK

In 2014, recovery of global economies still remain uncertain, the central government announced the PRC's economic growth goal for 2014 at about 7.5% at the second meeting of the Twelfth CPC National People's Congress of the PRC. The economy of China will still maintain a relatively strong growth. In the working report of the Central Government submitted to the Twelfth CPC National People's Congress, it was pointed out that improving the housing supportive mechanism would be taken as one of the coordinated tasks for supporting and improving the livelihood of ordinary citizens, and will explicitly "target at different situations of various cities with different categories of regulatory measures, increase the number of small and medium size commodity housing units and the supply of joint ownership housing, suppress the speculative and investment demand, and facilitate the sustainable and healthy development of the property market". Meanwhile, with the gradual implementation of the "Selective Two-child "(單獨二胎) policy and the progress of new urbanization, it will have positive effect on the upward development of the property sector. However, the domestic liquidity problem is significant, the onshore funding cost is rising under the impact of various factors such as internet banking and interest rate marketization reform and the central government has speeded up the legislation process of the regulatory measures such as property tax. Overall, opportunities coexist with challenges for the China property market in 2014.

In such market condition, the Group will continue to maintain a sense of urgency for development and adhere to the objective of "enhancing strengths through reform and innovation, facilitating forward-leaping development through transformation and upgrade" by focusing on the main theme for the year of "three ensurings, three acceleratings and three strengthenings" to drive the performance of the Group in 2014.

Three Ensurings to Achieve Steady Growth

Ensuring the steady improvement of operating results and operating quality. As the Group has continuously increased its high quality landbank and speeded up the development of its projects, the Group has sufficient sellable resources, which provide a strong guarantee for the sustainable growth of the operating results in coming few years. As a result, based on the Group's operation condition and the development of the property market, the Group has set its sales target for 2014 at RMB22 billion, representing a 50% increase as compared to the aggregate value of contracted sales of RMB14.634 billion recorded in 2013.

Ensuring Moderate Expansion. The Group will continue to adopt the development mode of "deepening regional footholds" to expand its development in cities or regions in which the Group has footprints and leverage on its advantageous resources to focus on its development in Tier 1 and Tier 2 cities with a high population density, a wide industry market and a huge property market potential, and increase the landbank as appropriate according to the principle of "expenditure depends on available capital".

Ensuring reliable financing for sustained development. The Group will pre-arrange financing in response to changes in the macro environment to continuously expand financing channels. The Company will select the most suitable and cost-effective ways to source funding for the expansion of its businesses, ensuring that the Company's development is backed by reliable financing. In addition, the Group will treat the requirements set forth by these rating agencies as a primary factor in its development and strategic planning and endeavor to maintain the investment-grade ratings.

Three Acceleratings to Promote Transformation and Upgrade

Accelerating exploration of merger and acquisition models to make leap-forward breakthroughs. Following the strategic cooperation with other prominent developers to develop projects in 2012 and the debut cooperation with an investment fund to acquire land in 2013, the Group will continue to explore new approaches to develop projects by seeking strategic partners, so as to achieve leapfrog development.

Accelerating innovation of business models to build differentiated core competitiveness. The Group will proactively develop business models such as real estate financing and joint development. As regard land acquisition at the preliminary stage, it will enhance cooperation with the investment fund to establish a sustainable long-term joint operation model. As regard the operation of commercial projects at the final stage, it will improve interaction with Yuexiu REIT through two platforms, with the aim of further implementing the development strategy of "DOS" (Development + Operation + Securitization). In addition, the Group will continue to expand the channels for joint cooperation through strong partnership so that operating efficiency can be effectively increased.

Accelerating optimisation of resources allocation to increase resources allocation efficiency. The Group will analyze factors that affect cooperation with the investment fund to optimize and reinforce the model for cooperating with the investment fund. In addition to that, the Group will undertake further research into the resources available to the parent company and strengthen strategic cooperation with other subsidiaries of the parent company, to effectively increase the operating efficiency of the Company.

Three Strengthenings to Promote Innovation

Strengthening management of human resources management with the establishment of market-oriented employment mechanisms. The Group will expedite the implementation of the management system for professional managers, with a further improvement in personnel selection, employment and training as well as reward and punishment systems. Remuneration systems, assessment systems and reward and punishment systems in line with market shall be formulated for implementation to facilitate the Group's accelerated development.

Strengthening comprehensive risk control to ensure sustainable growth. The Group will review and improve its internal risk control and audit supervision systems, intensify audit on the value-added business, and make full use of the advisory function of internal audit. Meanwhile, the Group will impose stricter control over legal risks and potential risks underlying production safety, ensuring production to be carried out in a safe and orderly manner.

