

Immediately Release

28 March 2018



Yuzhou Properties Company Limited (01628.HK)

RESULTS ANNOUNCEMENT

FOR THE YEAR ENDED 31 DECEMBER 2017

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Yuzhou's Journey of 100bn Contracted Sales Begins with Quality Growth

Contracted Sales, Revenue and Profit Hitting a Record High

Financial Highlights:

1. Contracted sales, total revenue and gross profit all reached record highs. Contracted sales exceeded revised target in 2017, up by 73.69% year-on-year to RMB40,305.96 million. Total revenue amounted to RMB21,700.67 million, up by 58.73% year-on-year. Gross profit amounted to RMB7,683.05 million, a year-on-year increase of 54.93%. Gross profit margin was 35.40%, a leading level in the industry.
2. Profit for the year increased by 49.73% year-on-year to approximately RMB3,127.07 million in 2017. Core profit attributable to owners of the parent increased by 42.83% year-on-year to approximately RMB2,923.99 million. Core earnings per share increased by 37.04% year-on-year to RMB0.74.
3. Proposed final dividend of HK21.5 cents per share in aggregate with the interim dividend paid of HK8.5 cents per share, representing a payout ratio of approximately 36% of core profit attributable to owners of the parent for the year of 2017.
4. Cash and bank balances (including restricted cash) amounted to RMB17,498.21 million which increased by 0.46% year-on-year.
5. Average finance cost as at 31 December 2017 decreased by 0.06 percentage point to 6.02%. Standard & Poor's and Moody's upgraded Yuzhou's issuer's credit rating to BB- and Ba3, respectively.
6. The net gearing ratio in 2017 of the Group was 57.73%, down by 13.97 percentage points from 71.70% in 2016.

(28th March, 2018, Hong Kong) Chinese Real Estate Industry Top 40 Company, Yuzhou Properties Company Limited (“Yuzhou Properties” or the “Company”; stock code: **01628.HK**) is pleased to announce the audited condensed consolidated results of the Group for the year ended 31 December 2017 (the “Year”).

In 2017, China continued to stick to the keynote of its real estate policy that “houses are built to be inhabited instead of for speculation”. In general, this round of regulations lasted longer and involved more cities, and its positive results are beginning to be seen. Industry concentration has continued to increase, with mergers and acquisitions becoming the trend, consequently quality real estate enterprises with large scale, high profitability and low finance costs will usher in broader space for development. This indicates that China’s real estate market is gradually becoming well-developed and can facilitate more healthy and sustainable development for the whole industry. Yuzhou Properties reviewed the lately situation, actively took advantage of the market challenges and opportunities, and achieved the encouraging results in 2017.

Contracted sales achieved record high with a national strategic layout

The Group overachieved its adjusted contracted sales target for the year with contracted sales hitting a record high of RMB40,305.96 million, representing an increase of 73.69% year-on-year. Total contracted sales GFA amounted to 2,380,943 sq.m., representing an increase of 30.19% year-on-year. The contracted average selling price was approximately RMB16,929 per sq.m., an increase of 33.41% year-on-year. During the Year, the Group continued to adhere to its development strategy of “leading with locality development”. While expending across the country, it continued to increase the scale of its developments in each city it entered, so as to take a leading position in each local market.

The Group has maintained a leading position for 12 consecutive years in Xiamen, the cradle of the Group’s development. In 2017, contracted sales from Xiamen reached to RMB8,169.53 million, accounting for 20.27% of the total contracted sales of the Group. Yuzhou Riverside City Town recorded sales of over RMB3,000 million, and contracted sales of Chunjiang Central, Yuzhou Lucca Town and Yuzhou Haicang Dream Town each achieved over RMB1,000 million.

In 2017, the Group marked its 14th year of entering the Shanghai market. Since the relocation of its headquarters to Shanghai in 2016, the Group has benefited from the city as a national economic center in terms of funds, talents, management and innovation, to support its strategic development plans across the country. The contracted sales in Shanghai reached to RMB6,993.41 million, accounting for 17.35% of the total contracted sales. Yuzhou Noble Mansion, a prime residential project in Fengxian district, Shanghai, hit a record contracted sales of RMB2,393 million. Yuzhou continued to enlarge the scale in Shanghai for

years, and it ranked among the top 10 in terms of contracted sales in the local market in 2017.

Since entering Nanjing in November 2014, the Company has rolled out nine successive projects in just three-and-a-half years by virtue of its “rapid, precise and prudent” approach to land acquisition. It had six projects on sale there during the year, which contributed contracted sales of RMB6,941.52 million to the Group in 2017, accounting for 17.22% of the total contracted sales. The Group ranked 9th in Nanjing market.

With more than a decade’s in-depth development in Hefei, Yuzhou Properties continued to rank among the top five property developers in the Hefei market in 2017, with contracted sales of RMB5,378.11 million, accounting for 13.34% of the Group’s total contracted sales. Six residential projects were rolled out in Hefei altogether, namely Yuzhou Central Plaza, Yuzhou Pinghu Jade Lakeshire, Yuzhou Royal Seal, Yuzhou Sky Aqua Mall, Yuzhou Central Town and Yuzhou Town. Among these, Yuzhou Royal Seal and Yuzhou Central Plaza each contributed contracted sales of over RMB2,000 million. This synergy allowed the Group not only to reduce costs effectively, but also to build strong brand awareness in the local market to underpin the Group’s position as a leading market player.