Strengthening construction of value-creating headquarters to continuously improve control over project companies. The Group will review and appraise the existing control systems to ensure that each function of the headquarters has clearer duties and responsibilities with the optimization of the power and responsibility system. Moreover, the Group will strengthen management throughout the process of project investment, normalize management mechanisms as well as assessment systems and reward and punishment systems. As such, centralized coordination for project companies' land acquisition at the preliminary stage and operations at the later stage will be achieved gradually, thus improving the operating efficiency of projects.

ACKNOWLEDGMENT

With respect to the sound developments of the Group achieved over the years, I would like to take this opportunity to extend my gratitude to the Board of Directors for their strong leadership and all our staff for their relentless endeavours, as well as to express my deepest appreciation to our shareholders, our customers and business partners for their full confidence and dedicated support.

MANAGEMENT DISCUSSION AND ANALYSIS

REVENUE AND GROSS PROFIT

In 2013, the Group realized revenue of approximately RMB14,209 million (2012: RMB8,120 million), representing a year-on-year increase of 75.0%. The total revenue (including proceeds from sales of investment properties) was approximately RMB14,573 million (2012: RMB8,976 million), representing a year-on-year increase of 62.3%. The gross profit was approximately RMB4,104 million (2012: RMB3,858 million), representing a year-on-year increase of 6.4%, and the gross profit margin reached approximately 28.9%, representing a year-on-year decrease of 18.6 percentage points, mainly due to the difference of product mix and geographic composition, specifically more commercial properties with high gross margin were recognized in 2012. Moreover, margins was affected in the period on booking of lower-margin projects being sold during the market downturn and initial phases of newly launched projects.

PROFIT ATTRIBUTABLE TO EQUITY HOLDERS

In 2013, profit attributable to equity holders of the Group was approximately RMB2,880 million (2012: RMB2,482 million), representing a year-on-year increase of 16.1%, due to fair value gains being recorded in respect of Guangzhou Fortune World Plaza in 2013. The core net profit excluding fair value gains on revaluation of investment properties and the related tax impact and negative goodwill was approximately RMB1,540 million (2012: RMB1,196 million), representing a year-on-year increase of 28.8%.

CONTRACTED SALES

In 2013, the Group recorded an aggregate contracted sales value of approximately RMB14,634 million with an aggregate contracted sales GFA of approximately 1,155,200 sq.m., representing year-on-year increases of 19.0% and 11.6% respectively, which achieved approximately 100.9% and 97.1% of the full-year sales targets of RMB14,500 million and 1,190,000 sq.m. respectively. The average selling price was approximately RMB12,700 per sq.m., representing a year-on-year increase of 6.7%, due to the price increase in some projects and the introduction of new projects with relatively high average selling prices during 2013. As of the end of 2013, the Group had a total of 29 projects for sale, of which 7 were projects newly introduced in the year, being Guangzhou Lingnan Hillside, Guangzhou Lingnan Villas, Conghua Glade Greenland, Kunshan Paradiso Pavilion, Wuhan Starry Palace, Shenyang Starry Blue Sea and Yantai Starry Golden Sands.

Contracted sales are summarized as follows:

No.	**Project**	**Type**	**GFA** *(sq.m.)*	**Value** *(RMB mil)*	**ASP** *(RMB/sq.m.)*
1	Guangzhou Starry Winking	Residential, parking	1,100	44	40,000
2	Guangzhou Fortune Century Square	Commercial	10,900	377	34,600
3	Guangzhou Jiang Nan New Mansion	Residential, parking	13,300	381	28,600
4	Guangzhou Paradiso Garden	Residential	1,900	54	28,400
5	Guangzhou Paradiso Courtyard	Residential	4,400	95	21,600
6	Guangzhou Lingnan Riverside/ Guangzhou Fortune Apartment	Commercial	4,900	263	53,700
7	Guangzhou Starry Golden Sands	Residential	44,800	739	16,500
8	Guangzhou Starry Wenhua	Residential	43,500	1,033	23,700
9	Guangzhou Starry Wenhan	Residential	40,800	868	21,300
10	Guangzhou Starry Wenyu	Residential	38,200	858	22,500
11	Guangzhou Paradiso Riverside	Residential	77,500	1,108	14,300
12	Guangzhou Paradiso Sunshine	Residential	47,500	577	12,100
13	Southern Le Sand	Residential	176,900	1,785	10,100
14	Huadu Glade Greenland	Residential	15,800	118	7,500
15	Guangzhou Lingnan Hillside	Residential	79,900	1,471	18,400
16	Guangzhou Lingnan Villas	Residential	1,400	23	16,400
17	Conghua Glade Greenland	Residential	34,100	206	6,000
18	Conghua Glade Village	Residential	4,100	50	12,200
	Other projects	N/A	29,400	528	18,000
	Subtotal (Guangzhou)		**670,600**	**10,578**	**15,800**
19	Jiangmen Starry Regal Court	Residential	102,200	699	6,800
20	Zhongshan Starry Winking	Residential	60,000	419	7,000
21	Zhongshan Starry Junting	Residential	10,400	86	8,300
	Subtotal (Pearl River Delta ex. Guangzhou)		**172,600**	**1,204**	**7,000**
22	Hangzhou Starry City	Residential	67,600	386	5,700

No.	Project	Type	GFA *(sq.m.)*	Value *(RMB mil)*	ASP *(RMB/sq.m.)*
23	Kunshan Paradiso Pavilion (formerly known as Kunshan Huaqiao Project)	Residential	52,000	420	8,100
	Subtotal (Yangtze River Delta)		**119,600**	**806**	**6,700**
24	Wuhan Starry Winking	Residential	86,400	1,369	15,800
25	Wuhan Starry Emperor (formerly known as Wuhan Jiang'an Project)	Residential	2,300	24	10,400
	Subtotal (Central China Region)		**88,700**	**1,393**	**15,700**
26	Shenyang Yuexiu Hill Lake	Residential	5,300	42	7,900
27	Shenyang Starry Blue Sea	Residential	20,300	151	7,400
28	Yantai Starry Phoenix	Residential	21,500	146	6,800
29	Yantai Starry Golden Sands	Residential	56,800	314	5,500
	Subtotal (Bohai Rim Economic Zone)		**103,900**	**653**	**6,300**
	Total		**1,155,200**	**14,634**	**12,700**

In 2013, the Group's layout of "multiple-region support" was further strengthened. In terms of regional composition, Guangzhou accounted for approximately 72.3% of the aggregated contracted sales value of 2013, Pearl River Delta (excluding Guangzhou) accounted for approximately 8.2%, Yangtze River Delta accounted for approximately 5.5%, Central China Region accounted for approximately 9.5%, and Bohai Rim Economic Zone accounted for approximately 4.5%. In terms of type, residential properties and parking accounted for approximately 90%, commercial properties and others accounted for approximately 10%.

RECOGNIZED PROPERTIES

In 2013, the recognized sales value (including the sale of investment properties of RMB364 million) and recognized sales GFA (including the sale of investment properties of 20,200 sq.m.) were approximately RMB13,509 million and 938,200 sq.m., representing year-on-year increases of 73.1% and 67.2%, and the average selling price was approximately RMB14,400 per sq.m..

Recognized sales are summarized as follows:

No.	Project	Type	GFA *(sq.m.)*	Value *(RMB mil)*	ASP *(RMB/sq.m.)*
1	Guangzhou Fortune Century Square	Commercial	87,200	2,567	29,400
2	Guangzhou Starry Winking	Residential, parking	2,900	115	39,700
3	Guangzhou Jiang Nan New Mansion	Parking	13,300	380	28,600
4	Guangzhou Lingnan Riverside/ Guangzhou Fortune Apartment	Commercial	33,700	606	18,000
5	Guangzhou Starry Golden Sands	Residential	124,500	1,843	14,800
6	Guangzhou Starry Wenhua	Residential	67,100	1,438	21,400
7	Guangzhou Starry Wenhan	Residential	93,900	1,804	19,200
8	Guangzhou Starry Wenyu	Residential	46,400	961	20,700
9	Guangzhou Paradiso Riverside	Residential	58,000	761	13,100
10	Southern Le Sand	Residential	103,300	701	6,800
11	Huadu Glade Greenland	Residential	23,800	175	7,400
12	Conghua Glade Village	Residential	4,000	48	12,000
	Other projects	N/A	8,000	132	16,500
	Investment properties	N/A	20,200	364	18,000
	Subtotal (Guangzhou)		**686,300**	**11,895**	**17,300**
13	Jiangmen Starry Regal Court	Residential	33,900	274	8,100
14	Zhongshan Starry Winking	Residential	117,600	686	5,800
	Subtotal (Pearl River Delta ex. Guangzhou)		**151,500**	**960**	**6,300**
15	Shenyang Yuexiu Hill Lake	Residential	4,800	37	7,700
16	Yantai Starry Phoenix	Residential	95,600	617	6,500
	Subtotal (Bohai Rim Economic Zone)		**100,400**	**654**	**6,500**
	Total		**938,200**	**13,509**	**14,400**

PROPERTIES SOLD BUT NOT YET RECOGNIZED

As of the end of 2013, the unrecognized sales value amounted to approximately RMB12,914 million, with unrecognized sales GFA of approximately 1,133,400 sq.m., and the average selling price was approximately RMB11,400 per sq.m.. Of the unrecognized sales value, approximately RMB8,795 million is expected to be recognized in 2014.