In addition, projects in Hangzhou, Suzhou and Huizhou contributed contracted sales to the Group for the first year. Yuzhou Riverside Sapphire in Hangzhou created a sales boom, while The Absolute became a residential landmark project in Suzhou. As at the date of this results announcement, the Group had a total of nine projects in Suzhou, which will be a new growth driver in 2018. The Huizhou project marked as a milestone as the Group moved for the first time into the Guangdong-Hong Kong-Macao Bay Area with on-sale projects.

Revenue increased by 59% year-on-year, while maintaining an industrial leading position

The revenue of the Group mainly arose from four business categories, namely property sales, rental of investment properties, property management and hotel operation. In 2017, the total revenue of the Group was a record high RMB21,700.67 million, up by 58.73% year-on-year. This was mainly due to an increase in recognized property sales revenue, driven by an increase in aggregate GFA of the properties delivered as well as an increase in the average selling price. Specifically, property sales revenue was approximately RMB21,213.38 million, up by 58.96% year-on-year, accounting for 97.75% of the total revenue; rental income from investment properties was approximately RMB140.29 million, up by 13.00% year-on-year; property management fee income was approximately RMB328.52 million, up by 80.68% year-on-year; and income from hotel operations was approximately RMB18.49 million. As procedures for the delivery of properties of the Group already sold will be completed in more cities in future, the Group will continue to see steady growth in revenue from property sales, which are expected to remain the largest contributor

to its revenue.

While continuing to grow in a relatively fast pace, the group is confident to maintain the leading profit margin position in the industry. The gross profit of the Group was RMB7,683.05 million in 2017, increased by 54.93% year-on-year. Gross profit margin was 35.40%. Core profit attributable to the owners of the parent increased by 42.83% year-on-year to approximately RMB2,923.99 million. Core earnings per share were RMB0.74, representing a year-on-year increase of 37.04%.

Precious acquisition of undervalued land parcels with mergers and acquisitions opportunities Adhering to its strategic deployment of “leading with locality development”, the Group, by virtue of its outstanding brand reputation, carries out significant development by focusing on six clusters of cities in the Yangtze River Delta, West Strait Region, Bohai Rim Region, Bay Area, Central Region and Southwest Region. While continuing to penetrate into new cities, we adhere to our development principles. the Group’s investment arm accurately makes forward-looking plans for undervalued locations, and enhances cooperation with peers to acquire land parcels through bidding and auction at reasonable and attractive prices. Capturing the current window period for industry consolidation, the Group is expanding its long-established strengths in mergers and acquisitions and looking for such projects, laying a solid foundation for its RMB100 billion contracted sales target. As at 31 December 2017, the Group had land reserves amounted to approximately 11.84 million sq.m. of aggregate salable GFA, with 92 projects located in 19 cities in the West Strait Region, Yangtze River Delta, Bohai Rim Region, Central China and Guangdong-Hong Kong-Macao Bay Area. Its average land cost was approximately RMB5,697 per sq.m.. The Group believes that its land reserves currently held and managed are sufficient for its development over the next three to four years.

At the beginning of 2018, Yuzhou achieved a major milestone in Yuzhou’s development and its merger and acquisition record as it reached an agreement with Coastal Green Land (01124.HK) to acquire its seven quality projects at a consideration of RMB3.8 billion. This acquisition will not only replenish the Company’s quality land reserves at a very attractive price, but also will expand Yuhzou’s geographic reach to core first- and second-tier cities such as Beijing, Shenyang and Foshan, ensuring sufficient land supply for Yuzhou’s future development.

Financial structures continue to evolve, with higher position in the capital market

Yuzhou Properties is committed to pursuing a prudent financial policy. Its net gearing ratio is well controlled at a healthy and reasonable level to support its sustainable development while growing at a fast speed.. Meanwhile, the Group is constantly exploring various financing channels, keeping a sharp eye on capital market’s financing windows, with an aim

to reduce the weighted average finance cost. The weighted average finance cost of the Group reduced from 6.08% in 2016 to 6.02% in 2017. This series of financing measures further strengthened the Group's cash flow to support business development and optimize the debt structure to reduce the group's overall finance cost.

In September 2017 and November 2017, Standard & Poor's and Moody's upgraded the Group's issuer's credit rating to "BB-" and "Ba3" respectively. Fitch maintained its issuer's credit rating at "BB-" ("Stable" outlook). In early 2018, Yuzhou Properties has been incorporated into one of the constituent stocks of the "Hang Seng Composite LargeCap and MidCap Index" and the list of Southbound Trading Stocks under the Shanghai-Hong Kong Stock Connect, which has further expanded the channels for domestic and foreign investors to invest in Yuzhou Properties. It will help further facilitate stock liquidity and trading volume, fostering the expansion of quality shareholders' base of the Group.