Properties sold but not yet recognized are summarized as follows:

No.	**Project**	**Type**	**GFA** *(sq.m.)*	**Value** *(RMB mil)*	**ASP** *(RMB/sq.m.)*
1	Guangzhou Fortune Century Square	Commercial	2,000	55	27,500
2	Guangzhou Starry Winking	Residential, parking	700	35	50,000
3	Guangzhou Jiang Nan New Mansion	Commercial	3,500	63	18,000
4	Guangzhou Paradiso Garden	Residential	19,600	498	25,400
5	Guangzhou Paradiso Courtyard	Residential	4,400	95	21,600
6	Guangzhou Lingnan Riverside/ Guangzhou Fortune Apartment	Commercial	51,200	1,156	22,600
7	Guangzhou Starry Golden Sands	Residential	9,300	166	17,800
8	Guangzhou Starry Wenhua	Residential	29,900	692	23,100
9	Guangzhou Starry Wenhan	Residential	9,800	197	20,100
10	Guangzhou Starry Wenyu	Residential	6,400	152	23,800
11	Guangzhou Paradiso Riverside	Residential	51,900	746	14,400
12	Guangzhou Paradiso Sunshine	Residential	73,800	877	11,900
13	Southern Le Sand	Residential	199,800	2,006	10,000
14	Guangzhou Lingnan Hillside	Residential	79,900	1,471	18,400
15	Guangzhou Lingnan Villas	Residential	1,400	23	16,400
16	Huadu Glade Greenland	Residential	2,700	16	5,900
17	Conghua Glade Village	Residential	100	1	10,000
18	Conghua Glade Greenland	Residential	34,100	206	6,000
	Other projects	N/A	21,400	243	11,400
	Subtotal (Guangzhou)		**601,900**	**8,698**	**14,500**
19	Jiangmen Starry Regal Court	Residential	77,800	486	6,200
20	Zhongshan Starry Winking	Residential	43,300	294	6,800
21	Zhongshan Starry Junting	Residential	10,400	86	8,300
	Subtotal (Pearl River Delta ex. Guangzhou)		**131,500**	**866**	**6,600**

No.	Project	Type	GFA *(sq.m.)*	Value *(RMB mil)*	ASP *(RMB/sq.m.)*
22	Hangzhou Starry City	Residential	166,100	887	5,300
23	Kunshan Paradiso Pavilion (formerly known as Kunshan Huaqiao Project)	Residential	52,000	420	8,100
	Subtotal (Yangtze River Delta)		**218,100**	**1,307**	**6,000**
24	Wuhan Starry Winking	Residential	94,600	1,488	15,700
25	Wuhan Starry Emperor (formerly known as Wuhan Jiang'an Project)	Residential	2,300	24	10,400
	Subtotal (Central China Region)		**96,900**	**1,512**	**15,600**
26	Shenyang Yuexiu Hill Lake	Residential	5,200	47	9,000
27	Shenyang Starry Blue Sea	Residential	20,300	151	7,400
28	Yantai Starry Phoenix	Residential	2,700	19	7,000
29	Yantai Starry Golden Sands	Residential	56,800	314	5,500
	Subtotal (Bohai Rim Economic Zone)		**85,000**	**531**	**6,200**
	Total		**1,133,400**	**12,914**	**11,400**

LANDBANK

In 2013, the Group acquired 7 parcels of land with total GFA of approximately 2,745,300 sq.m. in Guangzhou, Hangzhou, Foshan and Wuhan. The total consideration was approximately RMB20,124 million.

The land acquisitions in 2013 are summarized as follows:

No.	Project	Equity holding	Site area	GFA	Total consideration
			(sq.m.)	*(sq.m.)*	*(RMB mil)*
1	Hangzhou Lin'an Land Phase IV	100%	161,600	386,100	339
2	Guangzhou Haizhu Nanzhou Road Land	95.48%	42,700	152,600	2,461
3	Hangzhou Yuhang Shangyuan Road Land	100%	67,000	227,200	1,608
4	Hangzhou Jianggan Sanbao Land	20%	12,300	63,800	584
5	Foshan Chancheng Tongji Road Land	19%	56,000	299,200	1,772
6	Wuhan Jiang'an Jingwu Road Land	7.6%	189,500	950,000	9,010
7	Guangzhou Luogang Yunpu Industrial Park Land	4.77%	147,200	666,400	4,350
	Total		**676,300**	**2,745,300**	**20,124**

As of the end of 2013, the landbank of the Group reached approximately 15.26 million sq.m. with a total of 40 projects in 12 cities in the PRC with an improved balance between the regions, each of which continue to ameliorate its ability to support future growth in scale. In terms of the attributable interest, the Group's landbank was approximately 12.59 million sq.m.. In terms of regional composition, Guangzhou accounted for approximately 37.6% of the total landbank, Pearl River Delta (excluding Guangzhou) accounted for approximately 15.2%, Bohai Rim Economic Zone accounted for approximately 13.4%, Yangtze River Delta accounted for approximately 18.1%, the Central China Region accounted for approximately 14.5%, Hainan accounted for approximately 0.7% and Hong Kong accounted for approximately 0.5%. In terms of product mix, residential properties accounted for approximately 57.9% and commercial properties and others accounted for approximately 42.1%.

Landbank by the stage of development is summarized as follows:

No.	Project	Equity holding	Landbank GFA *(sq.m.)*	Properties under development GFA *(sq.m.)*	Properties for future development GFA *(sq.m.)*
1	Guangzhou Fortune Center	95%	211,500	211,500	—
2	Asia Pacific Century Plaza	95%	232,000	232,000	—
3	Guangzhou Starry Cullinan	95%	34,900	34,900	—
4	Guangzhou Paradiso Garden	95%	25,600	25,600	—
5	Guangzhou Paradiso Courtyard	95%	9,600	9,600	—
6	Guangzhou Haizhu Nanzhou Road Project	95.48%	152,600	—	152,600
7	Guangzhou Fortune Apartment	99.06%	53,000	53,000	—
8	Guangzhou Starry Golden Sands	100%	205,300	205,300	—
9	Guangzhou Starry Wenhua	95%	40,000	40,000	—
10	Guangzhou Paradiso Riverside	95%	305,000	305,000	—
11	Guangzhou Paradiso Sunshine	95%	134,000	134,000	—
12	Southern Le Sand	95.48%	2,286,100	958,000	1,328,100
13	Guangzhou Ling Nan Hillside	95%	323,400	323,400	—
14	Guangzhou Ling Nan Villas	95.48%	325,000	325,000	—
15	Guangzhou Lingnan Wood (formerly known as Luogang Changling Road Project)	47.74%	446,200	446,200	—
16	Guangzhou Luogang Yunpu Industrial Park Project	4.77%	666,400	—	666,400
17	Conghua Glade Greenland	95.48%	188,700	188,700	—
	Other projects	N/A	103,800	43,700	60,100
	Subtotal (Guangzhou)		**5,743,100**	**3,535,900**	**2,207,200**
18	Jiangmen Starry Regal Court	95%	390,400	331,100	59,300
19	Zhongshan Starry Winking	95%	283,000	137,300	145,700
20	Zhongshan Starry Junting	100%	152,700	152,700	—
21	Zhongshan Starry Peakfield (formerly known as Zhongshan Bo'ai Road Project)	95%	478,700	113,000	365,700
22	Zhongshan Paradiso Jadin (formerly known as Zhongshan Dongsheng Town Project)	100%	427,300	130,600	296,700
23	Nanhai Starry Winking	95%	290,700	290,700	—
24	Foshan Chancheng Tongji Road Project	19%	299,200	277,700	21,500
	Subtotal (Pearl River Delta ex. Guangzhou)		**2,322,000**	**1,433,100**	**888,900**

No.	Project	Equity holding	Landbank GFA *(sq.m.)*	Properties under development GFA *(sq.m.)*	Properties for future development GFA *(sq.m.)*
25	Shenyang Yuexiu Hill Lake	99.95%	290,700	20,800	269,900
26	Shenyang Starry Winking (formerly known as Shenyang Nanta Street Project)	100%	519,900	175,500	344,400
27	Shenyang Starry Blue Sea	100%	181,300	170,000	11,300
28	Yantai Starry Golden Sands	100%	589,900	195,200	394,700
29	Qingdao Starry Blue Bay (formerly known as Qingdao Licang Project)	100%	466,400	215,800	250,600
	Subtotal (Bohai Rim Economic Zone)		**2,048,200**	**777,300**	**1,270,900**
30	Hangzhou Starry City	100%	1,920,800	595,100	1,325,700
31	Hangzhou Starry Gathering (formerly known as Hangzhou Yuhang Shangyuan Road Project)	100%	227,200	129,100	98,100
32	Hangzhou Jianggan Sanbao Project	20%	63,800	—	63,800
33	Kunshan Paradiso Pavilion (formerly known as Kunshan Huaqiao Project)	48.45%	549,000	175,000	374,000
	Subtotal (Yangtze River Delta)		**2,760,800**	**899,200**	**1,861,600**
34	Wuhan Starry Winking	100%	661,500	661,500	—
35	Wuhan Starry Palace (formerly known as Wuhan Jiang'an Project)	95.48%	604,100	414,100	190,000
36	Wuhan Jiang'an Jingwu Road Project	7.6%	950,000	—	950,000
	Subtotal (Central China Region)		**2,215,600**	**1,075,600**	**1,140,000**
37	Hainan Simapo Island Project	47.50%	98,000	—	98,000
	Subtotal (PRC)		**15,187,700**	**7,721,100**	**7,466,600**
38	Hong Kong Yau Tong Project	100%	70,500	—	70,500
39	Hong Kong Treasure Court Project	100%	900	900	—
40	Hong Kong Prince Edward Road Project	100%	3,800	3,800	—
	Subtotal (Hong Kong)		**75,200**	**4,700**	**70,500**
	Total		**15,262,900**	**7,725,800**	**7,537,100**

PROGRESS OF CONSTRUCTION

In recent years, the Group has been striving to augment its development and construction capabilities and shorten the development cycle of projects. Through strengthening control over and management of various points in newly-acquired projects in 2013, starting at an early stage and accelerating design, facilitating standardized application, the speed of project development has been significantly improved. The Group has achieved its objective of "commencement of construction within half a year and sales within one year after acquisition of land" for the majority of its projects and the shortest period from land acquisition to commencement of sales was only nine months. As projects were developed at a faster rate, the areas of new construction starts, completions and deliveries in 2013 all exceeded their objectives for the full year and recorded higher year-on-year increases.