A variety of properties design offerings, precisely target the right customers

Yuzhou Properties has always attached first priority to the upgrade of residential products, so as to meet the market demands. The year 2017 is Yuzhou's designed "product / standard" year by its virtue of strong industry accumulation and excellent quality. Based on the factors such as location, customer attributes and the classification, the Group established overall residential product offering standard, namely, the "Royale" (雍禧系) targeting high-end individuals with improved housing needs, the "Langham" (朗廷系) for individuals with improved housing needs and the "Honor" (嘉譽系) for first-time buyers. Over the past year, these three product lines have been launched in Shanghai, Nanjing and Hangzhou with overwhelming responses, among other cities.

Future strategy: A 100bn journey takes every step

Looking forward, Yuzhou will continue to expand geographical reach to the first- and second-tier cities and their surrounding satellite cities with growth potential. While carrying out horizontal expansion, Yuzhou will uphold the philosophy of "focus on in-depth development in the city it entered". As always, Yuzhou will spare no efforts to become a leading player in the cities it has entered.

On the investment and land acquisition front, Yuhzou will maintain the strategy that combines "mergers and acquisitions" with "bidding and auctions". During the window period of increased consolidation in the industry, Yuzhou will step up acquisitions and draw upon its expertise in property development and operation to make plans in advance for undervalued locations, in a drive to replenish the Group's land reserves. As at the date of announcement, Yuzhou has already expanded to 23 cities in the six Metropolitan Area and acquired land reserves of over 15 million sq.m. with a value of over RMB300 billion,

indicating that Yuzhou has attained its strategic development goals and steadily moved towards the contracted sales target of RMB100 billion.

In the meantime, Yuzhou commercial segment is speeding up by accelerating its strategies to gradually expand to more core areas across the country. It is going to roll out more high-quality projects in the future in succession. In terms of hotel operations, the Group focused on the development of serviced apartments and mid- and high-end business hotels, making every effort to build a boutique hotel brand and develop resort hotels in such a way as to enhance the brand's core competitiveness. In particular, the mix comprising "Wyndham Grand Plaza Royale + Howard Johnson Serviced Residence" in Xiamen and a four-star business hot spring hotel in Tong'an District, Xiamen, will commence business in 2018.

The Group is able to assess the situation and devise strategies for the apartment leasing market on a timely basis. Long-term rental apartments will become one of the Group's major development directions. Yuzhou will respond proactively to the call for "accelerating the establishment of a rent-purchase housing system to increase the supply to different subject parties and assure housing supply in a number of ways to allow all people to have a place to live", so as to meet the needs of different types of tenants in the process of urbanization. In 2018, Yuzhou established the leasing business department, the medical care department, the production and finance department, etc., to improve the layout of the industrial chain, and to work with the national policy so as to promote the construction of a beautiful and harmonious society.

Mr. Lam Lung On (Deputy to the national people's congress, Chairman, JP) : "We will continue to roll out readily marketable products in line with national policies. At the same time, we will expand the scale of business in the first- and second-tier cities and their satellite cities, shorten project development cycle, greatly improve turnover to ensure rapid and quality growth. the Group will continue to upgrade its management and process systems in line with its strategic target of RMB100 billion contracted sales. By virtue of our strengths such as robust business, ample funds and land reserves, as well as a stable gearing ratio, we are confident that we can seize the opportunities arising from market consolidation in the industry and proactively develop a strategy for delivering a stable and sustainable performance. In addition, we have been adhering to the concept of "From the Community, For the Community", aiming to strike a balance between the "three carriages" — scale, profit and risk. Taking the long-term practical interests of shareholders as our top priority, expand our strengths and strive to attain the RMB100 billion contracted sales target as early as possible."

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About Yuzhou Properties Company Limited (01628.HK)

Established in 1994, Yuzhou Properties is a property developer headquartered in Shanghai with a national foothold. Adhering to its strategy of Cultivating in Regions Leading the Market, Yuzhou Properties strives to develop residential and commercial properties which align with market trends in first-and second-tier cities. As at 31 December 2017, the Company had 92 projects under various stages of development in Xiamen, Fuzhou, Shanghai, Tianjin, Nanjing, Hefei, Hangzhou, Suzhou, Yangzhou, Quanzhou, Zhangzhou, Longyan, Bengbu, Huizhou, Hong Kong and so on. It had an over 11.84 million sq.m. in aggregate GFA under development or held for future development, with Yangtze River Delta Region, West Strait Economic Zone, Bohai Rim Region, Central Region, Bay Area accounting of 51.7%, 29.0%, 10.8%, 5.1% and 3.4% respectively, of the total. Renowned for its outstanding product quality, diversified product portfolio, strong brand awareness and seasoned management team, Yuzhou Properties has been named "Top 100 China Real Estate Enterprises" for eleven years in a row; and Top 50 China Real Estate Enterprises from 2011 to 2017. In 2018, Yuzhou Properties was Incorporated into the Hang Seng Composite LargeCap & MidCap Index as well as the Shanghai-Hong Kong Stock Connect program.

For more information about Yuzhou Properties, please visit the Company's website:
<http://www.yuzhou-group.com>.

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