New construction starts, completions and deliveries are summarized as follows:

Construction Progress	**Actual GFA in 2012** *(sq.m.)*	**Actual GFA in 2013** *(sq.m.)*	**Planned GFA for 2014** *(sq.m.)*
New constructions	2,578,100	3,828,200	1,713,000
Completions	1,062,800	1,614,700	1,133,000
Deliveries	561,100	938,200	1,041,200

INVESTMENT PROPERTIES

As at the end of 2013, the Group owned investment properties under lease of approximately 613,600 sq.m. in total, of which offices, commercial properties and parking lots and others accounted for approximately 8.5%, 60.2% and 31.3%, respectively. The investment properties under construction were approximately 355,600 sq.m., mainly comprising the commercial portions of Wuhan Starry Winking and Nanhai Starry Winking. The Group recorded rental revenue of approximately RMB457 million in 2013, representing a year-on-year decrease of 5.6%, mainly due to the injection of GZIFC into Yuexiu REIT.

During the year, the Group recorded the fair value gains on revaluation of investment properties of RMB1,975 million, representing an increase of 26% over the previous year. The increase was mainly attributable to a fair value gain recorded by Guangzhou Fortune World Plaza of approximately RMB1,630 million.

OTHER GAINS

In May 2013, the Group completed the disposal of Guangzhou Tiyu Building Company Limited (廣州體育大廈有限公司) through its indirect wholly-owned subsidiary at the consideration (including shareholders' loans) of RMB830 million, profit on disposal (before tax) of approximately RMB59.81 million was recorded during the year, after deduction of withholding tax, profit on disposal (after tax) was approximately RMB33 million. The Group also disposed the equity interest in Shanghai Pufa Plaza with a disposal gain of approximately RMB36.08 million, and the Group also recorded a fair value gain on call options of approximately RMB47.64 million.

SELLING AND MARKETING COSTS AND ADMINISTRATIVE EXPENSES

During the year, selling and marketing costs of the Group were approximately RMB493 million, increased by 6% as compare to previous year. The increase in selling and marketing costs was mainly due to an increase in the number of projects outside Guangzhou as compared to previous year, and sales of such projects outside Guangzhou were carried out through third party agents and hence there was an increase in agency fees as compared to previous year. Selling and marketing costs accounted for 3.4% of the total contracted sales for the year, reduced by 0.4 percentage points as compared to 3.8% of last year points.

During the year, administrative expenses of the Group was approximately RMB817 million, decreased by 1.7% as compared to previous year. Administrative expenses accounted for 5.6% of the total contracted sales, reduced by 1.2 percentage points as compared to 6.8% of last year.

FINANCE COSTS

During the year, interest expense of the Group were approximately RMB1,520 million, representing a decrease of 11% as compared to previous year. After deduction of capitalized interest expense of approximately RMB1,008 million, recognized expenses under finance costs were approximately RMB512 million, decreased by 7% as compared to approximately RMB553 million of last year. During the year, an exchange gain of approximately RMB194 million was also recognized as compared to an exchange loss of approximately RMB80 million recorded in last year.

SHARE OF PROFIT FROM ASSOCIATED ENTITIES

During the year, overall share of net contribution from associated entities attributable to the Group decreased by 19.3% to approximately RMB199 million as compared to previous year. The share of profit was mainly contributed by the Yuexiu REIT, a 35.69% interest held by the Group.

The total amount of distributable income of Yuexiu REIT was approximately RMB599 million, representing an increase of 48.4% as compared to approximately RMB403 million of last year. The Group is expected to receive a cash distribution of approximately RMB214 million.

EARNINGS PER SHARE

For the year ended 31 December 2013, basic earnings per share attributable to equity holders of the Company were RMB0.3094 (2012: RMB0.2672).

FINAL DIVIDEND

The Board has recommended the payment of a final dividend for 2013 of HK$0.035 per share which is equivalent to RMB0.027 per share (2012: HK$0.022 per share which was equivalent to RMB0.018 per share) payable to shareholders whose names appear on the Register of Members of the Company at the close of business on 9 June 2014. Subject to the approval of shareholders at the forthcoming annual general meeting of the Company, the final dividend will be paid on or about 3 July 2014. Together with the interim dividend of HK$0.049 per share which was equivalent to approximately RMB0.039 per share, total dividends for the year ended 31 December 2013 will amount to HK$0.084 per share which is equivalent to approximately RMB0.066 per share.

Dividends payable to shareholders will be paid in Hong Kong dollars ("HK$"). The exchange rate adopted by the Company for its dividend payable is the average middle exchange rate of HK$ to RMB, as announced by the People's Bank of China, for the five business days preceding the date of dividend declaration.

LIQUIDITY AND FINANCIAL RESOURCES

Operating cash receipts and committed banking facilities were the main sources of liquidity of the Group. The Group upheld prudent financial policies, emphasised on funding management and risk control in order to ensure adequate liquidity, respond to market changes and secure the development of its business. While continuing to maintain the current relationship with commercial banks in Hong Kong and Mainland China, the Group has also been focused on exploring more funding channels and the management of borrowing costs with an aim to reduce overall funding costs, establish an ongoing monitoring process and optimise the capital structure of the Group, which should in turn, enhance its resistance to risks.

The Group seized a suitable window in the market and successfully issued a US$350 million 5-year fixed-rate note with a coupon rate of 3.25% and a US$500 million 10-year fixed-rate note with a coupon rate of 4.5% for the first time in January 2013.

During the year, the Group had also completed bank borrowings of approximately RMB7.8 billion, brought in low-cost funding to partially replace existing borrowings with higher costs. As a result, the overall funding cost continued to decrease, with an average of 5.59% for the year compared to 7.03% for 2012, a drop of 1.44 percentage points. Meanwhile, with a series of optimization efforts on the current debt structure, the maturity profile had also improved, the proportion of the medium to long term borrowings had increased. The ratio of onshore to offshore borrowings was improved to 43:57 at the end of the year (2012: 60:40), with bonds accounting for 21% of total borrowings, borrowings with a maturity of over 5 years accounted for 15% of total borrowings (2012: 2.9%). The Group's overall financial condition maintained healthy and solid.

WORKING CAPITAL

As at 31 December 2013, the Group's working capital (current assets less current liabilities) amounted to approximately RMB26,326 million (31 December 2012: approximately RMB27,275 million). The Group's current ratio (current assets over current liabilities) was 1.8 times. Cash and cash equivalents amounted to approximately RMB5,055 million (31 December 2012: RMB7,060 million). Charged bank deposits amounted to approximately RMB3,319 million (31 December 2012: RMB2,203 million). Undrawn bank facilities amounted to approximately RMB5,900 million.

CAPITAL AND FINANCIAL STRUCTURE ANALYSIS

The Group's debts are summarized as follow:

	2013 *RMB'000*	2012 *RMB'000*
Bank borrowings and bonds		
Denominated in RMB	10,355,330	12,566,252
Denominated in Hong Kong dollars	7,357,686	7,250,185
Denominated in United States dollars	6,152,157	314,323
Total bank borrowings and bonds	23,865,173	20,130,760
Finance lease obligations	193	161
Overdrafts	86	56
Total debts	23,865,452	20,130,977
Ageing analysis:		
Within one year	8,330,548	6,828,742
In the second year	4,817,036	7,219,978
In the third to fifth year	7,020,496	5,490,657
Beyond five years	3,697,372	591,600
Total borrowings	23,865,452	20,130,977
Less: Cash and cash equivalents	(5,054,749)	(7,060,453)
Net borrowings	18,810,703	13,070,524
Shareholders' equity (excluding minority interests)	24,175,205	22,158,140
Total capitalization	42,985,908	35,228,664
Gearing ratio	43.8%	37.1%

CAPITAL EXPENDITURES AND INVESTMENTS

During the year, the Group's capital expenditures on property, plant and equipment, construction in progress, investment properties and land use rights amounted to approximately RMB486 million.

INTEREST RATE EXPOSURE

The Group's major interest rate exposure relates to RMB, HK and US dollar borrowings. The Group will closely monitor the interest rate fluctuation and manage its exposure with appropriate risk control management measures. The group will adopt alternative instruments to mitigate the interest rate exposure, when considered appropriate. Meanwhile, the Group will continue to explore more HK dollar borrowings so as to take the advantage of lower cost of financing. As at 31 December 2013, bonds accounted for 21% of total borrowings and a maturity of over 5 years accounted for 15% of total borrowings.

FOREIGN EXCHANGE EXPOSURE

The business operations of the Group are mainly located in Mainland China, income and cash inflows are primarily in RMB. The main cash outflows in Hong Kong are related to cash dividend payment to shareholders and repayment of interests and bank borrowings. The Group will closely monitor the foreign exchange fluctuation and its exposure. The Group will adopt alternative instruments to hedge the foreign exchange exposure when appropriate.

COMMITMENTS FOR LEASEHOLD LAND AND PROPERTY, PLANT AND EQUIPMENT

Other than the above, the Group also had capital commitments in respect of purchases of property, plant, equipment and investment properties amounted to approximately RMB911 million (31 December 2012: RMB554 million).

CONTINGENT LIABILITIES

The Group arranged bank loans for certain purchasers of the Group's properties in Mainland China and provided transitional guarantees in respect of the performance of loan repayment liabilities. Pursuant to the terms of the guarantee contracts, upon default in repayments by those purchasers, the Group will be responsible for repaying the outstanding mortgage principals together with accrued interest in performing its liabilities under the guarantee, and the Group will then be entitled to take over the legal title until the property ownership certificate is officially issued to the purchaser. As at 31 December 2013, total contingent liabilities relating to these guarantees amounted to approximately RMB2,781 million (31 December 2012: RMB1,887 million).

As at 31 December 2013, in connection with the disposal of a subsidiary to Yuexiu REIT in 2008, the Group entered into a Deed of Indemnity to indemnify Yuexiu REIT against certain liabilities for land premium, mortgage guarantees and deferred taxation with an estimated total amount of approximately RMB58 million (31 December 2012: RMB60 million). The Deed of Indemnity will expire on 30 May 2014.

As at 31 December 2013, certain subsidiaries of the Group jointly and severally provided guarantee of approximately RMB3,680 million (31 December 2012: RMB4,500 million) in respect of a syndicated loan borrowed by Yuexiu REIT with an effective period expiring on the date two years after full repayment of the syndicated loan.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2013, the Group had approximately 6,050 employees (31 December 2012: 6,200 employees). The Group remunerates its employees largely based on industry practice, including contributory provident funds and other staff benefits. Other employee benefits include provident fund, insurance and medical cover, educational allowances and training programs. The Group has also adopted share option schemes, with options awarded to employees according to their performance. Promotion and salary adjustments are based on performance.

CORPORATE GOVERNANCE

Save as disclosed below, the Company has complied with the code provisions as set out in the Corporate Governance Code throughout the year ended 31 December 2013.

Code Provision A.4.1

Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. None of the non-executive directors of the Company is appointed for a specific term. However, all the non-executive directors of the Company are subject to retirement by rotation at the general meeting of the Company in accordance with the Company's Articles of Association. All the non-executive directors of the Company had retired by rotation during the past 3 years. They have been re-elected.

Code Provision E.1.2

Code Provision E.1.2 stipulates that chairman of the board should attend the annual general meeting of the Company. The Chairman of the Board was unable to attend the annual general meeting of the Company held on 3 June 2013 due to other business engagement. The chairman or members of Audit, Remuneration and Nomination Committees attended the annual general meeting.

Code Provision A.2.1

Code provision A.2.1 stipulates that the roles of chairman and chief executive (being general manager in the case of the Company) should be separated and should not be performed by the same individual. With effect from 31 July 2013, Mr Zhang Zhaoxing, General Manager of the Company, was appointed as Chairman of the Board of the Company. He has been working seamlessly with the outgoing chairman in formulating and implementing corporate strategies and policies of the Company since his appointment to the Board in 2008. Given Mr Zhang's expertise and vast experience in property development and investment, he continues to serve as the General Manager to ensure continuity of the existing corporate strategies and policies. The Company considers that Mr Zhang would be able to provide strong leadership in the sustainable growth and development of the Company in the new growth era. The balance of power between the Chairman, the General Manager and the Board in general would be ensured by regular discussion and meetings of the full Board and various committees of the Board.

With effect from 21 March 2014, Mr Chen Zhihong, an executive director of the Company, was appointed as General Manager of the Company. Mr Zhang Zhaoxing ceased to be General Manager but remains as Chairman and an executive director of the Company.

REVIEW OF ANNUAL RESULTS

The annual results have been reviewed by the audit committee of the Company.

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2013 have been agreed by the Group's auditors, PricewaterhouseCoopers, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 27 May 2014 to Thursday, 29 May 2014, both days inclusive, during which period no transfer of shares will be registered. For the purpose of ascertaining the shareholders' eligibility to participate in the forthcoming annual general meeting of the Company to be held on 29 May 2014, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Abacus Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong up to 30 March 2014 and thereafter at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Monday, 26 May 2014.

In addition, the register of members of the Company will be closed from Friday, 6 June 2014 to Monday, 9 June 2014, both days inclusive, for the purpose of ascertaining the shareholders' entitlement to the final dividend. In order to qualify for the final dividend, all transfers of shares accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar, Tricor Abacus Limited, no later than 4:30 p.m. on Thursday, 5 June 2014.

By order of the Board
Yuexiu Property Company Limited
ZHANG Zhaoxing
Chairman

Hong Kong, 21 March 2014

As at the date of this announcement, the Board comprises:

Executive Directors:	*ZHANG Zhaoxing (Chairman), ZHU Chunxiu, TANG Shouchun, CHEN Zhihong, LI Feng and OU Junming*
Independent Non-executive Directors:	*YU Lup Fat Joseph, LEE Ka Lun and LAU Hon Chuen Ambrose*